

23

Demographic change

ANNUAL REPORT

KEY FIGURES OF THE PHOENIX MECANO GROUP

		2023	2022	2021	2020	2019
	Units					
KEY FINANCIAL FIGURES						
Gross sales	EUR million	783.1	792.9	816.9	687.4	680.0
Change	%	-1.2	-2.9	18.8	1.1	4.5
Operating cash flow (EBITDA)	EUR million	85.3	78.0	66.6	48.2	48.8
Change	%	9.5	17.1	38.1	-1.3	-34.0
in % of sales	%	10.9	9.8	8.2	7.0	7.2
Operating result	EUR million	62.1	53.6	44.3	22.4	23.4
Change	%	15.8	21.0	97.5	-3.9	-54.5
in % of sales	%	7.9	6.8	5.4	3.3	3.4
in % of net operating assets	%	21.9	15.6	14.4	7.6	7.8
Result of the period	EUR million	45.5	39.0	30.3	8.9	13.9
Change	%	16.5	28.6	241.6	-36.2	-61.5
in % of sales	%	5.8	4.9	3.7	1.3	2.0
in % of equity	%	16.0	14.9	12.6	4.7	6.4
Total assets/capital	EUR million	601.4	587.5	610.6	545.0	488.1
Equity	EUR million	284.7	261.3	240.0	188.2	217.3
in % of total assets	%	47.3	44.5	39.3	34.5	44.5
(Net liquidity)/Net indebtedness	EUR million	-3.3	84.0	80.6	115.4	88.1
in % of equity	%	-	32.1	33.6	61.3	40.5
Cash flow from operating activities	EUR million	90.0	55.9	54.8	27.8	43.6
Free cash flow	EUR million	57.6	11.9	26.9	10.4	18.0
Purchases of tangible and intangible assets	EUR million	40.4	47.2	29.6	27.8	26.1
SHARE INDICATORS						
Share capital (registered shares with a par value of CHF 1.00)	CHF	960 500	960 500	960 500	960 500	960 500
Shares entitled to dividend ¹	Number	955 047	960 414	960 311	960 009	959 500
Operating result per share ³	EUR	65.0	55.8	46.1	23.4	24.3
Result of the period per share ³	EUR	47.6	40.6	31.6	9.2	14.5
Equity per share ³	EUR	298.1	272.1	249.9	196.1	226.5
Free cash flow per share ³	EUR	60.3	12.4	28.0	10.8	18.7
Dividend	CHF	30.00 ²	16.50	15.00	8.00	10.00
Market price						
High	CHF	441	421.50	502	494.50	519
Low	CHF	328	294	396	312	374
Year-end price	CHF	434	329	405.50	464.50	478.50

¹ As at the balance sheet date, the company owned 5 453 treasury shares, which are not entitled to dividend.

² Proposal to the Shareholders' General Meeting on 24 May 2024. Dividend of CHF 18.00 plus special dividend of CHF 12.00.

³ Based on shares entitled to dividend as at 31 December.

<p>PHOENIX MECANO 2023</p>		<p>MANAGEMENT REPORT</p>		<p>CORPORATE GOVERNANCE</p>		<p>FINANCIAL REPORT</p>	
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WORLDS OF VALUE

Real-life examples illustrate the application of Phoenix Mecano's highly specialised niche products and demonstrate their benefits in the context of the Demographic Change megatrend.

Demographic change megatrend	8	Moving furniture	14	Efficient assembly workstations to combat the shortage of skilled labour	20
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Letter to shareholders

DEAR SHAREHOLDERS

Phoenix Mecano performed positively again in 2023 and is well on track to meet the medium-term targets set for 2026. Substantial improvements were achieved in return on capital, profitability and net indebtedness. By divesting the Rugged Computing business area, we freed up important resources to focus our company on future growth markets in line with the megatrends of decarbonisation, automation and demographic change. Despite considerable economic headwinds, we were able to achieve further organic growth in the Group's core business. Another highlight was the turnaround of the DewertOkin Technology (DOT) Group division in the second half of 2023. This part of the business had faced severe order fluctuations and extensive supply chain issues in connection with the COVID-19 pandemic. Thanks to the sharp rise in incoming orders in recent months, we can now assume that this division has returned to its long-term growth path. Profitability has also been moving in the right direction in recent months.

That said, we should not gloss over the fact that our Group is operating in an extremely challenging environment. Our most important industrial market, Germany, is in poor shape due to the sharp increase in energy prices and questionable political priorities. In particular, the private sector's willingness to invest is at rock bottom, owing to a lack of confidence among companies. Our response to this is to focus on structural growth markets on the one hand and continued geographical diversification on the other. Asia and the Americas will continue to grow in importance for our Group in the coming years. The fact that we invested in these markets early on and have the necessary factories, products, skilled employees and sales capacities to continue our growth path as a Group, even in this challenging environment, is working in our favour today.

THANK YOU TO OUR EMPLOYEES

In 2023, our employees found many ways to create additional value, even if the environment was not really conducive to this. Our teams are coping admirably with the cultural change brought about by the increasing digitalisation of our business processes. International cooperation across linguistic and cultural boundaries, which seems to have gone out of fashion in global politics, continues to provide Phoenix Mecano with an almost inexhaustible resource for developing comparative competitive advantages. When change is the only constant, the demands on our employees increase inexorably. It is therefore all the more gratifying to observe the can-do spirit of both our young and experienced colleagues in all our growth initiatives. For this they deserve the sincere thanks of the management and Board of Directors.

SALES
IN EUR MILLION

783.1

SALES DEVELOPMENT
IN %

-1.2



Dr Rochus Kobler
CEO

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

OUTLOOK AND DIVIDEND

Phoenix Mecano is entering 2024 in a context of declining demand for industrial products in Europe, particularly Germany. Fortunately, our Group still has a healthy backlog of orders to at least partially cushion these challenges. In addition, many of our Group's products and services are indispensable components for technical solutions of the future, enabling the reorganisation of the energy industry and the integration of robotics and automation technology and, increasingly, artificial intelligence into production processes. These developments are unstoppable and Phoenix Mecano will play its part in making them happen.

Our Group has an excellent balance sheet and, for the first time in over ten years, a net cash position. Our successful divisions are generating considerable free cash flows despite extensive investments in the future. The Board of Directors is therefore proposing to pay an ordinary dividend of CHF 18.00 (previous year: CHF 16.50) in line with the company's long-standing dividend policy. Furthermore, it proposes to award a special dividend of CHF 12.00, in view of the sufficient cash and cash equivalents available. The share buy-back programme that has been running since November 2023 with the aim of cancelling repurchased shares will be continued within the scope permitted by SIX Swiss Exchange.

The relevant economic research institutes expect a slight recovery in the economic environment in 2024 after a slow start. The upcoming presidential elections in the United States and the rounds of interest rate cuts by leading central banks expected in 2024 will provide a gentle boost to the economy. On the other hand, there are negative factors at work too. Ongoing geopolitical conflicts such as the war in Ukraine, the military conflict in Gaza with its impact on trade routes and waterways throughout the region and further simmering tensions between major powers the US and China will continue to have a dampening effect on the economy. Based on these assumptions, the Phoenix Mecano Group's Board of Directors and management expect 2024 to be a stable year overall, with the possibility of a slight increase in like-for-like sales and operating profit. The DOT Group division in particular has the potential to return to its long-term growth trajectory in 2024 and make its contribution to the Phoenix Mecano Group's long-term development.

The Board of Directors and management therefore look to the future with optimism. The entire Phoenix Mecano team will make every effort in 2024 to add another chapter to the positive growth story of recent years.

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

Dr Rochus Kobler
CEO

Our successful divisions are generating considerable free cash flows.

**OPERATING RESULT PER SHARE
IN EUR**

65.0

**PROPOSED DIVIDEND
IN CHF**

30.00

Global Competence, Local Value

The Phoenix Mecano Group has a global presence, with around 60 subsidiaries split into three divisions: DewertOkin Technology Group, Industrial Components and Enclosure Systems. Local staff have the linguistic, cultural and technical insights required to understand customers' needs. Knowledge is proactively shared within the Group, meaning that even for complex, integrated solutions, customers can always deal with a local contact person. This proximity to customers fosters strong customer loyalty and enables the Group to offer the same range of consistently high-quality products and services worldwide.

DEWERTOKIN TECHNOLOGY GROUP

With its headquarters in Jiaxing, Zhejiang, China, the DewertOkin Technology Group manufactures drive, system and fittings technology for electrically adjustable comfort and healthcare furniture. At its production sites in Europe, North America and Asia, it makes individual mechanical components for a range of applications as well as customised and coordinated system solutions. DewertOkin's drive technology is widely used in smart furniture (e.g. recliner sofas and chairs, cinema seats, massage chairs and beds), medical applications (e.g. hospital and nursing beds) and control systems for height-adjustable desks.

Key figures	2023	2022
in EUR million		
Gross sales	330.4	310.3
Purchases of tangible and intangible assets		
	19.9	29.2
Operating result	7.2	-2.6
Margin in %	2.2	-0.8
Employees at year-end	2 631	2 464

INDUSTRIAL COMPONENTS

The Industrial Components division focuses on industrial digitalisation and modular automation. It comprises three business areas: Automation Modules, Electrotechnical Components and Measuring Technology. The Automation Modules business area produces linear units and lifting columns, aluminium profile and tube connection systems, as well as ergonomic workstation systems. The Electrotechnical Components business area specialises in manufacturing terminal blocks, connector systems, test probes, series terminals and switches for industrial electronics.

