



ANNUAL REPORT

2023/24

KLINGELNBERG AG

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Dear Shareholders,

After your Company, the KLINGELNBERG Group, had already performed extremely well in the past financial year, KLINGELNBERG was able to stay on this course in the 2023/24 financial year without any cutbacks. Despite considerable geopolitical pressure and the noticeable effects of inflation, cost increases, and other factors on the global economy, KLINGELNBERG managed to win a large number of new orders, increase its market share, and secure its margin. The Company achieved a new all-time high for order intake, EBIT rose again, and the order backlog increased by a further 3,0%. Sales were only slightly down on the previous financial year due to delays in shipments caused by external factors beyond the Company's control.

A few figures show just how successful KLINGELNBERG was in the financial year under review: At around EUR 311,4 million, order intake exceeded the previous financial year's record figure by a further EUR 11,0 million. EBIT rose once again to around EUR 25,1 million. The order backlog reached a consistently high level of around EUR 267,5 million.

But it is not just about the absolute figures recorded. The strategic positioning is right, the products are world-class, and the market success proves that KLINGELNBERG made many right decisions. The slowdown in order intake at many European mechanical engineering companies has not had any noticeable effect on KLINGELNBERG to date.

In particular, the early strategic decision to commit to the growth of global wind energy is paying off impressively for KLINGELNBERG today. KLINGELNBERG scored well in this area worldwide, particularly in Asia. The Company also set an early course in the automotive sector and the transformation to electromobility and was able to win significant orders. KLINGELNBERG successfully expanded its position further in the areas of e-mobility and renewable energies. At the same time, we benefited disproportionately from the steadily increasing quality requirements in e-mobility. Currently, a slowdown in the transition to e-mobility is evident in some automotive markets, particularly in the US and Europe. It remains to be seen how this transition will actually continue. One thing is sure: KLINGELNBERG supplies the right machines for both technologies – modern combustion engines, which are far less harmful to the environment, and electric-powered vehicles.

In this context, we would like to mention that the KLINGELNBERG Group is also publishing its first Sustainability Report as part of this Annual Report, which reflects the Group's ongoing commitment to promoting positive economic, environmental, and social impacts. In the coming years, KLINGELNBERG will continue to strive to expand its leading role in the gear industry by developing innovative solutions that are not only economically viable but also environmentally friendly and socially responsible. KLINGELNBERG's already strong internationalization continued in the 2023/24 financial year. KLINGELNBERG is successfully operating in markets such as India,

China, and North America. KLINGELNBERG generated 55,5% of its sales in Asia and a further 31,1% in the EMEA region.

Last financial year, we reported here that the Company was stronger than probably ever before. The figures reported for the 2023/24 financial year confirmed this strength – even though the markets and the geopolitical situation have certainly not provided the Company with a tailwind. Our success is, therefore, anything but a matter of course. All successes – those of the past and those to come – must be earned through hard work. For this hard work, we would like to take this opportunity to thank all employees, managers, and members of the Executive Committee. We would also like to take this opportunity to thank our shareholders for another year of loyalty to your Company.

Even though the overall geopolitical and economic situation shows no signs of improvement, we remain confident about the current financial year.

To ensure that our shareholders also benefit from all these positive developments, the Board of Directors will propose to the Annual General Meeting that the dividend be increased from CHF 0,40 per share in the previous year to CHF 0,50 per share.

Despite all prevailing macroeconomic uncertainties, we expect a slight increase in sales for the 2024/25 financial year.

We expect the EBIT margin to remain above 8,0%, as in the 2023/24 financial year.

Sincerely yours,



Dr. Jörg Wolle
Chairman of the Board of Directors



Jan Klingelberg
CEO

Zürich, 20 June 2024

Financial overview

Key facts

- Net sales of EUR 303,5 million (-1,8%)
- Order intake increased by EUR 11,0 million (+3,7%) to EUR 311,4 million
- Highest order intake in the Company's history for the third time in a row
- EBIT amounted to EUR +25,1 million, an increase of EUR 1,3 million
- Net profit of EUR 17,2 million
- Equity ratio at 47,5%
- Dividend of CHF 0,50 per share (+25,0%)

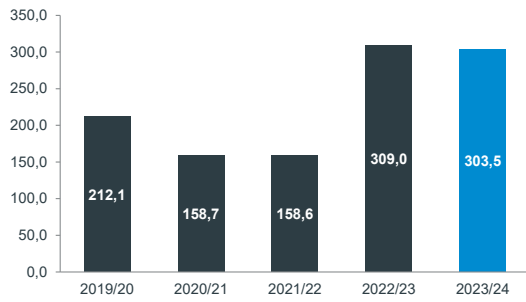
Group key figures

EUR million	2023/24	2022/23	Change
Net sales from goods and services	303,5	309,0	-5,5
Order intake	311,4	300,4	11,0
Order backlog	267,5	259,6	7,9
Operating result (EBIT)	25,1	23,8	1,3
Net profit	17,2	20,8	-3,6
Basic earnings per share (in EUR)	1,95	2,35	-0,40
Diluted earnings per share (in EUR)	1,95	2,35	-0,40
Operating result as % of net sales from goods and services	8,3%	7,7%	0,6%
Net profit as % of net sales from goods and services	5,7%	6,7%	(1,0%)
Cash flow from operating activities	23,5	15,7	7,8
Investments in tangible fixed and intangible assets	8,3	18,3	-10,0
Free cash flow	16,2	-1,9	18,1
Employees (FTE)	1.313	1.229	84

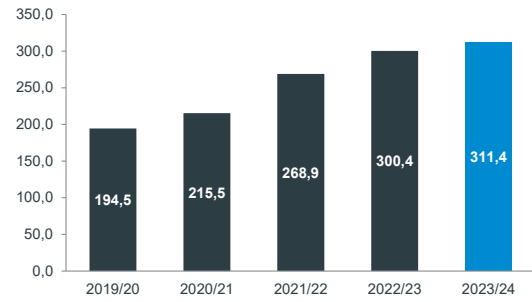
EUR million	31.03.2024	31.03.2023	Change
Total liabilities and equity	296,1	284,4	11,7
Net debt	27,3	41,8	-14,5
Total equity	140,8	126,6	14,2
Equity ratio	47,5%	44,5%	3,0%

For alternative performance measures please refer to chapter Alternative Performance Measures.

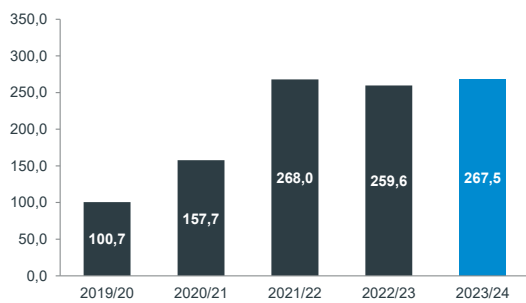
Net sales from goods and services, in EUR million



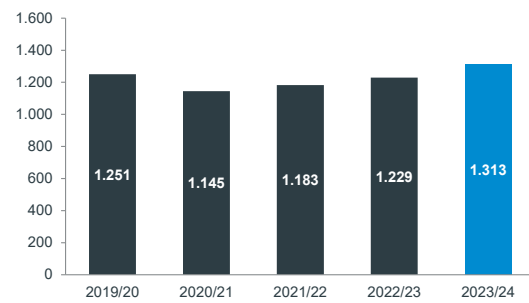
Order intake, in EUR million



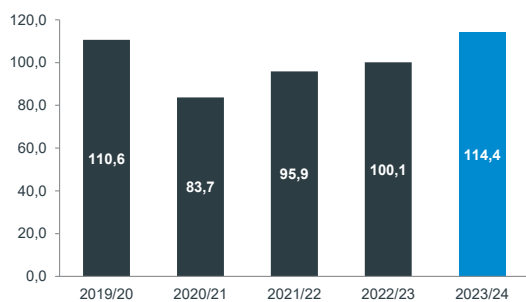
Order backlog, in EUR million



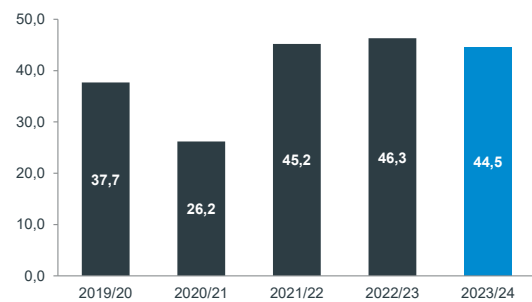
Employees (FTE), full time equivalents



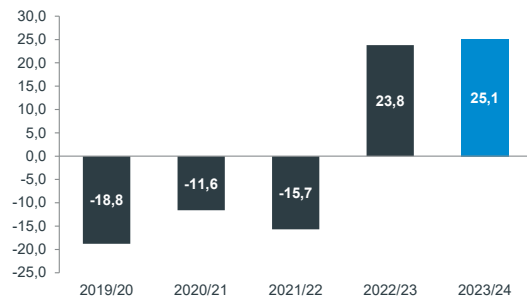
Personnel expense, in EUR million



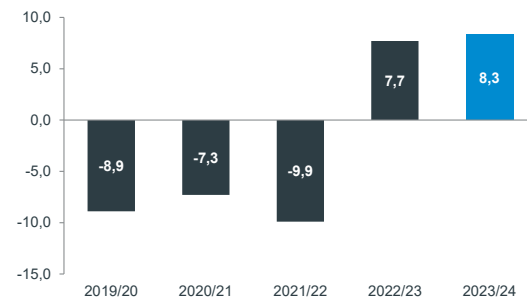
Other operating expense, in EUR million



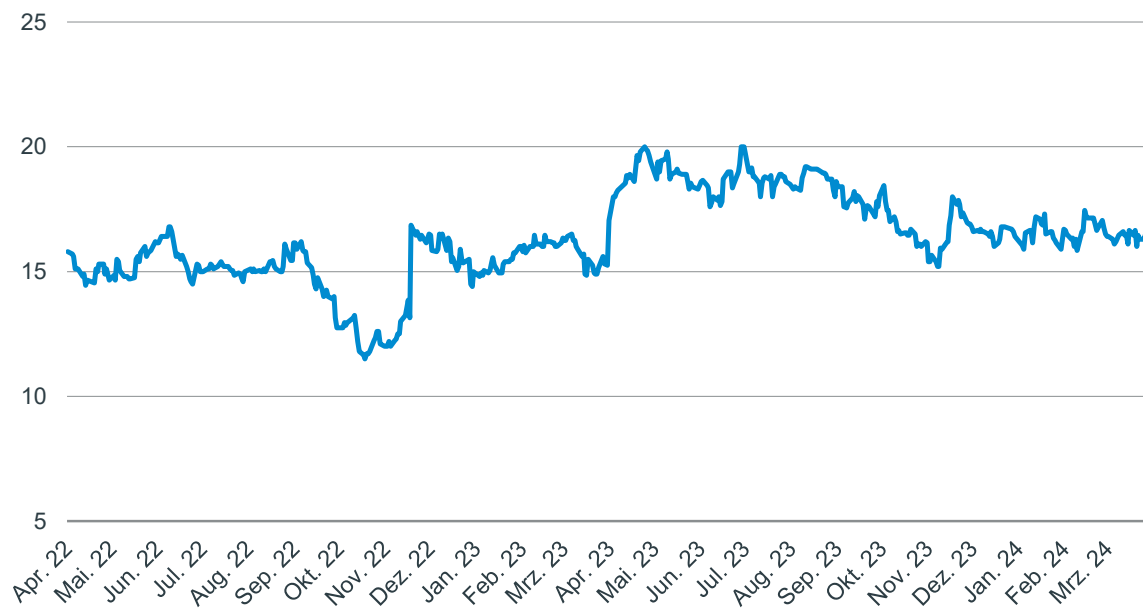
Operating result (EBIT), in EUR million



Operating result as % of net sales from goods and services



Share price, from 01 April 2022 – 31 March 2024



Highlights 2023/24



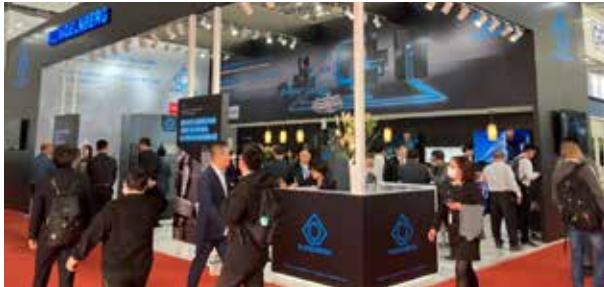
Trade Fairs:

Innovate Manufacturing at the EMO Hanover, Germany

Under the banner “Innovate Manufacturing”, industry leaders once again came together at the EMO trade fair in Hanover, Germany from 18 to 23 September 2023. The EMO is the world’s leading trade fair for production technology, providing full-spectrum coverage of the sector. KLINGELNBERG was also represented with a booth. For the first time, KLINGELNBERG offered interested trade show visitors live presentations in a short-seminar format on the subjects of aviation, wind energy, and automotive applications. Digital solutions for smart production were also part of the lecture series. At scheduled times, the team of experts gave 20-minute presentations followed by discussions in German and English directly at the trade show booth in the Company’s own Gear Campus.



KLINGELNBERG was also present at the following trade fairs:



CIMT, Beijing, China

10.04.–15.04.2023



Control, Stuttgart, Germany

09.05.–12.05.2023



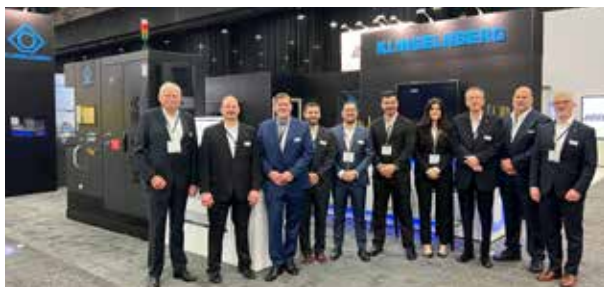
**MTA Vietnam,
Ho Chi Minh City, Vietnam**

04.07.–07.07.2023



**ITM (Industrial Transformation
MEXICO), León, Mexico**

04.10.–06.10.2023



**MPT (Motion + Power Technology
Expo), Detroit, USA**

17.10.–19.10.2023



MTA Indonesia, Jakarta, Indonesia

06.12.–09.12.2023

GEAR Seminars:

Under the patronage of Dr. Christof Gorgels, Vice President Technology and Innovation, the popular GEAR Seminar series took place again in 2023. KLINGELNBERG hosted three series of seminars at different locations in 2023.

The American subsidiary KLINGELNBERG America, Inc. kicked things off by organizing a series of lectures held during the Motion + Power Technology Expo trade show in Detroit from 17 to 19 October 2023. Gear Seminar China, which took place from 04 to 08 December 2023 in the cities of Guilin, Chongqing, and Changzhou, was also a great success. The subsidiary KLINGELNBERG India Pvt. Ltd. concluded the event, with the Gear Seminar scheduled from 11 to 15 December 2023. The agenda again included many interesting topics relating to Bevel Gear Technology, Measuring Technology, and Cylindrical Gear Technology.



Gear Seminar America

17.10.–19.10.2023

Gear Seminar China

04.12.–08.12.2023

Gear Seminar India

11.12.–15.12.2023



Local Events:**“Nacht der Unternehmen”: a look behind the scenes at KLINGELNBERG at its location in Hückeswagen, Germany**

17 companies in all took part in this year’s “Nacht der Unternehmen” open house event in Hückeswagen, located in Germany’s Oberbergischer Kreis region. The event took place from 3:00 p.m. to 10:00 p.m. on 12 May 2023. The “Nacht der Unternehmen” brings employers and target groups together every four years and supports the marketing efforts and business development of the castle town of Hückeswagen. The aim of the event was to give visitors insight into the day-to-day production activities of a machine manufacturer with operations around the globe.

This financial year, KLINGELNBERG opened its doors to all interested visitors – both at its long-established production site on Peterstrasse in Hückeswagen, Germany and at its newly built as-

sembly hall, located on Gustav-Adolf-Klingelberg-Straße in Hückeswagen-Winterhagen, Germany. Since late 2022, KLINGELNBERG has been using the facility to build large gear manufacturing machines, whose primary application is in the wind power industry. The event was also a good opportunity for KLINGELNBERG employees to show their families around their workplace. The guests were guided in small groups through the machine building and instrumentation areas, where they learned interesting facts about gear technology and its history. KLINGELNBERG counted over 1.000 guests at each site by the end of the event.



Anniversaries:**25 Years of KLINGELNBERG America, Inc.**

The third largest subsidiary of KLINGELNBERG AG after Germany and India, KLINGELNBERG America, Inc., was founded on 27 January 1999. In early 2024, it marked its 25th anniversary. KLINGELNBERG America, Inc. has its headquarters in Saline, a city in the US state of Michigan.



Company Profile



We make the world turn

The KLINGELNBERG Group is one of the world's leading companies in developing and manufacturing machines for bevel gear and cylindrical gear machining and precision measuring centers for axially symmetrical components and gearing. The group also manufactures spiral bevel gears to customer specifications – with ultimate precision using in-house technology.

The origins of the engineering company date back to 1863. The KLINGELNBERG family remains an anchor shareholder of the Company. The path from the Company's origins to global market leadership has been shaped by continuous striving towards first-rate quality and absolute reliability, for both products and service. With numerous R&D engineers worldwide and more than 200 registered patents, the Company demonstrates its capacity for innovation each and every day.

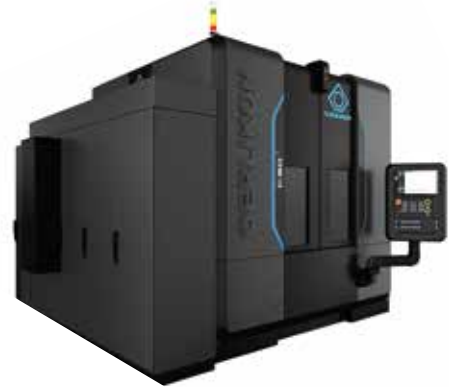
KLINGELNBERG operates engineering and manufacturing facilities in Switzerland and Germany. The Company ensures a global presence with regional sales offices and service centers. In addition, its ISO 14001 certification and participation in the VDMA's (German Mechanical Engineering Industry Association) "Blue Competence" initiative give credence to the Company's sustainable, environmentally sound business practices.



The KLINGELNBERG segments:

OERLIKON Bevel Gear Technology

The OERLIKON Bevel Gear Technology segment makes economical, high-precision manufacturing of bevel gears a reality for customers. All machines in the system have been designed to work together to enable pre-machining and finishing of even the most complex gears. KLINGELNBERG offers the most advanced technology and efficient machines for each and every step in the process chain.



The production process chain for bevel gears includes tool preparation, cutting, measuring, hardening, grinding or lapping and testing. The KIMoS (KLINGELNBERG Integrated Manufacturing of Spiral Bevel Gears) software package supports every step in bevel gear design and optimization. Measurement results are converted to gear corrections with the software KOMET. As part of this process, all necessary data for the gear cutting process, tool preparation and quality control of the finished bevel gears is prepared in parallel. At the same time, a convenient data handling system offers the possibility of using development and production databases to access machine tools in production and quality assurance. The software package thus provides the optimum basis for ultra-modern bevel gear production according to the Closed Loop method, ensuring transparency and documented quality throughout the entire process chain.

KLINGELNBERG Precision Measuring Centers

Stringent accuracy requirements for gear tooth measurements and increasingly complex drive components demand the best measuring technology available and a machine and software concept optimized for these applications. That is why leading manufacturers put their trust in Precision Measuring Centers from KLINGELNBERG which represent the most widely used standard in the industry, while also serving as a reference for metrology institutes.

Today, KLINGELNBERG Precision Measuring Centers (P-Series) are ideally suited to handle most measurement tasks in a wide range of sectors: Users in the automotive and commercial vehicle industries, and the aerospace and aeronautical engineering industries, rely on this technology that replaces up to six different conventional measuring devices. This allows the following measurement tasks to be fully automated in a single setting:

- Gear measurement
- General coordinate measurement
- Form and position measurement
- Roughness measurement
- Contour measurement
- Optical measurement



HÖFLER Cylindrical Gear Technology

The HÖFLER Cylindrical Gear Technology segment is synonymous with efficient and flexible production of cylindrical gears. All machines have been perfectly designed to work as a system family, enabling pre-machining and finishing of even the most complex gears. Moreover, thanks to decades-long expertise and great innovative strength, we are able to maintain a leadership position not only through our high research and development standards, but also our in-house application engineering services.

KLINGELNBERG offers the most advanced technology and efficient machines in the cylindrical gear process chain. The production steps in the process chain include process design, grinding, deburring, measuring and quality control. HÖFLER Cylindrical Gear Machines stand out not just because of their advanced hardware; the Company's own Gear Production software also makes a key contribution to the successful execution of each step.



The software guarantees convenient machining of even the most complex topographies and ensures maximum efficiency in daily use. Only in this way is concentrated knowledge of state-of-the-art machining strategies and process sequences placed right in the user's hands. And with its numerous options, Gear Production plays an active role in achieving productivity gains.

KLINGELNBERG Drive Technology

Back in 1923, KLINGELNBERG was the first company in the world to begin made-to-order production of bevel gears using the continuous hobbing method at its site in Hückeswagen, Germany. A high level of innovation and close partnership with customers and suppliers has constituted a tried-and-tested success model ever since. In 2008, the Drive Technology segment was moved from the original plant in the center of Hückeswagen to the Winterhagen industrial zone, located approximately five kilometers away. Today, spiral bevel gears with diameters up to 3.000 millimeters are manufactured there – using state-of-the-art methods.



KLINGELNBERG HISTORY

1863 to 1897

FOUNDING

- The Company is founded in Remscheid, Germany.
- The founders of W. Ferd. Klingelberg, Söhne (Julius and Ernst Klingelberg).



1908 to 1916

PRODUCTION SITES

- Production of tools and machine blades begins on the Company's own production site in Remscheid, Germany.
- Tool production is relocated from Remscheid to Hückeswagen, Germany.

1922 to 1951

GEAR TECHNOLOGY

- Production of bevel gear machines for the Palloid method.
- First hobbing machine built at the Hückeswagen plant, model FK 150, construction year 1923.
- 1951 Internationalization begins. First subsidiary abroad.



1985 to 1996

EXPANSION

- First introduction of a CNC measuring device.
- Entry into bevel gear grinding business through acquisition of Dr.-Ing.-Wiener-Verzahntechnik-GmbH.
- Takeover of Oerlikon Geartec AG - Zürich, Switzerland.
- Acquisition of ZEISS Industrial Metrology (Höfler) in Ettlingen.

1997 to 2003

INNOVATIONS

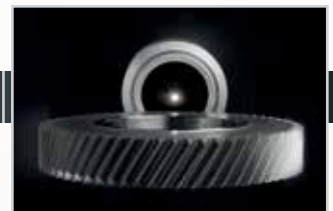
- Introduction of a dry cutting process for spiral bevel gears with the new generation of C machines: OERLIKON Spiral Bevel Gear Cutting Machine C 28.
- Introduction of a new series of OERLIKON Bevel Gear Grinding Machines G 27/G 60 with vertical concept.



2017 to 2018

KLINGELNBERG 2.0

- Premiere of HÖFLER Cylindrical Gear Grinding Machine Speed Viper for high-production generating grinding.
- KLINGELNBERG receives iF Design Award for its innovative machine design.
- KLINGELNBERG has been listed on the SIX Swiss Exchange since 20 June 2018.



2004 to 2012

EVOLUTION

- The Company enters its seventh generation with Jan Klingelberg.
- Commissioning of the world's most advanced large bevel gear manufacturing facility in Hückeswagen-Winterhagen, Germany.
- Assumption of core business of Höfler Maschinenbau GmbH in Ettlingen, Germany.



2018 til today

NEW MARKETS

- After just ten months of construction, the new assembly hall covering a total area of 8.000 square meters was officially inaugurated in Hückeswagen-Winterhagen at the end of 2022.
- Conquering new markets through further development of optical metrology and development of innovative solutions for e-mobility and wind power.
- KLINGELNBERG wins Best of Industry Award 2018 and 2020 as well as the German Innovation Award 2021.

Management Report



1 Bevel Gear Measurement
4 Roughness Measurement

2 Cylindrical Gear Measurement
5 Optical Measurement

3 Coordinate, Form and Position Measurement
6 Contour Measurement

Segments and markets

Against a backdrop of great uncertainty regarding the world economic environment, the global economy only expanded at a moderate pace in 2023 but proved to be quite robust overall in the face of the many different challenges. Lower energy prices than in the previous year and an increase in purchasing power that had declined due to inflation in most countries had a stabilizing effect. At the same time, the persistently high interest rate level had a dampening effect on international economic growth. Despite this challenging environment, the KLINGELNBERG Group once again proved resilient and was able to achieve new record results.

Due to the long-prevailing zero-COVID policy in China, the Chinese economy only expanded moderately in 2023 with a 5,2% increase in gross domestic product – overall below the pre-pandemic growth trend. A dampening effect came from the crisis in the real estate sector, which also unsettled private households and curbed private consumption. By contrast, the US economy grew surprisingly well, thanks not only to private households' readiness to spend, but also to rising corporate investment and exports. Exports rose much stronger than imports by the end of 2023, meaning that net exports also made a noticeable contribution to the growth in overall economic production. The US recorded a 2,5% increase in economic output for 2023 in total. Germany failed to see an overall economic recovery last year. Real economic activity even declined by 0,3% in the final quarter of 2023. Despite high order backlogs in the industrial sector, the weakening figures for new business could not be compensated for, resulting in a downward trend in industrial production at the turn of the year.

Overall, the global economy was still exposed to major geopolitical risks at the start of 2024. An end to Russia's war against Ukraine is not yet in sight and conflicts in the Middle East also have the potential to severely disrupt global trade and the associated value chains – with all resulting risks for the further economic cycle. Despite these diverse global challenges, the KLINGELNBERG Group once again succeeded in achieving high levels of sales and order intake in the 2023/24 financial year. Compared to the same period last financial year, net sales fell slightly by EUR 5,5 million to EUR 303,5 million. Order intake increased by EUR 11,0 million compared to the previous financial year setting another record with a total value of EUR 311,4 million. The basis for this was provided by a healthy mix driven by the wind energy, electromobility and general mechanical engineering and gear manufacturing sectors.

Around 55,5% of all sales were generated in the Asia-Pacific region and a further 31,1% in the EMEA region.

Bevel Gear segment:

The Bevel Gear segment generated net sales of EUR 89,1 million at the end of the 2023/24 financial year – a year-on-year decline in sales of EUR 22,2 million (-19,9%). This is, in particular, attributable to the delayed delivery of customer machines due to the flooding of July 2021, which contributed to a significant increase in sales in the same period of the previous financial year.

At the end of the 2023/24 financial year, order intake totaled EUR 87,5 million, which is around EUR 4,1 million higher than in the same period of the previous financial year. The KLINGELNBERG Group's broad product range combined with a diversified customer portfolio proved to be key to the Company's success. Although the majority of incoming orders in this segment resulted from orders from the global automotive and commercial vehicle industry, the Company's diversified customer base contributed to the fact that the decline in demand for bevel gear machines in the automotive industry triggered by electromobility was offset by industrial applications.

In addition to this, the investment rationale of car manufacturers against the backdrop of changing drive concepts continued to evolve. While Asia continued to focus increasingly on electromobility, a trend towards hybrid vehicles emerged in the US and Europe, giving new impetus to the bevel gear business. The G 35 Dual-Spindle Grinding Machine also enabled the Company to participate in the upturn in the aviation industry with various bevel gear grinding projects.

Cylindrical Gear segment:

The Cylindrical Gear segment recorded an increase in net sales of EUR 2,7 million to a total of EUR 95,7 million in the 2023/24 financial year. The Asian market, particularly China and India, once again proved to be the driving force behind the segment's success. In Europe, on the other hand, the HÖFLER Grinding and Testing Cell consisting of a Speed Viper 300 and an R 300 Gear Roll Testing Machine was successfully launched on the market. This new milestone for gear grinding and gear testing combined in a production cell once again demonstrated the KLINGELNBERG Group's ongoing innovative strength and shows the potential for further growth in the field of electromobility. KLINGELNBERG also confirmed its position as an established solution provider for large machines for wind power applications (Rapid 4000 and Rapid 6000) and was able to meet market demand in the 2023/24 financial year by implementing the highest quality requirements.

The very positive trend in order intake in the first half of the 2023/24 financial year continued in the second half of the financial year. Compared to the previous financial year, growth of EUR 6,3 million to a total of EUR 111,0 million was achieved, setting another record in this segment. The spectrum of incoming orders was made up of a healthy mix of the wind energy, general mechanical engineering, gear manufacturing and electromobility sectors. The Cylindrical Gear segment is entering the new 2024/25 financial year with an order backlog of EUR 134,3 million and continues to develop into a strong revenue driver for the KLINGELNBERG Group.

Measuring Centers segment:

The Measuring Centers segment was also able to build on the strong performance of the first half of the financial year and significantly increased both sales and order intake compared to the 2022/23 financial year and, as a result, even achieved another record high in order intake. Starting from net sales of EUR 84,7 million in the previous financial year, this figure jumped by EUR 13,9 million to EUR 98,6 million, while order intake was able to surpass the previous financial year's very high level by a further EUR 7,8 million to a total of EUR 96,8 million.

The cross-industry technology leadership of KLINGELNBERG Measuring Centers proved to be a major guarantor of success. While sales of large measuring centers to wind turbine gearbox manufacturers declined slightly due to the strong wave of investments in the previous financial year, significant growth in industrial gearboxes compensated for this effect. Also in the electromobility sector, we were able to build on the previous financial year's growth.

Following the great success of the newly developed P 125 and P 152 in the 2022/23 financial year, the market acceptance of these products could be further consolidated. The medium range of the KLINGELNBERG Measuring Centers portfolio benefited from its cross-industry potential of use in the automotive and commercial vehicle industry, in electromobility, in aviation as well as in general mechanical engineering and gear manufacturing. With the sale of the first P 200 Measuring Centers, another new development was successfully launched on the market, confirming the ongoing innovative potential of this segment. The measurement capacities required for wind power projects already realized and still being planned, as well as the differentiated development of drive concepts in the field of electromobility and hybrid vehicles, mean that demand for measuring devices is expected to further increase.

Drive Technology segment:

The Drive Technology segment closed the 2023/24 financial year with net sales of EUR 17,2 million, up EUR 2,1 million on the previous financial year. However, due to the temporarily weak global growth momentum, order intake fell significantly by EUR 5,8 million over the previous financial year to a total of EUR 13,4 million.

However, after years of significant investment cuts in the marine sector (especially tugs and special ships), signs are pointing towards expansion, something that had already become apparent in the order books of the Drive Technology segment in the previous financial year and was now realized in net sales in the 2023/24 financial year. Despite a sluggish global economy, the consolidated and highly liquid mining market promises future catch-up potential in this segment's order books. The reasons for this can be found in the growing importance of rare raw materials in the electrification of mobility, heating, and semiconductors sectors as part of global climate and digitalization policies.

Research and development

In the 2023/24 financial year, KLINGELNBERG could record a series of further developments and innovations that offer additional sales and earnings potential or open up market opportunities for the Company in the future.

The world is changing at a rapid pace. The topics of electromobility and climate protection are more relevant today than ever before. As a result, in recent years KLINGELNBERG has worked continuously with many of its customers to analyze the challenges presented by renewable energies, such as electromobility and wind energy, and incorporate them into the Company's development process. The high standards regarding the noise behavior of gears in electric cars are a key aspect that has come to light based on numerous discussions. This has led to new products and advances in existing products that are designed to manufacture application-specific, high-quality gears on a cost-effective basis, now and in the future.

