FINANCIAL REPORT

PHOENIX MECANO GROUP
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS

in 1000 EUR	Note	2022	2021*
CURRENT ASSETS			
Cash and cash equivalents	3	82 369	99 589
Securities		454	0
Trade receivables	4	107 476	140 410
Income tax receivables		417	1 539
Other short-term receivables	5	12 169	18 218
Inventories	6	195 101	181 131
Deferred charges and prepaid expenses		4 020	2 926
Total current assets		**402 006**	**443 813**
NON-CURRENT ASSETS			
Tangible assets	7	158 688	140 682
Intangible assets	8	11 477	10 906
Investments in associated companies	9	2 948	2 657
Other financial assets	10	1 275	1 443
Deferred tax assets	16	11 059	11 121
Total non-current assets		**185 447**	**166 809**
Total assets		**587 453**	**610 622**

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

EQUITY AND LIABILITIES

in 1000 EUR	Note	2022	2021*
LIABILITIES			
Trade payables		79 876	116 735
Short-term financial liabilities	11	74 149	93 849
Derivative financial instruments	12	551	461
Short-term provisions	13	13 840	15 561
Short-term pension obligations	14	283	245
Income tax liabilities		12 801	3 989
Other short-term liabilities	15	32 596	32 166
Short-term deferred income		591	1 704
Short-term liabilities		**214 687**	**264 710**
Long-term financial liabilities	11	92 672	86 300
Long-term provisions	13	3 205	3 459
Long-term pension obligations	14	3 826	5 080
Long-term deferred income		10 549	9 857
Deferred tax liabilities	16	1 227	1 206
Long-term liabilities		**111 479**	**105 902**
Total liabilities		**326 166**	**370 612**
EQUITY			
Share capital	17	852	852
Treasury shares	18	–33	–77
Retained earnings		247 190	221 988
Translation differences		3 040	6 012
Equity attributable to shareholders of the parent company		**251 049**	**228 775**
Minority interest	19	10 238	11 235
Total equity		**261 287**	**240 010**
Total equity and liabilities		**587 453**	**610 622**

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

CONSOLIDATED STATEMENT OF INCOME 2022

in 1000 EUR	Note	2022	2021*
Net revenue	27	**784 442**	**809 473**
Changes in inventories		228	3 191
Own work capitalised		5 032	3 359
Other operating income	28	7 708	10 457
Cost of materials	29	– 392 125	– 450 936
Personnel expenses	30	– 230 577	– 219 837
Depreciation on tangible assets		– 19 829	– 18 880
Amortisation of intangible assets		– 4 101	– 3 418
Impairment losses and reversal of impairment losses on tangible and intangible assets		– 398	9
Other operating expenses	31	– 96 758	– 89 119
Operating result		**53 622**	**44 299**
Result from associated companies	9	580	273
Financial income	32	8 629	5 210
Financial expenses	33	– 7 575	– 7 214
Financial result		**1 634**	**– 1 731**
Result before tax		**55 256**	**42 568**
Income tax	34	– 16 232	– 12 230
Result of the period		**39 024**	**30 338**
of which			
Shareholders of the parent company		39 584	31 401
Minority shareholders		– 560	– 1 063
EARNINGS PER SHARE			
Earnings per share – undiluted (in EUR)	35	41.22	32.70
Earnings per share – diluted (in EUR)	35	41.22	32.70

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

CONSOLIDATED STATEMENT OF CASH FLOW 2022

in 1000 EUR	Note	2022	2021*
Result of the period		39 024	30 338
Income tax	34	16 232	12 230
Result before tax		**55 256**	**42 568**
Depreciation on tangible assets	7	19 829	18 880
Amortisation of intangible assets	8	4 101	3 418
Losses/(gains) on the disposal of tangible and intangible assets	28, 31	– 684	– 141
Impairment losses/(reversal of impairment losses) on tangible and intangible assets	7, 8	398	– 9
Losses and value adjustments on inventories	6	4 576	4 115
Loss/(gain) from associated companies	9	– 580	– 273
Expenses from employee participation plan		0	663
Other non-cash expenses/(income)		– 770	– 1 236
Increase/(decrease) in long-term provisions and pension obligations		– 1 203	– 3 128
Net interest expense/(income)	32, 33	2 349	2 683
Interest paid		– 3 412	– 2 896
Income tax paid		– 6 212	– 9 072
Operating cash flow before changes in working capital		**73 648**	**55 572**
(Increase)/decrease in inventories		– 17 380	– 21 591
(Increase)/decrease in trade receivables		32 904	– 3 168
(Increase)/decrease in other receivables, deferred charges and pre-paid expenses		4 700	– 958
(Decrease)/increase in trade payables		– 36 435	23 821
(Decrease)/increase in short-term provisions and pension obligations		– 2 027	– 4 383
(Decrease)/increase in other liabilities and deferred income		506	5 548
Cash flow from operating activities		**55 916**	**54 841**

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

in 1000 EUR	Note	2022	2021*
CAPITAL EXPENDITURE			
Tangible assets	7	– 41 881	– 25 020
Intangible assets	8	– 5 317	– 4 532
Other financial assets/Securities/Investments in associated companies		– 486	– 966
Acquisition of Group companies	38	0	– 1 033
DISINVESTMENTS			
Tangible assets	7, 28, 31	3 125	1 573
Intangible assets	8, 28, 31	28	15
Other financial assets/Securities/Investments in associated companies		376	1 046
Interest received		920	474
Dividends received	9	249	243
Cash used in investing activities		**– 42 986**	**– 28 200**
Dividends paid (including minority interest)		– 14 064	– 7 051
Change in minority interests		–80	11 432
Sale of treasury shares	18	44	131
Issue of financial liabilities	11	58 133	56 996
Repayment of financial liabilities	11	– 72 899	– 71 136
Cash flow from financing activities		**– 28 866**	**– 9 628**
Translation differences in cash and cash equivalents		– 1 284	5 389
Change in cash and cash equivalents		**– 17 220**	**22 402**
Cash and cash equivalents as at 1 January	3	99 589	77 187
Cash and cash equivalents as at 31 December	3	82 369	99 589
Change in cash and cash equivalents		**– 17 220**	**22 402**

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021 AND 2022

in 1000 EUR	Note	Share capital	Treasury shares	Retained earnings	Translation differences	Equity attributable to shareholders of the parent company	Minority interest	**Total equity**
As at 31 December 2020 before restatement		**852**	**– 194**	**198 999**	**– 7 204**	**192 453**	**– 106**	**192 347**
Restatement*				**– 3 667**		**– 3 667**	**– 454**	**– 4 121**
As at 31 December 2020 after restatement		**852**	**– 194**	**195 332**	**– 7 204**	**188 786**	**– 560**	**188 226**
Result of the period*				**31 401**		**31 401**	**– 1 063**	**30 338**
Dividends paid				– 7 011		– 7 011	– 40	– 7 051
Translation differences*					13 216	13 216	166	13 382
Currency differences from sale/merger/liquidation recognised directly in equity				– 370		– 370		– 370
Change in treasury shares	18		117	14		131		131
Change in minority interest	19			– 909		– 909	12 341	11 432
Netting of goodwill against equity	38/40			– 241		– 241		– 241
Adjustment of purchase price liability with impact on shadow statement	20/40			3 109		3 109	391	3 500
Employee participation plan				663		663		663
As at 31 December 2021		**852**	**– 77**	**221 988**	**6 012**	**228 775**	**11 235**	**240 010**

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

Result of the period				**39 584**		**39 584**	**– 560**	**39 024**
Dividends paid				– 14 014		– 14 014	– 50	– 14 064
Translation differences					– 2 972	– 2 972	– 268	– 3 240
Currency differences from sale/merger/liquidation recognised directly in equity				– 9		– 9		– 9
Change in treasury shares	18		44			44		44
Change in minority interest	19					0	– 80	– 80
Adjustment of purchase price liability with impact on shadow statement	20/40			– 359		– 359	– 39	– 398
As at 31 December 2022		**852**	**– 33**	**247 190**	**3 040**	**251 049**	**10 238**	**261 287**

CONSOLIDATED SEGMENT INFORMATION 2022

BY DIVISION

	DewertOkin Technology Group		Industrial Components		Enclosure Systems		Total segments		Reconciliation*		Total Group	
in 1000 EUR	2022	2021	2022	2021**	2022	2021	2022	2021**	2022	2021**	2022	2021**
Gross sales to third parties	310 335	392 802	255 847	226 313	226 757	197 762	792 939	816 994	0	0	792 939	816 877
Gross sales between divisions	5 959	5 556	2 370	2 667	1 332	1 230	9 661	9 453	–9 661	–9 453	0	0
Revenue reductions											–8 497	–7 404
Net revenue											**784 442**	**809 473**
Reversal of impairment losses/(impairment losses) on tangible and intangible assets	–540	0	142	9	0	0	–398	9	0	0	–398	9
Depreciation on tangible assets and amortisation of intangible assets	–8 025	–6 858	–7 784	–7 893	–6 440	–6 178	–22 249	–20 929	–1 681	–1 369	–23 930	–22 298
Operating result	**–2 622**	**2 055**	**24 364**	**18 055**	**35 183**	**26 684**	**56 925**	**46 794**	**–3 303**	**–2 495**	**53 622**	**44 299**
Financial result											1 634	–1 731
Result before tax											**55 256**	**42 568**
Income tax											–16 232	–12 230
Result of the period											**39 024**	**30 338**
Purchases of tangible and intangible assets	**29 223**	**17 458**	**7 154**	**5 171**	**10 468**	**5 445**	**46 845**	**28 074**	**353**	**1 478**	**47 198**	**29 552**
Segment assets	184 940	223 603	169 647	150 568	127 386	112 883	481 973	487 054	5 362	5 344	487 335	492 398
Cash and cash equivalents									82 369	99 589	82 369	99 589
Other assets									17 749	18 635	17 749	18 635
Total assets	**184 940**	**223 603**	**169 647**	**150 568**	**127 386**	**112 883**	**481 973**	**487 054**	**105 480**	**123 568**	**587 453**	**610 622**
Segment liabilities	88 424	127 243	26 997	27 649	24 586	25 005	140 007	179 897	4 174	4 184	144 181	184 081
Interest-bearing liabilities									166 821	180 149	166 821	180 149
Other liabilities									15 164	6 382	15 164	6 382
Total liabilities	**88 424**	**127 243**	**26 997**	**27 649**	**24 586**	**25 005**	**140 007**	**179 897**	**186 159**	**190 715**	**326 166**	**370 612**
Net assets	**96 516**	**96 360**	**142 650**	**122 919**	**102 800**	**87 878**	**341 966**	**307 157**	**–80 679**	**–67 147**	**261 287**	**240 010**
GROSS SALES TO THIRD PARTIES BY REGION												
Europe	66 083	71 365	203 129	179 712	184 411	164 192	453 623	415 269			453 623	415 269
North and South America	44 580	47 371	19 185	14 764	17 240	12 842	81 005	74 977			81 005	74 977
Middle and Far East	199 672	274 066	33 533	31 837	25 106	20 728	258 311	326 631			258 311	326 631
Gross sales to third parties	**310 335**	**392 802**	**255 847**	**226 313**	**226 757**	**197 762**	**792 939**	**816 877**	**0**	**0**	**792 939**	**816 877**

* Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.
** Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

CONSOLIDATED SEGMENT INFORMATION 2022

NET REVENUE

in 1000 EUR	2022	2021*
BY REGION		
Switzerland	29 399	24 909
Germany	262 768	238 638
UK	15 638	14 951
France	20 543	19 743
Italy	12 733	12 646
The Netherlands	17 191	14 385
Rest of Europe	95 351	89 997
North and South America	81 005	74 977
Middle and Far East	258 311	326 631
Gross sales	**792 939**	**816 877**
Revenue reductions	– 8 497	– 7 404
Net revenue	**784 442**	**809 473**
BY PRODUCT GROUP		
Drive technology	248 894	302 721
Fittings technology	48 994	78 315
Bewatec	12 447	11 766
DewertOkin Technology Group	**310 335**	**392 802**
Automation Modules	103 934	95 860
Electromechanical Components	67 598	57 286
Rugged Computing	51 304	48 093
Measuring Technology	33 011	25 074
Industrial Components	**255 847**	**226 313**
Industrial enclosures and input systems	226 757	197 762
Enclosure Systems	**226 757**	**197 762**
Gross sales	**792 939**	**816 877**
Revenue reductions	– 8 497	– 7 404
Net revenue	**784 442**	**809 473**

* Restatement (for details, see explanation under “Principles of consolidation and valuation in the consolidated financial statements page 57”).

The Phoenix Mecano Group had no customers in 2022 or 2021 whose sales revenue accounted for more than 10% of Group sales.

LONG-TERM ASSETS (TANGIBLE ASSETS, INTANGIBLE ASSETS AND INVESTMENTS IN ASSOCIATED COMPANIES)

in 1000 EUR	2022	2021*
BY REGION		
Switzerland	8 188	7 069
Germany	35 692	39 999
UK	18	35
France	198	196
Italy	201	172
The Netherlands	411	360
Rest of Europe	29 530	28 888
North and South America	6 255	5 237
Middle and Far East	92 620	72 289
Total	**173 113**	**154 245**

PRINCIPLES OF CONSOLIDATION AND VALUATION

ACCOUNTING PRINCIPLES

Phoenix Mecano AG with its subsidiaries (the Phoenix Mecano Group) operates worldwide as a manufacturer and seller of components for industrial customers in the electronics, electrical and mechanical engineering segments as well as of electric drives, fittings and control systems for adjustable ergonomic and healthcare furniture and hospital and healthcare beds. It is a leader in many of its markets. The Group's main activities are presented under Segment Information. Phoenix Mecano AG has its head office in Stein am Rhein, Switzerland, and has been listed on SIX Swiss Exchange since 1988. Its address is Hofwisenstrasse 6, CH-8260 Stein am Rhein.

The 2022 consolidated financial statements of Phoenix Mecano AG were drawn up in accordance with Swiss GAAP FER 31 "Complementary recommendation for listed companies" and comply with Swiss law.

Where subsidiaries have a financial year that differs from the period under consideration, interim statements are drawn up and audited. Thus the consolidated financial statements are based upon audited annual or interim financial statements as at 31 December 2022, which in turn are based on the standard accounting, valuation and organisation criteria that are applied uniformly throughout the Group.

The consolidated financial statements were drawn up in accordance with the principle of historical acquisition and manufacturing cost. As an exception to this, securities, receivables and liabilities from derivative financial instruments and contingent purchase price payments from acquisitions are measured at fair value. The consolidated statement of income was drawn up using the total cost method.

APPLICATION OF NEW ACCOUNTING STANDARDS

The Accounting and Reporting Recommendations (Swiss GAAP FER) did not change during the reporting year.

ERROR IN PAST FINANCIAL STATEMENTS (RESTATEMENT)

On 4 July 2022, the Phoenix Mecano Group announced that an internal investigation had been opened into potential irregularities involving certain customer orders, external sales and trade receivables at a US subsidiary. The investigation was assisted by external forensic experts and lawyers and is now complete. It focused on transactions between 2018 and 2022. The results reveal irregularities in the recognition of sales, material costs, receivables, liabilities and accruals/deferrals.

Once the final results of the investigation were available and in agreement with SIX Exchange Regulation AG (SER), it was decided to treat the effects of the irregularities as a material error in accordance with FER framework No. 30 and to correct the prior-year figures by means of a restatement.

