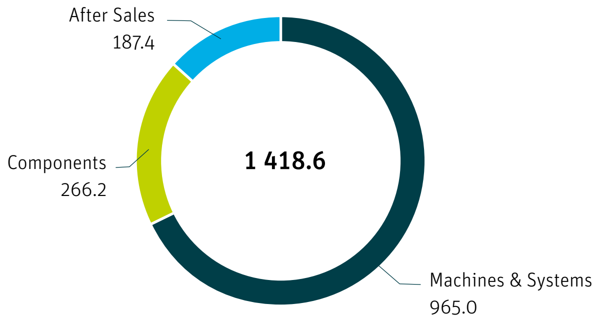
Annual Report

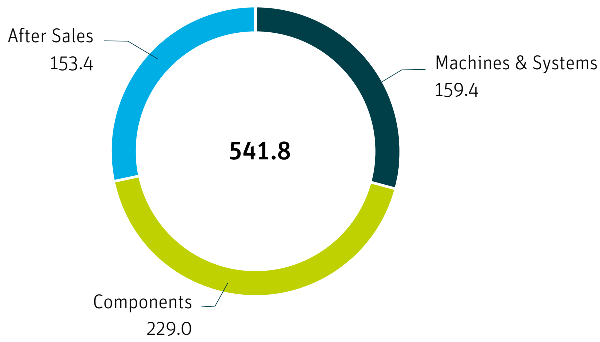
23

RIETER AT A GLANCE

Sales by Business Group
CHF million



Order Intake by Business Group
CHF million



CHF million	2022	2023	Difference
Order intake[1]	1 157.3	**541.8**	–53%
Sales	1 510.9	**1 418.6**	–6%
EBITDA[1]	85.0	**160.4**	89%
– in % of sales	5.6	**11.3**	
EBIT before restructuring and impairment[1]	32.1	**156.3**	387%
– in % of sales	2.1	**11.0**	
EBIT[1]	32.2	**101.7**	216%
– in % of sales	2.1	**7.2**	
Net profit	12.1	**74.0**	512%
– in % of sales	0.8	**5.2**	
Capital expenditure[1]	46.7	**41.2**	–12%
Net debt[1]	–285.6	**–191.2**	33%
Dividend per share (in CHF)[2]	1.50	**3.00**	100%
Equity ratio in %[1]	23.4	**28.8**	23%
Number of employees (excluding temporaries)[1]	5 629	**5 081**	–10%

[1] Definition in Alternative Performance Measures on page 74/75
[2] Motion of the Board of Directors on page 137

Bernhard Jucker
Chairman of the Board of Directors

Thomas Oetterli
Chief Executive Officer

DEAR SHAREHOLDER

The Rieter Group closed the 2023 financial year with slightly lower sales of CHF 1 418.6 million (2022: CHF 1 510.9 million), down 6% on the previous year. In line with expectations, the order intake of CHF 541.8 million was considerably below the prior year period (2022: CHF 1 157.3 million). In a challenging business environment, Rieter generated an EBIT margin of 7.2%. Implementation of the “Next Level” performance program to increase profitability is proceeding according to plan.

SALES BY BUSINESS GROUP

The Business Group Machines & Systems recorded sales of CHF 965.0 million, a decrease of 7% compared to the previous year (2022: CHF 1 034.7 million). In the Business Group Components, sales fell to CHF 266.2 million, down 12% from the prior year period (2022: CHF 303.5 million). The Business Group After Sales recorded sales of CHF 187.4 million, 9% higher than the previous year (2022: CHF 172.7 million).

ORDER INTAKE

In line with expectations, the order intake of CHF 541.8 million in 2023 was considerably below the previous year (2022: CHF 1 157.3 million). As already reported, the market situation is characterized by investment restraint due to geopolitical uncertainties, higher financing costs and consumer reticence in important markets. Rieter recorded higher demand in the second half of 2023. However, project commitments have not yet materialized.

ORDER BACKLOG

At the end of 2023, the company had an order backlog of about CHF 650 million (December 31, 2022: CHF 1 540 million).

EBIT, NET PROFIT AND FREE CASH FLOW

Profit at the EBIT level in the year under review was CHF 101.7 million (2022: CHF 32.2 million), which represents an EBIT margin of 7.2%. This significant improvement was mainly due to falling logistics costs, higher margins on the order backlog and lower production costs. EBIT also includes the non-recurring profit of CHF 72.5 million from the sale of land in Winterthur, as well as restructuring costs and impairment losses of CHF -54.6 million, primarily attributable to the “Next Level” performance program.

Rieter closed the 2023 financial year with a net profit of CHF 74.0 million (2022: CHF 12.1 million). This represents an increase of 512% compared to the previous year.

Free cash flow amounted to CHF 118.7 million (2022: CHF -98.6 million), mainly due to proceeds from the sale of land in Winterthur (CHF 89.1 million) and operating performance. Thanks to this positive free cash flow, net debt was significantly reduced to CHF 191.2 million (2022: CHF 285.6 million). As of December 31, 2023, Rieter had liquid funds of CHF 135.9 million (2022: CHF 176.1 million).

The equity ratio as of December 31, 2023, was 28.8%, mainly due to the reduced working capital and lower financial debt (previous year's reporting date 23.4%).

"NEXT LEVEL" PERFORMANCE PROGRAM ON TRACK

Rieter is working diligently to implement the measures set out in the "Next Level" performance program. This includes strengthening sales excellence, sharpening customer focus, and improving efficiency and quality in production.

Rieter is also pursuing growth in the after sales and components business in order to achieve a more balanced mix between the business groups. At the same time, the transfer of resources and responsibilities to India and China is intended to enable the key markets to be more agile in responding to customer needs and cycles in the machinery business.

Overhead structures were optimized, and production capacities were adjusted substantially in the 2023 financial year. The closure of the Ingolstadt site was almost complete by the end of the reporting year.

INNOVATION PROGRAM

At ITMA 2023 in Milan (Italy) and in Shanghai (China), Rieter presented solutions in the areas of digitization, automation and the circular economy. The new air-jet spinning machine J 70 made its debut at ITMA and met with great interest from customers. In the 2023 financial year, Rieter invested around CHF 76.8 million or around 5.4% of Group sales in research and development.

NEW CAMPUS IN WINTERTHUR

The sale process for the Rieter site in Winterthur (Switzerland) was successfully completed. The land, with a total area of approximately 75 000 m^2, was sold to Allreal Group for CHF 96 million.

Rieter will move into the Campus as its new corporate headquarters in Winterthur in summer 2024. The company is concentrating its expertise in this innovation hub, which houses the most modern Spin Center of its kind. The focus of development is on automation, digitization and artificial intelligence, in order to allow Rieter customers to fully exploit the potential of their spinning mills.

DIVIDEND

The Board of Directors proposes to the shareholders the distribution of a dividend of CHF 3.00 per share for 2023. This corresponds to a payout ratio of 18.2%. In view of the net debt of CHF 191.2 million and the equity ratio of 28.8%, the motion of the Board of Directors for the appropriation of retained earnings is in line with Rieter's responsible dividend policy, which is based on a solid balance sheet structure.

SUSTAINABILITY

For the first time, the topic of sustainability is an integral part of the 2023 Annual Report. The report on non-financial matters highlights the progress Rieter has made in addressing environmental, social and corporate governance issues.

Further significant progress was made, especially in relation to the environmental goals in the "Planet" area, including greenhouse gas emissions, waste and recycling. In the "People" area, Rieter recorded improvements in social sustainability by increasing the proportion of women in management and in occupational safety.

BOARD OF DIRECTORS AND ANNUAL GENERAL MEETING

At the 132nd Annual General Meeting held on April 20, 2023, the shareholders approved all motions proposed by the Board of Directors. The Chairman of the Board, Bernhard Jucker, and the Directors, Hans-Peter Schwald, Peter Spuhler, Roger Baillod, Carl Illi, Sarah Kreienbühl and Daniel Grieder were confirmed for a further one-year term of office. Thomas Oetterli was newly elected to the Board of Directors for a term of office. The members of the Remuneration Committee who were standing for election – Hans-Peter Schwald, Bernhard Jucker and Sarah Kreienbühl – were likewise re-elected for a one-year term of office.

The Board of Directors of Rieter Holding AG proposes to the shareholders the election of Thomas Oetterli as the new Chairman of the Board. He will continue in his role as CEO of the Rieter Group. The dual mandate is an interim measure to ensure the sustainable implementation of the "Next Level" performance program. Roger Baillod, member of the Board of Directors since 2016 and Vice Chairman since 2022, is to be named as Lead Independent Director from the 2024 Annual General Meeting. Together with the Board of Directors, Roger Baillod will continue to use his many years of experience to ensure good corporate governance.

Having reached retirement age, Bernhard Jucker will not stand for re-election at the 2024 Annual General Meeting. Bernhard Jucker has been a member of the Board of Directors since 2016 and Chairman of the Board of Rieter Holding AG since 2017. With his valuable expertise and great commitment, he has been highly instrumental in shaping the fortunes of the company. The Rieter Board of Directors expresses its heartfelt thanks to Bernhard Jucker for his outstanding achievements in the strategic management and development of the company.

OUTLOOK 2024 WITH SALES OF AROUND CHF 1 BILLION

Markets remain under pressure from the economic slowdown, high inflation rates and noticeably dampened consumer sentiment. Customers are reluctant to place orders due to financing challenges. The first signs of a recovery in the 2024 financial year have emerged in the key markets of China and India. Rieter expects demand to increase in the coming months.

For the full year 2024, Rieter anticipates sales in the region of CHF 1 billion and a positive EBIT margin of up to 4%.

THANK YOU

Once again, we would like to thank our customers for the trust they have placed in us and for their constructive cooperation. We owe the excellent results achieved in the year under review to the high level of motivation, commitment and flexibility of our employees. Our special thanks and appreciation go out to them. Last but not least, we would like to thank you, our valued shareholders, for the high level of confidence you continue to place in our company.

Winterthur, March 12, 2024

B. Jucker

Bernhard Jucker Chairman of the Board of Directors	Thomas Oetterli Chief Executive Officer

RIETER GROUP

Rieter is the world's leading supplier of systems for manufacturing yarn from staple fibers in spinning mills. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and man-made fibers and their blends into yarns in the most cost-efficient manner. Cutting-edge spinning technology from Rieter contributes to sustainability in the textile value chain by minimizing the use of resources. Rieter has 18 production locations in ten countries and employs a global workforce of around 5 100, about 16 percent of whom are based in Switzerland.

Rieter is a strong brand with a long tradition. For more than 225 years, Rieter's innovative momentum has been a powerful driving force for progress in the spinning mill industry. The main focus is the efficiency of the customer's yarn production, that means spinning efficiently with a minimum use of resources. Therefore, Rieter makes an important contribution to the sustainable production of textiles.

With a global sales and service organization, Rieter is well positioned as market leader in the global competitive environment.

For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. With this in mind, Rieter seeks to maintain continuous growth in sales and profitability throughout the investment cycle in the textile industry.

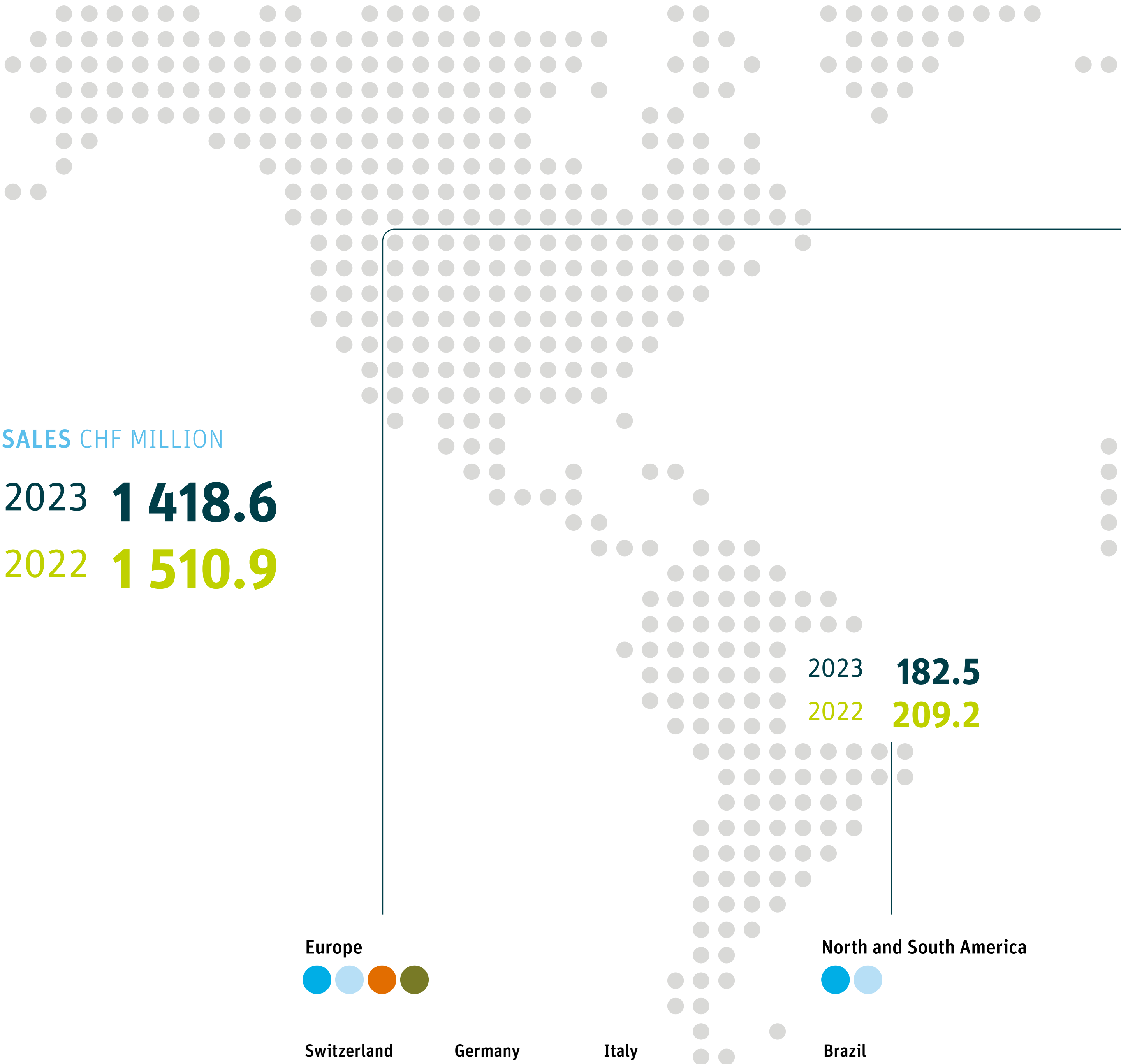
The company comprises three business groups: Machines & Systems, Components and After Sales.

RIETER GROUP

SALES CHF MILLION

2023 **1 418.6**

2022 **1 510.9**



2023 **182.5**

2022 **209.2**

Europe

Switzerland
Winterthur (HQ)

Pfäffikon
Rapperswil
Wädenswil

Belgium
Stembert

Germany
Hammelburg
Heinsberg
Ingolstadt
Münster
Süssen

France
Wintzenheim

Italy
Galbiate

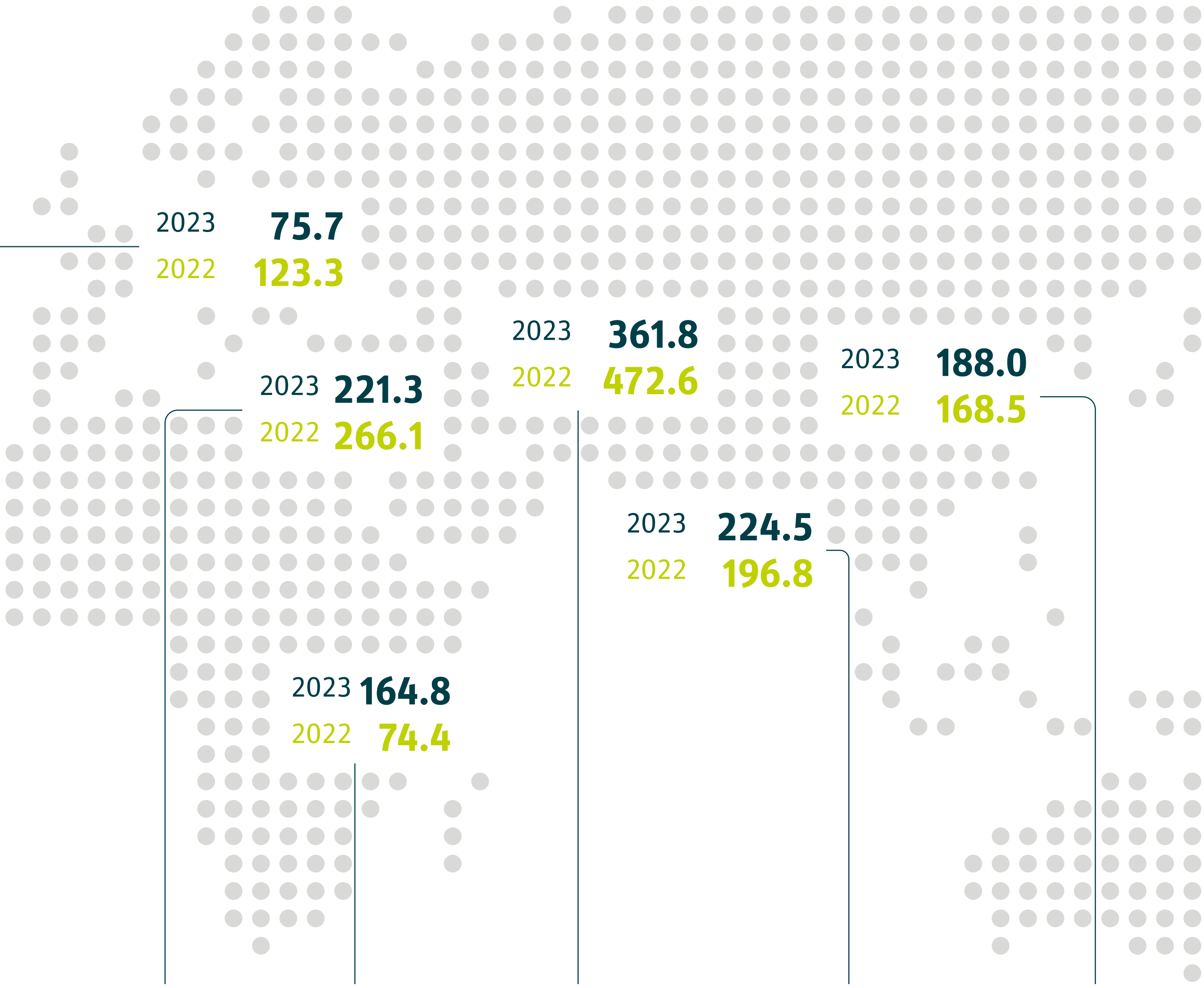
Netherlands
Enschede

Czech Republic
Boskovice
Ústí nad Orlicí

North and South America

Brazil
São Paulo

USA
Spartanburg



Türkiye

Istanbul

Africa

Asian countries[1]

Taiwan, China
Taipei

Uzbekistan
Tashkent

[1] without China, India and Türkiye

India

Wing

China

Changzhou
Hong Kong
Zhongshan

Sales/Agents · Service · Production · Research & Development

INNOVATION IS PART OF THE COMPANY'S DNA

Rieter has been synonymous with pioneering innovations in spinning machinery for more than 225 years. Ongoing investment in Research & Development (R&D) and extensive technological expertise enable the development of sustainable products for the textile industry. Thanks to long-standing customer relationships, Rieter has a deep understanding of market needs and the ability to anticipate and drive trends in the fields of digitization, artificial intelligence, automation or the circular economy.

In terms of digitization, Rieter is successful with ESSENTIAL, the spinning mill management system, among other solutions. The Rieter Digital Spinning Suite connects all machines, auxiliary equipment and operational management systems in one or more spinning mills and provides key figures for process optimization.

Automation solutions from Rieter enable optimum utilization of resources in the spinning mill. Employees are freed from repetitive tasks so that they can focus on more important activities. The piecing robot ROBOspin, for example, efficiently repairs yarn breaks on ring and compact-spinning machines. As a result, the robot reduces the manpower required for the final spinning process and significantly lowers labor costs. In addition, ROBOspin works around the clock with consistently high productivity (see page 19).

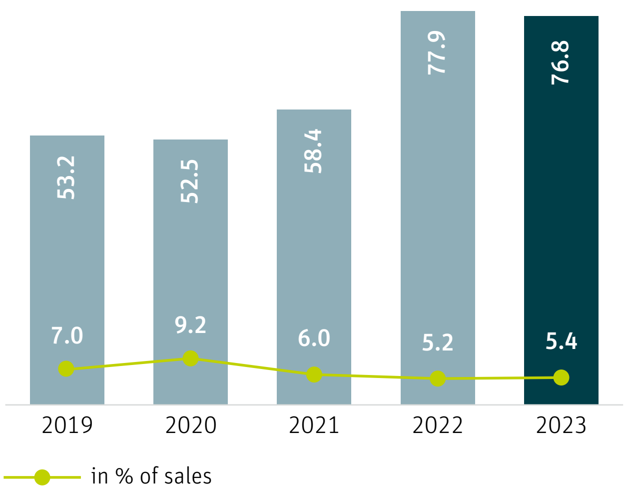
In spinning mills, too, the focus is increasingly on the circular economy. This is why, in addition to the well-known rotor spinning system, Rieter also offers a ring spinning system specifically for processing mechanically recycled fibers. Moreover, Rieter enters into targeted partnerships with textile manufacturers to develop new solutions in this area. Thus, since 2023, Rieter has been working with the Spanish company Recover, which specializes in the production of environmentally friendly recycled cotton fibers and cotton fiber blends.

To further advance its innovation efforts, the Rieter Group collaborates with top research institutes and other leading companies that complement its own expertise. Universities act as incubators for the technologies of the future. One of the tasks of the R&D team at Rieter is the further development of university research projects into solutions that are suitable for use in industry.

Accordingly, in conjunction with the Johann Jacob Rieter Foundation, the company is supporting an Endowed Professorship for Industrial Artificial Intelligence at the ZHAW School of Engineering in Switzerland. Other projects are being carried out in cooperation with ETH Zurich (recycling) and the German Institute for Fiber Research in Denkendorf (reduction of the CO_2 footprint), among others.

Rieter's R&D department focuses on the development and commercialization of technologies that are of strategic importance for the company's future growth. Rieter invests a significant portion of its revenue in this area every year. In the 2023 financial year, around CHF 76.8 million, or around 5.4 percent of Group sales, was invested in this area. As at December 31, 2023, the Rieter Group employs around 5 100 people, including around 460 employees in R&D.

R&D expenses
CHF million



HIGH-QUALITY YARN MADE FROM RECYCLED FIBERS

As fashion brands commit to sustainability, the demand for recycled yarns continues to increase. Spinning mills are taking advantage of Rieter's recycling technology and expertise to meet the growing demand. In this way, the principles of the circular economy are being introduced into the textile industry.

The perception of yarn as a commodity that can be produced cheaply and in any place is changing. To meet their own sustainability goals, global brands are increasingly focusing on the yarn production process. Spinning mills and their upstream processes are at the center of efforts to establish a circular economy in the textile industry. Intensive research is helping to improve the quality of yarns made of recycled fibers and the products made from them.

Technical innovation for mechanically recycled fibers
Recycled fibers will play an important role in the fiber mix of the future. In contrast to fibers from chemical recycling, fibers from mechanical recycling are already available for use in spinning mills today. In recent years, Rieter's research has helped to improve the quality of yarns made from recycled fibers. Processing, however, continues to be a challenge. Residual, unopened yarn and fabric remnants, the high short fiber content and the high number of neps (fiber knots) reduce the quality of the end products.

New approaches for high-quality recycled ring yarn
The focus of current developments is on ways to improve the quality of fine ring and compact yarn from recycled fiber blends. The combed spinning process for blends of raw and recycled cotton allows for a high recycled fiber content while significantly improving yarn quality. Trials at Rieter's Spin Center and with Rieter customers show that it is possible to double the proportion of recycled fibers in the yarn from 20 to 40 percent while halving yarn imperfections. The resulting noils can then be spun into recycled rotor yarns. The use of both spinning processes makes it possible to optimize the use of recycled fibers according to their fiber length, which is also very attractive from an economic point of view.

Strong partnerships for successful research
Rieter is working with fiber producers to better understand and optimize the spinability of recycled fibers. For chemically recycled fibers, the company works with Birla, an established viscose producer in India, and for mechanically recycled fibers with Recover, a producer of recycled cotton fibers based in Spain. Rieter collaborates with ETH Zurich on research into recycling technologies. The company is researching the subject of the ecological footprint in conjunction with the German Institute for Fiber Research in Denkendorf.

Doubling the proportion of recycled fibers in the yarn to 40 percent: trials at Rieter's Spin Center in Winterthur, Switzerland.

SMART TECHNOLOGY FOR REAL-TIME OPTIMIZATION

At ITMA 2023 in Milan, Italy, Rieter presented a new technology portfolio that helps spinning mills to improve their competitive position. The combination of intelligence and engineering performance strengthens the systems approach. Cost savings, quality improvements and efficiency gains help customers capture more market opportunities and produce more economically.

On the opening day, CEO Thomas Oetterli welcomed an interested trade audience and media representatives to the presentation of Rieter's latest innovations. The technology portfolio presented at ITMA 2023 focuses on the competitiveness of Rieter's customers.

One of Rieter's visions is the complete digitization of spinning mills so that they can develop their full potential and reach new levels of performance. Customers had the opportunity to discover groundbreaking innovations. Another important theme was automation. As a systems supplier, Rieter knows the automation and logistics requirements of spinning mills inside out and offers state-of-the-art solutions. Thus, Rieter uses artificial intelligence to optimize the yarn manufacturing process – for example in fiber preparation. Rieter's textile expertise is also the basis for innovations in the field of recycling.

The highlight of the Rieter stand was the new air-jet spinning machine J 70. Roger Albrecht, Head of the Business Group Machines & Systems, presented Rieter's latest innovation on the opening day. It enables spinning mills to minimize production costs per kilogram of yarn. Unique yarn properties and high productivity will contribute to strong growth in the air-jet spinning segment in the coming years.

Digitization increases the efficiency of spinning mills

System integration with intelligent technology from Rieter makes an important contribution to optimizing production in real time. The new ESSENTIALoptimize module of the Rieter Digital Spinning Suite brings the digital technologist to the spinning mill. ESSENTIAL links machine performance and events, revolutionizing process optimization. As a result, spinning mills benefit from maximum raw material yield and more economical yarn production.

Automation for higher performance

A shortage of skilled labor, consistent yarn quality and high machine efficiency are priority areas for spinning mills worldwide.

Automation facilitates higher performance with fewer resources. ROBOspin is the industry's first fully automatic piecing robot. It was shown for the first time on a compact-spinning machine at ITMA 2023.

Artificial intelligence optimizes yarn production

The new high-performance card C 81 harnesses the potential of artificial intelligence. Cutting-edge sensor technology provides an optimum carding gap and monitors the trash content in real time. With high production rates and outstanding sliver quality, the card C 81 gives spinning mills a strong position in the market.

Rieter's textile expertise for recycling

Sustainable yarns made from recycled fibers are in high demand and attracted a large number of visitors to the recycling corner. The high proportion of short fibers makes the spinning of recycled cotton fibers an extremely challenging task. The Com4recycling spinning system is proof of Rieter's technological leadership. The Rieter system enables recycled cotton fibers to be spun into fine ring and compact yarns with a remarkable 40 percent mechanically recycled fiber content in the yarn.

A completely new draw frame generation ensures maximum quality, productivity and efficiency, even when processing recycled fibers. Innovations guarantee stable running performance for all raw materials and production speeds. The high sliver quality is the ideal prerequisite for the production of high-quality yarns.

Joint presentation of all Rieter brands

The joint presentation of the three Business Groups, Machines & Systems, Components and After Sales, gave customers the opportunity to gain a comprehensive picture of Rieter's broad portfolio. The subsidiaries Accotex, Bräcker, Graf, Novibra, SSM, Suessen and Temco presented their key components that make the difference in the profitability of spinning mills. Accotex and Temco exhibited at an ITMA trade fair for the first time.

SSM presented the Thread King III, the third generation of the well-known sewing thread winding machine. It reaches the shortest doffing cycle time on the market, up to 40 percent faster than the previous model. Other benefits include small footprint and low power consumption.

Live on-site presentations with online streaming
Experts from Rieter's Business Groups presented the innovations in a live demonstration on site and simultaneously online in the Rieter Virtual World. The high number of registrations reflected the worldwide interest.

The new machines were presented in detail during these live sessions, including the high-performance card C 81, the Autoconer automatic winding machine X6 and the air-jet spinning machine J 70, which repaired a deliberately induced yarn break fully automatically. The rotor spinning machine R 70 demonstrated its ability to process different raw materials simultaneously. The presentation of the new Ring-Winder-Connect module was also impressive: if poor quality yarn is detected, an LED immediately indicates the corresponding position on the ring spinning machine. The result is a reduction in operator workload and an increase in efficiency.

At the investor event, bank representatives and analysts were given an in-depth look at these Rieter innovations before visiting the Rieter stand to see for themselves.

The overall success of the show was reflected in the reservation lists for all new machines, which were fully booked within a few days.

CEO Thomas Oetterli during the live transmission on the opening day.


Roger Albrecht, Head of the Business Group Machines & Systems, at the unveiling of the new air-jet spinning machine J 70.

NEW AIR-JET SPINNING MACHINE J 70: HIGHEST EFFICIENCY, MAXIMUM FLEXIBILITY

Premiere at ITMA 2023: The new air-jet spinning machine J 70 attracted great interest from visitors at the show and online. As a result, Rieter's experts were in great demand following the presentation of this innovation.

Autonomous spinning units are the highlight of the machine. Each spinning position is individually automated and independently repairs yarn breaks. Therefore, it is autonomous from the robot. This enables the highest efficiency and maximum flexibility.

The production cost per kilogram of yarn is determined by fiber yield and energy consumption. The J 70 sets new standards: It produces up to 50 percent less waste than its competitors. At the same time, it uses three percent less electrical energy per kilogram of yarn and requires five percent less air pressure. These are compelling arguments at a time when raw material and energy costs are rising and sustainability is increasingly important.

The machine demonstrated its advantages during the live presentations. Newly developed technology components ensure its unsurpassed delivery speed of 600 m/min. It is extremely user-friendly: each spinning unit has its own touch screen and a wide-opening housing facilitates handling.

The J 70 can produce packages for dyeing directly on the machine. This eliminates the need for costly rewinding before and after the dyeing process, which also has a positive effect on yarn quality. After dyeing, the packages go directly to the downstream processes.

The revolutionary double-sided air-jet spinning machine J 70 offers maximum flexibility with up to 200 autonomous spinning units. It is proof of Rieter's technological leadership.

Delivery speeds up to 600 m/min: the new air-jet spinning machine J 70

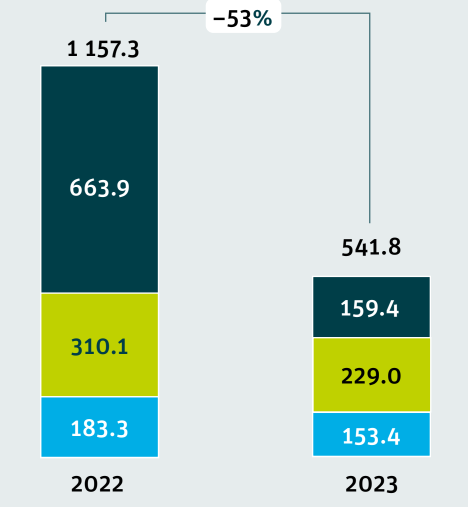
BUSINESS GROUPS MACHINES & SYSTEMS, COMPONENTS AND AFTER SALES

Sales
CHF million

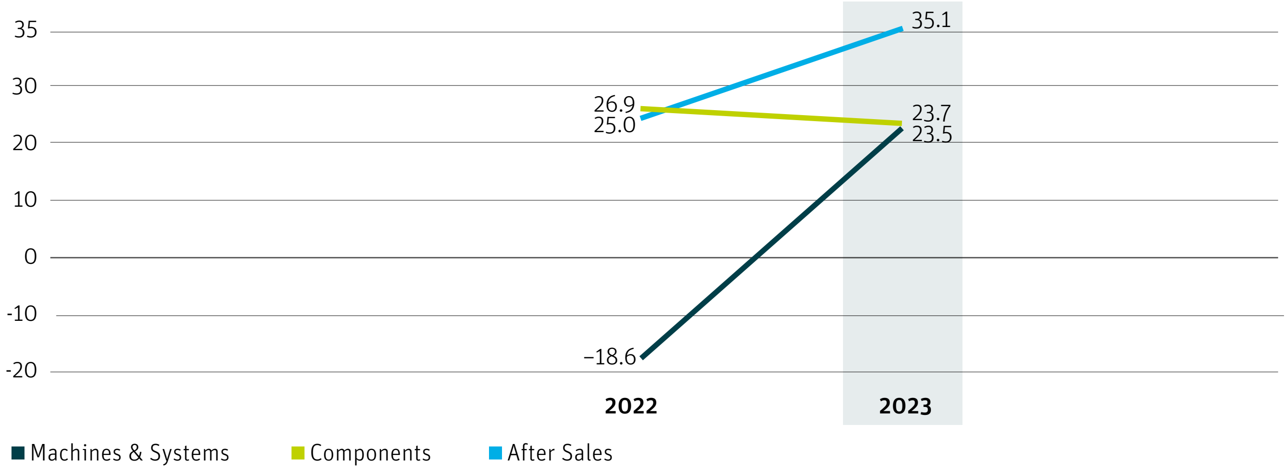
	2022	2023	
Machines & Systems	1 034.7	965.0	–7%
Components[1]	303.5	266.2	–12%
After Sales	172.7	187.4	9%

[1] Sales including subcontracting to the Business Group Machines & Systems: CHF million 383.6 (2022: CHF million 427.9)

Order intake
CHF million

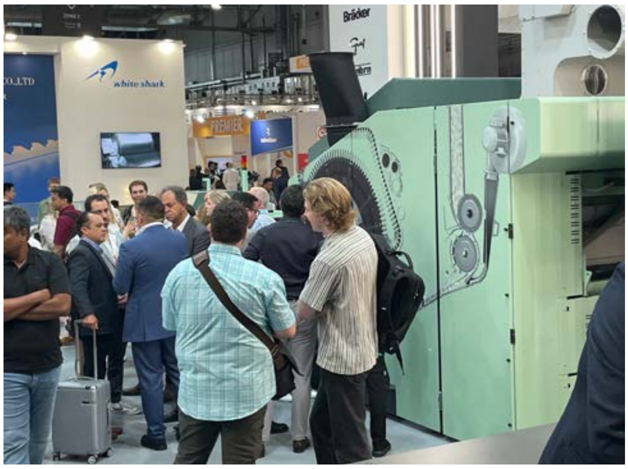


EBIT before restructuring and impairment
CHF million



ENERGY-EFFICIENT FOR INCREASED PRODUCTIVITY

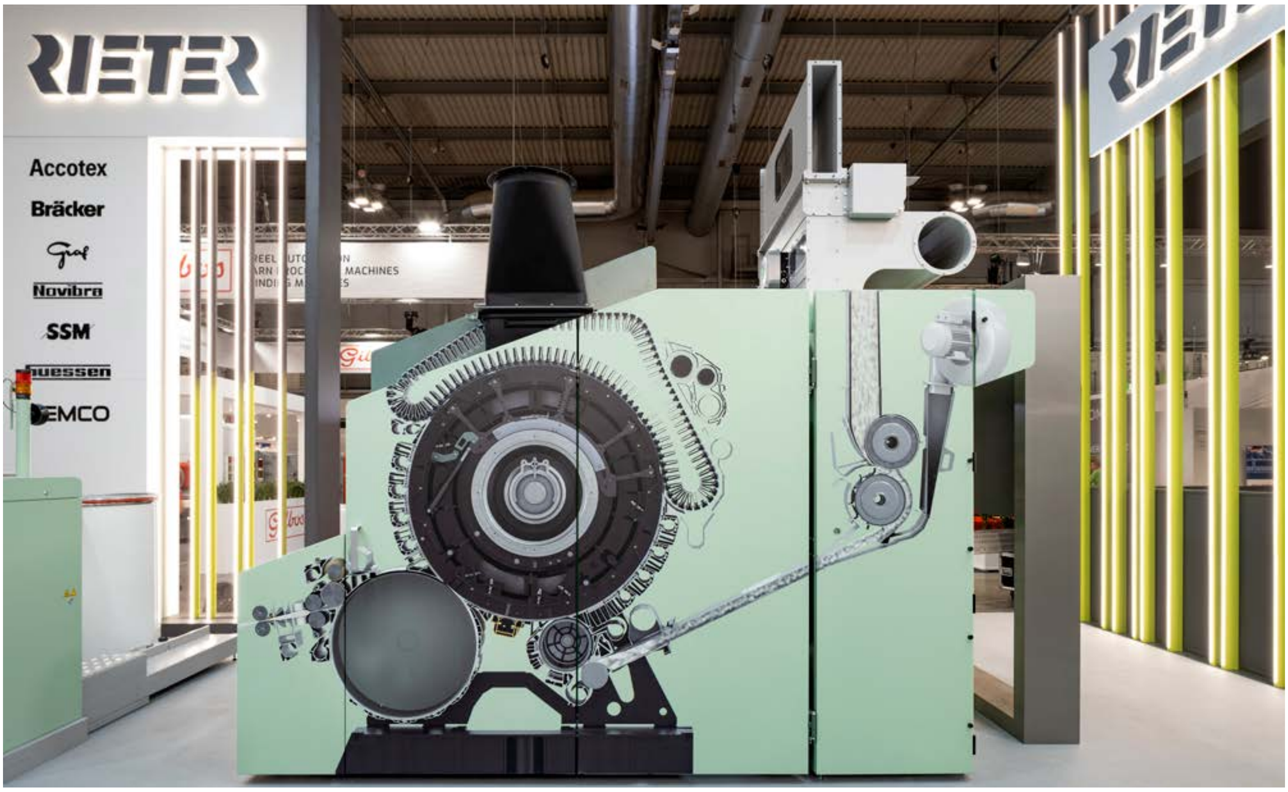
The Business Group Machines & Systems recorded only a slight decline in sales in the 2023 reporting year thanks to deliveries of machines from the high order backlog. The reporting period was characterized by a high level of investment restraint on the part of customers. This is due to continued high inflation and financing costs, as well as the anticipation of new developments that were showcased at ITMA 2023.



One of the most eagerly awaited innovations on the Rieter stand was the new high-performance card C 81. Its high productivity minimizes energy costs for spinning mills. To optimize raw material utilization, the sensors monitor trash content and carding quality in real time.

The carding gap is critical for the quality of the sliver produced. The card adjusts the gap so finely that literally not even a sheet of paper will fit in between. Contactless monitoring also takes into account the operating temperature and ensures an optimal carding gap at all times.

The card C 81 produces up to 40 percent more card sliver than any other card on the market, with a two percent better raw material yield and excellent sliver quality. Ideal for producers who want to reduce the energy consumption of their spinning mills, the card C 81 offers an optimized waste air evacuation system and energy-efficient drives.



The card C 81 offers the largest active carding area on the market.

THE PERFECT COMBINATION OF EFFICIENCY AND SUSTAINABILITY

The Business Group Components recorded lower sales and order intake in the 2023 reporting year. Price increases largely offset inflationary cost increases. This was mitigated by the below-average level of capacity utilization at the spinning mills. Demand for consumables, wear & tear and spare parts remained weak during the reporting year.