Key figures	2023	2022
in EUR million		
Gross sales	223.1	255.8
Purchases of tangible and intangible assets		
	5.7	7.2
Operating result	24.1	24.4
Margin in %	10.8	9.5
Employees at year-end	2 062	3 141

ENCLOSURE SYSTEMS

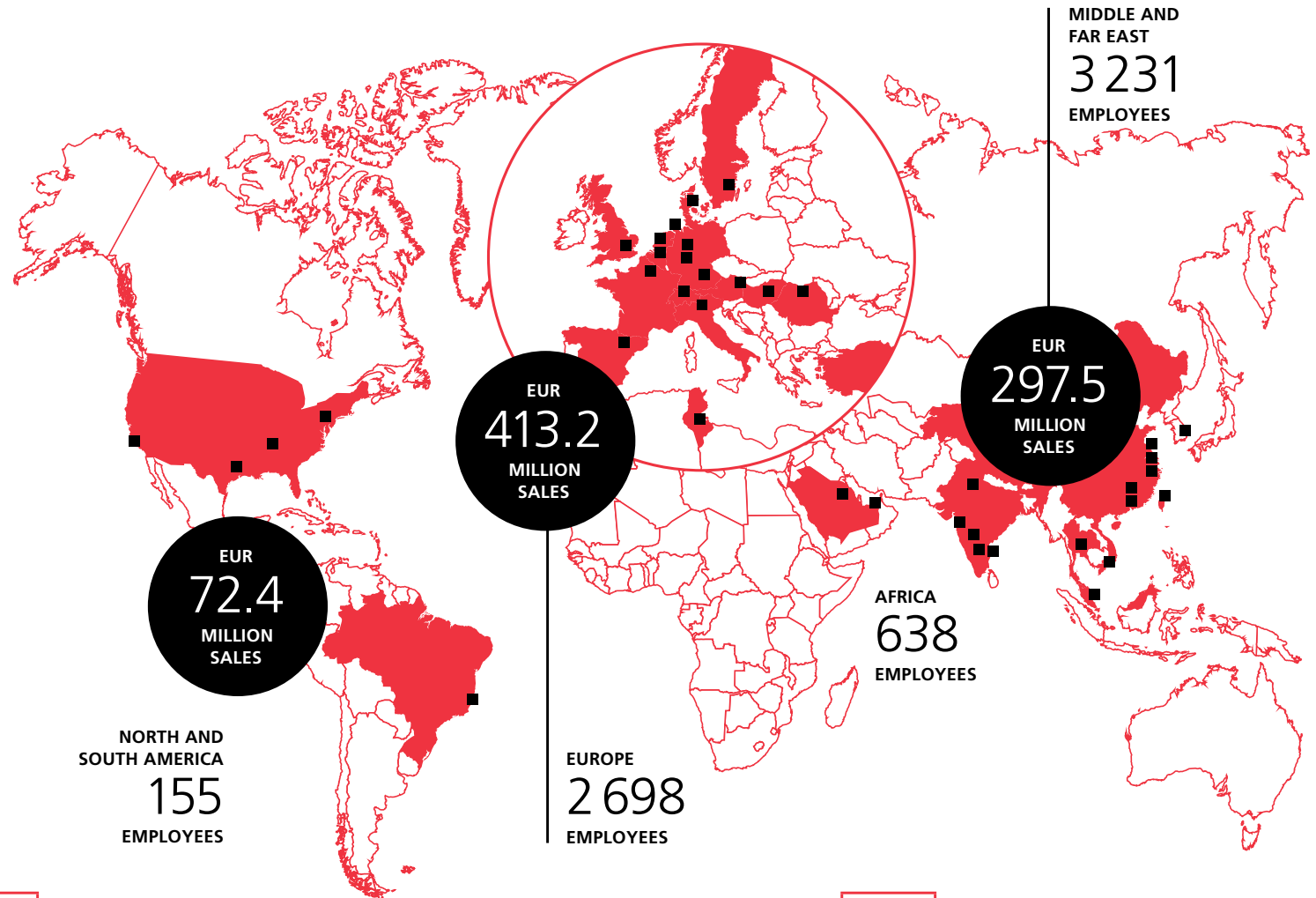
The Enclosure Systems division develops and produces high-quality industrial and electronic enclosures made of aluminium, stainless steel and plastic. These are used in potentially explosive atmospheres, among other applications. Its product range also includes complete human-machine interface solutions consisting of panel PCs, industrial PCs and industrial monitors, as well as input units such as membrane keypads, short-stroke keys and touchscreens.

Key figures	2023	2022
in EUR million		
Gross sales	229.7	226.8
Purchases of tangible and intangible assets		
	13.8	10.5
Operating result	34.3	35.2
Margin in %	14.9	15.5
Employees at year-end	1 979	2 166

The Phoenix Mecano Group is a global player in the enclosures and industrial components segments and is a leader in many markets. It is geared towards the manufacture of niche products and system solutions.

Global commitment

6 722 employees around the globe offer a comprehensive range of products and services in all important growth markets. They guarantee customers market-driven solutions, efficient production and resource-saving logistics.



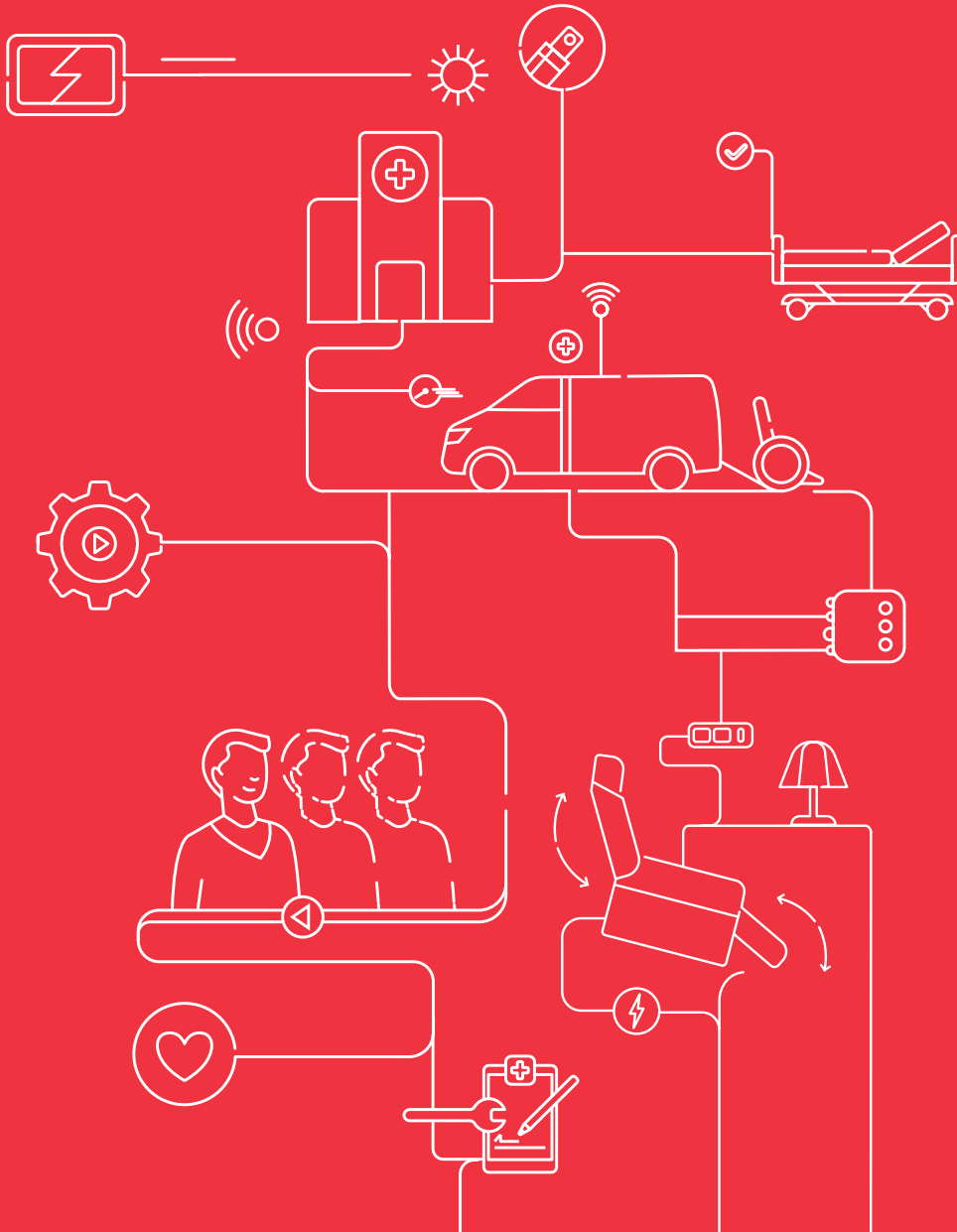
EMPLOYEE KEY FIGURES AT A GLANCE

	Change 2023 vs. 2022 Number	2023	2022	2021	2020	2019
BY REGION						
Europe	-434	2 698	3 132	3 159	3 022	3 022
Middle and Far East	175	3 231	3 056	3 120	3 427	2 738
Africa	-742	638	1 380	1 709	1 554	1 038
North and South America	-94	155	249	231	255	266
Australia	0	0	0	0	0	16
Number of employees (as at reporting date)*	-1 095	6 722	7 817	8 219	8 258	7 080

	Change 2023 vs. 2022 Number	2023	2022	2021	2020	2019
BY GENDER						
Women	-786	2 535	3 321	3 616	3 513	2 733
Men	-309	4 187	4 496	4 603	4 745	4 347
Personnel expenses per employee in 1 000 EUR	+4.4	33.9	29.5	26.7	24.9	30.1
Gross sales per employee in 1 000 EUR	+15.1	116.5	101.4	99.4	83.2	96.0

* From 2023, the number of employees is shown as at the reporting date. The previous years have been adjusted accordingly for comparability with the current year.

Demographic change megatrend



The shifting age pyramid entails not only challenges but also great opportunities. Phoenix Mecano products make a significant contribution to enabling older people to lead comfortable and independent lives and to counteracting the shortage of skilled labour.