The highest profile addition to the KLINGELNBERG portfolio is the HÖFLER Roll Testing Machine R 300 for roll testing of gears. The HÖFLER Cylindrical Gear Roll Testing Machine R 300 provides a reliable way to determine the contribution of a manufactured gear to gearbox noise. Due to the short measuring time, it can be easily integrated into any manufacturing process and enables 100% quality control of the gears produced. The R 300 is designed for all roll testing processes that are relevant for evaluating the running behavior and noise behavior of gears. Depending on its equipment, the R 300 enables testing of gears and shafts, a particularly important factor for components from an electric vehicle drivetrain system (eDrive). For testing the eDrive intermediate shaft, KLINGELNBERG offers a process for roll testing both gears on the shaft in one test cycle. This saves time for a second loading and unloading and for re-tooling the machine and reduces test costs.

The introduction of hybrid metrology with optical pitch measurement has significantly reduced measurement times. It is now possible to perform optical pitch measurement on almost all surfaces using the white light sensor technology (HISPEED OPTOSCAN) developed by KLINGELNBERG and partners, along with other innovative measuring strategies. All KLINGELNBERG Precision Measuring Centers in the P 26 to P 65 series can be optionally retrofitted with the optical sensor (HISPEED OPTOSCAN). For new machines, the "Ready for Optic" option is also available, providing a factory-installed setup for subsequent retrofitting. Through the systematic use of the standardized Gear Data Exchange (GDE) interface when importing and exporting data and measurement results, KLINGELNBERG has set a higher standard in Metrology 4.0 in the area of measurement results diagnostics and networking of production machines and metrology – a system called the Closed Loop.

SmartTooling is now SmartFactory, enabling the management of all assets in production. SmartFactory gives users an overview of sites and consumption data at all times, and not just for

KLINGELNBERG machines. Mobile devices support a wide range of operations with extreme ease. For KLINGELNBERG processing machines in particular, KLINGELNBERG offers new evaluation and input options with Smart Process Control, enabling optimal and efficient control of the production process.

The ratio of research and development expenses increased by 0,6 percentage points compared to the previous financial year and totaled 8,6% in the 2023/24 financial year. The increase is mainly due to higher expenditures on research and development. R&D expenditures of EUR 26,2 million underline the importance of product development for the KLINGELNBERG Group.

Gross profit

In the 2023/24 financial year, the KLINGELNBERG Group generated net sales from goods and services of EUR 303,5 million, exceeding the EUR 300 million mark for the second time in a row and EUR 5,5 million below the previous financial year.

The change in inventory of finished and unfinished goods as well as unbilled goods and services amounted to EUR +2,3 million in the financial year under review (previous financial year: EUR -18,8 million). Overall, there was an increase in total operating performance of EUR 15,7 million compared to the 2022/23 financial year to EUR 305,8 million.

In line with the higher total operating performance, material expense increased by EUR 5,0 million compared to the previous financial year totaling EUR 130,7 million. The materials ratio fell by 0,6 percentage points compared to the previous financial year and closed at 42,8% at the end of the 2023/24 financial year. Gross profit thus amounted to EUR 175,0 million, up EUR 10,7 million on the previous financial year.

Personnel expense and employees

Personnel expense amounted to EUR 114,4 million at the end of the 2023/24 financial year, up EUR 14,2 million on the previous financial year. Payroll costs including social benefits rose by EUR 12,3 million, which was mainly due to the increase in the number of employees (+84 FTEs) and the 5,2% increase in pay rates at KLINGELNBERG GmbH following collective bargaining. In addition, the reorganization collective agreement concluded at the Hückeswagen production site due to the flooding in 2021 was terminated prematurely on 01 May 2023. Expenses for employee pension plans also increased by EUR 4,0 million. The main reason for this was an interest-related reversal of pension provisions at KLINGELNBERG GmbH in the previous financial year. By contrast, other personnel expenses decreased by EUR 2,1 million, which was due to lower external personnel costs (also at KLINGELNBERG GmbH).

The personnel expense ratio also rose from 34,5% in the 2022/23 financial year to 37,4% due to the shift in the product mix towards the Cylindrical Gear segment. As at 31 March 2024, the KLINGELNBERG Group had 1.313 employees (FTE), 84 employees more than in the previous financial year.

Other operating expense

At the end of the 2023/24 financial year, other operating expense amounted to EUR 44,5 million, down EUR 1,8 million and therefore significantly lower than in the previous financial year. The decrease was mainly due to lower costs for incoming and outgoing freight.

Correspondingly, the other operating expense ratio was 14,6% at the end of the 2023/24 financial year and was thus lower than the previous financial year's level (-1,4 percentage points).

Other operating income

Other operating income amounted to EUR 13,0 million at the end of the 2023/24 financial year, up EUR 3,5 million on the previous financial year. The main reason for this was the higher income from flood-related payments (EUR 3,4 million).

Operating result

After the post-pandemic upturn two years ago was severely slowed down by the flood disaster on 14 July 2021, the KLINGELNBERG Group once again impressively managed to emerge stronger from a crisis in the previous financial year. Following the improvement in the operating result (EBIT) of EUR 39,5 million in the previous financial year compared to the year before, the KLINGELNBERG Group continued this positive trend in the 2023/24 financial year and achieved an operating result (EBIT) of EUR 25,1 million – an improvement of EUR 1,3 million (+5,4 %) compared to the previous financial year. The highest order intake in the Company's history for the third time in a row in the 2023/24 financial year and an increased and therefore persistently very high order backlog provide a positive outlook for the future.

The operating result as a percentage of net sales from goods and services for the 2023/24 financial year was +8,3%, an increase of 0,6 percentage points on the previous financial year. The basic earnings per share amounted to EUR +1,95.

Financial result

The KLINGELNBERG Group reported a financial result of EUR -2,5 million in the 2023/24 financial year. This loss resulted on the one hand from higher bank interest, which had an impact on the financial result. On the other hand, the exchange rate result in the accounts, which was incurred mainly by the KLINGELNBERG AG. The KLINGELNBERG AG conducts most of its business in euros, while the accounts of KLINGELNBERG AG are kept in Swiss francs. Because the holding company

reports the Group figures in euros, the euro transactions of the KLINGELNBERG AG must be converted twice.

Balance sheet

The balance sheet total of the KLINGELNBERG Group increased by EUR 11,7 million compared to the figure recorded on 31 March 2023 and amounted to EUR 296,1 million as at 31 March 2024. While non-current assets at EUR 75,7 million remained almost at the previous financial year's level (EUR 76,0 million), current assets increased by EUR 12,0 million and amounted to EUR 220,4 million as at 31 March 2024. Receivables from goods and services increased by EUR 8,8 million and cash and cash equivalents by EUR 7,8 million compared to the 2022/23 financial year.

Total liabilities decreased by EUR 2,5 million (-1,6%) compared to 31 March 2023 and amounted to EUR 155,4 million as at 31 March 2024. While current liabilities increased by EUR 1,8 million, non-current (long-term) liabilities fell significantly by EUR 4,2 million, partly due to a repayment subsidy from "KfW" (EUR 2,6 million) for the assembly hall of KLINGELNBERG GmbH, which went into operation in the previous financial year. Net debt decreased significantly by EUR 14,5 million and amounted to EUR 27,3 million at the end of the 2023/24 financial year.

Equity increased by EUR 14,2 million (+11,3%) compared to the financial year ending 31 March 2023 and amounted to EUR 140,8 million as at 31 March 2024. The net profit for the period increased equity by EUR 17,2 million, while the dividend payment reduced equity by EUR 3,7 million. The equity ratio increased by 3,0 percentage points to 47,5% compared to 31 March 2023. The KLINGELNBERG Group has thus further strengthened its sound financial position in the 2023/24 financial year.

Cash flow statement

Cash flow from operating activities increased by EUR 7,8 million compared to the previous financial year to EUR 23,5 million. The net profit of EUR 17,2 million particularly contributed to this positive cash flow.

Outflows for investment in tangible fixed assets amounted to EUR 8,1 million. This included eight investments in machinery for the Hückeswagen site in Germany. Cash flow from investing activities totaled EUR -7,3 million and was therefore EUR 10,3 million higher than in the previous financial year.

Cash flow from financing activities amounted to EUR -7,8 million. Both current and non-current financial liabilities decreased compared to the 2022/23 financial year. Additionally, a dividend of EUR 3,7 million was distributed.

Overall, there was a net change in cash of EUR 7,8 million.

Financial risk management

In 2018, KLINGELNBERG established a holistic risk management system to identify, evaluate and manage business risk. For further information about this system, please refer to Note 5.7.7 of the Corporate Governance Report. KLINGELNBERG has to deal with a variety of financial risks as described in the following.

Market risks

- Business cycle risks: The 2023 calendar year was characterized by significantly lower growth momentum in the global economy and the dampening effects of geopolitical tensions and crises, which are still ongoing.
- Currency risks: KLINGELNBERG's primary exposure to currency risks relates to the CHF, USD, and JPY, and arises in the context of business transactions from the translation of the disclosed assets and liabilities. Typically, KLINGELNBERG uses foreign exchange forwards or currency options to hedge against USD and JPY currency risks in connection with current machinery transactions affecting open and, in some cases, expected production and purchase orders.
- Interest rate risks: Short-term bank account balances are subject to market fluctuations. These balances are not hedged. KLINGELNBERG has no long-term interest-bearing assets. Most of the long-term financial liabilities bear fixed interest rates. The short-term bank debt is not hedged.
- Sales risks: An increase in the intensity of competition can lead to a decrease in sales and profitability.

Credit risks

Credit risks affect cash and cash equivalents, account balances with financial institutions and receivables from goods and services. KLINGELNBERG's long-standing business relationships with well-known customers limit its overall credit risk. KLINGELNBERG does not expect significant losses on receivables from goods and services, and we do not believe that there are any concentration risks. Receivables that cannot be recovered in full are impaired.

Liquidity risks

Liquidity risk arises when KLINGELNBERG cannot meet its financial obligations. Diligent liquidity risk management requires sufficient available liquid funds as well as having financing options in place in the form of approved credit facilities for appropriate amounts with multiple banks.

Operational risks

- Supply chain: Supply bottlenecks can lead to delays in the delivery of products and services.
- Natural disasters: Potential physical risks include floods, storms, and heat waves that can lead to disruption of production.

Outlook

The weak performance of the global economy and industry, coupled with high interest rates and energy prices, is weighing on the readiness to invest. On top of this comes the high level of uncertainty due to geopolitical risks and the upcoming US elections in November this year. According to the latest forecast from Oxford Economics, the global economy remains weak with growth of just 2,3% in the current year. Although the economic indicators are still at a low level, they are showing a slight reversal in the trend.

Despite all prevailing macroeconomic uncertainties, we expect a slight increase in sales for the 2024/25 financial year. We expect the EBIT margin to remain above 8,0%, as in the 2023/24 financial year.

Corporate Governance

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1 Introduction

This report describes the principles of corporate governance for the KLINGELNBERG Group (hereinafter also the "Group") and provides background information on the Group's Executive Management (hereinafter also the "EM") and the Board of Directors (hereinafter also the "BoD") as at 31 March 2024. The report contains the information that is stipulated by the Directive on Information relating to Corporate Governance of SIX Swiss Exchange AG.

The Articles of Association (hereinafter the "Articles") of KLINGELNBERG AG (hereinafter also the "Company") can be accessed on the corporate governance section of the Company's website at:

<https://klingeltnberg.com/en/investors/corporate-governance/articles-of-association>

For clarity and transparency, the Compensation Report is presented as a separate chapter of the Annual Report.

2 Group structure

2.1 Operational group structure

Headquartered in Zürich, Switzerland, KLINGELNBERG AG is the parent company of the KLINGELNBERG Group with 12 subsidiaries in 10 countries and a network of independent distributors serving additional markets.

The KLINGELNBERG Group has effective oversight and efficient management structures at all levels. The operational Group structure as at 31 March 2024 is as follows:

The Company's BoD acting collectively has the ultimate responsibility for the conduct of business of the Company and for delivering sustainable shareholder and stakeholder value. The BoD sets the Company's strategic objectives, ensures that the necessary financial and human resources are in place to meet the Company's objectives, and supervises and controls the management of the Company. The BoD also has two committees: the Audit Committee (hereinafter the "Audit Committee" or "AC") and a Nomination and Compensation Committee (hereinafter the "Nomination and Compensation Committee" or "NCC") (together the "Committees").

In accordance with and subject to Swiss law, the Articles and the Organizational Regulations, the BoD has delegated the Executive Management of the Company's business to the EM, which is headed by the Chief Executive Officer (hereinafter the "CEO") pursuant to the Organizational Regulations. The EM comprises: the CEO, the Chief Financial Officer (hereinafter the "CFO"), the Chief Operations Officer (hereinafter the "COO") and the Chief Sales Officer (hereinafter the "CSO"). The EM is supervised by the BoD and its Committees.

2.2 Listed companies

KLINGELNBERG AG, the ultimate parent company of the KLINGELNBERG Group, is listed on the SIX Swiss Exchange. Apart from KLINGELNBERG AG, no other company belonging to the consolidated KLINGELNBERG Group is listed on any stock exchange.

Registered office	Binzmühlestrasse 171, 8050 Zürich, Switzerland
Listed on	SIX Swiss Exchange
VALOR number	42046226
ISIN	CH0420462266
VALOR symbol	KLIN
Nominal share value	CHF 5

2.3 Non-listed companies

A list of the subsidiaries of the KLINGELNBERG Group as at 31 March 2024 can be found in Note 2.3 to the Consolidated Financial Statements.

3 Shareholders

3.1 Significant shareholders

According to the disclosure notifications received by the Company during 2023/24 and published by the Company via the electronic publishing platform on SIX Swiss Exchange, the following shareholders had holdings of 3 percent or more of the Company's voting rights as at 31 March 2024:

Date	Issuer	Beneficial owner / persons that can exercise the voting rights at their own discretion	Direct Shareholder	Position
19 December 2023	KLINGELNBERG AG	Jan Klingelberg ¹	JK Invest AG	48,58%
26 January 2022	KLINGELNBERG AG	Janus Henderson Group plc	- The European Smaller Companies Trust - Janus Henderson Horizon Fund - Janus Henderson UK & Europe Funds	6,57%
20 November 2021	KLINGELNBERG AG	J. Safra Sarasin Investmentfonds AG	Saraselect	5,74001%
07 November 2019	KLINGELNBERG AG	UBS Fund Management (Switzerland) AG		3,14%
29 June 2018	KLINGELNBERG AG	Arndt Klingelberg		4,86%

¹Please refer to Note 5.9 to the Statutory Financial Statements

Notifications made in 2023/24 in accordance with Art. 120 et seqq. of the Financial Market Infrastructure Act ("FMIA") [Finanzmarktinfrastukturgesetz, FinfraG] can be accessed using the following link:

<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html>

As regards to the value of the percentage of voting rights shown, it should be noted that any changes in the percentage of voting rights between the notifiable threshold values are not subject to disclosure requirements.

As at 31 March 2024, the Company held no treasury shares.

3.2 Cross-shareholdings

As at 31 March 2024, the Company does not have any cross-shareholdings exceeding 5 percent of the holdings of capital or voting rights on both sides.

4 Capital

4.1 Share capital

As at 31 March 2024, the ordinary share capital of KLINGELNBERG AG as registered with the Register of Commerce of the Canton of Zürich amounts to CHF 44.200.000 fully paid up and divided into 8.840.000 registered shares with a par value of CHF 5 each.

As at 31 March 2024, the Company has not issued any participation certificates or profit sharing certificates, nor has it issued any preference shares within the meaning of Art. 654 et seq. of the Swiss Code of Obligations (hereinafter also "CO") [Schweizerisches Obligationenrecht, OR].

Subject to the provisions of Art. 5 of the Articles (provisions regarding entry into share register, see also Note 4.6 below) each share entitles to one vote (Art. 11 of the Articles).

https://klingelInberg.com/fileadmin/Investors/Statuten_Articles_of_Association_KlingelInberg.pdf

4.2 Authorized and conditional capital

4.2.1 Authorized share capital

The possibility of a capital increase by way of authorized capital expired on 09 June 2020.

4.2.2 Conditional capital

The General Meeting of 09 June 2018 approved the creation of conditional capital divided into 445.640 shares with a par value of CHF 5 per share to improve the Company's financial flexibility for financing, acquisitions, and other purposes. The conditional capital amounts to CHF 2.228.200, which equates to 5,04% of the existing share capital.

More information on the conditional share capital can be found in Art. 3A of the Articles available at:

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

4.2.3 Options

KLINGELNBERG AG has not granted any options.

4.2.4 Convertible bonds

KLINGELNBERG AG has not issued any convertible bonds.

4.3 Changes in capital

The capital of the Company was as follows:

	31.03.2024	31.03.2023	31.03.2022	31.03.2021
Ordinary capital (in CHF)	44.200.000	44.200.000	44.200.000	44.200.000
Share capital in units	8.840.000	8.840.000	8.840.000	8.840.000
Conditional capital (in CHF)	2.228.200	2.228.200	2.228.200	2.228.200
Conditional capital in units	445.640	445.640	445.640	445.640

There have been no changes in the capital structure since 31 March 2021. The conditional share capital divided into 445.640 registered shares, which was created on 09 June 2018 to improve the Company's financial flexibility for financing, acquisitions and other purposes, has not yet been used.

4.4 Share buyback program

KLINGELNBERG has no ongoing share buyback program.

4.5 Convertible bonds and options

As outlined above, KLINGELNBERG has not issued any convertible bonds or options.

4.6 Limitations on transferability and nominee registration

The Company maintains a share register. Any person who acquires shares may submit an application to be registered in the share register as a shareholder with voting rights, provided such person expressly declares that he or she has acquired and holds such shares in his/her own name and for his/her own account. Entry into the share register with voting rights may be refused based on the grounds set forth in Art. 5 of the Articles described below under "Nominees". If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights.

According to Art. 5 of the Articles, any person who does not expressly state in his/her application to the Company that the relevant shares were acquired for his/her own account (any such person, a "Nominee") may be entered in the share register as a shareholder with voting rights without further inquiry up to a maximum of 3,0 percent of the share capital outstanding at that time. Above this limit, shares held by Nominees shall be entered into the share register with voting rights only if the Nominee in question discloses the names, addresses and shareholdings of the persons for whose account he or she is holding 0,5 percent or more of the share capital outstanding at the time and provided that the disclosure requirement stipulated in the FMIA is complied with. The BoD has the right to conclude agreements with Nominees concerning their disclosure requirements. Subject to Art. 652b para. 3 CO, the abovementioned limit of registration also applies to the subscription for or acquisition of registered shares by exercising pre-emptive, option or convertible rights arising from shares or any other securities issued by the Company or third parties. Legal entities, partnerships, other associations or joint ownership arrangements that are linked in the form described in Art. 5 of the Articles are considered one shareholder or nominee.

Until an acquirer becomes a shareholder with voting rights for the shares in accordance with Art. 5 of the Articles, she/he may neither exercise the voting rights connected with the shares nor rights associated with the voting rights.

Details regarding legal entities or individuals acting in concert can be found in Art. 5 of the Articles available at:

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

4.6.1 Admissibility of nominee registrations

The BoD has the right to conclude agreements with nominees concerning their disclosure requirements. In special cases, the Company may approve exceptions to the above restrictions. More information can be found in Art. 5 of the Articles (see link in Note 4.6 above).

4.6.2 Exceptions granted in the year under review

No exceptions under Art. 5 of the Articles were granted by the BoD during the reporting period.

4.6.3 Procedure and conditions for easement or abolition of the restriction of transferability

A resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the nominal value of the represented shares is required for the easement or abolition of the restriction of the transferability of the registered shares (Art. 12 para. 2 lit. 2 of the Articles).

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

4.6.4 Blackout-Periods

Employees who have or may have insider knowledge must acknowledge the regulations of the insider trading directive of the Company and are as well affected by the Company's trading blackout periods. The Company has implemented two fixed trading blackout periods. The first trading blackout period usually begins at the end of the financial year (31 March) and ends with the day after publication of the annual report. The second trading blackout period starts usually on 30 September and ends with the day after publication of the half-year results. Furthermore, the Company may also declare extraordinary trading blackout periods as required. In the 2023/24 financial year, no extraordinary trading blackout periods were declared by the Company.

5 Board of Directors

5.1 Introduction

The BoD of KLINGELNBERG AG sets the overall direction and supervises the management (see Art. 716a para. 1 of the Swiss Code of Obligations). Its organization is reflected in the Organizational Regulations ("Organisationsreglement" as of 19 August 2020). At the 2023 Annual General Meeting the Chief Executive Officer of the Company, Mr. Jan Klingelberg, was elected to the Board of Directors and performs the position of the CEO since then as Delegate of the Board of Directors. No further member of the BoD holds an Executive Management position with KLINGELNBERG AG or any of its subsidiaries or has held such a position in the past three years.

In the 2023/24 financial year there were no significant business relations between a member of the BoD and KLINGELNBERG AG or one of its subsidiaries. For a list of other related party transactions, please refer to Note 6.2 of the Consolidated Financial Statements.

5.2 Other activities and vested interests

Except as disclosed in the biographies of the members of the BoD and in Note 5.5 of the Compensation Report, no member of the BoD holds a position in a governing or supervisory body of any significant private or public sector organization, institution or foundation, a permanent management or consultancy position with an important interest group, or any public or political office. For a detailed summary of all additional activities of the members of the BoD please refer to Note 5.5 of the Compensation Report.

5.3 Mandates outside KLINGELNBERG AG

The Articles stipulate that no member of the BoD may hold more than five additional mandates as a member of the Board of Directors, other top management or administrative body in listed companies and no more than ten mandates as a member of the Board of Directors, other top management or administrative body of legal entities that do not meet the abovementioned criteria.

In addition to the mandates permitted as described above, each Member of the BoD may have up to ten mandates in the top management or administrative bodies of legal entities that must be registered in a commercial register and that serve exclusively as entities for the private administration and management of real estate and other assets of the respective member of the BoD or such member's relatives. With respect to the additional activities, mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

For further details, in particular regarding mandates which are not subject to the abovementioned limitations please see Art. 23 of the Articles available at:

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

All Members of the Board adhere to the aforementioned rules.

5.4 Board of Directors' competences and evaluation

The NCC/BoD evaluates current and prospective members of the EM according to their skills and experience to ensure that the Executive Management has an appropriate mix of relevant skills and experience.

The NCC/BoD identifies and evaluates prospective candidates for the BoD to ensure an appropriate mix of relevant skills and experience is represented in the BoD. Both, the BoD and its Committees perform an annual self-assessment of their work.

5.5 Elections and terms of office

According to Art. 6 lit. 2 of the Articles of KLINGELNBERG AG the Annual General Meeting (hereinafter also the "AGM") has the non-transferable powers to elect and recall the members of the BoD, the Chairman of the BoD, the members of the NCC, the Auditors and the independent proxy. Art. 15 of the Articles of KLINGELNBERG AG states that the BoD must consist of a minimum of four members.

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

All elections are made for a term of one year. In this context, a year means the period between two consecutive AGMs or, if a member is elected at an Extraordinary Shareholders' Meeting between the Extraordinary Shareholders' Meeting and the following AGM. Re-election is permitted. According to Art. 11 of the Articles, members of the BoD and the NCC are elected individually. There is no limit on the term in office.

5.6 Members of the BoD

The following chart provides an overview of the current members of the BoD:

Name	Position	Committee Membership	Year of Appointment
Dr. Jörg Wolle	Chairman	NCC (Chairman)	2018
Jan Klingelberg	Member	-	2023
Dr. Hans-Martin Schneeberger	Member	NCC	2007
Prof. Dr. Michael Hilb	Member	AC	2018
Philipp Buhofer	Member	NCC	2022
Kalina Scott	Member	AC (Chairwoman)	2022

Dr. Jörg Wolle

is the Chairman of the BoD and a Swiss and German citizen born in 1957. He has been serving as Chairman of the Company's BoD since June 2018. Dr. Wolle has also served as Chairman of the Board of Directors of Kuehne + Nagel International AG since 2016 and is a member of the Board of Directors of Kuehne Holding AG. He has also been a member of the Board of Directors of OLAM Group Ltd. in Singapore since September 2019. Dr. Jörg Wolle was Chairman of DKSH Holding Ltd. from 2017 to March 2019 and President and CEO of DKSH from June 2002 to March 2017. Previously, he was President and CEO of Siber Hegner Holding Ltd. from early 2000. Dr. Wolle obtained his PhD in engineering in 1987 from the University of Technology in Chemnitz, Germany. He graduated from the Senior Executive Program at Stanford Business School, USA.

Jan Klingelberg

is a BoD member and Swiss citizen born in 1971. Jan Klingelberg has been a member of the Board of Directors of KLINGELNBERG AG since 2023. Furthermore, he has been Chief Executive Officer of the Group since 2004 and continued to perform this position as Delegate of the Board of Directors since 2023. Mr. Klingelberg has also been a member of the Supervisory Board of INDUS Holding AG since 2023. From 2002 to 2004, he was Director of the Cylindrical Gears business unit of KLINGELNBERG GmbH, Germany. Between 2000 and 2002, Mr. Klingelberg held various positions at ZF Passau GmbH in Brazil and the USA. Prior to that, he was manager for strategic planning at SMS Demag AG in Germany. Since 2008, Mr. Klingelberg has also been a member of the Managing Board of the VDMA for machine tools and production systems, a trade association for the industrial sector in which the Company is active. Mr. Klingelberg holds a degree in industrial management from Carnegie Mellon University in Pittsburgh, USA.

Dr. Hans-Martin Schneeberger

is a BoD member and Swiss citizen born in 1955. Dr. Schneeberger has been a member of the Board of Directors of the Company since 2007. Dr. Hans-Martin Schneeberger currently serves as Chairman of the Board of Directors of Schneeberger Holding AG since 2003, having been CEO between 1993 and 2018 and Managing Director and Head of Marketing and Sales between 1988 and 1993. From 1985 until 1988, he was an account and project manager with a European-based management consulting firm. Since 2006, he has served on the Board of Unitectra AG, an organization for technology transfer, between 2014 and 2018 as its Chairman. Between 2010 and 2012, Dr. Hans-Martin Schneeberger was a member of the Board of Swissmem, the association of Swiss companies in the mechanical and electrical engineering industries and related technology-oriented sectors, and he served for more than 20 years as a Swiss delegate to CECIMO, the European Machine Tool Builders Association in Brussels. Dr. Hans-Martin Schneeberger obtained a PhD from the Krannert Business School at Purdue University USA in 1984 and was Tenure-Track Assistant Professor at the Ross Business School at the University of Michigan from 1984 to 1985.

Prof. Dr. Michael Hilb

is a BoD member and Swiss citizen born in 1977. He has been a member of the BoD of the Company since June 2018. Prof. Hilb is founder of DBP Holding Ltd. and serves on the boards of Sigvaris Holding Ltd., the Board Foundation and the Foundation for Value Creation. From 2010 to 2018, he was with DKSH, most recently as Vice President Group Strategy and Digital Business. Before that, he was Project Manager with Roland Berger from 2005 until 2010 and with Holcim Commerce from 2001 until 2003. He is a titular professor at the University of Fribourg, Switzerland and holds a PhD and an MSc in Management from the University of St. Gallen. He was a visiting fellow at Harvard University and INSEAD and completed several executive education programs.

Philipp Buhofer

is a BoD member and Swiss citizen born in 1959. Mr. Buhofer studied Business Administration at the HWV Lucerne. After working for several years in procurement management at Metro International in Europe and Asia, he joined EPA AG in 1987, where he held various management positions in procurement and sales. From 1997, he was a member and later Chairman as well as Delegate of the Board of Directors of EPA AG until its transfer to COOP in 2003. Today, in addition to his activities at DAX Holding AG, he is active on the boards of several industrial companies, including as Chairman of the Board of Directors of Cham Group AG (OTC) as well as a member of the Board of Directors of the listed Kardex Holding AG and Schaffner Holding AG.

Kalina Scott

is a BoD member and a Swiss citizen born in 1974. She is a seasoned professional with over 26 years of broad experience in finance, ranging from operational finance to mergers & acquisitions and capital markets. Ms. Scott is Chief Financial Officer of Ascom Holding AG since 2024. From 2019 to 2023 she was Chief Financial Officer of Duagon AG, a Swiss-based supplier for communication, computing and control technology. Prior to that, from 2017, she was a Chief Financial Officer of Polyphor AG (today Spexis). Ms. Scott started her career at UBS in 1997, focusing on structured finance and credit risk management, followed by leading roles in UBS's investment banking in Zürich and London, covering leveraged finance as well as mergers & acquisitions. From 2006 until 2008 Ms. Scott worked as Director of Corporate Finance at KPMG AG, Zürich, followed by a position as Managing Director for Bank am Bellevue. Ms. Scott holds a degree in Business Administration and has completed the Advanced Management Program at Harvard Business School.

5.7 Structure of the internal organization - Allocation of tasks within the Board of Directors

Except for the election of the Chairman of the BoD and the chairman and members of the NCC by the AGM, the BoD organizes itself.

In case the office of the Chairman of the BoD is vacant, the BoD shall appoint a substitute that must be a member of the BoD for the period until the conclusion of the next AGM. In case of a vacancy on the NCC, the NCC shall appoint a substitute for the period until the conclusion of the next AGM (Art. 17, last paragraph):

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

In accordance with the Regulations of the AC, the BoD appoints the members of the AC on an annual basis until the next AGM convenes. The Regulations of the Audit Committee can be accessed on the corporate governance section of the Company's website at:

<https://klingelberg.com/en/investors/corporate-governance/regulations-of-the-company/>

5.7.1 Tasks and areas of responsibility of the Board of Directors' committees

The BoD may delegate the preparation and execution of its decisions to committees or individual members. The duties and authorities of the committees are defined in the Articles (Art. 19, NCC only), the Organizational Regulations and the Committee Regulations of the BoD:

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

The Committees usually meet before the BoD meetings and regularly report to the BoD on their activities and findings. The overall responsibility for duties delegated to the Committees remains with the BoD. The period of office of all committee members is one year. Re-election is possible.

5.7.2 Audit Committee

The Audit Committee consists of two or more members of the BoD who are appointed by the BoD. The term of office of the members of the Audit Committee is one year ending upon conclusion of the subsequent AGM. Re-election is possible. The current members of the Audit Committee are Kalina Scott and Prof. Dr. Michael Hilb. The organization, detailed responsibilities and reporting duties of the AC are stipulated in its Regulations. The Regulations of the Audit Committee can be accessed on the corporate governance section of the Company's website at:

<https://klingelberg.com/en/investors/corporate-governance/regulations-of-the-company>

Meetings of the AC are held as often as required, but at least three times a year, or upon request of its members.

The AC assists the BoD in fulfilling its supervisory responsibilities with respect to the accounting and financial reporting, the internal control system, and the statutory auditors of the Company. According to the AC Regulations, the AC's responsibilities include but are not limited to:

- review and assess the plans and the scope of the external audit, review the reports of the statutory auditors, discuss their content with the statutory auditors and the EM, and supervise the implementation of the recommendations issued by the statutory auditors;

- review and assess the performance of the statutory auditor;
- review and assess the qualifications and effectiveness of the statutory auditors in consultation with the EM and make recommendations to the BoD regarding proposals to the AGM for the appointment or removal of the statutory auditors;
- review and assess on an annual basis the independence of the statutory auditor and the compatibility of advisory mandates, if any, with their role as statutory auditors;
- approve, based upon the proposal of the CFO, the budget for auditing fees;
- review the annual and interim statutory and consolidated financial statements and discuss these with the EM and statutory auditor prior to making a proposal to the BoD with respect to these annual and interim statutory and consolidated financial statements;
- review, in cooperation with the statutory auditor and the EM, whether the accounting processes and the financial control mechanism of the Company and the Group are appropriate in terms of the size and complexity of the Group;
- review the effectiveness of the internal control system and assess on an ongoing basis the Group's compliance with applicable laws and regulations;
- assess whether the risk management established by the EM addresses all relevant risks and whether the appropriate measures have been implemented;
- assess the effectiveness of the Group's compliance systems.

The BoD may entrust the AC with additional duties in financial matters. In discharging its responsibilities, the AC has unrestricted and direct access to all relevant information in relation to the Company and the Group. The AC ensures that it is informed by the statutory auditors on a regular basis. The AC is required to report its activities to the BoD on a regular basis and make recommendations and propose appropriate measures to the BoD.