The effects of the restatement on the balance sheet, statement of income, statement of cash flow and equity are shown in the following tables:

in 1000 EUR	Before restatement	Adjustment	After restatement
ADJUSTMENT EFFECTS ON THE BALANCE SHEET AS AT 31 DECEMBER 2021			
Trade receivables	147 111	–6 701	140 410
Deferred tax assets	10 795	326	11 121
Trade payables	118 579	–1 844	116 735
Short-term provisions	15 860	–299	15 561
Long-term financial liabilities	86 297	3	86 300
ADJUSTMENT EFFECTS ON THE STATEMENT OF INCOME JANUARY TO DECEMBER 2021			
Net revenue	809 590	–117	809 473
Other operating expenses	89 591	–472	89 119
Operating result	43 944	355	44 299
Financial expenses	7 211	3	7 214
Income tax	12 104	126	12 230
Result of the period	30 112	226	30 338
Earnings per share (diluted/undiluted) in EUR	32.49	0.21	32.70
ADJUSTMENT EFFECTS ON THE STATEMENT OF CASH FLOW JANUARY TO DECEMBER 2021			
Result of the period	30 112	226	30 338
Income tax	12 104	126	12 230
Net interest expense/(income)	2 680	3	2 683
(Increase)/decrease in trade receivables	–2 813	–355	–3 168
Cash flow from operating activities after restatement	54 841	0	54 841

in 1000 EUR	31.12.20	31.12.21
ADJUSTMENT EFFECTS ON EQUITY		
Equity before restatement	**192 347**	**244 245**
Retained earnings	–3 667	–3 464
Minority interest	–454	–431
Translation differences	0	–340
Equity after restatement	**188 226**	**240 010**

SCOPE OF CONSOLIDATION

The consolidated financial statements cover all companies over which Phoenix Mecano AG exercises direct or indirect control. Control over a company exists if Phoenix Mecano AG is exposed or has rights to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The consolidated Group companies are combined using the full consolidation method. 100 % of all assets and liabilities, as well as income and expenditure, are included in the consolidated financial statements, with the exception of items that are eliminated during consolidation. Minority interests in equity are posted separately as a sub-item under equity. The minority share in the income is shown separately in the consolidated statement of income as a part of the result of the period. Newly acquired participating interests are included in the consolidated financial statements from the date on which control was acquired, while companies disposed of during the reporting year are excluded from the date on which control was relinquished and a gain or loss on disposal is recognised in the operating result.

ASSOCIATED COMPANIES

Investments in associated companies, in which Phoenix Mecano has a voting share of between 20 and 50 % or exerts a significant influence in some other way, as with joint ventures (50 % interests, which Phoenix Mecano controls jointly with partners), are included in the consolidated financial statements in accordance with the equity method. Under the equity method, the fair value of the proportionate net assets at the acquisition date is calculated and recognised together with any goodwill under Investments in associated companies. In the subsequent reporting periods, this value is adjusted by the share of the Phoenix Mecano Group in the additional equity and result generated as well as by any dividends or impairment.

CAPITAL CONSOLIDATION

Capital consolidation at the acquisition date is based on the acquisition method. The purchase price for a company acquisition is determined based on the total of the fair value of the assets given, the liabilities incurred or assumed and the equity instruments issued by the Phoenix Mecano Group. Transaction costs associated with a company acquisition are recognised in the statement of income. In the context of acquisitions, potentially existing intangible assets such as customer base, know-how or brands, which have not yet been capitalised by the acquired company, are not recognised separately upon initial consolidation, but remain as part of goodwill. The goodwill arising from a company acquisition is offset directly against equity. It corresponds to the surplus of the total of the purchase price, the contribution of minority interests in the company being taken over and the market value of the previously held equity interest above the balance of assets, liabilities and contingent liabilities at fair value. In the event of a negative difference, the remaining surplus is offset against equity without affecting income, following a further measurement of the fair value of the net assets taken over. When a part of the business is sold, the goodwill previously offset against equity must be taken into account at the original cost when determining the gain or loss from the sale. The effects of a theoretical capitalisation and amortisation of goodwill are disclosed as a shadow statement in the notes to the consolidated financial statements.

If the Phoenix Mecano Group offers a minority shareholder a put option on the remaining minority interest, resulting in a de facto obligation to buy, this option is recognised as a purchase price liability and measured at fair value. Accordingly, no minority interest is reported in the consolidated financial statements. The same applies to purchase price payments, which are linked to the future business development of the acquired company (earn-out). Such contingent purchase price payments are measured at fair value at the acquisition date and recorded as purchase price liabilities. Subsequent adjustments to such purchase price liabilities are recognised in equity. Deferred purchase price payments are recognised in the statement of cash flow as cash flow from financing activities, provided the payment is made later than three months after the acquisition date. This time limit is also applied to deferred purchase price payments when a Group company is sold.

In the case of step acquisitions, when the Phoenix Mecano Group obtains control, the fair value of the investment is determined at the time of the change of control and any difference between this fair value and the share of equity due to the prior accounting under the equity method is recognised in equity.

CURRENCY TRANSLATION

Owing to the great importance of the euro to the Group – Phoenix Mecano generates a substantial proportion of its sales in that currency – the consolidated financial statements are presented in euro.

The items contained in a Group company’s annual accounts are valued on the basis of the currency of the primary economic environment in which the company operates (functional currency). Foreign currency transactions are converted into the functional currency at the exchange rates prevailing at the time of the transaction. Gains and losses resulting from the transactions themselves and from the conversion of monetary assets and liabilities in foreign currencies at the relevant closing rate are reported in the statement of income.

The results and balance sheet items of all Group companies with a functional currency other than the reporting currency, euro, are converted to euro. The assets and liabilities are converted at the closing rate for each balance sheet date, income and expenses at the average exchange rate for each statement of income. Any resulting translation differences and any translation differences on long-term loans which are considered to be similar in nature to equity are posted in equity as separate item. The statement of cash flow is converted at the average exchange rate.

In the event of loss of control of a Group company, the translation differences remain in equity.

INTERCOMPANY PROFITS

Intercompany profits on inventories and non-current assets arising from trading between companies within the Group are eliminated so as not to affect income. Unrealised losses on transactions within the Group are also eliminated, unless the transaction indicates an impairment of the transferred asset.

SEGMENT INFORMATION

The segment information is presented in accordance with internal reporting and follows the management approach.

The Phoenix Mecano Group is divided into three divisions (operating segments). An operating segment is a component of a company which engages in business activities from which it may earn revenues and incur expenses. Its operating results are reviewed regularly by the chief operating decision maker (CODM) in order to make decisions about resources to be allocated to the segment and assess its performance. Discrete financial information is available for the segment. The three divisions are:

– **Dewert Okin Technology Group** Drive systems and fittings technology for electrically adjustable furniture for the home and hospital care sector as well as software applications in care settings

– **Industrial Components** Aluminium profiles, tube connection systems, conveyor components, linear units, electric cylinders, lifting columns, switches, plug connectors, inductive components, transformers, instrument transformers, backplanes, customised industrial computer systems, power supplies as well as circuit board equipment and the development of customised electronic applications right down to complete subsystems

– **Enclosure Systems** Enclosures made of aluminium, plastic and glass-fibre reinforced polyester, machine control boards and suspension systems for protecting electronics in an array of industrial applications, including explosion-proof enclosures as well as membrane keypads and touch systems

In addition, central management and financial functions are included under "Reconciliation". Also recorded under Reconciliation are asset and liability items that are not allocated to the divisions (cash and cash equivalents, other assets and financial and other liabilities).

The gross sales of the individual divisions with third parties/associated companies and between the divisions are recognised in accordance with the management approach. Gross sales between individual divisions are invoiced on arms-length terms. They are reconciled to sales revenue (net sales) as recognised in the statement of income.

The result is allocated to the individual divisions to the level of the result before interest and tax. Segment assets include intangible assets, tangible assets, inventories, trade receivables, other short-term receivables (excluding financial and interest receivables) and deferred charges and prepaid expenses of the respective business division. Segment liabilities include provisions, pension obligations, trade payables, other short-term liabilities (excluding interest liabilities) and deferred income per business division. The remaining asset and liability items are recorded under Reconciliation. Measurement in the segment information is based on the same accounting principles as used in the consolidated financial statements prepared in accordance with Swiss GAAP FER, except for the presentation of sales.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and bank and bank-like deposits. They also include time deposits and money market investments with a term not exceeding three months from the balance sheet date.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables are recognised at transaction price. Phoenix Mecano holds receivables with the aim of collecting the contractual cash flows and subsequently measures the receivables at amortised cost (usually equivalent to their nominal value), less value adjustments for bad debts. The value adjustment consists of individual value adjustments for specifically identified items, for which there is objective evidence to suggest that the outstanding amount will not be received in full, as well as flat-rate value adjustments for groups of receivables with a similar risk profile based on expected bad debt losses for the group of receivables in question. The flat-rate value adjustments are based on age structure and historical receivables payment statistics. Where there is sufficient evidence to suggest that a receivable is definitely uncollectable, the receivable is derecognised directly. Subsequent incoming payments on amounts that have been derecognised are reported in income. Accounts payable and receivable between Group companies are offset against one another, provided that the companies are consolidated.

INVENTORIES

Inventories are reported at acquisition or production cost, which must not exceed the net realisable value (lowest value principle). The value of the costs is determined by means of the weighted average method. The production costs include all material costs, production wages and pro rata manufacturing overheads. Appropriate value adjustments are made for inventory-related risks wherever necessary, based on corresponding analyses of turnover and coverage as well as margin analyses.

TANGIBLE ASSETS

Tangible assets are stated in the balance sheet at the acquisition or manufacturing cost, less accumulated depreciation and where appropriate less additional impairment losses. The straight-line method of depreciation is applied over the depreciation periods specified in the useful life categories used by the whole Group. Where components of larger assets have different useful lives, these are depreciated as separate items. Financing costs on eligible assets are capitalised.

Follow-on investments are only capitalised if the Group is likely to derive future economic benefit as a result and if the costs can be reliably determined.

The useful lives of assets are estimated as follows:

Land (including usage rights)	Unlimited useful life or duration of usage rights
Buildings	35 years
Outside facilities and building installations	10–15 years
Machinery and equipment	4–15 years

LEASED ASSETS

In general, lease contracts are reported as finance leases if:

- at the signing date of the contract, the present value of the lease payments including a possible final payment approximates the acquisition cost or the market value of the leased asset, or
- the expected lease term does not differ substantially from the economic useful life of the leased asset, or
- the leased asset will become the property of the lessee at the end of the lease term, or
- a possible final payment at the end of the lease term is substantially below its respective current market value.

They are measured at the lower of the present value of the minimum lease payments and the fair value. The corresponding financial leasing commitments are posted as liabilities. The lease payments are divided up into interest and repayment sums in accordance with the annuity method. The leased assets are depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are expensed directly to the statement of income on a straight-line basis over the lease term.

INTANGIBLE ASSETS

Capitalised development costs

Development services for new products, which satisfy the criteria for capitalisation specified by Swiss GAAP FER 10 (in particular there must be the prospect of a net income), are capitalised at acquisition or manufacturing cost and written off over the respective useful life, which must not exceed five years. Otherwise, research and development costs are debited directly to the statement of income.

Concessions, licences, similar rights and assets

These other intangible assets are measured at acquisition cost less accumulated depreciation and, where appropriate, additional impairment losses. The depreciation rates are determined on a straight-line basis over the estimated useful life of the asset, which must not exceed 10 years, in accordance with standard Group practice.

IMPAIRMENT LOSSES

Intangible and tangible assets as well as goodwill (in the shadow statement) are consistently checked for impairment if there are indications to suggest that this has taken place. The recoverable amount (the higher of the net selling price less costs to sell and the value in use) of the asset or cash-generating unit is estimated and an adjustment to the previous book value (carrying amount) is made in the statement of income in the case of intangible and tangible assets and in the shadow statement (without affecting income) in the case of goodwill, provided the book value exceeds the recoverable amount. The value in use corresponds to the present value of the expected future cash flows of the respective asset.

Previously recognised impairment losses are reversed (except on goodwill in the shadow statement) if the estimates used to calculate the recoverable amount have altered and the impairment has reduced or disappeared as a result. The increase in book value may not exceed the amount that would have resulted if no impairment loss had been reported for the asset in the preceding years.

The discount rate is determined based on the pre-tax weighted average cost of capital (WACC) of Phoenix Mecano. A differentiation is applied to individual Phoenix Mecano Group cash-generating units only if their risk profile is significantly different.

INVESTMENTS IN ASSOCIATED COMPANIES

Investments shown under this item are valued in accordance with the criteria set out above under Associated companies.

OTHER FINANCIAL ASSETS

Investments under 20 % and long-term loans to associated companies and third parties contained in Other financial assets are initially recognised at acquisition cost, taking account of any reductions in value (impairment) through corresponding devaluations in the statement of income.

A key factor in deciding whether to derecognise a financial asset is the transfer of the associated risks and rewards (known as the "risks and rewards" approach).

TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are entered at amortised cost, which generally corresponds to their nominal value.

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are measured at fair value in accordance with Swiss GAAP FER 27 and are recognised separately in the Group balance sheet. For instruments traded in an active market, the fair value corresponds to the market value on the balance sheet date; for other instruments, it corresponds to the value determined on the basis of mathematical models. The Group hedges interest and currency risks as part of its risk policy, but these operations are not treated as derivative financial instruments held for hedging purposes. Changes in the market value of derivative financial instruments used in this way are recognised directly in the financial result as income/expense.

FINANCIAL LIABILITIES

Financial liabilities are stated at their nominal value. Any discrepancy between the disbursement amount and the repayable amount is capitalised and amortised over the term using the effective interest method and recognised in the statement of income. Purchase price liabilities from acquisitions are revalued at the balance sheet date and measured at fair value.

Short-term liabilities are those with a remaining term of less than one year.

A financial liability is derecognised when it is cancelled or when it is discharged either judicially or by the creditor.

PROVISIONS

Provisions are formed if a past event has resulted in a present legal or actual obligation and there is likely to be an outflow of funds which can be reliably determined. They also include anticipated warranty claims arising from service provision.

Other long-term employee benefits

Corresponding provisions are made for existing obligations based on statutory retirement pay in Italy ("Trattamento Fine Rapporto"), agreements providing for part-time work for older employees in Germany and service anniversaries. These provisions are determined using the projected unit credit method. Actuarial gains and losses are recognised as income/expense in the period in which they occur.

Employee participation plans

In connection with the planned partial IPO of the DewertOkin product area in China, an employee participation plan for key employees in this product area was initiated at the end of 2020. The plan is tied to the performance of the employees concerned. The qualifying employees receive shares in DewertOkin Technology Group Co., Ltd. (CN). These shares are subject to a three-year lock-up period after the IPO. Differences between the issue price and the fair value of the shares at the time of allocation are charged to personnel expenses and recognised in the statement of income. Recognition takes place over the vesting period, if such a period has been agreed, otherwise immediately upon allocation. Cash settlement is not provided for.

PENSION OBLIGATIONS

The Phoenix Mecano Group has a number of pension plans worldwide. These plans are normally financed through contributions from employees and the relevant subsidiaries.

The economic impact of employee pension plans is assessed annually. Any surpluses or deficits are determined on the basis of the financial statements of the respective pension institutions, which are drawn up based on Swiss GAAP FER 26 (Swiss plans) or accepted methods in other countries (non-Swiss plans). In the case of Swiss plans, an economic benefit is recognised as an asset if it is permitted and intended to use the pension institution's surplus for the future pension expense of the company. Where freely available employer contribution reserves exist, these are also recognised as assets. An economic obligation is recognised as a liability if the conditions for establishing a provision are met. Changes to the economic benefit or economic obligation, as well as the contributions for the period, are recognised in the statement of income under Personnel expenses.

EQUITY

Equity is divided up into Phoenix Mecano AG's share capital (consisting of bearer shares), treasury shares, retained earnings, translation differences and minority interest.

Treasury shares are deducted from equity and posted as a separate item within equity. Gains and losses on treasury shares are posted without affecting operating income.

Dividends are posted in the consolidated financial statements in the period in which they were agreed upon by the Shareholders' General Meeting of Phoenix Mecano AG.

REVENUE RECOGNITION

Sales are measured at the amount to which Phoenix Mecano expects to be entitled. They include the sale of goods and, to a limited extent, services in the course of the Group's ordinary activities. Gross and net sales are recognised net of value added tax and credit notes, as well as of discounts and rebates in the case of net sales. Sales of products and services are recognised following the transfer of control to the customer (usually upon the transfer of significant risks and rewards). This is determined by the specific contract terms (e.g. Incoterms). Phoenix Mecano normally fulfils its performance obligation upon delivery.

Value adjustments on recognised receivables are not recognised as adjustments to sales but as other operating expenses.

Interest income is recognised on an accrual basis. Dividend income from securities is recorded at the time of payment.

There are no long-term manufacturing orders which are recorded in accordance with the progress of performance.