The demographic development of a society is influenced by many factors. After the Second World War, Europe experienced a population boom combined with a general period of prosperity. Rising birth rates gave the continent renewed vitality and sustained economic growth. In Germany alone, the population swelled from 69.3 million in 1950 to a remarkable 82.3 million in 2000. It was a similar picture in Switzerland, where population growth peaked between 1950 and 1970. China also experienced a surge in population, which turned the country into a global economic power.

However, rising prosperity has seen birth rates fall in recent decades, particularly in Europe and East Asia. At the same time, life expectancy has gone up. Thanks to modern medical care and an increased awareness of health and well-being, people in industrialised countries are living longer and healthier lives than ever before. This opens up new prospects for a comfortable and fulfilling life in old age, which in turns creates new opportunities for a high-quality way of life and sustainable development.

Many Phoenix Mecano products play a key role in this context. Drives and controls for electrically adjustable comfort and health-care furniture enable people to have an enjoyable, modern lifestyle in their own homes, meaning that older people can stay in their familiar surroundings for longer. Meanwhile, in care facilities, these systems ease the burden on hard-pressed nursing staff.

In the industrial sector, companies such as RK Rose+Krieger and Rose Systemtechnik are helping to optimise work processes and simplify interfaces. Their innovative solutions simplify assembly processes and can be seamlessly combined with automation solutions to ensure efficient production. This means that fewer manufacturing staff are needed, which is one of the most effective measures to combat the growing shortage of skilled labour.

MANAGEMENT REPORT

Group business performance

In financial year 2023, Phoenix Mecano was able to sustain its sales despite divestments and boost its profitability in continuing operations. The DewertOkin Technology Group division achieved a turnaround.

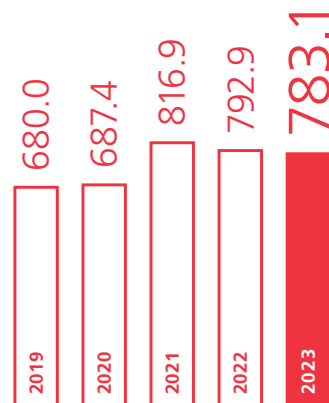
The Group's most important industrial market, Germany, was in poor shape at the end of the year and the private sector's willingness to invest remained correspondingly low. However, despite considerable economic headwinds, the Phoenix Mecano Group performed positively in 2023. Thanks to its strong decentralised organisation, the Group was able to build on its strengths and benefit from its high level of agility. Organic growth was achieved in the core business. Return on investment and profitability showed further substantial improvements and net indebtedness was fully eliminated by the end of the year. The sale of the Rugged Computing business area freed up important resources to continue focusing on future growth markets in line with the megatrends of decarbonisation, automation and demographic change.

BUSINESS ACTIVITY

A highlight was the turnaround of the DewertOkin Technology (DOT) Group division in the second half of 2023. Prior to this, the division had had to contend with severe order fluctuations and extensive supply chain issues in connection with the COVID-19 pandemic. Over the course of the year, the important US end market recovered noticeably and the division increased its sales by 6.5%. The sharp rise in incoming orders in the last few months suggested that this division would return to its long-term growth path. Profitability has also been moving in the right direction in recent months.

In the Industrial Components division, the Rugged Computing business area was sold. This explains the division's double-digit decline in sales in 2023. Organic, local-currency sales held steady. The division is now focusing on its core business in the promising areas of industrial automation and renewable energies.

GROUP GROSS SALES IN EUR MILLION



FIVE-YEAR FIGURES

		2023	2022	2021	2020	2019
	Units					
Incoming orders	EUR million	781.5	804.1	888.9	766.0	691.6
Gross sales	EUR million	783.1	792.9	816.9	687.4	680.0
Operating result	EUR million	62.1	53.6	44.3	22.4	23.4
in % of sales	%	7.9	6.8	5.4	3.3	3.4
Equity	EUR million	284.7	261.3	240.0	188.2	217.3
(Net liquidity)/Net indebtedness	EUR million	-3.3	84.0	80.6	115.4	88.1
in % of equity	%	-	32.1	33.6	61.3	40.5
Equity ratio	%	47.3	44.5	39.3	34.5	44.5

The Enclosure Systems division grew slightly from an already high level. While demand from the mechanical engineering sector declined due to the economic situation, new fields of application in renewable energy and electric commercial vehicles increased. The division is increasingly concentrating its efforts on such high-growth and profitable lines of business.

SALES AND PROFITABILITY

Recovery in furniture sector bolsters incoming orders

Consolidated incoming orders for the Phoenix Mecano Group fell from EUR 804.1 million to EUR 781.5 million in 2023 due to divestments in the Industrial Components division. In organic terms, incoming orders were up by 7.4%. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 99.8%, compared with 101.4% the previous year. Following a decline the previous year, incoming orders developed positively in the DOT Group division, while the economic slowdown led to a drop in orders in the two industrial divisions. In the Industrial Components division, incoming orders were down 8.2% on the previous year in organic terms.

Organic sales growth

The Phoenix Mecano Group achieved consolidated gross sales of EUR 783.1 million in financial year 2023, down 1.2% on the previous year's figure of EUR 792.9 million. In organic and local-currency terms, sales grew by 5.8%.

In Europe, the Group recorded an 8.9% decline in sales (2.4% in organic, local-currency terms), following a 9.2% increase the previous year. Sales fell in all key European markets, and were down 9.7% in the core market of Germany (although organically they rose by 1.7%). In the Middle and Far East, sales increased by 15.2% due to the recovery in demand in the DOT Group division, and by 23.7% in organic, local-currency terms. Sales in North America fell by 14.3%, while an increase of 17.7% was recorded in South America. In organic, local-currency terms, sales in North and South America were down by 7.2%.

With gross sales of EUR 330.4 million, the DOT Group division recorded an increase in sales of 6.5% (12.6% in local currencies). The most important furniture retail market, the United States, picked up over the course of 2023, although it has not yet returned to pre-Covid levels.

Sales in the Industrial Components division declined by 12.8% to EUR 223.1 million due to the sale of the Rugged Computing business area. However, organically they were up by 0.8%. In the Automation Modules business area, project successes in the solutions business helped to deliver a slight growth in sales. The Electrotechnical Components business area opened a new site in Mexico to support its sales activities in this emerging market. In both business areas, a high level of orders on hand cushioned declining industrial demand. The Measuring Technology business area benefited from the global expansion of high-voltage direct current (HVDC) transmission and investments in smart grids.

In the Enclosure Systems division, gross sales rose slightly to EUR 229.7 million (up 1.3%). Measured in local currency, they were up by 2.0%. While orders from mechanical engineering customers were subdued, demand for industrial PCs grew dynamically. Also in demand were power distribution units for electric commercial vehicles and explosion-proof enclosures for green hydrogen.

Another record operating result and operating cash flow

Operating cash flow (EBITDA) increased by 9.5% to EUR 85.3 million (previous year: EUR 78.0 million). The operating result (EBIT) climbed significantly again to EUR 62.1 million (up 15.8%). Excluding special items, the operating result rose by 10.1% to EUR 59.0 million.

Due to the increase in sales, the DOT Group division achieved an operating profit of EUR 7.2 million (EUR 11.6 million before special items), following an operating loss of EUR 2.6 million the previous year. The special items relate to the performance enhancement programme launched to further accelerate the turnaround and sustainably increase the DOT Group's profitability. The division's profitability in 2023 was 8.6%.

The Industrial Components division was able to maintain its operating profit at EUR 24.1 million, compared with EUR 24.4 million the previous year, thanks to special items. Before special items, the operating result fell to EUR 16.6 million. The special items relate to book gains and losses from the sale of business activities in the Rugged Computing business area. The division's profitability therefore stood at 25.9%.

The operating result of the Enclosure Systems division declined by 2.5% from EUR 35.2 million to EUR 34.3 million. Its profitability was 33.8%.

**OPERATING RESULT
IN EUR MILLION**

62.1

IN % OF SALES

7.9%

Incoming orders by division

	Change	2023	2022
	in %	in 1 000 EUR	in 1 000 EUR
DewertOkin Technology Group	23.2	348 757	283 119
Industrial Components	-26.5	211 585	287 702
Enclosure Systems	-5.2	221 203	233 262
Group incoming orders	-2.8	781 545	804 083

Gross sales by region

	Change	2023	2022
	in %	in 1 000 EUR	in 1 000 EUR
Switzerland	-1.7	28 895	29 399
Germany	-9.7	237 220	262 768
UK	-14.1	13 427	15 638
France	-5.8	19 350	20 543
Italy	-12.4	11 158	12 733
The Netherlands	-4.7	16 378	17 191
Rest of Europe	-9.0	86 728	95 351
North and South America	-10.6	72 424	81 005
Middle and Far East	15.2	297 531	258 311
Group gross sales	-1.2	783 111	792 939

Gross sales by division

	Change	2023	2022
	in %	in 1 000 EUR	in 1 000 EUR
DewertOkin Technology Group	6.5	330 379	310 335
Industrial Components	-12.8	223 075	255 847
Enclosure Systems	1.3	229 657	226 757
Group gross sales	-1.2	783 111	792 939

Gross sales by division in %

	2023	2022
	in %	in %
DewertOkin Technology Group	42.2	39.1
Industrial Components	28.5	32.3
Enclosure Systems	29.3	28.6
Group gross sales	100.0	100.0

The Phoenix Mecano Group's material use rate as a percentage of gross sales fell from 49.5% to 48.8% due to shifts in the product mix and a slight easing of prices for some raw materials.

Personnel expenses fell by 1.1% owing to divestments and capacity adjustments. Inflation-related wage increases had the opposite effect. Due to the aforementioned measures, the number of employees at year-end fell from 7817 to 6722. Jobs were lost mainly at the Industrial Components division's production facilities in North Africa. On the other hand, headcount increased in the DOT Group division in the Middle and Far East.