5.7.3 Nomination and Compensation Committee

As required by Swiss law the members of the NCC are elected by the AGM. As at 31 March 2024, the members of the NCC include Dr. Jörg Wolle, Philipp Buhofer and Dr. Hans-Martin Schneeberger. The organization, detailed responsibilities, and reporting duties of the NCC are stipulated in its Regulations and the Articles of Association.

Meetings of the NCC are held as often as required, but at least twice a year, or upon request of its members.

Pursuant to the Organizational Regulations and the Regulations of the NCC, a majority of the members of the NCC should be independent as defined in the Swiss Code of Best Practice for Corporate Governance and a majority of the members of the NCC, including its chairperson, should be experienced in the areas of succession planning, performance evaluation as well as the nomination and compensation of members of Boards of Directors and Executive Management boards. The Regulations of the NCC can be accessed on the corporate governance section of the Company's website at:

<https://klingelberg.com/en/investors/corporate-governance/regulations-of-the-company>

The NCC supports the BoD in the discharge of its duties in the field of personnel and compensation policies. The NCC's responsibilities include, but are not limited to:

- preparing and periodically reviewing the Group's compensation policy and principles and periodically reviewing their implementation as well as submission of related proposals and recommendations to the BoD;
- submitting proposals to the BoD regarding the approval by the AGM of the maximum aggregate compensation for the members of the BoD as well as the maximum aggregate compensation of the members of the EM;
- submitting proposals to the BoD regarding the determination of the individual compensation of the Chairman and the other members of the Board as well as of the CEO and, based upon a proposal of the CEO, the other members of the EM, in each case within the limits of the respective maximum amounts approved by the AGM;
- submitting proposals to the BoD regarding the determination of compensation-related performance metrics and targets for the EM and assessing the performance of the members of the EM on an annual basis;
- submitting proposals to the Board regarding the mandate or employment agreements with the members of the BoD and the EM;
- submitting proposals to the BoD regarding the approval of, and any amendments to, compensation plans and other compensation regulations and regarding the persons eligible for participation in compensation plans as well as assessing such compensation plans on a regular basis and submitting proposals to the BoD in connection with this;
- reviewing the Compensation Report prepared by the EM and submitting the Compensation Report to the BoD for approval;

- making recommendations on Board composition and balance, setting criteria for the assessment of the independence of BoD members as well as submitting proposals to the BoD regarding the criteria to be applied for the selection of the Chairman, other members of the Board and its committees as well as for the nomination of candidates for positions in the EM;
- identifying and assessing candidates for membership in the BoD and for the position of CEO and submitting proposals to the BoD regarding the appointment and removal of the CEO;
- assessing candidates proposed by the CEO for other positions in the EM and submitting proposals to the BoD regarding the appointment of such persons;
- informing the BoD at least annually on succession and contingency plans in relation to the members of the EM and other key employees;
- reviewing the acceptance of mandates outside the Group by members of the BoD or the EM;
- supporting and advising the BoD in matters of corporate governance.

The BoD may entrust the NCC with additional duties in related matters. The NCC is required to report its activities to the BoD on a regular basis and to make recommendations and propose appropriate measures to the BoD.

5.7.4 Working methods of the Board of Directors and its committees

Within the 2023/24 financial year the BoD held four meetings. The following table shows the individual members' attendance at BoD and Committee meetings and the average length of meetings:

Name	BoD	AC	NCC
Dr. Jörg Wolle	4		3
Jan Klingelberg (from 22 August 2023)	3		
Dr. Hans-Martin Schneeberger	4		3
Roger Baillod (until 22 August 2023)	1	1	
Prof. Dr. Michael Hilb	4	4	
Philipp Buhofer	4		3
Kalina Scott	4	4	
Average meeting duration	02:24	01:50	00:40

Urgent business matters were discussed in conference calls. In addition to formal meetings at which minutes were taken, members of the BoD or of the Committees also met informally for other issues and discussions that required additional time, such as preparations for formal meetings.

According to the Organizational Regulations, the BoD convenes at the invitation of the Chairman at least four times each year, or whenever a member or the CEO requests a meeting of the BoD indicating the reasons in writing. The Chairman or, if he is not available, another member of the BoD shall preside BoD meetings. Meetings of the BoD may be held in person, by telephone or video conference, or similar means of live communication.

BoD resolutions may also be passed in writing by way of circular resolution, provided that no member of the BoD requests oral deliberation. In such cases, the Organizational Regulations require that the text of the resolution be provided to all members of the Board and that the majority of the members cast a vote and approve the matter.

The BoD is quorate to validly pass resolutions when a majority of its members is present. The Board passes resolutions by the majority of the votes cast. In case of a tie, the Chairman (but not any other member acting as chairman) has the casting vote.

The BoD works closely with the EM. In general, the meetings of the BoD and its Committees are also attended by the CEO and – as appropriate – by the CFO, the CSO and the COO. Meetings are

also attended by the Corporate Secretary. The BoD consults external experts when necessary in connection with specific topics.

All four meetings of the BoD were attended by all members of the EM. The three meetings of the NCC in the reporting period were held in the presence of the CEO with regards to his requests. All four meetings of the AC in the reporting period were attended by the CEO and the CFO, whereas the Head of Finance attended three meetings of the Audit Committee and two meetings were also attended by the auditors of the Company.

5.7.5 Areas of responsibility

The BoD is entrusted with the ultimate direction of the Company and its subsidiaries and has ultimate responsibility for the business and affairs of the Company and its subsidiaries. Such responsibilities include the duty to carefully select, properly instruct and supervise the persons entrusted with the Company's management. It represents the Company towards third parties and attends to all matters that have not been delegated to or reserved for another corporate body of the Company by law, the Articles, the Organizational Regulations or by other internal regulations.

In accordance with Art. 16 of the Articles

(https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf) the BoD may delegate the Executive Management of the Company in full or in part.

Its non-transferable and irrevocable duties are set out in the Swiss CO (Code of Obligations - Schweizerisches Obligationenrecht - "OR") and Art. 17 of the Articles

(https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf), they include: (i) the ultimate direction of the Company and the power to issue the necessary directives; (ii) determining the organization of the Company; (iii) the organization of its accounting, its internal control system (ICS), its financial control and its financial planning as well as the performance of a risk assessment; (iv) the appointment and removal of the persons entrusted with the Executive Management and representation of the Company, as well as the determination of their signatory power; (v) the ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Association, regulations and directives; (vi) the preparation of financial reports and the AGM, including the implementation of the resolutions adopted by the AGM; (vii) the preparation of the Compensation Report; (viii) the notification of the judge in case of over-indebtedness; (ix) the passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares and the respective amendments of Articles of Association; (x) the passing of resolutions concerning an increase of the share capital and regarding the preparation of capital increase reports as well as the respective amendments to the Articles of Association; (xi) the examination of compliance with the legal requirements regarding the appointment, election and professional qualifications of the Company's auditors; (xii) the non-transferable and inalienable duties and powers

of the Board of Directors pursuant to the Swiss Federal Merger Act on Merger, Demerger, Transformation and Transfer of Assets [Bundesgesetz über Fusion, Spaltung, Umwandlung und Vermögensübertragung (Fusionsgesetz, FusG)] of 01 July 2004, as amended; and (xiii) the passing of resolutions on other matters which, under mandatory law, are assigned to the Board of Directors for resolution or which are submitted to the Board of Directors for resolution.

In addition, Swiss law and the Organizational Regulations reserve the Board's powers, inter alia, (i) to approve the annual budget of the Company and the Group as well as any budget overrun of EUR 1,0 million or more per financial year, (ii) to approve certain major transactions exceeding specified thresholds, (iii) to appoint and remove the CEO and the other members of the EM of the Company and (iv) to adopt or amend the Company's compensation and benefits strategy upon proposal by the NCC.

5.7.6 Information and controlling instruments for supervising the EM

The EM reports to the BoD and its Committees periodically every month with detailed written overviews. It informs the BoD of the status of business matters and financial results, presents relevant strategic initiatives as well as major business transactions. The BoD and the EM discuss the Company's strategy and the long-term financial plan. Committees receive information in the form of group reports relevant to their needs.

Conference calls are held as required between BoD members and the CEO and/or CFO. Furthermore, each member of the BoD may request information on all matters concerning the Company.

5.7.7 Risk and compliance

To identify and manage its risks, the KLINGELNBERG Group has implemented a holistic risk management system to identify and assess strategic, operational, financial, legal and compliance risks related to its activities. The risk management directive has been rolled out throughout the entire Group. A risk management software helps to analyze the impact of individual risks on the budget by using Monte-Carlo simulations. Furthermore, the top risks are determined by using sensitivity analysis.

The risks identified by the risk owners in the different business units and administrative departments, are summarized in a Group wide risk map. The risk map contains the probability of occurrence and possible extent of damage. The risks are assessed in detail by the Risk Management Board and measures are defined to reduce the risk. The members of the Risk Management Board are the CFO, the CSO, the COO, and the Head of Controlling. They ensure continuous monitoring of the risks. Risk status reports are regularly submitted to the AC and, after discussion with and assessment by the AC to the BoD of the Company for review. For information about risks please refer to the Management Report.

The Head of Finance assumes responsibility for the internal control system (ICS) for financial reporting risks. The AC and the BoD receive updates on compliance with the ICS guidelines.

The AC approves the annual audit plan of the auditors and ensures that the relevant Group companies are adequately reviewed according to their risk scoring.

The Group Compliance Program supports KLINGELNBERG's core values of ethical behavior and unquestionable integrity. Compliance is overseen by both the CFO and the Head of Legal. If applicable, compliance reports are given to the AC as well as to the BoD. The Head of Legal reports to the Chairman of the BoD regarding compliance issues.

6 The Group Executive Management

6.1 Members of the Group Executive Management

The BoD has delegated the operative management to the EM headed by the CEO, subject to the duties and powers reserved to the Board by Swiss law, the Articles, and the Organizational Regulations. The EM is responsible for implementing and achieving the Company's corporate objectives and for the management and control of all Group companies. The EM is supervised by the BoD and its Committees.

The EM is responsible for the business of the Company and the preparation, implementation and monitoring of the strategic roadmap and the preparation, implementation and delivery of the annual plan and budget. The EM also prepares for and executes decisions made by the BoD. The EM is chaired by the CEO and comprises the CFO, the CSO and the COO.

Pursuant to the Organizational Regulations and the Regulations of the NCC, the CEO is appointed and removed by the BoD via a motion by the NCC. The other members of the EM are appointed and removed by the BoD via a motion by the CEO and the NCC. All members of the EM are evaluated on an annual basis by the NCC.

As at 31 March 2024, the members of the EM include:

Jan Klingelberg

CEO and a Swiss citizen born 1971. Before he became CEO in 2004, Jan Klingelberg was the director of the business unit cylindrical gears of KLINGELNBERG GmbH, Germany as of 2002. Between 2000 and 2002, he held various roles for ZF Passau GmbH in Brazil and the US and, before that, worked as manager corporate strategy planning at SMS Demag AG in Germany. Jan Klingelberg has been a member of the managing board of the VDMA (German Engineering Industry Association) since 2008 and a member of the Supervisory Board of INDUS Holding AG since 2023. Mr. Klingelberg was elected as a member of the Board of Directors of KLINGELNBERG AG by the Annual General Meeting in August 2023 and has since performed his function as CEO as Delegate of the Board of Directors. Jan Klingelberg holds a degree in industrial management from Carnegie Mellon University in Pittsburgh, USA.

Christoph Küster

CFO and a German citizen born in 1974. Mr. Küster has been the CFO of the Group since 2015, after having been a Managing Director of KLINGELNBERG GmbH, Germany, since 2014. He serves as a member of the Advisory Council of HDI Global. From 2003 until 2013 he occupied various positions in finance and controlling at Salzgitter Group in Germany. Mr. Küster has started his career in 1995 at V+M Tubes in Germany, where he stayed until he left for university studies in 1998. Mr. Küster holds a degree in Business Administration from Heinrich Heine University, Düsseldorf, Germany.

Philipp Kannengießer

COO and a German citizen born in 1973. Mr. Kannengießer became COO of the KLINGELNBERG Group in 2022. Previously, between 2016 and 2022, he was COO of Rothenberger AG. Mr. Kannengießer launched his career in 2000 at SMS Group GmbH, where he started out as a member of corporate staff working in international consultancy. Still with the SMS Group GmbH, between 2003 and 2012, he was CFO at SMS Elotherm GmbH and between 2013 and 2016, CFO at SMS Concast AG. Philipp Kannengießer holds a degree in Business Administration from the University of Münster, Germany.

Prasad Kizhakel

CSO and an Indian citizen born in 1969. Mr. Kizhakel has been the CSO of the Group since 2021, after having been the Managing Director of KLINGELNBERG India Pvt. Ltd., since 2012. Mr. Kizhakel has been successfully handling various functions and different task profiles for KLINGELNBERG AG since 1998. Previously he worked in the Auto Planning division of Tata Motors in India between 1995 and 1998. Mr. Kizhakel started his career at Larsen & Toubro Ltd., in India, where he supported the Heavy Engineering Unit. Mr. Kizhakel holds a degree in Mechanical Engineering from the National Institute of Technology – Jaipur, India and completed a Finance Course for Senior Managers at the London Business School.

6.2 Other activities and functions

Except as disclosed in the biographies of the members of the EM and in Note 5.5 of the Compensation Report, no member of the EM holds any position in a governing or supervisory body of any important private or public sector organization, institution or foundation; none holds any permanent management or consulting position with an important interest group or any public or political office. For a detailed summary of all additional activities of the members of the EM please refer to Note 5.5 of the Compensation Report.

6.3 Mandates outside KLINGELNBERG AG

The Articles limit the number of functions in superior management or administrative bodies of legal units other than the Company or its subsidiaries that members of the EM are allowed to hold at one time.

Pursuant to Art. 23 of the Articles, members of the EM may hold up to two mandates in publicly traded companies and, in addition, up to three mandates in other legal entities, subject to the approval of the BoD.

In addition, each member of the EM may have up to ten mandates in the superior management or administrative bodies of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent, which exclusively serve as entities for the private administration and management of real estate and other assets of the respective member of the EM. For further details, in particular regarding mandates which are not subject to the abovementioned limitations please see Art. 23 of the Articles available at:

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

All members of the EM adhere to the aforementioned limitations.

6.4 Management contracts

The BoD and the EM conduct business directly and have not delegated any management tasks to companies outside the Group.

7 Compensation, shares and loans

All details of compensation, shareholdings and loans are listed in the Compensation Report.

8 Shareholders' participation rights

8.1 Voting rights restrictions

Except for the limitation on voting rights described under Note 4.6 et seqq. which concern the Company's share register and Nominees there are no other restrictions to voting rights in place. For rules regarding registration in the Company's share register and Nominees please see Art. 5 of the Articles

https://klingelInberg.com/fileadmin/Investors/Statuten_Articles_of_Association_KlingelInberg.pdf and the detailed explanations under Note 4.6. As outlined above, no exceptions to the above-listed rules were granted during the reporting period.

8.2 Rules on participation in the AGM

In AGMs, each share carries one vote and each shareholder has equal rights, including equal voting rights. Such voting rights and rights associated therewith are only exercisable with respect to those shares for which a shareholder (or a usufructuary, as applicable) has been recorded in the share register with voting rights until a specific qualifying day designated by the BoD. According to the Articles, acquirers of shares will be recorded in the share register as shareholders with the right to vote, subject to certain conditions and restrictions (Note 4.6 and 8.1).

Each shareholder may personally participate in the AGM and cast his/her vote(s) or be represented by a proxy appointed in writing. According to Art. 11 of the Articles, such proxy needs not be a shareholder. Each shareholder also has the possibility to be represented by independent proxy.

8.3 Independent Proxy and electronic voting

The AGM elects the Independent Proxy with the right of substitution. His/her term of office always terminates at the conclusion of the next AGM. Re-election is possible. Should the Company have no Independent Proxy, the BoD shall appoint a substitute for the period until the conclusion of the next AGM. Shareholders may issue their power of attorney and instructions to the Independent Proxy by post or electronically.

8.4 Statutory quorums

According to Art. 11 of the Articles, to the extent that neither the law nor the Articles provide otherwise, the AGM passes its resolutions and carries out its elections with the absolute majority of the votes cast, whereby abstentions, empty votes and invalid votes will not be taken into account for the calculation of the required majority. According to Art. 12 of the Articles a resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the nominal value of the represented shares is required for: (i) the cases listed in Art. 704 para. 1 CO and in Art. 18 and Art. 64 of the Swiss Federal Merger Act on Merger, Demerger, Transformation and Transfer of Assets [Bundesgesetz über Fusion, Spaltung, Umwandlung und

Vermögensübertragung (Fusionsgesetz, FusG)] of 01 July 2004, as amended; (ii) the easement or abolition of the restriction of the transferability of the registered shares; (iii) the amendment or cancellation of Art. 31 (opting-out); and (iv) any change to Art. 12 of the Articles.

8.5 Convening the AGM

The ordinary AGM shall be held annually within six months after the close of the financial year. The BoD determines the time and location of the AGM. The AGM is convened by the BoD or, if necessary, by the Company's statutory auditors. Extraordinary shareholders' meetings may be held when deemed necessary by the BoD or the Company's auditors. Liquidators may also call a shareholders' meeting. Extraordinary Shareholders' Meetings shall be called as often as necessary, in particular in all cases required by law. Extraordinary General Meetings shall be convened by the BoD within two months if shareholders representing at least five percent of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon (Art. 7 of the Articles).

An AGM is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt, SHAB) at least 20 calendar days before the date of the meeting. Registered shareholders may be invited by letter and/or e-mail. Such publication and letters of invitation must indicate the date, time and place of the meeting, the items on the agenda, the wording of any motions proposed by the BoD or by shareholders who have requested the convention of a shareholders' meeting or the inclusion of an item on the meeting's agenda.

For details regarding the form of notice please see Art. 8 of the Articles:

https://klingelInberg.com/fileadmin/Investors/Statuten_Articles_of_Association_KlingelInberg.pdf

8.6 Agenda

According to Art. 9 of the Articles, the BoD shall state the items on the agenda. Registered shareholders representing at least 0,5% of the share capital or the votes may request that an item be placed on the agenda or that proposals for items be included in the notice convening the General Meeting. Such demands have to be submitted to the Chairman of the BoD at least 45 calendar days before the date of the AGM and shall be in writing, specifying the item and the proposals.

8.7 Entry in the share register

Only shareholders who are registered in the share register as shareholders with voting rights at a specific qualifying date (record date) designated by the BoD are entitled to attend an AGM and to exercise their voting rights.

9 Changes of control and defense measures

9.1 Duty to make an offer

Art. 31 of the Articles contains the following provision regarding opting-out:

https://klingelberg.com/fileadmin/Investors/Statuten_Articles_of_Association_Klingelberg.pdf

The duty to submit a public takeover offer pursuant to Art. 135 FMIA shall be excluded in accordance with Art. 125 para. 2 FMIA.

9.2 Change of control clauses

In case of a change of control the BoD shall determine the consequences regarding the bonus plans of the EM (subject to the approval of the AGM, where applicable). For further provisions see Note 4.3 of the Compensation Report.

10 Auditors

10.1 Duration of mandate and term of office of the auditor-in-charge

PricewaterhouseCoopers AG (hereinafter "PwC") was elected auditor of KLINGELNBERG AG and the KLINGELNBERG Group at the AGM on 22 August 2023. PwC has served as auditor for the existing auditing mandate since the 2009/10 financial year. The lead auditor of PwC responsible for KLINGELNBERG changed in the 2023/24 financial year. The lead auditor is rotated after the maximum statutory period of seven years (for companies with registered office in Switzerland).

10.2 Fees

Auditing Fees:

For the 2023/24 financial year, PricewaterhouseCoopers AG invoiced the Company for EUR 303.781 in global audit fees.

Additional Fees:

In the 2023/24 financial year, PricewaterhouseCoopers AG invoiced the Company for EUR 10.765 in additional services. The additional fees included consultancy fees in the areas of direct and indirect taxes, transfer prices, customs duties, and subsidies.

10.3 Information instruments pertaining to the external audit

The AC assesses the professional qualification, independence, and expertise of the auditors (see duties of the AC above in Note 5.7.2).

Prior to the audit, the auditors agree the proposed audit scope and approach, staffing and fees for the audit with the AC.

The external auditors report their comprehensive findings in a detailed report to the BoD. The findings are discussed in detail with the CFO and the AC. In the 2023/24 financial year, the external auditors attended two out of the four AC meetings.

The AC reviews the performance, compensation, and independence of the external auditors on a regular basis. The AC reports its findings to the BoD.

Additional services or consulting assignments are delegated to the auditors only if they are permitted by law and the auditor's code of independence. PwC monitors its independence throughout the year and annually confirms its independence to the AC.

11 Information policy

The KLINGELNBERG Group pursues an open and active information policy. The Company complies with its obligations under the rules of the SIX Swiss Exchange, including the requirements on the dissemination of material and price-sensitive information.

The Group publishes an Annual Report that provides audited consolidated financial statements, audited financial statement and information about the Company including the business results, strategy, products and services, corporate governance, executive compensation, and sustainability. The Annual Report is published within four months after the 31 March balance sheet date. The annual results are also summarized in the form of a press release. In addition, the Company releases results for the first half of each financial year within three months after the 30 September balance sheet date. The published Financial Half-Year Statements and annual Consolidated Financial Statements comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange and the Swiss GAAP FER.

The Company's Annual Report and Financial Half-Year Statements are distributed pursuant to the rules and regulations of the SIX Swiss Exchange and are announced via press releases and investor conferences in person or via telephone.

The Group reports in accordance with the disclosure requirements of Art. 124 FMIA and the ad hoc

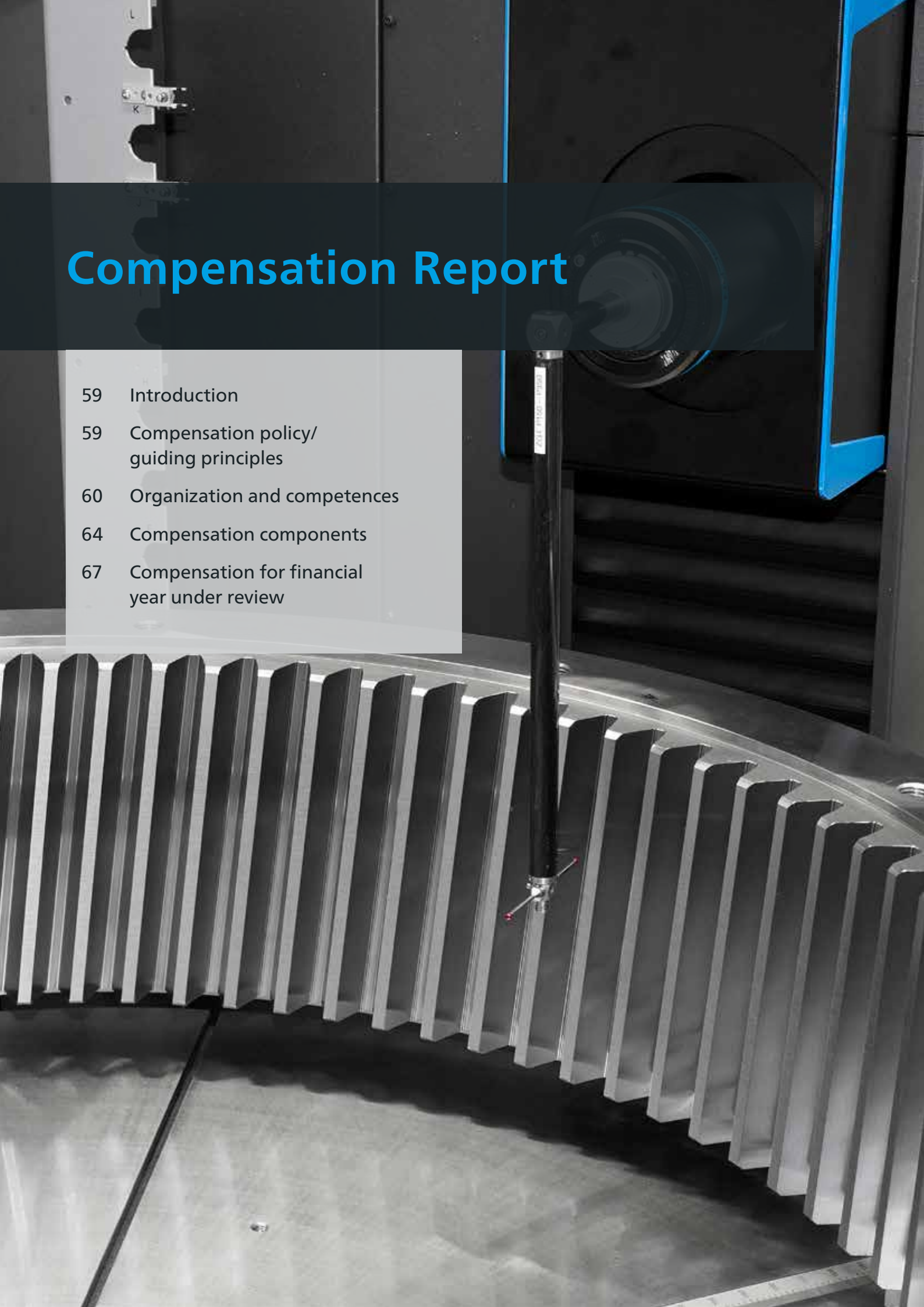
publication requirements of Art. 53 of the listing rules of SIX Swiss Exchange. Ad-hoc announcements may be viewed at <https://klingelberg.com/en/investors/news> and <https://klingelberg.com/en/investors/ad-hoc-notices> at the same time as notification to SIX Swiss Exchange and for two years thereafter.

All publications are made available to all shareholders, the media, and the stock exchange at the same time. All shareholders entered in the share register automatically receive an invitation to the AGM and a copy of the Annual Report of KLINGELNBERG AG on request. Notices to shareholders are made via publications in the Swiss Official Gazette of Commerce [Schweizerisches Handelsamtsblatt, SHAB].

KLINGELNBERG Group uses a news service that delivers finance-related press releases to interested stakeholders.

The website of the KLINGELNBERG Group contains information on the Company's results and the financial calendar as well as current investor presentations: <https://klingelberg.com>

On the KLINGELNBERG website <https://klingelberg.com/en/investors/financial-newsletter> it is possible to subscribe to news alerts about the KLINGELNBERG Group via e-mail.

The background of the page is a high-contrast, black and white photograph of a large industrial gear. A measuring probe, likely from a coordinate measuring machine (CMM), is positioned vertically, touching the teeth of the gear. The probe has a long, thin shaft and a small, red-tipped sensor. The gear itself is massive, with many teeth visible, and is part of a larger mechanical assembly. The lighting is dramatic, highlighting the metallic surfaces and the precision of the measurement process.

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year under review

1 Introduction

This Compensation Report provides a summary of the compensation structure and the compensation paid to the Executive Management (EM) and the Board of Directors (BoD).

This Compensation Report contains all information required under the Swiss Code of Obligations in accordance with Art. 734a et seq. and the SIX Exchange Regulations. The KLINGELNBERG Group has also observed the Swiss Code of Best Practice issued by *economiesuisse*, the umbrella organisation for Swiss business sector.

2 Compensation policy/guiding principles

The KLINGELNBERG Group's compensation approach is based on the following principles:

- reward employees for their contribution to the successful development of the KLINGELNBERG Group;
- motivate and retain qualified and talented professionals;
- be attractive in order to recruit professionals in the future; and
- strive to ensure that both employee and shareholder interests are aligned in a sustainable manner.

Pursuant to Art. 25 of the Articles of Association of KLINGELNBERG AG, the members of the BoD receive a fixed base fee and fixed fees for memberships in committees or for roles of the BoD, subject to and within the limits of the aggregate maximum amounts approved by the Annual General Meeting (AGM). BoD compensation can be awarded in cash or shares. Mandate agreements with members of the BoD have a fixed term until the conclusion of the next AGM (i.e. one year).

The total compensation for members of the EM consists of a fixed compensation component and a variable compensation (Art. 26 of the Articles of Association). The fixed compensation comprises the base compensation and additional compensation elements (pension, benefits in kind, etc.). All elements of the fixed compensation are settled in cash. The variable compensation consists of a short-term variable compensation in cash as well as a long-term variable compensation that can be settled in cash or in the form of shares or a combination of both. The maximum annual compensation for members of the EM is subject to approval by the AGM.

The base compensation of the EM ensures a regular and predictable salary paid out in cash in regular installments. The salary level is based on the scope and complexity of the position, market standards (comparable industry, geographical scope) and benchmarks (sales), and the individual's profile in terms of experience and skills. Salary progression depends primarily on the individual's performance, and also considers market developments and the economic environment.

The short-term variable compensation in cash (Short Term Incentive Plan, STIP) depends on the financial result of the KLINGELNBERG Group as well as the achievement of certain individual targets. Such targets are set in advance by the BoD upon recommendation by the NCC, typically for a one-year performance period, which generally corresponds with the financial year of KLINGELNBERG AG (the "Company"). The individual targets are determined for each member of the EM, taking into account his/her position, responsibilities, and tasks, as well as market conditions. These individual targets include, amongst others, implementation of extraordinary projects, sales, purchase prices and incoming orders. This determination process occurs prior to the start of the one-year performance period and is performed by the BoD upon recommendation of the NCC, to the extent decision-making power has been delegated. The maximum total amount of the short-term variable compensation is limited to 130% of the participant's base compensation.

The long-term variable compensation in the form of a Long-Term Incentive Plan (LTIP) for the Chief Financial Officer (CFO), the Chief Sales Officer (CSO) and the Chief Operating Officer (COO) takes into account the sustainable long-term performance of the KLINGELNBERG Group. The CEO does not participate in the LTIP as he is already a main shareholder of the Company. Upon recommendation by the NCC, the BoD defines the design of the LTIP as well as the grant to be made to eligible employees. The long-term incentive plan provides for a number of Performance Share Units ("PSU") annually. The allocated PSUs are deferred over a planning period of three financial years. The PSUs are thus vested at the end of the third financial year after allocation (i.e. on 31 March). The calculation of the long-term incentives paid out depends on the share price and the EBIT of the Group. The Company may procure any required shares or other securities through purchases in the market or by using conditional share capital. The maximum total amount of the granted long-term variable compensation is limited to 100% of the base remuneration. Compensation may be paid by the Company or companies controlled by it.

3 Organization and competences

According to the Organizational Regulation of KLINGELNBERG AG, one of the currently two permanent committees of the BoD is the Nomination and Compensation Committee (NCC). The members of the NCC are nominated by the BoD and individually elected on an annual basis by the AGM.

Art. 19 of the Articles of Association determines that the NCC shall consist of two or more members of the BoD. As required by Swiss Law, the term of office of the members of the NCC shall be one year and shall end at the conclusion of the next AGM. Re-election is possible. The NCC constitutes itself and has the following main duties based on the Articles of Association with regards to compensation matters:

- preparation and periodic review of the Company's compensation policy and principles, and performance criteria related to compensation, periodic review of their implementation, as well as submission of proposals and recommendations to the BoD;
- proposals to the BoD regarding the determination of compensation-related targets for the EM;
- proposals to the BoD regarding the approval of the individual compensation of all members of the BoD;
- proposals to the BoD regarding the individual maximum compensation (fixed and variable) as well as further terms of employment of the members of the EM.