GOVERNMENT SUBSIDIES

Investment incentives are deferred and systematically reported in income in accordance with the straight-line method over the useful life of the supported asset. Allowances for research and development accordingly reduce the costs incurred in this area.

INCOME TAX

Income tax covers both current and deferred income taxes. It is reflected in the statement of income, with the exception of income taxes on transactions reported directly in equity. In such cases, the corresponding income taxes are also recognised directly in equity.

Current income taxes include expected tax owed on the taxable result, calculated according to the tax rates prevailing on the balance sheet date and adjustments to tax liabilities or credits from previous years.

Deferred taxes are calculated on temporary differences between the values in the tax accounts and the consolidated financial statements in accordance with the balance sheet liability method. No deferred taxes are taken into account for valuation differences in goodwill, investments in subsidiaries and purchase price liabilities from acquisitions if these differences are unlikely to cancel each other out in the foreseeable future. Calculation of the deferred taxes takes into account when and how the realisation or repayment of the relevant assets and liabilities is likely to take place. This calculation uses the tax rates prevailing or announced on the balance sheet date.

Future tax savings on the basis of tax losses carried forward and deductible temporary differences are only capitalised if their realisation seems certain. For this to be the case, consistently positive results must have been achieved and be expected to continue in the foreseeable future. If there are taxable temporary differences and offsettable tax losses carried forward at the same company, the two amounts are offset against one another.

Non-reclaimable withholding taxes on distributions on the profits of foreign subsidiaries are only recorded as a liability if such distributions are budgeted.

STATEMENT OF CASH FLOW

Cash flow from operating activities is calculated using the indirect method. The funds consist of cash and cash equivalents.

KEY FIGURES NOT DEFINED BY SWISS GAAP FER (ALTERNATIVE PERFORMANCE INDICATORS)

The operating result corresponds to the earnings before taxes plus financial result and share in the profit/loss of associated companies.

The operating cash flow corresponds to the operating result plus depreciation on tangible assets, amortisation of intangible assets and impairment losses or reversal of impairment losses on tangible and intangible assets (see note 36).

The free cash flow comprises the cash flow from operating activities and the cash flow from investments and disinvestments in tangible and intangible assets (see note 37).

ASSUMPTIONS AND ESTIMATIONS

Accounting requires assumptions and estimations to be made which influence the amount of the accounted assets and liabilities, the amount of contingent liabilities and contingent claims as at the balance sheet date and also expenses and income from the reporting periods. The assumptions and estimations are based on historical knowledge and experience and on the information available when the balance sheet is being drawn up. They are considered accurate under the circumstances. If estimations and assumptions made by the management based on the best knowledge available at the time of balance sheet preparation differ from the actual circumstances subsequently observed, the original estimations and assumptions are adapted accordingly in the reporting year in which the circumstances altered.

The most important assumptions and estimations are set out below:

Inventories

An international supply chain within the Group (including as a result of production in cost-efficient locations and processing service in the sales companies) and the high priority accorded to short delivery times for customers require an adequate supply inventory and result in comparatively low stock turnaround figures. Some electrotechnical components can only be stored for a limited amount of time and some inventory items are customised, leading to increased storage risks. On the basis of appropriate inventory turnover and coverage analyses, assessments of recoverability and impairment are carried out. For the book values of inventories, see note 6.

Tangible assets, intangible assets and goodwill (shadow statement)

These are tested for impairment if indicators exist. To ascertain whether impairment applies, the anticipated future cash flow generated by the use or the potential disposal of the assets in question is estimated. The latter is associated with a wide range of uncertainties, especially in the case of company property in unfavourable locations or product-specific manufacturing plants and tools as well as intangible assets. Estimates are also necessary when determining the discount rate to be applied. For the book values of tangible and intangible assets, see notes 7 and 8.

Financial liabilities

To determine the purchase price liabilities from acquisitions, estimates of the medium-term business development of the company concerned must be performed, with all the uncertainties that these entail.

Provisions

Guarantee provisions are calculated based on estimates of potential future guarantees and on past experience. There is a higher guarantee risk for drive systems used in the hospital and care sector. For the book values of provisions, see note 13.

Income tax

Extensive estimations based on the interpretation of existing tax legislation and regulations are required to determine receivables and liabilities from current and deferred income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2022

All items where the 2021 figures are affected by the restatement as explained in the "Principles of consolidation and valuation in the consolidated financial statements" are marked with an *.

1 CURRENCY EXCHANGE RATES

	Balance sheet		Statements of income and cash flow	
Euro for	**2022**	**2021**	**2022**	**2021**
1 CHF	1.016	0.968	0.995	0.925
1 GBP	1.127	1.190	1.173	1.163
1 USD	0.938	0.883	0.950	0.846
100 HUF	0.249	0.271	0.257	0.279
1 RON	0.202	0.202	0.203	0.203
1 TND	0.300	0.307	0.309	0.305
1 CNY	0.136	0.139	0.141	0.131
1 INR	0.011	0.012	0.012	0.011

2 SCOPE OF CONSOLIDATION

In 2022 and 2021 the scope of consolidation changed as follows:

Date	Company	Change	Division
2022			
07.10.22	PTR HARTMANN, S. DE R.L. DE C.V.	Foundation	Industrial Components
20.09.22	Bond Tact Hardware (Dongguan) Company Limited	Liquidation	Industrial Components
22.07.22	Tefelen LLC	Liquidation	Industrial Components
01.01.22	DewertOkin Services KFT	Merger with DewertOkin KFT	DewertOkin Technology Group
2021			
23.11.21	ismet GmbH	Merger with Redur GmbH + Co. KG	Industrial Components
19.10.21	Bewatec (Shanghai) Medical Device Co., Ltd.	Foundation	DewertOkin Technology Group
14.09.21	Bewatec (Zhejiang) Medical Equipment Co., Ltd.	Foundation	DewertOkin Technology Group
17.06.21	BEWATEC ConnectedCare GmbH	Merger with BEWATEC Kommunikationstech-nik GmbH (subsequently renamed BEWATEC ConnectedCare GmbH)	DewertOkin Technology Group
16.06.21	DewertOkin Services GmbH	Merger with DewertOkin GmbH	DewertOkin Technology Group
01.06.21	Phoenix Mecano AB (formerly X2 Technology AB)	Acquisition	Industrial Components
20.04.21	Phoenix Mecano Trading AG	Merger with Phoenix Mecano AG	Reconciliation
24.03.21	Phoenix Mecano Components (Taicang) Co., Ltd.	Liquidation	Industrial Components

The following companies were fully consolidated as at 31 December 2022:

FULLY CONSOLIDATED COMPANIES

Company	Head office	Activity	Currency	Registered capital in 1 000	2022 Stake in %	2021 Stake in %
Phoenix Mecano AG	Stein am Rhein, Switzerland	Finance	CHF	961	n/a	n/a
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100	100
Phoenix Mecano Komponenten AG	Stein am Rhein, Switzerland	Production/Sales	CHF	2 000	100	100
DewertOkin AG	Stein am Rhein, Switzerland	Finance	CHF	500	89	89
Rose Systemtechnik GmbH	Porta Westfalica, Germany	Production/Sales	EUR	1 053	100	100
Bopla Gehäuse Systeme GmbH	Bünde, Germany	Production/Sales	EUR	750	100	100
Kundisch GmbH + Co. KG	Villingen-Schwenningen, Germany	Production/Sales	EUR	300	100	100
HPC Sekure GmbH	Wessling, Germany	Sales	EUR	500	100	100
PTR HARTMANN GmbH	Werne, Germany	Production/Sales	EUR	400	100	100
Redur GmbH + Co. KG	Niederzier, Germany	Production/Sales	EUR	300	100	100
Hartmann Electronic GmbH	Stuttgart, Germany	Production/Sales	EUR	222	100	100
W-IE-NE-R Power Electronics GmbH	Burscheid, Germany	Production/Sales	EUR	51	100	100
Phoenix Mecano Digital Elektronik GmbH	Wutha-Farnroda, Germany	Production/Sales	EUR	350	100	100
RK Rose + Krieger GmbH	Minden, Germany	Production/Sales	EUR	496	100	100
RK System- & Lineartechnik GmbH	Salem-Neufrach, Germany	Production/Sales	EUR	250	100	100
RK Schmidt Systemtechnik GmbH	St. Wendel, Germany	Production/Sales	EUR	500	100	100
RK Antriebs- und Handhabungs-Technik GmbH	Bienenbüttel, Germany	Production/Sales	EUR	250	100	100
DewertOkin GmbH	Kirchlengern, Germany	Production/Sales	EUR	1 000	89	89
BEWATEC ConnectedCare GmbH	Telgte, Germany	Production/Sales/Development	EUR	98	89	89
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany	Finance	EUR	4 000	100	100
Götz Udo Hartmann GmbH	Niederzier, Germany	Finance	EUR	26	100	100
Kundisch Beteiligungs-GmbH	Villingen-Schwenningen, Germany	Finance	EUR	26	100	100
Phoenix Mecano S.à.r.l.	Fontenay-sous-Bois, Cedex, France	Sales	EUR	620	100	100
Phoenix Mecano Ltd.	Aylesbury, UK	Sales	GBP	300	100	100
DewertOkin AB	Växjö, Sweden	Sales	SEK	100	89	89
Phoenix Mecano AB	Växjö, Sweden	Sales	SEK	290	100	100
Phoenix Mecano ApS	Sønderborg, Denmark	Sales	DKK	125	100	100
Phoenix Mecano S.r.l.	Modena, Italy	Sales	EUR	300	100	100
Sistemas Phoenix Mecano España S.A.	Zaragoza, Spain	Sales	EUR	60	90	90
Phoenix Mecano B.V.	Doetinchem, The Netherlands	Sales	EUR	1 000	100	100
PM Special Measuring Systems B.V.	Enschede, The Netherlands	Production/Sales	EUR	18	100	100
Phoenix Mecano NV	Deinze, Belgium	Sales	EUR	100	100	100
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary	Production/Sales	EUR	40 000	100	100

FULLY CONSOLIDATED COMPANIES

Company	Head office	Activity	Currency	Registered capital in 1 000	2022 Stake in %	2021 Stake in %
DewertOkin KFT	Kecskemét, Hungary	Production/Sales	EUR	20 000	89	89
Phoenix Mecano Plastic S.r.l.	Sibiu, Romania	Production	EUR	750	100	100
ismet transformatory s.r.o.	Beharovice, Czech Republic	Production	CZK	200	100	100
Phoenix Mecano OOO	Moscow, Russia	Sales	RUB	21 300	100	100
Phoenix Mecano Inc.	Frederick, USA	Production/Sales	USD	13 000	100	100
W-IE-NE-R Power Elecronics Corp.	Springfield, USA	Sales	USD	100	100	100
OKIN America Inc.	Shannon, USA	Production/Sales	USD	2 000	89	89
Orion Technologies LLC	Orlando, USA	Production/Sales	USD	33	90	90
PTR HARTMANN, S. DE R.L. DE C.V.	Monterrey, Mexico	Sales	MXN	50	100	–
DewertOkin do Brasil Ltda.	São Paulo, Brazil	Sales	BRL	10 176	89	89
Phoenix Mecano Holding Ltda.	São Paulo, Brazil	Finance	BRL	1 062	100	100
DewertOkin Latin America S.A.	Montevideo, Uruguay	Sales	UYU	200	89	89
Phoenix Mecano S. E. Asia Pte Ltd.	Singapore	Sales	SGD	1 000	100	100
Phoenix Mecano Korea Co. Ltd.	Busan, South Korea	Sales	KRW	370 000	100	100
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production/Sales	INR	299 452	100	100
Phoenix Mecano Saudi Arabia LLC	Dammam, Saudi Arabia	Sales	SAR	3 000	100	100
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production/Sales	USD	3 925	100	100
PTR HARTMANN (Shaoguan) Co., Ltd.	Shaoguan City, China	Production/Sales	CNY	70 000	100	100
DewertOkin Technology Group Co., Ltd.	Jiaxing, China	Production/Sales	CNY	712 589	89	89
Haining My Home Mechanism Co. Ltd	Haining, China	Production/Sales	CNY	3 100	89	89
Bewatec (Zhejiang) Medical Equipment Co., Ltd.	Jiaxing, China	Production/Development	CNY	3 000	89	89
Bewatec (Shanghai) Medical Device Co., Ltd.	Shanghai, China	Sales/Development	CNY	1 000	89	89
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance/Sales	EUR	69 051	100	100
Bond Tact Industrial Limited	Hong Kong, China	Finance	HKD	500	100	100
Okin Vietnam Ltd.	Binh Duong Province, Vietnam	Production	USD	500	89	89
Rose Systemtechnik Middle East (FZE)	Sharjah, U.A.E.	Sales	AED	150	100	100
Phoenix Mecano Hartu S.à.r.l. in liquidation	Ben Arous, Tunisia	Production	TND	13 491	100	100
Phoenix Mecano ELCOM S.à.r.l.	Zaghouan, Tunisia	Production	TND	12 000	100	100
Phoenix Mecano Digital Tunisie S.à.r.l.	Borj-Cedria, Tunisia	Production	TND	100	100	100
Phoenix Mecano Maroc S.à.r.l. in liquidation	Tétouan, Morocco	Production	MAD	34 000	100	100

The stake indicated takes into account direct and indirect minority interests.

3 CASH AND CASH EQUIVALENTS

in 1000 EUR	2022	2021
MEANS OF PAYMENT		
Bank and bank-like deposits	66 037	92 795
Cash on hand	84	62
Total	**66 121**	**92 857**
OTHER CASH AND CASH EQUIVALENTS		
Time deposits and money market investments (up to 3 months)	16 248	6 732
Balance sheet value	**82 369**	**99 589**
INTEREST RATES IN %		
CHF	0.0	0.0
EUR	0.0	0.0
USD	2.0	0.1
HUF	0.0	0.0
CNY	1.2	0.3

No losses are expected on cash and cash equivalents, so no value adjustments have been made.

4 TRADE RECEIVABLES

in 1000 EUR	2022	2021*
Trade receivables	111 897	146 025
Receivables due from associated companies	184	297
Value adjustments	–4 605	–5 912
Balance sheet value	**107 476**	**140 410**
REGIONAL BREAKDOWN OF TRADE RECEIVABLES		
Switzerland	2 894	2 291
Germany	17 060	17 154
UK	2 876	1 689
France	3 886	4 145
Italy	2 203	2 858
The Netherlands	1 944	1 646
Rest of Europe	10 685	10 274
North and South America	9 373	10 616
Middle and Far East	56 555	89 737
Balance sheet value	**107 476**	**140 410**

in 1000 EUR	2022	2021*
UPDATE OF VALUE ADJUSTMENT ON TRADE RECEIVABLES		
Individual value adjustments		
As at 1 January	497	506
Change	253	–9
As at 31 December	750	497
Flat-rate value adjustments		
As at 1 January	5 415	2 462
Change	–1 560	2 953
As at 31 December	3 855	5 415
Total	**4 605**	**5 912**

Trade receivables totalling EUR 0.3 million (previous year: EUR 0.3 million) have been derecognised.

in 1000 EUR	2022 Gross	2022 Value adjustment	2021* Gross	2021* Value adjustment
AGEING ANALYSIS OF TRADE RECEIVABLES NOT SUBJECT TO INDIVIDUAL VALUE ADJUSTMENTS				
Gross values	112 081		146 322	
Gross value of receivables subject to individual value adjustments	–778		–630	
Total	**111 303**		**145 692**	
of which:				
Not due	85 201	255	111 723	292
Overdue for 1–30 days	17 858	184	21 421	154
Overdue for 31–60 days	3 484	195	4 693	203
Overdue for 61–90 days	947	104	1 588	197
Overdue for 91–180 days	1 348	652	2 657	1 075
Overdue for more than 180 days	2 465	2 465	3 610	3 494
Total	**111 303**	**3 855**	**145 692**	**5 415**

Impairment is determined on the basis of expected credit losses corresponding to the present value of the defaults expected over the anticipated remaining life of the financial assets. As well as historical customer default rates, Phoenix Mecano also draws on forward-looking information and classifies groups of receivables by maturity and region.

The individual value-adjusted receivables relate mainly to debtors who are involved in bankruptcy proceedings or have been directed to a collection agency.