Amortisation of intangible assets and depreciation on tangible assets fell slightly from EUR 23.8 million to EUR 23.2 million.

Higher administrative expenses and the loss from the sale of the business operations of Orion Technologies LLC (US) due to the recycling of the corresponding goodwill led to an increase in other operating expenses of 10.4%.

Result of the period up to EUR 45.5 million

The financial result fell from EUR +1.6 million to EUR -1.1 million, mainly due to a EUR 3.4 million deterioration in the foreign exchange result. Thanks to the lower average net indebtedness for the year, net interest expense decreased by EUR 0.7 million despite rising interest rates.

The income tax burden in 2023 fell to 25.4% of the result before tax (previous year: 29.4%).

The result of the period rose from EUR 39.0 million to EUR 45.5 million due to the improved operating result, while the net margin climbed from 4.9% to 5.8%.

ASSET AND CAPITAL STRUCTURE

Continued high capital expenditure

Purchases of tangible assets totalled EUR 38.0 million (previous year: EUR 41.9 million) and purchases of intangible assets EUR 2.4 million (previous year: EUR 5.3 million). The largest single investment in 2023 was again the construction project for the DOT Group division in Jiaxing, China, at EUR 13.7 million. The first building complex was officially opened in November. As well as production, the site houses administration, research and development, sales, service and laboratory functions.

Increase in equity ratio to 47.3%

The offsetting of goodwill against equity in the context of acquisitions in 2019 and 2020 under Swiss GAAP FER led to a reduction in the equity ratio. Thanks to the positive trend in earnings, this ratio has since gradually increased again and now stands at 47.3% (previous year: 44.5%), which is once again well above the target minimum equity ratio of 40%.

No net indebtedness

There was net liquidity at the end of the year for the first time since 2013. This amounted to EUR 3.3 million, compared with net indebtedness of EUR 84.0 million the previous year. The main reasons for this were the divestments, which generated an inflow of funds of EUR 45.3 million, and a sharp increase in cash flow from operating activities.

Operating result by division

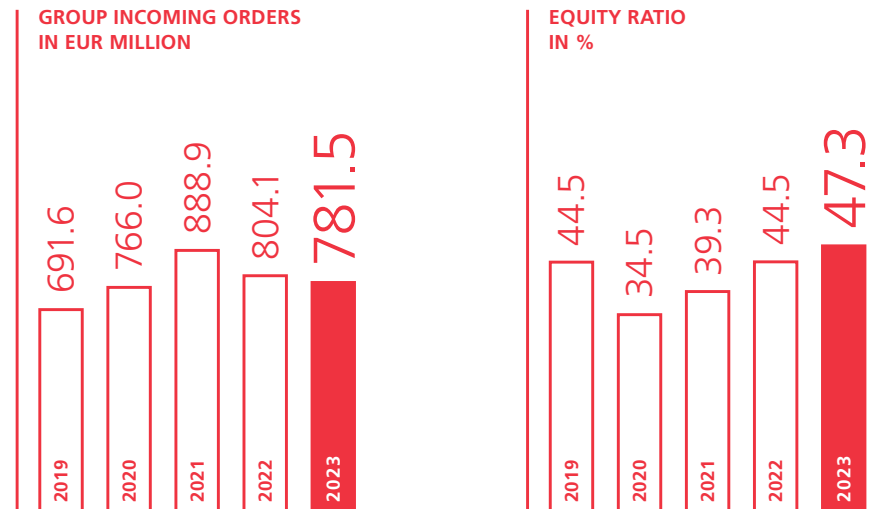
	Change	2023	2022
	in %	in 1 000 EUR	in 1 000 EUR
DewertOkin Technology Group	373.2	7 164	-2 622
Industrial Components	-1.0	24 118	24 364
Enclosure Systems	-2.5	34 312	35 183
Total for all divisions	15.2	65 594	56 925
Reconciliation ¹	-5.7	-3 491	-3 303
Total Group	15.8	62 103	53 622

¹ Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

Profitability by division²

	Change	2023	2022
	in % points	in %	in %
DewertOkin Technology Group	11.3	8.6	-2.7
Industrial Components	8.8	25.9	17.1
Enclosure Systems	-0.4	33.8	34.2
Group	6.3	21.9	15.6

² Operating result as a percentage of net operating assets at the balance sheet date.



OUTLOOK

Phoenix Mecano has entered 2024 in a context of declining demand for industrial products in Europe, particularly Germany. Well-filled order books have cushioned these challenges, at least in part. In addition, Phoenix Mecano is responding to weaker demand in some sectors of application and is constantly adjusting its capacities in line with incoming orders. Moreover, many of the Phoenix Mecano Group's products and services are indispensable components for technical solutions of the future. They enable the reorganisation of the energy industry and the integration of robotics and automation technology and, increasingly, artificial intelligence into production processes. These developments are unstoppable and Phoenix Mecano will do its part to create sustainable value for its customers and investors.

Capital expenditure

	2023		2022	
	in 1 000 EUR	in %	in 1 000 EUR	in %
BY TYPE OF ASSET				
Intangible assets	2 427	6.0	5 317	11.3
Land and buildings	3 448	8.5	572	1.2
Machinery and equipment	12 924	32.0	13 004	27.6
Tools	2 344	5.8	2 839	6.0
Construction in progress	19 254	47.7	25 466	53.9
Total	40 397	100.0	47 198	100.0
BY DIVISION				
DewertOkin Technology Group	19 887	49.2	29 223	61.9
Industrial Components	5 723	14.2	7 154	15.2
Enclosure Systems	13 794	34.1	10 468	22.2
Total for all divisions	39 404	97.5	46 845	99.3
Reconciliation ¹	993	2.5	353	0.7
Total	40 397	100.0	47 198	100.0

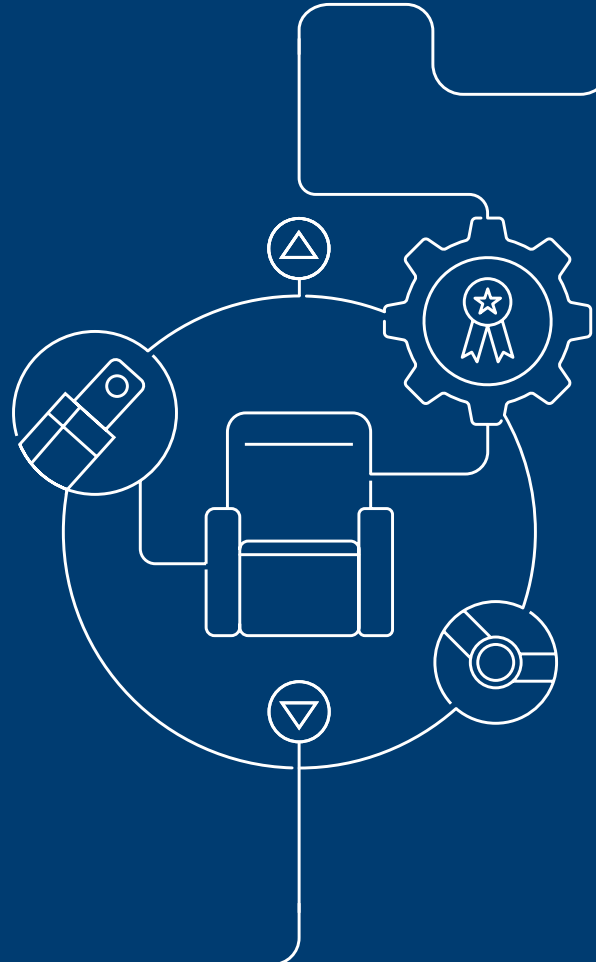
¹ Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

Moving furniture

Electrically adjustable furniture offers comfort and supports independent living in old age.

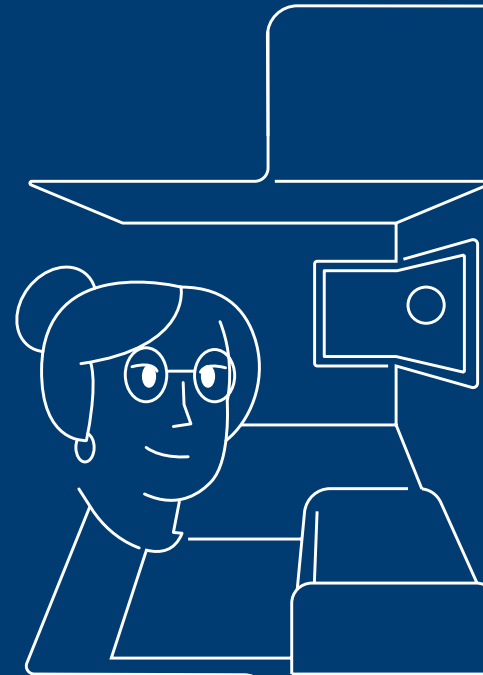
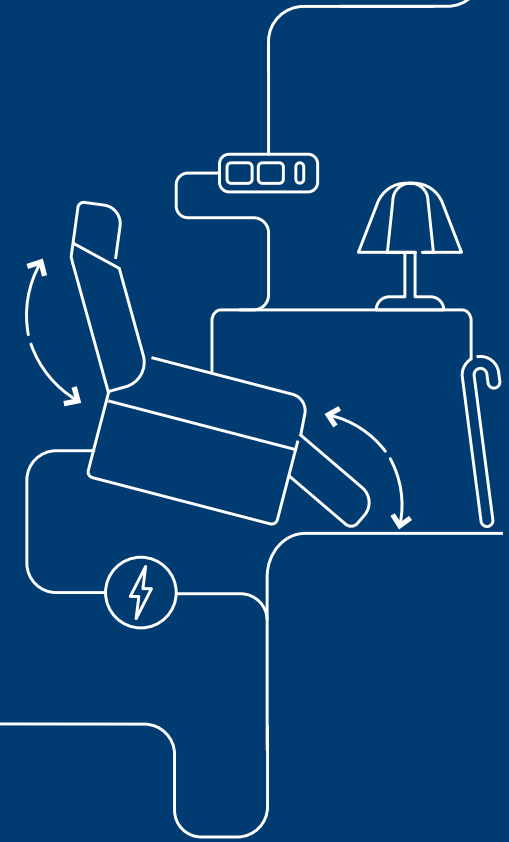
PRODUCT

Consumers are not interested in the drive, control unit and fittings in a piece of furniture. These inner workings perform their function without being visible from the outside. However, take a closer look at the ins and outs of furniture manufacturing and you will discover a wealth of different products and challenges. An elegant design often leaves little room for electrical components. This makes a compact drive design all the more important. The power requirement results from the application and the physical laws of leverage. With assistance from the fittings, the moving parts must be guided torsion-free and all forces must be anchored in the furniture itself. Meeting all these requirements over a long life cycle characterised by intensive use is a great challenge and a hallmark of the quality of DOT Group drives, controls and fittings.