In an economic environment characterized by rising energy and raw material costs, machines that deliver savings in these areas are of particular interest. SSM presented the third generation of the Thread King sewing thread winding machine at ITMA 2023. It combines efficiency and sustainability, thus offering customers double the added value. The previous model already had the fastest doffing cycle on the market, and the Thread King III shortens this by a further 40 percent. Overall, the precision winding machine is 15 percent faster than its predecessor model. It allows customers to produce more sewing thread for the same amount of time and energy.

A highlight is the machine’s length measurement: the Thread King III is so accurate that customers can reduce the safety margin of their wound packages by up to 50 percent. This saves approximately one percent of raw material. The result is cost reduction and resource conservation. The Thread King III contributes to sustainability in other ways too: for one thing, it requires less compressed air, which saves energy. In addition, its improved lubrication system can use water-based lubricants, reducing the need for chemicals.

The automatic opening of the slit-drum is unique. It simplifies yarn threading and spindle cleaning in daily operation. SSM demonstrated this feature to visitors at the show and to the online audience via the Rieter Virtual World platform. The drum stops automatically after a yarn break. As soon as the operator opens or closes the safety doors, the slit-drum also opens or closes automatically. The drum also stops automatically to protect the operators if the safety door is opened during operation.

Efficient, sustainable, space-saving and cost-effective: the Thread King III was a clear highlight on the Rieter stand at ITMA 2023.

Exact length measurement: the precision winding machine Thread King III from SSM

PIECING ROBOT ROBOSPIN – ALSO AVAILABLE FOR COMPACT-SPINNING MACHINES

The Business Group After Sales successfully increased sales in 2023 reporting year. The impact of inflation on costs was largely offset by corresponding price adjustments. Demand for spare parts declined in the second half of 2023 due to continued below-average capacity utilization of spinning mills.

The Business Group After Sales offers products and services that enable Rieter customers to improve the efficiency and effectiveness of their spinning mills. The fully automated piecing robot ROBOspin is one answer to rising raw material, energy and labor costs.

The average length of a ring or compact-spinning machine on the market is around 70 meters. If a yarn breaks during spinning or doffing, spinning mill personnel have to walk long distances to the affected spinning position. This is where automated solutions are most needed.

ROBOspin, the first fully automated piecing robot, has been proving its worth since its market launch in 2019. It is now being used successfully on ring spinning machines in countries such as the USA, Türkiye and India. At ITMA 2023, Rieter announced that ROBOspin is now also available for new and existing installations of compact-spinning machines.

ROBOspin delivers a leap in productivity and consistent quality in piecing. This improves spinning unit efficiency, reduces raw material waste, ensures higher productivity and reduces labor costs. Employees can focus on more important activities and resources are optimized.

With ROBOspin, Rieter is the pioneer in the automation of the piecing process for ring and compact spinning and the only supplier to have achieved this level of automation on an industrial scale.

Now also available for compact-spinning machines: the ROBOspin piecing robot

CORPORATE GOVERNANCE

As a corporate Group with an international scope that is committed to creating long-term value, the Rieter Group maintains high standards of corporate governance and pursues a transparent information policy vis-à-vis its stakeholders. Transparent reporting forms the basis for trust.

The Articles of Association of Rieter Holding Ltd. and the regulations governing the organization of the company constitute the basis for the contents of the chapter "Group structure and shareholders". Reporting by Rieter conforms to the corporate governance guidelines issued by the SIX Swiss Exchange and the pertinent commentaries thereto. Unless otherwise stated, the data refer to December 31, 2023. All information is updated regularly on the website at: www.rieter.com/investor-relations.

Some data refer to the financial section of this Annual Report. The remuneration report can be found on pages 64 to 71 of the Annual Report.

1 GROUP STRUCTURE AND SHAREHOLDERS

Group structure

Rieter Holding Ltd. is a company incorporated under Swiss law, with registered office in Winterthur, and as a holding company directly or indirectly controls all companies that are members of the Rieter Group. Some 34 companies worldwide were members of the Rieter Group on December 31, 2023. A list of the companies included in the scope of consolidation of Rieter Holding Ltd. can be found on page 103. The management organization of the Rieter Group is independent of the legal structure of the Group and the individual companies.

Significant shareholders

On December 31, 2023, Rieter was aware of the following shareholders with more than three percent of all voting rights in the company:

- Credit Suisse Funds AG, with 3.004%;
- PCS Holding AG, Frauenfeld, Switzerland, with 33.12%;
- BigPoint Holding AG, Cham, Switzerland, with 7.64%;
- Rieter Holding Ltd., Winterthur, Switzerland, with 3.01%.

- Cleared shares 17.27%.

Refer to page 136 for details of these holdings.

All notifications of shareholders with more than three percent of all voting rights in the company have been reported to the Disclosure Unit of the SIX Swiss Exchange Ltd. and published via its electronic publication platform at:
www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html.

Cross-holdings

There are no cross-holdings in which the capital or voting interests exceed the three percent limit.

2 CAPITAL STRUCTURE

Share capital
On December 31, 2023, the share capital of Rieter Holding Ltd. totaled CHF 23 361 815. It is divided into 4 672 363 fully paid, registered shares with a par value of CHF 5.00 each. The shares are listed on the SIX Swiss Exchange (securities code 367144; ISIN CH0003671440; Investdata RIEN). Rieter's market capitalization on December 31, 2023, was CHF 404.7 million. Each share entitles the holder to one vote at the general meeting of shareholders.

Capital band
The company has a capital band of between CHF 22 193 725 (lower limit) and CHF 25 697 995 (upper limit). Within the capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times, and in any amount, until April 20, 2028, or until the capital band expires earlier, or to acquire or sell shares directly or indirectly. The capital increase or reduction may be effected by issuing up to 467 236 fully paid registered shares with a par value of CHF 5.00 each, or by canceling up to 233 618 registered shares with a par value of CHF 5.00 each, or by increasing or decreasing the par value of the existing registered shares within the limits of the capital band.

In the event of a capital increase, the Board of Directors determines the number of shares, the issue price, the type of contribution (including cash payment, contribution in kind, set-off and conversion of reserves or retained earnings into share capital), the issue date, the conditions for exercising subscription rights and the start of dividend entitlement. The Board of Directors may issue new shares by means of a firm underwriting by a bank or other third party and a subsequent offer to existing shareholders. The Board of Directors is authorized to restrict or preclude trading in subscription rights. The Board of Directors may allow unexercised subscription rights to lapse, or place them or the shares for which subscription rights have been granted but not exercised at market conditions, or otherwise use them in the interest of the company.

The Board of Directors is also authorized to withdraw or limit the subscription rights of shareholders and to allocate subscription rights to individual shareholders or third parties:
a) for acquiring companies, parts of companies or investments in companies, or for financing or refinancing such transactions, or financing new investment projects by the company; or
b) for the purpose of broadening the shareholder structure in certain financial or investor markets, for the participation of strategic partners, or in connection with the listing of the shares on domestic or foreign stock exchanges.

If the share capital is reduced within the scope of the capital band, the Board of Directors will, if necessary, determine the appropriation of the amount of the reduction.

Convertible bonds and options
Rieter Holding Ltd. has no outstanding convertible bonds or shareholders' options.

Participation certificates and dividend-right certificates
Rieter Holding Ltd. has neither participation certificates nor dividend-right certificates in issue.

BOARD OF DIRECTORS

Peter Spuhler
Member of the Board of Directors

Member of the strategy and sustainability committee

Bernhard Jucker
Chairman of the Board of Directors

Chairman of the strategy and sustainability committee, member of the remuneration committee as well as the nomination committee

Roger Baillod
Vice Chairman of the Board of Directors

Chairman of the audit committee

Hans-Peter Schwald
Member of the Board of Directors

Member of the audit committee, the remuneration committee as well as the nomination committee

Thomas Oetterli
Member of the Board of Directors

Member of the strategy and sustainability committee

Carl Illi
Member of the Board of Directors

Member of the audit committee as well as the strategy and sustainability committee

Sarah Kreienbühl
Member of the Board of Directors

Chairwoman of the remuneration committee as well as the nomination committee

Daniel Grieder
Member of the Board of Directors

Member of the strategy and sustainability committee

BOARD OF DIRECTORS

Peter Spuhler
(1959)
Member of the Board of Directors

Swiss national

Independent member

First election to Board
Member of the Board of Directors since 2009

Educational and professional background
Owner of Stadler Rail AG, Bussnang, until IPO in April 2019; largest shareholder (40%) since IPO; Group CEO a. i. from May 2020 until December 31, 2022.

Other activities and interests
Chairman of the Board at Stadler Rail AG, Bussnang (and several other companies of the Stadler Rail Group), at PCS Holding AG, Frauenfeld, at Aebi Schmidt Holding AG, Frauenfeld, at Rana Aps AG, Warth-Weiningen; Vice Chairman at DSH Holding AG, Warth-Weiningen; member of the Board of Directors at Allreal Holding AG, Baar, at European Loc Pool AG, Frauenfeld, at Sönmez Transformer Company (STS), Dilovasi, at Florhof Immobilien AG, Zurich, at Chesa Sül Spelm AG, Frauenfeld; member of the Supervisory Board at Robert Bosch GmbH, Stuttgart; member of the Executive Committee at Swissmem, Zurich; member of the Executive Committee and Vice President at LITRA, Berne; member of the Board of Trustees at Tele D, Diessenhofen; member of the Swiss federal parliament (Nationalrat) from October 1, 1999 to December 31, 2012.

Committees
Member of the strategy and sustainability committee.

Executive/non-executive
Non-executive.

Bernhard Jucker
(1954)
Chairman

Swiss national

Independent member

First election to Board
Member of the Board of Directors since 2016; Chairman since 2017

Educational and professional background
Master of Science in Electrical Engineering, ETH Zurich; member of the Group Executive Committee ABB Ltd. from 2006 to June 2017; from 2006 to 2015 President Power Products Division ABB Ltd.; from 2016 to June 2017 President Europe Region ABB Ltd; Chairman of the Board of Directors of ABB Germany from 2006 until March 2021.

Other activities and interests
None.

Committees
Chairman of the strategy and sustainability committee, member of the remuneration committee as well as the nomination committee.

Executive/non-executive
Non-executive.

Roger Baillod
(1958)
Vice Chairman

Swiss national

Independent member

First election to Board
Member of the Board of Directors since 2016; Vice Chairman since 2022

Educational and professional background
Degree in Business Economics FH, certified Public Accountant; Professional Board Member since 2017; from 2006 to 2016 Chief Financial Officer and member of the Group Management of Bucher Industries AG.

Other activities and interests
Vice Chairman of the Board of Directors of Ed. Geistlich Söhne AG, Schlieren, as well as member of the Board of Directors of Geistlich Pharma AG, Wolhusen; Chairman of the Board of Directors of BKW AG, Berne.

Committees
Chairman of the audit committee.

Executive/non-executive
Non-executive.

Hans-Peter Schwald
(1959)
Member of the Board of Directors

Swiss national

Independent member

First election to Board
Member of the Board of Directors since 2009

Educational and professional background
Lic. iur. HSG; lawyer; senior partner in the legal practice of BianchiSchwald LLC, Berne, Geneva, Lausanne and Zurich.

Other activities and interests
Chairman of the Board, Autoneum Holding AG, Winterthur; Vice Chairman of the Board, Stadler Rail AG, Bussnang (and several other companies of the Stadler Rail Group); Chairman of the Board, VAMED Management and Service Switzerland AG, Zihlschlacht, and Chairman of the Swiss VAMED rehabilitation clinics; Chairman, AVIA Association of independent Swiss importers and suppliers of energy products, Cooperative, Zurich; member of the Board of Directors of other Swiss stock corporations.

Committees
Member of the audit committee, the remuneration committee as well as the nomination committee.

Executive/non-executive
Non-executive.

Thomas Oetterli
(1969)
Member of the Board of Directors

Swiss national

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First election to Board
Member of the Board of Directors since 2023

Educational and professional background
Lic. oec., University of Zurich; Rieter Management AG, Winterthur, Chief Executive Officer and member of the Group Executive Committee of the Rieter Holding Ltd., Winterthur, since 2023; Nokera Group, Rüschlikon, CEO, 2022; Schindler Group, Ebikon, CEO, from 2016 to 2022; Schindler Group China, Shanghai, CEO, from 2013 to 2016; Schindler Europe North & East, Ebikon, President, from 2010 to 2013; Schindler Schweiz, Ebikon, Managing Director, from 2006 to 2009; Schindler Germany, Berlin, CFO, from 2003 to 2006; C. Haushahn Aufzüge GmbH & Co. KG, Stuttgart, Managing Director, from 2002 to 2003; Haushahn Group, Stuttgart, CFO, from 2000 to 2001.

Other activities and interests
SFS Group, Heerbrugg, Chairman of the Board of Directors and member of the Nomination and Compensation Committee; Hoffmann SE, Munich, member of the Supervisory Board; Swissmem, Zurich, member of the Council.

Committees
Member of the strategy and sustainability committee.

Executive/non-executive
Executive.

Carl Illi
(1961)
Member of the Board of Directors

Swiss national

Independent member

First election to Board
Member of the Board of Directors since 2017

Educational and professional background
Lic. oec. HSG; co-owner of CWC Textil AG Group, Zurich, since 2014; Chairman of the Board of Directors of CWC Textil AG, Zurich, and Swisstulle AG, Münchwilen, since 2009.

Other activities and interests
Chairman of Swiss Textiles – Swiss Textile Federation, Zurich, since June 2017; member of the Board of Directors of the Swiss Textile College, Zurich, since 2014; Chairman of the Swiss Association of Textile Specialists, Reinach, from 1999 to 2011; member of the Board Committee of economiesuisse, Zurich, since September 2020.

Committees
Member of the audit committee as well as the strategy and sustainability committee.

Executive/non-executive
Non-executive.

Sarah Kreienbühl
(1970)
Member of the Board of Directors

Swiss and French national

Independent member

First election to Board
Member of the Board of Directors since 2022

Educational and professional background
Lic. phil. I, University of Zurich; member of the Management Board, Chief Human Resources Officer of Kühne+Nagel International AG, with additional responsibility for the Group's Environmental, Social and Governance (ESG) as well as the Quality, Health, Safety and Environment (QSHE) strategy, since 2023; member of the Executive Board of the Federation of Migros Cooperatives, including Head Human Resources and Corporate Communications of Migros Group, from 2018 to 2022; Group VP Corporate Human Resources of Sonova Group, from 2004 to 2017, including Group VP Corporate Communications, from 2012.

Other activities and interests
President of the Swiss Management Society.

Committees
Chairwoman of the remuneration committee as well as the nomination committee.

Executive/non-executive
Non-executive.

Daniel Grieder
(1961)
Member of the Board of Directors

Swiss national

Independent member

First election to Board
Member of the Board of Directors since 2022

Educational and professional background
HWV; CEO HUGO BOSS AG, Metzingen (Germany) since June 2021; various positions at PVH from 2010 to 2020, most recently as Global CEO Tommy Hilfiger and CEO PVH Europe; various roles with Tommy Hilfiger from 2004; management of own sales agency from 1985 to 2004, also active for Tommy Hilfiger from 1997.

Other activities and interests
Owner of Fountain Holding SA, Brissago

Committees
Member of the strategy and sustainability committee.

Executive/non-executive
Non-executive.

3 BOARD OF DIRECTORS

Members of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors of Rieter Holding Ltd. consists of at least five and at most nine members. Thomas Oetterli was appointed CEO on March 12, 2023 and was also elected to the Board of Directors at the 2023 Annual General Meeting. No other member of the Board of Directors serves in an executive capacity. All other directors are independent in accordance with the Swiss Code of Best Practice for Corporate Governance.

The management structure within the Board of Directors is reviewed periodically.

Group Secretary

Thomas Anwander, lic. iur., General Counsel of Rieter Holding Ltd., has been Secretary to the Board of Directors since 1993; he is not a member of the Board of Directors.

Election and term of office

Each person elected to the Board of Directors serves a term of office of one year. Nominations for election to the Board of Directors are made with due regard for the balanced composition of this body. Consideration is given to industrial expertise, particularly in the machine building and textile industries, international management and professional experience, as well as various aspects of diversity. Rieter aims to increase the share of women on the Board of Directors to 30 percent with effect from the Annual General Meeting in 2024.

Directorships outside the Group

No member of the Board of Directors may hold more than 15 other directorships, no more than five of which may be with listed companies. This restriction does not apply to the following:

a) directorships with companies controlled by the Group,
b) directorships held by a member of the Board of Directors by order of the Group or companies controlled by it,
c) directorships with companies that do not qualify as companies within the meaning of Art. 727 para. 1(2) CO,
d) directorships with non-profit associations and foundations as well as employee welfare foundations.

Directorships within the meaning of c) and d) are limited to 20.

Internal organization

The Board of Directors is responsible for the overall management of the Rieter Group and the group companies. It exercises a supervisory function over the persons who have been entrusted with the management of the business. It takes decisions on all transactions assigned to it by law, the Articles of Association and the management regulations. It draws up the Annual Report, makes preparations concerning the Annual General Meeting and makes the necessary arrangements for implementation of the resolutions adopted at the Annual General Meeting.

The Board of Directors has the following decision-making authority:

- Composition of the business portfolio and the strategic focus of the Group,
- Definition of the Group's structure,
- Appointment and dismissal of the Chairman of the Group Executive Committee (CEO),
- Appointment and dismissal of the other members of the Group Executive Committee,
- Definition of the authority and duties of the Chairman and the committees of the Board of Directors as well as the members of the Group Executive Committee,
- Organization of accounting, financial control and financial planning,
- Approval of strategic and financial planning, the budget, the annual financial statements and the Annual Report,
- Principles of financial and investment policy, personnel and social policy, management and communications,
- Signature regulations and allocation of authority,
- Principles of internal auditing,
- Decisions on projects involving expenditure exceeding CHF 10 million,
- Issuance of bonds and other financial market transactions,
- Incorporation, purchase, sale and liquidation of subsidiaries.

The Board of Directors comprises the Chairman, the Vice Chairman and the other members. The Chairman is elected at the Annual General Meeting; otherwise, the directors allocate their responsibilities among themselves. The Vice Chairman deputizes for the Chairman in the latter's absence. The Board of Directors has a quorum if a majority of members are present. Motions are approved by a simple majority. In the event of a tie, the Chairman has the casting vote. The Board of Directors has formed an audit committee, a remuneration committee, a strategy and sustainability committee and a nomination committee to assist it in its work. However, decisions are taken by the Board of Directors as a whole.

The Board of Directors meets at least six times a year at the invitation of the Chairman. The Board of Directors had seven meetings in the 2023 financial year. Each meeting lasted between a half and one full day.

At least 75 percent of all members of the Board of Directors were present at all board meetings. With one exception, all members of the Board of Directors attended all board meetings in 2023.

	24.01.	02.03.	20.04.	05.06.	07.07.	06.09.	12.12.
Bernhard Jucker	✓	✓	✓	✓	✓	✓	✓
Roger Baillod	✓	✓	✓	–[1]	✓	✓	✓
Peter Spuhler	✓	✓	✓	✓	✓	✓	✓
Hans-Peter Schwald	✓	✓	✓	✓	✓	✓	✓
Thomas Oetterli	–	–	–	✓	✓	✓	✓
Carl Illi	✓	✓	✓	✓	✓	✓	✓
Sarah Kreienbühl	✓	✓	✓	✓	✓	✓	✓
Daniel Grieder	✓	✓	✓	✓	✓	✓	✓

[1] excused

In addition, three telephone conferences of the Board of Directors were held.

The agendas for the meetings of the Board of Directors are drawn up by the Chairman. Any member of the Board of Directors can also propose items for inclusion on the agenda. The Board of Directors usually makes an annual visit to one Group location. Normally, the members of the Group Executive Committee also attend the meetings of the Board of Directors. They present the strategy and the results of their operating units, and also the projects requiring the approval of the Board of Directors. In exceptional cases, external consultants can also be invited for discussion of certain items on the agenda.

Once a year, the Board of Directors holds a special meeting to review its internal working methods and cooperation with the Group Executive Committee within the framework of self-assessment.

The **audit committee** currently consists of three members of the Board. Its Chairman is Roger Baillod, and the other members are Carl Illi and Hans-Peter Schwald.

In the 2023 financial year, none of the members of the audit committee performed executive duties. The Chairman is elected for one year. The audit committee meets at least twice a year. The Head of Internal Audit, representatives of the statutory auditors KPMG AG, the Chairman of the Board of Directors, the CEO and the CFO, and other members of the Group Executive Committee and management as appropriate also attended the meetings in 2023.

The main duties of the audit committee are:

- To elaborate principles for external and internal audits for submission to the Board of Directors and provide information on their implementation,
- To assess the work of the external and internal auditors as well as their mutual cooperation and report to the Board of Directors,
- To assess the audit reports and management letters submitted by the statutory auditors as well as the invoiced costs,
- Overall supervision of risk management and acceptance of the Group Executive Committee’s risk report addressed to the Board of Directors,
- To assess risk management and security concepts in the area of IT security and data security,
- To report to the Board of Directors and assist the Board of Directors in nomination of the statutory auditors and the Group auditors for consideration at the Annual General Meeting,
- To consider the results of internal audits, approve the audit plan for the following year and nominate the Head of Internal Audit.
- The Chairman of the audit committee is responsible for receipt of complaints (whistleblowing) in connection with the code of conduct (Regulations regarding Conduct in Business Relationships).

The audit committee met for three regular meetings in 2023. Each meeting lasted between a half and one full day. All committee members attended all the meetings and regularly received the written reports of the internal auditors. The Chairman of the audit committee met the external statutory auditors and the Head of Internal Audit three times a year at separate meetings.

Internal audit

Internal audit, headed by Stephan Mörgeli, Certified Public Accountant, is organizationally independent and reports to the audit committee. At the administrative level, internal audit reports to the CFO. Audits are performed on the basis of an audit plan approved by the audit committee. 14 regular audits were conducted in 2023. The audits focused on the design and execution of the key controls defined within the scope of the internal control system.

Internal auditing also includes various compliance audits. Finally, additional risks and controls in connection with the business processes were examined. Each audit conducted also includes verification of the implementation of recommendations from previous audits.

The implementation and reliability of the internal controls were verified in the context of self-assessments to ensure that deviations were identified and appropriate corrective actions taken. The internal audit reports are sent to the members of the audit committee, the Chairman of the Board of Directors, the members of the Group Executive Committee and the relevant members of management.

The **remuneration committee** consists of at least three and at most five members, each of whom is elected at the Annual General Meeting for a term of office of one year. The majority of its members must be independent pursuant to the Swiss Code of Best Practice for Corporate Governance, and have the necessary experience in the fields of remuneration planning and remuneration policy. The Chairwoman or Chairman of this committee is appointed by the Board of Directors. Sarah Kreienbühl has held this position since the Annual General Meeting 2022.

The remuneration committee:
- periodically reviews the remuneration plans and the remuneration regulations within the Group,
- sets out the basic features and key data of the Rieter Top Management Incentive System, the Group Bonus Program and the Long-Term Incentive Plan,
- elaborates the proposals for the remuneration of the Board of Directors and the Group Executive Committee for submission to the Board of Directors
- examines the extent to which the defined performance objectives have been achieved and draws up a proposal for the payment of variable elements of remuneration,
- examines the remuneration report and confirms to the Board of Directors that the remuneration paid in the year under review complies with the resolutions of the Annual General Meeting, the principles governing remuneration policy and remuneration plans and regulations.

The committee held five meetings and two telephone conferences in 2023. Each meeting lasted half a day. All committee members were present at the meetings.

The **nomination committee** consists of at least three and at most five members, each of whom is elected by the Board of Directors for a term of office of one year. The Chairwoman or Chairman of this committee is appointed by the Board of Directors. Sarah Kreienbühl has held this position since the Annual General Meeting 2022.

The nomination committee has the following authority and duties:
- Succession planning for the Board of Directors, the Chairman and the committees,
- Organization of the performance assessment of the Board of Directors and its members,
- Definition of the selection criteria, evaluation and recommendation of candidates for the attention of the Board of Directors concerning the positions of Chairman of the Group Executive Committee (CEO), members of the Group Executive Committee and key management positions,
- Regular receipt of information concerning succession plans in the Group and management development activities,
- Review of developments in the area of corporate governance that are not covered by the audit committee or the remuneration committee,
- Review of regulations.

The committee held five meetings and two telephone conferences in 2023. Each meeting lasted half a day. All committee members were present at the meetings.

The **strategy and sustainability committee** consists of four members of the Board, each of whom is elected by the Board of Directors for a term of office of one year. The Chairman of the committee is appointed by the Board of Directors. Bernhard Jucker held this position in 2023. On January 1, 2023, the remit was expanded to include the subject of sustainability.

The strategy and sustainability committee:

- Supports and assists the Board of Directors in the area of strategic planning,
- Monitors and assesses developments and changes in the environment of the Rieter Group,
- Reviews its own short and long-term orientation, particularly in the areas of markets, customers, competition, products, technologies and innovations, business model, processes and standards,
- Is involved in strategic matters such as acquisitions, divestitures, joint ventures, restructuring measures, etc.
- Supports and assists the Board of Directors in the area of sustainability, particularly in connection with the circular economy and the reduction of CO_2 emissions.

The committee held a one-day meeting in 2023. All committee members were present at the meeting.

The Board of Directors has decided that the strategy and sustainability committee will be dissolved as of December 31, 2023, and that relevant issues will be dealt with by the full Board of Directors in the future.

Rieter CAMPUS committee

To support the Rieter CAMPUS project in Winterthur, the Board of Directors has set up a committee consisting of two members of the Board of Directors and three members of the Group Executive Committee. The Rieter CAMPUS Committee monitored the project organization, quality, costs and deadlines for the Rieter CAMPUS project, including the sale of the Rieter site. It was chaired by Bernhard Jucker. With the sale of the Rieter site, the Rieter CAMPUS Committee was dissolved as of September 30, 2023.

The committee held seven meetings in 2023.

Allocation of authority

The Board of Directors assigns operational management of the business to the CEO. The members of the Group Executive Committee report to the CEO. The allocation of authority and cooperation between the Board of Directors, the CEO and the Group Executive Committee is stipulated in the Group management regulations. The CEO draws up the strategic and financial planning statements and the budget together with the Group Executive Committee, and submits them to the Board of Directors for approval. The CEO reports regularly on the course of business as well as on risks in the Group and changes in personnel at management level. The CEO is obliged to inform the Board of Directors immediately about business transactions of fundamental importance occurring outside the scope of periodic reporting.

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

Once a month, the Board of Directors receives from the Group Executive Committee a written report on the key figures of the Group and the business groups, which provides information on the balance sheet, cash flow and income statements, capital expenditure and projects. The figures are compared with the budget and figures from the previous year. The Board of Directors is also informed at each meeting about the course of business, important projects and risks, as well as rolling earnings and liquidity planning. If the Board of Directors has to rule on major projects, a written request is submitted before to the meeting. Projects approved by the Board of Directors are monitored within the framework of a special project controlling system. Once a year, the Board of Directors discusses the strategic plans drawn up by the Group Executive Committee and the financial budget for the Group and the business groups. Financial statements for publication are drawn up twice a year. The Group Executive Committee usually meets once a month. 12 meetings were held in 2023, three of which were held as closed-door meetings.

GROUP EXECUTIVE COMMITTEE

Thomas Oetterli
Chief Executive Officer (CEO)

Roger Albrecht
Head of the Business Group
Machines & Systems

Serge Entleitner
Head of the Business Group
Components

Rico Randegger
Head of the Business Group
After Sales

Oliver Streuli
Chief Financial Officer (CFO)

GROUP EXECUTIVE COMMITTEE

Thomas Oetterli
(1969)
Chief Executive Officer (CEO)

Swiss national

Member of the Group Executive Committee
since 2023

Educational and professional background
Lic. oec., University of Zurich.

Rieter Management AG, Winterthur, Chief Executive Officer and member of the Group Executive Committee of the Rieter Holding Ltd., Winterthur, since 2023; Rieter Holding Ltd., Winterthur, member of the Board of Directors since 2023; Nokera Group, Rüschlikon, CEO, 2022; Schindler Group, Ebikon, CEO, 2016 to 2022; Schindler Group China, Shanghai, CEO, 2013 to 2016; Schindler Europe North & East, Ebikon, President, 2010 to 2013; Schindler Schweiz, Ebikon, Managing Director, 2006 to 2009; Schindler Germany, Berlin, CFO, 2003 to 2006; C. Haushahn Aufzüge GmbH & Co. KG, Stuttgart, Managing Director, 2002 to 2003; Haushahn Group, Stuttgart, CFO, 2000 to 2001.

Other activities and interests
SFS Group, Heerbrugg, Chairman of the Board of Directors and member of the Nomination and Compensation Committee; Hoffmann SE, Munich, member of the Supervisory Board; Swissmem, Zurich, member of the Council.

Roger Albrecht
(1982)
Head of the Business Group Machines & Systems

Swiss national

Member of the Group Executive Committee
since 2021

Educational and professional background
Bachelor in Business Administration, University of Applied Sciences Zurich (ZHAW), Switzerland, and Master of Accounting and Finance, University of St. Gallen (HSG), Switzerland.

Rieter Management AG, Winterthur, Head of the Business Group Machines & Systems and member of the Group Executive Committee of the Rieter Holding Ltd., Winterthur, since March 2021; Spindelfabrik Suessen GmbH, Suessen, Managing Director, 2018 to 2021; Rieter Management AG, Winterthur, Senior Vice President Finance, Controlling & Projects, Business Group Components, 2015 to 2017; Hilti Canada, Mississauga/ Ontario, Director of Finance, Finance Business Partner, 2012 to 2015; Hilti Group, Schaan, Business Unit Controller, BU Chemicals and BU Direct Fastening, 2008 to 2012.

Other activities and interests
None.

Serge Entleitner
(1964)
Head of the Business Group Components

Austrian national

Member of the Group Executive Committee
since 2017

Educational and professional background
Master of social and economic sciences, Leopold-Franzens University Innsbruck; SKU Swiss Programs in Management, Brunnen and ETH Zurich, Switzerland, and London Business School, United Kingdom.

Rieter Management AG, Winterthur, Head of the Business Group Components and member of the Group Executive Committee of the Rieter Holding Ltd., Winterthur, since 2017; Bühler AG, Uzwil, Head of Business Area Consumer Foods, 2011 to 2016; Conzzeta AG, Zurich, Head of Business Unit Coatings and member of the Executive Board, 2008 to 2010; Schmid-Rhyner AG, Adliswil, Managing Director, 2005 to 2008; SEFAR AG, Division Printing, Thal/SG, Head of Marketing & Sales MSC EUROW (Europe and Rest of the World, without USA and Asia Pacific), Vice President and member of the Division Management, 2000 to 2005; Saurer Sticksysteme AG, Arbon, several managing positions in sales, 1991 to 2000.

Other activities and interests
None.

Rico Randegger
(1973)
Head of the Business Group After Sales

Swiss national

Member of the Group Executive Committee
since 2019

Educational and professional background
Studies of Electrical Engineering at the NTB Buchs (HTL) and Postgraduate Studies in Business Engineering FH at the PHW Zurich.

Rieter Management AG, Winterthur, Head of the Business Group After Sales and member of the Group Executive Committee of the Rieter Holding Ltd., Winterthur, since 2019; Bosch Packaging Technology, Königsbrunn, Head of the Product Group Liquid Food, 2018 to 2019; Ampack GmbH, Königsbrunn, CEO, 2015 to 2017; Bosch Packaging Services AG, Beringen, CEO, 2010 to 2014; Bosch Packaging Services AG, Neuhausen, Director Field Service, 2008 to 2010; Sigpack Services, Inc., Raleigh (NC), Business Analyst, 2003 to 2007; Sigpack Systems AG, Neuhausen, Team Leader Customer Service, 2000 to 2002; SIG Pack Systems AG, Neuhausen, Commissioning Engineer, 1998 to 2000.

Other activities and interests
None.

Oliver Streuli
(1988)
Chief Financial Officer (CFO)

Swiss national

Member of the Group Executive Committee
since 2023

Educational and professional background
Master of Arts in Accounting and Corporate Finance HSG, University of St. Gallen; Bachelor of Arts in Business Administration HSG, University of St. Gallen.

Rieter Management AG, Winterthur, Chief Financial Officer and member of the Group Executive Committee of the Rieter Holding Ltd., Winterthur, since 2023; PCS Holding AG, Frauenfeld, CEO, 2019 to 2023; Sönmez Transformatör Sanayi ve Ticaret A.Ş., Dilovası/Kocaeli, Türkiye, member of the Supervisory Board, 2022 to 2023; Traktionssysteme Austria GmbH, Wiener Neudorf, member of the Supervisory Board, 2020 to 2023; Rolling Stock Finance AG, Frauenfeld, Chairman of the Board, 2021 to 2022; Estonian Train Finance AG, Frauenfeld, Chairman of the Board, 2020 to 2022; Nordic Train Finance AG, Frauenfeld, Chairman of the Board, 2020 to 2022; Austrian Train Finance AG, Frauenfeld, Chairman of the Board, 2019 to 2022; Stadler Rail Management AG, Frauenfeld, Assistant Group CEO and Executive Chairman, 2017 to 2019.

Other activities and interests
Swiss Steel Holding AG, Lucerne, member of the Board of Directors, since 2022; Autoneum Holding AG, Winterthur, member of the Board of Directors, since 2021; Flux Mobility AG, Winterthur, member of the Board of Directors, 2022 to 2023.

Employment contracts

Employment contracts with members of the Group Executive Committee may be concluded for a maximum period of twelve months, or for an indefinite period with a maximum notice period of twelve months.

Pursuant to Section 31 paragraph 2 of the Articles of Incorporation, non-competition clauses may be concluded for the period following the termination of an employment contract. As compensation for the non-competition obligation, compensation may be paid for a maximum of two years, the total annual amount of which may not exceed 50 percent of the last annual remuneration paid.

Risk management

Rieter has an Internal Control System (ICS) with the aim of ensuring the effectiveness and efficiency of the company's operations, the reliability of the financial accounting, and compliance with legal requirements. The ICS is an important component of the risk management system.

The risk management process is regulated by the directive "Rieter Risk Management System". The directive defines the important risk categories on which risk management is based, and the offices that deal with the various risks within the Group. In addition, the directive sets out the procedures for the identification, reporting and handling of risks, the criteria for qualitative and quantitative risk assessment, and thresholds for reporting identified risks to the competent management levels.

In the context of an annual workshop, under the direction of the General Counsel, the risks associated with the probability of occurrence and the impact on the Group of the identified risks are assessed, and the necessary risk management measures are determined.

Market and business risks arising from developments in the relevant markets and the products offered are also assessed as part of strategic planning. In addition, as is the case with the operational risks, they are regularly the subject of the monthly Group Executive Committee meetings. Other risks that cause the current results to deviate from the financial plan are also dealt with at these meetings. In the process, necessary corrective measures are discussed, defined and monitored. Important individual risks are reported to the Board of Directors in the monthly reports.

Risks resulting from acquisitions or other major projects are recorded and dealt with at the corporate level within the scope of the authorization competencies and in the corresponding project organizations. Such projects are discussed at the Group Executive Committee meetings and evaluated regularly for submission to the Board of Directors.

Periodic reports are prepared for selected risks. This applies, in particular, to environmental and occupational safety risks at the various factories, financial risks from sales activities, risks arising from the work of treasury, and risks from legal disputes and legal compliance.

Cyber security risks

International companies are at risk of cyber attacks. Such attacks use a variety of methods to target computer information systems, infrastructures, computer networks and/or personal computing devices.

Rieter organizes its IT infrastructure in such a way as to provide the best possible protection against cyber attacks. In addition, comprehensive processes have been introduced to detect and respond to cyber attacks at an early stage and to ensure IT continuity. This is achieved by deploying internal staff and state-of-the-art technology, supported by an external Security Operations Center.

Rieter employees receive regular training on the identification of cyber risks and how to deal with them properly.

Cyber maturity is subject to regular audits. The Board of Directors and management assign high priority to the cyber security roadmap and monitor changes very closely.

New online fraud prevention training was introduced in 2022. This is designed to raise awareness of cyber fraud, particularly among those employees who are the most exposed to such risks. All Rieter employees were required to attend this training, which new employees must also complete.

An overall assessment of the identified risks and the instruments and measures taken to deal with these risks takes place once a year. The results of this assessment are reported to the Board of Directors annually.

Code of Conduct

The Code of Conduct is part of every employee's contract of employment. The Code of Conduct is explained to the employees in the individual business units. Centralized coaching is also provided for members of management in the form of an e-learning program. Compliance with the Code of Conduct is regularly verified in the context of internal audits and by additional audits.

The Code of Conduct can be accessed at:
www.rieter.com/investor-relations/corporate-governance/code-of-conduct.

Employees have the option to report violations of the Code of Conduct via an external whistleblowing office.

The Supplier Code of Conduct, which also addresses environmental sustainability issues, was updated in 2022.

Directorships outside the Group

No member of the Group Executive Committee may hold more than four directorships, no more than two of which may be with listed companies. This restriction does not apply to the following:

a) directorships with companies controlled by the Group,
b) directorships held by a member of the Group Executive Committee by order of the Group or companies controlled by it,
c) directorships with companies that do not qualify as companies within the meaning of Art. 727, para. 1(2) CO,
d) directorships with non-profit associations and foundations as well as employee welfare foundations.

Directorships within the meaning of c) and d) are limited to 20.

Members of the Group Executive Committee must have their mandates approved by the Board of Directors before they are accepted.

Management contracts

There are no management contracts between Rieter Holding Ltd. and third parties.

4 REMUNERATION, PARTICIPATION AND LOANS

Pursuant to §27 of the Articles of Association, the motions proposed by the Board of Directors regarding the maximum remuneration of the Board of Directors and the Group Executive Committee are adopted at the Annual General Meeting for the financial year following the ordinary general meeting.

Pursuant to §28 of the Articles of Association, the members of the Board of Directors receive a fixed remuneration, which is disbursed either wholly in cash or partly or wholly in the form of shares. The members of the Group Executive Committee receive a fixed remuneration plus an additional variable remuneration, which does not exceed 100 percent of their fixed remuneration. The variable remuneration depends on the achievement of financial, strategic and/or personal performance targets. The variable remuneration can be disbursed in the form of cash, shares or options.

Pursuant to §29 of the Articles of Association, the company is authorized to disburse additional remuneration to members of the Group Executive Committee who join the company or are promoted to the Group Executive Committee after the approval of remuneration at the Annual General Meeting, as long as this does not exceed 40 percent of the amount last approved.

Pursuant to §33 of the Articles of Association, the company may grant loans on market terms and conditions to members of the Board of Directors and the Group Executive Committee, whereby the amount of the loan may not exceed three times the last annual remuneration.

For other aspects, please refer to the remuneration report on pages 64 to 71.

5 SHAREHOLDERS' PARTICIPATORY RIGHTS

Voting restrictions

Rieter imposes no voting restrictions.

Restrictions on share transfers and nominee registrations

Those persons who are entered in the shareholders' register are recognized as voting shareholders. Rieter shares can be bought and sold without any restrictions. Pursuant to §4 of the Articles of Association, entry in the shareholders' register can be denied in the absence of an explicit declaration that the shares are held in the applicant's own name and for the applicant's own account. There are no other registration restrictions.

Shares held in a fiduciary capacity are not entered in the shareholders' register. As an exception to this rule, Anglo-Saxon nominee companies are entered in the register if the company in question has concluded a nominee agreement with Rieter. The nominee company exercises voting rights at the general meeting of shareholders. At Rieter's request, the nominee is obliged to disclose the name of the person on whose behalf it holds shares.

Statutory quorum

At the general meeting of shareholders, resolutions are adopted with the absolute majority of voting shares represented. Approval of the remuneration of the Board of Directors and the Group Executive Committee, and resolutions concerning the appropriation of available earnings, in particular the declaration of dividends, is granted by a majority of votes cast, whereby abstentions do not count as votes cast. All amendments to the Articles of Association require at least a two-thirds majority of the votes represented.