The largest single receivable from a customer as at the balance sheet date of 31 December 2022 was EUR 10.7 million (previous year: EUR 20.8 million).

The average payment term was 61 days (previous year: 69 days). The drop is mainly due to the reduction in outstanding receivables in the Middle and Far East.

5 OTHER RECEIVABLES

in 1000 EUR	2022	2021
Tax receivables from VAT and other taxes	5 689	6 637
Current portion of long-term financial assets	0	171
Current portion of long-term residual purchase price payments	37	66
Financial receivables	1 389	1 400
Advance payments for inventories	2 989	5 816
Other	2 065	4 128
Balance sheet value	**12 169**	**18 218**

6 INVENTORIES

in 1000 EUR	2022	2021
Raw and ancillary materials	119 206	116 271
Work in progress	15 178	16 211
Finished goods and merchandise for resale	86 587	73 152
Value adjustments	–25 870	–24 503
Balance sheet value	**195 101**	**181 131**

The value adjustments were determined based on marketability and range of the stocks, and taking into account the principle of loss-free valuation. Changes in value adjustments and losses on inventories totalling EUR 4.6 million (previous year: EUR 4.1 million) are included in the statement of income under Other operating expenses (see note 31).

Other than the usual reservations of title applied in business operations, no stocks had liens on them as at 31 December 2022 and 2021.

7 TANGIBLE ASSETS

in 1000 EUR	Note	Land and buildings	Machinery and equipment	Construction in progress	Total
Acquisition costs 31 December 2020		**146 340**	**246 339**	**4 417**	**397 096**
Additions of companies included in consolidation	38		20		20
Translation differences		4 639	5 077	912	10 628
Additions		675	12 766	11 579	25 020
Disposals		– 792	– 29 345	– 675	– 30 812
Reclassification		354	1 118	– 1 472	0
Acquisition costs 31 December 2021		**151 216**	**235 975**	**14 761**	**401 952**
Accumulated depreciation 31 December 2020		**72 698**	**194 842**	**0**	**267 540**
Translation differences		1 375	2 854		4 229
Depreciation		4 038	14 842		18 880
Disposals		– 630	– 28 749		– 29 379
Reclassification		69	– 69		0
Accumulated depreciation 31 December 2021		**77 550**	**183 720**	**0**	**261 270**
Net values 1 January 2021		**73 642**	**51 497**	**4 417**	**129 556**
Net values 31 December 2021		**73 666**	**52 255**	**14 761**	**140 682**

in 1000 EUR	Note	Land and buildings	Machinery and equipment	Construction in progress	Total
Acquisition costs 31 December 2021		**151 216**	**235 975**	**14 761**	**401 952**
Translation differences		342	– 525	– 1 034	– 1 217
Additions		572	15 843	25 466	41 881
Disposals		– 3 883	– 8 028	– 1 311	– 13 222
Reclassification		– 3 680	5 058	– 1 378	0
Acquisition costs 31 December 2022		**144 567**	**248 323**	**36 504**	**429 394**
Accumulated depreciation 31 December 2021		**77 550**	**183 720**	**0**	**261 270**
Translation differences		652	– 118		534
Depreciation		3 787	16 042		19 829
Reversal of impairment losses			– 142		– 142
Disposals		– 2 892	– 7 893		– 10 785
Reclassification		– 1 996	1 996		0
Accumulated depreciation 31 December 2022		**77 101**	**193 605**	**0**	**270 706**
Net values 31 December 2022		**67 466**	**54 718**	**36 504**	**158 688**

Land and buildings is divided into developed and undeveloped land and land use rights in China with a book value of EUR 18.0 million (previous year: EUR 18.6 million) and factory and administration buildings with a balance sheet value of EUR 49.5 million (previous year: EUR 55.1 million). In the reporting year, a factory property was sold in Germany. The industrial complex under construction in Jiaxing (China) is recognised under Construction in progress.

The fire insurance value of the tangible assets amounted to EUR 459.5 million on the balance sheet date, compared with EUR 407.4 million the previous year.

Land and buildings with a book value of EUR 12.7 million (previous year: EUR 6.8 million) were mortgaged to cover debts. The amount of the corresponding credit taken up totalled EUR 12.4 million (previous year: EUR 4.8 million).

Tangible assets with a balance sheet value of EUR 0.2 million (previous year: EUR 0.005 million) were subject to reservation of title on the balance sheet date.

No write-downs were performed in the reporting year or the previous year within the framework of the impairment tests on cash-generating units (CGUs) and assets at the balance sheet date. However, a review of a previously impaired asset showed that the impairment was no longer necessary and a reversal of impairment was recognised accordingly. This EUR 0.1 million reversal of an impairment loss on tangible assets is included in the statement of income under Reversal of impairment losses on tangible and intangible assets and is reported in the segment information under Industrial Components.

8 INTANGIBLE ASSETS

in 1000 EUR	Note	Development costs	Concessions, licences, similar rights and assets	Development projects in progress	Total
Acquisition costs 31 December 2020		**19 434**	**35 149**	**229**	**54 812**
Additions of companies included in consolidation	38	13			13
Translation differences		110	1 175		1 285
Additions		2 415	1 816	301	4 532
Disposals		– 3 488	– 1 122	– 174	– 4 784
Reclassification			118	– 118	0
Acquisition costs 31 December 2021		**18 484**	**37 136**	**238**	**55 858**
Accumulated amortisation 31 December 2020		**13 696**	**31 512**	**0**	**45 208**
Translation differences		56	1 049		1 105
Amortisation		1 661	1 586	171	3 418
Reversal of impairment losses		– 9			– 9
Disposals		– 3 488	– 1 111	– 171	– 4 770
Accumulated amortisation 31 December 2021		**11 916**	**33 036**	**0**	**44 952**
Net values 1 January 2021		**5 738**	**3 637**	**229**	**9 604**
Net values 31 December 2021		**6 568**	**4 100**	**238**	**10 906**

in 1000 EUR	Note	Development costs	Concessions, licences, similar rights and assets	Development projects in progress	Total
Acquisition costs 31 December 2021		**18 484**	**37 136**	**238**	**55 858**
Translation differences		– 72	– 59		– 131
Additions		3 847	1 203	267	5 317
Disposals		– 46	– 922		– 968
Reclassification		81	– 82	1	0
Acquisition costs 31 December 2022		**22 294**	**37 276**	**506**	**60 076**
Accumulated amortisation 31 December 2021		**11 916**	**33 036**	**0**	**44 952**
Translation differences		24	– 81		– 57
Amortisation		1 919	2 182		4 101
Impairment losses		540			540
Disposals		– 38	– 899		– 937
Accumulated amortisation 31 December 2022		**14 361**	**34 238**	**0**	**48 599**
Net values 31 December 2022		**7 933**	**3 038**	**506**	**11 477**

Concessions, licences, similar rights and assets includes primarily software licences and distribution rights and other intangible rights and assets paid for.

No intangible assets were subject to reservation of title on the balance sheet date.

Within the framework of the impairment tests on CGUs and assets at the balance sheet date, a write-down of EUR 0.5 million was performed in the reporting year for a software development whose marketing was not as successful as planned.

This EUR 0.5 million impairment loss on intangible assets is included in the statement of income under Impairment losses on tangible and intangible assets and is reported in the segment information under DewertOkin Technology Group.

9 INVESTMENTS IN ASSOCIATED COMPANIES

in 1000 EUR	Stake in %	2022	2021
UPDATE OF INVESTMENTS IN ASSOCIATED COMPANIES			
AVS Phoenix Mecano GmbH, Vienna (A)	50		
Phoenix Mecano Australia Pty. Ltd.	29.2		
BEWATEC Technologies Co., Ltd.	49		
As at 1 January		**2 657**	**2 482**
Result		580	273
Dividend payout		– 249	– 243
Translation differences		– 40	145
As at 31 December		**2 948**	**2 657**

Phoenix Mecano products are sold in Austria through the joint venture AVS-Phoenix Mecano GmbH (A) and in Australia through Phoenix Mecano Australia Pty. Ltd. The procurement and assembly of products for BEWATEC ConnectedCare GmbH takes place through the joint venture BEWATEC Technologies Co. Ltd.

On 31 October 2020, the Phoenix Mecano Group sold its majority stake in Phoenix Mecano Australia Pty. Ltd. with a corresponding loss of control. The Phoenix Mecano Group has retained a 29.2 % stake in Phoenix Mecano Australia Pty. Ltd., which is recognised as an investment in associated companies. In connection with this transaction, a contractually agreed residual purchase price payment of EUR 0.3 million (previous year: EUR 0.5 million) is outstanding (see note 10).

Total purchases of goods from Group companies amounted to EUR 9.7 million (previous year: EUR 6.6 million) for all investments in associated companies and sales of goods to Group companies totalled EUR 2.5 million (previous year: EUR 1.4 million).

The result of the period for all investments in associated companies in 2022 totalled EUR +1.3 million (previous year: EUR +0.7 million).

10 OTHER FINANCIAL ASSETS

in 1000 EUR	2022	2021
Other loans	7	10
Residual purchase price payments	342	507
Investments (under 20 %)	926	926
Balance sheet value	**1 275**	**1 443**
BY CURRENCY		
EUR	22	25
CNY	911	911
AUD	342	457
TRY	0	50
Balance sheet value	**1 275**	**1 443**
BY MATURITY		
in 2 years	4	56
in 3 years	3	4
in 4 years	342	0
in 5 years	0	457
none	926	926
Balance sheet value	**1 275**	**1 443**

Receivables from residual purchase price payments reported under Other loans relate to the sale of the majority stake in Phoenix Mecano Australia Pty in 2020.

The investments under 20 % relate mainly to the employee participation plan launched in late 2020 for around 60 key employees, in connection with a planned partial IPO of the DewertOkin Technology Group (DOT) division in China. In this context, two limited liability partnerships were established in China in 2021, through which the employees of DewertOkin Technology Group Co., Ltd. (China) were able to exercise their participation. The Phoenix Mecano Group also holds a stake of less than 20 % in each of these entities.

11 FINANCIAL LIABILITIES

in 1000 EUR	2022 Short-term	2022 Long-term	2022 Total	2021* Short-term	2021* Long-term	2021* Total
Liabilities to financial institutions	70 288	19 677	89 965	56 089	11 041	67 130
Promissory note loans		72 500	72 500	35 000	72 500	107 500
Purchase price liabilities from acquisitions	2 534	495	3 029	1 500	2 670	4 170
Other financial liabilities	1 327		1 327	1 260	89	1 349
Balance sheet value	**74 149**	**92 672**	**166 821**	**93 849**	**86 300**	**180 149**
BY MATURITY						
in < 1 year	74 149		74 149	93 849		93 849
in 1–2 years		32 154	32 154		5 964	5 964
in 2–3 years		7 730	7 730		31 063	31 063
in 3–4 years		48 049	48 049		2 202	2 202
in 4–5 years		3 215	3 215		45 619	45 619
in > 5 years		1 524	1 524		1 452	1 452
Balance sheet value	**74 149**	**92 672**	**166 821**	**93 849**	**86 300**	**180 149**

	2022			2021*		
	in 1000 EUR	in %	Interest rate in %	in 1000 EUR	in %	Interest rate in %
BY CURRENCY						
CHF	6 020	3.6	1.5	6 293	3.5	1.2
EUR	118 259	70.9	1.3	133 601	74.1	1.1
USD	26 348	15.8	4.9	27 684	15.4	1.9
CNY	16 073	9.6	3.6	12 542	7.0	4.3
Other currencies	121	0.1	0.0	29	0.0	0.0
Balance sheet value	**166 821**	**100**	**–**	**180 149**	**100**	**–**

RECONCILIATION OF FINANCIAL LIABILITIES 2022

in 1000 EUR	2021*	Cash items	Currency differences	Change in fair value	2022
Long-term liabilities to financial institutions	11 041	8 624	12		19 677
Short-term liabilities to financial institutions	56 089	13 177	1 022		70 288
Promissory note loans	107 500	–35 000			72 500
Purchase price liabilities from acquisitions	4 170	–1 500	–39	398	3 029
Other financial liabilities	1 349	–67	45		1 327
Balance sheet value	**180 149**	**–14 766**	**1 040**	**398**	**166 821**

RECONCILIATION OF FINANCIAL LIABILITIES 2021

	2020	Cash items	Non-cash items			2021*
in 1000 EUR			Change in scope of consolidation	Currency differences	Change in fair value	
Long-term liabilities to financial institutions	16 864	–8 514		2 688	3	11 041
Short-term liabilities to financial institutions	89 031	–34 441	251	1 605	–357	56 089
Promissory note loans	75 989	31 079		432		107 500
Purchase price liabilities from acquisitions	9 958	–2 778	494	–4	–3 500	4 170
Other financial liabilities	770	514		65		1 349
Balance sheet value	**192 612**	**–14 140**	**745**	**4 786**	**–3 854**	**180 149**

The long-term liabilities to financial institutions are all in principle fixed rate.

For the securing of long-term financial liabilities to financial institutions by mortgage, see note 7.

The long-term liabilities to financial institutions and promissory note loans do not include any financial covenants.

On 6 March 2017, the Phoenix Mecano Group took out five-year promissory note loans (Schuldscheindarlehen) for EUR 35 million at a fixed interest rate and USD 13.5 million at a variable interest rate. The promissory note loan of USD 13.5 million, maturing in March 2022, was repaid early in 2021, and the promissory note loan of EUR 35 million was repaid on schedule in 2022.

On 18 November 2019, the Phoenix Mecano Group took out a promissory note loan for EUR 30 million with a fixed interest rate and a term of five years. In addition, on 5 May 2021, the Phoenix Mecano Group issued another promissory note loan for EUR 42.5 million with a term of five years and a fixed interest rate.

On 2 November 2020, the Phoenix Mecano Group acquired all shares in BEWATEC ConnectedCare GmbH, Germany, and its subsidiaries, entailing a contingent purchase price liability that is due in tranches between 2021 and 2026. The first tranche was paid in 2021. The remaining purchase price payment was fixed at the end of 2022. This will be paid in the first half of 2023. The purchase price liability from the acquisition was adjusted in 2021 and 2022 without affecting income and reclassified as short-term (see notes 20 and 38).

On 1 June 2021, the Phoenix Mecano Group acquired 100 % of the shares in X2 Technology AB, Sweden, which was subsequently renamed Phoenix Mecano AB. In addition to a fixed purchase price, an earn-out arrangement was agreed. This entails a contingent purchase price liability that falls due in 2024. This purchase price liability was adjusted in 2022 without affecting income (see notes 20 and 38).

12 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract values		Receivables due from derivative financial instruments		Liabilities from derivative financial instruments	
in 1000 EUR	2022	2021	2022	2021	2022	2021
FORWARD EXCHANGE CONTRACTS BY CURRENCY						
USD		1 152				56
HUF	12 000	12 200			417	405
RON	2 400				134	
Total	**14 400**	**13 352**	**0**	**0**	**551**	**461**
FORWARD EXCHANGE CONTRACTS BY MATURITY						
in 1 year	14 000	13 352			551	461
Total			**0**	**0**	**551**	**461**
NET BALANCE SHEET VALUE BY MATURITY						
Total short-term			0	0	551	461
Net balance sheet value			**0**	**0**	**551**	**461**

The forward exchange purchases of HUF and RON for EUR were used for partial hedging of the planned operating expenses in local currency in Hungary.

In 2017, in connection with the promissory note loan taken out in USD, a cross currency swap of USD 10 million for CHF was performed to fix the interest rate. This was reversed in connection with the early repayment of the promissory note loan in USD (see note 11) in 2021.