APPLICATION

The demands on armchairs and comfort furniture are increasing. They must not only be comfortable, but also offer added value. The armchair becomes a recliner – electrically operated, of course. The height of the armrest can be adjusted and the backrest tilted. The footrest swivels out from under the armchair at the touch of a button, allowing tired legs to be raised. And when it's time to stand up, the whole chair straightens up so that the user can walk away comfortably. All these adjustment options can be conveniently controlled using a handset or mobile device. Then there are additional features such as a USB charger, a cup holder and a memory function to save your favourite positions.



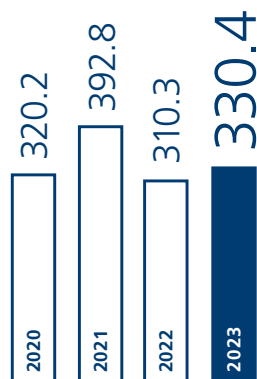
BENEFITS

Comfort furniture offers more... comfort. That's one point. However, it also meets the needs of an ageing generation. Getting up from a chair or sofa can be a challenge as your muscle strength deteriorates. Electrically adjustable armchairs, sofas and beds offer support at the touch of a button without the need for assistance. This new generation of furniture helps people to live independently in their own homes for longer, for example by helping them to stand up.

DewertOkin Technology Group

Thanks to an upturn in demand in the furniture market, the sharp slump of the previous year was partially offset by an increase in incoming orders (up 23.2%) and sales (up 6.5%). The division achieved an operating profit of EUR 7.2 million and thus a turnaround, despite the negative impact on earnings from a performance enhancement programme and digitalisation initiatives.

GROSS SALES IN EUR MILLION



Orders

Incoming orders in the DOT Group division increased from EUR 283.1 million to EUR 348.8 million (up 23.2%, or 30.5% in local currency), following a decline of 26.6% the previous year. The fourth quarter saw a particularly significant rise. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 105.6% (previous year: 91.2%). This suggests that the positive business performance will continue in 2024.

This improvement in the order situation is being driven by the recovering retail market for consumer durables in North America, which has a direct impact on the supplier industry in Asia.

Sales

The division recorded a 6.5% rise in gross sales to EUR 330.4 million. In local currency, the increase was 12.6%. In the challenging European market, sales fell by 19.5%. In the direct business in North and South America, they declined by 16.1% (15.3% when adjusted for currency effects), while an increase of 20.1% was recorded in the Middle and Far East.

Gross sales in drive technology were up 3.3% from the previous year. In the fittings technology segment, the increasing ability to sell drive and fittings technology as a package contributed to a 25.0% rise in gross sales.

Result

Growth in sales and cost reductions led to a significant improvement in the operating result. This stood at EUR 7.2 million (or EUR 11.6 million before special items), compared with EUR –2.6 million the previous year. A performance enhancement programme was launched to accelerate the turnaround and sustainably improve cost structures. This resulted in one-off expenses of EUR 4.4 million in the 2023 financial year. These exceptional expenses are offset by expected annual cost savings of around EUR 2.5 million. Expenses related to digitisation initiatives also negatively impacted the division's result.

Following a change of name and reorganisation, ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH) was removed from the DOT Group division at the end of 2023, as its activities no longer fitted with the division's lines of business (newly included under "Reconciliation").

Asset and capital structure

At EUR 19.9 million, purchases of tangible and intangible assets were well below the previous year's level of EUR 29.2 million, following completion of the first phase of the industrial complex in Jiaxing. Work began on a further building containing around 23 000 square metres of production space. Production will be further consolidated at the Jiaxing site and vertical integration expanded at the same time.

Despite continued high capital expenditure, net operating assets shrank by 13.8% to around EUR 83 million, owing to a reduction in net current assets. As a result of this and the positive operating result, the return on capital employed (ROCE) increased significantly from –2.7% to 8.6%.

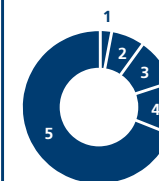
OPERATING RESULT IN EUR MILLION

7.2

IN % OF SALES

2.2 %

GROSS SALES BY REGION IN %



INCOMING ORDERS IN EUR MILLION



	2023		2022		Change in sales in %
	Sales EUR 1000	Sales breakdown in %	Sales EUR 1000	Sales breakdown in %	
GROSS SALES BY REGION					
Switzerland	791	0.2	723	0.2	9.4
Germany	21 571	6.5	28 811	9.3	-25.1
UK	4 853	1.5	5 798	1.9	-16.3
France	5 458	1.7	5 648	1.8	-3.4
Italy	2 902	0.9	4 261	1.4	-31.9
The Netherlands	1 702	0.5	1 918	0.6	-11.3
Rest of Europe	15 902	4.8	18 924	6.1	-16.0
North and South America	37 411	11.3	44 580	14.4	-16.1
Middle and Far East	239 789	72.6	199 672	64.3	20.1
Total	330 379	100.0	310 335	100.0	6.5

	2023		2022		Change in %
	1 000 EUR	Margin in %	1 000 EUR	Margin in %	
OPERATING RESULT					
	7 164	2.2	-2 622	-0.8	373.2

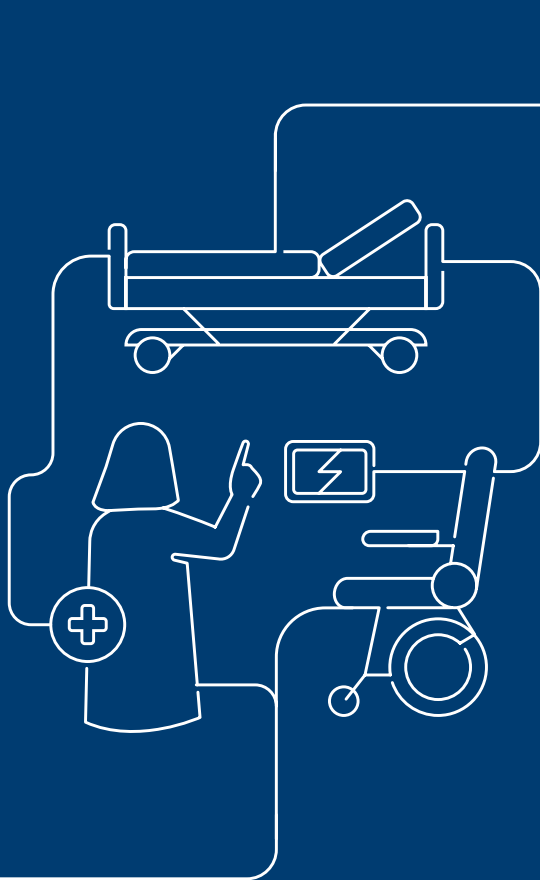
	2023		2022		Change in %
	1 000 EUR	Profitability in %	1 000 EUR	Profitability in %	
NET OPERATING ASSETS					
	83 176	8.6	96 516	-2.7	-13.8

	2023		2022	
	1 000 EUR	in %	1 000 EUR	in %
PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS				
Intangible assets	229	1.2	4 045	13.8
Land and buildings	141	0.7	0	0.0
Machinery and equipment	2 543	12.8	1 993	6.8
Tools	1 095	5.5	1 659	5.7
Construction in progress	15 879	79.8	21 526	73.7
Total	19 887	100.0	29 223	100.0

Powerful drive, big difference

Thanks to DewertOkin Technology Group products, nursing beds can be easily adapted to the needs of patients. This relieves the burden on staff while also helping patients.

PHOENIX MECANO Annual Report 2023



PRODUCT

DewertOkin Technology Group drives and lifting columns play an important role in the care sector. Powerful drives can raise the whole bed to the right height, adjust the head and foot sections or tilt the entire bed along the two horizontal axes. Inclined planes make it easier to lift and reposition patients and thereby simplify day-to-day care. Products for use in the medical sector must meet particularly stringent requirements in terms of performance, user-friendliness and safety.

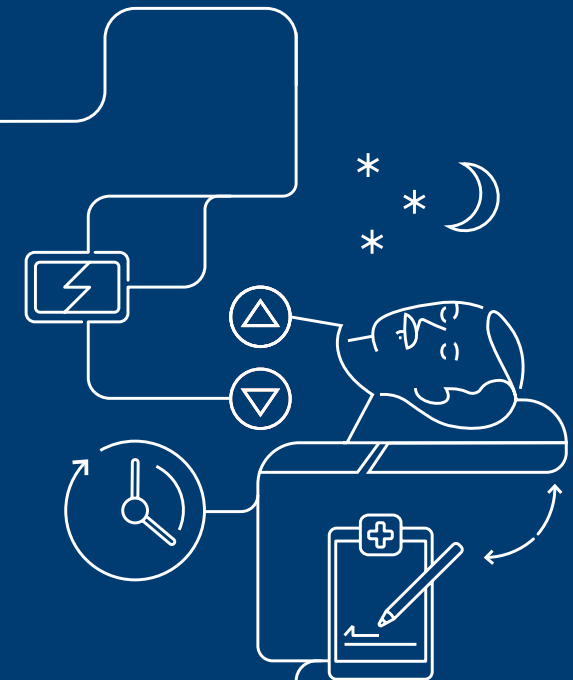


APPLICATION

Electric actuators allow nursing beds, sanitary facilities or care chairs to be effortlessly adapted to the needs and requirements of carers and patients or private users. They adjust the height of toilets and, if necessary, raise the seat to a height enabling the user to get off the toilet and stand up comfortably. Once largely confined to care facilities the world over, nursing beds and similar applications are now increasingly to be found in private homes as well.