Convocation of general meeting of shareholders, agenda items, voting proxies

General meetings of shareholders are convened in writing by the Board of Directors at least 20 days before the event, with details of the agenda, pursuant to §8 of the Articles of Association, and are published in the company's official publication medium (Swiss Official Commercial Gazette).

Pursuant to Section 9 of the Articles of Incorporation, shareholders representing shares with a nominal value of 0.5 percent of the share capital or voting rights (currently 23 361 shares) may, within a period of time to be announced by the company, request in writing that an item be included on the agenda of the Annual General Meeting, or submit a motion with a brief statement of grounds for an item to be included on the agenda.

An independent voting proxy is elected every year at the Annual General Meeting. The term of office runs until the end of the next ordinary general meeting of shareholders.

Entries in the shareholders' register

No entries are made in the shareholders' register for 10 days before and three days after the general meeting of shareholders.

6 CHANGE OF CONTROL AND DEFENSIVE MEASURES

Obligation to submit an offer

The legal provisions pursuant to Art. 22 BEHG (Swiss Exchanges and Securities Trading Act) are applicable. This states that a shareholder or a group of shareholders acting in concert who hold more than 33 1/3 percent of all shares must submit a takeover offer to the other shareholders.

Change of control clauses

There are no change of control clauses in contracts of employment and office. In the event of a change of control, all shares blocked in the context of variable remuneration are released.

7 STATUTORY AUDITORS

Duration of mandate and term of office of the lead auditor

KPMG AG, Zurich, has been the statutory auditors of Rieter Holding Ltd. and the Rieter Group since 2023. The statutory auditors are elected at the Annual General Meeting each year on a motion proposed by the Board of Directors. Roman Wenk has officiated as lead auditor for the mandate since the 2023 financial year.

Audit fees

In the 2023 financial year, KPMG and other auditors charged the Rieter Group approximately CHF 0.9 million and CHF 0.1 million, respectively, for services in connection with auditing of the annual financial statements of the Group companies and Rieter's consolidated accounts.

Additional fees

Additional consultancy fees invoiced by the statutory auditors in 2023 amounted to less than CHF 0.1 million and concerned mainly consulting services related to reporting on non-financial matters and taxes.

Supervisory and monitoring instruments vis-à-vis the auditors

The audit committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the statutory auditors. It submits a proposal for consideration at the Annual General Meeting on the election of the statutory auditors. Further information on auditing can be found on pages 27 and 28.

8 INFORMATION POLICY

Rieter maintains regular, transparent communication with the company's shareholders and the capital market. Shareholders entered in the shareholders' register are informed by mail (letters to shareholders) of the Group's annual financial statements and semi-annual results. In addition, shareholders and the capital market are informed via the media of material current changes and developments. Price-relevant events are publicized in accordance with the ad-hoc publicity requirements of the SIX Swiss Exchange. Rieter also cultivates dialog with investors and the media at special events.

The Annual Report is available on the internet at www.rieter.com. Press releases for the public, financial and trade media, as well as presentations, share price details and contact details are also available at this website. The Board of Directors and the Group

Executive Committee provide information on the financial statements and the course of business at the company, as well as answers to shareholders' questions, at the general meeting of shareholders.

Rieter Holding Ltd. reports for the first time for the period from January 1, 2023 to December 31, 2023 on non-financial matters in accordance with the revised Swiss Code of Obligations (Art. 964a ff. CO). Details are provided on pages 38 ff. and supplemented with further information at: www.rieter.com/esg-data.

Ad-hoc announcements
The push and pull links for disseminating ad-hoc announcements are published in compliance with the directive on ad-hoc publicity and can be accessed at:
www.rieter.com/investor-relations/ad-hoc-announcement.

Financial calendar

• Annual General Meeting 2024	April 17, 2024
• Semi-Annual Report 2024	July 18, 2024
• Investor Update 2024	October 23, 2024
• Publication of sales 2024	January 29, 2025
• Deadline for proposals regarding the agenda of the Annual General Meeting	February 28, 2025
• Results press conference 2025	March 13, 2025
• Annual General Meeting 2025	April 24, 2025
• Semi-Annual Report 2025	July 18, 2025
• Investor Update 2025	October 22, 2025

Blackout periods
On the period before information or projects relevant to the stock exchange are published and until after publication (blackout periods), members of the Board of Directors, the Group Executive Committee and all persons involved are prohibited from effecting transactions in securities or other financial instruments of the Rieter Holding Ltd.

The regularly recurring blackout periods in connection with the Rieter Group's financial reporting are as follows:

Annual Report: From January 1 until 24 hours after the publication of the annual financial statements.

Semi-Annual Report: From June 15 until 24 hours after the publication of the Semi-Annual Report.

Investor Update: From 14 days before the publication date until 24 hours after the publication of the Investor Update.

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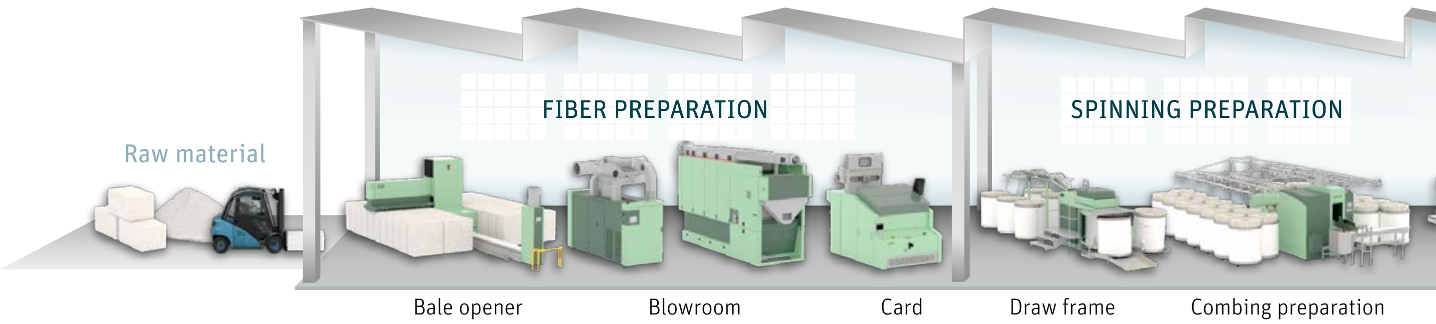
RIETER BUSINESS MODEL

COMPACT-SPINNING SYSTEM (EXAMPLE)



With its spinning systems Rieter covers all four end spinning processes established on the market.

Around 110 million tons of fiber were processed around the world in 2023, mainly for clothing, technical textiles or home textiles. Fiber consumption is growing with the world population and disposable income, on average between two and three percent per year.

YARN PRODUCTION

The process from fiber to textile begins with fiber production. A yarn is produced from the fibers, for example from cotton, linen, polyester or viscose. A textile is then produced from the yarn via various processing steps such as weaving, knitting, dyeing or finishing.

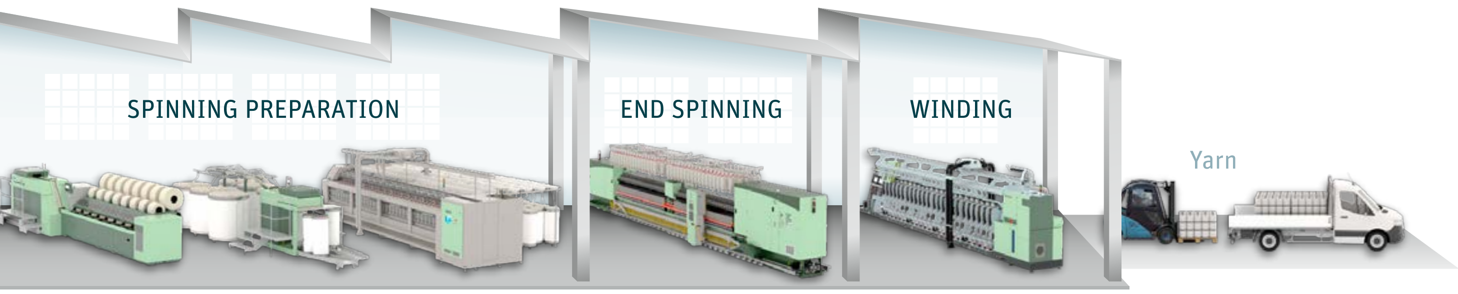
Yarn is produced in two basically different ways. On the one hand, this is done by spinning staple fibers. These are fibers with a staple length of 23 to 60 mm (short-staple fibers) or over 60 mm (long-staple fibers). On the other hand, yarn is produced by processing so-called filaments to make continuous filament yarn. The yarns resulting from filaments have different properties than those produced from staple fibers. In the clothing industry, the yarn produced from staple fiber predominates because it offers pleasant wearing comfort.

Each of the two types of yarn production accounts for around 50 percent of world fiber consumption.

Rieter is mainly engaged in yarn production from staple fibers. The most important of these in 2023 were cotton (about 25 million tons), polyester (about 18 million tons) and viscose (about six million tons).

The process for producing a yarn from staple fibers consists of three stages: fiber preparation, spinning preparation and end spinning.

In fiber preparation, the fibers, which are delivered in bales, are separated, cleaned if necessary, and aligned. This takes place in the process stages blowroom/opener and card. Spinning preparation involves the homogenization and drawing of the sliver. The machine required for this is known as the draw frame. In cotton processing, the comber also plays a role: here, short fibers are combed out in order to produce a higher quality yarn. By the end of the spinning preparation stage, a uniform sliver or roving has been produced.



SPINNING PROCESS

In the end-spinning stage, the fiber mesh is further drawn (up to about 40 fibers in cross-section for very fine yarns) and spun into a yarn by twisting. Twisting takes place either by means of a rotating spindle (ring spinning, compact spinning), by rotation of a rotor (rotor spinning) or by an air flow (air-jet spinning). Compact spinning is a variant of ring spinning that uses an auxiliary device to achieve yarn with a higher density as a result of improved fiber integration.

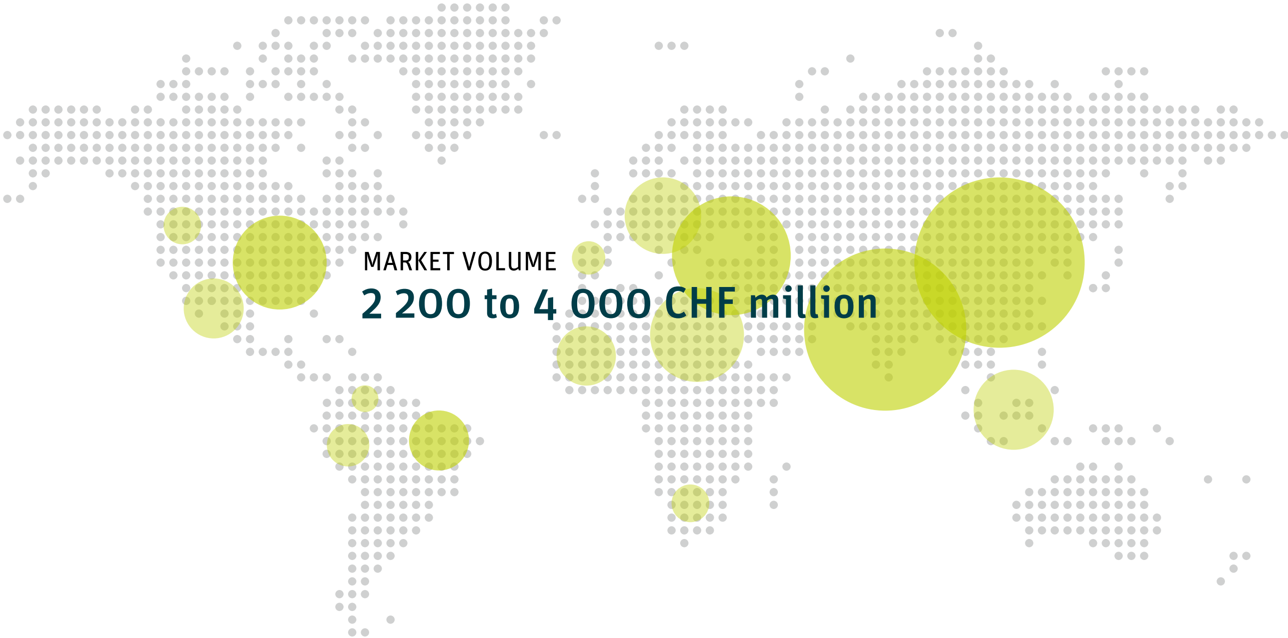
After spinning, imperfections are removed from the yarn. The yarn is then wound on a package, in order to present it in a suitable form for the subsequent process steps in the textile production chain.

MEASURED VARIABLES FOR CAPACITY

The production capacity for producing yarn from staple fibers is measured in spindle equivalents. The production capacity of a ring spindle serves as the basis. The spinning unit of a rotor spinning machine corresponds to the productivity of five to six ring spindles, whereas that of an air-jet spinning machine corresponds to the productivity of 20 ring spindles.

A total of more than 250 million spindle equivalents worldwide were used in 2023 to produce yarn from the around 60 million tons of staple fibers, of which around 95 million are in China, 63 million in India, 73 million in the Asian countries (excluding China, India and Türkiye) and 14 million in Türkiye. Every year, between 11 and 13 million spindle equivalents are installed on average. Rieter delivered 2.31 million spindle equivalents (2022: 2.56 million) in 2023. In addition, spinning mills require consumables, wear & tear and spare parts for ongoing operation.

MARKET VOLUME



Global volume for new staple fiber machines per year

MARKET

The world market for staple fiber machines, which is relevant for Rieter, has an annual volume of CHF 2 200 to 4 000 million. Rieter is the market leader with a market share of around 30 percent.

BUSINESS WITH NEW MACHINES, CONSUMABLES, WEAR & TEAR AND SPARE PARTS

The business with new machines is cyclical. The tendency to invest in the spinning industry is mainly influenced by expectations regarding fiber consumption and the margins that can be achieved by selling yarns. Fiber consumption is dependent on the economy, while the margins for yarn depend on the movement of raw material prices, capacity utilization and the production costs of the spinning mills as well as foreign exchange rates and are influenced by government policies.

The business with consumables, wear & tear and spare parts is much less cyclical. The basic business is driven by the degree of capacity utilization of spinning mills – operational spinning mills require consumables, wear & tear and spare parts. Project business such as the conversion or modernization of entire spinning mills, on the other hand, are subject to the investment cycle described above.

PRODUCT AND SERVICE OFFERING

Rieter plans spinning mills, develops, produces and supplies the machines for fiber preparation, spinning preparation and end spinning, and supervises the installed machines throughout their life cycle.

Rieter with all its brands is established worldwide as a premium supplier. Innovative products and services from Rieter enable spinning mill operators to be more competitive. Success factors are either low yarn production costs, which are achieved through savings on raw materials, energy, labor and productivity advantages and therefore enable a sustainable yarn production, or special yarns, which allow higher prices to be achieved.

The professionalism and availability of the service is also a key aspect when customers decide to buy Rieter solutions.

BUSINESS GROUPS

Established premium supplier with innovative products and services

THREE BUSINESS GROUPS

The Business Group Machines & Systems develops, produces and distributes new equipment as spinning systems or as single machines. Blowroom and cards are used for fiber preparation; draw frames, combers and roving frames are used for spinning preparation; and ring, compact-, rotor and air-jet spinning machines as well as winding machines are used for end spinning. The offer is supplemented by planning services and automation solutions as well as ESSENTIAL, the digital platform for the complete spinning mill.

The Business Group Components develops, produces and distributes technology components and precision winding machines as well as solutions for the production of filament yarns and nonwoven fabrics. Technology components come into contact with fibers and affect yarn properties; they are used in new machines and have to be replaced at regular intervals during operation.

The Business Group After Sales develops, produces and distributes spare parts for Rieter machines as well as building conversions and modernizations. After Sales also sells technology components that are not included in the range of products offered by the Business Group Components. After Sales also offers services that enable Rieter customers to improve the efficiency and effectiveness of their spinning mills.

(Sources: ITMF, Wood Mackenzie, estimate Rieter)

SUSTAINABILITY STRATEGY

Rieter has been committed to sustainability in relation to the "environment, social issues and corporate governance" (ESG) for many years. ESG is an integral part of corporate strategy. Rieter is committed to driving forward the 2050 energy transition and the goals of the Paris Climate Agreement. Two dimensions are considered here: the development and provision of high-quality technology for the spinning process and the minimization of the company's own environmental footprint.

based on the European Sustainability Reporting Standards (ESRS). Five new key topics were identified. The Group will take these topics into account accordingly in the further development of its sustainability strategy:

- Biodiversity (ESRS – E4)
- Circular economy (ESRS – E5)
- Climate change (ESRS – E1)
- Own workforce (ESRS – S1)
- Business conduct (ESRS – G1)

For the spinning process, Rieter offers state-of-the-art technologies that use digitization and artificial intelligence to increase energy efficiency and optimize the use of raw materials. The company's recycling spinning systems enable spinning mills to overcome the challenges associated with mechanically recycled fibers. This allows customers to benefit from the growing demand for sustainable textiles. At the same time, the recycling systems contribute to the reduction of textile waste and improve the framework conditions for the development of a circular economy. In addition to technologies, Rieter also supports customers with textile know-how in the production of innovative yarns from recycled or chemically produced fibers.

Rieter is working intensively to reduce its environmental footprint in all areas of the company and, together with its suppliers, along the entire value chain.

In the fourth quarter of 2023, Rieter conducted a materiality survey among the company's key stakeholder groups. The survey was

At the same time, Rieter plans to develop a net-zero strategy in the 2024 financial year. The company will continue to report annually on its progress in achieving the "People and Planet" targets for 2025.

The Board of Directors of Rieter Holding Ltd. defines the goals and priorities of the company's sustainability strategy, for example in the areas of the circular economy and the reduction of CO_2 emissions. Group management implements the sustainability strategy at the operational level and monitors the achievement of targets and progress in the areas of "People" and "Planet". Rieter Group's finance department is putting the necessary structures in place to enable transparent ESG reporting and to meet upcoming regulatory requirements.

The product and market-related measures, such as optimizing the energy consumption of the individual spinning systems or establishing sustainable supply chains, are the responsibility of the respective business groups. The local Rieter companies are responsible for site-specific measures in the areas of energy, waste, biodiversity and occupational safety. They are supported by Corporate Risk Management. Environmental risks are systematically identified, assessed, and considered in all decision-making and investment processes.

Based on these risk analyses, Rieter assumes that climate change will have only a limited impact on the company. The effects of climate change are making cotton production difficult in more and more regions of the world. On the one hand, this development increases the demand for fossil-based fibers such as polyester; on the other hand, it accelerates the demand for recycled fibers and thus promotes the development of new yarns. These are often made from plant-based materials and are increasingly being designed specifically for the circular economy. Spinning mills are also feeling the change. Fashion brands are increasingly seeking direct contact with yarn manufacturers, whose expertise is becoming more and more important. Rieter's technologies, services and components, as well as the expertise of its employees in textile technology, help spinning mills adapt to these changes and meet the growing demand for circular yarns for sustainable textiles.

The sustainability strategy is based on the following pillars:

ENVIRONMENT

- Sustainable spinning processes thanks to Rieter technology
- Complete spinning systems for the production of recycled yarns
- Energy-efficient and ecological production concepts

SOCIAL

- Safe and healthy workplaces
- Continuous education and training
- Diversity
- Suppliers
- Social engagement

CORPORATE GOVERNANCE

- Code of Conduct
- Business ethics
- Certificates, awards and ratings
- Sustainability Committee

THESE PRINCIPLES ARE SET OUT IN THE FOLLOWING GUIDELINES:

- Mission, vision, values and principles
- Code of Conduct
- Corporate governance
- Safety, health and environmental concept
- Supplier and purchasing conditions
- Supplier Code of Conduct
- Risk management policy (see Corporate Governance, page 34)
- IT information policy

Once a year, the company publishes data on the "environment, social issues and corporate governance".

GOVERNANCE SUSTAINABILITY

The Board of Directors of Rieter Holding Ltd. defines the company's sustainability strategy, which is executed by the Group Executive Committee. The business groups implement product- and market-related measures.

Further information on sustainability at Rieter can be found here: www.rieter.com/esg-data

MATERIALITY ANALYSIS

In 2023, Rieter conducted a materiality survey among the company's key stakeholder groups. The aim was to identify the most relevant environmental, social and governance issues for the company, so that the Group could better align its sustainability strategy. The response rate was a high 83.7 percent.

The company surveyed customers, representatives, suppliers, banks, associations, the Board of Directors, the Group Executive Committee and Rieter employees. They responded to 26 questions on the 12 key topics of the European Sustainability Reporting Standard (ESRS). Four questions about corporate culture were directed exclusively to employees.

Focus on environmental issues

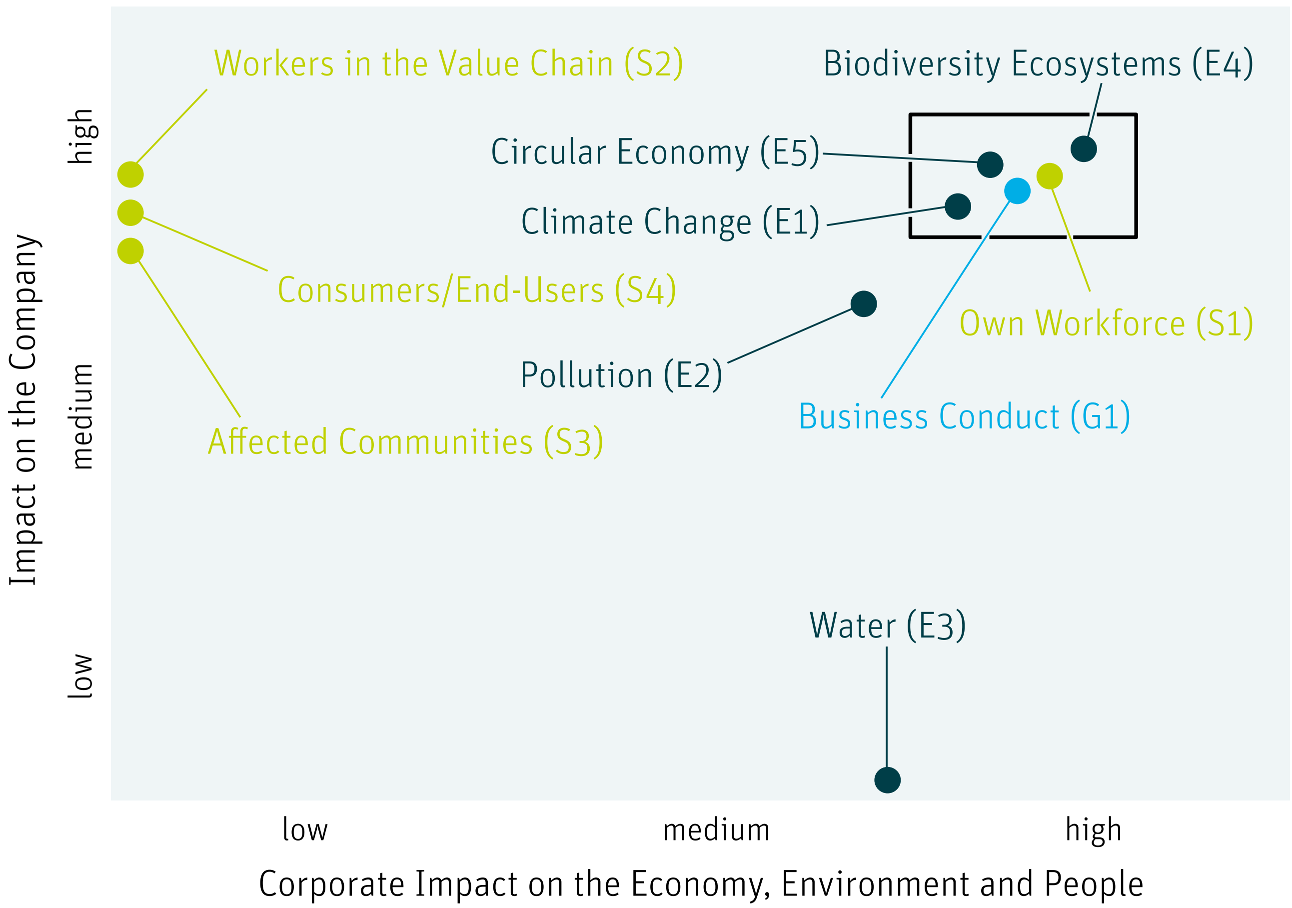
Based on an analysis of the survey results, five new key areas are important for Rieter in terms of long-term value creation. Three of these relate to the environment:

- Biodiversity (ESRS – E4)
- Circular Economy (ESRS – E5)
- Climate Change (ESRS – E1)
- Own Workforce (ESRS – S1)
- Business Conduct (ESRS – G1)

Cutting-edge spinning technology from Rieter contributes to sustainability in the textile value chain by minimizing the use of resources. Accordingly, the analysis clearly highlights Rieter's potential to create sustainable added value, particularly in the area of biodiversity. The company also actively develops textile recycling technologies and shares important know-how through specialist publications and other means. As a leading supplier, Rieter believes it has a responsibility to play a key role in promoting the circular economy. To this end, the company works with recycling specialists at other process stages of the textile value chain, such as Recover, a leading global producer of environmentally friendly recycled cotton fibers and cotton fiber blends. To address climate change, the company has set energy efficiency targets for 2025 and 2030 for all spinning technologies.

Rieter employees recognize the importance of continuous learning to increase business success. The recently launched learning platform will help them to further advance their professional development. Other key factors are the safety culture, a varied and inclusive working environment, and diversity: Rieter plans to increase the proportion of women in management positions to over 20 percent by 2025. The company is committed to continuing to provide an attractive work environment for a diverse and highly talented workforce.

The results of the business conduct analysis are a clear indication of just how important corporate culture is at Rieter. The secure integrity line operated by an external provider for reporting suspected violations of laws and regulations is highly valued. Rieter has a zero tolerance policy toward any form of harassment or discrimination. The company is developing additional policies to continue to ensure a safe and inclusive workplace for all.



A balanced focus
Issues relating to employees in the value chain, consumers and local communities are important to Rieter, even if they are outside the primary focus area. The company ensures compliance with the Code of Conduct, which is an integral part of all employment contracts. A vast majority of suppliers has signed the Supplier Code of Conduct. Rieter has close ties to the company's locations and is actively involved in effective social initiatives in its key markets, such as relief efforts for earthquake-affected communities in Türkiye and support for local communities in India (see pages 60 and 61).

The textile industry as a whole has been criticized for its water consumption, particularly in cotton production, downstream processes and during the use phase. The manufacture of spinning machines, consumables, wear & tear and spare parts and the spinning process itself require very little water.

Pollution of the environment is recognized by the participants as an important issue. Nevertheless, the analysis shows that Rieter, as a supplier of spinning technology, can exert only a limited influence.

Looking to the future
The results of the materiality analysis confirm that Rieter's research and development strategies set the right priorities. By focusing increasingly on digitization, automation and artificial intelligence, the company will make an important contribution to improving sustainability in the textile value chain. Rieter continues to promote cross-industry collaboration to drive significant recycling initiatives and actively shape the development of a circular economy. In addition, Rieter plans to develop a net-zero strategy in the 2024 financial year.

CORPORATE GOVERNANCE ON NON-FINANCIAL MATTERS

Integrity and trust form the core of Rieter's corporate culture. These central values are firmly anchored in the Code of Conduct and Supplier Code as well as in the company's mission and vision.

Code of conduct
As a global company, Rieter observes the laws and regulations of the countries in which it operates. The actions and practices of all Rieter companies and their employees are in accordance with the Universal Declaration of Human Rights of the United Nations, the fundamental conventions of the international labor organizations and the OECD guidelines for multinational companies.

Business ethics
The business relationships between Rieter and its partners are based on the principles of honesty and trust.

The safety of Rieter's products for customers as well as operating and maintenance personnel in all phases of the product cycle is of great importance to Rieter.

Rieter and its business partners work together closely to achieve a high standard and continuous improvements in this area.

Human rights
Rieter respects the human rights of its employees and provides them with a professional, safe and hazard-free working environment. Rieter obliges its suppliers to observe human rights.

Rieter rejects any form of compulsory or forced labor and does not tolerate any kind of abusive disciplinary measures. Working hours are always set in accordance with applicable local legislation.

Rieter is committed to the fundamental conventions of the International Labor Organization, the OECD guidelines for multinational companies and the principles opposed to the systematic exploitation of natural resources and raw materials.

Conflicts of interest
Rieter prohibits all forms of bribery and other corrupt business practices. In particular, Rieter employees or their agents may not offer, promise or give anything of value to officials or representatives of Rieter's customers or suppliers in order to gain an improper advantage. Furthermore, they may not accept gifts or favors from such persons.

Taxes

As both a company and employer, Rieter complies, in good faith, with the applicable tax legislation and obligations in all countries in which the company operates. This applies to all direct and indirect taxes. Rieter also complies with international agreements and tax guidelines. In accordance with the Base Erosion and Profit Shifting (BEPS) campaigns of the OECD, Rieter prepares the Country-by-Country Report (CbCR) for the entire Rieter Group and makes it available to the Swiss tax authorities. Rieter shares the CbCR with the competent authorities in the countries that have signed the relevant agreements. Rieter recognizes that all taxes that the company pays and collects for governments are an integral part of corporate social responsibility.

Data protection

Rieter takes the protection of personal data very seriously. This includes all information that allows a person to be identified. The privacy statement provides information about which data the company collects and how it uses and protects the collected data. Rieter takes appropriate technical and organizational measures to protect personal data against manipulation, loss or access by unauthorized third parties. These measures are continuously checked and improved taking account of new technological developments.

Risk management

Rieter has introduced a comprehensive risk management system that also records and handles risks in connection with non-financial topics. The risk management process is regulated by the directive “Rieter Risk Management System”. This directive sets out the procedures for the identification, reporting and handling of risks, the criteria for qualitative and quantitative risk assessment, and the thresholds for reporting identified risks to the competent management levels.

Environmental risks are also evaluated and assessed as part of this risk assessment. Based on this analysis, various fields of action and measures have already been defined. At least once a year, the risks are assessed in the context of a workshop under the direction of the General Counsel and recorded in a report to the Board of Directors.

Conflict minerals

Besides the new law 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 2023. In 2023, Rieter’s 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 minimis 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 Code of Obligations Art. 964j.

Child labor

In terms of child labor, there were no indications of reasonable suspicion of child labor in the production/delivery of the company’s products or services according to Rieter’s assessment conducted in 2023.

ENGAGING WITH STAKEHOLDERS

Rieter engages in a lively exchange with internal and external dialog groups. This ensures that the company is able to include a wide range of viewpoints in its corporate management and thus create long-term value. Personal contact remains important, even though digital forms of communication are gaining in importance.

The main stakeholders for Rieter are customers, employees, suppliers, the financial community, investors, local communities and NGOs, regulatory authorities and industry associations, universities (research and partnerships), the public and the media. The company conducted a comprehensive materiality analysis in 2023.

Customers
Rieter offers cutting-edge technology that enables customers to maintain and strengthen their competitiveness in a demanding environment. Sales, textile technologists, service experts and customer training teams are in close contact with customers and support them in realizing the full potential of Rieter products and systems through knowledge transfer and training. In 2023, Rieter conducted a representative survey among its customers based on the Net Promoter Score.

Employees
Rieter is an innovative technology leader thanks to the know-how, competence and passion of its employees. Diversity plays an important role for the globally active group. This includes cultural and age diversity in addition to the promotion of women (read more on pages 56 ff.).

Suppliers
Rieter attaches strategic importance to its supplier relationships. The company cooperates closely with them to minimize social and environmental risks along the supply chain and to promote sustainable development. Rieter therefore enhances the overall value creation and adds value for all.

Financial community
Rieter maintains a lively exchange with the financial community to ensure transparency and build trust. Rieter is stepping up its focus on non-financial reporting and is creating the basis to meet the upcoming regulatory requirements in Environment, Social and Corporate Governance matters both in Switzerland and the European Union. The company also works with ESG rating agencies and addresses questions from NGOs on sustainability issues.

Investors
The Rieter Group regularly informs shareholders about the course of business by means of the integrated Annual Report (including the report on non-financial matters), Semi-Annual Reports as well as the Annual General Meeting. The company also maintains an ongoing dialog with institutional investors that hold Rieter shares by hosting roadshows and investor days. Through open communication, Rieter aims to attract a shareholder base that is as broadly diversified as possible, international and focused on the long term.

Local community and NGOs
Rieter has close ties with its locations worldwide. The company is one of the largest employers in the respective regions: Changzhou (China), Ústí nad Orlicí (Czech Republic), Wing (India) and Winterthur (Switzerland). Rieter's commitment to cultural, educational and charitable activities is particularly strong in these regions.

Regulatory authorities and industry associations
As a leading company in textile machinery technology, Rieter is an active member of the relevant industry associations, such as Swissmem.

Universities – research and partnerships
For decades, Rieter has been working with top-class research institutes worldwide with a view to further expanding its technology leadership. Since September 1, 2023, Dr. Alisa Rupenyan has held the endowed professorship for Industrial Artificial Intelligence at the ZHAW School of Engineering, which Rieter supports together with the Johann Jacob Rieter Foundation.

Rieter has a network of partnerships with European universities with which it works on projects aimed at increasing the recycled content of fine recycled cotton ring yarns. They include the Swiss Federal Institute of Technology (Switzerland), the University of Leeds (UK), the Technical University of Liberec (Czech Republic) and Saxion University of Applied Sciences (Netherlands).

Public and media
Rieter informs the public and the media in a transparent and open manner. The financial media, in particular, play a major role in this context. Daily newspapers are also given special attention, as they are important to the respective local populations.

ESG RATINGS

Rieter works with ESG rating agencies to make its commitment to environmental, social and governance issues more transparent.

The European rating agency EthiFinance has raised Rieter's rating for 2022 compared to the previous year, in particular due to progress in the areas of corporate governance and environment. EthiFinance sees potential for improvement at Rieter in the social area. The results for the 2023 reporting year will be published in spring 2024.

The independent Swiss sustainability rating agency Inrate ranked Rieter 102nd out of 169 companies with a solid score of 63 out of a possible 100 points in the year 2022. This rating confirms that Rieter operates in a long-term sustainable business field and strives to continuously improve its contribution to sustainability.

Rieter received an A rating (on a scale from AAA to CCC) in the 2022 MSCI ESG rating. The MSCI ESG ratings assess companies based on their industry-specific exposure to environmental, social and governance risks and their ability to manage these risks.

Since 2021, the Rieter share/outstanding bond has been part of the SPI-ESG Share Index/SBI-ESG Bond Index of the SIX Swiss Exchange. The indices are based on data from the rating agency Inrate.

Rating Agency	Performance 2020	Performance 2021	Performance 2022
EthiFinance	29/100	31/100	38/100
Inrate	58/100	64/100	63/100
MSCI ESG-Rating (AAA bis CCC)	A	A	A

SUSTAINABILITY GOALS 2025

Rieter is conscious of its responsibility towards its employees, the environment and society. The company has set specific goals for 2025 in relation to the environment and its employees.

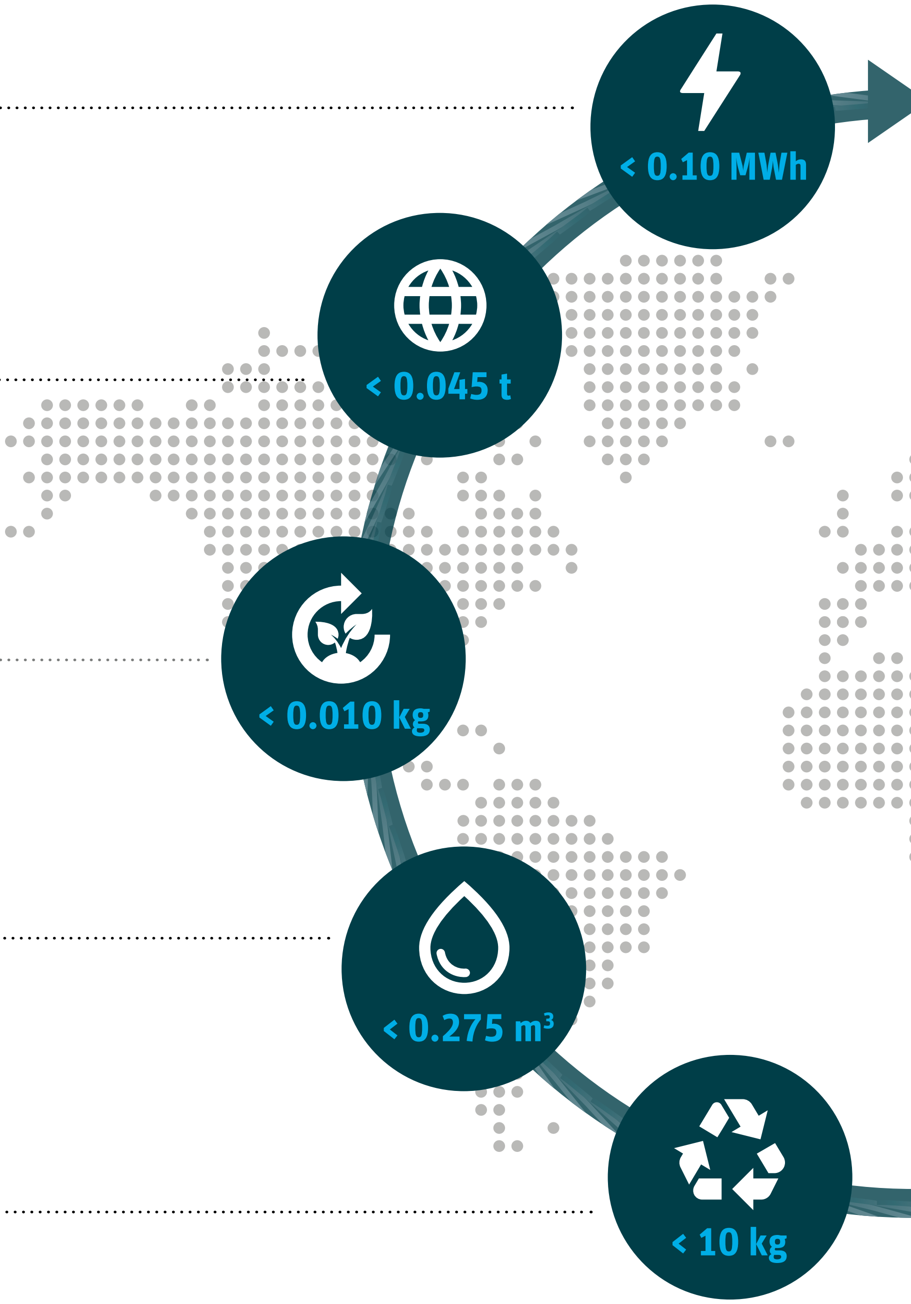
Energy consumption

Greenhouse gas emissions

Acidification

Water consumption

Waste and recycling



The environmental targets are calculated based on CHF 1 000 sales.

The data for measuring the goals are recorded in the SEED database (Social, Environmental, Economic Data). They form the basis for key data on the environment, social issues and corporate governance. Progress is reviewed and evaluated annually. For 2024, the Group plans to take the key topics identified in the materiality analysis into account in the further development of its sustainability strategy.

GOALS 2025: PROGRESS AT A GLANCE

Planet

CO_2 Circular economy

	Energy consumption	Greenhouse gas emissions	Acidification	Water consumption	Waste and recycling
Progress	100%	100%	84%	100%	100%
2025	< 0.10 MWh	< 0.045 t	< 0.010 kg	< 0.275 m³	< 10 kg
2023	0.0827 MWh	0.024 t	0.0107 kg	0.152 m³	7.04 kg

The environmental targets are calculated based on CHF 1 000 sales.