The main duty of the NCC is to support the BoD in the area of personnel and compensation policy. The NCC has its own regulations that have been approved by the BoD (NCC Regulation) and that provide for further duties such as:

- submission of proposals to the BoD regarding the approval by the AGM of the maximum aggregate compensation for the members of the BoD until the next AGM as well as the maximum aggregate compensation of the members of the EM for the then-next following financial year;
- assessment of the performance of the members of the EM on an annual basis;
- submission of proposals to the BoD regarding the mandate or employment agreements with the members of the BoD and the EM;
- submission of proposals to the BoD regarding the approval of, and any amendments to, compensation plans and other compensation regulations, persons eligible for participation in compensation plans, as well as assessment of such compensation plans;
- review of the draft Compensation Report prepared by the EM and submission of the Compensation Report to the BoD for approval;
- issue of recommendations on BoD composition and balance, establishment of criteria for the assessment of the independence of BoD members, submission of proposals to the BoD regarding the criteria to be applied for the selection of the Chairman, other members of the BoD and its committees as well as for the nomination of candidates for positions in the EM;
- identification and assessment of candidates for membership in the BoD and for the position of Chief Executive Officer and submission of proposals to the BoD regarding the appointment and removal of the Chief Executive Officer;

- assessment of candidates proposed by the Chief Executive Officer for other positions in the EM and submission of proposals to the Board regarding the appointment of such persons;
- communication with the BoD at least annually on succession and contingency plans in relation to the members of the EM and other key employees;
- review of the acceptance of mandates outside the Group by members of the Board or the EM.

The Regulations of the Company can be accessed on the corporate governance section of the Company's website at:

<https://klingelberg.com/en/investors/corporate-governance/regulations-of-the-company>

The current members of the NCC are Dr. Jörg Wolle, Dr. Hans-Martin Schneeberger, and Philipp Buhofer. The members of the NCC have suitable experience in the areas of succession planning, performance evaluation as well as the nomination and compensation of members of Boards of Directors. Pursuant to the Organizational Regulations and NCC Regulation meetings of the NCC are held as often as required but always at least twice a year. In the 2023/24 financial year, three NCC meetings were held (Note 5.7.4 of the Corporate Governance Report).

Recommendations regarding compensation for the EM and the BoD must comply with the Company's regulations and must be approved by the BoD (and ultimately by the AGM). In any vote on the compensation to be determined for a particular member of the BoD, the Board member concerned must observe the relevant general withdrawal/abstention procedures. The EM does not participate in the determination of its own compensation. The CEO is, however, consulted on the compensation proposed for the other members of the EM.

The NCC utilizes independent external consultants when required. The criterion used for benchmarking essentially is the long-term financial development of the Group.

At the AGM, the BoD submits to the shareholders the maximum amount of compensation of the BoD and the EM for binding approval. The voting mechanism set forth by the Articles of Association provides for approval of the following items by the AGM:

- the maximum compensation of the BoD for the term of office until the next AGM;
- the maximum compensation of the EM (fixed and variable components) that may be paid or allocated in the subsequent financial year.

The following table illustrates the organization and competencies regarding the compensation of the EM and the BoD:

Decisions on maximum compensation	Proposed	Approved	Ultimate Approval
- of BoD, annually from AGM to AGM	NCC	BoD ²	AGM
- of EM, annually for subsequent financial year	NCC	BoD ²	AGM

² Approval for submission to AGM and subsequent submission to AGM.

4 Compensation components

4.1 General description of compensation components/architecture

As described in Note 2 above (with references to the Articles of Association), the members of the BoD are paid a fixed base fee. The maximum annual compensation of the Board is approved by the AGM. The compensation of the members of the BoD is subject to Swiss mandatory employee and employer social security contributions (Old-Age and Survivors Insurance/Unemployment Insurance) or VAT, depending on the individual situation.

Further information regarding the planned total compensation of the BoD for the period from the 2024 to the 2025 AGM is provided in the invitation to the 2024 AGM and is also subject to the Say on Pay (SoP) vote.

The members of the EM receive fixed compensation as well as variable compensation in the form of the STIP and the CFO, the CSO and the COO also in the form of the LTIP.

Further information regarding the planned total compensation of the EM for the subsequent financial year is provided in the invitation to the 2024 AGM and is also subject to SoP vote.

As outlined in Note 2 above, the STIP is paid out in cash only and depends on the achievement of personal targets as well as on the achievement of the financial results of the Group (% of the earnings before taxes (EBT)). For the EM, annual percentages of the EBT achievement are defined for the determination of the amounts to be paid out under the STIP, taking into account the achievement of the personal targets.

Individual target achievement is typically measured over a one-year performance period, which generally corresponds with the financial year of the Company and taking into account the relevant member's position, responsibilities and tasks as well as market conditions, i.e. the economic environment for mechanical engineering companies. The maximum total amount of the short-term variable compensation is limited at 130% of the participant's base compensation.

The aim of the STIP is to ensure participation of the EM in the respective results of the financial year on the one hand via a certain percentage of the respective EBT and on the other hand via annual individual targets that are selected based on relevant targets of the KLINGELNBERG Group to ensure that the fulfilment of those targets supports the achievement of the Group's overall aims and targets. Individual targets are chosen in alignment with the Company's general overall aims and business targets and focus on the most relevant areas of development of the Company. As described above, payments are not made in full unless targets of the individuals are fully met.

The above-mentioned individual targets are generally considered sensitive information. Disclosing those targets would allow confidential insight into the strategy of the KLINGELNBERG Group and therefore create a competitive disadvantage to the KLINGELNBERG Group. Consequently, such targets are not communicated at the time they are set but their achievement or non-achievement will be commented on in connection with the overall target achievement.

Individual targets are carefully chosen on an annual basis and in alignment with the Company's most relevant projects and targets in line with the Company's ambitious plans. Setting three to four demanding and ambitious targets helps the Company to deliver best-in-class performance.

As outlined in Note 2 above, the LTIP may be awarded in cash, shares or a combination of both. The Company may procure any required shares or other securities through purchases in the market (if possible) or by using conditional share capital. The maximum total amount of the granted long-term variable compensation is limited at 100% of the participant's base compensation.

The LTIP shall take account of the sustainable long-term performance of the Group. The BoD determines the detailed conditions of the LTIP. The LTIP was designed in cooperation with an external consultant, a leading independent firm with experience in the areas of compensation and value-based management. In the future, the BoD may extend participation in the LTIP to further key employees of the Group, excluding Non-Executive Board Members.

Each LTIP participant is granted a number of Performance Share Units (PSUs) on an annual basis. The number of PSUs to be granted is calculated as follows: amount granted to the relevant participant under the LTIP divided by the volume-weighted average price of the shares for the last 20 trading days before the end of the financial year of the Company preceding the financial year for which the grant is made. The amount granted to each participant will be determined on an annual basis and at the discretion of the BoD before the start of the relevant LTIP period. The grant amount is limited to an amount equal to 100% of the participant's base compensation for the relevant financial year. The PSUs are granted to each participant on the first day of the relevant financial year.

The LTIP period is three years and the PSUs vest on a cliff basis, i.e. the PSUs granted at the start of a three-year period vest on the last day of the third financial year after the award was granted.

The vesting of the PSUs is calculated as follows: number of PSUs multiplied by the volume-weighted average price of the shares for the last 20 trading days before the end of the financial year at which the PSUs have vested multiplied by an LTI factor. This LTI factor is determined by the BoD, who applies the LTI factor table that is calculated for each plan before the start of the respective LTIP period and takes into account the long-term operating and share-price performance of the Group. The vesting is approved by the BoD and may be settled in cash or shares or in a combination of cash and shares at its discretion.

In general, all unvested PSUs will be forfeited in the event of a participant's termination of employment. However, if a participant has not given cause for the termination of the employment, the BoD may approve an accelerated vesting of unvested PSUs on a pro rata basis, but no participant may claim rights to such a vesting.

Further details with respect to the LTI targets, such as the applied LTI factor table, are considered sensitive information. As in the case of the STIP targets, disclosing those targets would allow confidential insight into the strategy of the KLINGELNBERG Group and therefore create a competitive disadvantage to the KLINGELNBERG Group. Please refer to the compensation table of the EM with respect to the number of PSUs granted.

4.2 Loans/credits to the BoD/EM members

Art. 28 of the Articles of Association stipulates that the Company shall refrain from granting loans, credits, pension benefits (other than in the context of occupational pension) or securities in favor of the members of the BoD or the EM. Therefore, no loans and credits were granted to or are still outstanding with current and former members of the BoD, the EM, or their related parties.

4.3 Change of control clauses

Upon a change of control, it is at the discretion of the BoD to decide the effects on compensation. It may decide in particular that payments under the STIP and the LTIP shall be made prematurely, that individual targets are amended or assessed as achieved despite non-achievement, or that certain parameters under both plans are altered.

4.4 Information on notice periods

According to Art. 24 of the Articles of Association, mandate agreements of the members of the BoD have a fixed term expiring at the conclusion of the next AGM. The Company reserves the right to early termination or removal from office. The Articles of Association further provide that the employment agreements of the members of the EM shall in principle be concluded for an indefinite period.

With respect to employment agreements entered into for an indefinite period, the maximum notice period shall not exceed 12 months. If the BoD considers a fixed term appropriate, such fixed term shall not exceed one year. All individual agreements with the BoD and the EM comply with the aforementioned rules.

The Company may enter into non-compete agreements with members of the BoD and the EM for an agreed period of time after termination of employment to the extent that is justified from a business perspective. Pursuant to Art. 24 of the Articles of Association, the consideration paid for a non-compete undertaking must not exceed the average total annual compensation of such member during the last three years.

5 Compensation for financial year under review

As the Company is listed, it must comply with the obligations of the Swiss CO (Code of Obligations - Schweizerisches Obligationenrecht - "OR"), which include the publication of an annual compensation report. In this context, the compensation of the BoD and EM for the 2023/24 financial year is disclosed herewith.

5.1 Compensation of the members of the Board of Directors (audited)

The AGM of 22 August 2023 voted for a maximum compensation of the BoD in the amount of CHF 700.000 until the end of the next AGM.

Within the 2023/24 financial year the compensation of the members of the BoD comprised a fixed fee in the amount of CHF 60.000 per annum or CHF 180.000 per annum in the case of the Chairman, plus an additional amount of CHF 10.000 per annum for membership in a committee or CHF 20.000 per annum for the chairman of a committee.

The Company has no outstanding loan or guarantee commitments to members of the Board of Directors or related parties. No severance payments have been made in the financial and previous financial year. No compensations, loans, or credits were paid to related persons.

The following table shows the compensation in the 2023/24 financial year:

CHF	Board Membership	Committee Membership		Compensation in cash, CHF		
		Audit	Nomination & Compensation	Fixed base fee	Fixed fees for memberships in committee/roles	Employer social security payments ³
Dr. Jörg Wölle	Chair		Chair	180.000,00	20.000,00	12.621,65
Jan Klingelberg (from 22 August 2023)	▪		▪	35.000,00	not applicable	2.256,75
Dr. Hans-Martin Schneeberger	▪		▪	60.000,00	10.000,00	4.241,60
Roger Baillod (until 22 August 2023)	▪	Chair		23.833,35	7.944,45	2.446,90
Prof. Dr. Michael Hilb	▪	▪		60.000,00	10.000,00	5.670,00
Philipp Buhofer	▪		▪	60.000,00	10.000,00	5.670,00
Kalina Scott	▪	Chair ⁴		60.000,00	16.000,00	4.435,55
Total				478.833,35	73.944,45	37.342,45

³ These values include value added tax and the employer contribution for social security.

⁴ Chair from 22 August 2023.

The following table shows the compensation in the 2022/23 financial year:

CHF	Committee Membership			Compensation in cash, CHF		
	Board Membership	Audit	Nomination & Compensation	Fixed base fee	Fixed fees for memberships in committee/roles	Employer social security payments ³
Dr. Jörg Wolle	Chair		Chair	180.000,00	20.000,00	11.910,20
Diether Klingelberg (until 23 August 2022)	▪		▪	5.000,00	not applicable	not applicable
Dr. Hans-Martin Schneeberger	▪		▪	60.000,00	10.000,00	3.458,65
Hans-Georg Härter (until 23 August 2022)	▪			25.000,00	not applicable	not applicable
Roger Baillod	▪	Chair		60.000,00	20.000,00	6.160,00
Prof. Dr. Michael Hilb	▪	▪		60.000,00	10.000,00	5.390,00
Philipp Buhofer (from 23 August 2022)	▪		▪	35.000,00	5.833,35	3.144,15
Kalina Scott (from 23 August 2022)	▪	▪		35.000,00	5.833,35	3.103,80
Total				460.000,00	71.666,70	33.166,80

³ These values include value added tax and the employer contribution for social security.

5.2 Compensation of the members of the Executive Management (audited)

The AGM of 23 August 2022 voted for a maximum compensation of the EM in the amount of EUR 4.500.000 for the 2023/24 financial year.

The Company has no outstanding loan or guarantee commitments to members of the EM or related parties. No compensations, loans, or credits that were not at market conditions – were paid to related persons.

The following table shows the compensation of the financial year ended 31 March 2024:

CHF ⁵	EM	of which Jan Klingelberg, CEO
Base compensation	1.476.320,16	500.004,00
STIP	1.168.490,34	255.713,00
LTIP ⁶	510.000,00	not applicable
Other compensation ⁷	174.022,29	94.075,52
Employer social security	183.842,53	71.568,90
Total	3.512.675,32	921.361,42⁸

⁵ All conversions from EUR to CHF in the above tables have been made at the balance sheet exchange rate (EUR 1/CHF 0,97675).

⁶ This value represents not the current LTIP value paid out to the EM but the LTI-Amount allocated for later calculation of the LTI paid out in fact. Fair value PSU CHF 16,10, date of grant 01 April 2023 number of PSUs granted: 10.559

⁷ Fringe benefits of all EM members and consultancy fees for consultation of subsidiaries by CEO.

⁸ This amount does not include remuneration as a member of the Board of Directors disclosed under Note 5.1 above.

The following table shows the compensation of the financial year ended 31 March 2023:

CHF ⁵	EM	of which Jan Klingelberg, CEO
Base compensation	1.392.925,30	500.004,00
STIP	657.599,53	175.910,00
LTIP ⁶	340.000,00	not applicable
Other compensation ⁷	345.196,33	95.869,78
Employer social security	130.079,21	64.466,15
Total	2.865.800,37	836.249,93

⁵ All conversions from EUR to CHF in the above tables have been made at the balance sheet exchange rate (EUR 1/CHF 0,99735).

⁶ This value represents not the current LTIP value paid out to the EM but the LTI-Amount allocated for later calculation of the LTI paid out in fact. Fair value PSU CHF 15,80, date of grant 01 April 2022 number of PSUs granted: 10.756

⁷ Fringe benefits of all EM members and consultancy fees for consultation of subsidiaries by CEO.

5.3 Share ownership information [CO 734d]

Please see Note 5.9 of the Statutory Financial Statement.

5.4 Transactions with members of the Board of Directors or the Executive Management

For information regarding related party transactions with members of the Board of Directors and Executive Management, see the „Transactions with related parties“ section in Note 6.2 to the Consolidated Financial Statements.

5.5 External Mandates (according to 734e of the Swiss code of Obligations) of members of the Board of Directors and the Executive Management (audited)

Members of the Board of Directors and the Executive Management have the following external mandates:

Board of Directors	Company	Function
Dr. Jörg Wolle	Mandates in listed companies Kühne + Nagel International AG, Switzerland	Chair of the Board
	Mandates in non-listed companies and organizations Olam Group Ltd. Singapore Kühne-Stiftung, Switzerland Temasek Holdings, Singapore Ariesco Ltd., Switzerland	Member of the Board Member of the Board of Trustees Member of the European Advisory Panel Member of the Board
Jan Klingelberg	Mandates in listed companies INDUS Holding AG, Germany	Member of the Supervisory Board
	Mandates in non-listed companies and organizations Verband Deutscher Maschinen- und Anlagenbau (VDMA), Germany	Member of the Managing Board
Philipp Buhofer	Mandates in listed companies Kardex Holding AG, Switzerland	Member of the Board
	Mandates in non-listed companies and organizations Cham Group AG, Switzerland ADUR Management AG, Switzerland Lokremise AG, Switzerland DAX Holding AG, Switzerland BURU Holding AG, Switzerland	President of the Board Member of the Board President of the Board President of the Board Member of the Board
Kalina Scott	Mandates in listed companies Ascom Holding AG, Switzerland	Chief Financial Officer
Prof. Michael Hilb	Mandates in non-listed companies and organizations DBP Holding AG, Switzerland Sigvaris Holding AG, Switzerland Kuhn Back & Gastro AG, Switzerland Board Foundation, Switzerland Foundation for Value Creation, Switzerland Foundation for Aviation Competence, Switzerland Institute for Systematic Management and Public Governance, Switzerland European Confederation of Directors' Associations, Belgium International Corporate Governance Network, England Global Network of Director Institutes Innosuisse (Swiss Innovation Agency), Switzerland	Member of the Board Member of the Board Member of the Board Chair of the Board Vice-Chair of the Board Vice-Chair of the Board Member of the Board Member of the Board Member Global Governance Committee Member Policy Committee Expert
Dr. Hans-Martin Schneeberger	Mandates in non-listed companies and organizations Schneeberger Holding AG, Switzerland	Chairman of the Board
Executive Management	Company	Function
Christoph Küster	Mandates in non-listed companies and organizations HDI Global SE, Germany	Member of the Advisory Board

Klingelberg AG
Zurich

Report of the statutory auditor
to the General Meeting
on the compensation report 2023/2024



Report of the statutory auditor

to the General Meeting of Klingelberg AG

Zurich

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Klingelberg AG (the Company) for the year ended 31 March 2024. The audit was limited to the information pursuant to article 734a-734f CO in the tables marked 'audited' on pages 67 to 71 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the compensation report (pages 59 to 71) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Other information

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

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

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

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

Board of Directors' responsibilities for the compensation report

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

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or

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error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

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

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

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

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

PricewaterhouseCoopers AG



Patrick Balkanyi
Licensed audit expert
Auditor in charge



Regina Spälti
Licensed audit expert

Zürich, 19 June 2024



A close-up, low-angle shot of a white wind turbine's nacelle and blades against a sunset sky. The turbine is the central focus, with its blades extending towards the corners of the frame. The background shows a vast, flat landscape under a warm, orange-hued sky with soft clouds. The overall mood is serene and sustainable.

Sustainability Report

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1 Foreword

The KLINGELNBERG Group (hereinafter also “KLINGELNBERG” or the “Group”), hereby presents its first Sustainability Report which reflects the Group’s ongoing commitment to promoting positive economic, environmental and social impacts, while reaffirming its commitment to respecting human rights.

In the coming years, KLINGELNBERG will continuously strive to expand its leading role in the gear industry by developing innovative solutions that are not only economically profitable, but also environmentally friendly and socially responsible. The Group aims to have a positive impact on the economy, the environment and society through its activities and business relationships. KLINGELNBERG strives to minimize negative impacts and at the same time make positive contributions that go beyond their immediate business interests.

The Group focuses on selected priorities to guide them on their path to enhanced sustainability in their business activities. These priorities underline KLINGELNBERG’s commitment to taking a leading role in its sector. The Group keeps a close eye on the global economic, social and political developments affecting its industry and strives to actively shape solutions to these challenges and make a positive impact.

Over the past few years, KLINGELNBERG has experienced significant events, faced successes and challenges that have influenced its path to sustainability and helped shape its future ambitions. KLINGELNBERG is proud of what it has achieved, but is also aware that there is always room for improvement. This report provides an insight into KLINGELNBERG’s results and shows the areas in which the Group wants to further advance.

Looking ahead to next year and the subsequent three to five years, KLINGELNBERG is certainly facing significant challenges. The Group’s goals and objectives are ambitious but achievable and include both the continuous improvement of its operational efficiency and the pursuit of a more sustainable and fairer world.

Finally, KLINGELNBERG would like to thank its customers, employees, partners and all other stakeholders, whose commitment and support are essential to achieving its goals. Together, we are on the cusp of a more sustainable future characterized by innovation, responsibility and shared values.

2 About this report

The KLINGELNBERG Group is an international group world leading in the development, manufacturing and sale of gear machines. KLINGELNBERG AG, headquartered in Zürich, Switzerland, together with its 12 subsidiaries in 10 countries make up the KLINGELNBERG Group. The Group operates engineering and manufacturing facilities in Switzerland and Germany and ensures a global presence with regional sales offices and service centers.

2.1 Scope of the report

This Sustainability Report covers all fully consolidated and controlled subsidiaries of the KLINGELNBERG Group as listed in the Annual Report (please refer to the Consolidated Financial Statements). The joint venture with DKSH, which is accounted at equity, is not included in this report. If disclosures relate only to individual parts of the organization, this is indicated in the report. The KLINGELNBERG Corporation (holding of KLINGELNBERG America, Inc.) and KLA Real Estate, LLC (real estate company of KLINGELNBERG America, Inc.) are not represented within quantitative Key Performance Indicators (hereinafter also "KPI") disclosed in the sections "Results from pursued concepts" because, due to their holding company structure, they do not engage in any operational activities.

2.2 Reporting period

The reporting period for this Sustainability Report is in line with the financial reporting period (from 01 April to 31 March) of KLINGELNBERG.

This is the first Sustainability Report provided by KLINGELNBERG. The Sustainability Report will be updated and published on an annual basis from this year forward.

2.3 Restatements of information

As this is the first Sustainability Report published by KLINGELNBERG, no restatements from previous periods were made.

2.4 External assurance

No external assurance was obtained on the Sustainability Report.

2.5 Reporting framework

As KLINGELNBERG falls under the scope of Art. 964a Swiss Code of Obligations (hereinafter also "CO"), it is required to prepare a report in accordance with Art. 964b on non-financial matters each year, with 2023/24 financial year as the first year. Please refer to the Swiss CO Index for a summary about the alignment of this Sustainability Report with the requirements of Art. 964b of the

Swiss CO. In addition, the report has been prepared with reference to the Global Reporting Initiative (GRI) Standards (please refer to GRI Index).

Besides the new requirements on transparency on non-financial matters, the Ordinance on Due Diligence and Transparency in relation to minerals and metals from Conflict-Affected Areas and Child Labor (DDTrO) entered into force in January 2022. In 2023, the assessment of imported volumes of minerals and metals containing tin, tantalum, tungsten, or gold (so-called 3TG) did not identify any relevant import above the amounts mentioned in the Swiss CO Ordinance. Hence, no additional due diligence in relation to minerals and metals from Conflict-Affected Areas is required according to the Swiss CO Art. 964j. In terms of child labor, there were no indications of reasonable suspicion of child labor in the production/delivery of the Group's products or services according to KLINGELNBERG's assessment conducted in 2023.

2.6 Reporting outlook

The new Corporate Sustainability Reporting Directive (CSRD) will apply to the KLINGELNBERG GmbH in Germany from 2025/26 financial year which is why KLINGELNBERG plans to publish a CSRD Group Sustainability Statement as of 2025/26 financial year. The Group will then apply the European Sustainability Reporting Standards (ESRS). As a consequence of the CSRD, the EU Taxonomy duties and reporting requirements will also be applicable for KLINGELNBERG.

2.7 Forward-looking statements

Certain statements and illustrations contained in the Sustainability Report 2023/24 are forward-looking (including objectives, targets, plans, and trends). These statements can be identified using the words "aim", "believe", "expect", "anticipate", "intend", "estimate", "project", "outlook", "forecast", and other expressions that indicate future events and trends. Forward-looking statements are based on the current beliefs and expectations of KLINGELNBERG regarding future events and are subject to significant known and unknown risks and uncertainties. These statements are not guarantees of future performance or developments. Further, actual results or other developments may differ materially from the expectations expressed in the forward-looking statements. Any forward-looking statement speaks only as of the date of such statement. KLINGELNBERG does not undertake any obligation to publicly update any forward-looking statement, whether because of new information, future events or otherwise.

3 Business model

KLINGELNBERG is one of the world's leading companies in developing and manufacturing machines for Bevel Gear, Cylindrical Gear, and Precision Measuring Centers for axially symmetrical components and gearing. The Group also manufactures spiral bevel gears to customer specifications, with ultimate precision using in-house technology.

KLINGELNBERG operates engineering and manufacturing facilities in Switzerland and Germany and ensures a global presence with regional sales offices and service centers.

KLINGELNBERG's gear cutting machines and measuring centers are used in a wide range of industries, including automotive, commercial vehicle, aerospace, wind power, mining and power generation, robotics, and shipbuilding.

KLINGELNBERG's range of products, solutions, and services is aimed at the high-end and premium segments of these industries, particularly in the automotive industry, which tends to be less affected by economic conditions and trends, as technical precision and quality are among the main determining factors. In recent years, the Group has been able to expand the transformation of its business model towards electric mobility and has achieved a great deal of success.

To remain at the forefront of gear technology, KLINGELNBERG fosters an environment that supports, promotes, encourages and effectively manages continuous innovation through targeted research and development (hereinafter also "R&D") efforts. The Group's output was and is therefore influenced by its investments in research and development.

KLINGELNBERG has structured its research and development organization so that each of the segments – Bevel Gears, Cylindrical Gears, and Measuring Centers – has its own dedicated R&D team. By conducting research and development within each of these segments, a strategic and focused approach, considering the characteristic differences of each business segment's products and fields of application, can be ensured. R&D initiatives are guided and inspired by the latest technological developments and challenging customer requirements. The strategy for each segment is defined by a three-year R&D roadmap, which is critically reviewed twice a year. These roadmaps cover a mixture of technology, machine hardware, tools, retrofits/overhauls, and software topics.

3.1 Raw materials, parts and components

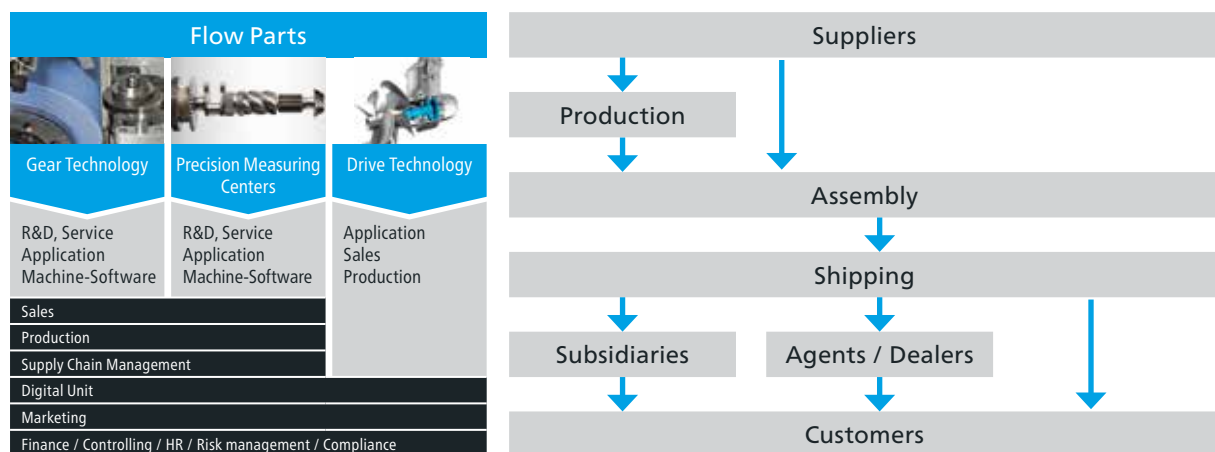
KLINGELNBERG's material procurement includes raw materials, parts and components that are purchased for the production and assembly of machining centers, measuring centers and other products. From one year to the next, the mix of raw materials may vary due to several factors, including changes in inventory levels and product mix during a given year, which is highly dependent on the expectations of potential customer orders and the nature of customer orders.

The procurement strategy for raw materials, parts and components depends on market prices and the type and complexity of the part or component in question. As a rule, internally sourced products are those that fall within the scope of KLINGELNBERG's processing expertise. The Group therefore regularly sources certain mechanical drawing-based parts, drive technology, electrical components and other sub-assemblies from third-party suppliers. In addition, the Group purchas-

es certain raw materials for manufacturing processes, including cast iron, cast aluminum, cast mineral and oxyfuel-cut steel.

While KLINGELNBERG's main production and assembly facilities are located in Germany, a global presence of international subsidiaries with regional sales offices and service centers in Germany, Switzerland, France, Italy, Spain, Japan, India, China, Brazil, the USA and Mexico is maintained.

The flow of parts in the KLINGELNBERG Group can be visualized as follows:



The Group's primary outputs are high-precision machining centers that are specifically designed to meet the demanding production requirements of its customers, as well as the comprehensive, worldwide service for the same. These machines enable the Group's customers to achieve their manufacturing goals with maximum efficiency and precision, which is crucial in modern manufacturing environments. KLINGELNBERG's range of services complements its product line and includes customer service, maintenance and support to ensure a long service life and maximum performance of the machines.

KLINGELNBERG's production processes result in by-products and waste, including emissions, which the Group seeks to reduce through continuous process improvements and the use of clean technologies. It is KLINGELNBERG's aim to reduce the environmental impact of its activities and, where possible, feed waste materials back into the production cycle or recycle them as an alternative.

The impact of KLINGELNBERG's business activities on internal stakeholders is complex. The Group's investments in an inclusive and appreciative corporate culture result in increased employee satisfaction. This, along with many other aspects, contributes to the good reputation of KLINGELNBERG. Financial benefits manifest themselves in increased income and cash flows, which

in turn enable reinvestment in research and development and in the optimization of the Group's production processes.

Outside the Company, the business activities and outputs contribute to increasing customer satisfaction and brand loyalty. This is the result of KLINGELNBERG's unwavering commitment to quality and customer service. In addition, the Group strives to promote positive social and environmental effects, for example by strengthening local vocational training and promoting sustainable practices in its supply chain. The Group's activities thus contribute to the creation of values that go far beyond the financial aspect and are intended to improve the quality of life for society as a whole.

4 Sustainability approach and governance

4.1 Sustainability approach

Being aware of its responsibility towards the environment, society, and stakeholders, KLINGELNBERG started developing a sustainability approach to establish a foundation for sustainability management. The Group's sustainability journey is guided by a comprehensive materiality assessment which systematically identifies and prioritizes the key environmental, social, and governance (ESG) issues pertinent to the Group's business and stakeholders. This analysis considers the impact of KLINGELNBERG's operations on society and the environment, as well as the potential risks and opportunities for the Group itself (please refer to "Double Materiality Assessment"). With this insight, KLINGELNBERG is empowered to advance its sustainability approach in the future, considering both the Group's major impacts and the urgent challenges and opportunities KLINGELNBERG faces.

KLINGELNBERG's sustainability approach will be built upon the following action areas that have emerged from the materiality assessment, thus significantly shaping the direction of the Group's sustainability management:

Environmental matters

As a manufacturing company, KLINGELNBERG is acutely aware of its special obligation to sustainable and environmentally friendly business development. KLINGELNBERG is therefore committed to responsible environmental stewardship and promotes resource-efficient, climate-friendly, and environmentally conscious behavior across all its locations.

Social issues

The safety and compliance of KLINGELNBERG's products are integral to the quality standards upheld by the Group. Ensuring product safety is crucial for maintaining customer trust and strengthening the long-term reputation of KLINGELNBERG.

Employee-related issues

KLINGELNBERG's employees are its most important asset. KLINGELNBERG is committed to an inclusive corporate culture that promotes diversity, ensures equal opportunities and supports the well-being of its employees in the workplace.

Respect for human rights

As a globally operating group of companies with far-reaching international ties, KLINGELNBERG and all its affiliated companies believe to have a special responsibility to work towards improving the human rights situation and are therefore committed to environmentally and socially responsible corporate governance.

Technology and innovation

KLINGELNBERG strives towards continuous innovation to advance sustainable technologies and solutions. Investing in research and development, the Company endeavors to develop environmentally friendly products and services that help overcome ecological challenges and shape a sustainable future.

Looking ahead, KLINGELNBERG is committed to further integrating sustainability into the Company's corporate culture and operations. In 2023, the Group progressed its sustainability approach and fine-tuned its ambitions. Further details about its goals and the actions the Group has undertaken to support, are available in the corresponding focus area sections.

4.2 Sustainability governance

Combining the success of a business with a sense of responsibility for people, society, and the environment requires good corporate governance. KLINGELNBERG's policies and practices focus on business integrity, accountability, fairness, and transparency. In line with the Code of Conduct, KLINGELNBERG strives for loyal, trusting and non-discriminatory relationships with its customers, suppliers, employees, and the local communities in which it operates.