13 PROVISIONS

RECONCILIATION OF PROVISIONS 2022 in 1000 EUR	Provisions for long-term employee benefits	Guarantee provisions	Restructuring provisions	Other provisions	Total 2022
Provisions as at 1 January	**3 373**	**4 336**	**860**	**10 451**	**19 020**
Translation differences	16	– 11		– 31	– 26
Usage	– 445	– 1 031	– 837	– 6 622	– 8 935
Releases	– 224	– 1 091	– 54	– 1 116	– 2 485
Allocation	247	1 180	351	7 693	9 471
Provisions as at 31 December	**2 967**	**3 383**	**320**	**10 375**	**17 045**
Due within 1 year	401	3 318	320	9 801	13 840
Due after 1 year	2 566	65	0	574	3 205

RECONCILIATION OF PROVISIONS 2021 in 1000 EUR	Provisions for long-term employee benefits	Guarantee provisions	Restructuring provisions	Other provisions*	Total 2021*
Provisions as at 1 January	**4 241**	**5 046**	**4 472**	**11 125**	**24 884**
Change in scope of consolidation	10			1	11
Translation differences	33	127	3	168	331
Usage	– 947	– 2 272	– 3 488	– 8 255	– 14 962
Releases	– 474	– 898	– 704	– 635	– 2 711
Allocation	510	2 333	577	8 047	11 467
Provisions as at 31 December	**3 373**	**4 336**	**860**	**10 451**	**19 020**
Due within 1 year	535	3 898	860	10 268	15 561
Due after 1 year	2 838	438	0	183	3 459

The provisions for long-term employee benefits relate to statutory retirement pay in Italy ("Trattamento Fine Rapporto") and provisions for length-of-service awards.

Other provisions include provisions for short-term payments to employees totalling EUR 8.0 million (previous year: EUR 8.1 million). Provisions to cover the remaining lease term following the closure and resizing of sites in Germany fell by EUR 0.2 million to EUR 0.3 million. This item also includes provisions for litigation risks, impending losses and other conceivable risks from contractual or constructive obligations.

14 PENSION OBLIGATIONS

The Phoenix Mecano Group operates a number of pension plans for employees in Switzerland and elsewhere, which meet the relevant criteria for inclusion. These include defined benefit and defined contribution plans covering the Group employees in question against death, disability and retirement risks.

Swiss pension plan (defined contribution)

The Group operates an employee pension plan in Switzerland with a BVG-Sammelstiftung (collective foundation), in which the insurance risks are reinsured and the investment risks are borne by the insured (semi-autonomous pension solution). The provisional coverage ratio of this collective foundation, under Article 44 of the Swiss Occupational Pension Ordinance (OPO 2), was 106.6 % at the end of November 2022 (without taking value fluctuation reserves into account). The foundation's 2022 annual report is not yet available. Based on the available information, the Phoenix Mecano Group has concluded that the surplus as at 31 December 2022 and the economic benefit for the organisation cannot be reliably determined and that, given the structure of the Swiss pension plan, the economic share of the Phoenix Mecano Group is zero. As a result, the Swiss pension plan is disclosed under Pension plans without surplus/deficit in accordance with FER 16/5.

The senior management body is the Foundation Board, which comprises an equal number of employee and employer representatives from the member companies. The Foundation Board is required by law and the pension plan regulations to act solely in the interests of the foundation and its beneficiaries (active insured persons and pension recipients). The employer cannot therefore determine the benefits and financing unilaterally. Decisions are taken jointly by the employee and employer representatives. The Foundation Board is responsible for changes to the pension plan regulations and in particular for determining the financing of pension benefits. The foundation is regulated by the Foundation Supervisory Authority of the Canton of Aargau.

Pension payments are based on retirement savings, to which annual retirement credits and interest are added. Upon retirement, the legal framework provides for the payment of an annuity, with the option of a lump-sum payment. The annuity is calculated by multiplying the retirement savings by the current conversion rate. In addition to retirement benefits, pension benefits also include disability pensions and, in the event of death, partner's and orphan's pensions and, where applicable, a lump-sum death benefit. These are calculated as a percentage of the insured annual salary or old-age pension. The insured can also make additional payments to improve their pension up to the maximum set by the regulations or withdraw money early to buy a residential property for their own use. If the employee leaves the company, the retirement savings are transferred to the pension fund of their new employer or to a vested benefits foundation. Benefits are financed through savings and risk contributions paid by the employer and employee. The savings contributions and the employee contributions to the risks are determined by the Administrative Board consisting of employer and employee representatives. The employer makes at least 50 % of the necessary total contributions.

In setting benefits, the minimum requirements of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be observed. The OPA stipulates the minimum wage to be insured and the minimum retirement credits. The minimum interest rate to be applied to these minimum retirement savings is determined by the Swiss Federal Council at least every two years. In 2023 it is 1 % (2022: 1 %).

The terms and conditions of the pension plan applicable in the reporting year and the statutory provisions of the OPA give rise to actuarial risks such as investment risk, interest rate risk, disability risk and longevity risk. The latter two are reinsured by a life insurance company.

The pension assets are invested by the collective foundation itself, in accordance with its investment policy and within the legal framework.

In the event of a deficit, the collective foundation must take appropriate measures, which could include restructuring contributions from employers and employees.

Pension plans in other countries (defined contribution)

The Phoenix Mecano Group also operates pension plans in a number of other countries. Some of these plans also include employee contributions. These contributions are normally deducted from the monthly salary and transferred to the pension plan. Apart from paying the contributions and transferring the employee and employer contributions, there are not currently any further obligations on the part of the employer.

German pension plan (defined benefit)

There are personal defined benefit pension plans for 10 pensioners, departed and still active employees (mainly executives). No new commitments are being entered into (except in the case of pension plans taken over through acquisitions). In principle, entitlement to pension benefits arises on the grounds of old age, disability or death. Payments take the form of lifetime annuities or in some cases lump-sum payments, depending on the relevant pension regulations. Survivors are entitled to a percentage of the annuity at the time of the beneficiary's death. In principle, as regards the amount of the annuity payment, pension plans are fixed or dependent on the statutory contribution assessment ceiling at the time the insured event occurs. In one case, benefits are dependent on the development of salaries for civil servants. Individual plans have separate plan assets. One plan was adjusted in 2021 and outsourced to an external pension fund. Coverage is checked quarterly for this plan. As long as the Phoenix Mecano Group is not required to make additional payments, no pension obligation is recognised. The pension benefits are financed by the employer. In the event that an employee leaves the company before a pension benefit becomes payable, they retain their entitlements to pension payments in accordance with legal requirements. The entitlements of the beneficiaries are all vested as at the balance sheet date.

The terms and conditions of the pension plans and the statutory provisions expose the employer to actuarial risks. The main risks are longevity risk, interest rate risk and the risk of inflation compensation for individual pensions as well as risks associated with the development of civil servant salaries or the contribution assessment ceiling for statutory pension insurance in Germany.

The changes in pension obligations (excluding benefits paid out) are recognised in Personnel expenses in accordance with Swiss GAAP FER 16.

The financial position regarding pension obligations developed as follows in 2022 and 2021:

ECONOMIC BENEFIT/OBLIGATION AND PENSION EXPENSE	Surplus/deficit	Economic part of the organisation		Change from previous year recognised in statement of income in the financial year	Benefits paid out	Accrued contri-butions per plan	Pension expense in personnel expenses	
				Expense/ (income)	Inflow/ (outflow) of funds		Expense/ (income)	Expense/ (income)
in 1000 EUR	2022	2022	2021	2022	2022	2022	2022	2021
Pension plans without surplus/deficit						1 606	1 606	1 501
Pension plans with deficit	–202	–202	–323	–94	–27	0	–94	–617
Pension institution without own assets	–3 907	–3 907	–5 002	–875	–220	0	–875	162
Total	**–4 109**	**–4 109**	**–5 325**	**–969**	**–247**	**1 606**	**637**	**1 046**

The reduction in pension expense in 2022 is mainly due to the sharp rise in interest rates in Germany compared with the previous year.

15 OTHER LIABILITIES

in 1000 EUR	2022	2021
Liabilities to social security providers	4 250	3 611
Liabilities to employees	13 042	12 177
Liabilities arising from VAT and other taxes	6 751	5 285
Advance payments on orders	5 697	6 908
Other	2 856	4 185
Balance sheet value	**32 596**	**32 166**

The advance payments relate to contract liabilities for advance payments received from customers. Advance payments are reclassified to trade receivables when the rights become unconditional. This usually happens when the Phoenix Mecano Group issues an invoice to the customer for the products supplied. The amount of EUR 6.9 million shown in Advance payments at the start of the reporting period was recognised as sales revenue of EUR 5.3 million in financial year 2022. For the remaining advance payments, there has been a project delay.

16 DEFERRED TAX

in 1000 EUR	2022	2021*
DEFERRED TAX ASSETS ON		
Non-current assets	2 298	1 926
Inventories	4 498	3 561
Receivables	568	774
Provisions/Pension obligations	2 092	2 484
Other	2 651	3 686
Deferred tax assets	**12 107**	**12 431**
Deferred tax on losses carried forward	1 025	924
Total deferred tax assets	**13 132**	**13 355**
Netting with deferred tax liabilities	– 2 073	– 2 234
Balance sheet value	**11 059**	**11 121**
DEFERRED TAX LIABILITIES ON		
Non-current assets	– 2 809	– 2 562
Inventories	– 326	– 265
Receivables	– 83	– 76
Provisions/Pension obligations	– 36	– 33
Other	– 46	– 504
Total deferred tax liabilities	**– 3 300**	**– 3 440**
Netting with deferred tax assets	2 073	2 234
Balance sheet value	**– 1 227**	**– 1 206**
Net position deferred tax	**9 832**	**9 915**
TREND OF DEFERRED TAX		
As at 1 January	**9 915**	**7 340**
Changes of tax rate recognised in the statement of income	64	13
Translation differences	– 24	502
Change in scope of consolidation	0	737
Change in temporary differences recognised in the statement of income	– 123	1 323
As at 31 December	**9 832**	**9 915**

in 1000 EUR	2022	2021*
EXPIRY OF NON-CAPITALISED TAX LOSSES CARRIED FORWARD		
Up to 1 year	80	172
1 – 2 years	3 053	197
2 – 3 years	2 577	3 419
3 – 4 years	3 672	2 805
4 – 5 years	905	4 244
Over 5 years	94 452	81 700
Total	**104 739**	**92 537**
VALUATION DIFFERENCES ON WHICH NO DEFERRED TAXES WERE CAPITALISED		
Non-current assets	763	715
Inventories	35	0
Receivables	31	18
Provisions	25	1 049
Other	67	105
Total	**921**	**1 887**

Due to uncertainties regarding the usability of tax losses carried forward totalling EUR 104.7 million (previous year: EUR 92.5 million), no deferred tax assets were recorded on this amount. Of the tax losses carried forward which expire after five years, EUR 34.4 million (previous year: EUR 25.9 million) expire within 20 years. The remaining losses can be carried forward for an indefinite period.

17 SHARE CAPITAL AND RESERVES

The share capital is fully paid up and divided into 960 500 bearer shares (previous year: 960 500) with a nominal value of CHF 1.00. The conversion into euro is effected at the exchange rate applying when Phoenix Mecano AG's functional currency was changed from CHF to EUR (1 January 2019: 0.8870). There is no authorised or contingent capital. Each share entitles the holder to attend the Shareholders' General Meeting and cast one vote. The translation differences include the cumulative currency translation differences resulting from translation of the financial statements of Group companies into euro.

The significant shareholders of Phoenix Mecano AG are:

Name in %	Head office	2022	2021
Planalto AG [2]	Luxembourg, Luxembourg	34.6 [1]	34.6 [1]
Tweedy, Browne Company LLC, Stamford, USA [3]	Stamford, USA	8.5 [1]	8.5 [1]
Tweedy, Browne Global Value Fund [4] *(A subdivision of Tweedy, Browne Fund Inc.)*	*Stamford, USA*	*7.2* [1]	*7.2* [1]
J. Safra Sarasin Investmentfonds AG (formerly Sarasin Investmentfonds AG)	Basel, Switzerland	5.1 [1]	5.1 [1]
FundPartner Solutions (Suisse) SA [5]	Geneva, Switzerland	4.3	[1]
RP Fonds Institutionnel	*Geneva, Switzerland*	*3.3*	[1]
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8	3.8
Retraites Populaires	Lausanne, Switzerland	3.3	[1]
Credit Suisse Funds AG	Zurich, Switzerland	< 3	3.9

1 Shareholding not notified in the year indicated.
2 The beneficial owner and person entitled to exercise voting rights is Gisela Goldkamp. The owner of the voting rights is Benedikt A. Goldkamp.
3 Tweedy, Browne Company LLC (TBC) is not a beneficial owner of the shares. TBC has been delegated voting authority pursuant to separate investment advisory agreements. Please note that included in the shares reported with this filing are 68 640 shares held by Tweedy, Browne Global Value Fund, a direct acquirer and beneficial owner.
4 Pursuant to an investment advisory agreement between Tweedy, Browne Global Value Fund (TBGVF) and TBC, TBGVF has delegated voting authority with respect to 68 640 bearer shares in Phoenix Mecano AG to TBC. TBC is not a beneficial owner of any of the shares. TBGVF is the sole beneficial owner of the shares.
5 Please note that included in the shares reported with this filing are 3.3 % of shares held by RP Fonds Institutionnel, a direct acquirer and beneficial owner.

This information is based on notifications by the aforementioned shareholders. Individual notifications can be viewed at the following link of SIX Swiss Exchange: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

18 TREASURY SHARES

Number/in 1000 EUR	Number of shares 2022	Number of shares 2021	Acquisition costs 2022	Acquisition costs 2021
As at 1 January	**189**	**491**	**77**	**194**
Share purchases	0	0	0	0
Share sales	– 103	– 302	– 44	– 117
As at 31 December	**86**	**189**	**33**	**77**

19 MINORITY INTERESTS

The minority interests are:

in 1000 EUR	2022	2021
Direct minority interests		
DewertOkin Technology Group Co. Ltd.	11	11
Sistemas Phoenix Mecano España S.A.	10	10
Orion Technologies LLC	10	10
Tefelen LLC	–	49
Indirect minority interests in the following subsidiaries of DewertOkin Technology Group Co. Ltd.		
Haining My Home Mechanism Co. Ltd.	11	11
Bewatec (Zhejiang) Medical Equipment Co. Ltd.	11	11
Bewatec (Shanghai) Medical Device Co. Ltd.	11	11
Okin Vietnam Company Ltd.	11	11
DewertOkin GmbH	11	11
BEWATEC ConnectedCare GmbH	11	11
DewertOkin AG	11	11
DewertOkin KFT	11	11
DewertOkin Services KFT	–	11
DewertOkin AB	11	11
OKIN America Inc.	11	11
DewertOkin do Brasil Ltda.	11	11
DewertOkin Latin America S.A.	11	11

Tefelen LLC, in which the Group held a 51 % stake, was liquidated in 2022 and DewertOkin Services KFT merged with DewertOkin KFT.

As part of a capital increase at DewertOkin Technology Group Co. Ltd (China), approved in October 2021, minority shareholders were allowed to acquire an 11.2 % investment in the company. This was in connection with the employee participation plan for around 60 key employees of the DewertOkin Technology (DOT) Group division, which was launched in late 2020 with a view to the planned partial IPO in China. As a result, equivalent indirect minority interests are held in all subsidiaries of DewertOkin Technology Group Co. Ltd. (China).

The above transactions are recognised in the statement of changes in equity.

20 CATEGORIES OF FINANCIAL INSTRUMENTS

As at 31 December 2022 and 31 December 2021, the book values of financial assets and liabilities (excluding long-term fixed-interest financial liabilities), as shown below, correspond approximately to the fair value as per Swiss GAAP FER.

in 1000 EUR	Note	2022	2021*
Cash and cash equivalents (excluding cash on hand)	3	82 285	99 527
Trade receivables	4	107 476	140 410
Other receivables (excluding VAT and other taxes and advance payments for inventories)	5	3 491	5 765
Other financial assets (excluding investments)	10	349	517
Assets at amortised cost		**193 601**	**246 219**
Derivative financial instruments (not used for hedging)	12	0	0
Financial assets at fair value through profit or loss		**0**	**0**
Financial liabilities (excluding purchase price liabilities)	11	– 163 792	– 175 979
Trade payables		– 79 876	– 116 735
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	15	– 2 856	– 4 185
Liabilities at amortised cost		**– 246 524**	**– 296 899**
Purchase price liabilities from acquisitions	11	– 3 029	– 4 170
Derivative financial instruments (not used for hedging)	12	– 551	– 461
Financial liabilities at fair value through profit or loss		**– 3 580**	**– 4 631**

The following table classifies the financial assets and liabilities measured at market value:

in 1000 EUR	Note	2022	2021
FINANCIAL ASSETS MEASURED AT MARKET VALUE			
Outstanding residual purchase price payment	5/10	379	573
Total		**379**	**573**
FINANCIAL LIABILITIES MEASURED AT MARKET VALUE			
Derivative financial instruments	12	– 551	– 461
Purchase price liabilities from acquisitions	11	– 3 029	– 4 170
Total		**– 3 580**	**– 4 631**

The derivative financial instruments are exclusively forward transactions. The fair value corresponds to the present value of the estimated future cash flows based on the terms and maturities of each individual contract, discounted at a market interest rate as at the measurement date.