Source: base year 2020

RIETER IMPROVES CARBON FOOTPRINT

Rieter is well on the way to achieving its environmental goals for 2025. The company has already significantly exceeded four of the five goals. This success is based on a long-term strategy of expanding renewable energy supplies and continuously reducing energy consumption.

The company remains committed to its plan to switch fully to renewable energy sources for heating and cooling by 2030.

Energy consumption

In 2023, Rieter reduced its energy consumption to 0.0827 MWh per CHF 1 000 of sales. This means that, for the second year in succession, energy consumption is below the target value for 2025 of 0.10 MWh per CHF 1 000 of sales. Compared to the base year level of 0.1697 MWh per CHF 1 000 of sales, the company has halved its energy consumption. In absolute figures, energy consumption in the 2023 reporting year was 117 294 MWh compared to 124 532 MWh in the previous year.

Electricity and gas are still the two most important energy sources, accounting for about 42 percent and 36 percent of total consumption respectively. The share of renewable energies is being continuously expanded and reached around 15 percent in the reporting year, compared to 11 percent in the previous year. At company-owned sites, about one-third of renewable energy comes from solar power. In China, India and the Czech Republic, Rieter has a total capacity of 6 800 MWh. In addition, Rieter is improving the energy mix at non-company-owned sites by sourcing sustainable energy for heating and cooling from solar power, green electricity, water, biogas and wood pellets. As a consequence of energy shortages in recent years, Rieter had to resort in some cases to fossil-fueled emergency power generators. Regular maintenance and use increased the burning of fossil fuels from around four percent in 2022 to around seven percent in the year under review.

Greenhouse gas emissions

Greenhouse gas emissions declined by approximately 33 percent from 50 541 tons of CO_2 equivalents in 2022 to 33 865 tons of CO_2 equivalents in 2023. As a result, greenhouse gas emissions were reduced to 0.024 t per CHF 1 000 of sales in the reporting year compared to 0.035 t per CHF 1 000 of sales in the previous year, a decrease of approximately 31 percent. Compared to 0.069 t per CHF 1 000 of sales in the base year 2020, greenhouse gas emissions have been reduced by around 65 percent. For the second year running, Rieter thus exceeded its target of 0.045 t per CHF 1 000 of sales. Direct emissions from production, known as Scope 1, accounted for only half of one percent of the reduction. This is attributable to the increased use of fossil fuels and gas combined with high capacity utilization of production facilities. Scope 2 emissions, which arise indirectly from energy procurement, accounted for the remainder. This is the result of an enhanced energy mix combined with an improvement in the CO_2 equivalent value of the electricity supplied.

Acidification (SO_x emissions)
Absolute sulfur dioxide emissions (SO_x) were 15.19 tons compared to 9.47 tons in the previous year. For every CHF 1 000 of sales, therefore, the company emitted 0.0107 kg of SO_x, compared with 0.0065 kg per CHF 1 000 in the previous year, an increase of around 65 percent. In the year under review, Rieter only narrowly missed the target set for 2025 of 0.010 kg per CHF 1 000. Compared with the base year 2020, in which the company recorded 0.0144 kg per CHF 1 000 of sales, Rieter reduced emissions by around 25 percent in the reporting year. SO_x emissions are formed in industrial plants when fossil fuels are burned for the production process. Emergency generators are also used at some sites to maintain production capacity in the event of a power outage. Legally required air purification systems and filters at all Rieter sites help reduce acidification.

Water consumption
Rieter has improved water consumption for the third year running. Consumption fell from 0.197 m^3 to 0.152 m^3 per CHF 1 000 of sales. This represents a reduction of around 23 percent compared to the previous year, while sales decreased by around six percent. In relation to the base year 2020, the improvement is actually approximately 64 percent. Total water consumption in 2023 was 215 403 m^3 compared to 287 146 m^3 in the previous year. Water consumption per capita improved from 74.19 m^3 to 68.33 m^3, or about eight percent. The manufacturing process requires very little water and Rieter uses this resource sparingly.

Waste and recycling
At 7.04 kg in 2023, the Rieter sites were once again well below the waste and recycling target for 2025 of 10 kg per CHF 1 000 of sales. This represents an improvement of almost 20 percent compared to the previous year (8.77 kg per CHF 1 000 of sales) and around 38 percent compared to the base year 2020 (11.34 kg per CHF 1 000 of sales). Rieter uses resources sparingly and strives to recycle as much material as possible. All sites have had a collection system for recyclable waste since 2021. Compared to the previous year, the recycling rate increased from around 84 percent to 86 percent.

Responsibilities
The Board of Directors of Rieter Holding Ltd. defines the goals and priorities of the company's sustainability strategy. Group management implements the sustainability strategy at the operational level and monitors the achievement of targets and progress. For the implementation of site-specific measures, Group Management works closely with the local Rieter companies. It is supported by the heads of the business groups, the Risk Committee and the Environment, Health and Safety (EHS) Committee. In 2020, Rieter introduced the initiatives "Renewal of heating and ventilation systems with energy-efficient and environmentally friendly systems" and "Promotion and construction of solar systems at Rieter locations". The company consistently implements the recommendations of the energy audit carried out in 2022. At the end of 2023, Rieter launched an energy saving campaign at all sites.

New environmental goals: Improving sustainability in the textile value chain
As a result of the materiality assessment, Rieter will add three environmental goals to its sustainability strategy in 2024: "Biodiversity", "Circular economy" and "Climate change". The focus is on creating circular production processes and advancing the development of recycling technologies. At the same time, the company will continue to improve the carbon footprint of its production sites and further increase the energy efficiency of its spinning systems. Thanks to its extensive expertise in textile technology, Rieter can make an important contribution to increasing sustainability in the textile value chain. The improved carbon footprint paves the way for the introduction of a net zero strategy in 2024.

More information on the definitions of the key performance indicators and the individual targets is available at:
www.rieter.com/esg-data.

ENERGY MANAGEMENT FOR ENVIRONMENTALLY FRIENDLY PRODUCTION

Rieter is pressing ahead with the implementation of energy efficiency measures, particularly at its production sites in key markets. In doing so, the company focuses on integrated approaches that combine renewable resources with intelligent solutions. This saves money and reduces CO_2 emissions.

In 2023, based on the recommendations of a company-wide energy audit, Rieter accelerated the implementation of efficiency measures at all locations. These range from replacing light sources with more energy-efficient light-emitting diode (LED) lamps to introducing an energy management platform at the site in China and making better use of daylight. Rieter also obtains about 6 800 MWh of renewable electricity per year from photovoltaic systems at company-owned sites in China, India and the Czech Republic.

Ústí nad Orlicí (Czech Republic)

With an annual capacity of around 700 MWh, the latest photovoltaic plant at the Ústí nad Orlicí production location has been covering around 20 percent of the annual electricity requirement since July 2023. The location where the world's first rotor spinning machine went into series production in 1967 has been part of the Rieter Group for almost 30 years. The surplus production from the photovoltaic plant is fed into the public grid on weekends when it is not in operation. The company has been using certified green electricity from the public grid since 2021. Over the years, the insulation of the buildings at the location has been gradually improved, and today about 90 percent of the 33 000 m^2 of building space is thermally insulated and lit with LED lamps.

Changzhou (China)

An energy management platform (EMP) was introduced at Rieter's Changzhou location in 2023. This analyzes building and production data in order to optimize energy consumption. The EMP is the latest step in Rieter's strategy to minimize the CO_2 footprint at the location. To reduce energy requirements, the plant was designed from the outset to take advantage of natural light and ventilation. The company has now purchased more efficient equipment, such as variable frequency drive (VFD) compressors that can match the compressed air supply to production needs. As these are among the largest energy consumers at the location, electricity consumption has already been reduced this year.

In 2022, Rieter installed its largest photovoltaic plant in Changzhou with an annual capacity of 3 600 MWh, which covers around 25 percent of the site's energy requirements. The EMP helps to effectively manage peak loads and reduce electricity demand by eight to 10 percent.

Pavel Kubicek, Head of Operations, Rieter CZ, presents the latest photovoltaic system at the Ústí nad Orlicí location in the Czech Republic.

Wing (India)
At the Wing location in India in particular, the company knows how to use the forces of nature to minimize energy requirements. A photovoltaic plant has been covering around 20 percent of the electricity needs at the location since 2019. Natural light is also increasingly used in the production plant. In addition, about 85 percent of the factory premises are illuminated with LEDs. The company planted around 200 trees both at the Wing location and in the nearby village of Gokawadi. These will one day provide additional shade and reduce the need for air conditioning.

The production facilities are also being upgraded for greater efficiency and sustainability. For new purchases for the location, management opts for machines with energy-saving drives and purchases new fiber laser machines that use only half as much energy as their predecessors. Wherever possible, inefficient conventional motors are replaced with high-efficiency induction motors.

Winterthur (Switzerland)
The CAMPUS, which will open at the Winterthur site in spring 2024, is consistently based on ecological principles:
- 25 percent of electricity requirements from renewable sources,
- 60 geothermal probes for heating and cooling,
- E-charging stations available in the underground parking garage,
- two bus routes directly outside the building,
- 150 bicycle stands for employees,
- natural landscaping.

Rieter obtains around 6 800 MWh of renewable electricity from photovoltaic systems at company-owned sites.

GOALS 2025: PROGRESS AT A GLANCE

People

Employees

Labor turnover rate as percentage of workforce (100%)	Women in management positions (20%)	Education and training days per employee per year	Absence rate in relation to working hours	Occupational safety (56%)
2025 < 10%	**2025** > 20%	**2025** > 3	**2025** < 2%	**2025** < 3
2023 5.4%	**2023** 13.6%	**2023** 1.2	**2023** 4.0%	**2023** 4.0

Source: base year 2020

TOWARD GREATER DIVERSITY

In the area of social sustainability, Rieter made significant progress in 2023, particularly with regard to the representation of women in management and occupational health and safety positions.

From 2024, as a follow-up measure to the materiality assessment, new goals will be developed under the headings “Own workforce” and “Business conduct”. This means that Rieter will pay even greater attention to employee satisfaction.

Labor turnover rate

With regard to the labor turnover rate, Rieter is now focusing on those employees who leave the company voluntarily because they have found what they consider to be a better alternative. This will allow Rieter to better measure employee satisfaction and the strength of its corporate culture. The number of employees who voluntarily left Rieter in the year under review remained stable at around 5.4 percent, compared with around 5.1 percent in the previous year and around 5.2 percent in the base year 2020. This is well below the 2025 target of no more than ten percent. This is a clear indication that Rieter is an attractive employer and is successful in retaining key talent over the long term.

Taking into account voluntary and involuntary departures, the turnover rate was approximately 16 percent, reflecting the one-time effect of the “Next Level” program and other optimization measures. It was around ten percent in the previous year and twelve percent in the base year.

At the end of 2023, Rieter employed 5 081 people (full-time equivalents), compared with 5 629 in the previous year. The proportion of employees in Switzerland remained stable at around 16 percent. The Rieter Group had 98 apprentices compared to 169 in the previous year. The reduction was primarily due to a realignment of the training approach in India, where employees are developed in a skills competence center. The number of apprentices in Switzerland fell only slightly from 57 to 54.

Responsibility for achieving the goals lies with the Human Resources department and Rieter’s managers. The Code of Conduct and the corporate mission statement set the direction.

Women in management positions

At the top management level, the proportion of women increased from around 12 percent in the previous year to around 13.6 percent, after it had also been around 12 percent in the base year 2020. This brings Rieter a step closer to its goal of increasing the proportion of women in management positions to more than

20 percent by 2025. Group Management had made achieving this goal a priority and launched the diversity initiative "Women@Rieter" (more on equal opportunities from page 58).

Responsibility for achieving the goals lies with the Board of Directors, Group Executive Committee and Rieter's managers. The policies are set out in the Code of Conduct and the corporate mission statement.

Training days per employee per year

The average number of annual training days per employee was 1.2, slightly below the previous year's figure of 1.3 and the base year 2020 figure of 1.5. This means that, in the year under review, it remained below the target of at least three days per year. This is mainly due to the fact that the focus in 2023 was on processing the order backlog. At the end of 2023, the company launched an online learning platform that employees can use to further their own education (more on this on page 59).

Responsibility for achieving the goals lies with the Human Resources department. The framework conditions are set out in the corporate mission statement.

Absence rate

The absence rate increased slightly from around 3.7 percent in the previous year to around 4.0 percent in the year under review, which is still higher than the target of a maximum of two percent. In the base year 2020, it was around 3.8 percent. This is a reflection of the difficult market environment in which Rieter operates.

The Human Resources department is responsible for achieving the targets, and the respective framework conditions are enshrined in the corporate mission statement.

Occupational health and safety

The absolute number of occupational accidents decreased to 44 in the year under review, compared to 50 in the previous year. As a result, the accident rate per million hours worked improved to around 4.0, compared with around 4.7 in 2022 and around 5.2 in the base year 2020. The number of serious accidents decreased significantly to 27, down from 36 in the previous year. A "serious" accident is defined as one in which the person or persons involved are absent for more than three days. Accidents are considered "minor" if they result in no more than three days absence from work. The number of accidents was 17, an increase of three over the previous year.

The improved accident rate is attributable to more intensive preventive measures and the implementation of targeted safety training at Rieter sites. Each accident is investigated in detail and recorded in a case analysis that includes corrective actions. The results are then communicated to all locations for implementation and adaptation. Monthly online meetings with all personnel responsible for occupational health and safety ensure a continuous exchange of knowledge. Rieter's goal is to completely prevent accidents at work.

The Environment, Health and Safety (EHS) Committee, in conjunction with the Site Managers, is responsible for achieving the targets, which are set out in the Code of Conduct and the Safety, Health and Environmental Policy.

New targets

A survey of the company's key stakeholders identified five new core issues. One is under the heading "Own workforce" and another is under "Business conduct". These will be incorporated into the ongoing development of the 2024 Sustainability Strategy. In 2024, one of the measures to be implemented is an employee survey that will enable the company to better take the pulse of its workforce and more effectively manage its efforts to be perceived as an attractive employer.

An overview of the policies adopted by Rieter can be found on page 43 of this report. More information on the definitions of the key performance indicators and the individual targets can be accessed at: www.rieter.com/esg-data.

EQUAL OPPORTUNITY CREATES ADDED VALUE

Rieter is committed to equal opportunity. The company attaches great importance to creating an inclusive culture that enables all employees to reach their full potential.

In 2023, the focus was on launching a diversity initiative, introducing a learning platform, and developing the next generation of leaders.

Gender diversity

In 2023, Rieter increased its focus on gender diversity to ensure that the 2025 target of at least 20 percent women in management positions can be achieved. A survey of female employees revealed their perceptions of equality in the company. Most of the survey results were positive. However, there was also room for improvement. Under the "Women@Rieter" initiative, the company has taken targeted measures to promote equal opportunities for women.

As a first step, the original target of 20 percent women in management positions at Group level was extended to business groups and departments. In addition, inclusive processes have been introduced to address issues such as inequality and unconscious bias.

Finally, a mentoring program for aspiring female managers was introduced in August 2023. Members of the Group Executive Committee have volunteered to serve as mentors to lead by example in promoting gender diversity.

Sarah Kreienbühl, member of the Board of Directors, took part in a panel discussion with other female executives on what it takes to be a successful female executive.

Creating an inclusive environment

Rieter strives to create a meaningful and value-driven environment through its mission and vision. This is also supported by the Code of Conduct, which is part of every employment contract. A dedicated integrity line makes it possible to report violations of legal regulations or internal policies, whether from a legal perspective or in relation to the company's compliance policies. Rieter strictly rejects harassment and discrimination and actively works to improve safety and inclusion in the workplace by continuously developing its policies.

The "Women@Rieter" initiative provides for targeted measures to promote equal opportunities for women.

Thanks to a digital learning platform, employees can take charge of their own professional development.

Digital learning platform

Continuous learning is a key factor in further improving market proximity. In 2023, Rieter launched a digital learning platform that offers around 2 700 courses on topics such as management and leadership, human resources, and general business processes. The mandatory program for managers includes the course on unconscious bias, for example. The platform helps to onboard new employees faster, build relevant skills and create a more inclusive, high-performing culture. The courses offered allow employees to take charge of their own professional and personal development.

Goal-driven management process

The annual performance management process plays a key role in the professional development of the workforce and the identification of high-potential employees. The process ensures an ongoing dialog between managers and their team members and ensures that they work together towards the corporate objectives. It forms the basis of a strong talent pipeline that enables Rieter to promote high-potential employees from within and provide them with access to unique career opportunities. In return, the company can count on people with the expertise and network it needs to achieve its stated goals faster. By integrating Rieter's values into the target agreements of employees and teams, the company creates incentives to align business practices with its core values.

Leadership with impact

Rieter's annual nine-month leadership program combines digital learning opportunities with hands-on exercises. Participants acquire the ability to create long-term value for the company and achieve business objectives. The focus is on developing self-awareness, empathy, and the ability to inspire others. The participants are selected by their line managers and mentored by members of the Group Executive Committee.

The induction programs in 2023 focused on the topics of strategy, organization and corporate culture, textile technology and customer knowledge. Each program began with a Q&A session with the CEO.

In 2023, the Rieter Group employed 98 apprentices, 54 of whom were based in Switzerland.

RELIEF OPERATION FOR EARTHQUAKE VICTIMS IN TÜRKIYE

Rieter has made two container houses available to the victims of the February 2023 earthquakes. The province of Kahramanmaraş suffered particularly severe damage and losses. It is the heart of the country's textile industry and home to many Rieter customers.

The earthquakes that shook Türkiye and Syria on February 6, 2023 changed the lives of millions of people in a matter of seconds. This also affected 85 Rieter employees who were working in the region at the time.

In April 2023, Rieter set up a temporary housing container for Rieter employees and a second container for the local population, in order to support the reconstruction of the region. The 20 residential units in each house are equipped with a small kitchen and sanitary facilities. Kipaş Textiles, a long-standing Rieter customer, provided the land for the buildings.

The Istanbul Garment Exporters Association IHKIB donated a third container. Ahmet Öksüz, Member of the Board of Directors and Chairman of the Istanbul Textile and Raw Materials Exporters Association, says: "We have worked with Rieter toward the shared vision of rebuilding the lives and livelihoods of our local community and creating a future that is safe."

The container houses are more than just a roof over the head. In these protected spaces, residents find support and community, as many families have lost loved ones and their homes. The families will remain in their temporary homes until 2025. By then, the Turkish government plans to complete the reconstruction of residential buildings in the areas that are considered safe. In November 2023, Rieter sponsored a children's party where 600 young survivors enjoyed hamburgers and popcorn, live music, a soap bubble show and fireworks. Ali Özsamsun, Managing Director of Rieter in Türkiye, says: "Seeing so many smiling faces was probably the happiest day in my more than 30 years of professional life. The relief efforts were made possible thanks to the global Rieter family and will make a real difference to the community here."

Rieter's repair center was almost completely destroyed in the earthquakes. However, it was able to reopen less than six weeks later. It provides access to much-needed repair services and expertise. This supported the rebuilding of the industry and helped customers to quickly put their spinning mills back into operation.

You can find more information about Rieter's commitment to the community here: www.rieter.com/esg-data.

One of many smiling faces at the children's party in the container village in Kahramanmaraş.

For a few hours, the children and young people were able to forget their worries.

RIETER SUPPORTS THE CONSTRUCTION OF AN ELEMENTARY SCHOOL IN INDIA

In India, Rieter supported the construction of a primary school in Gokawadi, a small village near Rieter's Wing plant in Pune, Maharashtra. The previous school collapsed a few years ago, and since then classes have been held in a temple or in the community hall. Rieter donated CHF 150 000 for the construction of the building, which began in 2022. The schoolchildren have access to clean drinking water and can study in five classrooms. The building is designed to be expandable.

The future begins in the classroom.

ABOUT THIS REPORT

Rieter Holding Ltd. (Rieter) reports for the first time for the period from January 1, 2023 to December 31, 2023 on non-financial matters in accordance with the revised Swiss Code of Obligations (Art. 964a ff. CO). The company is organized as a public limited company under Swiss law with its registered office in Winterthur (Switzerland) and is listed on the SIX Swiss Exchange. This report includes all Group and associated companies as listed on page 103 of the 2023 Annual Report. Publication takes place on March 13, 2024.

As an integral part of the Group Report, it shows how the company develops, implements and measures its sustainability strategy. The report focuses on progress against the 2025 targets for "Planet" and "People". "Planet" environmental targets include energy consumption, greenhouse gas emissions, acidification, water, and waste and recycling. Greenhouse gas emissions are measured according to the Greenhouse Gas Protocol. The environmental indicators are measured on a CHF 1 000 sales basis. As the report will be published in March 2024, the environmental data is collected for the first 11 months of 2023 and then annualized for the month of December.

The company measures the following data under "People": employee turnover, women in management positions, training, absenteeism and occupational safety. Targets are measured against defined performance indicators. The base year for measuring progress is 2020, and the company is guided by the Global Reporting Initiative: www.rieter.com/esg-data.

The report also provides information on how the company is making production in key markets more environmentally friendly and improving equal opportunities within the company through specific initiatives. One chapter is dedicated to relief efforts for the earthquake victims in Türkiye. The business model provides insights into yarn production, the spinning process, the market and the corporate strategy (see page 38 to 41).

Since 2016, Rieter has set itself measurable targets with a planning horizon of five years in the environmental and social areas. Since 2011, environmental, social and corporate governance data has been recorded in a dedicated SEED (Social, Environmental, Economic Data) database. Progress reports are published annually.

The reporting for 2023 also includes a materiality analysis based on a survey in the fourth quarter of the reporting year of the company's most important stakeholder groups. They responded to 26 questions on the 12 key topics of the European Sustainability Reporting Standard (ESRS). The material topics identified will be taken into account in the further development of the sustainability strategy in 2024. The GRI Content Index is available separately here: www.rieter.com/esg-data.

Restatement of information
The data will now be compiled by the Rieter Group's finance department in order to increase transparency. As part of this change, the company has decided to shift the focus of the turnover rate to the number of voluntary departures as this provides a more precise indication of employee satisfaction. The relative measure per thousand francs of turnover for greenhouse gas emissions was corrected from kg to t. The Board of Directors has decided that the Strategy and Sustainability Committee will be dissolved as of December 31, 2023, and that relevant issues will be dealt with by the full Board of Directors in the future.

External audit
No external audit was carried out by the auditors. The report was reviewed by the Board of Directors and will be submitted to the Annual General Meeting for approval.

Employees
As of December 31, 2023, Rieter employed around 5 081 full-time employees worldwide, excluding apprentices and temporary employees. Around 16 percent of these are in Switzerland. Further information on employees and equal opportunities can be found from page 58 onwards. The figures on social objectives are collected via the national companies and consolidated at Group level.

Corporate Governance
The responsibility for non-financial reporting lies with the Board of Directors and was handled in the year under review by the Strategy and Sustainability Committee. It was chaired by the Chairman of the Board, Bernhard Jucker. The Board of Directors delegates the implementation of the sustainability strategy to the Executive Committee. The Finance Department coordinates a cross-functional team consisting of members from Legal, Communications and Human Resources to consolidate the necessary data at Group level. Further information on the management structure, composition and nomination of the Board of Directors can be found in the Corporate Governance Report on pages 20 ff. Information on the compensation of the Board of Directors can be found in the Compensation Report on pages 64 ff. In December 2023, the members of the Group Executive Committee were trained by KPMG on sustainability.

Sustainability strategy
This report contains information on corporate governance on non-financial matters, including conflict minerals and child labor, on pages 46 ff. The information on the sustainability strategy on pages 42 and 43 is supplemented at: www.rieter.com/esg-data.

Stakeholder engagement
The materiality analysis on pages 44 and 45 provides an insight into how the company involves stakeholders in the identification of material topics. More on the stakeholder dialog can be found at: www.rieter.com/esg-data.

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Compensation Report 2023.

In 2023, the Remuneration Committee carried out a very detailed review of the remuneration system for the Rieter Group. The objective was to optimize the remuneration models to ensure that they contribute even more effectively to the achievement of Rieter's corporate goals. For the 2024 financial year, a new bonus model will be introduced that responds more forcefully to moderate performance and more clearly rewards outstanding results. Under this more differentiated model, no further bonuses will be paid in the event of a loss at the Group level. The new plan also allows for greater weighting of individual targets, for example in the area of ESG. Also starting in 2024, the existing long-term incentive plan will be replaced by a new program linked to predefined targets.

By introducing the new bonus plan and the new long-term incentive plan, Rieter aims to promote business performance even more effectively while responding more precisely to cyclical fluctuations.

In addition to the principle of equal pay, the Board of Directors also addressed the issue of diversity. Diversity is an important concern for Rieter. We are pleased to be able to propose another qualified woman, Jennifer Maag, for election to the Board of Directors at the 2024 Annual General Meeting, further increasing the proportion of women on the Board.

Rieter has set itself the goal of increasing the proportion of women at management level to over twenty percent by 2025. To ensure that this goal can be achieved in the coming years, a comprehensive program for the advancement of women has been launched at all locations under the leadership of our CEO Thomas Oetterli. This is in addition to dedicated global programs aimed at developing and nurturing talent. The Rieter Group operates worldwide and the Board is committed to ensuring that employees from all markets are represented in management positions and that the company has an international management team that reflects our diverse customer needs.

Winterthur, March 12, 2024

Sarah Kreienbühl
Member of the Board of Directors and Chairwoman of the Compensation Committee

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The remuneration report describes the remuneration policy and system in place at Rieter Holding Ltd. and provides information on the annual remuneration disbursed to the Board of Directors and the Group Executive Committee. The report is based on the provisions of the Swiss Code of Obligations, the rules concerning information on Corporate Governance (RLCG) issued by SIX, the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by Economiesuisse as well as the Articles of Association of Rieter Holding Ltd.

1 BASIC PRINCIPLES

Managers at the highest corporate level are motivated by remuneration in line with market conditions, and a performance and value-based system of variable salary components for the sustained enhancement of enterprise value.

The remuneration of the members of the Group Executive Committee (Group Management) consists of a base salary and additional variable remuneration linked to the achievement of specific performance targets. To ensure a consistent focus on long-term shareholder interests, 50 percent of the variable remuneration is disbursed under a long-term incentive plan in the form of restricted shares. The three-year period during which the allocated shares are blocked ensures a close correlation between the compensation in the form of shares and the long-term development of Rieter's enterprise value.

Members of senior management benefit from a separate long-term incentive plan. Participants receive a number of rights to Rieter shares or the corresponding cash amount. The number of allocated rights depends on the achievement of certain targets, which are the same as those used to determine the variable remuneration of the Group Executive Committee. The rights may be exercised three years after their allocation, unless the employment contract was terminated in advance.

The principle of equal pay is an important concern for Rieter. In addition to the wage analyses carried out in Switzerland, which have all confirmed that the principle of equal pay is being observed, similar audits of the remuneration systems will also be conducted at all Rieter locations over the next two years.

2 RESPONSIBILITY AND AUTHORITY

Annual General Meeting – shareholders' participation rights
Pursuant to §13 of the Articles of Association, the Annual General Meeting approves the maximum total remuneration for the Board of Directors and the maximum total remuneration for the Group Executive Committee for the financial year following the ordinary General Meeting of shareholders.

The Annual General Meeting acknowledges the remuneration report for the past financial year by means of an advisory vote.

Remuneration Committee
The remuneration committee consists of no less than three and no more than five members of the Board of Directors. They are proposed by the Board of Directors to the Annual General Meeting. Their term of office is one year, until the conclusion of the next ordinary general meeting. The Chairwoman of the remuneration committee is elected by the Board of Directors.

The remuneration committee assists the Board of Directors in setting out and monitoring remuneration policy, guidelines and performance targets, as well as in preparing proposals to the Annual General Meeting regarding total amounts of remuneration for the members of the Board of Directors and the Group Executive Committee. The remuneration committee prepares the remuneration report for submission to the Board of Directors.

Authority with regard to the type of remuneration is set out in the summary below.

The basic principles of salary policy are reviewed annually. The Chairwoman of the remuneration committee can invite the CEO and the Head Group Human Resources to its meetings, if necessary. The CEO is not present at the meetings at which his own remuneration is specified.

The remuneration committee held six meetings in the 2023 financial year; one telephone conference was also held. The minutes are available to all members of the Board of Directors.

3 REMUNERATION SYSTEM

The remuneration committee regularly reviews the remuneration system. Generally available information on publicly-listed Swiss companies in the machine manufacturing industry is collected and compared in order to establish the levels of remuneration for the Board of Directors and the Group Executive Committee. Individual responsibility and experience are also taken into account in the case of the members of the Group Executive Committee. External consultants were not involved in the preparation of the remuneration systems.

Board of Directors
The members of the Board of Directors receive a fixed remuneration that differs according to their function and duties on the

Types of remuneration	CEO	RC[1]	BoD[2]
Remuneration of the members of the Board of Directors		proposes	approves
Basic salary of the CEO		proposes	approves
Basic salary of other members of the Group Executive Committee	proposes	reviews	approves
Definition of targets for performance-related components of the Group Executive Committee's remuneration		proposes	approves
Definition of individual targets for the CEO		proposes	approves
Definition of individual targets for other members of the Group Executive Committee	proposes	reviews	approves

1 RC = Remuneration Committee
2 BoD = Board of Directors

board committees. They can choose whether they wish to receive their entire remuneration in cash or in the form of shares to the same value. The cash component of the remuneration is usually disbursed in December of the current financial year. In the case of remuneration in the form of shares, the number of shares is calculated on the basis of the average market value of Rieter shares on the first 10 trading days of the new financial year, less a deduction of some 16 percent as permitted by the Swiss Federal Tax Administration to make allowance for the restriction on their sale. The shares are blocked for three years from the date of issue. Rieter Holding Ltd. makes the legally required pension and social security contributions; Board members also receive an annual lump-sum expenses allowance.

Board members do not receive any variable and performance-related remuneration.

Group Executive Committee

Basic salary

The basic salary of the members of the Group Executive Committee consists of a salary that is disbursed monthly. All members of the Group Executive Committee have a Swiss employment contract. The employer pays the pension and social security contributions stipulated by law and regulations, as well as employee contributions for accident and sickness. The members of the Group Executive Committee receive a lump-sum expenses allowance for entertainment costs which is in line with the expenses guidelines approved by the tax authorities.

Variable remuneration

The members of the Group Executive Committee receive a variable remuneration component depending on the achievement of specific performance targets. According to §28 of the Articles of Association, these performance targets can comprise financial, strategic and/or personal targets, taking into account the function and level of responsibility of the recipient of the variable remuneration. The Board of Directors stipulates the weighting of the performance targets and the relevant target values annually in advance, and provides information on these in the remuneration report.

If the financial, strategic and/or personal targets are achieved, the members of the Group Executive Committee are entitled to a performance-related component not exceeding 100 percent of their basic salary. The level is calculated on the basis of the sub-targets specified and weighted annually in advance.

A lower and upper threshold is defined for each of these sub-targets as well as a minimum target to be achieved within this range. If this minimum target is not achieved, no disbursement is made for this sub-target. Calculation of the performance-related remuneration is linear within the specified range.

Long-Term Incentive Plan

Half of the variable remuneration is paid in shares, which are blocked for three years from the date of issue. The three-year blocking period of the allocated shares ensures that the share-based remuneration is geared to increasing the value of the company in the long term.

The number of shares granted is calculated on the basis of the average market value of Rieter shares on 20 trading days prior to the Annual General Meeting.

The Board of Directors is authorized to disburse up to three percent of the aggregate salary of the Group Executive Committee to members of the Group Executive Committee for exceptional individual achievements.

Pursuant to §29 of the Articles of Association, the company is authorized to disburse additional remuneration to members of the Group Executive Committee who join the company or are promoted to the Group Executive Committee after the approval of remuneration by the Annual General Meeting, and as long as the amount already approved for this period is insufficient. This applies so long as this does not exceed the amount last approved for the remuneration of the Group Executive Committee by 40 percent in total.

4 CONTRACTS OF EMPLOYMENT

Contracts of employment and mandates of members of the Board of Directors and the Group Executive Committee can be concluded for a fixed term of no more than 12 months or an unlimited term with a period of notice not exceeding 12 months. Renewal is permissible.

Prohibition of competition for a period following termination of the contract of employment may be agreed. In compensation for such prohibition of competition, remuneration may be paid for no more than two years in an annual amount not exceeding 50 percent of the annual remuneration last paid to this member.

5 REMUNERATION FOR THE 2023 FINANCIAL YEAR

Remuneration of the Group Executive Committee is stated according to the accrual method, since the performance-related salary components are not disbursed or allotted until the following year. A new member of the Board of Directors or the Group Executive Committee is included in the remuneration with effect from assuming the relevant function. The same applies to members leaving these bodies. The members of the Group Executive Committee receive their remuneration not from Rieter Holding Ltd., but from a directly held Group company.

5.1 BOARD OF DIRECTORS

The total remuneration disbursed to the Board of Directors in 2023 amounted to CHF 1 555 999 (2022: CHF 1 418 502) and was within the maximum remuneration of CHF 2 000 000 approved by the 2022 Annual General Meeting for the term of office.

The base remuneration for the Chairman is CHF 300 000, which includes payment for his work in the remuneration, nomination as well as in the strategy and sustainability committees, for the Vice Chairman CHF 120 000, and for the other members of the Board of Directors CHF 100 000 to CHF 120 000. For their work in a committee, CHF 30 000 was paid per member, while the Chairwoman and the Chairmen of the committees received an additional CHF 20 000. In 2023, the activities of the Rieter CAMPUS Committee were discontinued and the fees were reduced accordingly to CHF 22 500.

Within the scope of their option, 7 880 Rieter shares were allocated to five members of the Board of Directors on January 17, 2024. The costs for these shares in the amount of CHF 682 960 were charged to the 2023 income statement.

5.2 GROUP EXECUTIVE COMMITTEE

The total remuneration disbursed to the Group Executive Committee in 2023 amounted to CHF 5 791 172 (2022: CHF 3 854 425) and was within the maximum remuneration of CHF 6 500 000 approved by the 2022 Annual General Meeting for the term of office. The total remuneration of CHF 5 791 172 also includes the remuneration of Norbert Klapper, who left the Group Executive Committee on March 12, 2023. Of the total remuneration, CHF 3 065 742 is allocated to the base salary and CHF 1 811 308 to the variable remuneration, including the corresponding social security contributions on a pro rata basis.

In the 2023 financial year, the focus was on the implementation of the “Next Level” performance program aimed at strengthening sales excellence, sharpening customer focus, improving cost efficiency in production and optimizing fixed cost structures. In the 2023 financial year, an EBIT margin (before restructuring, impairment and the result of disposal of the land and buildings in Winterthur) of 5.9 percent was reached, meaning that the target achievement is 73.8 percent.

A member of the Group Executive Committee received CHF 50 000 for services rendered in connection with the transfer of ongoing business activities and projects and the introduction of the successor in the 2023 financial year.

6 PAYMENTS TO FORMER DIRECTORS AND OFFICERS

No remuneration was paid to former directors and officers.

7 PAYMENTS TO RELATED PARTIES

In 2023, the law firm BianchiSchwald GmbH provided services for a total of CHF 3 900. These were invoiced at standard market conditions. No other payments were made to parties related to the Board of Directors or the Group Executive Committee.

8 LOANS AND CREDITS

No loans were made or credits granted to related parties or directors and officers by either Rieter Holding Ltd. or any other Group company. Nor are any loans or credits outstanding.

9 EXTERNAL MANDATES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITEE

In accordance with Art. 734 of the Swiss Code of Obligations, the following table shows the external mandates held by members of the Board of Directors and members of the Group Executive Committee in comparable functions at other companies with an economic purpose within the meaning of Art. 626 para. 2 no. 1 of the Swiss Code of Obligations (including companies belonging to the same group).

9.1 EXTERNAL MANDATES OF THE MEMBERS OF THE BOARD OF DIRECTORS

(Audited by KPMG)	Company name	Function	Membership in committees
Bernhard Jucker	No further mandates		
Roger Baillod	BKW AG	Chairman of the Board of Directors	Member of the Personnel and Remuneration Committee
	Cascina Immobilien AG	Member of the Board of Directors	
	Configest AG	Chairman of the Board of Directors	
	Ed. Geistlich Söhne AG für chemische Industrie	Vice Chairman of the Board of Directors	Member of the Nomination and Compensation Committee, Chairman of the Audit and Risk Committee
	• Geistlich Pharma AG	Member of the Board of Directors	Member of the Nomination and Compensation Committee, Chairman of the Audit and Risk Committee
	Obere Au happy car AG	Member of the Board of Directors	
Peter Spuhler	Aebi Schmidt Holding AG	Chairman of the Board of Directors	
	Allreal Holding AG	Member of the Board of Directors	
	Chesa Sül Spelm AG	Member of the Board of Directors	
	DSH Holding AG	Vice Chairman of the Board of Directors	
	European Loc Pool AG	Member of the Board of Directors	
	Florhof Immobilien AG	Member of the Board of Directors	
	PCS Holding AG	Chairman of the Board of Directors	
	Rana Aps AG	Chairman of the Board of Directors	
	Robert Bosch GmbH	Member of the Supervisory Board	
	Robert Bosch Industrie-treuhand AG	Limited Partner	
	Sönmez Transformer Company (STS)	Member of the Board of Directors	
	Stadler Rail AG	Chairman of the Board of Directors	Member of the Nomination and Compensation Committees, Chairman of the Strategy and Investment Committee
	• Stadler Deutschland GmbH	Member of the Advisory Board	
	• Stadler Signalling AG	Member of the Board of Directors	
	• Stadler Trains Magyarország Vasúti Szolgáltató Zrt.	Member of the Board of Directors	
	• Stadler US Inc.	Chairman of the Board of Directors	
	• AngelStar S.r.l.	Member of the Board of Directors	
	LITRA	Member of the Executive Committee and Vice President	
	Swissmem	Member of the Executive Committee	
	Tele D	Member of the Board of Trustees	
Hans-Peter Schwald	Autoneum Holding AG	Chairman of the Board of Directors	Chairman of the Strategy and Sustainability Committee and member of the Audit, the Compensation and the Nomination Committee
	AVIA International	Member of the Executive Committee	Member of the Commission of Executive Committee (CEC)

(Audited by KPMG)	Company name	Function	Membership in committees
Hans-Peter Schwald	AVIA Vereinigung	Chairman	
	BianchiSchwald LLC	Chairman of the Board of Directors	
	Dagda Consulting AG	Member of the Board of Directors	
	DSH Holding AG	Member of the Board of Directors	
	PCS Holding AG	Member of the Board of Directors	
	Rehaklinik Tschugg AG	Chairman of the Board of Directors	
	Retsch Holding AG	Member of the Board of Directors	
	Stadler Rail AG	Vice Chairman of the Board of Directors	Member of the Strategy and Investment Committee, the Audit Committee and the Nomination and Compensation Committees
	• Stadler Bussnang AG	Chairman of the Board of Directors	
	• Stadler Rail Management AG	Chairman of the Board of Directors	
	• Stadler Rail Valencia S.A.U.	Member of the Board of Directors	
	• Stadler Rheintal AG	Chairman of the Board of Directors	
	• Stadler Stahlguss AG	Vice Chairman of the Board of Directors	
	• Stadler Winterthur AG	Member of the Board of Directors	
	VAMED Schweiz		
	• Rehaklinik Dussnang AG	Chairman of the Board of Directors	
	• Rehaklinik Seewis AG	Chairman of the Board of Directors	
	• Rehaklinik Zihlschlacht AG	Chairman of the Board of Directors	
	• VAMED Health Project Schweiz AG	Chairman of the Board of Directors	
	• VAMED Management und Service Schweiz AG	Chairman of the Board of Directors	
	ZSC Lions Arena Immobilien AG	Chairman of the Board of Directors	
Carl Illi	CWC Textil AG	Chairman of the Board of Directors	
	Swiss Textile College	Member of the Board of Directors	
	Swisstulle AG	Chairman of the Board of Directors	
	economiesuisse	Member of the Board Committee	
	Swiss Textiles – Swiss Textile Federation	Chairman	
Sarah Kreienbühl	Kühne+Nagel International AG	Member of the Group Management Board	
	Swiss Management Society	President	
Daniel Grieder	Fountain Holding SA	Member of the Board of Directors	
	HUGO BOSS AG	Chief Executive Officer	
Thomas Oetterli	Hoffmann SE	Member of the Supervisory Board	
	SFS Group AG	Chairman of the Board of Directors	Member of the Nomination and Compensation Committee
	Swissmem	Member of the Council	

9.2 EXTERNAL MANDATES OF THE MEMBERS OF THE GROUP EXECUTIVE COMMITEE

(Audited by KPMG)	Company name	Function	Membership in committees
Thomas Oetterli	Hoffmann SE	Member of the Supervisory Board	
	SFS Group AG	Chairman of the Board of Directors	Member of the Nomination and Compensation Committee
	Swissmem	Member of the Council	
Roger Albrecht	No further mandates		
Serge Entleitner	Prosino s.r.l.	Member of the Board of Directors	
Rico Randegger	Electro-Jet S.L.	Member of the Board of Directors	
Oliver Streuli	Autoneum Holding AG	Member of the Board of Directors	Member of the Compensation, the Nomination and the Audit Committee
	Swiss Steel Holding AG	Member of the Board of Directors	Member of the Compensation Committee

Share ownership Board of Directors

(Audited by KPMG)	Number of shares as of December 31, 2023	Number of shares as of December 31, 2022
Bernhard Jucker	15 327	12 047
Roger Baillod	3 347	2 366
Peter Spuhler	1 547 860	1 219 586
Hans-Peter Schwald	8 217	8 217
Carl Illi	2 597	2 106
Sarah Kreienbühl	0	0
Daniel Grieder	2 100	1 500
Thomas Oetterli, as of April 20, 2023[1]	3 005	–
Total	**1 582 453**	**1 245 822**

Share ownership Group Executive Committee

(Audited by KPMG)	Number of shares as of December 31, 2023	Number of shares as of December 31, 2022
Thomas Oetterli, as of March 13, 2023[1]	3 005	–
Roger Albrecht	1 294	873
Serge Entleitner	2 225	1 888
Rico Randegger	1 990	1 653
Oliver Streuli, as of August 1, 2023	0	–
Dr. Norbert Klapper, until March 12, 2023	–	10 000
Kurt Ledermann, until July 31, 2023	–	1 621
Thomas Anwander, until April 20, 2023	–	2 440
Total	**8 514**	**18 475**

[1] Number of shares is listed both under Board of Directors and Group Executive Committee.