To achieve these goals and ensure the sustainability of the Group's actions, KLINGELNBERG also uses process-oriented management systems in various areas of the business.

This guarantees a high level of compliance and continuous improvement and ensures that the products and services the Group offers and the way it works comply with applicable laws and regulations.

The Board of Directors (BoD) of KLINGELNBERG is responsible for the non-delegable overall management of the Company and the control and supervision of the Executive Committee (EC). In doing so, the Audit Committee of the BoD leads the strategic direction of the Company in the area of sustainability and assumes overall responsibility for the management of sustainability activities. To ensure a targeted sustainability management approach, the Audit Committee has developed a schedule with a clear allocation of responsibilities.

Responsibility for sustainability management and the corresponding reporting duties was assigned to the Chief Financial Officer (CFO). The Audit Committee of the BoD is responsible for overseeing ESG activities. The Audit Committee meets regularly to review the ongoing alignment and control of the processes for managing the Company's sustainability performance.

In addition, an expert group for sustainability management was established in early 2023 and tasked with preparing the new Code of Conduct, which today contains all ESG-based commitments, thereby laying the foundation of KLINGELNBERG's future sustainability approach. In addition, this group of experts has the task of continuously determining the legal requirements in the area of sustainability reporting and implementing them accordingly. Overall responsibility for sustainability reporting lies with the CFO. The Sustainability Report is approved by the BoD, signed off by the Chairman of the Board of Directors and approved by the body responsible for approving the annual financial statements.

The expert group for sustainability management and reporting will continue to oversee and develop sustainability management and reporting for KLINGELNBERG in the future.

KLINGELNBERG's four-year plan including respective responsibilities for ESG management looks as follows:

	2022	2023	2024	2025
Board of Directors	Issuing the mandate to develop a new Code of Conduct to cover ESG topics and prepare a Sustainability Report	Approval of the new Code of Conduct; specification of the requirements for the Sustainability Report	Monitoring the implementation of the reporting; approval of the first Sustainability Report	Monitoring of the legal requirements; monitoring the implementation of sustainability reporting
Executive Committee	Development of a new Code of Conduct with extensive commitments in ESG-related areas; measures to prepare the Sustainability Report	Finalization and submission of the new Code of Conduct for approval; approval of the concept for the first Sustainability Report	Monitoring the completion of the first Sustainability Report; submission to the Board of Directors for approval	Adaptation of the concept to the regulatory environment; approval of the concept for annual reporting
Sustainability Management	Draft of a new Code of Conduct and development of the reporting framework	Preparation of a concept for the first Sustainability Report; collection of information and data	Further development of sustainability approach and management of impacts, risks, and opportunities (IROs); preparation of the report; reporting and data collection also by subsidiaries	Management of IROs; annual preparation of a Sustainability Report in accordance with regulatory requirements

4.2.1 Policy commitments

It is KLINGELNBERG's mission to ensure responsible business conduct not only for the Group's own business operations but throughout the whole supply chain. As such the Group has instated a Code of Conduct for the business and for suppliers. Furthermore, the guideline for conflict-free raw materials was implemented. The Group's statement on conflict minerals as part of its purchasing policy, as well as the KLINGELNBERG's Code of Conduct and the Supplier Code of Conduct, and the declaration on respect for human rights are available online. Furthermore, the compliance policy was modified in 2023.

In the area of environment and safety, KLINGELNBERG has implemented the Quality Assurance, Environmental Protection and Work Safety Policy which is available online on the Company's website to inform customers, suppliers, interested public, officials, associations as well as staff members about KLINGELNBERG's goals in that regard.

Concerns regarding potential misconducts can be reported anonymously through the whistle-blowing system which is available on the Company's website.

4.2.2 Stakeholder engagement

It is important to KLINGELNBERG to inform its stakeholders and communicate with them as their feedback helps the Group meet their expectations and supports the journey to improving sustainable development practices. In terms of sustainability, the below listed stakeholder groups were identified considering stakeholders that are affected by KLINGELNBERG's business activities as well as users of its sustainability information. Communication and engagement take place through different channels, and KLINGELNBERG aims to further expand these channels with sustainability-specific information and engagement.

Stakeholder group	Engagement and communication (selection)
Local communities	Annual reporting, press releases, regular exchange, sponsoring of local events, exchange with local politicians, exchange with other local companies
Employees	Press releases, KLINTERNA (internal employee magazine), staff meetings, notice boards, MS TEAMS channels, newsletters, workshops, company health management, performance reviews
Workforce in the value chain	Annual reporting, press releases, partnership-based development programs
Suppliers	Annual reporting, press releases, supplier audits
Civil society	Annual reporting, press releases
Investors and shareholders	Annual reporting, press releases, general meeting, investor relations, roadshows, conferences
Banks and other business partners	Annual reporting, press releases, general meeting, regular exchange
Competitors	Annual reporting, press releases
Customers	Annual reporting, press releases, GEARS inline (trade magazine for customers), audits, questionnaires, training centers, trade fairs, gear seminars

4.2.3 Membership associations

Shaping a sustainable future requires the cooperation and commitment of a range of stakeholders – in business, civil society, and the public sector.

KLINGELNBERG does not regard association memberships as a mere formality, but much more as strategic alliances through which the Group can intensify its commitment to environmental protection, social responsibility, and good corporate governance.

These partnerships reflect KLINGELNBERG's efforts to go beyond industry standards and create genuine added value for its stakeholders and for society as a whole.

It is the Group's conviction that by participating in networks and acting in concert with others, it can step up the transformation towards a more sustainable future. Through KLINGELNBERG's association memberships, KLINGELNBERG asserts its commitment to driving this transformation forward and working with other organizations to bring about change for the better. KLINGELNBERG's most important partnerships are listed below:

- VDMA (Association of German Mechanical and Plant Engineering)
- VDI (Association of German Engineers)
- VDW (German Machine Tool Builders' Association)
- IHK (Chamber of Industry and Commerce)
- Blue Competence (The sustainability initiative of the mechanical and plant engineering industry)
- Innovation Hub Bergisches RheinLand e.V.
- Arbeitgeberverband (Employers' association)
- Südwestmetall (employers' association in the metal and electrical engineering industry)
- FVA (Drive Technology Research Association)
- WZL Getriebekreis (Laboratory for Machine Tools and Production Engineering (WZL) of RWTH Aachen University)

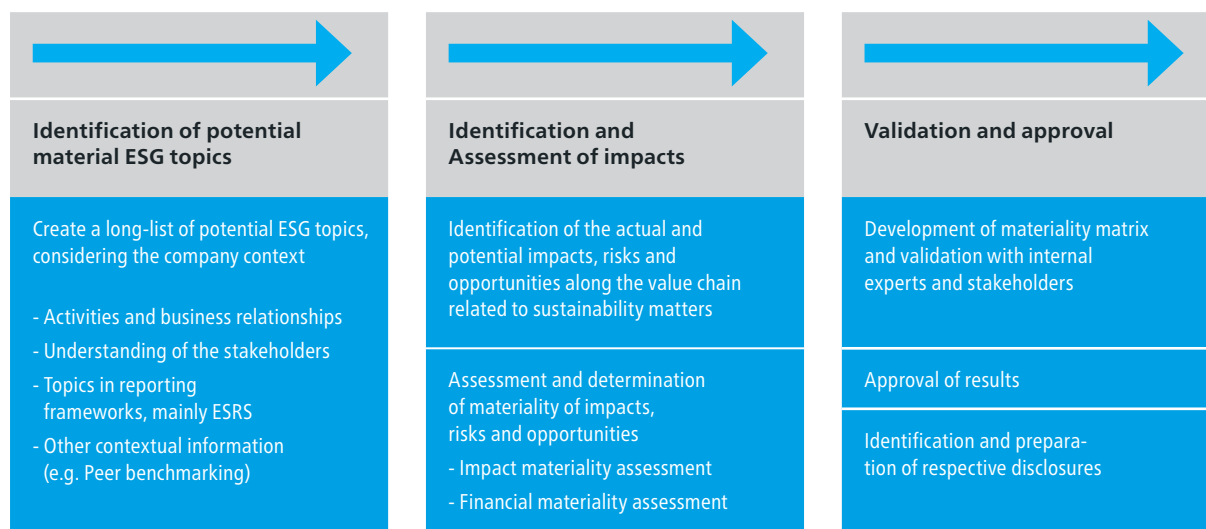
4.3 Double materiality assessment

In 2023, for the first time, a structured and comprehensive approach has been taken to identify and assess material impacts, risks and opportunities in the field of environmental, social and governance. The results of the assessment will serve as a basis to further develop KLINGELNBERG's sustainability approach.

The double materiality assessment carried out is a due diligence and risks assessment process in which the Group's potential and actual impacts, risks and opportunities related to sustainability matters were identified and assessed for their materiality. This process involved assessing sustainability related impacts that KLINGELNBERG has or could have on people and the environment in the short-, medium- and long- term (impact materiality) along its value chain. Additionally, the short-, medium- and long- term financial risks and opportunities for KLINGELNBERG associated with sustainability matters were assessed (financial materiality).

The following process, in line with the requirements of the adopted version of the European Sustainability Reporting Standards (ESRS) from July 2023, was followed:

Double Materiality Process



In line with the requirements set forth in the ESRS, actual and potential, negative and positive impacts as well as risks and opportunities related to the identified long-list of sustainability matters were determined and assessed according to their severity, respectively financial magnitude and likelihood.

Based on the resulting materiality of the sustainability matters, topics were mapped in a materiality matrix and internally validated. Internal experts from different specialist areas were consulted throughout the process in order to consider and incorporate the expectations and views of the internal and external stakeholders with whom they are in dialog.

The process has been carried out in preparation for future reporting under the Corporate Sustainability Reporting Directive (CSRD), which KLINGELNBERG aims for from 2025/26 financial year onwards. For the current reporting period in accordance with Art. 964b of the Swiss CO, KLINGELNBERG considers the topics that are material in terms of the Group's impact on the environment and people and in terms of their impact on KLINGELNBERG's business to be material for reporting.

The following materiality matrix, in which the matters are presented according to their financial relevance and impact, was created based on the assessment carried out.

Double Materiality Matrix

Impact Materiality	Critical			- Climate change mitigation	
	Significant	- Water - Working conditions (VC)	- Resource inflow - Other work-related rights (VC) - Working conditions (OW)	- Energy	
	Important	- Pollution of water - Waste - Impacts on the extent and condition of ecosystems	- Resource outflow - Personal safety of end-users - Equal treatment and opportunities for all (OW) - Technology and innovation		
	Not Material	- Marine resources - Protection of whistleblowers - Substances of very high concern - Pollution of soil - Pollution of air - Microplastics - Other work-related rights (OW) - Information-related impacts for consumers and/or end-users - Corruption and bribery - Substances of concern - Equal treatment and opportunities for all (VC)	- Management of relationships with suppliers - Corporate culture	- Climate change adaption	
		Not Material	Important	Significant	Critical
Financial Materiality					

 Swiss CO relevant topics
  ESRS relevant topics
 VC: Value chain OW: Own workforce

For the purpose of the 2023/24 financial year sustainability reporting under the Swiss CO, the topics were clustered and transferred into the coherent material topics for KLINGELNBERG as outlined in the table below. The following material topics form the basis for this Sustainability Report.

Sustainability matter according to Art. 964b Swiss CO	Topic assessed as material	Clustering of the material topics
Environmental matters (CO ₂ in particular)	Climate change mitigation	Climate change
	Energy	Energy
	Resource inflow	Resource management
	Resource outflow	
Social matters	Personal safety of end-users	Product safety
Employee-related issues	Working conditions (own workforce)	Labor relations and working conditions
		Health and safety
	Equal treatment and opportunities for all	People development
Respect for human rights	Other work-related rights (value chain)	Responsible supply chain
Other	Technology and innovation	Technology and innovation

As this was the first ever materiality analysis carried out, KLINGELNBERG is still in the process of fully integrating all material topics into its sustainability approach, meaning that the development of concepts and Key Performance Indicators as stipulated by Art. 964b of the Swiss CO is an on-going process. The Group is confident that the presented Sustainability Report already provides a comprehensive overview on the topics that are integral to its sustainability approach and how KLINGELNBERG manages them.

More information on the relevant disclosures according to the Art. 946b Swiss CO can be found in the Swiss CO Index.

With regards to the sustainability matter “combating corruption” as referred to in the Swiss CO, no topics were identified that meet the thresholds of being material from an impact and financial perspective. As such, it was decided to not specifically address these matters in the Sustainability Report, although they are still deemed important as part of the Group’s understanding of responsible governance. Therefore, measures are implemented to prevent negative impacts and potential financial risks for KLINGELNBERG related to the topic, including the Code of Conduct for the business and the Supplier Code of Conduct which explicitly highlight the prohibition of corruption. Concerns regarding potential misconducts can be reported anonymously through the whistleblowing system.

In accordance with Art. 964b Swiss CO, the main risks in connection with non-financial matters should be disclosed, including the management of these risks. The following risks were identified by KLINGELNBERG:

Sustainability matter as per Swiss CO	Material topic	Impacts on the non-financial topic	Financial risks and opportunities	Management of risks and impacts
Environmental matters	Energy	Impact on availability of limited natural resources through consumption of non-renewable energy	Operational risks: Availability of energy and volatility of related costs	- Risk management: Developing energy efficiency programs and expanding the use of renewable energies - Opportunities management: Developing products that enable customers to use renewable energies, e.g. wind power
	Climate change	- Emissions of greenhouse gases along the value chain - Contribution to GHG reducing customer industries (e.g. e-mobility)	- Physical risks: Production and supply chain disruptions - Regulatory and transitional risks: Stricter environmental regulations - Operational opportunities: New market potential	- Risk management: Analyze CO₂ footprint and set reduction targets; invest in CO₂-neutral technologies - Opportunities management: Opening up new markets by offering low-carbon products and services, e.g. in the field of e-mobility
	Resource management	- Impact on the availability of limited natural resources through higher use of non-renewable resources for production - Positive impact regarding the deployment of resources through longevity of products	- Operational risks: Production downtime/ delivery delay due to material shortages and increased costs of materials - Regulatory and transitional risks: Stricter environmental regulations - Legal risks: Fines due to failing to meet stricter regulations - Operational opportunities: Opportunities through circular design	- Risk management: Strengthening the circular economy by recycling and reusing materials - Opportunities management: Development of long-lasting products and services to promote sustainability and increase customer loyalty

Sustainability matter as per Swiss CO	Material topic	Impacts on the non-financial topic	Financial risks and opportunities	Management of risks and impacts
Social issues	Product safety	Potential impacts on the health and safety of people on customer side	- Legal and operational risks: Litigations due to injury and health issues caused by KLINGELNBERG's products because they cannot ensure all users being fully compliant with product instructions - Reputational opportunities: Increased positive reputation, customer satisfaction and trust due to high product safety	- Risk management: Strict quality controls and safety tests for products; intensify customer communication and training on correct product use - Opportunities management: Strengthen trust through high security standards and use them as a selling point
	Labor relations and working conditions	Improvement of employees' living and economic conditions due to offering a secure employment, social protection, and benefits	Operational risks: Loss of employees and productivity through inadequate working conditions	- Risk management: Ensure fairness in the organization of work and continuously improve working conditions - Opportunities management: Strengthen employer brand through exemplary work culture
Employee-related issues	People development	Further development of employees know-how and increasing their satisfaction	Operational risks: Difficulty in securing know-how due to continuous development of own workforce	- Risk management: Provide further training and development opportunities for employees in order to retain know-how within the company - Opportunities management: Promote a culture of innovation by continuously encouraging employee development
	Health and safety	Impact on the health and safety of own employees	Legal, regulatory and reputational risks: Sanctions and potential labor or product boycotts due to insufficient health and safety measures	- Risk management: Ensure safety standards in the workplace and offer preventive health programs - Opportunities management: Increase productivity and employee satisfaction through a healthy working environment

Sustainability matter as per Swiss CO	Material topic	Impacts on the non-financial topic	Financial risks and opportunities	Management of risks and impacts
Respect for human rights	Responsible supply chain	• Potential impacts on workers in the value chain	• Legal sanctions, reputational damage, and potential labor or product boycotts due to insufficient (health and safety) measures for workers in the supply chain (child labor, forced labor etc.) • Legal and reputational risks if the Company does not adequately address ethical concerns – Loss of license to operate / loss of suppliers etc.	• Risk management: Introduction of strict policies and regular audits of suppliers to ensure observance of human rights • Opportunities management: Differentiation in the market by demonstrating an ethically responsible supply chain
Other company-specific topics	Technology and innovation	• Impact through enabling energy- and resource-efficient products and production processes	• Operational opportunities: More efficient, resource-saving production could lead to increased demand and resulting revenue	• Risk management: Investment in research and development to secure market leadership in efficient and precise technologies • Opportunities management: Market development by providing innovative solutions that help customers achieve their sustainability goals

In line with the Swiss ordinance for reporting on climate issues, climate related risks and opportunities are planned to be assessed and disclosed following the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations for the 2024/25 financial year reporting period.

5 Environmental matters

KLINGELNBERG is committed to an environmentally responsible approach promoting the efficient use of resources and fostering climate friendly and eco-conscious behavior at all its locations. As a manufacturing company, the Group is aware of its responsibility for sustainable and environmentally sound business development.

As climate change progresses and environmental pollution increases, environmental protection is becoming ever more important for companies and organizations worldwide. KLINGELNBERG is aware of its responsibility to not only be economically successful, but also make a positive contribution to preserving the environment and the quality of life for future generations. An environmental management system helps the Group to achieve this. The KLINGELNBERG GmbH, the largest company within the KLINGELNBERG Group, has been operating a successfully certified environmental management system according to ISO 14001 for several years.

In this section of the Sustainability Report, an overview is provided of the following material topics: energy, climate change, and resource management.

5.1 Energy

As part of KLINGELNBERG's efforts towards sustainability and environmental protection, particular importance is attached to the responsible use of energy. Ensuring a reliable energy supply is crucial for KLINGELNBERG to ensure the continuity of its operational processes. To achieve this, the Group invests in the development and use of environmentally friendly technologies.

5.1.1 Ambitions

- KLINGELNBERG aims to have implemented a certified energy management system according to ISO 50001 at its largest production sites by the end of the 2024/25 financial year.
- KLINGELNBERG aims to increase the consumption of renewable electricity year on year.

5.1.2 Concept and measures

The Group is constantly working on improving its energy efficiency. This includes optimizing production processes, implementing energy-efficient technologies and training employees in the conscious use of energy.

KLINGELNBERG is convinced that the design of its workplaces and production processes have a direct influence on its energy consumption. Efficient work processes and environmentally friendly technologies can help to reduce energy consumption. Through continuous monitoring and improvement process, not least in production and assembly, the Group tries to continuously identify and exploit energy-saving potentials.

In the past, several energy audits have been completed at the main production site in Germany leading to the implementation of specific measures. In the future, a certified energy management system according to ISO 50001 at KLINGELNBERG's main production sites should help identify further measures for improvement. The energy consumption of the locations is recorded, regularly reviewed and presented below.

5.1.3 Results from pursued concepts

KLINGELNBERG collects Key Performance Indicators to measure the effectiveness of the measures taken and the progress in terms of the set ambitions regarding energy.

The following KPIs represent KLINGELNBERG's performance during the last two financial years.

With a similar order situation in the past two financial years, energy consumption has slightly decreased. Continuous efforts are being made to save energy.

Energy consumption within the organization	Unit	2023/24	2022/23	%
Electricity	MWh	10.210	10.584	(3,5%)
Heat	MWh	11.047	12.687	(12,9%)
Fuel	MWh	2.307	2.417	(4,6%)
Total energy consumption	MWh	23.564	25.688	(8,3%)
Energy intensity (based on total operating performance (TOP))	MWh Energy / EUR million TOP	77,1	88,5	(13,0%)

5.2 Climate change

Climate change is one of the greatest challenges of our time and requires companies in all sectors to rethink and act in the interests of sustainability. As a leading mechanical engineering company, it is KLINGELNBERG's responsibility to contribute to the fight against climate change and at the same time develop innovative solutions for a sustainable future.

Climate change is no longer an abstract threat, but a reality that is already evident today in the form of extreme weather events, rising temperatures, and changing environmental conditions. KLINGELNBERG is also confronted with transitory risks related to climate change.

The KLINGELNBERG Group is committed to actively participating in efforts to mitigate climate change. By producing machines for the wind power and e-mobility sectors, among others, KLINGELNBERG helps to accelerate the transition to renewable energies and low-emission mo-

bility. The Group's products make it possible to reduce the carbon footprint and make a positive contribution to climate protection.

5.2.1 Ambitions

In line with Switzerland's goal to achieve Net Zero greenhouse gas (hereinafter also "GHG") emissions by 2050, KLINGELNBERG also aims to reduce its corporate carbon footprint and contribute to the achievement of Switzerland's climate target. Having conducted its first-ever assessment of CO₂ emissions at the group level, the next step is to undertake a detailed analysis of GHG emissions and calculate a specific reduction pathway, ultimately defining a targeted GHG emissions reduction goal.

5.2.2 Concept and measures

In the 2023/24 financial year, the Group has decided to start analyzing and monitoring the effects of its business activities on the climate more closely. The result of this analysis is summarized in a so-called corporate carbon footprint. In general, this term refers to all greenhouse gas emissions caused directly or indirectly by a company's activities. For this purpose, various scopes that define the sources of these emissions can be taken into account.

For KLINGELNBERG's first carbon footprint, the focus was set on Scope 1 and Scope 2 emissions as a starting point. Scope 1 includes direct emissions caused by the combustion of fuels or other processes within KLINGELNBERG's own facilities. Scope 2, on the other hand, refers to indirect emissions caused by the generation of externally sourced electricity, steam, or heat used by KLINGELNBERG.

By focusing on these two scopes, initial insights into KLINGELNBERG's direct and indirect impact on the climate could be gained. This analysis forms the basis for future measures to reduce the Group's carbon footprint and foster sustainable business practices.

In the coming years, KLINGELNBERG will gradually expand the corporate carbon footprint to also include Scope 3 emissions. This will ensure that the upstream and downstream value creation process – and therefore the Group's overall footprint – will be considered.

5.2.3 Results from pursued concepts

The following figures represent the development of KLINGELNBERG's corporate carbon footprint for Scope 1 and 2 over the last two financial years. The slight decrease compared to the previous financial year can be attributed to a somewhat lower energy consumption and minor improvements in the electricity mix (CO₂-reduced power generation).

GHG Emissions	Unit	2023/24	2022/23	%
Scope 1 Emissions	t CO ₂ e	3.015	3.308	(8,9%)
Scope 2 Emissions	t CO ₂ e	4.856	5.048	(3,8%)
Total Scope 1 and 2 Emissions	t CO₂e	7.871	8.356	(5,8%)
GHG Emissions intensity (per total operating performance (TOP))	t CO ₂ e / EUR million TOP	25,7	28,8	(10,6%)

5.3 Resource management

The minimal use of resources for the manufacture of machining and measuring centers at KLINGELNBERG is prioritized from both an environmental and economic point of view. The most commonly used resources are ferrous materials such as cast iron and steel. The challenge here is that these materials also guarantee the stability of the machines and measuring devices, which is important for the quality and cost-effectiveness of the processes. Therefore, a balance must always be struck following the principle: as much as necessary but as little as possible.

5.3.1 Ambitions

- KLINGELNBERG aims to ensure the availability of spare parts for at least ten years by using standard components.
- KLINGELNBERG's objective is to ensure machines have a long life cycle while also enhancing the availability of retrofit options.

5.3.2 Concept and measures

Modern calculation methods are important tools for reducing the use of resources. The finite element method (FEM) for calculating static strength and rigidity is a tried and tested method that KLINGELNBERG has been using for a long time. By using more refined methods, even better results can be achieved. In recent years, KLINGELNBERG has also systematically built-up expertise in the field of measuring and simulating the dynamic behavior of machining and measuring centers. It is important to continuously refine the simulation models using real measurements on machines. This allows KLINGELNBERG to use only the required level of rigidity and therefore only the required amount of resources for constructing its machines.

Another important aspect is the most efficient use of resources. To this end, the service life of KLINGELNBERG's machining and measuring centers is key. In addition to the wear of mechanical components such as guides, bearings and ball screws, the electronics of modern machines often determine their service life. If a central component of the control system is no longer offered on the market and no replacement component is available, the machine can no longer be operated. To avoid this, KLINGELNBERG pursues a multi-stage approach.

Firstly, KLINGELNBERG's aim is to ensure the availability of spare parts for at least 10 years by using standard components. This already achieves an excellent utilization of the resources used. If the machines are operated 24/7 in large-scale production, the end of their service life is reached after around 10 years. However, many machines are not operated in such intense production environments and can have a much longer service life. This is why KLINGELNBERG has developed a large number of retrofits in recent years that follow precisely this approach. Depending on the task, mechanical as well as electrical and electronic components are modernized to extend the service life of a machine to 15 to 20 years. In many cases, the service life of KLINGELNBERG's measuring centers even exceeds 20 years.

In terms of an efficient use of resources, enabling a long service life for a machine is definitely the best way to go. In most cases, it is not possible to cut the resources used by 50% without unduly restricting functionality. However, with appropriate retrofit packages, the service life can easily be doubled or more than doubled. What's more: The vast majority of machines can be recycled. Cast iron and steel materials, for example, can be remelted and processed into new cast iron and steel materials without any loss of quality.

5.3.3 Results from pursued concepts

With retrofits and upgrades provided to its customers, KLINGELNBERG can prolong the service life of the machines in use. Since the introduction of retrofits and upgrades to the market, the number of marketed solutions was constantly high. The high number in the 2022/23 financial year is due to a single order of more than 100 retrofits.

Retrofits	Unit	2023/24	2022/23	%
Number of retrofits and upgrades marketed	Number	200	288	(30,6%)

6 Social issues

The KLINGELNBERG Group develops and sells machines and software solutions for the production and quality control of gears. Machining systems can pose a risk to people. On the one hand, it is important to consider the risk of injury. On the other hand, consideration must also be given to ergonomics during operation to prevent long-term physical or psychological damage. During development, KLINGELNBERG attaches great importance to ensuring that its machines are ergonomic and easy to operate. At the same time, however, any risk to human health must be excluded as far as possible given the current state of the art.

The topic product safety has been identified as the material around social matters; therefore this section of the Sustainability Report focuses on the reporting of this material topic.

6.1 Product safety

The safety and conformity of KLINGELNBERG's products is part of the Group's quality standards. KLINGELNBERG's products meet all legal safety requirements as well as any other applicable requirements such as the EU Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS).

6.1.1 Ambitions

- KLINGELNBERG is committed to consistently delivering safe products to its customers and end users.
- KLINGELNBERG aims to ensure that all products fully comply with applicable legal regulations and standards.
- KLINGELNBERG's objective is to have zero security incidents. To achieve this, each machine undergoes a comprehensive safety inspection, covering typically 100 checkpoints, depending on the complexity and size of the machine.

6.1.2 Concept and measures

Conformity with applicable legal regulations and standards is constantly monitored as part of KLINGELNBERG's product development process. A key component of this is the knowledge of the applicable rules by every single R&D employee. Various tools are used to support employees in designing safe machines. The processes in place are part of our quality management system certified according to ISO 9001 and VDA 6, part 4.

Each machine prototype is audited by the machine safety department before delivery and compliance with the applicable regulations is checked. At the same time, a detailed risk analysis is conducted. Risks are assessed and weighted according to the expected severity of the hazard and the

probability of occurrence. The results of this assessment are then used to define and track measures.

Another important component of product safety is the observation of incidents in the field. For this purpose, KLINGELNBERG has a process in place in which both accidents and observed hazards are reported back by the departments involved, primarily by the service department. This feedback is examined in detail internally, evaluated and incorporated into the risk assessment process. Measures are then defined again using the updated risk assessment to eliminate hazards or reduce them to an acceptable level.

As part of KLINGELNBERG's safety strategy, training its customers how to safely use its machines is essential. The Group trains the production and maintenance teams of its customers in how to safely use the machines and which regular maintenance steps need to be taken in order to ensure a maximum of machine and operator safety.

6.1.3 Results from pursued concepts

KLINGELNBERG's products not only comply with all legal safety requirements but also with any other relevant requirements. Additionally, the machine safety department conducts audits on each machine prototype before delivery to ensure compliance with applicable regulations. In 2023, the Group began improving the product safety data reporting processes. KLINGELNBERG started implementing a new reporting system and launching uniform definitions, which all KLINGELNBERG entities will be required to use in the future. Therefore, the Group is not yet externally reporting product safety figures for the current reporting period or prior financial years. KLINGELNBERG aims to report these figures in future reporting.

7 Employee-related issues

KLINGELNBERG aims to offer its employees an attractive workplace environment where safety, health, and employee satisfaction are prioritized. Furthermore, KLINGELNBERG strives to support its employees to develop their skills and competencies, creating added value for both them and the Company.

This section of the report covers the material topics of labor relations and working conditions, personnel development, and health & safety.

7.1 Labor relations and working conditions

As part of KLINGELNBERG's ongoing commitment to responsible corporate governance, the Group places special emphasis on labor relations and working conditions within the Company. Ensuring

a fair and conducive workplace environment is integral to the Group's sustainability efforts and reflects KLINGELNBERG's dedication to the well-being of its employees.

7.1.1 Ambitions

- KLINGELNBERG aims to promote satisfactory working conditions in all its sites by offering a range of social protection programs, benefits, flexible working hour models, and measures to promote work-life balance to all its employees.
- KLINGELNBERG aims to sustain a balanced gender diversity in its workforce.

7.1.2 Concept and measures

Compliance with all relevant labor law regulations, including regulations on working hours and collective agreements, is mandatory among the entire KLINGELNBERG Group. The Group's remuneration is aligned with market standards and binding collective agreements. The connection between employment and labor relations intertwines closely with both national and local legal frameworks. As such, topics like collective bargaining agreements are mainly dealt with by local human resources departments.

Collective agreements provide a foundation for fair working conditions in terms of pay and working hours. They are possible in all KLINGELNBERG companies in accordance with national legislation, and most employees in the KLINGELNBERG Group benefit from the advantages of a collective agreement. Organizing employees is possible at all locations. For example, at KLINGELNBERG in Germany, many employees are organized in the "IG Metall- und Elektroindustrie" (Metal and Electrical Industry Union). With this aspect, KLINGELNBERG aims to fulfill its responsibility and contribute to further strengthening employee satisfaction and commitment.

KLINGELNBERG's commitment to a healthy work-life balance not only contributes to the satisfaction and productivity of its employees but also to the long-term sustainability of the Company. Therefore, the Group adheres to the legal requirements regarding maximum working hours, and our employees are given appropriate vacation to recover. KLINGELNBERG makes sure that all employees take the vacation to which they are entitled, as the overall quality of work and job satisfaction are linked to a good balance between work and employees' lives outside of work. These measures are supported by the implementation of a benefits program, which offers for example bike leasing, employee discounts, and pension schemes.

Within human resources KLINGELNBERG intends to focus its attention on the interests and needs of its employees. The Group therefore encourages dialog with its employees, because KLINGELNBERG is convinced that good working relationships are fostered through dialog between managers and employees. Furthermore, KLINGELNBERG is confident that an open dialog and the opportunity to contribute ideas also encourages the development of innovative approaches and products.

KLINGELNBERG's opportunities for exchange include, for example a monthly direct exchange with the management over lunch as well as regular events such as the Company Night (open house day), summer and Christmas events.

In KLINGELNBERG's understanding, a good management culture creates loyalty, reduces fluctuation, promotes dialog, and leads to constant innovation. KLINGELNBERG has therefore focused on establishing a sustainable management culture as part of an interdisciplinary management workshop. This was defined in joint guidelines on leadership and cooperation and implemented through subsequent management workshops and the reintroduction of employee performance reviews. The joint guidelines establish essential pillars as part of the KLINGELNBERG corporate culture, which are cooperation, leadership, communication and development.