BENEFITS

Older people often want to stay in their own homes for as long as possible. Depending on their state of health, this may only be possible with technical assistance. For example, they may need a bed whose overall height or foot or head sections can be adjusted, or the entire bed tilted. This is important for the individual concerned, who can find the optimum sleeping position, but it is just as important for carers, as it enables them to work efficiently. What is true in private homes applies all the more to furniture in hospitals or nursing and care homes. Intuitive, robust and dependable furniture that can also move increasingly heavy patients is an absolute necessity here.



Industrial Components

In a challenging market environment, the division was able to maintain its organic sales and operating result. The disposal of the Rugged Computing business area means that the division can focus on its core business.

Orders

At EUR 211.6 million, incoming orders in the Industrial Components division were 26.5% down on the previous year due to divestments. In organic and local-currency terms, they fell by 8.2%. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 94.8% (previous year: 112.5%).

Sales

Gross sales declined by 12.8% to EUR 223.1 million. In organic, local-currency terms, however, a small increase of 0.8% was achieved in a deteriorating economic environment. In Europe, sales fell by 13.8%, mainly due to consolidation effects, although organic, local-currency sales were up by 1.4%. Sales were down by 5.5% in North and South America (up by 6.4% in organic, local-currency terms) and down by 10.7% in the Middle and Far East.

The Automation Modules business area increased sales by 4.4% to EUR 108.6 million, thanks in part to project successes in the solutions business. Various new products were launched in 2023. These included battery-powered drive and control solutions for lifting columns and electric cylinders, stainless steel assembly systems for hygiene-sensitive areas of application and the development of a modular range for integrated assembly solutions, which makes it possible to put together flexible and modular interlinked workstation systems.

In the Electrotechnical Components business area, which was hit hardest by a decline in demand – particularly in the semiconductor market – sales fell by 13.9% to EUR 58.2 million. Following a boom in photovoltaics, e-mobility charging equipment and heat pumps in 2022 in the wake of the energy crisis, a certain degree of market saturation was observed in 2023, although major development projects are still under way for high-performance charging stations. In line with the

trend towards expanding wiring harness production in low-wage countries, a separate sales organisation for testing technology was set up in Mexico.

The Measuring Technology business area saw a slight decline in sales of 4.3% due to the significant downturn in the mechanical engineering sector, particularly in the second half of the year. By contrast, the HVDC transmission business recorded strong growth, particularly in terms of incoming orders.

The Rugged Computing business area was fully divested in several stages. The disposal allowed Phoenix Mecano to generate additional liquidity while further focusing the Industrial Components division on its core activities.

Result

The Industrial Components division maintained its operating profit at EUR 24.1 million, compared with EUR 24.4 million the previous year. The 2023 result includes net exceptional income of EUR 7.5 million from book gains and losses from the sale of Hartmann Electronic GmbH (DE), Wiener Power Electronics GmbH (DE), Wiener Power Electronics Corp. (US) and the business operations of Orion Technologies LLC (US). However, before special items, the operating result fell by 31.7% to EUR 16.6 million. The division suffered from unsatisfactory capacity utilisation, particularly in the Electrotechnical Components business area. Capacity adjustments were made and short-time working was introduced in some cases.

Asset and capital structure

The division's capital expenditure fell from EUR 7.2 million to EUR 5.7 million, with investment focusing on warehouse technology and production automation.

Net operating assets declined by 34.8% to EUR 93.1 million, mainly due to divestments. Thanks to this reduction, the return on capital employed (ROCE) increased to 25.9%.

OPERATING RESULT IN EUR MILLION

24.1

IN % OF SALES

10.8%

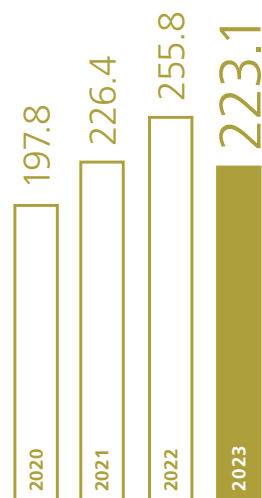
GROSS SALES BY REGION IN %



INCOMING ORDERS IN EUR MILLION



GROSS SALES IN EUR MILLION



	2023		2022		Change in sales in %
	Sales EUR 1 000	Sales breakdown in %	Sales EUR 1 000	Sales breakdown in %	
GROSS SALES BY REGION					
Switzerland	16 515	7.4	16 936	6.6	-2.5
Germany	101 373	45.4	123 343	48.2	-17.8
UK	4 070	1.8	5 293	2.1	-23.1
France	5 845	2.7	6 868	2.7	-14.9
Italy	3 061	1.4	3 149	1.2	-2.8
The Netherlands	5 727	2.6	5 937	2.3	-3.5
Rest of Europe	38 414	17.2	41 603	16.3	-7.7
North and South America	18 129	8.1	19 185	7.5	-5.5
Middle and Far East	29 941	13.4	33 533	13.1	-10.7
Total	223 075	100.0	255 847	100.0	-12.8

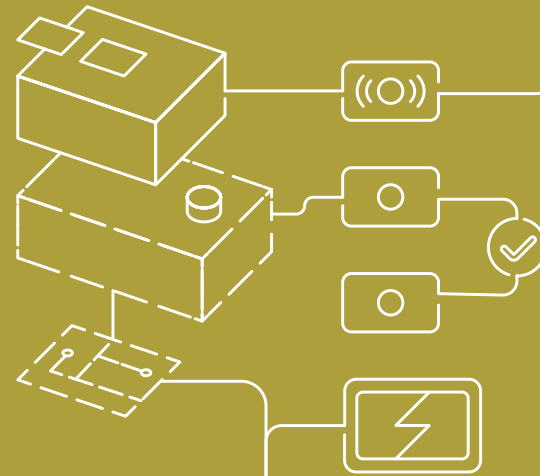
	2023		2022		Change in %
	1 000 EUR	Margin in %	1 000 EUR	Margin in %	
OPERATING RESULT					
	24 118	10.8	24 364	9.5	-1.0

	2023		2022		Change in %
	1 000 EUR	Profitability in %	1 000 EUR	Profitability in %	
NET OPERATING ASSETS					
	93 077	25.9	142 650	17.1	-34.8

	2023		2022	
	1 000 EUR	in %	1 000 EUR	in %
PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS				
Intangible assets	973	17.0	509	7.1
Land and buildings	275	4.8	249	3.5
Machinery and equipment	3 173	55.4	4 498	62.9
Tools	333	5.9	449	6.3
Construction in progress	969	16.9	1 449	20.2
Total	5 723	100.0	7 154	100.0

Efficient assembly workstations to combat the shortage of skilled labour

More reliable assembly means fewer rejects. The simple, yet highly efficient system of SETAGO workstations is the optimum solution.



APPLICATION

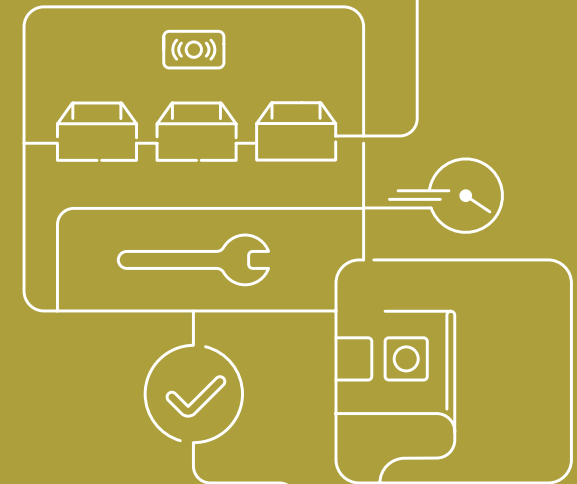
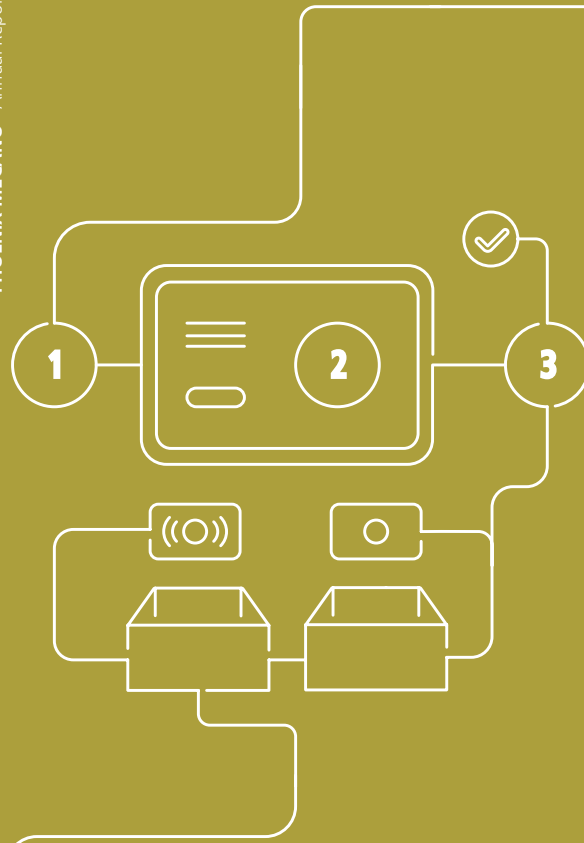
Assembly is broken down into individual steps. Each step is a module and the order of the modules is determined. The individual assembly modules are stored in separate containers, which are mounted on a large frame made of Rose+Krieger aluminium profiles. Each container is fitted with a light barrier to control the input and output of the module. Step by step, green lights indicate which container to take the next module from for assembly. If the employee reaches into the wrong container, this is signalled by a red light.