Remuneration Board of Directors

(Audited by KPMG)

CHF	Cash compensation (2023)	Share-based compensation[1] (2023)	Social contributions and other compensation[2] (2023)	Total (2023)	Total (2022)
Bernhard Jucker, Chairman of the Board of Directors Chairman of the strategy and sustainability committee, Chairman of the Rieter CAMPUS committee, member of the remuneration committee and the nomination committee	–	381 083	25 319	406 402	415 909
Roger Baillod, Vice Chairman, as of April 7, 2022 Chairman of the audit committee	120 000	59 032	12 512	191 544	193 542
Peter Spuhler Member of the strategy and sustainability committee	130 000	–	9 752	139 752	163 104
Hans-Peter Schwald Member of the audit committee, the remuneration committee, the nomination committee and the Rieter CAMPUS committee	182 500	–	13 312	195 812	204 078
Carl Illi Member of the audit committee and the strategy and sustainability committee	100 000	70 787	11 872	182 659	181 049
Sarah Kreienbühl Chairwoman of the remuneration committee and the nomination committee	75 000	88 427	11 232	174 659	100 000
Daniel Grieder Member of the strategy and sustainability committee	130 000	–	9 752	139 752	93 203
Thomas Oetterli, as of April 20, 2023 Member of the strategy and sustainability committee	–	117 931	7 488	125 419	–
This E. Schneider, Vice Chairman, until April 7, 2022	–	–	–	–	67 617
Members of the Board of Directors	**737 500**	**717 260**	**101 239**	**1 555 999**	**1 418 502**

1 The shares were valued for overall remuneration at CHF 86.67 (average market price on the first 10 trading days in 2024). The issue is made after deduction of any social security contributions.
2 Social contributions include the employer's social security contributions as well as contributions for accident and illness insurance. Employees' contributions are stated in the other compensation items.

Remuneration Group Executive Committee

(Audited by KPMG)

CHF	Basic salary (2023)	Cash bonus (2023)	Share-based compensation (2023)	Social contributions[2] (2023)	Total (2023)	Total (2022)
Thomas Oetterli, Chief Executive Officer[1], as of March 13, 2023	686 986	253 498	253 498	224 933	1 418 915	–
Other Members[3]	2 378 756	838 727	465 585	689 189	4 372 257	3 854 425
Members of the Group Executive Committee	**3 065 742**	**1 092 225**	**719 083**	**914 122**	**5 791 172**	**3 854 425**

1 Highest single remuneration.
2 Pension and social security benefits include the employer's social security and pension fund contributions as well as contributions for accident and illness insurance. Employees' contributions are stated in the other compensation items.
3 Incl. all payments from Dr. Norbert Klapper, Chief Executive Officer, until March 12, 2023.

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

KPMG

REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF RIETER HOLDING LTD., WINTERTHUR

Opinion

We have audited the Remuneration Report of Rieter Holding Ltd. (the Company) for the year ended December 31, 2023. The audit was limited to the information pursuant to Art. 734a–734f of the Swiss Code of Obligations (CO) in the chapters 8 and 9 on page 67 as well as the tables marked "audited" on pages 68 to 71 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a–734f CO in the accompanying Remuneration Report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion

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

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

Other matter

The Remuneration Report of Rieter Holding Ltd. for the year ended December 31, 2022 was audited by another auditor who expressed an unmodified opinion on this report on March 8, 2023.

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 Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Remuneration Report

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

Auditor's Responsibilities for the Audit of the Remuneration Report

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

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

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

KPMG AG

Roman Wenk	Raphael Gähwiler
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, March 12, 2024

ALTERNATIVE PERFORMANCE MEASURES

The Rieter Annual Report includes performance measures defined in accordance with the International Financial Reporting Standards (IFRS) as well as selective alternative performance measures. Alternative performance measures provide important information for readers of the Annual Report about Rieter's performance and financial position. They are used as an essential element of the financial management of the Group.

The following table includes the definitions of alternative performance measures as used by Rieter:

Alternative performance measure	Reference in the Annual Report	Rieter definition
Order intake	• Rieter at a glance • Letter to the shareholders • Business groups	Order intake includes firm orders received from third-party customers for Rieter products and services in the reporting period. Orders are reported as order intake if the following criteria have been met: • Receipt of a written, legally binding confirmation from the customer, • Production capacity is available if manufacturing is required, • The order is financially secured. Orders are financially secured by means of advance payment, irrevocable letter of credit, bank guarantee, credit insurance, or other instruments. In addition, customer credit limits are used, mainly in the After Sales and Components businesses. Order intake comprises the total gross order value, excluding value-added taxes. Additions to existing orders and cancellations are also included in order intake.
Order backlog	• Letter to the shareholders	The order backlog is defined as the total undiscounted value of open customer orders at the end of the reporting period. The order backlog is expected to turn into sales in the future.
Operating result before interest and taxes (EBIT)	• Rieter at a glance • Letter to the shareholders • Business groups • Consolidated income statement • Note 3.1 • Review 2019 to 2023	Operating result before the share in profit of associated companies, financial income and expenses as well as income taxes.
Operating result before interest, taxes, depreciation, amortization, and impairment (EBITDA)	• Rieter at a glance • Note 3.5 • Review 2019 to 2023	Operating result before interest and taxes (EBIT), excluding depreciation of property, plant, and equipment, amortization of intangible assets, and impairment.
Operating result before interest, taxes, restructuring and impairment (EBIT before restructuring and impairment)	• Rieter at a glance • Letter to the shareholders • Note 2.2 • Note 3.1 • Review 2019 to 2023	Operating result before interest and taxes (EBIT), excluding restructuring charges and impairment. Restructuring charges include restructuring costs (e.g. personnel expenses and other costs directly associated with restructuring measures) and reversals of existing restructuring provisions. Impairment contains impairment losses on property, plant, and equipment and intangible assets.
Capital expenditure	• Rieter at a glance	Purchase of property, plant, and equipment, and intangible assets (excluding additions to right-of-use assets).
Free cash flow	• Letter to the shareholders • Note 5.1 • Review 2019 to 2023	Cash flow from operating activities adjusted by cash flow from investing activities. Acquisitions and divestments of businesses are excluded.

Alternative performance measure	Reference in the Annual Report	Rieter definition
Liquid funds	• Letter to the shareholders • Note 8.6 (Liquidity risk)	Liquid funds contain cash and cash equivalents as well as marketable securities and time deposits with a maturity of less than twelve months.
Net liquidity or net debt	• Rieter at a glance • Letter to the shareholders • Note 5.1 • Review 2019 to 2023	Liquid funds (see definition above) minus current and non-current financial debt. Lease liabilities are included in financial debt.
Dividend payout ratio	• Letter to the shareholders • Note 5.4 • Review 2019 to 2023	Dividend per share paid or expected to be paid to shareholders of Rieter Holding Ltd. (based on the resolution of the Annual General Meeting of shareholders or the motion of the Board of Directors) as a percentage of basic earnings per share of the respective period.
(Operating) net working capital		Operating net working capital consists of trade receivables, inventories, and advance payments to suppliers, less trade payables and advance payments from customers. Net working capital equals to operating net working capital plus other short-term receivables non-interest-bearing less other short-term payables non-interest-bearing. Assets or liabilities are non-interest-bearing, when no receipt/payment of interest is agreed between Rieter and the counterparty (e.g. current income tax receivables/payables or deferred revenue).
Equity ratio	• Rieter at a glance • Letter to the shareholders • Note 8.6 (Capital management) • Review 2019 to 2023	Shareholders' equity as a percentage of total assets.
Return on net assets (RONA)	• Review 2019 to 2023	Net profit before interest expenses and write-offs of financial assets as a percentage of the average of the last twelve month-end balances of total assets less liabilities (excluding financial debt).
Market capitalization	• Corporate Governance (2 Capital structure) • Review 2019 to 2023	Shares outstanding multiplied by share price at the Swiss Exchange (SIX).
Price/earnings ratio	• Review 2019 to 2023	Share price at the SIX divided by basic earnings per share.
Dividend yield	• Review 2019 to 2023	Dividend per share as a percentage of share price at the SIX.
Number of employees	• Rieter at a glance • Review 2019 to 2023	Total number of employees working for Rieter, excluding temporaries and apprentices.

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

CHF million	Notes	2022	2023
Sales	(3.1/3.2)	**1 510.9**	**1 418.6**
Cost of sales		– 1 181.9	– 1 038.3
Gross profit		**329.0**	**380.3**
Research and development expenses		– 77.9	– 76.8
Selling, general, and administrative expenses		– 237.3	– 234.9
Other income	(3.3)	25.5	103.2
Other expenses	(3.3)	– 7.1	– 70.1
Operating result before interest and taxes (EBIT)		**32.2**	**101.7**
Share in profit of associated companies	(6.3)	2.4	3.1
Financial income	(5.6)	1.6	1.8
Financial expenses	(5.6)	– 19.1	– 16.0
Profit before taxes		**17.1**	**90.6**
Income taxes	(8.1)	– 5.0	– 16.6
Net profit		**12.1**	**74.0**
Attributable to shareholders of Rieter Holding Ltd.		12.1	74.0
Attributable to non-controlling interests		0.0	0.0
Basic earnings per share (CHF)	(5.4)	**2.70**	**16.48**
Diluted earnings per share (CHF)	(5.4)	**2.70**	**16.47**

The notes on pages 82 to 125 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF million	Notes	2022	2023
Net profit		**12.1**	**74.0**
Remeasurement of defined benefit plans	(7.2)	10.9	– 2.0
Income taxes on remeasurement of defined benefit plans	(8.1)	– 2.9	0.3
Change in fair values of financial assets		– 0.3	0.0
Items that will not be reclassified to the income statement, net of taxes		**7.7**	**– 1.7**
Currency translation differences		– 28.9	– 53.7
Income taxes on currency translation differences	(8.1)	0.0	0.4
Cash flow hedges	(8.6)	– 12.5	3.9
Income taxes on cash flow hedges	(8.1/8.6)	2.5	– 0.8
Items that may be reclassified to the income statement, net of taxes		**– 38.9**	**– 50.2**
Total other comprehensive income		**– 31.2**	**– 51.9**
Total comprehensive income		**– 19.1**	**22.1**
Attributable to shareholders of Rieter Holding Ltd.		– 19.1	22.1
Attributable to non-controlling interests		0.0	0.0

The notes on pages 82 to 125 are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

CHF million	Notes	December 31, 2022	December 31, 2023
Assets			
Cash and cash equivalents	(5.2)	175.7	135.6
Marketable securities and time deposits		0.4	0.3
Trade receivables	(4.1)	212.1	138.8
Other current receivables	(4.2)	74.1	77.6
Current income tax receivables		4.5	3.3
Inventories	(4.3)	363.3	285.9
Assets classified as held for sale	(8.2)	13.8	0.0
Current assets		**843.9**	**641.5**
Property, plant, and equipment	(4.4)	231.2	226.1
Intangible assets	(4.5)	139.6	119.4
Goodwill	(4.6)	193.8	184.3
Investments in associated companies	(6.3)	16.7	18.8
Defined benefit plan assets	(7.2)	62.9	63.0
Deferred income tax assets	(8.1)	36.6	47.0
Other non-current assets	(8.3)	16.2	9.9
Non-current assets		**697.0**	**668.5**
Assets		**1 540.9**	**1 310.0**

Liabilities and shareholders' equity			
Current financial debt	(5.3)	262.5	198.1
Trade payables		161.8	101.5
Other current liabilities	(4.7)	210.1	204.6
Advance payments from customers	(4.8)	192.7	96.3
Current income tax liabilities		30.6	44.5
Current provisions	(4.9)	32.8	72.2
Current liabilities		**890.5**	**717.2**
Non-current financial debt	(5.3)	199.2	129.0
Defined benefit plan liabilities	(7.2)	25.6	24.0
Deferred income tax liabilities	(8.1)	37.4	38.1
Other non-current liabilities		0.2	0.0
Non-current provisions	(4.9)	28.0	25.0
Non-current liabilities		**290.4**	**216.1**
Liabilities		**1 180.9**	**933.3**
Equity attributable to shareholders of Rieter Holding Ltd.		359.9	376.6
Equity attributable to non-controlling interests		0.1	0.1
Shareholders' equity		**360.0**	**376.7**
Liabilities and shareholders' equity		**1 540.9**	**1 310.0**

The notes on pages 82 to 125 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	Notes	Share capital	Treasury shares	Hedge reserve	Currency translation differences	Retained earnings	Total attributable to Rieter shareholders	Attributable to non-controlling interests	Total consolidated equity
At January 1, 2022		**23.4**	**– 26.6**	**0.5**	**– 116.7**	**515.2**	**395.8**	**0.3**	**396.1**
Net profit		0.0	0.0	0.0	0.0	12.1	12.1	0.0	12.1
Total other comprehensive income		0.0	0.0	– 10.0	– 28.9	7.7	– 31.2	0.0	– 31.2
Total comprehensive income		**0.0**	**0.0**	**– 10.0**	**– 28.9**	**19.8**	**– 19.1**	**0.0**	**– 19.1**
Distribution of a dividend	(5.4)	0.0	0.0	0.0	0.0	– 18.0	– 18.0	0.0	– 18.0
Changes in non-controlling interests		0.0	0.0	0.0	– 0.2	0.2	0.0	– 0.2	– 0.2
Share-based compensation		0.0	2.7	0.0	0.0	– 0.4	2.3	0.0	2.3
Changes in treasury shares		0.0	– 1.1	0.0	0.0	0.0	– 1.1	0.0	– 1.1
Total contributions by and distributions to owners of the company		**0.0**	**1.6**	**0.0**	**– 0.2**	**– 18.2**	**– 16.8**	**– 0.2**	**– 17.0**
At December 31, 2022		**23.4**	**– 25.0**	**– 9.5**	**– 145.8**	**516.8**	**359.9**	**0.1**	**360.0**
Net profit		0.0	0.0	0.0	0.0	74.0	74.0	0.0	74.0
Total other comprehensive income		0.0	0.0	3.1	– 53.3	– 1.7	– 51.9	0.0	– 51.9
Total comprehensive income		**0.0**	**0.0**	**3.1**	**– 53.3**	**72.3**	**22.1**	**0.0**	**22.1**
Distribution of a dividend	(5.4)	0.0	0.0	0.0	0.0	– 6.7	– 6.7	0.0	– 6.7
Share-based compensation		0.0	1.3	0.0	0.0	0.0	1.3	0.0	1.3
Changes in treasury shares		0.0	0.5	0.0	0.0	– 0.5	0.0	0.0	0.0
Total contributions by and distributions to owners of the company		**0.0**	**1.8**	**0.0**	**0.0**	**– 7.2**	**– 5.4**	**0.0**	**– 5.4**
At December 31, 2023		**23.4**	**– 23.2**	**– 6.4**	**– 199.1**	**581.9**	**376.6**	**0.1**	**376.7**

The notes on pages 82 to 125 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Notes	2022	2023
Net profit		**12.1**	**74.0**
Depreciation, amortization, and impairment	(3.4)	52.8	58.7
Interest income	(5.6)	– 1.0	– 1.4
Interest expenses	(5.6)	9.6	13.1
Income taxes	(8.1)	5.0	16.6
Gain on disposals of property, plant, and equipment	(3.3)	– 0.3	– 1.4
Gain on disposal of assets classified as held for sale	(2.3/3.3)	–	– 72.5
Other non-cash income and expenses		– 4.7	– 1.2
Change in receivables		– 87.9	64.5
Change in inventories		– 105.2	49.7
Change in trade payables		47.1	– 52.7
Change in advance payments from customers and other liabilities		30.2	– 94.2
Change in provisions		– 15.3	40.3
Dividends received from associated companies	(6.3)	2.3	0.5
Interest received		1.0	1.3
Interest paid		– 8.5	– 13.3
Income taxes paid		– 13.4	– 12.7
Cash flow from operating activities		**– 76.2**	**69.3**
Acquisition of subsidiaries	(2.1)	– 7.8	–
Purchase of property, plant, and equipment, and intangible assets		– 46.7	– 41.2
Purchase of assets classified as held for sale[1]		–	– 1.5
Proceeds from disposals of property, plant, and equipment		6.0	2.8
Proceeds from disposals of assets classified as held for sale	(2.3)	14.7	89.1
Proceeds from disposals/purchase of other non-current assets		3.6	0.0
Sale/purchase of marketable securities and time deposits		0.0	0.2
Cash flow from investing activities		**– 30.2**	**49.4**
Dividend paid to shareholders of Rieter Holding Ltd.	(5.4)	– 18.0	– 6.7
Purchase/sale of treasury shares		– 3.3	0.0
Proceeds from bank and other financial debt	(5.3)	63.1	0.0
Repayments of bank and other financial debt	(5.3)	– 2.7	– 139.4
Repayments of lease liabilities	(5.3)	– 4.2	– 5.5
Cash flow from financing activities		**34.9**	**– 151.6**
Currency effects on cash and cash equivalents		– 1.5	– 7.2
Change in cash and cash equivalents		**– 73.0**	**– 40.1**
Cash and cash equivalents at January 1	(5.2)	**248.7**	**175.7**
Cash and cash equivalents at December 31	(5.2)	**175.7**	**135.6**

1. Capital expenditure related to the sale of land in Winterthur which was classified as assets held for sale.
The notes on pages 82 to 125 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Rieter Holding Ltd. is a company incorporated in Switzerland with its registered office at Klosterstrasse 32 in Winterthur. Rieter Holding Ltd. together with its subsidiaries ("Rieter" or "Group") is the world's leading supplier of systems for manufacturing yarn from staple fibers in spinning mills.

The consolidated financial statements were approved for publication by the Board of Directors on March 12, 2024. They are also subject to approval by the Annual General Meeting of shareholders.

1.1 BASIS FOR PREPARATION

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The material accounting policies applied in preparing these consolidated financial statements are included in the respective notes. General types of material accounting policies are set out in note 8.9. These policies have been consistently applied to all the reporting periods presented unless otherwise stated. Changes in material accounting policies are disclosed in note 8.8.

The consolidated financial statements are based on historical cost, with the exception of certain financial instruments and defined benefit plan assets, which are measured at fair value, and assets classified as held for sale, which are measured at the lower of carrying amount or expected fair value less cost to sell.

The consolidated financial statements are presented in Swiss francs, the functional and presentation currency of Rieter Holding Ltd.

1.2 USE OF ESTIMATES AND JUDGMENTS

Financial reporting requires management to make estimates and exercise judgment in applying the Group's accounting policies, both of which can affect the reported amounts of assets, liabilities, contingent liabilities and contingent assets at the date of the financial statements, and reported amounts of income and expenses during the reporting period. These accounting estimates and judgments are periodically reviewed. In the financial years 2023 and 2022, the effects of the global economic and geopolitical uncertainties on these assumptions have been taken into account.

The areas involving significant accounting estimates and judgments are related to the accounting of the acquisition in 2022 (see note 2.1) as well as the topics included in the following notes:

Note	Description of significant accounting estimates and judgments
4.3 Inventories	Assumptions associated with the allowance for inventories
4.5 Intangible assets	Assumptions associated with the capitalization of development costs for research and development activities
4.6 Goodwill	Assumptions associated with the goodwill impairment test
4.9 Provisions	Estimates associated with the measurement of provisions
7.2 Employee benefit plans	Assumptions in relation to defined benefit plans
8.1 Income taxes	Assumptions in relation to the measurement of income tax assets and liabilities

2 SIGNIFICANT EVENTS

2.1 ACQUISITIONS

Rieter did not make any acquisitions in 2023.

On August 13, 2021, Rieter signed an investment and shareholders agreement (ISA) with Saurer Hong Kong Machinery Company Ltd (China), Saurer Intelligent Technology Company Ltd (China) and Saurer Netherlands Machinery Company B.V. (Netherlands) (Saurer Netherlands) to acquire 57% preferred shares of Saurer Netherlands in order to carve out, spin-off, and acquire the three businesses automatic winding machine, Accotex, and Temco (target businesses). These businesses formed an integral part of two fully owned subsidiaries of Saurer Netherlands, i.e. Saurer Spinning Solutions GmbH & Co KG (Germany) and Saurer Technologies GmbH & Co KG (Germany) (together the German Saurer entities). To allow the release of the German Saurer entities from insolvency proceedings, Rieter agreed to prepay the consideration in the amount of EUR 300.0 million (CHF 321.4 million) in cash on August 17, 2021.

With the acquisition of the automatic winding machine business in the premium category, Rieter has laid the foundation to further improve the company's strong position in the largest market segment of short-staple fibers processing by completing its offering of ring and compact-spinning systems. The automatic winding machine business was allocated to the Machines & Systems and the After Sales segments. Furthermore, Rieter added two attractive components businesses to its Components segment: Accotex (elastomer technology for spinning machines) and Temco (technology components for filament machines).

To give effect to the ISA, Saurer Netherlands founded two new and fully owned subsidiaries, Rieter Components Germany GmbH (Hammelburg, Germany) and Rieter Automatic Winder GmbH (Uebach-Palenberg, Germany; since April 1, 2023: Heinsberg, Germany). The acquisitions of the Accotex and Temco businesses as well as of the winder-related service and commission business in India were completed on December 1, 2021, while the acquisition of the automatic winding machine business was completed on April 1, 2022.

Automatic winding machine business, consolidated on April 1, 2022

On March 25, 2022, Saurer Spinning Solutions GmbH & Co KG and Rieter Automatic Winder GmbH signed an asset purchase agreement on a cash- and debt-free basis to acquire assets and liabilities of the automatic winding machine business. Closing of the transaction and therefore initial integration into the consolidated financial statements of Rieter was on March 31, 2022. The shares of Rieter Automatic Winder GmbH were transferred to Rieter Holding Ltd. on March 31, 2022, in return for 36% preferred shares of Saurer Netherlands.

The purchase price for the automatic winding machine business amounted to EUR 178.8 million (CHF 183.6 million), and was settled against the prepaid purchase price using the foreign exchange rate relevant at the acquisition date. A corresponding foreign exchange loss of CHF 8.0 million was recorded in financial expenses in 2022. No contingent considerations were agreed. In addition, a consideration of a loss compensation for the transition period until March 31, 2022, in the amount of EUR 6.0 million (CHF 6.2 million) was paid on September 13, 2022.

Goodwill of CHF 107.2 million is attributable to the acquired workforce, synergies, and the complementary nature of the acquired automatic winding machine business. Any amortization of goodwill will be deductible for tax purposes.

The acquired automatic winding machine business contributed sales of CHF 112.2 million and a net result of CHF -21.7 million to Rieter for the period from April 1 to December 31, 2022. If the acquisition had occurred on January 1, 2022, consolidated pro-forma sales and the net result for the period ended December 31, 2022, would have been CHF 1 543.5 million and CHF 8.1 million, respectively. These amounts were calculated from the results of the acquired business, adjusted to take account of the differences in the accounting policies between Rieter and the automatic winding machine business, and from the additional depreciation and amortization that would have been charged assuming the fair value adjustments to inventories, property, plant, and equipment, and intangible assets had applied from January 1, 2022, together with the consequential tax effects.

The following table presents a breakdown of assets acquired and liabilities assumed at April 1, 2022:

CHF million	Notes	Rieter Automatic Winder GmbH
Trade receivables		15.3
Other current receivables		2.8
Inventories		30.0
Property, plant, and equipment	(4.4)	11.6
Intangible assets	(4.5)	71.2
Other non-current assets		7.9
Assets		**138.8**
Trade payables		5.0
Other current liabilities		5.9
Advance payments from customers		14.1
Current provisions		21.7
Defined benefit plan liabilities		7.7
Non-current provisions		0.6
Liabilities		**55.0**
Agreed purchase price (EUR 178.8 million)		183.6
Increase in purchase price: Payment of liabilities not possible to be assumed by Rieter (EUR 1.2 million)		1.2
Increase in purchase price: Payment of a loss compensation for the transition period until March 31, 2022 (EUR 6.0 million)		6.2
Total consideration		**191.0**
Net identifiable assets acquired		83.8
Goodwill	(4.6)	**107.2**

There have been no adjustments to the purchase price allocation presented in the Annual Report 2022.

Intangible assets identified comprise the fair values of customer relationships (CHF 35.9 million), technology (CHF 30.5 million), and the related brands Autoconer and Schlafhorst (CHF 4.8 million).

The fair value of acquired trade receivables amounted to CHF 15.3 million. The gross contractual amount of invoiced trade receivables was CHF 15.6 million, with a respective allowance for trade receivables of CHF 0.3 million recognized at the acquisition date.

Transaction costs related directly to the acquisition amounted to CHF 2.4 million and were recognized as other expenses in the consolidated income statement 2022 (see note 3.3).

Cash flows from acquisitions of the target businesses

In 2022, the respective cash flows are summarized in the table below:

CHF million	Cash flow
Payment of deferred purchase price portion for the Accotex and Temco businesses (EUR –1.0 million)	–1.0
Repayment of prepaid purchase price assigned to inventory and property, plant, and equipment in various Rieter countries (EUR 0.2 million)	0.2
Payment of liabilities not possible to be assumed by Rieter (EUR –1.2 million)	–1.2
Payment of a loss compensation for the transition period until March 31, 2022 (EUR –6.0 million)	–5.8
Cash flow from acquisition of subsidiaries	**–7.8**

2.2 RESTRUCTURING AND IMPAIRMENT

On July 19, 2023, Rieter launched the "Next Level" performance program aimed at strengthening sales excellence, sharpening customer focus, improving cost efficiency in production, and optimizing fixed cost structures. Amongst other measures, it includes provisions for the net reduction of approximately 300 positions in overhead functions across the Group, primarily in Germany (e.g. closure of the Ingolstadt location) and Switzerland. The consultation processes initiated with the employee representatives were completed in the second half of 2023. Due to the current market situation, further market- and volume-related adjustments in the range of 400 to 600 positions were necessary across the Group, mainly in production.

The restructuring charges directly related to the "Next Level" performance program are summarized in the table below:

CHF million	2023
Restructuring costs directly related to "Next Level"	– 44.7
Impairment losses on property, plant, and equipment directly related to "Next Level"	– 4.9
Restructuring charges directly related to "Next Level"	**– 49.6**

Restructuring costs directly related to the "Next Level" performance program include personnel-related restructuring costs in the amount of CHF 28.8 million. This includes severance payments, outplacement costs, and recruitment expenses for new staff selection in connection with relocated services.

Impairment losses on property, plant, and equipment directly related to the "Next Level" performance program include the impairment loss on the right-of-use asset related to the leased office premises no longer used due to the closure of the Ingolstadt location.

The following table presents the operating result before interest and taxes (EBIT) of Rieter before and after restructuring and impairment:

CHF million	2022	2023
Operating result before interest, taxes, restructuring, and impairment	32.1	156.3
Restructuring charges directly related to "Next Level" (see above)	–	– 49.6
Other restructuring costs	0.0	– 3.9
Other impairment losses on property, plant, and equipment	– 0.2	– 1.1
Reversal of restructuring provisions	0.3	0.0
Operating result before interest and taxes (EBIT)	**32.2**	**101.7**

Other restructuring costs consist of expenses directly related to the relocation of Rieter Automatic Winder GmbH, which was contractually agreed with the seller of the business.

In 2023, total restructuring costs and total impairment losses on property, plant, and equipment amounted to CHF –48.6 million and CHF –6.0 million respectively.

2.3 DISPOSAL OF LAND AND BUILDINGS IN WINTERTHUR

On September 26, 2023, Rieter sold the land and buildings no longer required for operations at Klosterstrasse in Winterthur (Switzerland) to Allreal (Glattpark, Switzerland). The following table summarizes the impact of the disposal on the consolidated income statement 2023:

	CHF million
Disposal consideration (gross)	96.0
Carrying amount of land and buildings	– 15.3
Costs directly attributable to the disposal	– 8.2
Gain on disposal of assets classified as held for sale	**72.5**

The costs directly attributable to the disposal consisted mainly of provisions for obligations related to site restoration, ambient protection, and other liabilities directly related to the sale of the land and buildings in Winterthur.

The following amounts are included in the consolidated cash flow statement 2023:

	CHF million
Disposal consideration (gross)	96.0
Prepaid property gain taxes	– 6.9
Proceeds from disposal of assets classified as held for sale	**89.1**

2.4 EARTHQUAKE IN TÜRKIYE AND GLOBAL ECONOMIC AND GEOPOLITICAL UNCERTAINTIES

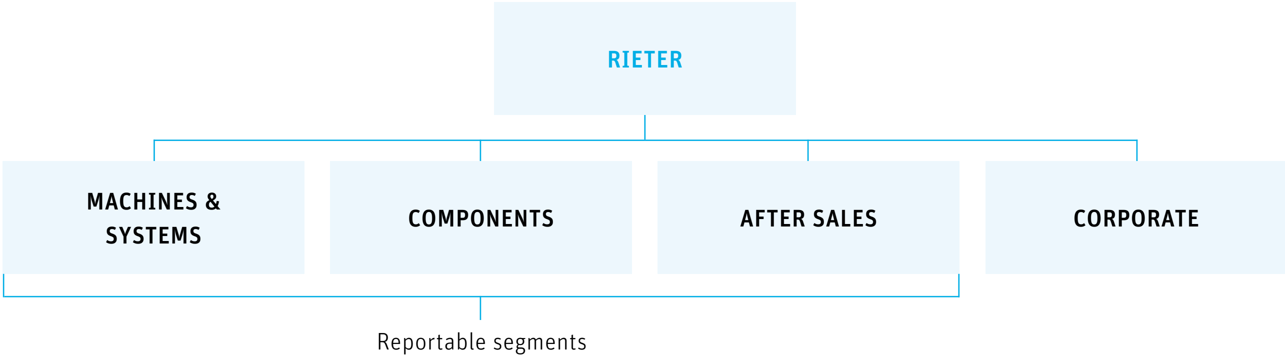
On February 6, 2023, a devastating earthquake struck southern Türkiye and northern Syria. This region is home to a significant part of the Turkish textile industry and thus a key market for Rieter. The earthquake had a significant impact on Rieter's top line; in particular, sales to and order intake from Türkiye decreased significantly in 2023 due to a lack of investments in new machinery and systems in combination with postponements and cancellations of existing orders. The property damage at Rieter's repair center and the financial loss incurred due to business interruption are still being evaluated in cooperation with the respective insurance company. Rieter does not expect any significant adverse impact on its financial position or its financial performance presented in these consolidated financial statements.

Rieter's business in Ukraine, Russia, Belarus, and in the Middle-East is not significant. Consequently, the military conflicts in Ukraine and the Middle East do not have a direct impact on Rieter, as neither subsidiaries (assets) nor significant customers are based in these regions. However, indirect effects such as additional hurdles in the supply chain (affecting 2022 and 2023) and increases in energy costs (mainly affecting 2022) had a negative impact on Rieter's business.

Against this background, in order to assess the impact of the earthquake in Türkiye and the global economic and geopolitical uncertainties, Rieter has reviewed the areas involving significant accounting estimates and judgments (see note 1.2). The results of this review are included in the respective notes.

3 OPERATING PERFORMANCE

3.1 SEGMENT PERFORMANCE



Segment information is based on the Group's organization and management structure and internal financial reporting to the Chief Operating Decision Maker up to the level of EBIT. The Chief Operating Decision Maker at Rieter is the Chief Executive Officer. Segment reporting is based on the same accounting policies as those used for the preparation of the consolidated financial statements. The Group consists of three reportable segments: Machines & Systems, Components and After Sales. There is no aggregation of operating segments. Rieter Machines & Systems develops, produces and distributes machinery and systems used to convert natural and man-made fibers and their blends into yarns. Rieter Components supplies technology components to spinning mills and to textile machinery manufacturers, as well as precision winding machines. Rieter After Sales serves customers with spare parts, value-adding after sales services, and solutions over the entire product life cycle.

Segment information 2023

CHF million	Machines & Systems	Components	After Sales	Total reportable segments
Total segment sales	965.0	383.6	187.4	1 536.0
Inter-segment sales	0.0	117.4	0.0	117.4
Sales	**965.0**	**266.2**	**187.4**	**1 418.6**
Operating result before interest, taxes, restructuring, and impairment	23.5	23.7	35.1	82.3
Operating result before interest and taxes (EBIT)	– 3.1	19.2	29.0	45.1
Purchase of property, plant, and equipment, and intangible assets	9.7	14.9	1.3	25.9
Depreciation, amortization, and impairment	15.6	25.4	3.5	44.5

Segment information 2022

CHF million	Machines & Systems	Components	After Sales	Total reportable segments
Total segment sales	1 034.7	427.9	172.7	1 635.3
Inter-segment sales	0.0	124.4	0.0	124.4
Sales	**1 034.7**	**303.5**	**172.7**	**1 510.9**
Operating result before interest, taxes, restructuring, and impairment	– 18.6	26.9	25.0	33.3
Operating result before interest and taxes (EBIT)	– 18.7	26.8	25.0	33.1
Purchase of property, plant, and equipment, and intangible assets	14.1	15.5	2.6	32.2
Depreciation, amortization, and impairment	15.1	27.2	2.9	45.2

Reconciliation of segment results

CHF million	2022	2023
Operating result before interest and taxes (EBIT) of reportable segments	33.1	45.1
Gain on disposal of land and buildings in Winterthur[1]	–	72.5
Restructuring costs which are not allocated to reportable segments[2]	–	– 11.9
Impairment losses on property, plant, and equipment which are not allocated to reportable segments[2]	–	– 5.5
Other result that is not allocated to reportable segments	– 0.9	1.5
Operating result before interest and taxes (EBIT), Group	**32.2**	**101.7**
Share in profit of associated companies	2.4	3.1
Financial income	1.6	1.8
Financial expenses	– 19.1	– 16.0
Profit before taxes	**17.1**	**90.6**

1. See notes 2.3 and 3.3.
2. Mainly related to the performance program "Next Level" (see note 2.2).

The other result that is not allocated to reportable segments includes all those elements of income and expenses that are not allocated on a reasonable basis to the segments, such as certain costs of central functions and infrastructure (internally reported as "Corporate") as well as the elimination of unrealized profits on inter-segment deliveries.

Sales and non-current assets by country

CHF million	Sales 2022[1]	Sales 2023[1]	Non-current assets 2022[2]	Non-current assets 2023[2]
Switzerland (domicile of Rieter Holding Ltd.)	7.1	8.8	131.3	118.6
Foreign countries	1 503.8	1 409.8	433.3	411.2
Group	**1 510.9**	**1 418.6**	**564.6**	**529.8**
The following countries accounted for more than 10% of sales or non-current assets:				
Switzerland (domicile of Rieter Holding Ltd.)	7.1	8.8	131.3	118.6
China	168.5	188.0	38.2	30.8
Germany	72.6	32.6	295.8	293.9
India	196.8	224.5	19.6	16.6
Türkiye	266.1	221.3	0.4	0.8

1. By location of customer.
2. Property, plant, and equipment, intangible assets, and goodwill by country of location.

No individual customer accounted for more than 10% of consolidated sales in 2023 and 2022. The greatest granularity available for products and product groups is segment level, which is reflected in the segment reporting shown above.

3.2 SALES

CHF million	2022	2023
Sales of products	1 464.2	1 362.0
Sales of services	46.7	56.6
Sales	**1 510.9**	**1 418.6**

Revenue from sales of services is mainly incurred at Rieter After Sales.

Material accounting policies

Rieter sells textile machinery and systems on a global scale. The respective customer contracts may include further elements such as installation. Installation is treated as a separate performance obligation due to the nature of the service rendered. Revenue from textile machinery and systems sales is recognized when control is transferred to the customer. In general, this happens at the point in time when products are handed over to the customer or its freight carrier based on contractually agreed terms ("International Commercial Terms" or "Incoterms"). Upon handover, the customer assumes physical control as well as significant risks and future rewards. Prior to delivery, Rieter ensures that machinery and systems comply with contractually agreed performance criteria. As a consequence, no significant unfulfilled obligations exist for Rieter upon handover, with the exception of installation. Installations are invoiced at the same time as the delivery of machinery and systems, although the service is rendered at a later date. Revenue from installation services is therefore deferred as contract liability in the line item Deferred revenue and is recognized in the period when the service is rendered (see note 4.7). The progress of the activities is determined based on accumulated working hours or expenses compared with total expected working hours or expenses (over time). Estimates of total expected working hours or expenses are adjusted in the event of changes. The effects of such adjustments are recognized in the respective period. The total selling price agreed in machinery and systems contracts (including discounts granted) is allocated to individual performance obligations based on relative stand-alone selling prices.

The Group also distributes technology components and spare parts for textile machinery and systems. Revenue from these products is recognized when control is transferred to the customer. In general, this happens at the point in time when products are handed over to the customer or its freight carrier based on the relevant contractually agreed terms ("Incoterms"). Upon handover, the customer assumes physical control as well as significant risks and future rewards.

In addition, Rieter offers a wide range of services and solutions over the entire life cycle of textile machinery and systems (e.g. mill assessments and preventive maintenance as well as upgrade and conversion packages). Revenue from such services rendered at customers' machinery and systems is usually fixed and is recognized in the period when the service is rendered. The progress of the activities is determined based on accumulated working hours or expenses compared with total expected working hours or expenses (over time).