KLINGELNBERG strives to provide an inclusive and supportive workplace that is free from harassment or discrimination and gives employees the opportunity to thrive and experience personal well-being. There were no reported incidents of discrimination, including harassment in the last two financial years.

7.1.3 Results from pursued concepts

The following KPIs represent the Group's employee structure during the last two financial years. In terms of percentage of women in top management, top management is defined as direct reports within the KLINGELNBERG GmbH and general managers of the subsidiaries.

	Germany		Switzerland		Rest of the world		Total	
Employee structure	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Number of permanent employees (FTE)	960	920	46	50	206	192	1.212	1.162
Number of temporary employees (FTE)	100	67	0	0	1	0	101	67
Total number of employees (FTE)	1.060	987	46	50	207	192	1.313	1.229
- thereof female	128	121	17	14	39	35	184	169
- thereof male	932	866	29	36	169	157	1.130	1.059
Percentage of women in top management							9,7%	10,0%
Rate of employee turnover	5,1%	6,6%	15,9%	8,0%	2,2%	4,1%	7,7%	6,2%
Average age of employees	43	44	47	47	46	46	45	46

7.2 People development

KLINGELNBERG's investment in the development of its employees is a central component of the Group's sustainable business strategy, aiming to nurture talent and enable long-term career success.

7.2.1 Ambitions

- KLINGELNBERG's goal is to successfully implement a talent program by the end of the 2024/25 financial year, to identify, to develop, and retain highly skilled employees. Through this program, the Group aims to strengthen talent management within the Company, foster the individual growth of its employees, and build a talented and dedicated workforce pool to achieve its objectives in the long term.
- KLINGELNBERG aims to increase the average number of training hours per employee within the next few years.
- KLINGELNBERG is pursuing the goal of significantly increasing the number of employee appraisals in the coming years.

7.2.2 Concept and measures

KLINGELNBERG invests in the continuous training of its employees, communicates appreciation in the context of their cooperation and management culture, and offers development opportunities at various career levels.

The development of skills is managed centrally by the human resource department in collaboration with management staff.

As mentioned in the previous section, regular employee performance reviews were reintroduced based on the defined joint guidelines in leadership and cooperation. The Group aims to ensure that every employee has a meeting with their manager at least once a year. The content of these meetings is mutual feedback, feedback on the application of the cooperation guidelines, as well as identification of training needs and development opportunities.

KLINGELNBERG's planned talent program aims to identify, nurture, and retain highly skilled employees, ensuring a sustainable future for the Group. The group-wide program will be implemented starting in the second half of the 2024/25 financial year. As KLINGELNBERG is convinced that this contributes to employee satisfaction and helps to retain qualified specialists in the long term and attract new specialists.

By investing in the training of young people as part of KLINGELNBERG's apprenticeship program, the Group assumes social responsibility for the professional socialization and development of

young people. In this way, KLINGELNBERG also tries to counteract the shortage of skilled workers and ensure the availability of trained personnel.

7.2.3 Results from pursued concepts

The following KPIs represent the Group's performance in terms of the commitment towards investment in the development of our people.

	Germany		Switzerland		Rest of the world		Total	
People development	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Number of apprentices	59	46	0	0	0	0	59	46
- thereof female	9	9	0	0	0	0	9	9
- thereof male	50	37	0	0	0	0	50	37
Average number of training hours per employee	8	7	1	1	14	9	8	5
Proportion of employees with employee feedback discussion	20,4%	18,4%	30,2%	30,1%	50,0%	27,0%	33,5%	25,2%

7.3 Health and safety

KLINGELNBERG takes its responsibility for the health and safety of its employees very seriously. Compliance with the legal requirements for occupational safety and plant safety is a prerequisite for the business activities and an integral part of KLINGELNBERG's corporate objectives.

7.3.1 Ambitions

- KLINGELNBERG strives for an ongoing promotion of a secure work environment, actively mitigating safety risks in pursuit of its vision of eliminating work-related injuries altogether.
- KLINGELNBERG's aim is to broaden the scope of its occupational health and safety management system in the coming years.

7.3.2 Concept and measures

KLINGELNBERG operates an occupational health and safety management system designed to ensure a safe and healthy working environment. Comprehensive measures are taken to identify risks, implement preventive measures and offer appropriate training. Although the Group's occupational health and safety management is not externally certified, KLINGELNBERG is determined to continuously improve its standards and ensure the health and safety of its employees.

The occupational health and safety management system operated by KLINGELNBERG is based on legal requirements, recognized standards or guidelines and covers the majority of employees.

Principles regarding best possible work safety and health protection are part of the Quality Assurance, Environmental Protection and Work Safety Policy available on the Company's website. Furthermore, a health care concept was internally established. As part of KLINGELNBERG's occupational health and safety management system, all employees receive yearly training in occupational safety and accident prevention according to their assigned activities/workplace. Each site is responsible for training its employees on health and safety topics to support site-specific needs. Through the Supplier Code of Conduct, KLINGELNBERG also anticipates that its suppliers will ensure a safe and healthy workplace for their own employees.

KLINGELNBERG always strives to promote healthy behavior and create a healthy working environment for its employees, in which everyone can perform at their best while maintaining their physical and mental health, from the office to the shop floor. Ergonomic workstations are an integral part when it comes to the health of its employees in the workplace. KLINGELNBERG's investment in ergonomic workspaces not only demonstrates its commitment to the well-being of its employees but also contributes to the sustainability of the Group by reducing injuries and increasing efficiency.

7.3.3 Results from pursued concepts

The number, respectively the rate of recordable work-related accidents within the Group serve as a relevant KPI in relation to health and safety within the workforce. The recordable work-related accidents remained on a similarly low level for the last two financial years.

	Germany		Switzerland		Rest of the world		Total	
Health and safety	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Number of recordable work-related accidents	21	22	0	0	1	1	22	23
Number of hours worked	1.514.980	1.510.023	77.200	78.234	424.526	398.685	2.016.706	1.986.942
Rate of recordable work-related accidents (accidents / 1.000.000 working hours)	14	15	0	0	2	3	11	12

8 Respect for human rights

Regarding human rights, KLINGELNBERG identified responsible supply chain as material topic. Hence, this section focuses on the reporting of this material topic.

KLINGELNBERG's Code of Conduct provides the ethical and value-based foundation for its responsible conduct regarding human rights. With this code, KLINGELNBERG has committed itself to follow ethical values and principles. The Group firmly believes that integrity and honesty as well as respect for human dignity, as set out in the principles of the United Nations' Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the OECD Guidelines for Multinational Enterprises and the core labor standards of the International Labour Organization (ILO) as well as the United Nations Guiding Principles on Business and Human Rights, are the foundation of every business activity.

8.1 Responsible supply chain

KLINGELNBERG promotes responsible and sustainable procurement and considers compliance with the principles of ecological, social and ethical behavior within its supply chain an obligation. This commitment is an integral part of the Group's Code of Conduct and is recognized by all employees of the KLINGELNBERG Group.

8.1.1 Ambitions

- KLINGELNBERG's goal is to ensure zero confirmed cases of human rights violations within both its supply chain and its own operations.
- KLINGELNBERG's goal is to achieve a continuous increase in the rate of confirmed Supplier Code of Conduct agreements.
- KLINGELNBERG strives to promptly investigate all whistleblowing incidents as they arise and take necessary actions accordingly.

8.1.2 Concept and measures

KLINGELNBERG GmbH, the largest company in the KLINGELNBERG Group with over 1.000 employees, has been subject to the provisions of the Act on Corporate Due Diligence Obligations in Supply Chains (Supply Chain Due Diligence Act / Lieferkettensorgfaltspflichtengesetz, LkSG) since 01 January 2024. In order to meet the resulting requirements, KLINGELNBERG has underpinned its focus on responsible and sustainable procurement with a separate Policy Statement on Respect for Human Rights and Environmental Protection in accordance with the Supply Chain Due Diligence Act. In addition, KLINGELNBERG has committed its direct suppliers to the Code of Conduct for Suppliers, thereby ensuring responsible and sustainable procurement. This document also includes the commitment of KLINGELNBERG's suppliers not to source raw materials from areas of conflict and high risk that contribute to human rights violations, corruption, the financing of armed groups or similar negative effects.

With these commitments by way of the Policy Statement on the Supply Chain and the commitment of suppliers by way of the Code of Conduct for Suppliers, KLINGELNBERG's aim is to continuously reduce risks relating to human rights and the environment and to further increase transparency in the supply chain. With the "Policy for Risk Analysis in accordance with the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, „LkSG“) of the KLINGELNBERG Group", the Company has established an effective risk management system with regard to the environmental and human rights due diligence obligations under the Supply Chain Due Diligence Act and has already begun to analyze the risks in its supply chain. This policy requires KLINGELNBERG to carry out an appropriate risk analysis in order to determine the risks relating to human rights and the environment in its own business area, in the business area of KLINGELNBERG's direct suppliers and – in the event of substantiated knowledge of possible violations or constellations for the purpose of evading the law – also in the business area of indirect suppliers. Each internal process, external supplier or service provider is subjected to a structured risk analysis and rated by risk potential. Based on this, measures are taken to ensure compliance with human rights within the supply chain.

Going forward, the results of the risk analysis will be communicated annually to the management and supervisory bodies. KLINGELNBERG's Human Rights Officer is responsible for monitoring the implementation of all measures in accordance with the Supply Chain Due Diligence Act in collaboration with the head of the purchasing department. To draw attention to grievances at suppliers, human rights violations or non-compliance with environmental regulations, KLINGELNBERG has set up a global whistleblower system that also allows third parties to report possible violations, even anonymously.

8.1.3 Results from pursued concepts

As KLINGELNBERG has only been subject to the requirements of the Supply Chain Due Diligence Act since 01 January 2024, its risk management system regarding environmental and human rights

due diligence obligations under said law was only established in 2024. Therefore, the Group's first Sustainability Report cannot yet be based on the results of its risk analysis. KLINGELNBERG's first report in accordance with the Supply Chain Due Diligence Act must be submitted to the competent authority no later than four months after the end of the 2024/25 financial year.

This is also the first year in which certain indicators are presented as part of the Group's sustainability reporting. For these reasons, this year's indicators serve as the basis for KLINGELNBERG's long-term objective to establish and maintain a responsible supply chain.

The following table shows the regional distribution of suppliers with a turnover of more than EUR 50.000 annual revenue. The majority of suppliers are based in Germany and Europe. Since 01 January 2024, 48,4% of suppliers with more than EUR 50.000 annual revenue have confirmed the Supplier Code of Conduct.

2023/24					
Supplier basis	Unit	Germany	Europe	Rest of World	Total
Number of suppliers by region > EUR 50.000	Number	271	26	25	322
Relative number of total suppliers by region > EUR 50.000	%	84,2%	8,1%	7,7%	100,0%

2022/23					
Supplier basis	Unit	Germany	Europe	Rest of World	Total
Number of suppliers by region > 50.000 €	Number	261	28	22	311
Relative number of total suppliers by region > 50.000 €	%	83,9%	9,0%	7,1%	100,0%

9 Technology and innovation

KLINGELNBERG offers its customers machining centers for the production and coordinate measuring centers for the quality inspection of gears. This offer is complemented by a wide range of software solutions for product design and efficiency improvements in production. KLINGELNBERG has become an established technology leader in this highly demanding technical environment. Research and development is a key strategic component in maintaining and expanding technological leadership. KLINGELNBERG also promotes technology transfer to share knowledge and experience with other organizations and work on solutions jointly.

9.1 Development and patents

Within the development process relevant technologies and the potential to develop marketable products from said technologies, are identified. These can be completely new products and new options for products as well as further developments of existing products and options.

KLINGELNBERG's patent strategy is a key component of its development activities. The aim is to protect new innovative product ideas as far as possible from being copied by competitors.

9.1.1 Ambitions

- KLINGELNBERG's goal is to safeguard new innovative product ideas from being replicated by competitors to the greatest extent possible.
- KLINGELNBERG strives to continuously expand the Group-wide product portfolio with cutting-edge energy-saving and resource-conserving solutions, driven by the successful integration of sustainability principles into every stage of the product development process.

9.1.2 Concept and measures

To protect new innovative product ideas, two main approaches are used. On the one hand, developments are consistently checked for ideas worthy of protection and the corresponding property rights are then obtained for these. On the other hand, there is a low barrier to entry with a simple idea generation process where every employee can have possible further developments or innovations checked internally for their worthiness of protection. Both approaches regularly result in intellectual property rights to secure KLINGELNBERG's technological leadership.

The number of intellectual property rights applied for is an important indicator of the Group's innovative strength. Behind every patent is an innovative idea. Its implementation contributes to KLINGELNBERG's technological leadership. Within the KLINGELNBERG Group the number of patent families is monitored.

Each patent family consists of at least one, but often several, submissions of the same patent to the patent offices of different countries. To this end, each intellectual property right applied for is assessed to determine in which countries it would make a significant contribution to safeguarding the KLINGELNBERG Group's innovations. This assessment also includes a cost-benefit analysis.

9.1.3 Results from pursued concepts

The submission of patents is an important measure to protect knowledge and products developed within the Company.

The number of patent families submitted doubled compared to the previous financial year, which KLINGELNBERG deems a reasonable achievement as part of its R&D efforts.

Patents	Unit	2023/24	2022/23
New patent families submitted to patent offices	Number	16	8

10 Appendices

10.1 Swiss CO index

The table below shows the disclosures reported in accordance with the requirements of Art. 964b of the Swiss Code of Obligations (Swiss CO).

General requirements	
Topic	Location in Sustainability Report
Materiality assessment	4.3 Double materiality assessment
Business model	3 Business model
Concepts/policies (incl. due diligence applied), measures	Outlined in the respective topic chapters 4 Sustainability approach and governance
Risks related to non-financial matters	4.3 Double materiality assessment: Table outlining KLINGELNBERG's main material impacts, risks and opportunities
References to national, European or international regulations	2 About this report 10.2 GRI index
Coverage of subsidiaries	2 About this report 10.2 GRI index

Environmental matters		
Topic	Location in Sustainability Report	KPIs
Energy	5.1 Energy	GRI 302-1: Energy consumption within the organization GRI 302-3: Energy intensity ratio
Climate change	5.2 Climate change	GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions GRI 305-4: GHG emissions intensity
Resource management	5.3 Resource management	Number of retrofits and upgrades marketed

Social issues

Topic	Location in Sustainability Report	KPIs
Product safety	6.1 Product safety	n/a

Employee-related issues

Topic	Location in Sustainability Report	KPIs
Labor relations and working conditions	7.1 Labor relations and working conditions	GRI 2-7: Number of total employees, by gender and by region GRI 401-1: New employee hires and employee turnover GRI 405-1: Diversity of governance bodies and employees
People development	7.2 People development	GRI 404-1: Average hours of training per year per employee GRI 404-3: Percentage of employees receiving regular performance and career development reviews Number of apprentices
Health and safety	7.3 Health and safety	GRI 403-9: Work-related injuries

Respect for human rights

Topic	Location in Sustainability Report	KPIs
Responsible supply chain	8.1 Responsible supply chain	GRI 204-1: Proportion of spending on local suppliers Percentage of Code of Conduct for suppliers signed

Entity specific topic

Topic	Location in Sustainability Report	KPIs
Technology and innovation	9 Technology and innovation	New patent families submitted to the patent offices

10.2 GRI index

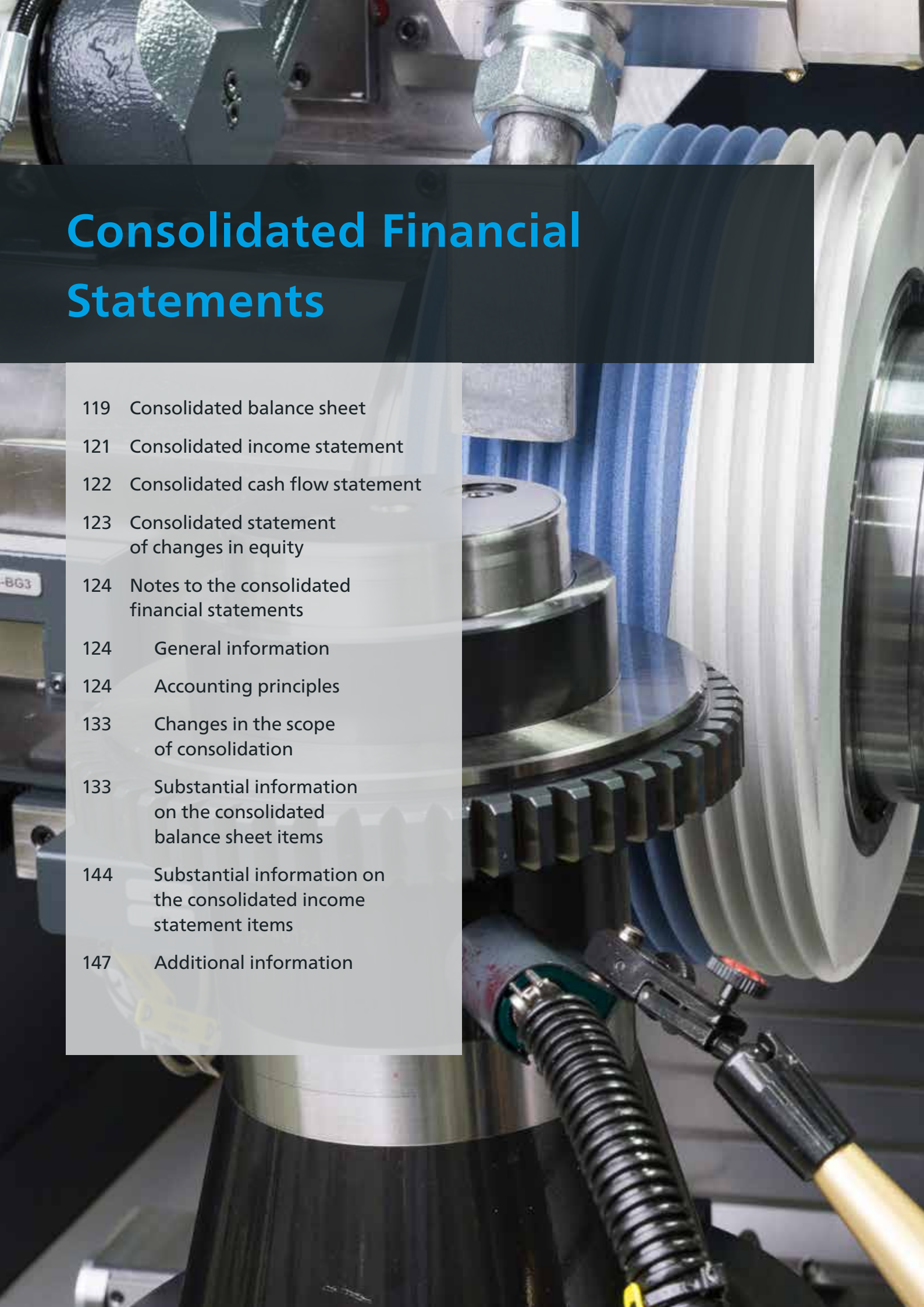
GRI Standard/ Other source	Disclosure	Location in report
Statement of use KLINGELNBERG has reported the information cited in the GRI content index with reference to the GRI Standards GRI used: GRI 1: Foundation 2021		
General disclosures		
GRI 2: General disclosures	2-1 Organizational details	Sustainability Report: 2 About this report
	2-2 Entities included in the organization's sustainability reporting	Sustainability Report: 2.1 Scope of the report
	2-3 Reporting period, frequency and contact point	Sustainability Report: 2.2 Reporting period
	2-4 Restatements of information	Sustainability Report: 2.3 Restatements of information
	2-5 External assurance	Sustainability Report: 2.4 External assurance
	2-6 Activities, value chain and other business relationships	Sustainability Report: 3 Business model
	2-7 Employees	Sustainability Report: 7.1 Labor relations and working conditions
	2-8 Workers who are not employees	Sustainability Report: 7.1 Labor relations and working conditions
	2-9 Governance structure and composition	Corporate Governance Report: 5.7 Structure of the internal organization - Allocation of tasks within the Board of Directors
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report: 5.4 Board of Directors' competences and evaluation 5.7.3 Nomination and Compensation Committee
	2-11 Chair of the highest governance body	Corporate Governance Report: 5.7 Structure of the internal organization - Allocation of tasks within the Board of Directors
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: 4.2 Sustainability governance

GRI Standard/ Other source	Disclosure	Location in report
Statement of use KLINGELNBERG has reported the information cited in the GRI content index with reference to the GRI Standards GRI used: GRI 1: Foundation 2021		
GRI 2: General disclosures	2-13 Delegation of responsibility for managing impacts	Sustainability Report: 4.2 Sustainability governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: 4.2 Sustainability governance
	2-15 Conflicts of interest	Corporate Governance Report: 6.2 Other activities and functions
	2-16 Communication of critical concerns	Sustainability Report: 4.2.1 Policy commitments
	2-17 Collective knowledge of the highest governance body	Omission of disclosure on the grounds that the information is unavailable.
	2-18 Evaluation of the performance of the highest governance body	Compensation Report: 3 Organization and competences
	2-19 Remuneration policies	Compensation Report: 4.1 General description of compensation components/ architecture
	2-20 Process to determine remuneration	Compensation Report: 4.1 General description of compensation components/ architecture
	2-21 Annual total compensation ratio	Omission of disclosure on the grounds that the information is unavailable.
	2-22 Statement on sustainable development strategy	Sustainability Report: 1 Foreword

GRI Standard/ Other source	Disclosure	Location in report
Statement of use KLINGELNBERG has reported the information cited in the GRI content index with reference to the GRI Standards GRI used: GRI 1: Foundation 2021		
GRI 2: General disclosures	2-23 Policy commitments	Sustainability Report: 4.2.1 Policy commitments
	2-24 Embedding policy commitments	Sustainability Report: 4.2.1 Policy commitments
	2-25 Processes to remediate negative impacts	Sustainability Report: 4.2.1 Policy commitments
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: 4.2.1 Policy commitments
	2-27 Compliance with laws and regulations	Corporate Governance Report: 5.7.7 Risk and compliance
	2-28 Membership associations	Sustainability Report: 4.2.3 Membership associations
	2-29 Approach to stakeholder engagement	Sustainability Report: 4.2.3 Membership associations
	2-30 Collective bargaining agreements	Sustainability Report: 5.1.2 Concept and measures
GRI Standard/ Other source	Disclosure	Location in report
Material topics		
GRI 3: Material topics	3-1 Process to determine material topics	Sustainability Report: 4.3 Double materiality assessment
	3-2 List of material topics	Sustainability Report: 4.3 Double materiality assessment
Energy		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 5.1 Energy
GRI 302-1: Energy 2016	302-1 Energy consumption within the organization	Sustainability Report: 5.1.3 Results from the pursued concepts
	302-2 Energy intensity ratio	Sustainability Report: 5.1.3 Results from the pursued concepts

GRI Standard/ Other source	Disclosure	Location in report
Climate change		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 5.2 Climate change
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: 5.2.3 Results from the pursued concepts
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report: 5.2.3 Results from the pursued concepts
	305-4 GHG emissions intensity	Sustainability Report: 5.2.3 Results from the pursued concepts
Resource management		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 5.3 Resource management
Self-developed KPIs	Number of retrofits and upgrades marketed	Sustainability Report: 5.3.3 Results from the pursued concepts
Product safety		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 6.1 Product safety
Labor relations and working conditions		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 7.1 Labor relations and working conditions
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: 7.1.3 Results from the pursued concepts
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Report: 7.1.3 Results from the pursued concepts
People development		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 7.2 People development

GRI Standard/ Other source	Disclosure	Location in report
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Sustainability Report: 7.2.3 Results from the pursued concepts
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability Report: 7.2.3 Results from the pursued concepts
Health and safety		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 7.3 Health and safety
GRI 403: Occupational health and safety 2018	403-9 Work-related injuries	Sustainability Report: 7.3.3 Results from the pursued concepts
Responsible supply chain		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 8.1 Responsible supply chain
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Sustainability Report: 8.1.3 Results from the pursued concepts
Self-developed KPIs	Percentage of Code of Conduct for Suppliers signed	Sustainability Report: 8.1.3 Results from the pursued concepts
Technology and innovation		
GRI 3: Material topics	3-3 Management of material topics	Sustainability Report: 9 Technology and innovation
Self-developed KPIs	New patent families submitted to the patent offices	Sustainability Report: 9.1.3 Results from the pursued concepts

The background of the page is a close-up photograph of industrial machinery. It features a large, polished metal gear or flywheel on the right side, with a blue corrugated hose running vertically next to it. In the foreground, there are various mechanical components, including a black flexible hose and a metal rod. The overall scene is industrial and metallic.

Consolidated Financial Statements

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Consolidated balance sheet

EUR 000	Note	31.03.2024	31.03.2023
Assets			
Current assets			
Cash and cash equivalents	4.11	16.506	8.718
Receivables from goods and services	4.1	79.904	71.147
Derivative financial instruments	4.2	15	134
Other short-term receivables	4.3	6.619	8.363
Inventories	4.4	114.415	117.588
Prepayments and accrued income		2.937	2.465
Total current assets		220.396	208.415
Non-current assets			
Tangible fixed assets	4.5	58.793	58.733
Loans and other receivables	4.6	0	134
Investments in joint ventures	4.7	2.325	1.333
Deferred tax assets	4.8	12.858	13.749
Other financial assets	4.9	1.148	1.348
Intangible assets	4.10	604	732
Total non-current assets		75.728	76.029
Total assets		296.124	284.444

The enclosed notes are part of the consolidated financial statements.

Consolidated balance sheet

EUR 000	Note	31.03.2024	31.03.2023
Liabilities			
Current liabilities			
Short-term financial liabilities	4.11	30.392	31.964
Payables from goods and services	4.12	18.910	27.573
Derivative financial instruments	4.2	15	78
Other short-term liabilities	4.13	55.364	46.925
Accrued liabilities and deferred income	4.14	17.643	15.164
Short-term provisions	4.15	5.859	4.720
Total current liabilities		128.183	126.424
Non-current (long-term) liabilities			
Long-term financial liabilities	4.11	13.396	18.516
Deferred tax liabilities	4.15	1.548	1.329
Long-term provisions	4.15	12.245	11.566
Total non-current (long-term) liabilities		27.189	31.411
Total liabilities		155.372	157.835
Equity			
Share capital	4.16	28.639	28.639
Capital reserves	4.16	41.283	43.134
Retained earnings		70.830	54.836
Total equity		140.752	126.609
Total liabilities and equity		296.124	284.444

The enclosed notes are part of the consolidated financial statements.

Consolidated income statement

EUR 000	Note	2023/24	2022/23
Net sales from goods and services	5.1/6.2	303.497	308.961
Other operating income	5.2/6.2	13.023	9.547
Change in inventory of finished and unfinished goods as well as unbilled goods and services	5.3	2.292	-18.844
Material expense	6.2	-130.748	-125.790
Personnel expense	5.4	-114.350	-100.114
Other operating expense	5.5/6.2	-44.499	-46.260
Depreciation on tangible fixed assets	4.5	-4.865	-3.956
Amortization on intangible assets	4.10	-275	-367
Share of result from joint ventures	4.7	992	613
Operating result		25.067	23.790
Financial result	5.6/6.2	-2.512	-2.330
Profit before income taxes		22.555	21.460
Income taxes	5.7	-5.350	-705
Net profit		17.205	20.755

Earnings per share

EUR			
Basic earnings per share	5.8	1,95	2,35
Diluted earnings per share	5.8	1,95	2,35

Additional information - non-GAAP measures

EUR 000			
EBITDA	2.2	30.207	28.113

The enclosed notes are part of the consolidated financial statements.

Consolidated cash flow statement

EUR 000	Note	2023/24	2022/23
Net profit		17.205	20.755
Depreciation/amortization of tangible fixed assets and intangible assets	4.5/4.10	5.140	4.323
Change in provisions (including deferred taxes)	4.15	2.037	-3.712
Net profit / loss from the disposal of tangible fixed assets and intangible assets	4.5/4.10	-71	138
Change in receivables from goods and services	4.1	-8.747	-29.304
Change in inventories	4.4	2.837	16.156
Change in other receivables and prepayments and accrued income (including deferred tax)	4.3/4.8	2.306	18.693
Share of profits from the application of the equity method	4.7	-992	-613
Change in payables from goods and services	4.12	-8.775	-5.857
Change in other short-term liabilities and accrued liabilities and deferred income	4.13/4.14	10.887	-5.033
Other non-cash items		1.659	157
Cash flow from operating activities		23.486	15.703
Inflows from investment in financial assets (including loans, participations, securities, etc.)	4.7	334	584
Outflows for investment in financial assets (including loans, participations, securities, etc.)	4.9	0	-410
Outflows for investment in tangible fixed assets	4.5	-8.135	-18.048
Inflows from the sale of tangible fixed assets	4.5	637	561
Outflows for investment in intangible assets	4.10	-151	-270
Inflows from the sale of intangible assets	4.10	0	3
Cash flow from investing activities		-7.315	-17.580

The enclosed notes are part of the consolidated financial statements.

Consolidated cash flow statement

EUR 000	Note	2023/24	2022/23
Dividend payments		-3.701	0
Change in short-term financial liabilities	4.11	-1.567	-8.134
Change in long-term financial liabilities	4.11	-2.512	10.722
Cash flow from financing activities		-7.780	2.588
Currency translation effects		-603	287
Net change in cash		7.788	998
Opening balance of cash and cash equivalents at 01.04.		8.718	7.720
Closing balance of cash and cash equivalents at 31.03.		16.506	8.718
Net change in cash		7.788	998

Consolidated statement of changes in equity

EUR 000	Note	Share capital	Capital reserves	Retained earnings				Total equity
				Goodwill offset with equity	Other retained earnings	Cumulative foreign currency differences	Total retained earnings	
Balance as at 01.04.2022		28.639	43.134	-20.517	40.954	12.513	32.950	104.723
Currency translation differences		0	0	0	0	918	918	918
Net result from cash flow hedges		0	0	0	213	0	213	213
Net profit		0	0	0	20.755	0	20.755	20.755
Balance as at 31.03./01.04.2023		28.639	43.134	-20.517	61.922	13.431	54.836	126.609
Currency translation differences		0	0	0	0	688	688	688
Net result from cash flow hedges		0	0	0	-48	0	-48	-48
Dividends		0	-1.851	0	-1.851	0	-1.851	-3.701
Net profit		0	0	0	17.205	0	17.205	17.205
Balance as at 31.03.2024		28.639	41.283	-20.517	77.228	14.119	70.830	140.752

The enclosed notes are part of the consolidated financial statements.

Notes to the consolidated financial statements

1 General information

The KLINGELNBERG Group comprises KLINGELNBERG AG and its consolidated subsidiaries. KLINGELNBERG AG is a public limited company under Swiss law, incorporated and registered in Zürich, Switzerland. The shares of KLINGELNBERG AG are listed in Switzerland under the Swiss Reporting Standard of SIX Swiss Exchange.

The Consolidated Financial Statements as at and for the year ended 31 March 2024 were authorized for release by the Board of Directors on 19 June 2024 and are subject to approval by the Annual General Meeting.

2 Accounting principles

2.1 Basis for the preparation of the financial statements

The Consolidated Financial Statements of KLINGELNBERG Group had been prepared in accordance with Swiss GAAP FER and gave a true and fair view of the assets, liabilities, earnings and cash flows of KLINGELNBERG Group. In addition, the provisions of the Listing Rules of SIX Swiss Exchange and Swiss accounting law were complied with. The Consolidated Financial Statements were prepared applying the principle of historical cost accounting, with the exceptions of derivative financial instruments, which were measured at fair value. The preparation of the Consolidated Financial Statements requires the management to make estimates and assumptions. If in the future such estimates and assumptions, which are based on the management's best judgement, change, the original estimates and assumptions will be modified as appropriate in the year in which the change occurred.

2.2 Definition of alternative performance measures

EBITDA:

Earnings before interest, income tax, depreciation and amortization (EBITDA) as a subtotal includes the operating result (EBIT) plus depreciation on tangible fixed assets and amortization on intangible assets.