The following table provides an update on purchase price liabilities from acquisitions:

in 1000 EUR	Note	2022	2021
As at 1 January		**4 170**	**9 958**
Change in scope of consolidation	38	0	494
Currency differences		– 39	– 4
Usage		– 1 500	– 2 778
Allocation/(release) (via equity)		398	– 3 500
As at 31 December		**3 029**	**4 170**

The fair value of the purchase price liabilities is dependent on sales benchmarks, which are based partly on target figures. The purchase price liabilities may alter owing to a change in exchange rates (see note 22), a change in the interest rate, the addition of accrued interest or a change in the parameters for determining the purchase price. If the relevant future sales figures were 10 % higher, the purchase price liabilities would not increase (previous year: increase by EUR 0.4 million), assuming all other variables remained constant. This is due to the fixing of a residual purchase price payment at the end of 2022, which will be paid out early, in 2023 (see note 11).

In 2022, the usage of EUR 1.5 million relates to payments as part of the acquisition of CRE Rösler Electronic GmbH, Germany (see note 11).

In 2021, the usage relates to payments of EUR 2.0 million as part of the acquisition of Haining My Home Mechanism Co. Ltd., PR China, and payments of EUR 0.8 million as part of the acquisition of BEWATEC ConnectedCare GmbH.

The purchase price liabilities in connection with the acquisitions of BEWATEC ConnectedCare GmbH and Phoenix Mecano AB were adjusted to the fair value in 2022 and 2021 respectively.

The Phoenix Mecano Group holds a 76.35 % stake in Orion Technologies LLC (USA). There is also a call/put option on a minority interest of 13.65 %, which was extended in 2022 and can be exercised in 2023. This purchase price liability was measured at a fair value of zero at the end of 2022 and at the end of 2021.

21 RISK MANAGEMENT

The Board of Directors of Phoenix Mecano AG has ultimate responsibility for risk management. To this end it set up the Internal Auditing Department, which is responsible for developing and monitoring compliance with risk management principles. The Internal Auditing Department reports regularly to the Audit Committee of the Phoenix Mecano AG Board of Directors.

The risk management principles that have been established are geared towards identifying and analysing the risks to which the Group is exposed, developing checks and balances and monitoring risks. The risk management principles and the processes associated with them are regularly reviewed to take account of changes in market conditions and the Group's activities.

22 FINANCIAL RISK MANAGEMENT

General

The Phoenix Mecano Group is exposed to various financial risks through its business activities, namely credit risk, market risk (i.e. currency and interest rate risks) and liquidity risk. Currency and interest rate risks are largely managed centrally at Group level. Derivative financial instruments, of which only limited use is made – almost exclusively for hedging purposes – are also controlled centrally. In view of this centralised currency management, exchange rate differences are shown in the financial result.

The management of non-essential cash and cash equivalents and the Group's financing is also centrally controlled.

The following sections give an overview of specific financial risks, their magnitude, the aims, principles and processes involved in measuring, monitoring and hedging them, and the Group's capital management.

Credit risk

Credit risk is the risk of incurring financial loss when a counterparty to a financial instrument fails to meet its contractual obligations. Credit risks are most likely to be associated with long-term loans, short-term financial receivables, trade receivables, and cash and cash equivalents. The Group minimises the credit risk associated with cash and cash equivalents by only doing business with reputable financial institutions and by dealing with a range of such institutions rather than just one.

To reduce the risk associated with trade receivables, customers are subject to internal credit limits. Because the customer structure varies from one business area to the next, there are no general credit limits applying throughout the Phoenix Mecano Group. Creditworthiness is reviewed on an ongoing basis according to internal guidelines. Credit limits are set based on financial situation, previous experience and other factors. The Group's extensive customer base, which covers a variety of regions and sectors, means that the credit risk on receivables is limited. For incurred and expected losses on receivables, value adjustments are recognised on the basis of an expected credit loss model (see note 4). In the past, actual losses have not exceeded the management's expectations. There are no individual receivables accounting for more than 10 % of the total in the reporting year (previous year: one trade receivable).

The maximum credit risk on financial instruments corresponds to the book values of the individual financial assets (see note 20). There are no guarantees or similar obligations that could cause the risk to exceed book values.

Liquidity risk

Liquidity risk is the risk that the Phoenix Mecano Group will be unable to meet its financial obligations when these become due.

The Phoenix Mecano Group monitors its liquidity risk by means of careful liquidity management. In so doing, its guiding principle is to make available a cash reserve exceeding daily and monthly operational funding requirements. Given the dynamic business environment in which it operates, the Group's aim is to preserve the necessary flexibility of financing by ensuring that it has sufficient unused credit lines with financial institutions and retains its ability to procure funds on the capital market. The credit lines are divided up among several financial institutions. As at 31 December 2022, unused credit lines with major banks totalled EUR 114.4 million (previous year: EUR 138.2 million).

Maturity analysis of financial liabilities

in 1000 EUR	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years	in > 5 years
Maturity analysis as at 31 December 2022							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	79876	–79876	–74975	–4873	–28		
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	2856	–2856	–2856				
Financial liabilities (excluding financial leasing)	166821	–171366	–63865	–9240	–2651	–94077	–1533
Total	**249553**	**–254098**	**–141696**	**–14113**	**–2679**	**–94077**	**–1533**
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	551						
Outflow of funds		–14400	–14400				
Inflow of funds		13849	13849				
Total	**250104**	**–254649**	**–142247**	**–14113**	**–2679**	**–94077**	**–1533**
Maturity analysis as at 31 December 2021*							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	116735	–116735	–98114	–18621			
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	4185	–4185	–4185				
Financial liabilities (excluding financial leasing)	180149	–184527	–65644	–14228	–15583	–87596	–1476
Total	**301069**	**–305447**	**–167943**	**–32849**	**–15583**	**–87596**	**–1476**
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	461						
Outflow of funds		–13352	–13352				
Inflow of funds		12891	12891				
Total	**301530**	**–305908**	**–168404**	**–32849**	**–15583**	**–87596**	**–1476**

Contingent liabilities (see note 24) may also represent an outflow of funds.

Market risk

Market risk is the risk that changes in market prices such as exchange rates, interest rates and share prices will have an effect on the earnings and fair value of the financial instruments held by Phoenix Mecano. The aim of market risk management is to monitor and control such risks, thereby ensuring that they do not exceed a certain level.

Currency risk

While it generates 44 % of its sales in the euro area (previous year: 39 %) and a significant portion of its expenditure is in EUR, the Phoenix Mecano Group operates internationally and is therefore exposed to a foreign currency risk. Aside from EUR, transactions are conducted principally in USD, CNY, CHF, HUF and INR. Foreign currency risks arise from expected future transactions and from assets and liabilities recorded in the balance sheet, where these are not in the functional currency of the respective Group company. To hedge such risks from expected future transactions, the Phoenix Mecano Group enters into forward exchange contracts with reputable counterparties as and when necessary, or uses foreign currency options. This hedging relates to planned expenditure in local currency at the production sites in Hungary and Romania. Occasionally, USD, CHF and INR transactions are also hedged. Hedges decline as a proportion of the planned currency exposure the further ahead the transaction is due to take place. The extent of the items to be hedged is reviewed regularly. Such hedges cover a maximum period of three years. The Group realises both income and expenditure in USD and CNY and aims to minimise the resulting currency exposure primarily by means of operational measures (alignment of income and expenditure flows).

Financing from financial institutions is mainly in EUR, CHF, USD and CNY and is generally taken out by Group companies with these currencies as their functional currency. Exceptions to this are some USD financing arrangements.

The following tables set out currency risks associated with financial instruments, where the currency differs from the functional currency of the Group company holding the instruments. The tables only include risks from positions in the consolidated financial statements (i.e. excluding positions between Group companies):

in 1000 EUR	EUR	CHF	USD	HUF	CNY	INR
Currency risk as at 31 December 2022						
NON-DERIVATIVE FINANCIAL INSTRUMENTS						
Trade receivables	2 225		8 783	48	5	2 068
Cash and cash equivalents	2 248	261	14 459	1 171	49	2 055
Trade payables	– 1 003	– 410	– 1 638	– 343		– 380
Financial liabilities			– 8 442			
Net risk	**3 470**	**– 149**	**13 162**	**876**	**54**	**3 743**
Currency risk as at 31 December 2021						
NON-DERIVATIVE FINANCIAL INSTRUMENTS						
Trade receivables	2 027		14 666	37		
Cash and cash equivalents	1 877	1 203	15 601	1 110	217	
Trade payables	– 839	– 289	– 2 063	– 523	– 5	
Financial liabilities		– 1 936	– 13 245			
Net risk	**3 065**	**– 1 022**	**14 959**	**624**	**212**	

In relation to the above-mentioned currency risks and taking into account the forward exchange contracts open on the balance sheet date (see note 12), the following sensitivity analysis for the main currency pairs shows how the result of the period would be affected if the exchange rates were to alter by 10 %. All other variables, in particular interest rates, are assumed to remain unchanged.

in 1000 EUR	CHF/ EUR	CHF/ USD	EUR/ USD	EUR/ HUF	EUR/ CNY	USD/ CNY	EUR/ RON	EUR/ INR	USD/ INR
Sensitivity analysis as at 31 December 2022									
Change in result of the period (+/–)	63	4	474	1 288	43	1 606	255	217	157
Sensitivity analysis as at 31 December 2021									
Change in result of the period (+/–)	255	7	923	1 282	20	2 420	19	115	

The above sensitivity analysis is a consolidated view as at the balance sheet date. Significantly greater effects on the statement of income may arise from price movements relating to ongoing foreign currency transactions during the financial year. Currency risks also arise from intercompany receivables and liabilities, which are not taken into account in the above sensitivity assessment.

Interest rate risk Interest rate risk is divided up into an interest cash flow risk, i.e. the risk that future interest payments will change due to fluctuations in the market interest rate, and an interest-related risk of a change in the market value, i.e. the risk that the market value of a financial instrument will change due to fluctuations in the market interest rate. The Group's interest-bearing financial assets and liabilities are primarily cash and cash equivalents as well as liabilities to financial institutions, promissory note loans and residual purchase price liabilities. Where appropriate, the Group uses interest rate options and swaps to hedge and/or structure external debts.

Sensitivity analyses as at 31 December 2022 and 2021:
An interest rate change of 50 basis points in the reporting year would have an impact of EUR 0.2 million (previous year: EUR 0.2 million) on the result of the period and equity.

23 CAPITAL MANAGEMENT

The aims of capital management are to safeguard the Phoenix Mecano Group as a going concern, thereby ensuring continued income for shareholders and providing other stakeholders with the benefits to which they are entitled. In addition, the Group seeks to preserve scope for future growth and acquisitions by means of conservative financing.

To this end, the Group aims to maintain a long-term equity ratio of at least 40 %. The dividend policy of the Phoenix Mecano Group specifies a payout ratio of 40–50 % of sustainable net profit. Capital increases should be avoided as far as possible in order to prevent profit dilution. Where appropriate, the Group uses share buy-backs as a means of adjusting its capital structure and reducing capital costs.

The Phoenix Mecano Group monitors its capital management based on its gearing, i.e. the ratio of net indebtedness to equity. Net indebtedness consists of total interest-bearing liabilities (including purchase price liabilities from acquisitions) less cash and cash equivalents.

Net indebtedness as at 31 December 2022 and 31 December 2021 was as follows:

in 1000 EUR	Note	2022	2021*
Long-term financial liabilities	11	92 672	86 300
Short-term financial liabilities	11	74 149	93 849
Interest-bearing liabilities		**166 821**	**180 149**
less cash and cash equivalents	3	82 369	99 589
less securities		454	0
Net indebtedness		**83 998**	**80 560**
Equity		261 287	240 010
Gearing		**32.1 %**	**33.6 %**

24 CONTINGENT LIABILITIES

in 1000 EUR	2022	2021
Sureties and guarantees	3 618	3 145
Commitments from bills of exchange	0	122
Total	**3 618**	**3 267**

25 COMMITMENTS TO PURCHASE TANGIBLE AND INTANGIBLE ASSETS

Purchase commitments as at 31 December 2022 were EUR 7.0 million for tangible assets (previous year: EUR 14.4 million) and EUR 0.1 million for intangible assets (previous year: EUR 0.1 million).

The commitments for tangible assets relate primarily to the new building currently under construction in Jiaxing, China, for the DewertOkin Technology (DOT) Group division.

26 OPERATING LEASES, RENT AND LEASEHOLD RENT

in 1000 EUR	2022	2021
Minimum commitments due within 1 year	5 468	5 229
Minimum commitments due within 1–5 years	5 303	6 957
Minimum commitments due after 5 years	3 634	3 943
Minimum operating leasing, rent and leasehold rent commitments	**14 405**	**16 129**
Minimum claims due within 1 year	214	107
Minimum claims due within 1–5 years	52	6
Minimum commitments due after 5 years	19	19
Minimum claims from rent/leasehold rent	**285**	**132**

The operating leasing, rent and leasehold rent commitments consist almost exclusively of commitments for leased premises and floor space (long-term lease).

27 SALES REVENUE

in 1000 EUR	2022	2021*
Gross sales	792 939	816 877
Revenue reductions	– 8 497	– 7 404
Sales revenue (net sales) from contracts with customers	**784 442**	**809 473**

The Phoenix Mecano Group achieved consolidated gross sales of EUR 792.9 million in financial year 2022, down 2.9 % on the previous year's figure of EUR 816.9 million. In organic, local-currency terms, sales declined by 6.8 %.

The Phoenix Mecano Group is a globally active component manufacturer with a broad product range and a very diversified customer structure, with few large customers. Most customers are served on the basis of customer orders. As a rule, these orders contain only the products ordered, at a fixed price per unit. Manufacturing lead times are generally short. Invoicing and revenue recognition take place immediately after delivery (according to industry-standard Incoterms), as soon as control over the good has been transferred to a customer. Usual payment terms range from 30 to 90 days and contain neither a financing component nor a variable consideration. A provision is recognised for the Phoenix Mecano Group's obligation to repair or replace faulty products under standard warranty terms (see note 13).

The following table shows the total amount of the performance obligations not yet fulfilled at the balance sheet date:

in 1000 EUR	2022	2021
Expected fulfilment in < 1 year	267 797	254 585
Expected fulfilment in > 1 year	31 584	53 178
Total	**299 381**	**307 763**

28 OTHER OPERATING INCOME

in 1000 EUR	2022	2021
Reimbursement from insurance	204	580
Gains on the disposal of tangible and intangible assets	800	326
Government subsidies	4 356	6 782
Other	2 348	2 769
Total	**7 708**	**10 457**

The gain on disposal of tangible assets in 2022 was primarily from the sale of a property in Germany. The government subsidies in 2022 and 2021 relate primarily to subsidies in China linked to the expansion of the DewertOkin Technology (DOT) Group in Jiaxing.

29 COST OF MATERIALS

in 1000 EUR	2022	2021
Cost of raw and ancillary materials, merchandise for resale and external services	375 048	433 142
Incidental acquisition costs	17 077	17 794
Total	**392 125**	**450 936**

Losses and value adjustments on inventories are posted under Other operating expenses (see note 31).