In the case of customers' advance payments for goods or services, the respective contract liability is accrued separately in the line item Advance payments from customers (see note 4.8).

For receivables not covered by advance payments, the general payment term is normally between 30 and 60 days. Since payment terms of more than one year are not generally granted, customer contracts do not normally include any financing component.

3.3 OTHER INCOME AND EXPENSES

CHF million	2022	2023
Rental income	3.5	3.2
Gain on disposals of property, plant, and equipment	0.3	1.4
Gain on disposal of assets classified as held for sale[1]	–	72.5
Reversal of restructuring provisions[2]	0.3	0.0
Foreign exchange differences (net)	7.2	7.1
Disposals of materials for recycling purposes	3.2	2.0
Miscellaneous other income	11.0	17.0
Other income	**25.5**	**103.2**
Restructuring costs[2]	0.0	– 48.6
Impairment losses on property, plant, and equipment[2]	– 0.2	– 6.0
Transaction costs related directly to the acquisition[3]	– 2.4	–
Losses from accounts receivable	– 2.1	– 0.2
Miscellaneous other expenses	– 2.4	– 15.3
Other expenses	**– 7.1**	**– 70.1**

1. See note 2.3.
2. See note 2.2.
3. See note 2.1.

Miscellaneous other income includes income that is not presented as sales, such as income from export incentive schemes and income from government grants.

Miscellaneous other expenses include mainly costs related to cancelled customer projects and losses from onerous customer contracts.

3.4 DEPRECIATION, AMORTIZATION, AND IMPAIRMENT

CHF million	2022	2023
Property, plant, and equipment[1]	– 38.0	– 42.9
Intangible assets	– 14.8	– 15.8
Depreciation, amortization, and impairment	**– 52.8**	**– 58.7**

1. In 2023, impairment losses of CHF 6.0 million (2022: CHF 0.2 million) are included. This is mainly related to the impairment loss on the right-of-use asset of the leased office premises not used any longer due to the closure of the Ingolstadt location (see notes 2.2 and 4.4).

3.5 OPERATING RESULT BEFORE INTEREST, TAXES, DEPRECIATION, AMORTIZATION, AND IMPAIRMENT (EBITDA)

The operating result before interest, taxes, depreciation, amortization, and impairment (EBITDA) is used by Rieter as an alternative performance measure. The table below contains a reconciliation of EBITDA:

CHF million	2022	2023
Operating result before interest and taxes (EBIT)	32.2	101.7
Depreciation, amortization, and impairment (see note 3.4)[1]	52.8	58.7
Operating result before interest, taxes, depreciation, amortization, and impairment (EBITDA)	**85.0**	**160.4**

1. In 2023, impairment losses of CHF 6.0 million (2022: CHF 0.2 million) are included. This is mainly related to the impairment loss on the right-of-use asset of the leased office premises not used any longer due to the closure of the Ingolstadt location (see notes 2.2 and 4.4).

4 OPERATING ASSETS AND LIABILITIES

4.1 TRADE RECEIVABLES

CHF million	December 31, 2022	December 31, 2023
Trade receivables (gross)	217.7	142.2
Allowance for trade receivables	– 5.6	– 3.4
Trade receivables	**212.1**	**138.8**

Trade receivables are divided into the following major currencies:

CHF million	December 31, 2022	December 31, 2023
CHF	100.2	98.9
CNY	7.7	2.3
EUR	81.9	26.9
INR	5.5	2.8
USD	15.4	6.8
Other	1.4	1.1
Trade receivables	**212.1**	**138.8**

For further information on credit risks, aging structure of trade receivables, and movements in the allowance for trade receivables, see note 8.6.

Material accounting policies

Trade receivables are initially recognized at their transaction price and subsequently measured at amortized cost, which is usually the original invoice value less an allowance for expected credit losses. The allowance for trade receivables is determined based on lifetime expected credit losses, which are calculated as the present value of expected cash shortfalls. Changes are recognized in the income statement as other income or expenses.

4.2 OTHER CURRENT RECEIVABLES

CHF million	December 31, 2022	December 31, 2023
Receivables from indirect taxes and customs duties	29.2	29.4
Advance payments to suppliers	12.3	12.4
Prepaid expenses and deferred charges	5.4	3.9
Derivative financial instruments (positive fair values)	16.0	11.7
Miscellaneous current receivables	11.2	20.2
Other current receivables	**74.1**	**77.6**

Other current receivables do not include any overdue or impaired items.

4.3 INVENTORIES

CHF million	December 31, 2022	December 31, 2023
Raw materials and consumables	104.5	71.8
Finished and semi-finished goods, trading goods	308.3	282.4
Work in progress	31.7	7.2
Allowance for inventories	– 81.2	– 75.5
Inventories	**363.3**	**285.9**

The allowance for inventories developed as follows:

CHF million	2022	2023
Allowance for inventories at January 1	**– 52.4**	**– 81.2**
Acquisitions[1]	– 10.7	–
Utilization	2.4	12.0
Additions/reversals (net)	– 23.2	– 9.6
Currency translation differences	2.7	3.3
Allowance for inventories at December 31	**– 81.2**	**– 75.5**

1. Acquisition of the automatic winding machine business in 2022 (see note 2.1).

Significant accounting estimates and judgments

When assessing the value of inventories, estimates of their recoverability are necessary. The recoverability of the respective items is based on the expected consumption. The allowance for inventories is calculated at item level using a range of coverage analysis. The assumptions used in this analysis are reviewed annually and modified if necessary. Changes in sales volumes, the production process or other circumstances may result in carrying amounts having to be adjusted accordingly. Rieter does not expect any significant adverse impact from the earthquake in Türkiye and the global economic and geopolitical uncertainties on inventories presented above.

Material accounting policies

Raw materials, consumables, and trading goods are measured at the lower of average cost or net realizable value. Semi-finished and finished goods are stated at the lower of manufacturing cost or net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowances on inventories are recognized for slow-moving items and excess stock.

4.4 PROPERTY, PLANT, AND EQUIPMENT

CHF million	Land and buildings	Machinery, plant equipment, and tools	IT equipment	Vehicles and furniture	Property, plant, and equipment under construction	Right-of-use assets	Total property, plant, and equipment
Carrying amount at January 1, 2022	**88.2**	**88.9**	**4.8**	**5.0**	**12.0**	**35.5**	**234.4**
Acquisitions[1]	0.0	11.1	0.0	0.2	0.3	0.0	11.6
Additions	6.2	16.2	2.6	2.5	16.3	2.0	45.8
Disposals	0.0	– 0.1	0.0	– 0.1	0.0	0.0	– 0.2
Depreciation	– 4.6	– 24.0	– 2.2	– 2.1	0.0	– 4.9	– 37.8
Impairment losses	– 0.1	– 0.1	0.0	0.0	0.0	0.0	– 0.2
Reclassifications	– 0.1	8.3	0.1	1.0	– 9.3	0.0	0.0
Reclassification to “assets classified as held for sale”[2]	– 12.2	– 1.6	0.0	0.0	0.0	0.0	– 13.8
Changes in leases	–	–	–	–	–	0.0	0.0
Currency translation differences	– 2.2	– 4.3	– 0.1	– 0.3	– 0.4	– 1.3	– 8.6
Carrying amount at December 31, 2022	**75.2**	**94.4**	**5.2**	**6.2**	**18.9**	**31.3**	**231.2**
Cost at December 31, 2022	160.8	378.6	20.7	35.0	18.9	40.9	654.9
Accumulated depreciation at December 31, 2022	– 85.6	– 284.2	– 15.5	– 28.8	0.0	– 9.6	– 423.7
Carrying amount at December 31, 2022	**75.2**	**94.4**	**5.2**	**6.2**	**18.9**	**31.3**	**231.2**
Additions	11.0	11.8	1.5	1.6	13.9	15.9	55.7
Disposals	– 1.3	– 0.7	0.0	0.0	0.0	– 0.1	– 2.1
Depreciation	– 4.0	– 23.0	– 2.0	– 1.9	0.0	– 6.0	– 36.9
Impairment losses[3]	– 0.8	– 0.4	– 0.1	– 0.1	0.0	– 4.6	– 6.0
Reclassifications	– 0.3	13.5	0.1	0.4	– 13.7	0.0	0.0
Changes in leases	–	–	–	–	–	0.0	0.0
Currency translation differences	– 5.2	– 7.0	– 0.2	– 0.4	– 0.7	– 2.3	– 15.8
Carrying amount at December 31, 2023	**74.6**	**88.6**	**4.5**	**5.8**	**18.4**	**34.2**	**226.1**
Cost at December 31, 2023	158.5	357.9	19.0	32.3	18.4	52.9	639.0
Accumulated depreciation at December 31, 2023	– 83.9	– 269.3	– 14.5	– 26.5	0.0	– 18.7	– 412.9
Carrying amount at December 31, 2023	**74.6**	**88.6**	**4.5**	**5.8**	**18.4**	**34.2**	**226.1**

1. Acquisition of the automatic winding machine business in 2022 (see note 2.1).
2. See note 8.2.
3. In 2023, impairment losses of CHF 6.0 million (2022: CHF 0.2 million) are included. This is mainly related to the impairment loss on the right-of-use asset of the leased office premises not used any longer due to the closure of the Ingolstadt location (see note 2.2).

No land and buildings are pledged as security for financial debt. At the end of 2023, open purchase commitments in respect of major investments in tangible fixed assets amounted to CHF 1.4 million (December 31, 2022: CHF 1.1 million).

Material accounting policies

Property, plant, and equipment are recognized at historical cost and depreciated on a straight-line basis over the estimated useful life. Depreciation of an asset starts when it is available for use. Historical cost also includes expenditure that is directly attributable to the acquisition. Useful life is determined based on the expected period of utilization of individual assets. The respective ranges are as follows:

Buildings	*20–50 years*
Machinery and plant equipment	*5–15 years*
Tools/IT equipment/furniture	*3–10 years*
Vehicles	*3–5 years*

Assets under construction that are not yet available for use, as well as land, are not depreciated. Value adjustments are recognized if required.

Where components of significant assets have differing useful lives, these are depreciated separately. All gains or losses arising from the disposal of property, plant, and equipment are recognized in the income statement. Cost related to repair and maintenance is charged to the income statement as incurred.

Investment grants received for capital projects are deferred and credited to the income statement on a straight-line basis over the expected useful life of the related assets.

Borrowing costs attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the acquisition costs of the qualifying asset.

For accounting policies in relation to right-of-use assets, see note 8.4.

4.5 INTANGIBLE ASSETS

CHF million	Software	Customer relationships	Patents and technology	Brands and trademarks	Other intangible assets	Total intangible assets
Carrying amount at January 1, 2022	**6.7**	**37.4**	**25.7**	**15.0**	**0.1**	**84.9**
Acquisitions[1]	0.0	35.9	30.5	4.8	0.0	71.2
Additions	2.9	0.0	0.0	0.0	0.0	2.9
Amortization	– 1.1	– 7.6	– 4.3	– 1.7	– 0.1	– 14.8
Reclassification	0.4	0.0	– 0.4	0.0	0.0	0.0
Currency translation differences	0.1	– 2.2	– 2.0	– 0.6	0.1	– 4.6
Carrying amount at December 31, 2022	**9.0**	**63.5**	**49.5**	**17.5**	**0.1**	**139.6**
Cost at December 31, 2022	13.0	85.7	61.9	21.6	4.5	186.7
Accumulated amortization at December 31, 2022	– 4.0	– 22.2	– 12.4	– 4.1	– 4.4	– 47.1
Carrying amount at December 31, 2022	**9.0**	**63.5**	**49.5**	**17.5**	**0.1**	**139.6**
Additions	1.4	0.0	0.0	0.0	0.0	1.4
Amortization	– 2.4	– 6.9	– 4.7	– 1.8	0.0	– 15.8
Currency translation differences	– 0.1	– 2.5	– 2.4	– 0.8	0.0	– 5.8
Carrying amount at December 31, 2023	**7.9**	**54.1**	**42.4**	**14.9**	**0.1**	**119.4**
Cost at December 31, 2023	13.9	82.7	59.2	20.6	4.5	180.9
Accumulated amortization at December 31, 2023	– 6.0	– 28.6	– 16.8	– 5.7	– 4.4	– 61.5
Carrying amount at December 31, 2023	**7.9**	**54.1**	**42.4**	**14.9**	**0.1**	**119.4**

1. Acquisition of the automatic winding machine business in 2022 (see note 2.1).

Software consists of capitalized cost for internally generated software. Brands and trademarks include the brands of SSM, Accotex, Temco, Schlafhorst, and Autoconer.

Technology consists only of capitalized costs for acquired technology in connection with acquisitions.

Significant accounting estimates and judgments

No development costs were recognized as intangible assets in the year under review or in the previous year for research and development activities. Due to rapid technological changes and wide cyclical fluctuations in the industry, future economic benefits could not be sufficiently demonstrated. The earthquake in Türkiye as well as the global economic and geopolitical uncertainties had no impact on these accounting estimates and judgments, as Rieter has no intangible assets or development projects based in Türkiye, Ukraine, Russia, Belarus, or the Middle East.

Material accounting policies

Intangible assets acquired from third parties such as product licenses, patents, technology, trademark rights (brands), and customer relationships are recognized in the balance sheet at historical cost and are amortized on a straight-line basis over the expected useful life of up to 15 years. Rieter does not hold any intangible assets with an indefinite useful life.

Internally generated software is capitalized as an intangible asset only if the costs can be measured reliably, the completion of the project is intended, and it can be demonstrated that the software project is technically and financially feasible and will generate a future economic benefit. All other costs associated with internally generated software are recognized in the income statement as incurred. Internally generated software is amortized over a period of up to five years.

The respective ranges of useful life are as follows:

Software	*3–5 years*
Customer relationships	*10–15 years*
Patents and technology	*8–15 years*
Brands and trademarks	*5–15 years*
Other intangible assets	*1–5 years*

Research and development activities focus on the expansion and improvement of Rieter's product and service portfolio. Expenses related to research activities are recognized in the income statement as incurred. Expenditure in connection with development projects is capitalized as intangible assets only if the costs can be measured reliably and it can be demonstrated that the project is technically and financially feasible and will generate a future economic benefit. Otherwise, the respective costs are expensed as incurred.

4.6 GOODWILL

CHF million	**Goodwill**
Carrying amount at January 1, 2022	**93.9**
Acquisitions[1]	107.2
Currency translation differences	−7.3
Carrying amount at December 31, 2022	**193.8**
Cost at December 31, 2022	193.8
Accumulated impairment at December 31, 2022	0.0
Carrying amount at December 31, 2022	**193.8**
Currency translation differences	−9.5
Carrying amount at December 31, 2023	**184.3**
Cost at December 31, 2023	184.3
Accumulated impairment at December 31, 2023	0.0
Carrying amount at December 31, 2023	**184.3**

1. Acquisition of the automatic winding machine business in 2022 (see note 2.1).

Goodwill is allocated to the corresponding cash-generating unit (CGU) and monitored by management. Rieter tests whether goodwill has suffered any impairment on an annual basis. For 2023 and 2022, the recoverable amount of the CGUs was determined on value-in-use calculations.

A segment-level summary of the goodwill allocation, the CGU and the respective key assumptions used, are presented below:

CHF million	Machines & Systems	SSM	Accotex	Temco	After Sales	2023
Machines & Systems	56.1	–	–	–	–	56.1
Components	–	43.5	15.9	19.3	–	78.7
After Sales	–	–	–	–	49.5	49.5
Goodwill						**184.3**
Key assumptions:						
Sales volume (% growth)		16.5%	6.5%	5.4%		
Long-term sales growth rate	1.9%	1.7%	2.0%	1.9%	2.0%	
Pre-tax discount rate	14.8%	13.7%	14.9%	12.8%	14.4%	

CHF million	Machines & Systems	SSM	Accotex	Temco	After Sales	2022
Machines & Systems	59.8	–	–	–	–	59.8
Components	–	43.5	16.9	20.6	–	81.0
After Sales	–	–	–	–	53.0	53.0
Goodwill						**193.8**
Key assumptions:						
Sales volume (% growth)		3.7%	5.8%	4.0%		
Long-term sales growth rate	1.8%	1.4%	1.8%	1.8%	1.8%	
Pre-tax discount rate	14.5%	12.2%	14.0%	11.7%	14.6%	

Based on the performed impairment tests using the key assumptions mentioned above, there is no need for an impairment charge at December 31, 2023 and 2022.

Goodwill allocated to CGUs Machines & Systems and After Sales contains the goodwill from the automatic winding machine business acquired in 2022 (see note 2.1), including the goodwill from the winder-related service and commission business in India acquired in 2021. Gross profit and cash flows depend on sales volume and sales growth. The results of both impairment tests confirm the purchase price paid without an indication for impairment. No reasonably possible changes in key assumptions would cause the recoverable amount to equate the carrying amount of goodwill.

Regarding SSM, there is currently no indication of a long-term decrease of the market share or profitability. Gross profit and cash flows depend on sales volume and sales growth. No reasonably possible changes in key assumptions would cause the recoverable amount to fall short of the carrying amount of goodwill.

Regarding Accotex and Temco, there is currently no indication of a long-term decrease in the market, the market share, or the profitability. Gross profit and cash flows depend on sales volume and sales growth. The results of the impairment tests confirm the purchase price paid without an indication for impairment, but showed only a small headroom for Accotex. Rieter performed sensitivity analysis in order to determine which reasonably possible changes in key assumptions would cause the recoverable amount to fall short of the carrying amount of goodwill.

The sensitivity analysis for Accotex showed that the recoverable amount would fall short of the carrying amount of Accotex if the pre-tax discount rate would be increased by 0.7% (2022: +0.4%), the sales volume growth would be reduced by 0.8% (2022: –1.1%), or the long-term sales growth rate would be decreased by 0.8% (2022: –0.5%).

The recoverable amount of Accotex exceeds the carrying amount by CHF 2.7 million (2022: CHF 2.1 million). The sensitivity analysis for Temco showed that no reasonably possible change in key assumptions would cause the recoverable amount to fall short of the carrying amount of goodwill.

Sales growth rates are calculated as compound average growth rate derived from the underlying business plans. Long-term sales growth rates are based on long-term inflation assumptions assuring rates are in line or below external market information provided by industry specialists. Pre-tax discount rates are determined on the basis of the weighted cost of capital using market participants information.

Significant accounting estimates and judgments

For the goodwill impairment test, Rieter uses financial plans for the next three years as approved by the Board of Directors and the Group Executive Committee. These plans are extrapolated to a period of five years. Management thereby makes assumptions related to sales growth rates and profit margins. Expected future cash flows are discounted with a market-specific discount rate. The earthquake in Türkiye and the global economic and geopolitical uncertainties (see note 2.4) have been reflected appropriately in these assumptions in 2023 and 2022.

Material accounting policies

Goodwill resulting from business combinations represents the difference between the purchase considerations paid and the fair value of net assets acquired. Due to its indefinite useful life, it is subject to an impairment test performed at least on an annual basis.

4.7 OTHER CURRENT LIABILITIES

CHF million	December 31, 2022	December 31, 2023
Accrued expenses	79.1	70.6
Deferred revenue	51.2	55.6
Accrued holidays and overtime	10.5	8.8
Sales commissions payable to agents	12.1	8.6
Derivative financial instruments (negative fair values)	22.7	18.3
Current liabilities to employees	9.5	12.3
Miscellaneous current liabilities	25.0	30.4
Other current liabilities	**210.1**	**204.6**

Deferred revenue consists mainly of revenue for installations of machines and components at Rieter customer sites, which were invoiced already, but have not yet been completed. Of the deferred revenue at December 31, 2022, CHF 33.3 million were recognized as sales and therefore included in the consolidated income statement 2023. Additional significant changes comprise services invoiced in 2023, which were either recognized as sales in 2023 or which are still included in deferred revenue at December 31, 2023. The majority of deferred revenue is recognized as revenue within twelve months.

4.8 ADVANCE PAYMENTS FROM CUSTOMERS

CHF million	December 31, 2022	December 31, 2023
Advance payments from customers	**192.7**	**96.3**

Of the advance payments from customers at December 31, 2022, CHF 159.7 million were recognized as sales and therefore included in the consolidated income statement 2023. Additional significant changes comprise advance payments received in 2023, which were not recognized in sales in 2023.

4.9 PROVISIONS

CHF million	Restructuring provisions	Personnel provisions	Guarantee and warranty provisions	Environmental provisions	Other provisions	Total provisions
Provisions at December 31, 2022	**1.0**	**6.9**	**30.5**	**11.5**	**10.9**	**60.8**
Utilization	– 0.2	– 1.2	– 12.6	– 0.5	– 3.6	– 18.1
Release	0.0	– 0.5	– 3.5	0.0	– 0.5	– 4.5
Additions	35.1	1.1	17.4	0.1	9.7	63.4
Currency translation differences	– 1.0	– 0.4	– 1.7	– 0.6	– 0.7	– 4.4
Provisions at December 31, 2023	**34.9**	**5.9**	**30.1**	**10.5**	**15.8**	**97.2**
Of which current	34.9	0.4	24.9	0.3	11.7	72.2
Of which non-current	0.0	5.5	5.2	10.2	4.1	25.0

Restructuring provisions cover legal and constructive obligations in connection with restructuring measures. In 2023, the “Next Level” performance program (see note 2.2) resulted in an increase in provisions of CHF 35.1 million. The respective obligations mainly include expected severance payments, outplacement costs, consulting costs, and other project costs directly associated with “Next Level”.

Personnel provisions include provisions for part-time arrangements for older employees, long-service awards, and other long-term benefits attributable to employees.

Guarantee and warranty provisions are recorded in the context of product deliveries and services and are based on past experience. Non-current warranty provisions are expected to result in outflows of resources in one or two years on average.

Environmental provisions contain obligations for site restoration associated with the disposal of land and buildings in Ingolstadt (Germany) in 2019 and in Winterthur (Switzerland) in 2022. The respective provisions are expected to be utilized in the years after 2024.

Rieter has recognized other provisions mainly for ongoing legal proceedings, for onerous contracts (where the unavoidable direct cost of performance exceeds the expected financial benefit), or for contracts with benefits linked to conditions that have to be fulfilled in the future (e.g. government grants). Non-current other provisions are expected to be utilized in the years after 2024.

Significant accounting estimates and judgments

In the course of the ordinary operating activities of Rieter, obligations can arise from restructuring measures, warranty claims, ongoing legal proceedings, environmental matters, site restoration, or onerous contracts. Provisions for the respective obligations are measured on the basis of expected cash outflows when accounts are drawn up. However, the outcome of the events mentioned above may result in claims against the Group that are higher or lower than the respective provisions and which are not – or only partially – covered by a relevant insurance benefit. At December 31, 2023, the potential impact of the earthquake in Türkiye and the global economic and geopolitical uncertainties on the provision balances has been assessed. No significant impact was identified (December 31, 2022: none).

Material accounting policies

Provisions for restructuring, personnel, warranty claims, ongoing legal proceedings, environmental matters, site restoration, or onerous contracts are recognized if Rieter has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be estimated reliably. Provisions are discounted if the impact is considered to be significant.

5 LIQUIDITY AND FINANCING

5.1 NET DEBT AND FREE CASH FLOW

Rieter uses net debt and free cash flow as alternative performance measures. Net debt is calculated as follows:

CHF million	December 31, 2022	December 31, 2023
Cash and cash equivalents	175.7	135.6
Marketable securities and time deposits	0.4	0.3
Current financial debt	– 262.5	– 198.1
Non-current financial debt	– 199.2	– 129.0
Net debt	**– 285.6**	**– 191.2**
Lease liabilities[1]	27.8	35.8
Net debt (without lease liabilities)	**– 257.8**	**– 155.4**

1. See notes 5.3 and 8.6.

Free cash flow consists of:

CHF million	2022	2023
Cash flow from operating activities	– 76.2	69.3
Cash flow from investing activities	– 30.2	49.4
Less cash flow from acquisition of subsidiaries[1]	7.8	–
Free cash flow	**– 98.6**	**118.7**

1. See note 2.1.

5.2 CASH AND CASH EQUIVALENTS

CHF million	December 31, 2022	December 31, 2023
Cash and banks	174.8	134.8
Time deposits with original maturities of up to three months	0.9	0.8
Cash and cash equivalents	**175.7**	**135.6**

Material accounting policies

Cash and cash equivalents include bank accounts, investments in money market funds, and current time deposits with original maturities of up to three months.

5.3 FINANCIAL DEBT

CHF million	Fixed-rate bonds	Bank debt	Lease liabilities	Other financial debt	Total December 31, 2023	Total December 31, 2022
Maturity						
Less than 1 year	74.9	114.8	6.5	1.9	198.1	262.5
1 to 5 years	99.7	0.0	18.3	0.0	118.0	191.3
5 or more years	0.0	0.0	11.0	0.0	11.0	7.9
Financial debt	**174.6**	**114.8**	**35.8**	**1.9**	**327.1**	**461.7**

On November 25, 2021, Rieter issued a fixed-rate bond with a nominal value amounting to CHF 100.0 million. This bond has a term of six years with a maturity date on November 24, 2027, a fixed interest rate of 1.4% p.a. and is listed on the SIX Swiss Exchange. The fair value of this bond amounted to CHF 98.4 million at December 31, 2023 (December 31, 2022: CHF 92.8 million). The effective interest expenses in the amount of CHF 1.4 million were charged to the consolidated income statement 2023 (2022: CHF 1.4 million). In addition, Rieter Holding Ltd. previously issued a fixed-rate bond with a nominal value amounting to CHF 75.0 million on August 18, 2020. This bond has a term of four years with a maturity date on August 17, 2024, a fixed interest rate of 1.55% p.a. and is listed on the SIX Swiss Exchange. The fair value of the bond amounted to CHF 74.5 million at December 31, 2023 (December 31, 2022: CHF 73.5 million). The effective interest expenses of CHF 1.2 million were charged to the consolidated income statement 2023 (2022: CHF 1.2 million).

By currency, financial debt is divided up as follows:

CHF million	December 31, 2022	December 31, 2023
CHF	294.3	265.2
EUR	119.8	53.5
INR	46.9	7.7
Other currencies	0.7	0.7
Financial debt	**461.7**	**327.1**

Financial debt changed as follows:

CHF million		2022	2023
Financial debt at January 1		**411.3**	**461.7**
Proceeds from bank debt	Cash flow	63.1	0.0
Repayments of bank and other financial debt	Cash flow	– 2.7	– 139.4
Recognition of lease liabilities	No cash flow	1.4	15.5
Repayments of lease liabilities	Cash flow	– 4.2	– 5.5
Changes in leases	No cash flow	0.0	0.0
Changes in amortized cost	No cash flow	0.3	0.3
Other changes in values[1]	No cash flow	– 1.3	– 1.5
Currency translation differences	No cash flow	– 6.2	– 4.0
Financial debt at December 31		**461.7**	**327.1**

1. Exchange rate differences of financial debt in currencies other than the functional currency of the respective Group company.

Material accounting policies

Financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the term of the obligation using the effective interest rate method. Financial debt is classified as a current liability, unless Rieter has an unconditional, contractually agreed right to defer settlement for at least twelve months after the balance sheet date. For accounting policies in relation to lease liabilities, see note 8.4.

5.4 SHARE CAPITAL, EARNINGS, AND DIVIDEND PER SHARE

		December 31, 2022	December 31, 2023
Shares issued	Number of shares	4 672 363	4 672 363
Treasury shares	Number of shares	192 728	180 549
Shares outstanding	**Number of shares**	**4 479 635**	**4 491 814**
Nominal value per share	CHF	5.00	5.00
Nominal value of share capital[1]	**CHF**	**23 361 815**	**23 361 815**

1. Share capital consists solely of registered shares and is fully paid in.

The following table presents the calculation of basic and diluted earnings per share:

	2022	2023
Net profit attributable to shareholders of Rieter Holding Ltd. (CHF million)	**12.1**	**74.0**
Average number of shares outstanding (undiluted)	4 491 246	4 489 283
Average number of shares outstanding (diluted)	4 498 372	4 493 603
Basic earnings per share (CHF)	**2.70**	**16.48**
Diluted earnings per share (CHF)	**2.70**	**16.47**

The dividend paid in 2023 amounted to CHF 6.7 million and was distributed from retained earnings (2022: CHF 18.0 million). Based on the financial statements of Rieter Holding Ltd. at December 31, 2023, the Board of Directors proposes to the Annual General Meeting a dividend of CHF 3.00 per share.

The table below summarizes the dividend payout ratio of the financial years 2023 and 2022:

	2022	2023
Dividend per share (CHF)	1.50	3.00 [1]
Basic earnings per share (CHF)	2.70	16.48
Dividend payout ratio in %	**55.6**	**18.2**

1. See motion of the Board of Directors on page 137.

Material accounting policies

Earnings per share are calculated by dividing net profit attributable to Rieter Holding Ltd. shareholders by the average number of shares outstanding. Diluted earnings per share additionally take into account the effects of the potential dilution as if all rights relating to the long-term incentive plan (see note 7.3) were to be exercised.

5.5 NON-CONTROLLING INTERESTS IN SUBSIDIARIES

In 2023, non-controlling interest remained unchanged. In 2022, Rieter Holding Ltd. purchased share capital of Rieter India Pvt. Ltd. with a nominal value of INR 0.3 million (CHF 0.0 million). As a result, the share of non-controlling interests decreased to 0.3% at December 31, 2022. Rieter has undertaken to acquire the remaining non-controlling interests in Rieter India Pvt. Ltd. for a contractually agreed amount by no later than April 30, 2024. As a consequence, the present value of this obligation has been reclassified to current financial debt in 2023.

Material accounting policies

Net profit or loss and each component of other comprehensive income are attributed to the shareholders of Rieter Holding Ltd. and to the non-controlling interests in subsidiaries, even if this results in a deficit balance of non-controlling interests.

5.6 FINANCIAL INCOME AND EXPENSES

CHF million	2022	2023
Interest income	1.0	1.4
Other financial income	0.6	0.4
Financial income	**1.6**	**1.8**
Interest expenses	– 9.6	– 13.1
Net loss on monetary position[1]	–	– 0.4
Other financial expenses and exchange rate differences (net)	– 9.5	– 2.5
Financial expenses	**– 19.1**	**– 16.0**

1. The net loss on monetary position is related to the impact of hyperinflation accounting in the Turkish subsidiary (see accounting policy in note 8.9).

6 GROUP STRUCTURE

6.1 CHANGES IN GROUP STRUCTURE

In 2023, Rieter transferred the entire business in Uzbekistan from Rieter Uzbekistan FE LLC (Tashkent, Uzbekistan) to the newly established and wholly owned subsidiary Rieter Textilsystemen LLC (Tashkent, Uzbekistan). Following an increase in share capital fully financed by an external investor, Rieter lost control of Rieter Uzbekistan FE LLC and therefore deconsolidated this subsidiary in 2023. The change in Group structure did not have a significant impact on the consolidated financial statements 2023. Furthermore, SSM Giudici S.r.l. (Galbiate, Italy) changed its name to SSM Italy S.r.l. (Galbiate, Italy).

In 2022, Rieter acquired the automatic winding machine business. This business was integrated into the newly established subsidiary Rieter Automatic Winder GmbH (Uebach-Palenberg, Germany; since April 1, 2023: Heinsberg, Germany, see note 2.1).

Moreover, Rieter liquidated the operationally inactive subsidiary Graf-Kratzen GmbH (Gersthofen, Germany) with a foreign exchange loss of CHF 0.5 million transferred from other comprehensive income to the financial result of the consolidated income statement 2022.

6.2 SUBSIDIARIES AND ASSOCIATED COMPANIES

At December 31, 2023

			Capital	Group's share in capital and voting rights	Research & development	Sales/trading/services	Production	Management/financing
Belgium	Gomitex S.A., Stembert	EUR	100 000	100%		•	•	
Brazil	Rieter Brasil Comércio e Representação de Máquinas e Sistemas Têxteis Ltda., São Paulo	BRL	51 615 323	100%		•		
China	Rieter China Textile Instruments Co. Ltd., Changzhou	EUR	38 640 000	100%	•	•	•	
	European Excellent Textile Components Co. Ltd., Changzhou	CNY	35 287 000	100%		•	•	
	Graf Cardservices Far East Ltd., Hong Kong	HKD	30 000	100%		•		
	SSM (Zhongshan) Ltd., Zhongshan	USD	600 000	100%	•	•	•	
Czech Republic	Rieter CZ s.r.o., Ústí nad Orlicí	CZK	316 378 000	100%	•	•	•	
	Novibra Boskovice s.r.o., Boskovice	CZK	40 000 000	100%	•	•	•	
France	Bräcker S.A.S, Wintzenheim	EUR	1 000 000	100%		•	•	
Germany	Rieter Vertriebs GmbH, Ingolstadt	EUR	15 338 756	100%		•		•
	Rieter Deutschland GmbH & Co. OHG, Ingolstadt	EUR	9 645 531	100%		•		•
	Rieter Ingolstadt GmbH, Ingolstadt	EUR	12 274 600	100%	•	•		
	Rieter Automatic Winder GmbH, Heinsberg	EUR	1 000 000	100%	•	•	•	
	Rieter Components Germany GmbH, Hammelburg	EUR	1 000 000	100%	•	•	•	•
	Wilhelm Stahlecker GmbH, Suessen	EUR	255 645	100%	•			
	Spindelfabrik Suessen GmbH, Suessen	EUR	5 050 100	100%	•	•	•	
India	Rieter India Pvt. Ltd., Wing	INR	69 197 710	99%		•	•	
Italy	SSM Italy S.r.l., Galbiate	EUR	100 000	100%	•	•	•	
	Prosino S.r.l., Borgosesia[1]	EUR	50 000	49%	•	•	•	
Netherlands	Graf Holland B.V., Enschede	EUR	113 500	100%		•	•	
Spain	Electro-Jet S.L., Gurb[1]	EUR	120 200	25%	•	•	•	•
Switzerland	Rieter Management AG, Winterthur	CHF	5 000 000	100%				•
	Tefina Holding-Gesellschaft AG, Zug	CHF	5 000 000	100%				•
	Unikeller Sona AG, Winterthur	CHF	500 000	100%				•
	Maschinenfabrik Rieter AG, Winterthur	CHF	8 500 000	100%	•	•		•
	Hogra Holding AG, Freienbach	CHF	1 000 000	100%				•
	Graf + Cie AG, Rapperswil	CHF	1 000 000	100%	•	•	•	•
	Bräcker AG, Pfäffikon	CHF	1 000 000	100%	•	•	•	•
	SSM Schärer Schweiter Mettler AG, Wädenswil	CHF	6 000 000	100%	•	•	•	•
	SSM Vertriebs AG, Steinhausen	CHF	100 000	100%		•		
Taiwan, China	Rieter Asia (Taiwan) Ltd., Taipeh	TWD	5 000 000	100%		•		
Türkiye	Rieter Textile Machinery Trading & Services Ltd., Istanbul	TRY	33 420 000	100%		•		
USA	Rieter America, LLC, Spartanburg	USD	1 249	100%		•		
	Graf Metallic of America, LLC, Spartanburg	USD	50 000	100%		•		
	Rieter North America, Inc., Spartanburg	USD	1 000	100%				•
Uzbekistan	Rieter Textilsystemen LLC, Tashkent	UZS[2]	5 800	100%		•		

1. Associated company.
2. In UZS million.

Material accounting policies

The consolidated financial statements comprise the financial statements of Rieter Holding Ltd. and its subsidiaries (or "group companies") at December 31, 2023. Subsidiaries are all entities over which Rieter has control. Control is achieved when Rieter is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Rieter. They are deconsolidated from the date that control ceases.

Intercompany transactions and balances as well as unrealized gains on transactions between group companies are eliminated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

6.3 INVESTMENTS IN ASSOCIATED COMPANIES

The table below summarizes the development of investments in associated companies:

CHF million	2022	2023
Investments in associated companies at January 1	**17.1**	**16.7**
Share in profit/loss	2.4	3.1
Dividends received	– 2.3	– 0.5
Currency translation differences	– 0.5	– 0.5
Investments in associated companies at December 31	**16.7**	**18.8**

Rieter holds 25% of the share capital and the voting rights of Electro-Jet S.L. based in Gurb (Spain) and 49% of the share capital and the voting rights of Prosino S.r.l. incorporated in Borgosesia (Italy). The effects of the associated companies on the consolidated financial statements 2023 and 2022 are insignificant.

In 2023, Rieter purchased products from associated companies with a total value of CHF 35.5 million (2022: CHF 23.6 million). The respective open trade payable balances at December 31, 2023, were interest free and amounted to CHF 2.4 million (December 31, 2022: CHF 0.7 million). In addition, Rieter sold products to associated companies with a total value of CHF 0.6 million in 2023 (2022: none). At December 31, 2023, Rieter had no open trade receivables out of these sales.

Rieter's total share in profit of individually immaterial associated companies resulted from continuing operations. The share in other comprehensive income was insignificant.

Material accounting policies

Associated companies are entities over which Rieter has significant influence, generally through a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize Rieter's share of the profit or loss of the associate after the date of acquisition.

7 EMPLOYEE REMUNERATION

7.1 PERSONNEL EXPENSES

CHF million	2022	2023
Wages and salaries	– 257.4	– 276.7
Social security and other personnel expenses	– 68.0	– 60.5
Personnel expenses excluding restructuring	**– 325.4**	**– 337.2**
Personnel related restructuring costs	0.0	– 28.8
Personnel expenses	**– 325.4**	**– 366.0**

7.2 EMPLOYEE BENEFIT PLANS

Defined contribution plans
The expense for defined contribution plans amounted to CHF 4.1 million in the year under review (2022: CHF 3.9 million).

Defined benefit plans
Defined benefit plans in accordance with IAS 19 exist mainly in Switzerland and Germany.

In Switzerland, plan participants are insured against the financial consequences of old age, disability, and death. The amount of risk benefits provided by the plans in case of disability or death depends on the insured salary of the employee. Life-long retirement benefits are calculated by multiplying the individual retirement savings capital at the date of retirement by the conversion rate defined and guaranteed in the regulations of the plan.

The plans are administered by independent and legally autonomous foundations that are under government supervision. The pension plans' most senior governing body (board of trustees) is composed of equal numbers of employee and employer representatives.

All material risks (financial and actuarial risks) are borne by the foundations. These risks are monitored on an ongoing basis and addressed by the board of trustees. If a plan is underfunded, the board of trustees has to perform an overall assessment of the financial situation, identify the reasons for the deficit and decide on appropriate measures to eliminate the shortfall.

Pursuant to the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), the trustees of the foundations are responsible for the definition and execution of the investment strategy. The investment strategy defined by the trustees aims to align the plan assets and liabilities in the medium and long term.