EBIT:

The operating result (Swiss GAAP FER) excluding non-operating and extraordinary results.

2.3 Scope and principles of consolidation

The Consolidated Financial Statements of KLINGELNBERG Group included KLINGELNBERG AG, as well as all entities as at 31 March of the current financial year for which the parent company held, directly or indirectly, the majority of the voting rights or had the power to govern their operating and financial policies in any other way. Consolidation ends when control by the parent company ceases.

Capital consolidation was based on the purchase method. Companies acquired by the Group were included in the Consolidated Financial Statements from the date of obtaining control. The net assets acquired were revalued at fair value at the acquisition date, using uniform Group accounting principles. Companies sold were excluded from the scope of consolidation as at the date on which control ceased, with any gain or loss recognized in the income statement.

All intragroup balances and transactions including accounts receivable, accounts payable, income, expenses, and any unrealized gains and losses resulting from transactions between Group companies were eliminated.

Investments in joint ventures in which KLINGELNBERG Group exercised joint control together with a joint venture partner (e.g., with 50% voting rights) were recognized using the equity method.

The financial statements of the Group companies were prepared using the same accounting and valuation methods and on the same balance sheet date as the parent company's financial statements.

The KLINGELNBERG Group had no minority interests.

For a list of consolidated companies and investments see the following table. Any changes to the scope of consolidation are outlined in Note 3.

Company, head office	Currency	Capital	Share of capital and voting rights	
			31.03.2024	31.03.2023
KLINGELNBERG AG, Zürich, Switzerland	CHF	44.200.000		
KLINGELNBERG GmbH, Hückeswagen, Germany	EUR	15.338.755	100%	100%
KLINGELNBERG (France) SAS, Saint Germain en Laye, France	EUR	215.000	100%	100%
KLINGELNBERG Imexma SA, Barcelona, Spain	EUR	750.000	100%	100%
KLINGELNBERG Italiana Srl., Milano, Italy	EUR	80.000	100%	100%
KLINGELNBERG (Japan) Ltd., Yokohama, Japan	JPY	50.000.000	100%	100%
KLINGELNBERG Mexico S.A. de C.V., Queretaro, Mexico	MXN	500.000	100%	100%
KLINGELNBERG America, Inc., Saline, USA	USD	200	100%	100%
The KLINGELNBERG Corporation, Cincinnati, Ohio, USA	USD	254	100%	100%
KLINGELNBERG India Private Ltd., Pune, India	INR	27.700.000	100%	100%
HÖFLER Yantai Service Co., Ltd., China	CNY	748.657	100%	100%
KLINGELNBERG do Brasil, Sao Paulo, Brazil	BRL	3.950.000	100%	100%
KLA Real Estate, LLC., Saline, USA	USD	0	100%	100%
DKSH KLINGELNBERG Service Ltd., Shanghai, China *	CNY	5.393.815	50%	50%

* Joint venture consolidated at equity

2.4 Business combinations

Assets and liabilities acquired were revalued at fair value at the acquisition date. Any unrecognized intangible assets were not separated and identified and therefore allocated to goodwill. Goodwill was calculated as the difference between the purchase price (incl. transaction costs) and the revalued net assets. The positive or negative goodwill resulting from business combinations was offset against equity at the date of acquisition. At the disposal of the Company, the goodwill previously offset in equity was transferred to the income statement. The consequences of the theoretical capitalization and amortization of goodwill are explained in Note 4.10.

2.5 Segment reporting

Notwithstanding the additional recommendations for listed companies (Swiss GAAP FER 31), the Board of Directors of the KLINGELNBERG Group decided not to publish any detailed segment results in order to protect the interests of its shareholders.

As a globally operating Group, KLINGELNBERG managed its activities based on a business unit approach on one side and on the optimization of synergies on the other. The reporting system reflected this structure, and the activities of KLINGELNBERG Group were split between four main business units:

- Bevel Gear
- Cylindrical Gear
- Measuring Centers
- Drive Technology

Disclosing operating results by business unit would lead to competitive disadvantages in terms of the profitability and distribution margins as well as the cost calculations. The KLINGELNBERG Group would be the only company in the industry showing detailed profitability information at business unit level. Most of the relevant competitors are privately held companies that do not have to follow international disclosure requirements and, therefore, do not publish any detailed financial information. Some other competitors are large, international corporations, which apply a broader definition of reporting segments where specific data relevant for the core industry is not accessible.

Therefore, the disclosure of business unit operating results would lead to significant competitive disadvantages for the KLINGELNBERG Group. Moreover, such information would negatively affect the KLINGELNBERG Group's negotiating power with various stakeholders such as clients, suppliers, etc. For all these reasons, the KLINGELNBERG Group firmly believes that disclosing operating results by business units would have a significant negative impact on its overall performance.

2.6 Conversion of foreign currency items and transactions

Translation of financial statements to be consolidated

In light of the significant share of the business operations taking place in Germany, the Consolidated Financial Statements of KLINGELNBERG Group are presented in Euros (EUR). The financial statements of Group companies were prepared in their respective functional currencies and translated into Euros as follows:

- Assets and liabilities were converted at the year-end exchange rate
- Income and expense were converted using the average exchange rate of the reporting year
- The conversion differences arising through the translation of the balance sheet items had no effect on the income statement and were recognized in the equity as cumulative foreign currency differences. When a subsidiary with a foreign currency was de-consolidated, the accumulated conversion differences recognized in the equity were reclassified to the income statement

Foreign currency transactions in Group companies

Foreign currency effects on intragroup equity-like loans, which were a significant part of the Company's net investments in foreign subsidiaries, were recognized in equity as cumulative foreign currency differences until the disposal of the net investment. From this point in time, the foreign currency differences were recognized in the income statement as a profit or loss on the sale of investments.

Transactions in foreign currencies were converted at the average exchange rate of the month of the transaction. Exchange rate differences arising from financial transactions were recorded in the income statement. All monetary assets and liabilities in a foreign currency were converted at the exchange rate as at the balance sheet date and the resulting gains/losses were recognized in the income statement.

The table below outlines the main exchange rates used in the preparation of the Company's Consolidated Financial Statements as at and for the years ended 31 March 2024 and 31 March 2023.

	Year-end exchange rate		Average exchange rate	
	31.03.2024	31.03.2023	2023/24	2022/23
CHF/EUR	0,97675	0,99735	0,96106	0,99433
USD/EUR	1,07845	1,08705	1,08492	1,04173
JPY/EUR	163,23960	144,93090	156,74816	140,91568

2.7 Cash and cash equivalents

Cash and cash equivalents were measured at nominal value and comprised cash on hand, deposits in bank accounts and with similar institutions and fixed-term deposits with an original term of up to 90 days.

2.8 Receivables from goods and services and other short-term receivables

Receivables were measured at nominal value less any value adjustments for doubtful accounts. Value adjustments were established for cases where the Group faces a risk of not collecting the outstanding amount.

2.9 Derivative financial instruments

The Group used derivatives mainly to hedge against foreign currency risks. These derivatives were primarily foreign exchange forwards. Derivatives were recognized initially at acquisition cost and subsequently valued at fair value. Except for derivatives that were designated as hedging instruments for future cash flows, all changes in the fair values of derivatives were recognized in the result of the period.

Instruments for hedging future cash flows were recognized at fair value. Changes in the fair value of such cash flow hedges were recorded in equity. Changes in the fair value of hedges recorded in equity were recorded in the period in which the cash flows from the underlying hedged asset were recognized.

2.10 Inventories

Inventories were measured at the lower of acquisition and manufacturing cost and net realizable value. Acquisition cost was measured net of cash discounts. Manufacturing cost included direct labor and materials used, as well as a commensurate share of the related production overhead costs excluding any borrowing costs.

If the net realizable value of inventories was lower than the book value or if inventories had a low turnover rate, the necessary value adjustments were recognized.

2.11 Tangible fixed assets

Tangible fixed assets were measured at acquisition cost excluding any borrowing costs less accumulated depreciation and impairment. Depreciation was recognized on a straight-line basis over the following estimated useful life of the asset:

- Land: No depreciation
- Buildings: 40 years
- Machines and equipment: 10 years
- Other tangible fixed assets: 3 to 10 years

Assets under construction were not depreciated until completion.

Expenditures on maintaining and repairing tangible fixed assets were charged to the income statement. Capital expenditures for existing tangible fixed assets were capitalized if classified as value-adding and depreciated over the remaining useful life.

2.12 Loans and other receivables, other financial assets

Loans and other receivables as well as other financial assets were measured at nominal value less any value adjustments required.

2.13 Investments in joint ventures

Investments in joint ventures were recognized using the equity method.

2.14 Taxes

Current and deferred taxes were accrued for all tax obligations, irrespective of their due date. Current income taxes were calculated on the taxable profit for the financial year. Deferred taxes were calculated by applying the balance sheet method for any temporary difference between the carrying amount and the tax basis of assets and liabilities. For that calculation, the current tax rates applicable in each jurisdiction were used while already identified future changes in the tax rates were taken into consideration.

Deferred tax assets for tax loss carry-forwards were recognized to the extent that it is probable that they can be offset against future taxable profits.

Deferred taxes were calculated on the basis of the tax rates applicable in each country.

Current and deferred tax assets and liabilities were offset if they concern the same taxable entity or group of entities and tax jurisdiction and if the Group had a legally enforceable right to offset current tax assets and liabilities.

No deferred tax was provided for temporary differences on investments in subsidiaries where the timing of the reversal of the temporary difference was controlled by the Group and it was not probable that the temporary difference will be reversed in the foreseeable future.

2.15 Intangible assets

Acquired intangible assets were measured at acquisition costs less accumulated amortization and impairment. Intangible assets were amortized on a straight-line basis over their useful life as follows:

- Software: 3 to 5 years
- Licenses: 3 to 10 years

Internally generated intangible assets including research and development costs were recognized as a cost in the income statement in the financial year in which they occurred.

Goodwill from the acquisition of consolidated entities was offset with equity at the date of acquisition.

Goodwill is theoretically amortized on a straight-line basis over a useful life of 7 to 15 years.

2.16 Impairment of assets

Assets (especially tangible fixed assets, intangible assets and financial assets) were subject to an impairment test at each balance sheet date. If there was any indication of impairment, a detailed test was performed immediately. If the carrying amount exceeded the recoverable amount (higher of fair value less cost to sell and value in use), an impairment loss was recognized in the income statement. If, subsequently, an increase in the asset's value can be demonstrated, the impairment charge was reversed (no reversal for goodwill impairments) accordingly via the operating result.

As the goodwill was already offset with equity at the date of the acquisition, an impairment of the goodwill did not affect the income statement but led to a disclosure in the notes only.

2.17 Financial liabilities

Financial liabilities were measured at nominal values.

2.18 Payables from goods and services and other liabilities

Payables from goods and services and other liabilities were measured at nominal values.

2.19 Provisions

Provisions took into account all identifiable and measurable risks from warranties and penalties for non-performance, expected losses from pending transactions and process risks which management deemed likely to occur. Provisions were recognized when the Group had a present legal or constructive obligation as a result of past events and if it was more likely than not that an outflow of resources will be required to settle the obligation and the amount had been reliably estimated.

2.20 Revenue recognition

Revenue was recognized when the principal risks and rewards of ownership were transferred to the customer, the amount of the proceeds could be reliably determined and when it was sufficiently probable that the economic benefits from the sale will flow to the Group.

Revenues were stated at the fair value of the consideration entitled to be received. This was after the deduction of discounts, rebates and credits and before value-added and sales tax.

2.21 Off-balance sheet transactions

Contingent liabilities as well as other non-recognized obligations were assessed at each balance sheet date and were disclosed in the notes to the financial statements. A provision was recorded if the relevant conditions were met.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership were transferred from the lessor to the lessee were classified as finance leases. The leased assets were carried at cost not higher than the minimum lease payments and depreciated along with other tangible fixed assets.

The corresponding leasing obligations were shown as liabilities. Leasing payments were allocated accordingly as either capital repayments or interest expenses presented in the financial result. Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

2.23 Share-based payments

Share-based payments were treated as a cash-settled plan. Provisions must be recognized as an expense over the vesting period. The fair value of the liability must be determined at each balance sheet date and the provision adjusted to this fair value. For further information refer to Note 4.1 of the Compensation Report.

2.24 Pension benefit obligation

The employee benefit plans of the KLINGELNBERG Group complied with the legislation in force in each country. Employee benefit plans were handled mostly by institutions and foundations that were legally independent of KLINGELNBERG Group. They were usually financed by both employee and employer contributions.

The economic impact of the employee benefit plans is assessed each year. Surpluses or deficits were determined by means of the annual statements of each specific benefit plan, which were based either on Swiss GAAP FER 26 (Swiss benefit plans) or on the accepted methods in each foreign country (foreign plans). An economic benefit was capitalized if it was permitted and intended to use the surplus to reduce the employee contributions. If employer contribution reserves existed, they were also capitalized. An economic obligation was recognized as a liability if the conditions for a provision were met. They were reported under "Provision for pension benefit obligation". Changes in the economic benefit or economic obligation, as well as the contributions incurred for the period, were recognized in "Personnel expense" in the income statement.

3 Changes in the scope of consolidation

There were no changes to the scope of consolidation in this financial year.

4 Substantial information on the consolidated balance sheet items

4.1 Receivables from goods and services

EUR 000	31.03.2024	31.03.2023
Receivables from third parties	79.867	71.002
Receivables from joint ventures	193	306
Receivables from other related parties	0	0
Value adjustments	-156	-161
Receivables from goods and services	79.904	71.147
Thereof:		
- not due and due up to 90 days	78.466	68.946
- overdue more than 90 days	1.438	2.201

Receivables increased due to higher deliveries in the last quarter of the 2023/24 financial year.

4.2 Derivative financial instruments

EUR 000	31.03.2024			31.03.2023		
Basic value:	Asset	Liability	Purpose	Asset	Liability	Purpose
Foreign exchange	15	15	Hedging	134	78	Hedging
Total	15	15		134	78	

4.3 Other short-term receivables

This position included receivables from subsidies (flood disaster July 2021) of EUR 0,0 million (as at 31 March 2023: EUR 3,4 million), taxes of EUR 2,4 million (as at 31 March 2023: EUR 2,0 million), Corona aid in the amount of EUR 1,1 million (as at 31 March 2023: EUR 1,1 million), income under the Research Allowances Act (FZuIG) of EUR 0,8 million (as at 31 March 2023: EUR 0) and prepayments to suppliers of EUR 0,9 million (as at 31 March 2023: EUR 0,6 million). The value adjustments for the financial year under review amounted to EUR 0,2 million as in the previous financial year.

4.4 Inventories

EUR 000	31.03.2024	31.03.2023
Finished products	10.041	7.846
Work in progress	65.236	66.728
Acquired parts	51.244	55.325
Supplies	308	188
	126.829	130.087
Value adjustments	-12.414	-12.499
Inventories	114.415	117.588

4.5 Tangible fixed assets

2023/24					
EUR 000	Land and buildings	Machines and equipment	Other assets	Tangible fixed assets under construction	Total
Acquisition cost					
Gross value as at 01.04.	60.157	40.727	22.701	150	123.735
Additions	-1.952	2.896	3.432	1.301	5.677
Disposals	-11	-1.243	-892	-16	-2.162
Foreign currency effects	-405	107	-38	-1	-337
Reclassifications	66	0	64	-130	0
Gross value as at 31.03.	57.855	42.487	25.267	1.304	126.913
Accumulated depreciation as at 01.04.	14.708	32.381	17.913	0	65.002
Depreciation	1.642	1.312	1.911	0	4.865
Disposals	-9	-702	-886	0	-1.597
Foreign currency effects	-206	97	-41	0	-150
Accumulated depreciation as at 31.03.	16.135	33.088	18.897	0	68.120
Net carrying amount as at 01.04.	45.449	8.346	4.788	150	58.733
Net carrying amount as at 31.03.	41.720	9.399	6.370	1.304	58.793

Regarding the assembly hall in Hückeswagen/Germany, completed at the end of 2022, the approved repayment subsidy of the GEB NWG program totaling EUR 2,6 million was deducted from the additions and at the same time reduced the KfW loan (Note 4.11).

Other fixed assets related to tools, office equipment including hardware, office furniture and vehicles.

2022/23					
EUR 000	Land and buildings	Machines and equipment	Other assets	Tangible fixed assets under construction	Total
Acquisition cost					
Gross value as at 01.04.	39.649	41.156	23.457	8.965	113.227
Additions	12.653	3.048	1.757	47	17.505
Disposals	0	-4.130	-2.505	-205	-6.840
Foreign currency effects	-216	69	-10	0	-157
Reclassifications	8.071	584	2	-8.657	0
Gross value as at 31.03.	60.157	40.727	22.701	150	123.735
Accumulated depreciation as at 01.04.	13.592	34.806	18.836	0	67.234
Depreciation	1.240	1.166	1.550	0	3.956
Disposals	0	-3.678	-2.466	0	-6.144
Foreign currency effects	-124	87	-7	0	-44
Accumulated depreciation as at 31.03.	14.708	32.381	17.913	0	65.002
Net carrying amount as at 01.04.	26.057	6.350	4.621	8.965	45.993
Net carrying amount as at 31.03.	45.449	8.346	4.788	150	58.733

4.6 Loans and other receivables

In the current financial year there were no loans and other receivables. In the previous financial year, this position mainly included accounts receivables from customers with a payment term longer than one year.

4.7 Investments in joint ventures

The share of the result from joint ventures amounted to EUR 1,0 million (as at 31 March 2023: EUR 0,6 million).

4.8 Deferred tax assets

In the financial year under review the deferred tax assets mainly resulted from divergent valuations of pension provisions as well as provisions for partial retirement obligations, service anniversaries, and provisions for warranties. Deferred taxes were calculated based on the tax rates applicable in each country. The average applied tax rate was 25,66% (previous financial year 26,84%).

In the current financial year, this also included taxes from loss carryforwards of around EUR 0,9 million, which results in deferred taxes capitalized of EUR 8,5 million (as at 31 March 2023: EUR 9,4 million).

EUR 000			
Tax loss carryforwards as at 31.03.2024	Capitalized	Not capitalized	Total
No expiry	24.535	33.722	58.257
Total losses carried forward	24.535	33.722	58.257
Potential tax effect on non-capitalized losses carried forward	0		
Deferred taxes capitalized	8.536		
Tax loss carryforwards as at 31.03.2023	Capitalized	Not capitalized	Total
No expiry	29.484	38.060	67.544
Total losses carried forward	29.484	38.060	67.544
Potential tax effect on non-capitalized losses carried forward	0		
Deferred taxes capitalized	9.393		

4.9 Other financial assets

In the financial year under review, this item mainly comprised of an insolvency-protected life insurance policy to cover pension liabilities in connection with part-time phased retirement obligations in the amount of EUR 1,0 million (as at 31 March 2023: EUR 1,2 million). The amount was calculated in accordance with the local legal requirements of the company that recognizes these assets.

4.10 Intangible assets

EUR 000	2023/24			2022/23		
	Software	Other intangible assets	Total	Software	Other intangible assets	Total
Acquisition cost						
Gross value as at 01.04.	8.225	362	8.587	8.098	352	8.450
Additions	78	72	150	270	0	270
Disposals and derecognitions	-807	-368	-1.175	-171	0	-171
Foreign currency effects	31	12	43	28	10	38
Gross value as at 31.03.	7.527	78	7.605	8.225	362	8.587
Accumulated amortization as at 01.04.	7.500	355	7.855	7.273	345	7.618
Amortization	275	0	275	367	0	367
Disposals and derecognitions	-805	-368	-1.173	-168	0	-168
Foreign currency effects	31	13	44	28	10	38
Accumulated amortization as at 31.03.	7.001	0	7.001	7.500	355	7.855
Net carrying amount as at 01.04.	725	7	732	825	7	832
Net carrying amount as at 31.03.	526	78	604	725	7	732

A theoretical capitalization of goodwill would have the following effects on the consolidated financial statements.

EUR 000	2023/24	2022/23
Theoretical statement of changes in goodwill		
Acquisition cost		
Gross value as at 01.04.	20.517	20.517
Gross value as at 31.03.	20.517	20.517
Accumulated amortization at 01.04.	18.177	17.603
Amortization	540	574
Accumulated amortization at 31.03.	18.717	18.177
Theoretical impact on equity		
Theoretical net carrying amount at 31.03.	1.800	2.340
Effect on equity		
Equity according to balance sheet	140.752	126.609
Theoretical net carrying amount goodwill	1.800	2.340
Theoretical equity incl. net carrying amount of goodwill	142.552	128.949
Theoretical impact on net income		
Effect on income statement		
Net profit	17.205	20.755
Theoretical amortization of goodwill	-540	-574
Theoretical net profit	16.665	20.181

4.11 Financial liabilities

EUR 000	31.03.2024	31.03.2023
Short-term financial liabilities	30.392	31.964
Long-term financial liabilities	13.396	18.516
Total financial liabilities	43.788	50.480
Thereof in:		
- EUR	43.398	49.985
- USD	390	495
Thereof with maturity in:		
- 2 to 5 years	9.948	10.059
- > 5 years	3.448	8.457
Average interest rate	3,59%	1,97%
Unused credit facilities	31.639	22.373
Long-term financial liabilities include mortgages secured using mortgage notes		
Carrying amount of property	41.720	45.449
- thereof pledged	20.600	20.600
- thereof used	15.537	19.859

The long-term financial liabilities decreased due to repayment subsidy from the "GEB NWG" program of EUR 2,6 million dated 28 April 2023. The repayment subsidy reduced the "KfW" loan and at the same time this amount was credited to the acquisition cost of the assembly hall in Hückeswagen/Germany as outlined in Note 4.5.

Additionally, the long-term financial liabilities were further reduced with the positive cash flows resulting from operating activities.

4.12 Payables from goods and services

EUR 000	31.03.2024	31.03.2023
Payables from goods and services		
- with third parties	18.251	26.814
- with joint ventures	519	381
- with other related parties	140	378
Payables from goods and services	18.910	27.573
Thereof:		
- not due and due up to 90 days	18.901	27.485
- overdue more than 90 days	9	88

The reduction of payables from goods and services was mainly due to the fact that KLINGELNBERG GmbH had been settling its payments with a discount again since April 2023.

4.13 Other short-term liabilities

This position contained mainly advance payments from customers amounting to EUR 48,0 million (as at 31 March 2023: EUR 41,3 million) and taxes and social insurance withholdings of EUR 4,5 million (as at 31 March 2023: EUR 3,5 million).

4.14 Accrued liabilities and deferred income

This item mainly included liabilities from personnel accruals (vacation, Christmas bonus, overtime, performance bonus) EUR 9,4 million (as at 31 March 2023: EUR 8,5 million), outstanding invoices for products sold (assembly, training, freight) EUR 5,3 million (as at 31 March 2023: EUR 4,4 million) and income for subsequent years EUR 1,4 million (as at 31 March 2023: EUR 0,9 million).

4.15 Provisions

2023/24

EUR 000	Provision for warranties	Provision for pension benefit obligation	Other provisions	Total provisions excl. deferred tax	Deferred tax
Carrying amount as at 01.04.	3.310	8.987	3.989	16.286	1.329
Creation of provisions	2.575	914	651	4.140	346
Utilization of provisions	-1.350	-509	-218	-2.077	0
Release of provision recognized in the income statement	-110	0	-91	-201	-142
Foreign currency effects	3	0	-47	-44	15
Carrying amount as at 31.03.	4.428	9.392	4.284	18.104	1.548
of which, short-term	3.612	509	1.738	5.859	0
of which, long-term	816	8.883	2.546	12.245	1.548

2022/23

EUR 000	Provision for warranties	Provision for pension benefit obligation	Provision efficiency enhancement	Other provisions	Total provisions excl. deferred tax	Deferred tax
Carrying amount as at 01.04.	2.648	12.548	1.253	3.763	20.212	1.114
Creation of provisions	2.703	0	0	556	3.259	316
Utilization of provisions	-1.783	-492	-946	-300	-3.521	0
Release of provision recognized in the income statement	-260	-3.069	-307	-3	-3.639	-114
Foreign currency effects	2	0	0	-27	-25	13
Carrying amount as at 31.03.	3.310	8.987	0	3.989	16.286	1.329
of which, short-term	2.576	492	0	1.652	4.720	0
of which, long-term	734	8.495	0	2.337	11.566	1.329

The valuation of provisions in all categories was based on latest available data (e.g., claims that have occurred or been reported) or on the experience of recent years and management estimates.
Provision for pension benefit obligations

EUR 000

Economic benefit/ economic obligation and pension benefit expenses	Surplus/deficit	Economical part of the organization		Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expense as part of personnel expense	
		31.03.2024	31.03.2023			2023/24	2022/23
Pension funds without deficit or surplus (1)	0	0	0	0	-463	-463	-418
Pension funds without own assets (2)	0	-9.392	-8.987	-405	-509*	-914	3.069
Total	0	-9.392	-8.987	-405	-972	-1.377	2.651

* Pension payments according to pension plan in the current financial year.

(1) The Swiss entity was affiliated to a collective pension plan where the surplus/deficit could not be determined on the basis of the individual contract but it could be stated that based on the audited figures of the pension fund as at 31 December 2023 the coverage of the collective plan as a whole amounted to 111,1% (as at 31.12.2022 the audited figures: 106,6%). The technical interest rate used amounted to 2,00% (prior year: 2,00%). The underlying mortality table remained unchanged (BVG 2020 GT). Furthermore, there was a supplementary pension plan, which did not bear risk due to full insurance as part of a collective insurance contract.

(2) The economic obligation from pension funds without own funds contained primarily the obligation from employee benefit plans in Germany. The discount rate used in the calculation was 3,55% (2022/23: 4,05%). A provision for pension benefit obligation at the level of the economic obligation had been recorded. Pension benefit expense as part of the personnel expense included the increase and decrease of provisions recorded in the income statement including changes of discount rates. The increase compared to the prior financial year was mainly due to the decrease of the discount rate.

Other provisions

Other provisions included, among others, fire prevention measures of EUR 0,3 million (as at 31 March 2023: EUR 0,4 million), part-time phased retirement obligations of EUR 2,4 million (as at 31 March 2023: EUR 2,4 million) and for long service awards EUR 0,4 million (as at 31 March 2023: EUR 0,4 million).

Due to parameters influencing the value of the PSU, the provision for the LTIP in the financial year under review amounted to EUR 0,4 million (as at 31 March 2023: EUR 0,1 million). For further information refer to Note 4.1 of the Compensation Report.

4.16 Share capital and capital reserves

Share capital

The paid-in capital of KLINGELNBERG AG as at 31 March 2024 and the prior year was composed of 8.840.000 registered shares with a nominal value of CHF 5 each.

Capital reserves

The certification of the capital reserves as at 31 March 2020 has been available since 20 May 2021. According to the certificate, CHF 55.280.826,50 were recognized by the Swiss tax authorities. The certification did not include the reduction of the paid dividend in 2023/24 financial year. Considering this dividend (CHF 1,77 million), CHF 53.512.826,50 can be distributed tax-free in the future.

The statutory or legal reserves that may not be distributed are amounting to CHF 22.100.000.

5 Substantial information on the consolidated income statement items

5.1 Net sales from goods and services

EUR 000						2023/24
Service location						
Segments	Germany	Switzerland	Japan	USA	Rest of the world	Total
Bevel Gear	29.783	34.113	4.420	8.495	12.307	89.118
Cylindrical Gear	64.150	16.312	4.812	6.350	4.105	95.729
Measuring Centers	75.683	3.227	4.946	8.194	6.593	98.643
Drive Technology	17.177	0	0	0	37	17.214
Other	796	0	184	0	1.813	2.793
Total	187.589	53.652	14.362	23.039	24.855	303.497

EUR 000						2022/23
Service location						
Segments	Germany	Switzerland	Japan	USA	Rest of the world	Total
Bevel Gear	29.489	51.277	5.923	13.446	11.165	111.300
Cylindrical Gear	68.208	4.724	3.524	12.298	4.300	93.054
Measuring Centers	65.658	3.439	5.514	5.153	4.957	84.721
Drive Technology	15.033	0	0	0	35	15.068
Other	2.852	0	148	0	1.818	4.818
Total	181.240	59.440	15.109	30.897	22.275	308.961

For explanations regarding the segment reporting refer to Note 2.5.

5.2 Other operating income

The other operating income increased from EUR 9,5 million to EUR 13,0 million mainly because of higher income from flood-related payments (EUR 3,4 million).

5.3 Change in inventory of finished and unfinished goods as well as unbilled goods and services

The increase in finished goods and unfinished goods as well as unbilled goods and services (Note 4.4) in the 2023/24 financial year amounted to EUR 2,3 million (previous financial year: EUR -18,8 million). Overall, this resulted in an increase in total operating performance of EUR 15,7 million.

5.4 Personnel expense

Personnel expense amounted to EUR 114,4 million at the end of the current financial year, up EUR 14,2 million on the previous financial year. Wages and salaries including social benefits rose by EUR 12,3 million, which was mainly due to the increase in the number of employees (+84 FTEs) and the 5,2% tariff increase at KLINGELNBERG GmbH, as well as the early termination of the collective restructuring agreement due to the flooding (July 2021) on 01 May 2023. Furthermore, expenses for employee benefits increased by EUR 4,0 million due to the interest-related reversal of the previous financial year (refer to Note 4.15). At the same time, other personnel expense decreased by EUR 2,1 million, which was due to lower external personnel costs at KLINGELNBERG GmbH.

5.5 Other operating expense

In the financial year under review other operating expense decreased by EUR 1,8 million mainly incurred by lower freight costs (EUR 1,9 million).

In the financial year under review the largest positions of other operating expense were freight (EUR 7,1 million), travel and representation costs (EUR 6,7 million), maintenance expense (EUR 3,9 million), rent expense (EUR 3,2 million) and other administrative expenses (EUR 3,2 million).

5.6 Financial result

EUR 000	2023/24	2022/23
Interest expense (-)	-1.830	-1.222
Financial expense	-1.830	-1.222
Interest income (+)	387	180
Financial income	387	180
Currency translation difference and hedging expense	-11.957	-14.868
- Thereof unrealized	-10.526	-12.528
Currency gains	10.888	13.580
- Thereof unrealized	9.286	10.967
Foreign currency loss	-1.069	-1.288
Financial result	-2.512	-2.330

The interest costs for short-term financial liabilities increased due to the rise in market interest rates.

The negative foreign currency result was mainly due to the currency fluctuations of the CHF and USD against the EUR (Note 2.6).

5.7 Income taxes

EUR 000	2023/24	2022/23
Current tax expense	-4.250	-4.324
Deferred tax expense	-1.100	3.619
Tax expense recognized on the income statement	-5.350	-705

The average applied tax rate for the Group was 25,66% (as at 31 March 2023: 26,84%) and was calculated based on the local tax rates of each local company weighted in proportion to the local company's earnings before tax in the financial year. Deferred taxes were calculated based on the tax rates applicable in each country.

As in the last financial year, local changes in income tax rates had no significant impact on the effective income tax rate. The change in the effective income tax rate resulted from the varying profit situations of individual Group companies at different local tax rates.

The other effects were EUR 0,5 million (as at 31 March 2023: EUR 0,9 million) mainly derived from non-taxable transactions. In particular, the distribution of profits between the companies as well as tax additions in accordance with local legislation.

EUR 000	2023/24	2022/23
Profit before taxes	22.555	21.460
Average applied tax rate	25,66%	26,84%
Expected income tax expense	5.788	5.760
Effect of non-recognition of tax losses in current year	-898	-5.955
Other effects	460	900
Effective income tax expense	5.350	705
Effective income tax rate	23,72%	3,29%

5.8 Earnings per share

Basic earnings-per-share amounts were calculated by dividing net loss/profit for the year attributable to ordinary equity holders of the parent company by the average number of ordinary shares outstanding during the year.