30 PERSONNEL EXPENSES

in 1000 EUR	2022	2021
Wages and salaries	183 065	175 242
Social costs	32 500	30 590
Supplementary staff costs	15 012	14 005
Total	**230 577**	**219 837**

In connection with the planned partial IPO of the DewertOkin Technology (DOT) Group division in China, an employee participation plan for around 60 key employees in this division was launched in late 2020. The plan is tied to the performance of the employees concerned. The qualifying employees were able to acquire shares in DewertOkin Technology Group Co. Ltd. (CN), partly with no further conditions in 2020 and partly conditional upon the achievement of performance targets in 2021. These employee shares will be subject to a three-year lock-up period after the partial IPO. Expenses of EUR 0.0 million (previous year: EUR 0.7 million) for this employee participation plan are included under Personnel expenses. The staff costs arising from the employee participation plan are based on the difference between the issue price and the fair value of the allocated shares. The corresponding shares were paid up in 2021. The fair value is based on external valuations of the company.

31 OTHER OPERATING EXPENSES

in 1000 EUR	Note	2022	2021*
External development costs		3 425	1 864
Establishment expenses		35 349	30 591
Rent, leasehold rent, leases		7 352	6 383
Administration expenses		11 388	10 617
Advertising expenses		5 263	4 244
Sales expenses		22 097	19 001
Losses on the disposal of tangible and intangible assets		116	185
Losses and value adjustments on receivables	4	–910	3 248
Losses and value adjustments on inventories	6	4 576	4 115
Capital and other taxes		2 010	2 252
Other		6 092	6 619
Total		**96 758**	**89 119**

Administration expenses include consulting expenses of EUR 0.2 million (previous year: EUR 1.4 million) for the planned partial IPO of the DewertOkin Technology Group division.

32 FINANCIAL INCOME

in 1000 EUR	Note	2022	2021
Interest income from third parties		916	463
Gain from financial instruments at fair value through profit or loss (trading derivatives)	12	80	663
Exchange rate gains		7 617	3 677
Other financial income		16	407
Total		**8 629**	**5 210**

Gain from financial instruments in the previous year includes compensation of EUR 0.6 million linked to the early termination of the interest rate swap (see note 12).

Other financial income in 2021 includes COVID-related income of EUR 0.4 million.

33 FINANCIAL EXPENSES

in 1000 EUR	Note	2022	2021*
Interest expense		3 265	3 146
Loss from financial instruments at fair value through profit or loss (trading derivatives)	12	170	56
Exchange rate losses		4 113	3 792
Other financial expense		27	220
Total		**7 575**	**7 214**

34 INCOME TAX

in 1000 EUR	2022	2021*
Current income tax	16 173	13 566
Deferred tax	59	–1 336
Income tax	**16 232**	**12 230**
RECONCILIATION FROM THEORETICAL TO EFFECTIVE INCOME TAX		
Result before tax	**55 256**	**42 568**
Theoretical income tax	**14 113**	**11 412**
Weighted income tax rate	**25.5**	**26.8**
Changes of tax rate deferred tax	–64	–13
Tax-free income	–2 322	–1 858
Non-deductible expenses	1 802	1 838
Tax effect on losses in the reporting year	3 704	3 258
Tax effect of losses carried forward from previous years	–2 018	–2 643
Income tax relating to other periods	647	245
Other	370	–9
Effective income tax	**16 232**	**12 230**
Effective income tax rate	**29.4 %**	**28.7 %**

The theoretical income taxes are derived from the weighted current local tax rates in the countries where the Phoenix Mecano Group does business.

35 EARNINGS PER SHARE

in 1000 EUR	2022	2021*
Result of the period attributable to shareholders of the parent company	39 584	31 401
Number		
NUMBER OF SHARES		
Shares issued on 1 January	960 500	960 500
Treasury shares (annual average)	–103	–272
Shares outstanding	**960 397**	**960 228**
Basis for diluted earnings per share	960 397	960 228
Basis for undiluted earnings per share	960 397	960 228
EARNINGS PER SHARE		
Earnings per share – undiluted (in EUR)	**41.22**	**32.70**
Earnings per share – diluted (in EUR)	**41.22**	**32.70**

36 OPERATING CASH FLOW

in 1000 EUR	2022	2021*
Operating result	53 622	44 299
Depreciation on tangible assets	19 829	18 880
Amortisation of intangible assets	4 101	3 418
Impairment/(reversal of impairment losses) on tangible and intangible assets	398	–9
Operating cash flow	**77 950**	**66 588**

37 FREE CASH FLOW

in 1000 EUR	Note	2022	2021
Cash flow from operating activities		55 916	54 841
Purchases of tangible assets	7	–41 881	–25 020
Purchases of intangible assets	8	–5 317	–4 532
Disinvestments in tangible assets		3 125	1 573
Disinvestments in intangible assets		28	15
Free cash flow (before financial investments)		**11 871**	**26 877**

38 ACQUISITION OF GROUP COMPANIES

On 1 June 2021, the Phoenix Mecano Group acquired 100 % of the shares in X2 Technology AB, Sweden, which develops and manufactures lifting columns for high-end medical and industrial applications. The company was incorporated into the Industrial Components division and renamed Phoenix Mecano AB. The acquired business generated gross sales of around EUR 2.5 million in 2020, with 15 employees.

The acquired assets and assumed liabilities break down as follows:

in 1000 EUR	Fair value 2022	Fair value 2021
Cash and cash equivalents		– 43
Trade receivables		480
Inventories		740
Other current assets		32
Tangible assets		20
Intangible assets		13
Financial assets		0
Deferred tax		0
Loans		0
Other liabilities		– 736
Identifiable net assets	**0**	**506**
Goodwill from acquisition		978
Purchase price	**0**	**1 484**
Purchase price liability (earn-out)		– 494
Loans taken over from the seller		0
Cash and cash equivalents acquired		43
Change in funds (cash outflow)	**0**	**1 033**

39 TRANSACTIONS WITH RELATED PARTIES

in 1000 EUR	2022	2021
Benedikt A. Goldkamp, Chairman of the Board of Directors	1 044	896
Ulrich Hocker, Independent Lead Director	256	238
Other members of the Board of Directors	191	178
Remuneration of the Board of Directors	**1 491**	**1 312**
Remuneration of the management	**1 584**	**1 469**
Remuneration of the Board of Directors and management	**3 075**	**2 781**
Social security contributions	279	216
Pension obligations	186	176
Total remuneration of the Board of Directors and management	**3 540**	**3 173**

All compensation is short term in nature.

No compensation was paid in the reporting year or the previous year to former corporate officers who left the company in previous years.

The members of the Board of Directors and of the management received no other compensation or fees for additional services to the Phoenix Mecano Group.

No loans/credit or securities were granted to members of the Board of Directors or the management or persons related to them.

Transactions with associated companies are presented in notes 4 and 9.

40 SHADOW STATEMENT OF GOODWILL

A theoretical capitalisation of goodwill would have the following impact on the consolidated financial statements:

in 1000 EUR	2022	2021*
THEORETICAL STATEMENT OF GOODWILL		
Acquisition costs 1 January	**111 739**	**109 959**
Additions of companies included in consolidation	0	241
Adjustment of purchase price liability	398	– 3 500
Translation differences	– 288	5 039
Acquisition costs 31 December	**111 849**	**111 739**
Accumulated impairment losses 1 January	**72 038**	**53 992**
Amortisation	15 609	16 211
Impairment losses	3 241	0
Translation differences	– 122	1 835
Accumulated impairment losses 31 December	**90 766**	**72 038**
Theoretical net values 1 January	**39 701**	**55 967**
Theoretical net values 31 December	**21 083**	**39 701**
IMPACT ON BALANCE SHEET		
Equity according to balance sheet	261 287	240 010
Theoretical capitalisation of net carrying amount of goodwill	21 083	39 701
Theoretical equity including net carrying amount of goodwill	**282 370**	**279 711**
IMPACT ON STATEMENT OF INCOME		
Result of the period	39 024	30 338
Goodwill amortisation	– 15 609	– 16 211
Impairment losses	– 3 241	0
Theoretical result of the period including goodwill amortisation and impairment losses	**20 174**	**14 127**

The goodwill resulting from acquisitions is offset against consolidated equity at the acquisition date. Theoretical depreciation takes place on a straight-line basis over a period of five years.

The adjustment of the purchase price liability to the fair value for the companies BEWATEC ConnectedCare GmbH and Phoenix Mecano AB (see note 20) leads to a corresponding adjustment of the goodwill in the shadow statement.

On the balance sheet date of the financial statements as at 31 December 2022, a potential impairment was identified on the goodwill from the acquisition of BEWATEC ConnectedCare GmbH. This goodwill was therefore tested for impairment. The value in use was found to be below the corresponding book value and the goodwill was written down accordingly in the shadow statement. To determine the present value (value in use), an after tax discount rate (WACC) of 9.7 % was applied as at 31 December 2022. Zero growth was assumed after the projection period.

As at 31 December 2022, there were no indications of any further impairment of goodwill.

41 EVENTS AFTER THE BALANCE SHEET DATE

In January 2023, the Phoenix Mecano Group completed the sale of all shares in Phoenix Mecano Digital Elektronik GmbH in Thuringia (Germany) and Phoenix Mecano Digital Tunisie S.à.r.l. in Borj-Cedria (Tunisia), announced in November 2022. The two companies are active in electronic manufacturing services and supply electronic assemblies to customers from the medical technology sector and industry, generating net sales of around EUR 32 million in financial year 2022. This includes sales of approximately EUR 3 million from other companies in the Phoenix Mecano Group. The two companies' operating result totalled around EUR 1.5 million in 2022. The sale will allow Phoenix Mecano to generate additional liquidity while further focusing the Industrial Components division on its core business.

The assets and liabilities disposed of break down as follows:

in 1000 EUR	
Cash and cash equivalents	3 467
Other current assets	19 145
Tangible assets	7 147
Intangible assets	279
Liabilities	– 6 480
Net assets	**23 558**
(Loss)/gain on the disposal of Group companies	0
Sale price	**23 558**
Outflow of cash and cash equivalents	– 3 467
Change in funds	**20 091**

In addition, transaction costs of around EUR 0.9 million were incurred, which will be charged to the 2023 consolidated financial statements.

No other events occurred between 31 December 2022 and 18 April 2023 that would alter the book values of assets and liabilities or should be disclosed under this heading.

42 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

At its meeting on 18 April 2023, the Board of Directors of Phoenix Mecano AG released the 2022 consolidated financial statements for publication. They will be submitted to the Shareholders' General Meeting on 17 May 2023 with a recommendation for their approval.

43 DIVIDEND

At the Shareholders' General Meeting on 17 May 2023, the Board of Directors will propose the payment of a dividend of CHF 16.50 per share (CHF is the statutory currency of Phoenix Mecano AG – see proposal for the appropriation of retained earnings on page 97). The total outflow of funds is expected to be EUR 15.3 million. The dividend paid out in 2022 was CHF 15.00 per share (previous year: CHF 8.00). The outflow of funds in 2022 was EUR 14.0 million (previous year: EUR 7.1 million).

BDO

REPORT OF THE STATUTORY AUDITOR

To the general meeting of
Phoenix Mecano AG, Stein am Rhein

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Phoenix Mecano AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 50 to 88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

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

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

Key Audit Matters

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.

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT
Impairment	
Phoenix Mecano AG conducts impairment tests on intangible assets, tangible assets and goodwill (in the shadow statement) per cash-generating unit (CGU) whenever there are indications of an impairment.	We obtained an analysis of potential indicators of impairment of CGUs in the Group, reviewed them critically and discussed them with management. The definition of CGUs was critically assessed regarding compliance with SWISS GAAP FER.
We have considered the assessment of potential impairment of intangible assets, property, plant and equipment and goodwill to be a key audit matter for the following reasons:	For those CGUs that were subject to an impairment test due to indicators of impairment, we critically assessed the expected future cash flows, verified the arithmetical accuracy of the calculation of the value in use and critically assessed the discount and growth rates used.
Discretionary decisions exist in assessing whether impairment indicators are identifiable as well as in determining the assumptions about the future results and cash flows of the CGUs, the discount and growth rates.	The methodology of the impairment test corresponds to the previous year and was verified by an internal expert.
The approach to impairment losses is set out in the consolidation and valuation principles. Further disclosures are included in Note 7 "Tangible assets", Note 8 "Intangible assets" and Note 40 "Shadow statement of goodwill".	We compared and critically assessed the methodology with the requirements of Swiss GAAP FER and reviewed the correct disclosure in the consolidated financial statements.

BDO Ltd, Schiffbaustrasse 2, 8031 Zurich
BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.

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 financial statements, 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.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Art. 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 consolidated financial statements according to the instructions of the board of directors.

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

Zurich, 18 April 2023
BDO Ltd

Christoph Tschumi
Auditor in charge
Licensed Audit Expert

ppa. Hanna-Laura Mock
Licensed Audit Expert

FIVE-YEAR OVERVIEW

in 1000 EUR	2022	2021	2020	2019	2018
CONSOLIDATED BALANCE SHEET					
Total assets/capital	587 453	610 662*	544 966	488 119	453 427
Non-current assets	185 447	166 809*	151 621	152 506	147 345
in % of total assets	31.6	27.3*	27.8	31.2	32.5
Tangible assets	158 688	140 682	129 556	136 441	130 125
Current assets	402 006	443 813*	393 345	335 613	306 082
in % of total assets	68.4	72.7*	72.2	68.8	67.5
Inventories	195 101	181 131	157 111	148 046	148 513
Cash and cash equivalents	82 369	99 589	77 187	60 052	53 244
Equity	261 287	240 010*	188 226*	217 346	268 008
in % of total assets	44.5	39.3*	34.5*	44.5	59.1
Liabilities	326 166	370 612*	352 619	270 773	185 419
in % of total assets	55.5	60.7*	64.7	55.5	40.9
Net indebtedness	83 998	80 560*	115 421	88 127	33 943
in % of equity	32.1	33.6*	61.3*	40.5	12.7
CONSOLIDATED STATEMENT OF INCOME					
Gross sales	792 939	816 877*	687 442	679 993	650 784
Sales revenue (net sales)	784 442	809 473*	682 126	674 004	645 015
Total operating performance	797 410	826 480*	696 093	683 145	655 872
Personnel expenses	230 577	219 837	205 869	213 150	195 453
Depreciation on tangible assets	19 829	18 880	19 514	19 838	18 661
Amortisation of intangible assets	4 101	3 418	2 926	3 069	3 637
Operating result	53 622	44 299*	22 430	23 350	51 340
Financial result	1 634	–1 731*	–5 829	–2 465	–3 338
Result before tax	55 256	42 568*	16 601	20 885	48 002
Income tax	16 232	12 230*	7 721	6 966	11 893
Result of the period	39 024	30 338*	8 880	13 919	36 109
in % of gross sales	4.9	3.7*	1.3	2.0	5.5
in % of equity	14.9	12.6*	4.6	6.4	13.5
CONSOLIDATED STATEMENT OF CASH FLOW					
Cash flow from operating activities	55 916	54 841	27 783	43 560	37 928
Cash used in investing activities	–42 986	–28 200	–39 101	–44 519	–17 992
Purchases of tangible and intangible assets	47 198	29 552	27 761	26 142	25 596
Cash flow from financing activities	–28 866	–9 628	29 733	7 626	–19 973
Free cash flow	11 871	26 877	10 350	17 964	12 925

* Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

PHOENIX MECANO AG
BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS

	Note	2022 in EUR	2021 in EUR	2022 in CHF	2021 in CHF
CURRENT ASSETS					
Cash and cash equivalents		2 853 699	22 946 620	2 808 759	23 705 186
Other short-term receivables					
due from investments	2.1	100 235 826	57 627 974	98 657 310	59 533 031
due from third parties		37 500	66 000	36 909	68 182
Deferred charges and prepaid expenses		168 593	230 173	165 938	237 782
Total current assets		**103 295 618**	**80 870 767**	**101 668 916**	**83 544 181**
NON-CURRENT ASSETS					
Financial assets					
Loans to investments	2.2	47 810 000	63 860 000	47 057 087	65 971 074
Other loans		0	49 500	0	51 137
Investments					
Investments	2.3	270 476 436	262 126 865	266 216 965	270 792 216
Value adjustment on investments		–10 526 359	–7 176 360	–10 360 591	–7 413 595
Total non-current assets		**307 760 077**	**318 860 005**	**302 913 461**	**329 400 832**
Total assets		**411 055 695**	**399 730 772**	**404 582 377**	**412 945 013**