The status of defined benefit plans was as follows:

				December 31, 2023
CHF million	Funded plans (Switzerland)	Funded plans (other countries)	Unfunded plans (mainly Germany)	Total
Actuarial present value of defined benefit plan obligations (funded plans)	– 851.9	– 14.3	0.0	– 866.2
Fair value of defined benefit plan assets (funded plans)	1 284.3	10.0	0.0	1 294.3
Impact of asset ceiling	– 369.4	0.0	0.0	– 369.4
Overfunding (+)/Underfunding (-)	**63.0**	**– 4.3**	**0.0**	**58.7**
Actuarial present value of defined benefit plan obligations (unfunded plans)	0.0	0.0	– 19.7	– 19.7
Net defined benefit plan asset/liability recognized in the balance sheet	**63.0**	**– 4.3**	**– 19.7**	**39.0**
• thereof as defined benefit plan assets	63.0	0.0	0.0	63.0
• thereof as defined benefit plan liabilities	0.0	– 4.3	– 19.7	– 24.0

				December 31, 2022
CHF million	Funded plans (Switzerland)	Funded plans (other countries)	Unfunded plans (mainly Germany)	Total
Actuarial present value of defined benefit plan obligations (funded plans)	– 807.3	– 14.4	0.0	– 821.7
Fair value of defined benefit plan assets (funded plans)	1 252.4	10.0	0.0	1 262.4
Impact of asset ceiling	– 382.2	0.0	0.0	– 382.2
Overfunding (+)/Underfunding (-)	**62.9**	**– 4.4**	**0.0**	**58.5**
Actuarial present value of defined benefit plan obligations (unfunded plans)	0.0	0.0	– 21.2	– 21.2
Net defined benefit plan asset/liability recognized in the balance sheet	**62.9**	**– 4.4**	**– 21.2**	**37.3**
• thereof as defined benefit plan assets	62.9	0.0	0.0	62.9
• thereof as defined benefit plan liabilities	0.0	– 4.4	– 21.2	– 25.6

The defined benefit plan obligations changed as follows:

CHF million	2022	2023
Defined benefit plan obligations at January 1	**1 009.3**	**842.9**
Acquisitions[1]	12.8	–
Current service cost	9.5	7.5
Interest expenses	2.4	19.4
Employee contributions	6.7	7.2
Actuarial gains/losses (net)	– 140.7	65.2
Benefits paid	– 55.1	– 55.3
Past service cost	0.0	1.3
Currency translation differences	– 2.0	– 2.3
Defined benefit plan obligations at December 31	**842.9**	**885.9**

1. Acquisition of the automatic winding machine business in 2022 (see note 2.1).

The weighted average duration of the defined benefit plan obligations is 11.7 years (2022: 10.5 years).

The fair value of defined benefit plan assets developed as follows:

CHF million	2022	2023
Fair value of defined benefit plan assets at January 1	**1 428.9**	**1 262.4**
Acquisitions[1]	5.1	–
Interest income	2.2	20.0
Return on defined benefit plan assets (excluding interest income)	– 135.3	50.4
Employer contributions	9.1	10.3
Employee contributions	6.7	7.2
Benefits paid	– 53.9	– 55.3
Currency translation differences	– 0.4	– 0.7
Fair value of defined benefit plan assets at December 31	**1 262.4**	**1 294.3**

1. Acquisition of the automatic winding machine business in 2022 (see note 2.1).

The total result on plan assets was CHF 70.4 million in the year under review (2022: CHF –133.1 million). The Group expects employer contributions in the amount of CHF 10.3 million to its defined benefit plans in 2024.

The major categories of plan assets were as follows:

CHF million	December 31, 2022	December 31, 2023
Cash and cash equivalents	58.5	30.2
Equity instruments	481.5	521.3
Debt instruments	271.4	287.2
Real estate	386.6	390.4
Other	64.4	65.2
Fair value of defined benefit plan assets	**1 262.4**	**1 294.3**

At the end of 2023, plan assets included no Rieter Holding Ltd. bonds (December 31, 2022: none). No Rieter shares were held at the end of 2023 and 2022. Cash equivalents (e.g. money market instruments), equity instruments, and 52% of the debt instruments have a quoted market price on an active market. Real estate and other assets, which include private equity investments, do not usually have a quoted market price.

Expenses recognized in the income statement for the defined benefit plans include:

CHF million	2022	2023
Current service cost	– 9.5	– 7.5
Net interest result	– 0.2	0.6
Past service cost	0.0	– 1.3
Expenses recognized in the income statement	**– 9.7**	**– 8.2**

Remeasurements of defined benefit plans recognized as other comprehensive income contain:

CHF million	2022	2023
Actuarial gains/losses arising from:		
• Changes in demographic assumptions	0.2	0.0
• Changes in financial assumptions	185.8	– 60.0
• Experience adjustments	– 45.3	– 5.2
Return on defined benefit plan assets (excluding interest income)	– 135.3	50.4
Impact of changes in asset ceiling	5.5	12.8
Remeasurements of defined benefit plans	**10.9**	**– 2.0**

Main actuarial assumptions used at year-end are:

Weighted average in %	December 31, 2022	December 31, 2023
Discount rate	2.4	1.7
Future wage growth	1.5	1.5
Future pension growth	0.1	0.1

The global interest rate levels remain volatile. After a significant increase in 2022, in particular long-term interest rates decreased in 2023. The discount rate decreased accordingly to 1.7%.

Against the background of an increased life expectancy, the measurement of defined benefit plan obligations in Switzerland was conducted based on the assumption of sharing of risks between employer and employees in accordance with applicable Swiss law. Mid-term adjustments of the conversion rate, as considered realistic by the Group, were assumed. The result of the calculation was a reduction in defined benefit plan obligations by approximately 1% at December 31, 2023 (December 31, 2022: approximately 1%). Thus, the expected result from the recognition of defined benefit plan obligations is subject to lower fluctuation.

The measurement of the defined benefit plan obligations is particularly sensitive to changes in the discount rate and the assumptions regarding future pension growth. The table below shows the potential impact of a change of 0.5 percentage points in the discount rate and a change of 0.5 percentage points in the assumed future pension growth rate on the defined benefit plan obligations:

CHF million	December 31, 2022	December 31, 2023
Increase in the discount rate by 0.5 percentage points	– 42.5	– 47.0
Decrease in the discount rate by 0.5 percentage points	46.8	52.0
Increase in the future pension growth rate by 0.5 percentage points[1]	36.1	40.3

1. Reduction in the future pension growth rate by 0.5 percentage points was not considered in the sensitivity analysis as the respective rate was zero.

A change in the assumption of future wage growth rate by 0.5 percentage points would impact defined benefit plan obligations by less than 1% (same as 2022).

The sensitivity analysis above considers the change in one assumption while leaving the other assumptions unchanged. Interdependencies were not taken into account.

Significant accounting estimates and judgments

Defined benefit plans require actuarial calculations in order to determine defined benefit plan obligations. These calculations are based on assumptions such as discount rates, future trends in wages and pensions as well as the employee share in the costs of the future benefits. Statistical data such as mortality tables and staff turnover probability rates are also used to calculate defined benefit plan obligations. If these parameters change, actual future results can deviate from the actuarial calculations. Such deviations can have an effect on the defined benefit plan obligations. Apart from the above-mentioned decrease in discount rate 2023, the earthquake in Türkiye and the global economic and geopolitical uncertainties had no significant impact on the remaining assumptions used in the actuarial calculations at December 31, 2023 and 2022.

Material accounting policies

Employee benefit plans are operated by certain subsidiaries, depending on the level of coverage provided by government post-employment benefit facilities in the respective countries. Such employee benefit plans exist on the basis of both defined contributions and defined benefits.

Contributions to defined contribution plans are recognized as personnel expenses in the period in which they are incurred.

For defined benefit plans, the benefit plan obligation is determined using the projected unit credit method, with valuations being carried out by independent actuaries, usually at the end of each year. The present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized in the balance sheet as a liability. When the calculation results in a potential asset, the respective defined benefit plan asset recognized is limited to the present value of the economic benefits available in the form of reductions of future contributions to the plan (asset ceiling). Remeasurements of the net defined benefit plan assets and liabilities, which comprise actuarial gains and losses, the return on defined benefit plan assets (excluding interest), and the effect of the asset ceiling, are recognized immediately as other comprehensive income. Contributions by employees are recognized as a reduction of service cost in the period in which the related service is rendered.

Net interest on the net defined benefit plan assets and liabilities is determined by applying the discount rate used to measure the defined benefit plan obligation at the beginning of the year. Service cost and net interest are recognized in the consolidated income statement as personnel expenses.

7.3 SHARE-BASED COMPENSATION

The members of the Board of Directors can choose whether to receive all or part of their remuneration in Rieter shares. In the context of their remuneration for 2023, five members of the Board of Directors received in total 7 880 shares on January 17, 2024. The cost of CHF 0.7 million was charged to the consolidated income statement 2023. On January 17, 2023, five members of the Board of Directors received in total 6 443 shares in connection with their remuneration for 2022. The market value of the shares granted was CHF 0.7 million and was charged to the consolidated income statement 2022. The shares are taken from treasury shares of Rieter Holding Ltd. and cannot be sold for three years.

In the context of the variable remuneration for 2023, the members of the Group Executive Committee will receive Rieter shares with a market value of CHF 0.7 million in April 2024. The respective cost of CHF 0.7 million was charged to the consolidated income statement 2023. In the context of the variable remuneration for 2022, the members of the Group Executive Committee received 2 216 shares with a market value of CHF 0.2 million on April 20, 2023. The respective cost of CHF 0.2 million was charged to the consolidated income statement 2022. These shares are taken from treasury shares of Rieter Holding Ltd. and cannot be sold for three years.

Rieter operates a long-term incentive plan for the members of senior management (excluding the members of the Group Executive Committee). The participants are granted rights to receive a certain number of Rieter shares free of charge or to receive cash compensation in the amount of the same number of shares at the market price after three years. The exercise of the rights in three years is subject to an unterminated employment contract. If employment is terminated within three years, the rights expire. Exceptions can be granted by the Remuneration Committee. There are no further performance-related criteria.

The movement of the outstanding rights was as follows:

Number of rights	2022	2023
Outstanding rights at January 1	**9 791**	**12 033**
Granted	6 487	0
Exercised/paid-out	– 3 764	– 5 690
Expired	– 481	– 1 171
Outstanding rights at December 31 (non-exercisable)	**12 033**	**5 172**

The estimated fair value of the outstanding rights amounts to the market value of a Rieter share of CHF 90.10 at December 31, 2023. In 2023, the cost of the long-term incentive plan in the amount of CHF 0.1 million affected the income statement (2022: CHF 0.1 million). The liability recognized in the balance sheet at the end of the year was CHF 0.3 million (December 31, 2022: CHF 0.8 million).

Material accounting policies

Rieter uses share-based awards in the context of the compensation of the members of the Board of Directors, the Group Executive Committee, and senior management. There are equity-settled and cash-settled share-based awards.

Share-based payments are measured at fair value at the grant date, and recognized in the consolidated income statement over the vesting period. For share-based payments settled with equity instruments, a corresponding increase in equity is recognized.

8 OTHER DISCLOSURES

8.1 INCOME TAXES

CHF million	2022	2023
Current income taxes	– 12.1	– 28.7
Deferred income taxes	7.1	12.1
Income taxes	**– 5.0**	**– 16.6**

The following deferred income tax effects were recognized in other comprehensive income:

CHF million	2022	2023
Income taxes on remeasurement of defined benefit plans	– 2.9	0.3
Income taxes on currency translation differences	0.0	0.4
Income taxes on cash flow hedges	2.5	– 0.8
Income taxes recognized in other comprehensive income	**– 0.4**	**– 0.1**

The reconciliation of expected and actual income taxes is as follows:

CHF million	2022	2023
Expected income taxes on profit before taxes of CHF 90.6 million (2022: CHF 17.1 million) at an average rate of 17.3% (2022: 11.6%)	– 1.9	– 15.7
Impact of non-deductible expenses	– 0.9	– 2.4
Impact of income taxed at different rates	– 0.6	1.3
Impact of non-taxable income	– 0.3	6.4
Impact of loss in current period without tax benefit in the current period	– 10.2	–6.9
Impact of loss carry-forwards from previous years	0.4	3.5
Impact of changes in valuation adjustment on potential deferred tax assets	7.2	15.2
Impact of changes in tax rates and tax legislation	0.0	0.4
Tax effects from previous periods	3.0	– 15.4
Withholding taxes on payments from subsidiaries	– 1.6	– 2.9
Other effects	– 0.1	– 0.1
Income taxes	**– 5.0**	**– 16.6**

The expected weighted average tax rate increased by 5.7 percentage points compared to the prior year. The increase was mainly driven by changes in the profitability of certain group companies.

Deferred income taxes

The following table summarizes the movement in the net deferred income tax liabilities:

CHF million	2022	2023
Deferred income tax liabilities, net at January 1	**9.1**	**0.8**
Deferred income taxes recognized in the income statement	– 7.1	– 12.1
Deferred income taxes recognized as other comprehensive income	0.4	0.1
Deferred income taxes on treasury shares	– 2.3	0.0
Currency translation differences	0.7	2.3
Deferred income tax liabilities, net at December 31	**0.8**	**– 8.9**

Deferred income tax assets and liabilities result from the following balance sheet items:

CHF million	Deferred income tax assets December 31, 2022	Deferred income tax liabilities December 31, 2022	Deferred income tax assets December 31, 2023	Deferred income tax liabilities December 31, 2023
Property, plant, and equipment excluding right-of-use assets	3.0	– 7.6	3.6	– 6.9
Right-of-use assets	0.0	– 5.3	0.0	– 7.0
Intangible assets	8.8	– 12.9	9.8	– 15.5
Defined benefit plan assets	0.0	– 12.6	0.0	– 12.6
Inventories	6.8	– 2.0	8.9	– 2.1
Other assets	1.1	– 15.6	1.3	– 11.7
Hedge reserve	2.3	0.0	1.6	0.0
Lease liabilities	5.3	0.0	8.4	0.0
Provisions	3.5	– 0.1	4.5	– 0.2
Defined benefit plan liabilities	1.8	– 0.4	1.7	– 0.3
Other liabilities	7.6	– 4.2	7.4	– 4.3
Valuation adjustments on deferred income tax assets	– 3.1	0.0	– 3.1	0.0
Tax loss carry-forwards and tax credits	22.8	0.0	25.4	0.0
Total	**59.9**	**– 60.7**	**69.5**	**– 60.6**
Offsetting	– 23.3	23.3	– 22.5	22.5
Deferred income tax assets/liabilities	**36.6**	**– 37.4**	**47.0**	**– 38.1**

Capitalized and non-capitalized deferred income taxes resulting from tax loss carry-forwards and tax credits, presented by year of expiry:

			December 31, 2023
CHF million	**Capitalized**	**Non-capitalized**	**Total**
Expiry in			
1 to 3 years	0.4	0.0	0.4
3 to 7 years	11.2	0.3	11.5
7 or more years	13.8	18.6	32.4
Total at December 31	**25.4**	**18.9**	**44.3**

			December 31, 2022
CHF million	**Capitalized**	**Non-capitalized**	**Total**
Expiry in			
1 to 3 years	0.0	0.0	0.0
3 to 7 years	17.4	9.7	27.1
7 or more years	5.4	23.8	29.2
Total at December 31	**22.8**	**33.5**	**56.3**

Significant unused tax losses for which no deferred tax asset has been recognized concern primarily countries with a tax rate between 12% and 31% (2022: 15% to 35%).

Significant accounting estimates and judgments

Assumptions in relation to income tax expenses also include interpretations of the tax regulations in countries where Rieter has business activities. The adequacy of these interpretations is assessed by tax authorities and competent courts, a process that can result in changes to income taxes at a later stage. In addition, whether a deferred income tax asset is recognized for tax losses carried forward, is based on management's estimate of the availability of future taxable profits to offset the respective losses carried forward. In 2023 and 2022, the earthquake in Türkiye and the global economic and geopolitical uncertainties had no impact on these accounting estimates and judgments.

Material accounting policies

The expected income tax charge is calculated and accrued on the basis of taxable income for the year under review at the applicable income tax rate for each jurisdiction adjusted by the use of accumulated tax losses.

Deferred income tax assets and liabilities on temporary differences arising between the carrying amounts reported as part of the Group's consolidated financial statements and the tax basis of assets and liabilities used for local tax purposes are calculated using the liability method. Deferred income tax assets and liabilities are determined using local tax rates that are fully or substantially enacted at the end of the reporting period and are expected to apply when the respective timing differences reverse. Deferred income tax assets and liabilities are offset to the extent that this is permitted by law. Changes in deferred income tax assets and liabilities are recognized as income tax expenses in the income statement unless they relate to items recognized directly in equity or other comprehensive income.

Deferred income tax liabilities on retained earnings of group companies are recognized only in cases where a distribution of profits is planned. Therefore, no deferred income tax liabilities on retained earnings of group companies are recognized if Rieter is able to control the timing of the reversal of the temporary difference and it is probable that retained earnings will not be distributed in the foreseeable future.

Deferred income tax assets are capitalized only to the extent that it is probable that sufficient future taxable income will be available to offset the respective temporary differences or tax losses in the foreseeable future.

Obligations in connection with uncertain tax balances are classified as income tax liabilities.

The OECD/G20 introduced a new minimum taxation regime under GloBE Model Rules (Global Anti-Base Erosion – Pillar 2), which applies to multinational groups that generate yearly consolidated sales of at least CHF 750 million. Rieter will be in scope of this minimum taxation regime and operates in Switzerland, which has enacted the new legislation to implement the qualified domestic minimum top-up tax. In Switzerland, the newly enacted tax legislation is effective from January 1, 2024 onwards. Rieter assumes that the minimum taxation will have no impact on its activities in Switzerland and in other countries, in which Rieter is active, as its effective tax rates are higher than 15%. Rieter continues to monitor the development of the minimum taxation provisions and is continuously assessing their impact on its consolidated financial statements. The Group applies the exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023.

8.2 ASSETS CLASSIFIED AS HELD FOR SALE

CHF million	December 31, 2022	December 31, 2023
Land and buildings	13.8	0.0
Assets classified as held for sale	**13.8**	**0.0**

The carrying amount of the remaining land at the Winterthur location in the amount of CHF 13.8 million, which was reclassified to assets classified as held for sale in 2022, was sold in 2023 for a gross consideration of CHF 96.0 million and a gain on disposal of CHF 72.5 million (see note 2.3).

8.3 OTHER NON-CURRENT ASSETS

CHF million	December 31, 2022	December 31, 2023
Financial assets	0.9	2.0
Long-term receivables from customers	10.6	3.9
Miscellaneous non-current assets	4.7	4.0
Other non-current assets	**16.2**	**9.9**

Long-term receivables from customers are not expected to be settled within twelve months and mainly relate to the acquisition of the automatic winding machine business in 2022.

8.4 LEASES

Rieter leases offices, warehouses, equipment, and vehicles, complementing property, plant, and equipment owned by group companies. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions.

The total carrying amount of right-of-use assets as presented in note 4.4 can be allocated to the following asset classes:

CHF million	December 31, 2022	December 31, 2023
Land and buildings	30.6	32.2
Vehicles and furniture	0.7	2.0
Right-of-use assets	**31.3**	**34.2**

In 2023, impairment losses in the amount of CHF –4.6 million (2022: none) were recognized on right-of-use assets. They related to the leased office premises not used any longer due to the closure of the Ingolstadt location (see notes 2.2 and 4.4). Depreciation associated with right-of-use assets can be allocated to the following asset classes:

CHF million	2022	2023
Land and buildings	– 4.5	– 5.4
Vehicles and furniture	– 0.4	– 0.6
Depreciation associated with right-of-use assets	**– 4.9**	**– 6.0**

The following table summarizes other expenses charged to the income statement in relation to leases:

CHF million		2022	2023
Expenses associated with short-term leases	EBIT	– 4.9	– 4.9
Expenses associated with leases of low-value assets	EBIT	– 0.2	– 0.1
Interest expenses on lease liabilities	Financial result	– 0.3	– 0.8

Movements in the carrying amount of right-of-use assets are presented in note 4.4. Lease liabilities and the respective maturity analysis are included in notes 5.3 and 8.6. Total cash outflows for leases amounted to CHF 11.3 million in 2023 (2022: CHF 9.6 million).

At December 31, 2023, future cash outflows in connection with lease arrangements that were committed, but have not commenced, amounted to CHF 37.5 million, and were related to the Rieter CAMPUS in Winterthur (December 31, 2022: CHF 35.1 million).

Material accounting policies

For contracts that are or contain a lease, a lease liability reflecting future lease payments and a right-of-use asset are recognized on the balance sheet.

Lease liabilities are measured at present value of the outstanding lease payments at the date of commencement. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used (interest rate payable to borrow the funds necessary to purchase an asset of similar value in a similar economic environment with similar terms and conditions). Lease payments include fixed payments, variable payments that are based on an index or a rate, and the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Options for extension of the lease term are included in the calculation of the lease liability if management is reasonably certain to execute that option. Lease payments are divided into a component reducing the lease liability and interest expense recognized in the financial result. Lease liabilities are included in either current or non-current financial debt, depending on their maturity date.

Right-of-use assets represent the underlying assets leased by Rieter. The respective assets are measured at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs, and restoration costs. Right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as expenses in the income statement. Short-term leases are leases with a non-cancelable lease term of twelve months or less. Low value assets comprise IT equipment and small items of office furniture.

8.5 FINANCIAL INSTRUMENTS

The following tables summarize all financial instruments held at December 31, 2023, and 2022, grouped according to the categories defined in the material accounting policies. In addition, the tables provide information regarding the fair value hierarchy of IFRS 13. The carrying amounts of financial instruments measured at amortized cost approximate fair values due to their mainly short-term nature.

CHF million	December 31, 2022	December 31, 2023
Cash and banks	174.8	134.8
Time deposits with original maturities of up to three months	0.9	0.8
Time deposits with original maturities of more than three months	0.3	0.2
Trade receivables	212.1	138.8
Other current receivables[1]	11.2	13.2
Long-term receivables from customers	10.6	3.9
Other non-current assets[1]	0.5	0.4
Financial assets at amortized cost[1]	**410.4**	**292.1**
Other financial assets[2]	0.4	1.5
Derivative financial instruments (positive fair values)[2]	16.0	11.7
Financial assets at fair value through profit and loss (mandatorily)	**16.4**	**13.2**
Marketable securities[3]	0.1	0.1
Other financial assets[4]	0.5	0.5
Financial assets at fair value through other comprehensive income	**0.6**	**0.6**
Financial assets[1]	**427.4**	**305.9**

1. The disclosure of the comparative period (December 31, 2022) has been reduced by receivables from indirect and other taxes in the amount of CHF 29.9 million (other current receivables) and CHF 2.4 million (other non-current assets). Based on IAS 32, receivables from indirect taxes do not meet the criteria of a financial instrument.
2. Measured at fair values which are based on directly or indirectly observable input parameters (level 2).
3. Measured at fair values which are based on quoted prices in active markets (level 1).
4. Measured at fair values which are based on unobservable inputs (level 3).

CHF million	December 31, 2022	December 31, 2023
Trade payables	161.8	101.5
Other current liabilities[1]	116.2	109.6
Bank debt	257.4	114.8
Current lease liabilities	4.9	6.5
Other current financial debt	0.2	1.9
Fixed-rate bonds[2]	174.5	174.6
Non-current lease liabilities	22.9	29.3
Other non-current financial debt	1.8	0.0
Financial liabilities at amortized cost[1]	**739.7**	**538.2**
Derivative financial instruments (negative fair values)[3]	22.7	18.3
Financial liabilities at fair values through profit and loss (mandatorily)	**22.7**	**18.3**
Financial liabilities[1]	**762.4**	**556.5**

1. The disclosure of the comparative period (December 31, 2022) has been reduced by current liabilities to employees in the amount of CHF 9.5 million. Based on IFRS 7, current liabilities to employees do not meet the criteria of a financial instrument.
2. The fair value of the fixed-rate bonds as disclosed in note 5.3 is based on a quoted price in an active market (level 1).
3. Measured at fair values which are based on directly or indirectly observable input parameters (level 2).

There were no transfers among the categories and the valuation techniques have been applied consistently.

Financial instruments measured at level two consist mainly of derivatives held for hedging purposes entered into with reputable financial institutions. The fair value of these instruments is determined with the help of valuation techniques that use foreign exchange rates and interest rates as observable input parameters. At December 31, 2023, contract values of all outstanding forward exchange contracts amounted to CHF 657.2 million (December 31, 2022: CHF 1 536.0 million).

8.6 FINANCIAL RISK MANAGEMENT

Financial risk factors

As a result of its worldwide activities, Rieter is exposed to various financial risks, such as market risks (fluctuations in exchange rates and interest rates as well as other price risks), credit risks, and liquidity risks. Rieter's financial risk management aims to minimize the potential adverse impact of developments on the financial markets on the Group's financial position and to secure its financial stability. Respective measures include the use of derivative financial instruments in order to hedge certain risk exposures.

Rieter's financial risk management is essentially centralized in accordance with directives issued by the Board of Directors and the Group Executive Committee. Financial risks are identified centrally by the treasury department, evaluated, and hedged in close cooperation with the Group's operating units.

Foreign exchange risk

Foreign exchange risks arise from net investments in foreign group companies (translation risk) and when future business transactions or assets and liabilities recognized on the balance sheet are denominated in a currency other than the functional currency of the respective group company (transaction risk). In order to hedge such transaction risks, subsidiaries use foreign currency contracts with corporate headquarters as counterparty, if permitted by legislation. The central treasury department manages these positions by entering into foreign currency spot, forward, and swap contracts with financial institutions.

Rieter's risk management policy is to minimize the effects of fluctuations in currency exchange rates on committed or highly probable transactions. For this purpose, the main objective is to minimize transaction risks arising from firm sales and purchase commitments in non-functional currencies of the respective group companies associated with large machinery and systems sales orders in order to secure the profit margin as negotiated at contract inception. In addition, the transaction risks for bulk business and other operating type transactions are hedged for significant group companies. Foreign currency gains and losses resulting from loans to/from group companies, which form part of the net investment in a foreign operation, are recognized in other comprehensive income directly in equity until Rieter's control over the respective business ceases. Other significant intercompany loans and loans from third parties are hedged and changes in the fair values of the respective derivative financial instruments are recognized in the income statement.

Hedge accounting is applied to significant firm sales and purchase commitments associated with machinery and systems sales orders to avoid a temporary distortion of the operating result due to fair value gains and losses resulting from derivative financial instruments. The hedge accounting policy is included in the other material accounting policies (see note 8.9). Rieter aims to achieve a hedge ratio of between 80% and 100%. The hedge ratio is defined as the nominal value of the foreign currency forward contract (hedging instrument) divided by the value of the unrecognized firm commitment (hedged transaction/item).

Hedged transactions may be subject to changes (e.g. changes in volumes and/or in the timing of committed transactions). Depending on the nature of the change, the hedging relationship may be adjusted by entering into additional foreign currency forward and/or swap contracts in order to ensure that the hedge ratio remains within the target range of 80% to 100% and/or that the timing of the hedging instrument continues to match the hedged transaction. Ineffectiveness may occur if the value of the hedged sale or purchase transaction decreases to a level below the nominal value of the hedging instrument.

Rieter is primarily exposed to foreign exchange risks versus the Chinese renminbi, the Czech crown, and the euro. The table below shows the impact of a 5% change in the respective exchange rates against the Swiss franc on profit before taxes, based on the assumption that all other variables remained constant:

CHF million	Change	Impact 2022	Impact 2023
CNY/CHF	+ 5%	2.0	1.8
CNY/CHF	– 5%	– 2.0	– 1.8
CZK/CHF	+ 5%	3.0	1.9
CZK/CHF	– 5%	– 3.0	– 1.9
EUR/CHF	+ 5%	4.2	3.2
EUR/CHF	– 5%	– 4.2	– 3.2

These impacts would mainly be due to foreign exchange gains/losses on cash and cash equivalents and accounts receivable/payable balances. The table shows only sensitivity in relation to risks arising from the revaluation of financial assets and liabilities in a currency other than the functional currency at year-end spot rates. Translation effects, which are recognized as other comprehensive income, are not taken into account.

Effects of hedge accounting

The tables below present the impact of derivative financial instruments designated as hedging instruments in a hedging relationship on the consolidated balance sheet at December 31, 2023, and 2022:

December 31, 2023	Carrying amount of the hedging instruments			
CHF million	Derivative financial instruments (positive fair values)	Derivative financial instruments (negative fair values)	Nominal amount	Change in the fair value of the hedging instrument used as a basis for recognizing hedge ineffectiveness
Foreign exchange risks				
Current foreign currency forward and swap contracts (maturity date within twelve months)[1]	2.8	11.1	293.7	0.3

1. Fair values are recognized in other current receivables/liabilities.

December 31, 2022	Carrying amount of the hedging instruments			
CHF million	Derivative financial instruments (positive fair values)	Derivative financial instruments (negative fair values)	Nominal amount	Change in the fair value of the hedging instrument used as a basis for recognizing hedge ineffectiveness
Foreign exchange risks				
Current foreign currency forward and swap contracts (maturity date within twelve months)[1]	8.5	14.7	1 028.1	2.4

1. Fair values are recognized in other current receivables/liabilities.

The change in value of the hedged transactions used as a basis for recognizing hedge ineffectiveness amounted to CHF 0.3 million in 2023 (2022: CHF 2.4 million).

The following hedging relationships affected the consolidated income statement and the consolidated statement of comprehensive income 2023 and 2022:

CHF million	2022	2023
Foreign exchange risks		
Hedging gains/losses recognized in other comprehensive income	– 12.9	3.7
Hedge ineffectiveness recognized in the income statement[1]	– 0.4	– 0.1
Hedged future transactions no longer expected to occur[1]	1.6	0.1
Amount reclassified from the hedge reserve into the income statement[1]	– 0.8	0.2

1. Included in other income or other expenses in the consolidated income statement.

The following table provides a summary of the development of the hedge reserve in 2023 and 2022:

CHF million	2022	2023
Foreign exchange risks		
Hedge reserve at January 1	**0.5**	**– 9.5**
Hedging gains/losses recognized in other comprehensive income[1]	– 12.9	3.7
Hedge ineffectiveness recognized in the income statement[1]	– 0.4	– 0.1
Hedged future transactions no longer expected to occur[1]	1.6	0.1
Amount reclassified from the hedge reserve into the income statement[1]	– 0.8	0.2
Income taxes	2.5	– 0.8
Hedge reserve at December 31	**– 9.5**	**– 6.4**

1. Included in cash flow hedges in the consolidated statement of comprehensive income.

The hedge reserve includes the spot and the forward element of the fair values of foreign currency forward and swap contracts not yet matured (effective portion) as well as realized gains/losses from foreign currency contracts, where the respective hedged transaction has not yet been accounted for (effective portion).

The following tables provide information about the nominal amounts, the maturity as well as average forward exchange rates of foreign currency forward and swap contracts designated as hedging instruments at December 31, 2023, and 2022:

December 31, 2023	Period of maturity				Total	
	2024 Long[1]	2024 Short[2]	2025 and later Long[1]	2025 and later Short[2]	Total Long[1]	Total Short[2]
Foreign exchange risks						
CNY exposure hedged by group companies whose functional currency is CHF						
• Nominal amount (CHF million, long +/short -)	83.2	–	–	–	83.2	–
• Average forward foreign exchange rate (CNY 100/CHF)	12.51				12.51	
EUR exposure hedged by group companies whose functional currency is CHF						
• Nominal amount (CHF million, long +/short -)	145.5	– 59.2	–	–	145.5	– 59.2
• Average forward foreign exchange rate (EUR/CHF)	0.96	0.96			0.96	0.96
USD exposure hedged by group companies whose functional currency is CHF						
• Nominal amount (CHF million, long +/short -)	–	– 5.8	–	–	–	– 5.8
• Average forward foreign exchange rate (USD/CHF)		0.88				0.88

1. “Long” is a position owned in a transaction.
2. “Short” is a position owed in a transaction.

December 31, 2022	**Period of maturity**				**Total**	
	2023 Long[1]	**2023 Short[2]**	**2024 and later Long[1]**	**2024 and later Short[2]**	**Total Long[1]**	**Total Short[2]**
Foreign exchange risks						
CNY exposure hedged by group companies whose functional currency is CHF						
• Nominal amount (CHF million, long +/short -)	220.9	– 0.0	–	–	220.9	– 0.0
• Average forward foreign exchange rate (CNY 100/CHF)	13.86	13.85			13.86	13.85
EUR exposure hedged by group companies whose functional currency is CHF						
• Nominal amount (CHF million, long +/short -)	465.6	– 281.0	–	–	465.6	– 281.0
• Average forward foreign exchange rate (EUR/CHF)	1.01	1.00			1.01	1.00
USD exposure hedged by group companies whose functional currency is CHF						
• Nominal amount (CHF million, long +/short -)	–	– 60.6	–	–	–	– 60.6
• Average forward foreign exchange rate (USD/CHF)		0.93				0.93

1. “Long” is a position owned in a transaction.
2. “Short” is a position owed in a transaction.

Interest rate risk

With the exception of cash, time deposits, and long-term receivables from customers, Rieter held no material interest-bearing assets during 2023 and 2022; thus both, income and cash flow from operations, are largely unaffected by changes in market interest rates.

Interest rate risks can arise from interest-bearing financial debt. Financial debt with variable interest rates exposes the Group to interest-rate related cash flow risks, while fixed-rate financial liabilities may represent a fair value interest rate risk. However, Rieter measures financial liabilities at amortized cost and hence is not exposed to fair value risks.

Cash flow sensitivity analysis: A one percentage point increase in interest rates would have an impact on profit before taxes of CHF –1.9 million in 2023 (2022: CHF –2.3 million).

Price risk

Holding marketable financial assets exposes Rieter to a risk of price fluctuation. The Group’s balance of marketable financial assets was not significant at the end of 2023 and 2022.

Credit risk

Rieter is exposed to credit risks if counterparties fail to make payments as they fall due. Credit risks arise mainly from financial assets held with financial institutions, such as cash and time deposits (see note 5.2), as well as from trade receivables (see note 4.1). Recovery of these receivables is monitored on a regular basis and respective credit risks are considered to be low. Credit risks related to the remaining financial assets are expected to be insignificant.

Financial institutions

Relationships with financial institutions are mainly entered into with counterparties that have an investment grade rating. In order to limit a concentration of risk, Rieter uses various banks that operate on an international scale and have a sound rating. The central treasury department monitors counterparty exposure (e.g. based on the rating of the respective financial institution).

Trade receivables

Rieter aims to secure the credit risk exposure arising from larger individual customer receivables by means of advance payment, irrevocable letter of credit, bank guarantee, credit insurance, or other instruments. This is mainly relevant for the Business Group Machines & Systems as well as for larger sales orders in the other two business groups. For the remaining business, credit risk is limited due to the large number of customers with individually smaller open balances and the wide geographical spread of these customers. As a result, management is of the opinion that there is no concentration of credit risk. At December 31, 2023, no open receivable balance from individual customers exceeded 10% of total trade receivables (December 31, 2022: none).

For open receivable balances secured by accepted instruments, no loss allowance is recognized unless there are indications that the instrument securing the open balance may be subject to failure. For trade receivables that are not secured and not overdue by more than 90 days, expected credit losses are determined by using publicly available credit default probabilities for the textile industry per country. These default probabilities incorporate forward-looking information. If at this stage information indicating a higher collection risk for individual customers is available, individual allowances are recognized for the respective balances. The risk of a credit loss increases significantly for open trade receivable balances that are overdue for more than 90 days. Unless the open balance is negligible, an individual assessment is performed to estimate expected credit losses. Individual assessments incorporate forward-looking information such as macroeconomic forecasts and external credit ratings where available.

The following tables show the average expected loss rate for trade receivables per age category at December 31, 2023, and 2022:

December 31, 2023 CHF million	Not due	No more than 90 days overdue	91 to 180 days overdue	181 days to one year overdue	More than 1 year overdue	Total
Expected loss rate	0.3%	0.6%	24.4%	88.9%	91.7%	2.4%
Trade receivables (gross)	102.3	33.7	4.1	0.9	1.2	142.2
Allowance for trade receivables	0.3	0.2	1.0	0.8	1.1	3.4

December 31, 2022 CHF million	Not due	No more than 90 days overdue	91 to 180 days overdue	181 days to one year overdue	More than 1 year overdue	Total
Expected loss rate	0.9%	0.6%	10.2%	67.7%	86.7%	2.6%
Trade receivables (gross)	156.3	51.9	4.9	3.1	1.5	217.7
Allowance for trade receivables	1.4	0.3	0.5	2.1	1.3	5.6

The following table summarizes the movement in the allowance for trade receivables in 2023 and 2022:

CHF million	2022	2023
Allowance for trade receivables at January 1	**–3.0**	**–5.6**
Acquisitions[1]	–0.3	–
Changes to expected credit losses on trade receivables	–3.4	–1.1
Write-off of trade receivables/reversal of unused amount	1.0	3.1
Currency translation differences	0.1	0.2
Allowance for trade receivables at December 31	**–5.6**	**–3.4**

1. Acquisition of the automatic winding machine business in 2022.

Trade receivables are written off when there is no reasonable expectation of recovery.

The following table provides a summary of the credit risk exposure at December 31, 2023, and 2022:

CHF million	December 31, 2022	December 31, 2023
Trade receivables (gross)	217.7	142.2
Comprising:		
• Trade receivables secured by letters of credit or similar instruments	131.5	84.6
• Trade receivables unsecured	86.2	57.6
Allowance for trade receivables	– 5.6	– 3.4
Trade receivables	**212.1**	**138.8**

Customers provide letters of credit from local and international banks as security. Rieter monitors credit risks related to the respective banks (e.g. by using official ratings). Where the ratings are unsatisfactory, management may seek additional security. At December 31, 2023, and 2022, no loss allowances were recorded for secured trade receivables.

Liquidity risk

Rieter's liquidity risk management includes holding adequate reserves of liquid funds and time deposits, the option of financing via an appropriate level of committed and uncommitted credit lines, and the ability to place issues on the capital market. In light of the dynamic nature of the business environment in which Rieter operates, the goal is to ensure financial stability and retain the necessary flexibility by financing operations with adequate free cash flow and maintaining unutilized credit lines. For this purpose, Rieter transferred the bilaterally committed credit facilities negotiated with several banks into a Revolving Credit Facility (RCF) with a maturity on October 30, 2026. The total amount of CHF 250 million of the RCF has not been utilized at December 31, 2023.

The following tables show the contractual maturities of the Group's financial liabilities (including interest) at December 31, 2023, and 2022:

December 31, 2023	Carrying amount	Contractual cash flows			
CHF million		Within 1 year	In 1 to 5 years	In 5 or more years	Total cash flows
Non-derivatives					
Trade payables	101.5	101.5	0.0	0.0	101.5
Other current liabilities	109.6	109.6	0.0	0.0	109.6
Fixed-rate bonds	174.6	77.6	104.2	0.0	181.8
Bank debt	114.8	114.8	0.0	0.0	114.8
Lease liabilities	35.8	7.3	16.4	17.1	40.8
Other financial debt	1.9	1.9	0.0	0.0	1.9
Total non-derivatives	**538.2**	**412.7**	**120.6**	**17.1**	**550.4**
Derivatives					
Foreign currency forward and swap contracts	18.3	228.7	0.0	0.0	228.7
Total derivatives	**18.3**	**228.7**	**0.0**	**0.0**	**228.7**
Total	**556.5**	**641.4**	**120.6**	**17.1**	**779.1**

December 31, 2022	Carrying amount	Contractual cash flows			
CHF million		Within 1 year	In 1 to 5 years	In 5 or more years	Total cash flows
Non-derivatives					
Trade payables	161.8	161.8	0.0	0.0	161.8
Other current liabilities[1]	116.2	116.2	0.0	0.0	116.2
Fixed-rate bonds	174.5	2.6	181.8	0.0	184.4
Bank debt	257.4	257.4	0.0	0.0	257.4
Lease liabilities	27.8	5.2	16.2	8.4	29.8
Other financial debt	2.0	0.4	1.9	0.0	2.3
Total non-derivatives[1]	**739.7**	**543.6**	**199.9**	**8.4**	**751.9**
Derivatives					
Foreign currency forward and swap contracts	22.7	488.3	0.0	0.0	488.3
Total derivatives	**22.7**	**488.3**	**0.0**	**0.0**	**488.3**
Total[1]	**762.4**	**1 031.9**	**199.9**	**8.4**	**1 240.2**

1. The disclosure of the comparative period (December 31, 2022) has been reduced by current liabilities to employees in the amount of CHF 9.5 million. Based on IFRS 7, current liabilities to employees do not meet the criteria of a financial instrument.