EUR 000	2023/24	2022/23
Net profit	17.205	20.755
Average number of outstanding shares	8.840.000	8.840.000
Basic earnings per share (EUR)	1,95	2,35
Diluted earnings per share (EUR)	1,95	2,35

6 Additional information

6.1 Off-balance-sheet transactions

According to the takeover agreement of KLINGELNBERG GmbH/KLINGELNBERG Söhne GmbH & Co. Kommanditgesellschaft, KLINGELNBERG GmbH had an obligation to meet the expense of adjustments to the pensions of the retired employees of KLINGELNBERG Söhne GmbH & Co. Kommanditgesellschaft. In the financial year under review, the payments amounted to EUR 0,1 million (as at 31 March 2023: EUR 0) and was recognized in personnel expense.

Obligations due to operating leases – KLINGELNBERG Group as the lessee:

EUR 000	31.03.2024	31.03.2023
Up to 1 year	3.243	3.555
1 to 5 years	5.473	6.986
More than 5 years	18	0
Total obligations from operating leasing	8.734	10.541

This related mainly to the leasing of buildings used for operational purposes, motor vehicle and machine leasing, and office equipment leasing (rental).

No significant new rental or leasing contracts were concluded, so that the obligation will be reduced over the remaining term.

6.2 Transactions with related parties

EUR 000	2023/24	2022/23
Net sales from goods and services	1.457	1.603
Other operating income	63	28
Material expense	-5.693	-4.415
Other operating expense	-99	-221
Financial result	-10	-49
Total	-4.282	-3.054

Transactions with related parties included transactions with shareholders, joint ventures, and other related parties. The conditions did not significantly differ from those agreed with third parties.

6.3 Events after the balance sheet date

No significant events occurred after the balance sheet date. Events after the balance sheet date were considered until 19 June 2024. On this date, the financial statements were authorized for release by the Board of Directors.

Klingelberg AG
Zurich

Report of the statutory auditor
to the General Meeting

on the consolidated financial statements
2023/2024



Report of the statutory auditor

to the General Meeting of Klingelberg AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

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

In our opinion, the accompanying consolidated financial statements (pages 119 to 148) give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

Our audit approach

Overview



Overall Group materiality: EUR 1.5 million

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.

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

Revenue recognition of goods and services in the appropriate period

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

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to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Overall Group materiality	EUR 1.5 million
Benchmark applied	Net sales from goods and services
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is the appropriate benchmark, which the users of the financial statements use to evaluate the financial performance of the Group. It is also a generally accepted benchmark when profit varies greatly between accounting periods.

We agreed with the Audit Committee that we would report to them misstatements above kEUR 75 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

Following our assessment of the risk of material misstatement, we identified one reporting unit in Switzerland and one in Germany each which, in our view, require a full scope audit due to their size or risk characteristics. Additionally, we identified one reporting unit in the United States which requires an audit of specified accounts due to their size or risk characteristics. The concluded full scope and specified accounts audit work addressed over 85% of the Group's revenue. The remaining of the Group's revenue is contributed by smaller reporting units which are deemed insignificant. Where the audit work was performed by component auditors, we determined the level of involvement needed to supervise the audit procedures and understand the results relating to significant audit areas. Our instructions ensured an appropriate and a consistent audit was performed by the component auditors. Senior members of the Group audit team discussed with the component auditor the risks identified, challenged the audit approach in significant risk areas and reviewed the audit documentation as well as the audit reporting. Furthermore, the Group audit team performed analytical procedures to address the smaller reporting units.

Key audit matters

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



Revenue recognition of goods and services in the appropriate period

Key audit matter	How our audit addressed the key audit matter
Klingelberg Group recognizes net sales from goods and services in the period in which it transfers the risk and reward of ownership. In the financial year 2023/2024 total net sales from goods and services of EUR 303.5 million were recognized. A significant portion of the revenue is usually recognized during the second half of the Group's financial year. We consider revenue recognition in the appropriate period at year-end to be a key audit matter because of the complexity involved when assessing and adhering to the contractually agreed incoterms as well as due to usual intra-year seasonal trends, which, in our view, increase the risk of material misstatement in revenue recognition in the appropriate period. Please refer to the Group's accounting principles in note 2.20 and to note 5.1 'Net sales from goods and services' regarding the segment split.	We performed the following audit procedures to assess whether net sales from goods and services was recognized in the appropriate period: – We identified transactions occurring close to the balance sheet date and for the months of March 2024 and April 2024, tested, on a sample basis, whether revenue was appropriately recognized in the period in which the risk and reward of ownership was transferred. For the same sample, we assessed whether the revenue recognition was appropriate for the contractually agreed incoterms. We consider Management's approach to recognize revenue in the appropriate period at year-end to be reasonable.

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 EXPERT-suisse'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



Patrick Balkanyi
Licensed audit expert
Auditor in charge



Regina Spälti
Licensed audit expert

Zürich, 19 June 2024

The background of the entire page is a high-resolution photograph of industrial machinery. On the right side, a large, polished metal component, possibly a drill bit or a part of a lathe, is shown in sharp focus. It has a series of flutes and a threaded section. To the left, there are various mechanical parts, including what looks like a cutting tool or a sensor, with some green and red wires connected to it. The overall scene is a complex industrial environment with metallic surfaces and mechanical components.

Statutory Financial Statements of KLINGELNBERG AG

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Statutory balance sheet

CHF	Note	31.03.2024	31.03.2023
Assets			
Current assets			
Cash and cash equivalents		26.890	234.323
Receivables from goods and services from third parties	3.1	14.038.342	14.596.414
Receivables from goods and services from group companies	3.3	584.289	2.477.006
Other short-term receivables from third parties	3.2	2.546.327	2.193.769
Other short-term receivables from group companies	3.3	68.503.439	61.386.796
Inventories	3.4	2.760.719	3.165.980
Prepayments and accrued income		231.082	242.462
Total current assets		88.691.088	84.296.750
Non-current assets			
Tangible fixed assets		714.769	532.820
Investments	3.5	100.585.622	100.585.622
Intangible assets		3.309	2.410
Total non-current assets		101.303.700	101.120.852
Total assets		189.994.788	185.417.602

Statutory balance sheet

CHF	Note	31.03.2024	31.03.2023
Liabilities			
Current liabilities			
Short-term financial liabilities to third parties	3.6	46	44
Short-term financial liabilities to group companies		24.567.856	25.188.702
Payables from goods and services to third parties	3.7	1.096.558	1.097.429
Payables from goods and services to group companies		13.290.728	13.175.914
Derivative financial instruments		0	68.235
Other short-term liabilities to third parties	3.8	10.736.099	8.546.783
Other short-term liabilities to group companies	3.9	1.058.975	522.020
Accrued liabilities and deferred income		4.222.535	3.965.069
Short-term provisions		200.796	104.015
Total current liabilities		55.173.593	52.668.211
Non-current (long-term) liabilities			
Long-term provisions		820.821	392.200
Total non-current (long-term) liabilities		820.821	392.200
Total liabilities		55.994.414	53.060.411
Equity			
Share capital	2.10/3.10	44.200.000	44.200.000
Statutory capital reserves	3.11	53.763.150	55.531.150
- thereof reserves from capital contributions		53.763.150	55.531.150
Statutory retained earnings		36.037.224	32.626.041
- thereof amount brought forward from the previous year		30.858.041	28.982.900
- thereof net profit		5.179.183	3.643.141
Total equity		134.000.374	132.357.191
Total liabilities and equity		189.994.788	185.417.602

Statutory income statement

CHF	Note	2023/24	2022/23
Net sales from goods and services		58.162.822	67.430.432
Other operating income	4.1	5.136.638	1.087.007
Change in inventory of finished and unfinished goods as well as unbilled goods and services	4.2	-411.310	-2.403.265
Material expense	4.2	-43.395.501	-47.110.094
Personnel expense	4.3	-9.196.605	-8.220.558
Depreciation on tangible fixed assets		-116.653	-96.658
Amortization on intangible assets		-1.988	-8.528
Other operating expense	4.4	-8.631.389	-10.350.492
Operating result		1.546.014	327.844
Financial result	4.5	3.977.589	3.332.269
Profit before income taxes		5.523.603	3.660.113
Income taxes	4.6	-344.420	-16.972
Net profit		5.179.183	3.643.141

Notes to the financial statements

1 General information

KLINGELNBERG AG is a limited liability company under Swiss law and is incorporated and domiciled in Zürich, Switzerland. These financial statements were prepared according to the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). Where not already prescribed by law, the significant accounting policies applied are described below.

KLINGELNBERG AG reported its Consolidated Financial Statements based on the recognized standard (Swiss GAAP FER). In accordance with the legal provisions, it had decided not to provide notes on the audit fees, a cash flow statement or a report on the business situation.

2 Accounting principles

KLINGELNBERG AG's financial statements were prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations. The main accounting principles are described below.

2.1 Foreign currency translation

All assets and liabilities denominated in foreign currencies were translated according to the exchange rates as at the balance sheet date. Income and expenses denominated in foreign currencies and all foreign exchange transactions were translated at the monthly average exchange rates as at their respective transaction dates. Resulting foreign exchange differences were recognized in the income statement (financial result).

2.2 Cash and cash equivalents

Cash and cash equivalents included cash and bank balances. These were valued at market value.

2.3 Receivables from goods and services from third parties

Receivables from goods and services were recognized at nominal value. Individual impairment charges were applied to these items, while a general allowance of 20% (foreign) and 10% (domestic) was applied.

2.4 Other short-term receivables/liabilities from/to group companies

These positions contained euro cash-pool balances within the group. Participants of the euro cash-pool were all group companies with a significant transaction volume in Euro. Interest rates were applied at the market rate.

2.5 Inventories

Inventories were measured at the lower of acquisition or manufacturing cost and net realizable value. Production costs comprised all directly attributable material and manufacturing costs as well as indirect costs incurred to bring the inventories to their present location and get them into their current state. Acquisition and production costs were determined using the weighted average cost method. Net realizable value was the estimated proceeds from disposal minus estimated costs of production and selling expenses. Value adjustments were applied in cases of unsaleable inventory and inventory with low turnover rates.

2.6 Tangible fixed assets

Tangible fixed assets were measured at acquisition cost or production cost less accumulated depreciation. Depreciation was recognized on a straight-line basis over the following estimated useful life of the asset:

Machines and equipment: 10 years
Other tangible fixed assets: 3 to 10 years

2.7 Investments

Investments in subsidiaries were carried at historical cost less required impairments. An impairment was considered as soon as the net asset value of all investments falls below total carrying value. In order to evaluate the amount to be impaired, a recognized valuation method was used. Subsidiaries were consolidated as a group for valuation purposes due to their high economical and operational interdependence.

2.8 Revenue recognition

Revenue comprised all proceeds from the sale of the products of KLINGELNBERG AG. Revenue was calculated on the basis of the services rendered to clients as at the balance sheet date. Revenue was recognized when the amount of the proceeds can be reliably determined, when it was sufficiently probable that the economic benefits from the sale will flow to KLINGELNBERG AG and the risk and reward of ownership was transferred.

2.9 Accrued expenses

Provisions were made when a legal or constructive obligation had arisen from past events as at the reporting date, the discharge of funds to fulfill this obligation was probable and a reliable estimate of the amount of the obligation was possible. The amount of the provision depended on the expected cash outflow to cover the obligation.

2.10 Share capital

The paid-in capital of KLINGELNBERG AG as at 31 March 2024 was composed of 8.840.000 registered shares with a nominal value of CHF 5 each (no changes to the previous financial year).

3 Substantial information on the balance sheet items

3.1 Receivables from goods and services from third parties

CHF	31.03.2024	31.03.2023
Receivables from goods and services (gross)	17.518.346	17.984.289
Receivables from joint ventures	16.696	10.025
Value adjustments	-3.496.700	-3.397.900
Receivables from goods and services	14.038.342	14.596.414
Thereof:		
- not due and due up to 90 days	13.938.740	14.550.643
- overdue more than 90 days	99.602	45.771

3.2 Other short-term receivables from third parties

The position mainly included refunds from VAT declarations from Germany and Switzerland in the amount of CHF 1,9 million (as at 31 March 2023: CHF 1,6 million).

3.3 Other short-term receivables/financial liabilities/payables from goods and services from/to group companies

The cash pool account of KLINGELNBERG GmbH increased from CHF 61,4 million to CHF 68,5 million in the 2023/24 financial year.

At the same time, receivables from goods and services decreased from CHF 2,5 million to CHF 0,6 million.

3.4 Inventories

CHF	31.03.2024	31.03.2023
Work in progress	2.812.143	3.223.453
Value adjustments	-51.424	-57.473
Inventories	2.760.719	3.165.980

3.5 Investments

As at 31 March 2024, KLINGELNBERG AG held the following investments:

Company, head office	Currency	Capital	Share of capital and voting rights	
			31.03.2024	31.03.2023
KLINGELNBERG GmbH, Hückeswagen, Germany	EUR	15.338.755	100%	100%
KLINGELNBERG (France) SAS, Saint Germain en Laye, France	EUR	215.000	100%	100%
KLINGELNBERG Imexma SA, Barcelona, Spain	EUR	750.000	100%	100%
KLINGELNBERG Italiana Srl., Milano, Italy	EUR	80.000	100%	100%
KLINGELNBERG (Japan) Ltd., Yokohama, Japan	JPY	50.000.000	100%	100%
KLINGELNBERG Mexico S.A. de C.V., Queretaro, Mexico	MXN	500.000	100%	100%
The KLINGELNBERG Corporation, Cincinnati, Ohio, USA	USD	254	100%	100%
KLINGELNBERG India Private Ltd., Pune, India	INR	27.700.000	100%	100%
KLINGELNBERG do Brasil, Sao Paulo, Brazil	BRL	3.950.000	99%	99%
DKSH KLINGELNBERG Service Ltd., Shanghai, China *	CNY	5.393.815	50%	50%

* Joint venture consolidated at equity

3.6 Short-term financial liabilities to third parties

As at 31 March 2024 the existing line of credit was, as in the previous financial year, unused.

3.7 Payables from goods and services to third parties

CHF	31.03.2024	31.03.2023
Payables from goods and services	896.764	987.022
Payables from joint ventures	199.794	110.407
Payables from goods and services to third parties	1.096.558	1.097.429
Thereof:		
- not due and due up to 90 days	1.093.462	1.090.732
- overdue more than 90 days	3.096	6.697

3.8 Other short-term liabilities to third parties

Other short-term liabilities included advance payments from customers, salaries and wages, commissions and taxes/social-insurance withholdings. The advance payments received increased from CHF 8,1 million to CHF 10,0 million and the provision increased by CHF 0,3 million to CHF 0,5 million. Other liabilities remained at the previous financial year's level.

3.9 Other short-term liabilities to group companies

As in the previous financial year, these included only down payments received.

3.10 Share capital

The paid-in capital of KLINGELNBERG AG as at 31 March 2024 was composed of 8.840.000 registered shares with a nominal value of CHF 5 each (no changes to the previous financial year).

3.11 Statutory capital reserves

As at 31 March 2024, the Company had CHF 53,8 million (as at 31 March 2023: CHF 55,5 million) of reserves from capital contributions, of which CHF 53,6 million (as at 31 March 2023: CHF 55,3 million) had been recognized as such by the Swiss tax authorities. The reduction of CHF 1,8 million resulted from the distribution in August 2023 (further details Note 4.16 of the Consolidated Financial Statements).

4 Substantial information on the income statement items

4.1 Other operating income

In the 2023/24 financial year, after lengthy negotiations, an insurance reimbursement of CHF 3,9 million was obtained from the reinsurance policy of KLINGELNBERG AG for the flood damage in July 2021 (Hückeswagen/Germany). In addition, this position included income of back charges about CHF 1,2 million (as at 31 March 2023: CHF 1,1 million).

4.2 Material expense/change in inventory of finished and unfinished goods as well as unbilled goods and services

Due to the decrease in sales, the cost of materials decreased accordingly from CHF 47,1 million to CHF 43,4 million, while the materials ratio increased from 72,4% to 75,1%.

4.3 Personnel expense

The change compared with the previous financial year was due to various factors:

- The changed composition and associated changes to the fees of the Board of Directors. Reference is made to Note 5 of the Compensation Report.
- A general wage increase of 2%.

4.4 Other operating expense

Other operating expenses included in particular rent expense, legal and consulting fees, travel and representation expense, freight charges, commissions, patent cost, capital tax and other expenses. The decrease was mainly due to the general valuation allowances by CHF 1,5 million. Other costs were in line with sales.

4.5 Financial result

CHF	2023/24	2022/23
Interest expense (-)	-984.979	-621.738
Interest income (+)	3.003.120	2.232.196
Financial income	2.018.141	1.610.458
Currency translation difference and hedging expense	-8.748.636	-11.950.808
Currency gains	8.076.342	11.163.635
Foreign currency loss	-672.294	-787.173
Investment income	2.631.743	2.508.984
Financial result	3.977.590	3.332.269

The change in interest expense and interest income was due to the general increase in interest rates. The floating of the EUR/CHF exchange rate was responsible for the foreign currency loss. Income from investments related to dividends from subsidiaries.

4.6 Income taxes

In the previous financial year, the tax expense included withholding tax and tax on profits. In the current financial year, the loss carryforward was taken into account to reduce the current taxes. Furthermore, in the 2023/24 financial year, the item included tax refunds from previous financial years of CHF 0,2 million.

Capital tax was reported under other operating expenses (Note 4.4) in the same way as in the Consolidated Financial Statements.

5 Additional information

5.1 Employees

The number of full-time equivalents (FTEs) did not exceed 50 as an annual average (no changes to the previous financial year).

5.2 Lease liabilities

Operating leases applied mainly to vehicles and building rents.

CHF	31.03.2024	31.03.2023
Up to 1 year	1.373.538	1.402.756
1 to 5 years	4.073.538	5.447.075
More than 5 years	0	0
Total operating lease liabilities	5.447.076	6.849.831

5.3 Pension fund obligations

As at 31 March 2024, as well as at the end of the previous financial year, there were no liabilities to the occupational pension fund due.

5.4 Increase of hidden reserves

During the period under review, hidden reserves increased by CHF 0,1 million (prior financial year: CHF 1,6 million), in line with the general value adjustments for receivables from goods and services from third parties (Note 3.1).

5.5 Guarantees

KLINGELNBERG AG, as the parent company, had taken over joint liability for different subsidiaries and their bank contracts. The contracts were concluded in EUR and CHF. The conversion into CHF was made at the closing rate.

CHF 000	31.03.2024	31.03.2023
Guarantees and pledges to group companies in favor of third parties	95.269	87.626
Guaranteed maximum amount	95.269	87.626
Thereof utilized	55.894	63.194

5.6 Contingent liabilities

At the end of the financial year under review, there were no contingent liabilities (no changes to the previous financial year).

5.7 Significant shareholders

An overview can be found in section 3.1 of the Corporate Governance report.

5.8 Compensations

Compensations paid to the members of the Board of Directors and the Executive Committee are disclosed in section 5 of the Compensation Report.

5.9 Shareholdings of members of the Board of Directors and Executive Management

Only shares of the active members of the Board of Directors and Executive Management acting for KLINGELNBERG Group on the respective year-end date are shown, otherwise this is shown as n/a.

Number of shares

	31.03.2024	31.03.2023
Jan Klingelberg, CEO	20.000	20.000
Christoph Küster, CFO	1.000	1.000
Philipp Kannengießer, COO	2.000	2.000
Dr. Jörg Wolle, Member of the Board of Directors/Chairman	224.414	224.414
Kalina Scott, Member of the Board of Directors	1.500	0
Roger Baillod, Member of the Board of Directors, (BoD until August 2023)	n/a	1.500
Prof. Dr. Michael Hilb, Member of the Board of Directors	1.000	1.000

4.294.349 shares were held by JK Invest AG (before name change: KLINGELNBERG Luxembourg A.G.) The shares of this Company were directly and indirectly held by Jan Klingelberg. In the previous financial year, 4.000 shares were jointly registered as a group due to an agreement with JK Invest AG (before name change: KLINGELNBERG Luxembourg A.G.) on exercising of voting rights.

5.10 Events after the balance sheet date

No significant events occurred after the balance sheet date. Events after the balance sheet date were considered until 19 June 2024. On this date, the financial statements were authorized for release by the Board of Directors.

Appropriation of retained earnings

Proposal by the Board of Directors for the appropriation of retained earnings:

CHF	31.03.2024	31.03.2023
Amount brought forward from prior year	30.858.041	28.982.900
Net profit	5.179.183	3.643.141
Statutory retained earnings	36.037.224	32.626.041
Distribution	-2.210.000	-1.768.000
To be carried forward	33.827.224	30.858.041

Proposal of the Board of Directors for the appropriation of legal capital contribution reserves:

CHF	31.03.2024	31.03.2023
Capital contribution reserves	53.763.150	55.531.150
Withholding tax free distribution	-2.210.000	-1.768.000
To be carried forward	51.553.150	53.763.150

The Board of Directors will propose to the Annual General Meeting on 20 August 2024 to pay out a dividend of CHF 0,50 per registered share. The Board of Directors will propose to distribute half of the dividend from the legal capital reserve and half from the profit carried forward.

In the previous financial year, a dividend of CHF 0,40 per registered share was paid out according to the decision of the Annual General Meeting on 22 August 2023.

Klingelberg AG

Zurich

Report of the statutory auditor
to the General Meeting

on the financial statements 2023/2024



Report of the statutory auditor

to the General Meeting of Klingelnlberg AG

Zurich

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying financial statements (pages 155 to 167) 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 430'000



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

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

- Valuation of investments in subsidiaries
- Revenue recognition of goods and services in the appropriate period

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Materiality

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

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

Overall materiality	CHF 430'000
Benchmark applied	Net sales from goods and services
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is the appropriate benchmark, which the users of the financial statements use to evaluate the financial performance of the Group. It is also a generally accepted benchmark when profit varies greatly between accounting periods.

We agreed with the Audit Committee that we would report to them misstatements above CHF 21'500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

Key audit matters

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

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
The balance sheet item 'Investments' amounts to CHF 100.6 million as of 31 March 2024. We consider the valuation of investments in subsidiaries to be a key audit matter due to the significance of the balance (52.9% of total assets). An impairment of investments in subsidiaries could have a significant impact on the equity of the company.	With regard to the valuation of investments in subsidiaries, we performed the following audit procedures: – We assessed the appropriateness of Management's applied valuation approach; – We challenged Management's considerations for applying portfolio valuation; – We tested the mathematical accuracy of the impairment assessment prepared by Management;



Investments in subsidiaries are carried at historical cost less required impairments. Management considers an impairment as soon as the total net asset value falls below total carrying value. In order to evaluate the amount to be impaired, a recognised valuation method is used.

Due to the high economic and operational interdependence of subsidiaries, Management considers the aggregation of the investments in subsidiaries as a group for valuation purposes to be appropriate.

Please refer to the accounting principles for 'Investments' in note 2.7 as well as the details of investments held in note 3.5.

– We compared the current year's business results with Management's prior period forecasts in order to assess in retrospect the accuracy of Management's forecasting process.

We consider Management's approach to assess the valuation of investments to be reasonable.

Revenue recognition of goods and services in the appropriate period

Key audit matter

Klingelberg AG recognizes revenue from goods and services in the period in which it transfers the risk and reward of ownership. In the financial year 2023/2024 total net sales from goods and services of CHF 58.2 million were recognized.

A significant portion of the revenue is usually recognized during the second half of the Company's financial year. We consider revenue recognition in the appropriate period to be a key audit matter because of the complexity involved when assessing and adhering to the contractually agreed incoterms as well as due to standard intra-year seasonal trends, which, in our view, increase the risk of material misstatement in revenue recognition in the appropriate period.

Please refer to the company's accounting principles in note 2.8.

How our audit addressed the key audit matter

We performed the following audit procedures to assess whether revenue from goods and services was recognized in the appropriate period:

– We identified transactions occurring close to the balance sheet date and for the months of March 2023 and April 2023 tested, on a sample basis, whether revenue was appropriately recognized in the period in which the risk and reward of ownership were transferred. For the same sample, we assessed whether the contractually agreed incoterms were in agreement with the revenue recognition;

We consider Management's approach to recognize revenue in the appropriate period at year-end to be reasonable.

Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of 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.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of the legal capital reserve comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



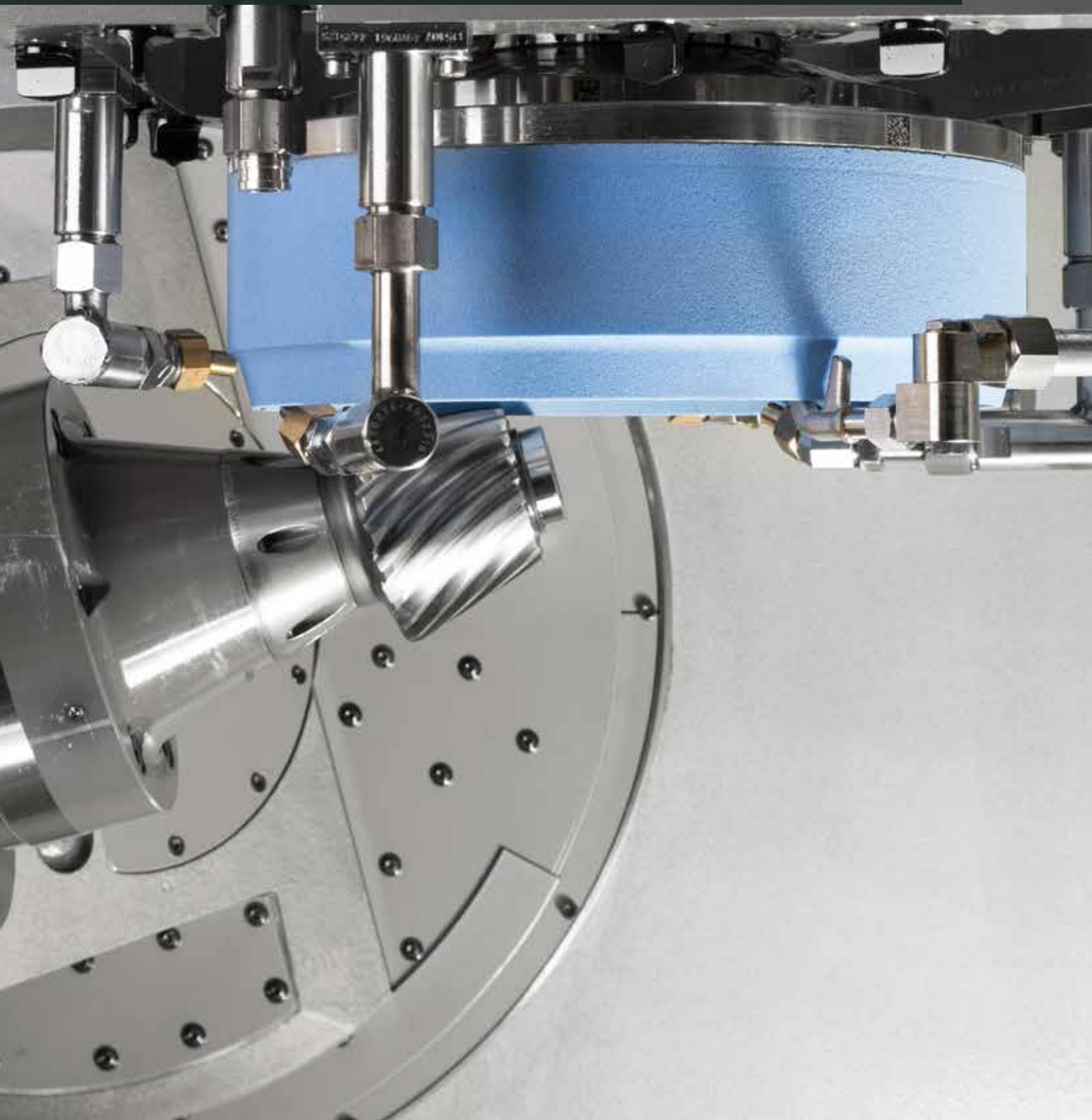
Patrick Balkanyi
Licensed audit expert
Auditor in charge



Regina Spälti
Licensed audit expert

Zürich, 19 June 2024

Alternative Performance Measures



Alternative Performance Measures

In addition to the key figures defined or specified in the Swiss GAAP FER financial reporting framework, KLINGELNBERG also provides key financial ratios derived from or based on the prepared financial statements. These are known as Alternative Performance Measures (APM).

KLINGELNBERG considers these key financial ratios to be important supplemental information for investors and other readers of the financial reports. The key financial ratios should therefore be seen as an addition to and not a replacement of the information prepared in accordance with Swiss GAAP FER.

With regard to the requirements of the SIX Swiss Exchange guidelines on Alternative Performance Measures (APM), KLINGELNBERG provides an overview of the Alternative Performance Measures used, their definition and their compilation:

EBITDA:

Earnings before interest, income tax, depreciation and amortization (EBITDA) as a subtotal includes the operating result plus depreciation on tangible fixed assets and amortization on intangible assets.

EUR 000	2023/24	2022/23
(1) Operating result	25.067	23.790
(2) Depreciation on tangible fixed assets	-4.865	-3.956
(3) Amortization on intangible assets	-275	-367
EBITDA (1) - (2) - (3)	30.207	28.113

EBIT:

The operating result (Swiss GAAP FER) excluding non-operating and extraordinary results.

EUR 000	2023/24	2022/23
Operating result	25.067	23.790

Total Operating Performance:

Total operating performance is the sum of net sales from goods and services and change in inventory of finished and unfinished goods as well as unbilled goods and services.

EUR 000	2023/24	2022/23
(1) Net sales from goods and services	303.497	308.961
(2) Change in inventory of finished and unfinished goods as well as unbilled goods and services	2.292	-18.844
Total operating performance (1) + (2)	305.789	290.117

Gross Profit:

Gross profit is the sum of total operating performance and material expense.

EUR 000	2023/24	2022/23
(1) Total operating performance	305.789	290.117
(2) Material expense	-130.748	-125.790
Gross profit (1) + (2)	175.041	164.327

Materials Ratio:

The materials ratio is derived from the division of material expense by total operating performance.

EUR 000	2023/24	2022/23
(1) Total operating performance	305.789	290.117
(2) Material expense	-130.748	-125.790
Materials ratio (-2) / (1)	42,8%	43,4%

Personnel Expense Ratio:

The personnel expense ratio is derived from the division of personnel expense by total operating performance.

EUR 000	2023/24	2022/23
(1) Total operating performance	305.789	290.117
(2) Personnel expense	-114.350	-100.114
Personnel expense ratio (-2) / (1)	37,4%	34,5%

Other Operating Expense Ratio:

The other operating expense ratio is derived from the division of other operating expense by total operating performance.

EUR 000	2023/24	2022/23
(1) Total operating performance	305.789	290.117
(2) Other operating expense	-44.499	-46.260
Other operating expense ratio (-2) / (1)	14,6%	15,9%

Ratio of Research and Development Expenses:

Research and development expenses divided by net sales from goods and services.

EUR 000	2023/24	2022/23
(1) Net sales from goods and services	303.497	308.961
(2) Research and development expenses	-26.197	-24.736
Ratio of research and development expenses (-2) / (1)	8,6%	8,0%

Net Debt:

The sum of financial liabilities (long- and short-term) less cash and cash equivalents.

EUR 000	31.03.2024	31.03.2023
(1) Short-term financial liabilities	30.392	31.964
(2) Long-term financial liabilities	13.396	18.516
(3) Cash and cash equivalents	16.506	8.718
Net debt (1) + (2) - (3)	27.282	41.762

Free Cash Flow:

Cash flow from operating activities plus cash flow from investing activities.

EUR 000	31.03.2024	31.03.2023
(1) Cash flow from operating activities	23.486	15.703
(2) Cash flow from investing activities	-7.315	-17.580
Free cash flow (1) + (2)	16.172	-1.877

Financial Calendar



Dates in the coming financial year

20.06.2024	Publication of figures for the financial year ending 31 March 2024
20.08.2024	Annual General Meeting 2023/24
21.11.2024	Publication of results for the half-year ending 30 September 2024



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