PRODUCT

SETAGO is a system that can be set up at any assembly workstation. It guides employees through the entire assembly process and uses digital instructions, red / green signals and beeps to ensure that the process is completed correctly. Operation is intuitive, with no need for lengthy briefings or a training period. SETAGO workstations can therefore be used by employees from a wide range of backgrounds, irrespective of their prior training or language skills. They can also be connected to cobots and logistics systems so that materials can be supplied and removed automatically.

BENEFITS

SETAGO workstations enable assembly work to be carried out with the utmost reliability and safety. At the same time, they are easy for all employees to operate. It is possible to rotate employees to completely different workstations and thereby break up the monotony of assembly. The number of rejected items is reduced enormously. What's more, the entire workstation can be height-adjusted so that every employee can work at the optimum height for them. As the system can be installed in any environment, it can be used in a wide variety of production areas.



Enclosure Systems

The division defied the downturn in industrial demand and is focusing on growth areas such as system integration and renewable energies. The key financials were only slightly down on the previous year, and significantly above those of prior years.

Orders

Incoming orders in the Enclosure Systems division fell by 5.2% to EUR 221.2 million, compared with EUR 233.3 million the previous year. Levels were lower particularly in the summer months of 2023, owing to the decline in industrial demand. The book-to-bill ratio (incoming orders as a percentage of gross sales) at the end of the year was 96.3% (previous year: 102.9%).

Sales

The division increased its gross sales by 1.3% to EUR 229.7 million. In organic, local-currency terms, they grew by 2.0%. In its most important market, Germany, gross sales rose by 3.3%. Sales in North and South America fell by 2.1%. In the Middle and Far East, they were up by 10.7%.

In the key market segments hit by declining demand, namely electrical and mechanical engineering, sales were down. Performance in electromobility was also restrained due to the lack of subsidies. Customers are reducing their inventories in this area. By contrast, there was growth in sales of industrial PCs in the human-machine interface (HMI) segment and of explosion-proof enclosures in the growth area of renewable energy, with a well-filled pipeline. Additional potential for industrial enclosures was identified in the electrification of special vehicles. System integration as a future growth area was further expanded, systematically and successfully. Last but not least, the division won several customised enclosure projects.

Result

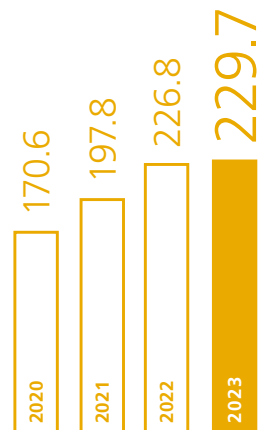
The operating result of the Enclosure Systems division fell slightly by 2.5% from EUR 35.2 million to EUR 34.3 million, mainly due to inflation-related global cost increases, particularly in the area of personnel costs. A cost reduction programme was successfully launched in the HMI segment. The operating margin was 14.9%, compared with 15.5% the previous year.

Asset and capital structure

At EUR 13.8 million, purchases of tangible and intangible assets were significantly higher than the previous year's figure of EUR 10.5 million due to increased capital expenditure on production technology in Eastern Europe (e.g. 5-axis milling machine to expand manufacturing capabilities), a conversion project in Switzerland and initial expenditure on upgrades to building infrastructure and warehouse technology in Germany.

Net operating assets fell slightly by 1.1% to EUR 101.7 million despite increased capital expenditure. The return on capital employed (ROCE) remained at a high level of 33.8%, compared with 34.2% the previous year.

GROSS SALES IN EUR MILLION



OPERATING RESULT IN EUR MILLION

34.3

IN % OF SALES

14.9%

GROSS SALES BY REGION IN %



INCOMING ORDERS IN EUR MILLION



	2023		2022		Change in sales in %
	Sales EUR 1000	Sales breakdown in %	Sales EUR 1000	Sales breakdown in %	
GROSS SALES BY REGION					
Switzerland	11 589	5.0	11 740	5.2	-1.3
Germany	114 276	49.8	110 614	48.8	3.3
UK	4 504	2.0	4 547	2.0	-0.9
France	8 047	3.5	8 027	3.5	0.2
Italy	5 195	2.2	5 323	2.4	-2.4
The Netherlands	8 949	3.9	9 336	4.1	-4.1
Rest of Europe	32 412	14.1	34 824	15.3	-6.9
North and South America	16 884	7.4	17 240	7.6	-2.1
Middle and Far East	27 801	12.1	25 106	11.1	10.7
Total	229 657	100.0	226 757	100.0	1.3

	2023		2022		Change in %
	1000 EUR	Margin in %	1000 EUR	Margin in %	
OPERATING RESULT					
	34 312	14.9	35 183	15.5	-2.5

	2023		2022		Change in %
	1000 EUR	Profitability in %	1000 EUR	Profitability in %	
NET OPERATING ASSETS					
	101 657	33.8	102 800	34.2	-1.1

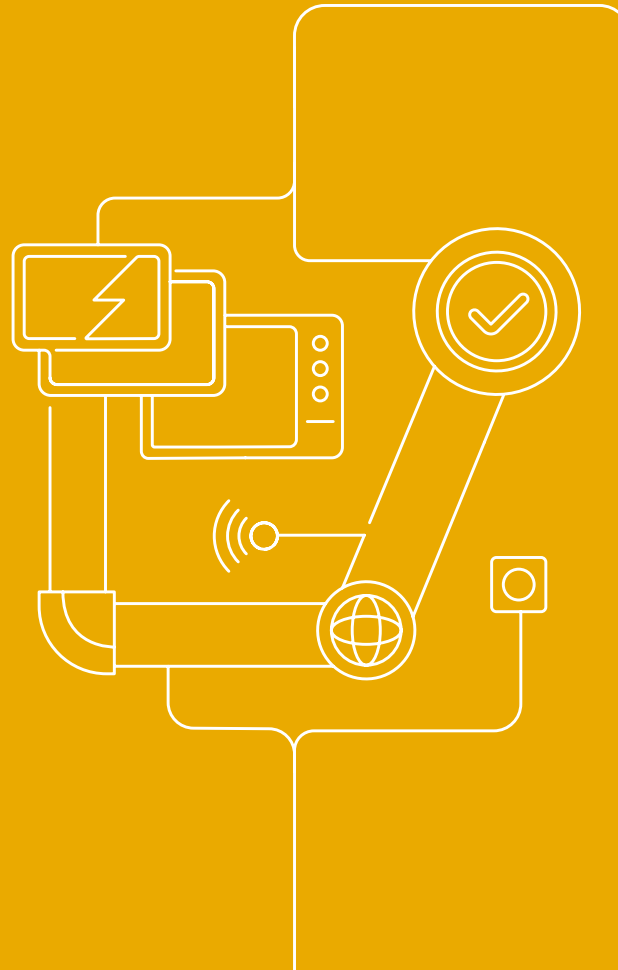
	2023		2022	
	1 000 EUR	in %	1 000 EUR	in %
PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS				
Intangible assets	764	5.5	478	4.6
Land and buildings	2 872	20.9	320	3.1
Machinery and equipment	6 836	49.6	6 448	61.6
Tools	916	6.6	731	7.0
Construction in progress	2 406	17.4	2 491	23.7
Total	13 794	100.0	10 468	100.0

Humans and machines working together

Even where processes are highly automated, human involvement is frequently required. Ensuring that this happens smoothly requires the right connection between person and machine.

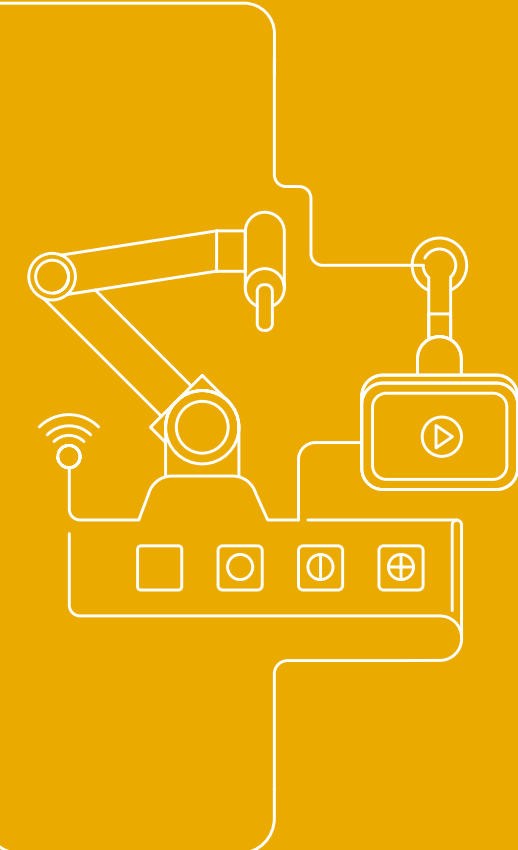
PRODUCT

Rose supplies industrial solutions for robust, reliable and easy-to-use user interfaces (human-machine interfaces or HMIs). These include equipment carrier systems, control enclosures, handheld enclosures and complete industrial PC systems, and are equipped with high-quality components with long-term availability. Strict quality control, including a recorded burn-in load test and fully documented quality management, is standard for every single industrial PC and monitor.