EQUITY AND LIABILITIES

	Note	2022 in EUR	2021 in EUR	2022 in CHF	2021 in CHF
SHORT-TERM LIABILITIES					
Other short-term liabilities					
Bank liabilities	2.4	25 500 000	2 936 000	25 098 425	3 033 058
to investments	2.5	22 950 183	30 067 733	22 588 762	31 061 707
to third parties		123 328	0	121 385	0
to shareholders		218	562	214	582
Short-term provisions	2.6	826 031	487 688	813 023	503 809
Deferred income		736 743	767 996	725 143	793 385
Short-term liabilities		**50 136 503**	**34 259 979**	**49 346 952**	**35 392 541**
LONG-TERM LIABILITIES					
Long-term interest-bearing liabilities	2.4	72 500 000	74 500 000	71 358 268	76 962 810
Long-term provisions	2.6	7 975	8 596	7 849	8 880
Long-term liabilities		**72 507 975**	**74 508 596**	**71 366 117**	**76 971 690**
Total liabilities		**122 644 478**	**108 768 575**	**120 713 069**	**112 364 231**
EQUITY					
Share capital	2.7	851 961	851 961	960 500	960 500
Statutory retained earnings					
General statutory retained earnings		2 217 493	2 217 493	2 500 000	2 500 000
Voluntary retained earnings					
Special reserves		80 326 203	80 326 203	90 559 724	90 559 724
Retained earnings	2.8				
– Amount brought forward		193 629 111	191 882 907	192 240 486	204 805 667
– Net profit for the year		11 419 382	15 760 479	11 476 766	17 038 356
– Currency translation differences				–13 831 537	–15 197 326
Treasury shares	2.9	–32 933	–76 846	–36 631	–86 139
Total equity		**288 411 217**	**290 962 197**	**283 869 308**	**300 580 782**
Total equity and liabilities		**411 055 695**	**399 730 772**	**404 582 377**	**412 945 013**

PHOENIX MECANO AG
STATEMENT OF INCOME 2022

	Note	2022 in EUR	2021 in EUR	2022 in CHF	2021 in CHF
Dividend income	2.10	11 672 657	17 086 678	11 731 314	18 472 085
Other financial income	2.11	2 794 481	3 692 737	2 808 524	3 992 148
Other operating income	2.12	2 691 302	1 260 358	2 704 825	1 362 549
Total income		**17 158 440**	**22 039 773**	**17 244 663**	**23 826 782**
Personnel expenses		–1 525 644	–1 399 908	–1 533 310	–1 513 414
Financial expense	2.13	–1 525 101	–1 982 077	–1 532 765	–2 142 786
Administration expenses		–1 368 575	–1 147 707	–1 375 452	–1 240 764
Other operating expenses	2.14	–1 124 959	–1 521 253	–1 130 612	–1 644 598
Direct taxes		–194 779	–228 349	–195 758	–246 864
Total expenses		**–5 739 058**	**–6 279 294**	**–5 767 897**	**–6 788 426**
Net profit for the year		**11 419 382**	**15 760 479**	**11 476 766**	**17 038 356**

PHOENIX MECANO AG
NOTES TO THE FINANCIAL STATEMENTS 2022

1 DETAILS OF THE PRINCIPLES APPLIED IN THE FINANCIAL STATEMENTS

These financial statements have been drawn up in accordance with the provisions of Swiss financial reporting law (Title 32 of the Swiss Code of Obligations).

The functional currency is EUR, as a significant proportion of transactions take place in EUR.

The balance sheet and statement of income are also shown in CHF. The assets and liabilities are converted at the closing rate for each balance sheet date, equity items at historical exchange rates, and income and expenses on the statement of income at the average exchange rate. Any resulting translation differences are posted as a separate item in equity under Voluntary retained earnings. For the presentation of the balance sheet as at 31 December 2022, the closing rate of 1.016 was used to convert from EUR to CHF. The 2022 statement of income was converted from EUR to CHF at the Phoenix Mecano Group's average exchange rate for the year of 0.995. Comparative information from the previous year was converted from CHF to EUR at the closing rate on 31 December 2021, namely 0.968, or at the average exchange rate for 2021 of 0.925.

2 INFORMATION, BREAKDOWNS AND EXPLANATIONS RELATING TO ITEMS ON THE BALANCE SHEET AND IN THE STATEMENT OF INCOME

2.1 Other short-term receivables from investments

This item comprises short-term financial receivables (including credits in clearing accounts and credits from pool clearing accounts) in EUR and USD (previous year: also in CHF) from subsidiaries in Switzerland and abroad.

2.2 Loans to investments

This item includes long-term loans in EUR (and in the previous year also in USD) to subsidiaries in Switzerland and abroad.

2.3 Investments and the share of the capital and votes held

The following list shows all investments directly held by Phoenix Mecano AG:

Company	Head office	Activity	Currency	Registered capital in 1 000	2022 Stake in %	2021 Stake in %
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100	100
Phoenix Mecano Komponenten AG	Stein am Rhein, Switzerland	Production/Sales	CHF	2 000	100	100
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany	Finance	EUR	4 000	100	100
Phoenix Mecano B.V.	Doetinchem, The Netherlands	Sales	EUR	1 000	100	100
AVS Phoenix Mecano GmbH	Vienna, Austria	Sales	EUR	40	1	1
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary	Production/Finance	EUR	40 000	100	100
Phoenix Mecano Inc.	Frederick, USA	Production/Sales	USD	13 000	100	100
W-IE-NE-R Power Electronics GmbH	Springfield, USA	Sales	USD	100	100	100
Phoenix Mecano S. E. Asia Pte Ltd.	Singapore	Sales	SGD	1 000	100	100
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production/Sales	INR	299 452	100	100
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production/Sales	USD	3 925	100	100
PTR HARTMANN (Shaoguan) Co., Ltd.	Shaoguan City, China	Production/Sales	CNY	70 000	100	100
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance/Sales	EUR	69 051	100	100
Phoenix Mecano Holding Ltda.	Barueri, Brazil	Finance	BRL	1 062	100	100
Phoenix Mecano Maroc S.à.r.l. in liquidation	Tétouan, Morocco	Production	MAD	34 000	100	100
Phoenix Mecano OOO	Moscow, Russia	Sales	RUB	21 300	100	100
Phoenix Mecano Saudi Arabia LLC	Dammam, Saudi Arabia	Sales	SAR	3 000	100	100
Phoenix Mecano Elcom S.à.r.l.	Zaghouan, Tunisia	Production	TND	12 000	100	100
Phoenix Mecano Hartu S.à.r.l. in liquidation	Ben Arous, Tunisia	Production	TND	13 491	100	100
Phoenix Mecano Digital Tunisie S.à.r.l.	Bori-Cedria, Tunisia	Production	TND	100	100	100

The EUR 8.3 million change in the balance sheet value compared with the previous year is due to various capital increases.

An overview of all directly and indirectly held investments is given on pages 64 and 65.

2.4 Bank loans/Bank liabilities

Loans from financial institutions exist in the following currencies and with the following maturities:

in 1000 EUR	2022	2021
BY CURRENCY		
CHF	0	1 936
EUR	98 000	75 500
Balance sheet value	**98 000**	**77 436**
BY MATURITY		
in 1 year	25 500	2 936
in 2 years	30 000	2 000
in 3 years	0	30 000
in 4 years	42 500	0
in 5 years	0	42 500
Balance sheet value	**98 000**	**77 436**

In the previous year, a promissory note loan for EUR 42.5 million was issued and a promissory note loan in USD was repaid early.

2.5 Financial liabilities to investments

This item comprises short-term financial liabilities (including debits in clearing accounts and liabilities from pool clearing accounts) in CHF, EUR and USD to subsidiaries in Switzerland and abroad.

2.6 Provisions

This item includes provisions for bonuses, holiday credits and service anniversaries as well as risks in connection with the liquidation of Group companies.

2.7 Share capital

The share capital is divided into 960 500 bearer shares with a par value of CHF 1.00 each. The conversion into EUR took place at the closing rate on 31 December 2018, giving a total of EUR 851 961.

2.8 Retained earnings

Financial year 2022 closed with a net profit for the year of EUR 11 419 382, which was converted for presentation in CHF at the average exchange rate for 2022 of 0.995. The retained earnings brought forward from the previous year totalled EUR 207 643 386 minus dividends of EUR 14 014 275 paid out in 2022. The ordinary Shareholders' General Meeting on 17 May 2023 therefore has at its disposal retained earnings totalling EUR 205 048 493. For the Board of Directors' proposal regarding the appropriation of retained earnings, see page 97.

2.9 Treasury shares

At the balance sheet date, the company owned a total of 86 treasury shares (previous year: 189), which are booked at acquisition cost using the FIFO method. These shares represent 0.01 % of the total stock. The shares sold in the reporting year are shown in the table below. The losses of EUR 5 428 from the disposal of treasury shares are recognised in the statement of income under Other financial expense. No purchases were made.

	Purchases Number	Average price CHF	Sales Number	Average price CHF
2022				
March			103	386.00
Total year	**0**		**103**	**386.00**

2.10 Dividend income

Dividend income comprises dividends paid by subsidiaries in Switzerland and abroad.

2.11 Other financial income

Other financial income includes earnings from interest and commissions, as well as, in the previous year, the reversal of a provision for risks from derivative financial instruments. In the reporting year, it also includes net exchange rate gains of EUR 0.05 million (exchange gains of EUR 3.02 million minus exchange losses of EUR 2.97 million).

2.12 Other operating income

Other operating income includes book gains from the reversal of a value adjustment in the current year and book gains from the transfer of investments within the Group in the previous year, as well as cost transfers within the Group in both the current and previous years.

2.13 Financial expense

This item comprises interest and securities expenses and expenses for derivative financial instruments, as well as, in the previous year, net exchange rate losses of EUR 0.26 million (exchange losses of EUR 2.08 million minus exchange gains of EUR 1.82 million).

2.14 Other operating expenses

In the reporting year, other operating expenses include a value adjustment on other short-term receivables due from investments totalling EUR 0.74 million and a provision for risks in connection with the liquidation of Group companies amounting to EUR 0.35 million. In the previous year, this item includes a value adjustment on loans to a subsidiary totalling EUR 1.5 million.

2.15 Net release of hidden reserves

The statement of income does not include any net release of hidden reserves in the reporting year or the previous year.

3 OTHER INFORMATION REQUIRED BY LAW

The subordination to commitments entered into by a subsidiary for the amount of EUR 1.5 million from the previous year was cancelled. On the other hand, there is a new subordination agreement for EUR 9 million for another subsidiary.

3.1 Full-time positions

There are fewer than 10 full-time positions at Phoenix Mecano AG.

3.2 Contingent liabilities

in 1000 EUR	2022	2021
Guarantees and letters of comfort	148 427	229 710

Contingent liabilities are given for subsidiaries, predominantly in favour of financial institutions. The actual book value of Group company liabilities was EUR 50.0 million (previous year: EUR 84.7 million). A letter of support was also issued for one subsidiary. In addition, Phoenix Mecano AG has entered into a joint guarantee with its Swiss subsidiaries for the purposes of registration for Group VAT taxation (excluding DewertOkin AG).

3.3 Significant shareholders

As at the balance sheet date, significant shareholders held the following stakes in the share capital of Phoenix Mecano AG:

Name in %	Head office	2022	2021
Planalto AG [2]	Luxembourg, Luxembourg	34.6 [1]	34.6 [1]
Tweedy, Browne Company LLC, Stamford, USA [3]	Stamford, USA	8.5 [1]	8.5 [1]
Tweedy, Browne Global Value Fund [4] *(A subdivision of Tweedy, Browne Fund Inc.)*	*Stamford, USA*	*7.2* [1]	*7.2* [1]
J. Safra Sarasin Investmentfonds AG (formerly Sarasin Investmentfonds AG)	Basel, Switzerland	5.1 [1]	5.1 [1]
FundPartner Solutions (Suisse) SA [5]	Geneva, Switzerland	4.3	[1]
RP Fonds Institutionnel	*Geneva, Switzerland*	*3.3*	[1]
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8	3.8
Retraites Populaires	Lausanne, Switzerland	3.3	[1]
Credit Suisse Funds AG	Zurich, Switzerland	< 3	3.9

1 Shareholding not notified in the year indicated.
2 The beneficial owner and person entitled to exercise voting rights is Gisela Goldkamp. The owner of the voting rights is Benedikt A. Goldkamp.
3 Tweedy, Browne Company LLC (TBC) is not a beneficial owner of the shares. TBC has been delegated voting authority pursuant to separate investment advisory agreements. Please note that included in the shares reported with this filing are 68 640 shares held by Tweedy, Browne Global Value Fund, a direct acquirer and beneficial owner.
4 Pursuant to an investment advisory agreement between Tweedy, Browne Global Value Fund (TBGVF) and TBC, TBGVF has delegated voting authority with respect to 68 640 bearer shares in Phoenix Mecano AG to TBC. TBC is not a beneficial owner of any of the shares. TBGVF is the sole beneficial owner of the shares.
5 Please note that included in the shares reported with this filing are 3.3 % of shares held by RP Fonds Institutionnel, a direct acquirer and beneficial owner.

This information is based on notifications by the aforementioned shareholders. Individual notifications can be viewed at the following link of SIX Swiss Exchange: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

3.4 Auditors' fees

For auditing the 2022 financial statements, both the individual financial statements and the consolidated financial statements, total fees of CHF 115 000 (previous year: CHF 97 000) plus cash expenses were agreed.

3.5 Share ownership by members of the Board of Directors and management and persons related to them

Name	Position	Number 31.12.2022	Number 31.12.2021
Benedikt A. Goldkamp	Chairman of the Board of Directors	6 664	6 486
Ulrich Hocker	Independent Lead Director	8 898	8 898
Dr Florian Ernst	Member of the Board of Directors	10	10
Dr Martin Furrer	Member of the Board of Directors	200	200
Beat Siegrist	Member of the Board of Directors	807	807
Shares held by the Board of Directors		**16 579**	**16 401**
Dr Rochus Kobler	Member of the management/CEO	1 361	1 314
René Schäffeler	Member of the management/CFO	1 000	1 000
Shares held by the management		**2 361**	**2 314**

In addition, Planalto AG, Luxembourg, which is owned by the Goldkamp family, holds a 34.6 % stake (previous year: 34.6 %).

Related persons and companies are considered to be family members as well as any individuals or companies capable of being significantly influenced.

Aside from the compensation paid to the Board of Directors and the management and the standard contributions to pension funds, no significant transactions with related persons or companies took place.

3.6 42 Events after the balance sheet date

In January 2023, Phoenix Mecano AG completed the sale of all shares in Phoenix Mecano Digital Tunisie S.à.r.l. in Borj-Cedria (Tunisia), announced in November 2022.

No other events occurred between 31 December 2022 and 18 April 2023 that would alter the book values of Phoenix Mecano AG's assets and liabilities or should be disclosed under this heading.

There are no further matters requiring disclosure under Article 959c of the Swiss Code of Obligations.

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

	in EUR	in CHF
Net income for the year 2022	11 419 382	11 476 766
Retained earnings brought forward 2021	207 643 386	206 646 696
./. Dividend 2021	–14 014 275	–14 406 210
Currency translation differences		–13 831 537
Retained earnings	**205 048 493**	**189 885 715**

The Board of Directors proposes to the Shareholders' General Meeting that retained earnings should be distributed as follows:

	in EUR	in CHF
Dividend of CHF 16.50 per share[1]	15 341 106	15 848 250
Carried forward to new account	189 707 387	174 037 465
Total	**205 048 493**	**189 885 715**

1 Total dividends are calculated based on the 960 500 bearer shares. Dividends will not be paid on treasury shares held by the company at the time of the payout.

REPORT OF THE STATUTORY AUDITOR

To the general meeting of
Phoenix Mecano AG, Stein am Rhein

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Phoenix Mecano AG (the Company) – which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 92 to 97) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

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

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

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 Information

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

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor's report.

BDO Ltd, Schiffbaustrasse 2, 8031 Zurich
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Report on Other Legal and Regulatory Requirements

In accordance with Art. 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.

Zurich, 18 April 2023
BDO Ltd

Christoph Tschumi
Auditor in charge
Licensed Audit Expert

ppa. Hanna-Laura Mock
Licensed Audit Expert

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