Capital management

The capital managed by the Group is equal to the consolidated equity. Rieter's objectives in terms of capital management are to safeguard the Group's financial stability, its financial independence, and its ability to continue as a going concern in order to generate returns for shareholders and respective benefits for other stakeholders. In addition, capital management aims to maintain an optimal capital structure. The equity ratio is 29% at December 31, 2023 (December 31, 2022: 23%). As an industrial group, Rieter strives to have a strong balance sheet with an equity ratio of at least 35%.

In order to maintain or change the capital structure, the Group may – as the need arises – adjust dividend payments to shareholders, return capital to shareholders, issue new shares, or dispose of assets in order to reduce debt.

In connection with the existing, but unutilized Revolving Credit Facility (RCF), Rieter is subject to externally imposed requirements (financial covenants) defining minimum equity and maximum gearing. Rieter complies with these requirements and this compliance is monitored on a continuous basis.

8.7 RELATED PARTIES

Related parties include associated companies, members of the Board of Directors and the Group Executive Committee, employee benefit plans as well as companies controlled by significant shareholders. Transactions with related parties are generally conducted at arms' length.

Total compensation of the Board of Directors and the Group Executive Committee consisted of:

CHF million	2022	2023
Cash compensation	3.5	4.9
Employee benefit contributions and social security	0.8	1.0
Share-based compensation	1.0	1.4
Total	**5.3**	**7.3**

The remuneration report of Rieter Holding Ltd. in accordance with Swiss law is presented on pages 64 to 71.

Apart from purchases from associated companies (see note 6.3), compensation to the Board of Directors and the Group Executive Committee as well as the ordinary contributions to the various employee benefit plans (see note 7.2), no further transactions with related parties are relevant for disclosure.

8.8 CHANGES IN MATERIAL ACCOUNTING POLICIES

The following new or amended standards and interpretations became effective in 2023:

New or amended standards and interpretations
IFRS 17 Insurance Contracts and amendments to IFRS 17[1]
Initial Application of IFRS 17 and IFRS 9 – Comparative Information[1]
Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Definition of Accounting Estimates (Amendments to IAS 8)[1]
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)[1]
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)[1]

1. The application of these new or amended provisions had no or no significant impact on the consolidated financial statements 2023 and the comparative period.

The new or amended standards and interpretations listed below have been issued by the International Accounting Standards Board (IASB), but are not yet effective:

New or amended standards and interpretations	Effective date	Planned application by Rieter
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)[1]	January 1, 2024	Financial year 2024
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)[1]	January 1, 2024	Financial year 2024
Non-current Liabilities with Covenants[1]	January 1, 2024	Financial year 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024	Financial year 2024
Lack of Exchangeability (Amendments to IAS 21)[1]	January 1, 2025	Financial year 2025

1. No impact or no significant impact expected on the consolidated financial statements.

8.9 OTHER MATERIAL ACCOUNTING POLICIES

This section includes material accounting policies that are of a general nature or apply to items contained in more than one of the notes.

Foreign currency translation

Items included in the financial statements of each group company are recognized using the currency of the primary economic environment in which the company operates (functional currency).

Transactions in foreign currencies are translated into the functional currency by applying the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing exchange rates are recognized in the income statement.

For consolidation purposes, items in the balance sheet of foreign group companies are translated into Swiss francs at closing exchange rates, while income statement items are translated at average rates for the respective period. The resulting currency translation differences are recognized in other comprehensive income. In the event of an entity's deconsolidation, currency translation differences are reclassified to the income statement as part of the gain or loss on the entity's divestment or liquidation.

The following foreign exchange rates of importance for Rieter were used in the preparation of the consolidated financial statements as well as for the financial statements of group companies:

		Average annual CHF rates		Year-end CHF rates	
Country/Region	Currency (unit)	**2022**	**2023**	**2022**	**2023**
China	CNY 100	14.19	12.69	13.38	11.79
Czech Republic	CZK 100	4.09	4.05	4.08	3.74
Euro countries	EUR 1	1.00	0.97	0.98	0.93
India	INR 100	1.22	1.09	1.12	1.01
USA	USD 1	0.95	0.90	0.92	0.84

Hyperinflation accounting
Since 2022, the Turkish economy experienced inflation of over 100 percentage points in the last 36 months, based on consumer price indexes (CPI). As a result, the Turkish economy is considered to be hyperinflationary as defined by IAS 29 Financial Reporting in Hyperinflationary Economies. This standard requires financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the reporting date. In 2023, the financial statements of the Turkish subsidiary were restated accordingly before being translated and included in the consolidated financial statements. In 2022, the respective financial statements were not restated before being translated and included in the consolidated financial statements, because the impact of hyperinflation accounting was not considered to be significant.

Impairment of non-financial assets
Assets that are subject to regular depreciation or amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Goodwill is tested for impairment at least at each balance sheet date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its discounted value of expected future net cash flows from continuing use (value in use) or expected fair value less costs of disposal. Non-financial assets that have suffered an impairment loss in the past are reviewed for possible reversal of the respective loss at each reporting date. Impairment losses related to goodwill are not reversed in subsequent periods.

Financial assets
Rieter classifies its financial assets as “at amortized cost”, “at fair value through profit or loss” or “at fair value through other comprehensive income (OCI)”.

At initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the asset, except for financial assets held at fair value through profit or loss where transaction costs are expensed immediately to the income statement.

Debt instruments
The classification of debt instruments (e.g. receivables or loans) depends on the company's business model for managing the respective asset and the cash flow characteristics of the asset. There are three measurement categories for the classification of debt instruments.

Debt instruments held for collection of contractual cash flows, where those cash flows represent solely repayments of principal amount and interest on the principal amount, are measured “at amortized cost”. Gains or losses on a debt instrument subsequently measured at amortized cost are recognized in the income statement when the asset is sold or impaired. Interest income is included in the income statement using the effective interest rate method.

Rieter held no debt instruments classified as “at fair value through profit or loss” or as “at fair value through other comprehensive income (OCI)” at December 31, 2023, and 2022.

Credit risks related to debt instruments at amortized cost held by Rieter at December 31, 2023, and 2022, are considered to be low. Therefore, Rieter determines the impairment allowance as the credit losses expected in the next twelve months. If the credit risk were to increase and no longer be regarded as low risk, lifetime expected credit losses would have to be recognized. For trade receivables, a separate approach is applied for measuring impairment (see notes 4.1 and 8.6).

Debt instruments are included in current assets, except for maturity dates of more than twelve months after the balance sheet date. In that case, they are presented as non-current assets.

Equity instruments
A minor balance of equity instruments was classified as “at fair value through profit or loss” and another minor balance of equity instruments was designated as “at fair value through other comprehensive income (OCI)” at the acquisition date. Apart from that, Rieter held no financial assets at December 31, 2023, and 2022, that complied with the criteria for equity instruments.

Other financial instruments
Holdings in investment funds (equity or debt funds) cannot usually be treated as either equity or debt instruments for classification purposes. Rieter’s holdings in investment funds are classified as “financial assets at fair value through profit or loss”, and changes in fair values as well as profit distributions are included in the income statement. Holdings in investment funds are presented as current assets if they are either held for trading purposes or are likely to be sold within twelve months after the balance sheet date.

Derivative financial instruments and hedge accounting
Rieter concludes foreign currency contracts in order to hedge foreign currency risks. Hedge accounting is applied to selected transactions.

Derivative financial instruments – without hedge accounting
Derivative financial instruments are initially recognized at fair value on the date a derivative contract is concluded and are subsequently remeasured to the respective fair value at each reporting date. The resulting gains and losses are recognized immediately as other income/expenses or financial income/expenses depending on the nature of the underlying transaction.

The respective positive and negative fair values are recognized in the balance sheet as derivative financial instruments in other current receivables or other current liabilities if their maturity date is within twelve months after the balance sheet date, and otherwise in other non-current assets or other non-current liabilities.

Derivative financial instruments – with hedge accounting
Rieter designates selected foreign currency forward and swap contracts as hedges for firm sale and purchase commitments in non-functional currencies of the respective group companies with the aim of securing the profit margin against fluctuations in foreign exchange rates. At inception of the hedged transaction, the hedge relationship between the unrecognized firm commitment (hedged transaction/item) and the foreign currency forward or swap contract (hedging instrument) is documented.

Rieter designates the hedged risk as changes in the forward rate. Changes in the full fair value of the forward or swap contracts are deferred and recognized in other comprehensive income (hedge reserve) until the hedged transaction has been accounted for in the consolidated income statement.

Once the hedged transaction is accounted for in the financial statements, the fair value is reclassified from the hedge reserve to the income statement (other income/expenses). Any ineffective portion of the fair value of the hedging instrument is recognized immediately in the income statement. If the hedged transaction is no longer expected to occur, the fair value of the respective hedging instrument is immediately reclassified to the income statement.

8.10 EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred up to March 12, 2024, that would necessitate adjustments to the carrying amounts of the Group’s assets or liabilities, or which would require disclosure.

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS 2023 TO THE ANNUAL GENERAL MEETING OF RIETER HOLDING LTD., WINTERTHUR

Opinion

We have audited the consolidated financial statements of Rieter Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 78 to 125) give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key Audit Matters

VALUATION OF GOODWILL

REVENUE RECOGNITION

Key audit matters are those matters that, in our professional judgment, 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.

VALUATION OF GOODWILL

Key Audit Matter	Our response
As at December 31, 2023, the consolidated financial statements included goodwill amounting to CHF 184.3 million. Goodwill has to be assessed for impairment by management at least on a yearly basis by determining the value in use, which is then compared to the carrying amount. As part of the goodwill impairment testing the discounted cash flow (DCF) method is applied. This method requires the use of a number of key assumptions and estimates by management, including assumptions regarding expected future cash flows, long-term growth rates and applicable discount rates. In relation to total assets and net assets as per December 31, 2023, goodwill is of material importance. There is a risk of impairment of the Group's significant goodwill balance due to weak global demand, uncertainty related to the world-wide supply chain and related forecasts. *For further information on valuation of goodwill refer to the following:* *-> Note 4.6 to the consolidated financial statements*	For selected cash-generating units, identified based on quantitative and qualitative factors, our audit procedures included, amongst others, the following: • Evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures, • Assessing the reasonableness of the plans and forecasts by back-testing historical forecasts to actual results, • Comparing business plan data against the latest Board-approved plans and management-approved forecasts, • Challenging the robustness of the key assumptions used to determine the recoverable amount, forecasted cash flows, long-term growth rates and the discount rates based on our understanding of the commercial prospects of the related CGUs and by comparing them with publicly available data, • Conducting sensitivity analysis, taking into account the historical forecasting accuracy of the Group, • Comparing the sum of projected discounted cash flows to the market capitalization of the Group, and • Recalculating the difference between the carrying value and the recoverable amount to assess the headroom. We also considered the appropriateness of disclosures in relation to impairment sensitivities in the financial statements.

REVENUE RECOGNITION

Key Audit Matter	Our response
Total consolidated sales for the financial year amounted to CHF 1 418.6 million (2022: CHF 1 510.9 million). Sales are a key performance indicator for Rieter's performance and are therefore in the focus of internal and external stakeholders. Sales compromise the sales of machines and systems as well as sales from services. In line with IFRS 15, Rieter recognizes sales of machines and systems when a performance obligation is satisfied by transferring control of the goods to the customer. Service sales are recognized over time in accordance with the progress to completion of the performance obligation. Due to the high volume of transactions close to year end and the value of individual transactions, there is a risk that sales are not recognized in the correct accounting period (cut-off). *For further information on revenue recognition refer to the following:* *-> Note 3.1 to the consolidated financial statements* *-> Note 3.2 to the consolidated financial statements*	Our audit procedures included, amongst others, the following: • Inquiring with management regarding processes and controls in relation to revenue recognition. Additionally, performing walkthroughs to gain an understanding of processes and controls, including management reviews, with respect to revenue recognition, • Reconciling on a sample basis sales with the corresponding supporting documents such as sales orders, shipping documents, invoices and timesheets to assess that sales were recognized accurately, • Verifying that sales transactions at the end of the financial year and at the beginning of the new financial year have been recognized in the correct accounting period by comparing sales close to the balance sheet date with the respective supporting documentation.

Other Matter
The consolidated financial statements of Rieter Holding Ltd. for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2023.

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 consolidated financial statements, the stand-alone financial statements of Rieter Holding Ltd., the compensation 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 the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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, ISA 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

Raphael Gähwiler
Licensed Audit Expert

Zurich, March 12, 2024

INCOME STATEMENT OF RIETER HOLDING LTD.

CHF million	Notes	2022	2023
Income			
Income from investments	(2.1)	17.8	33.4
Financial income	(2.2)	7.5	13.2
Other income	(2.3)	7.6	8.8
Total income		**32.9**	**55.4**
Expenses			
Administrative expenses		– 5.5	– 6.7
Financial expenses	(2.4)	– 11.0	– 22.1
Increase in value adjustments and provisions	(2.5)	– 10.0	– 20.0
Income taxes		– 0.2	– 0.2
Total expenses		**– 26.7**	**– 49.0**
Net profit		**6.2**	**6.4**

BALANCE SHEET OF RIETER HOLDING LTD.

CHF million	Notes	December 31, 2022	December 31, 2023
Assets			
Cash and cash equivalents	(2.6)	84.9	57.1
Current receivables	(2.7)	21.2	12.3
Prepaid expenses and accrued income	(2.8)	3.7	5.2
Current assets		**109.8**	**74.6**
Other financial assets	(2.9)	234.6	176.9
Investments	(2.10)	508.4	573.3
Non-current assets		**743.0**	**750.2**
Assets		**852.8**	**824.8**
Liabilities and shareholders' equity			
Current liabilities	(2.11)	2.3	3.1
Current interest-bearing liabilities	(2.12)	471.8	515.7
Accrued expenses and deferred income	(2.8)	2.6	3.9
Current liabilities		**476.7**	**522.7**
Non-current interest-bearing liabilities	(2.13)	175.0	100.0
Provisions	(2.14)	11.3	11.3
Non-current liabilities		**186.3**	**111.3**
Liabilities		**663.0**	**634.0**
Share capital	(2.15)	23.4	23.4
General legal reserve	(2.16)	27.5	27.5
Free reserves	(2.17)	119.4	118.9
Retained earnings	(2.18)		
• Balance carried forward		38.3	37.8
• Net profit		6.2	6.4
Treasury shares	(2.19)	– 25.0	– 23.2
Shareholders' equity		**189.8**	**190.8**
Liabilities and shareholders' equity		**852.8**	**824.8**

NOTES TO THE FINANCIAL STATEMENTS OF RIETER HOLDING LTD.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The financial statements of Rieter Holding Ltd. have been prepared in accordance with the provisions of Swiss accounting law.

Rieter Holding Ltd. is presenting its consolidated financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). Therefore, Rieter Holding Ltd. has applied the exemption included in Art. 961d, para. 1 Swiss Code of Obligations and has not prepared additional disclosures on interest-bearing liabilities and audit fees as well as a separate cash flow statement.

Significant accounting policies that are not specified by the Swiss Code of Obligations are listed below.

1.2 INVESTMENTS

In principle, investments are measured individually. If management and internal performance assessment are combined for a group of investments, impairment testing for these investments may also be combined. Investments are recognized in the balance sheet at acquisition cost less necessary accumulated value adjustments.

1.3 TREASURY SHARES

Treasury shares are recognized at historical cost and presented as a negative component of equity. If treasury shares are sold or reissued subsequently, any resulting gains or losses are directly recognized against free reserves.

1.4 FOREIGN CURRENCIES

All monetary assets and liabilities in foreign currencies are translated at year-end exchange rates. Losses from the revaluation of non-current receivables and payables are recorded in the income statement, whereas the respective gains are not recognized. Income and expenses as well as all transactions in foreign currencies are translated using the exchange rate prevailing on the date of the transaction. The resulting foreign currency gains and losses are recognized in the income statement.

1.5 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognized only on the balance sheet if unrealized losses exist.

2 DETAILS OF BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 INCOME FROM INVESTMENTS

Income from investments consists of dividends paid by subsidiaries and associated companies.

2.2 FINANCIAL INCOME

Financial income includes interest income. The interest income has increased significantly due to the rising interest rate level compared to the previous year.

2.3 OTHER INCOME

Other income consists of the contractually agreed compensation payments from group companies.

2.4 FINANCIAL EXPENSES

Financial expenses consist mainly of interest payable on the fixed-rate bonds and liabilities payable to banks and group companies, as well as the foreign exchange result. In addition, the charges for the non-utilized Revolving Credit Facility (RCF; CHF 250 million, maturity on October 30, 2026) are included. The financial expenses have increased significantly due to the rising interest rate level compared to the previous year.

2.5 INCREASE IN VALUE ADJUSTMENTS AND PROVISIONS

Due to general business risks, the value adjustments were increased by CHF –20.0 million (2022: CHF –10.0 million) by decreasing the investments in subsidiaries accordingly.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank accounts.

2.7 CURRENT RECEIVABLES

CHF million	December 31, 2022	December 31, 2023
Receivables from third parties	0.0	0.2
Receivables from subsidiaries	21.2	12.1
Current receivables	**21.2**	**12.3**

Receivables from subsidiaries consist mainly of current account credit facilities granted to subsidiaries based on market terms and conditions in the context of central cash management.

2.8 PREPAID EXPENSES AND ACCRUED INCOME/ ACCRUED EXPENSES AND DEFERRED INCOME

Prepaid expenses and accrued income consist mainly of financing costs. Accrued expenses and deferred income include mainly accrued interest and taxes.

2.9 OTHER FINANCIAL ASSETS

CHF million	December 31, 2022	December 31, 2023
Loans to subsidiaries	234.6	176.9
Other financial assets	**234.6**	**176.9**

The financing requirements of the subsidiaries were covered with non-current loans, granted by Rieter Holding Ltd. based on market terms and conditions.

2.10 INVESTMENTS

CHF million	December 31, 2022	December 31, 2023
Investments in subsidiaries	496.6	561.5
Investments in associated companies	11.8	11.8
Investments	**508.4**	**573.3**

Investments are listed on page 103. These are held directly or indirectly by Rieter Holding Ltd. Compared with the prior period, investments in subsidiaries increased due to the capitalization of loans to subsidiaries.

2.11 CURRENT LIABILITIES

CHF million	December 31, 2022	December 31, 2023
Liabilities to group companies	1.1	0.0
Liabilities to third parties	1.2	3.1
Current liabilities	**2.3**	**3.1**

2.12 CURRENT INTEREST-BEARING LIABILITIES

CHF million	December 31, 2022	December 31, 2023
Liabilities to group companies	257.8	330.0
Bond	0.0	75.0
Bank debt	214.0	110.7
Current interest-bearing liabilities	**471.8**	**515.7**

Rieter Holding Ltd. manages cash and cash equivalents of group companies in the central cashpool.

On August 18, 2020, Rieter Holding Ltd. issued a fixed-rate bond with a nominal value amounting to CHF 75.0 million. This bond has a term of four years with a maturity date on August 17, 2024, a fixed interest rate of 1.55% p.a. and is listed on the SIX Swiss Exchange.

In 2023, Rieter continued to draw down short-term bank loans at various financial institutions with different terms to secure liquidity.

2.13 NON-CURRENT INTEREST-BEARING LIABILITIES

On November 25, 2021, Rieter Holding Ltd. issued a fixed-rate bond with a nominal value amounting to CHF 100.0 million. This bond has a term of six years with a maturity date on November 24, 2027, a fixed interest rate of 1.4% p.a. and is listed on the SIX Swiss Exchange. The previous year's balance included the fixed-rate bond with a nominal value of CHF 75.0 million, which was reclassified to current liabilities in 2023 due to its maturity in 2024.

2.14 PROVISIONS

Provisions were recognized for foreign exchange risks and guarantee commitments.

2.15 SHARE CAPITAL

At December 31, 2023, the share capital of Rieter Holding Ltd. amounted to CHF 23 361 815. It is divided into 4 672 363 fully paid registered shares with a nominal value of CHF 5.00 each.

According to §3a of the Articles of Association, Rieter Holding Ltd. has implemented a capital band of between CHF 22 193 725 (lower limit) and CHF 25 697 995 (upper limit). Within the capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times, and in any amount, until April 20, 2028, or until the capital band expires earlier, or to acquire or sell shares directly or indirectly. The capital increase or reduction may be effected by issuing up to 467 236 fully paid registered shares with a nominal value of CHF 5.00 each, or by cancelling up to 233 618 registered shares with a nominal value of CHF 5.00 each, or by increasing or decreasing the nominal value of existing registered shares within the limits of the capital band.

2.16 GENERAL LEGAL RESERVE

The general legal reserve meets the legal requirements. No transfer was made in 2023.

2.17 FREE RESERVES

CHF million	2022	2023
Opening balance	**119.9**	**119.4**
Losses/gains from treasury shares	– 0.5	– 0.5
Free reserves	**119.4**	**118.9**

2.18 RETAINED EARNINGS

Including retained earnings carried forward, the Annual General Meeting has a total of CHF 44.2 million at its disposal (2022: CHF 44.5 million).

2.19 TREASURY SHARES

Treasury shares are held directly by Rieter Holding Ltd. Consequently, there is no need for a separate reserve for treasury shares.

Treasury shares held by Rieter Holding Ltd.

	Number of shares
Treasury shares at January 1, 2023 (registered shares)	192 728
Sales from January to December 2023 (average price per share: CHF 105.83)	– 12 179
Treasury shares at December 31, 2023 (registered shares)	**180 549**

3 ADDITIONAL INFORMATION

3.1 LEGAL FORM, REGISTERED OFFICE, AND NUMBER OF FULL-TIME EMPLOYEES

Rieter Holding Ltd. is a limited company (“Aktiengesellschaft”) with its registered office in Winterthur. The company does not employ any personnel.

3.2 GUARANTEES TO THIRD PARTIES

CHF million	December 31, 2022	December 31, 2023
Guarantees	**66.0**	**19.1**

Guarantees to third parties consist of sureties issued to financial institutions for loans granted.

3.3 SIGNIFICANT SHAREHOLDERS

Major groups of shareholders with holdings exceeding 3% of total voting rights (pursuant to Art. 663c of the Swiss Code of Obligations) at December 31, 2023:

- According to the notification from SIX Swiss Exchange (SIX), PCS Holding AG, Frauenfeld, Switzerland, held 1 168 945 shares (25.02%).
- According to the notification from SIX, BigPoint Holding AG, Cham, Switzerland, held 357 000 shares (7.64%).
- According to the notification from SIX, Credit Suisse Funds AG, Zurich, Switzerland, held 140 344 shares (3.004%).
- According to the notification from SIX, Rieter Holding Ltd., Winterthur, Switzerland, held 140 504 shares (3.01%).

3.4 SHAREHOLDINGS BY THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE (INCLUDING RELATED PARTIES) AT DECEMBER 31, 2023 (ART. 663C, SWISS CODE OF OBLIGATIONS)

	Number of shares	
	December 31, 2022	December 31, 2023
Bernhard Jucker, Chairman	12 047	15 327
Roger Baillod	2 366	3 347
Peter Spuhler	1 219 586	1 547 860
Hans-Peter Schwald	8 217	8 217
Carl Illi	2 106	2 597
Sarah Kreienbühl	0	0
Daniel Grieder	1 500	2 100
Thomas Oetterli (from April 20, 2023)[1]	–	3 005
Total Board of Directors	**1 245 822**	**1 582 453**

1. Number of shares listed at Board of Directors and Group Executive Committee

	Number of shares	
	December 31, 2022	December 31, 2023
Thomas Oetterli (from March 13, 2023)[1]	–	3 005
Roger Albrecht	873	1 294
Serge Entleitner	1 888	2 225
Rico Randegger	1 653	1 990
Oliver Streuli (from August 1, 2023)	–	0
Dr. Norbert Klapper (until March 12, 2023)	10 000	–
Kurt Ledermann (until July 31, 2023)	1 621	–
Thomas Anwander (until April 20, 2023)	2 440	–
Total Group Executive Committee	**18 475**	**8 514**

1. Number of shares listed at Board of Directors and Group Executive Committee

In 2023, the members of the Board of Directors and the Group Executive Committee received 8 242 shares with a fair value of CHF 0.9 million as part of their share-based compensation.

3.5 EVENTS AFTER BALANCE SHEET DATE

The financial statements were approved by the Board of Directors on March 12, 2024. They are subject to approval by the Annual General Meeting of shareholders on April 17, 2024. There were no significant events after the balance sheet date.

MOTION OF THE BOARD OF DIRECTORS

FOR THE APPROPRIATION OF RETAINED EARNINGS

CHF	2023
Net profit for the year	6 384 749
Retained earnings carried forward from previous year	37 759 668
At the disposal of the Annual General Meeting	**44 144 417**
Motion:	
Distribution of dividend[1]	14 017 089
Balance to be carried forward	30 127 328
	44 144 417

1. Shares held by Rieter Holding Ltd. at the time of distribution are not entitled to dividend. The amount distributed will be reduced accordingly at the time of distribution.

The Board of Directors proposes a dividend payment of CHF 3.00 per registered share.

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE FINANCIAL STATEMENTS

KPMG

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE FINANCIAL STATEMENTS 2023 TO THE ANNUAL GENERAL MEETING OF RIETER HOLDING LTD., WINTERTHUR

Opinion

We have audited the financial statements of Rieter Holding Ltd. (the Company), which comprise the balance sheet as at December 31, 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 130 to 137 and page 103) 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, together with 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Matter

The financial statements of Rieter Holding Ltd. for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2023.

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 consolidated financial statements, the stand-alone financial statements of the Company the compensation report and our auditor's report thereon.

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

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

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

Board of Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the 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.

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

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

KPMG AG

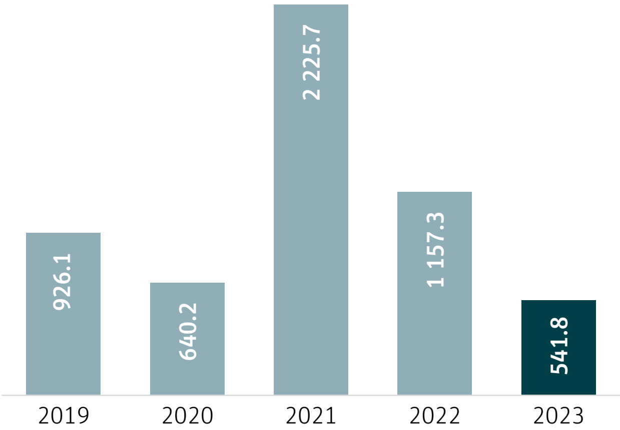
Roman Wenk
Licensed Audit Expert
Auditor in Charge

Raphael Gähwiler
Licensed Audit Expert

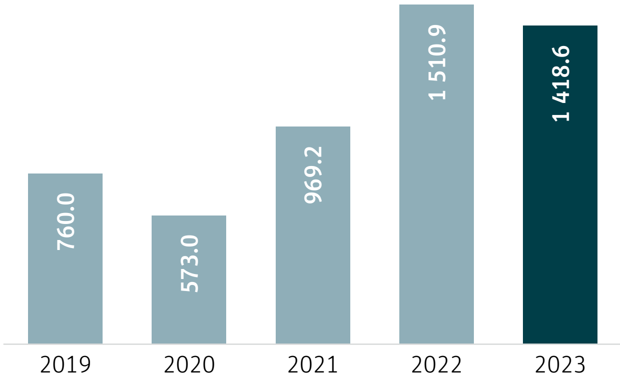
Zurich, March 12, 2024

INFORMATION FOR OUR SHAREHOLDERS

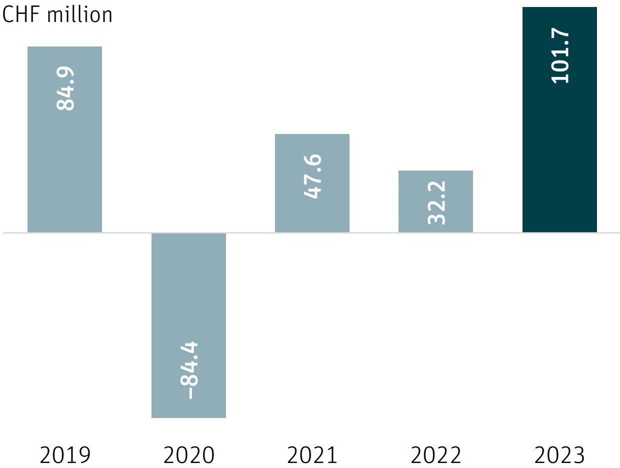
Order Intake
CHF million



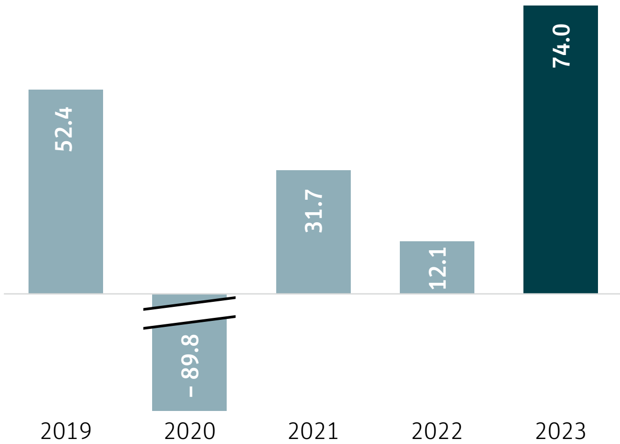
Sales
CHF million



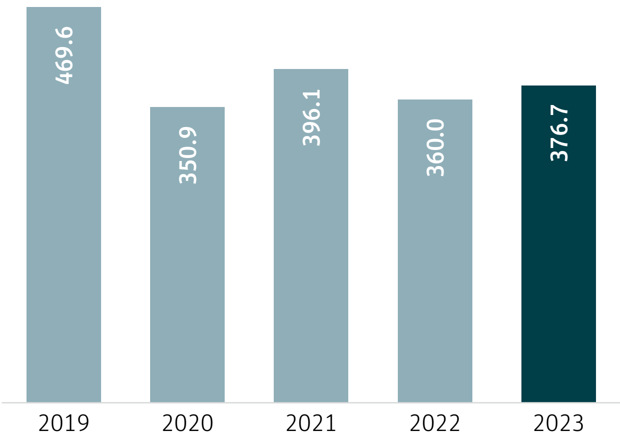
Operating Result Before Interest and Taxes (EBIT)
CHF million



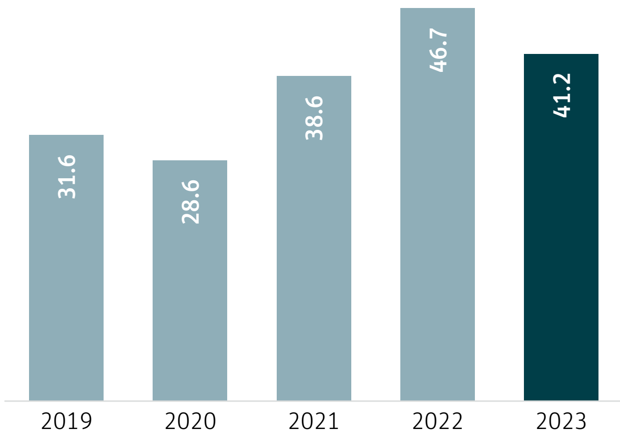
Net Profit
CHF million



Shareholder's Equity
CHF million (at December 31)



Capital Expenditure
CHF million



REVIEW 2019 TO 2023

		2019	2020	2021	2022	2023
Consolidated income statement						
Sales	CHF million	760.0	573.0	969.2	1 510.9	1 418.6
• Asian countries (without China/India/Türkiye)	CHF million	293	185	319	473	362
• China	CHF million	137	93	135	169	188
• India	CHF million	100	51	126	197	225
• Türkiye	CHF million	67	122	182	266	221
• North and South America	CHF million	106	66	150	209	183
• Europe	CHF million	41	38	43	123	76
• Africa	CHF million	16	18	14	74	165
EBITDA[1]	CHF million	123.1 [2]	– 46.7	85.0	85.0	160.4 [3]
• in % of sales		16.2	– 8.2	8.8	5.6	11.3
EBIT before restructuring and impairment[1]	CHF million	84.6 [2]	– 76.7	46.0	32.1	156.3 [3]
• in % of sales		11.1	– 13.4	4.7	2.1	11.0
EBIT[1]	CHF million	84.9 [2]	– 84.4	47.6	32.2	101.7 [3]
• in % of sales		11.2	– 14.7	4.9	2.1	7.2
Net profit	CHF million	52.4	– 89.8	31.7	12.1	74.0
• in % of sales		6.9	– 15.7	3.3	0.8	5.2
RONA[1]	in %	10.0	– 14.3	5.6	2.8	11.5
Consolidated cash flow statement						
Cash flow from operating activities	CHF million	– 45.7	– 49.8	165.7	– 76.2	69.3
Cash flow from investing activities	CHF million	88.0	– 25.0	– 352.9	– 30.2	49.4
Cash flow from financing activities	CHF million	– 9.8	78.0	151.4	34.9	– 151.6
Free cash flow[1]	CHF million	42.3	– 74.8	128.1	– 98.6	118.7
Number of employees at December 31[1]		**4 591**	**4 416**	**4 907**	**5 629**	**5 081**
Consolidated balance sheet at December 31						
Current assets	CHF million	567.2	555.7	718.3	843.9	641.5
Non-current assets	CHF million	415.8	407.8	718.0	697.0	668.5
Current liabilities	CHF million	410.7	428.3	744.8	890.5	717.2
Non-current liabilities	CHF million	102.7	184.3	295.4	290.4	216.1
Equity attributable to shareholders of Rieter Holding Ltd.	CHF million	468.8	350.6	395.8	359.9	376.6
Equity attributable to non-controlling interests	CHF million	0.8	0.3	0.3	0.1	0.1
Total assets	CHF million	983.0	963.5	1 436.3	1 540.9	1 310.0
Equity ratio[1]	in %	47.8	36.4	27.6	23.4	28.8
Cash and cash equivalents	CHF million	284.1	282.3	248.7	175.7	135.6
Marketable securities and time deposits	CHF million	0.9	0.9	0.7	0.4	0.3
Current financial debt	CHF million	– 121.0	– 151.4	– 209.7	– 262.5	– 198.1
Non-current financial debt	CHF million	– 1.9	– 90.5	– 201.6	– 199.2	– 129.0
Net liquidity/debt[1]	CHF million	**162.1**	**41.3**	**– 161.9**	**– 285.6**	**– 191.2**

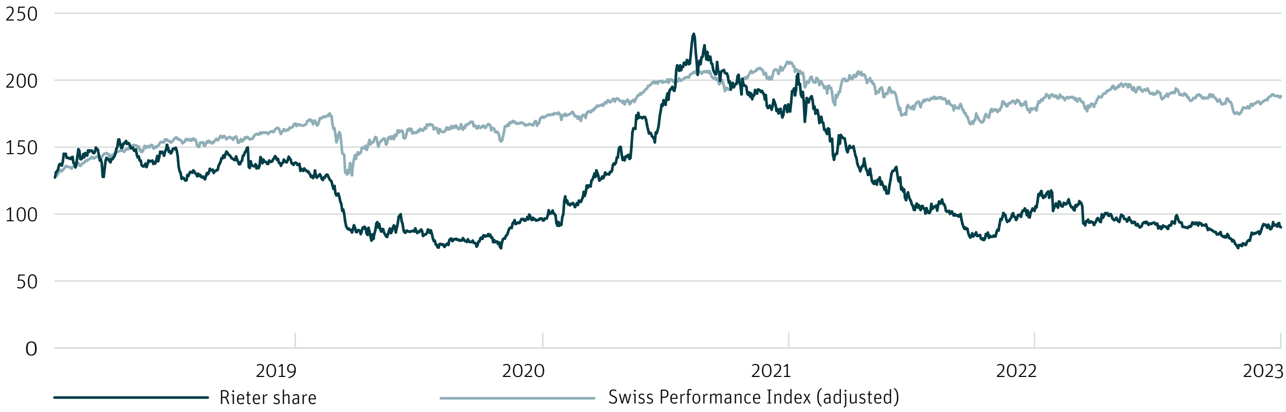
1. Definition in Alternative Performance Measures on pages 74 and 75.
2. Including the gain on disposal of land and buildings in Ingolstadt (Germany) amounting to CHF 94.5 million.
3. Including the gain on disposal of land and buildings in Winterthur (Switzerland) amounting to CHF 72.5 million.

Rieter Holding Ltd. share (RIEN)

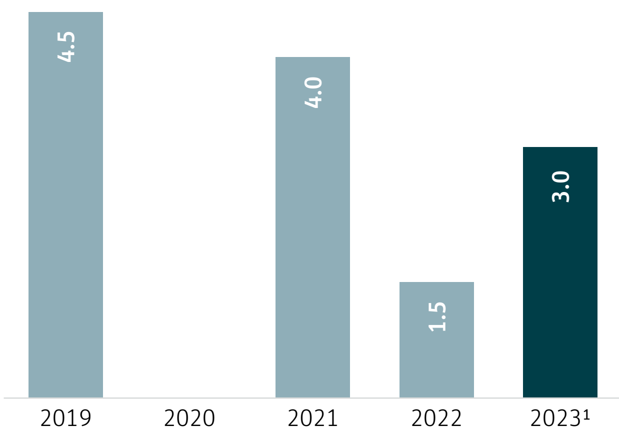
			2019	2020	2021	2022	2023
Market capitalization[1]	December 31	CHF million	623	432	795	470	405
Market capitalization/EBITDA ratio			5.1	– 9.3	9.4	5.5	2.5
Share price at SIX Swiss Exchange	December 31	CHF	138.1	96.7	177.0	105.0	90.1
	high	CHF	157.0	137.5	234.5	204.5	117.6
	low	CHF	122.2	74.5	91.3	80.6	74.6
Equity attributable to shareholders of Rieter Holding Ltd. per share	December 31	CHF	103.84	78.50	88.08	80.34	83.83
Basic earnings per share		CHF	11.65	– 20.05	7.04	2.70	16.48
Price/earnings ratio[1]			11.9	– 4.8	25.1	38.9	5.5
Dividend per share		CHF	4.50	0.00	4.00	1.50	3.00 [2]
Dividend payout ratio[1]		in %	38.6	0.0	56.8	55.6	18.2
Dividend yield[1]		in %	3.3	0.0	2.3	1.4	3.3

1. Definition in Alternative Performance Measures on pages 74 and 75.
2. Motion of the Board of Directors on page 137.

Share Price
CHF

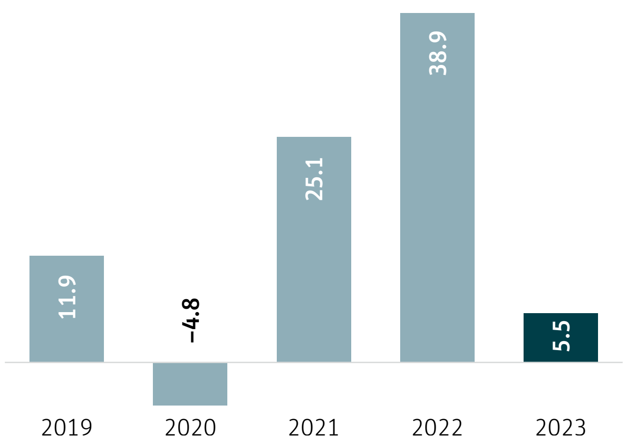


Dividend
CHF (per share)



1. Motion of the Board of Directors on page 137.

Price/Earnings Ratio



FINANCIAL CALENDAR

Annual General Meeting 2024	April 17, 2024
Semi-Annual Report 2024	July 18, 2024
Investor Update 2024	October 23, 2024
Publication of Sales 2024	January 29, 2025
Deadline for Proposals Regarding the Agenda of the Annual General Meeting	February 28, 2025
Results Press Conference 2025	March 13, 2025
Annual General Meeting 2025	April 24, 2025
Semi-Annual Report 2025	July 18, 2025
Investor Update 2025	October 22, 2025

All statements in this report which do not refer to historical facts are forecasts which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

March 2024

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