APPLICATION

Rose's HMI solution systems are primarily used in the manufacturing industry. Thanks to a modular design, system components such as the display, computer unit and power supply unit can be exactly tailored to customer needs and replaced individually. They are configured and assembled according to the customer's individual requirements and supplied as a ready-to-use system solution. Reliability of function and handling are indispensable in everyday industrial use. HMI systems from Rose Systemtechnik are used to control entire car production lines, chemical production processes or industrial series production.



BENEFITS

To address the lack of skilled labour, the manufacturing industry is investing in automated processes such as worker assistance systems. In order to monitor these processes, control devices are needed that are as easy to operate as possible and allow processes to run reliably. Rose's HMI solutions can be adapted to the specific requirements of each workstation and help to optimise work processes, save time and thus increase output.

Share information

Phoenix Mecano AG's shares are listed on the SIX Swiss Exchange in Zurich. The share capital of CHF 960 500 is divided up into 960 500 registered shares with a par value of CHF 1.00 each. There are no restrictions on ownership or voting rights. Capital that is not required for internal growth is returned to shareholders in the form of dividends, par value repayments and share buy-backs. The share capital has not been increased since the company went public in 1988. Phoenix Mecano AG's corporate policy dictates that growth should be funded out of the company's own capital resources.

OPTING OUT AND OPTING UP

The company has not made any use of the possibility provided for in the Swiss Stock Exchange Act of excluding an acquiring company from the obligation to make a public purchase bid. The limit for the obligation to make an offer pursuant to Article 32 of the Swiss Federal Act on Stock Exchanges and Securities Trading is 45 % of voting rights.

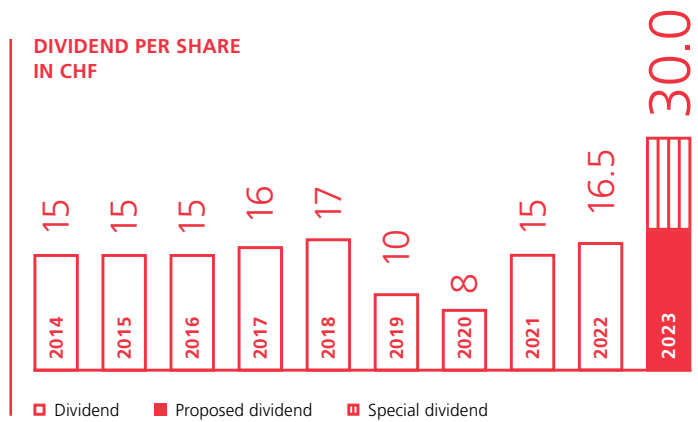
PAYOUT AND DIVIDEND POLICY

The target payout ratio for dividend payments is 40–50 % of result after tax, adjusted for special factors. The strong balance sheet and high free cash flow can sustainably finance organic growth as well as any acquisitions. The Board of Directors will propose to the Shareholders' General Meeting of 24 May 2024 a dividend of CHF 18.00 and a special dividend of CHF 12.00 per share. This corresponds to a payout ratio of 65 %.

The share is covered by the following analysts:

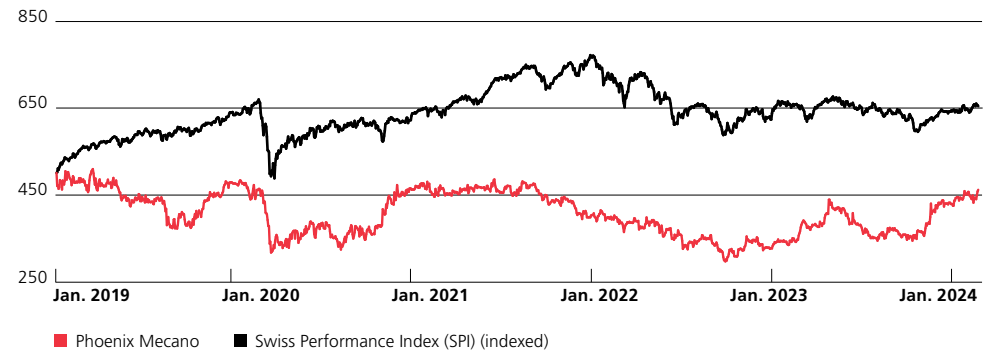
- UBS AG (CH): joern.iffert@ubs.com
- Research Partners (CH): reto.huber@researchpartners.ch
- Zürcher Kantonalbank (CH): michael.inauen@zkb.ch

Listing	SIX Swiss Exchange/Zurich
Securities No.	126133810
ISIN	CH1261338102
Reuters	PM.S
Bloomberg	PMN.SW
Legal Entity Identifier (LEI)	529900SWF06EKV11JY11.



SHARE PRICE 1 JANUARY 2019–28 FEBRUARY 2024

in CHF



SHARE INDICATORS AT A GLANCE

		2023	2022	2021	2020	2019
	Units					
Share capital (registered shares with a par value of CHF 1.00)	CHF	960 500	960 500	960 500	960 500	960 500
Treasury shares	Number	5 453	86	189	491	1 000
Shares entitled to dividend	Number	955 047	960 414	960 311	960 009	959 500
Operating result per share ¹	EUR	65.0	55.8	46.1	23.4	24.3
Result of the period per share ¹	EUR	47.6	40.6	31.6	9.2	14.5
Equity per share ¹	EUR	298.1	272.1	249.9	196.1	226.5
Free cash flow per share ¹	EUR	60.3	12.4	28.0	10.8	18.7
Dividend	CHF	30.00 ⁴	16.50	15.00	8.00	10.00
Market price						
High	CHF	441	421.50	502	494.50	519
Low	CHF	328	294	396	312	374
Year-end price	CHF	434	329	405.50	464.50	478.50
Market capitalisation	CHF million	416.9	316.0	389.5	446.2	459.6
Dividend yield ²	%	6.9 ⁴	5.0	3.7	1.7	2.1
Total shareholder return	%	36.9	-15.2	-11.0	-0.8	-1.5
Payout ratio ³	%	65 ⁴	40	44	81	62
Price/profit ratio as at 31 December		9.4	8.1	11.9	46.9	29.7

¹ Based on shares entitled to dividend as at 31 December.

² Dividend in relation to year-end price.

³ Dividend (shares entitled to dividend only) in relation to result of the period.

⁴ Proposal to the Shareholders' General Meeting of 24 May 2024.

Dividend proposal of CHF 18.00 plus special dividend of CHF 12.00.

Identifying and avoiding risks

The Phoenix Mecano Group understands risk management as the entrepreneurial activity of weighing up risks and opportunities. Active and swift risk management is a competitive advantage, the aim being not only to identify potential risks early on and avoid them, but also to create long-term scope for action that allows informed entrepreneurial risk-taking.

In 2002, the Board of Directors of Phoenix Mecano AG introduced a Group-wide, system-based risk management system, which is continuously enhanced through consultation between the Board of Directors, management, Group Controlling and the Internal Auditing Department.

GROUP-WIDE RISK AND OPPORTUNITY MANAGEMENT

The Board of Directors is responsible for monitoring risk and opportunity management. Regular reporting to the management and Board of Directors ensures that key threats arising from entrepreneurial risks as well as potential opportunities are identified at an early stage and suitable measures are adopted in a timely manner.

The objectives of risk management are to achieve and maintain a consistently high level of risk awareness and to create risk transparency throughout the Phoenix Mecano Group. It also aims to ensure compliance with legal obligations and the requirements pertaining to a listed company.

Risk management within the Phoenix Mecano Group is undertaken autonomously by individual Group companies and is the decentralised responsibility of each company's managing director(s). It involves identifying, assessing and managing risks and determining and continuously updating measures to address them.

Group companies' risk management processes are regularly reviewed by the Internal Auditing Department at the request of the Board of Directors.

The Internal Auditing Department informs the management and the Board of Directors' Audit Committee in writing every six months about significant risks and Group companies' risk management processes.

Internal Auditing Department risk reports are discussed at Audit Committee meetings on a half-yearly basis. Once a year, the Internal Auditing Department reports on the notified risks at a meeting of the Board of Directors.

In between regular reporting dates, Group companies are required to report on an ad-hoc basis if significant new risks arise. This process ensures that risks are recorded and assessed in a timely and comprehensive way and allows the Board of Directors to carry out its own risk assessment.

The risks faced by the Phoenix Mecano Group are divided into five main categories:

- External risks
- Financial risks
- Operational risks
- Legal risks
- Strategic risks

FINANCIAL RISK MANAGEMENT

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. 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 can be found in the consolidated financial statements (page 79 ff.).

CLIMATE-RELATED RISKS AND OPPORTUNITIES

For financial year 2023, Phoenix Mecano is reporting for the first time on climate-related risks and opportunities in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). This climate reporting shows how Phoenix Mecano identifies and manages risks and opportunities caused by climate change that could have a financial impact on the company. The climate report can be found in the sustainability report on pages 4–7.

SUSTAINABILITY

Sustainability

Phoenix Mecano publishes a sustainability report based on the Global Reporting Initiative (GRI) and aims to halve CO₂ emissions from its own operations by 2030.

Alongside the success of its business activities, Phoenix Mecano has always attached great importance to looking after its employees, caring for the environment and making a positive contribution to society. These principles are all part of its commitment to operating sustainably, in economic, environmental and social terms.

Sustainability is becoming increasingly important for investors, customers, employees and lawmakers. In order to meet these growing demands for transparency and to make its own commitment more visible, Phoenix Mecano published a sustainability report for the first time in 2022. Data collected in line with the Global Reporting Initiative (GRI) Standards forms the basis for the targeted management of activities in this area.

SUSTAINABILITY LEVELS

For the sustainability report, the areas to be evaluated were defined, weighted and divided into three levels based on the GRI criteria. The topics covered are split between the economic, social and environmental levels.

CO₂ STRATEGY

Phoenix Mecano aims to massively reduce its own CO₂ emissions, thereby generating a positive EBIT effect and the greatest possible environmental benefit. Its own operations (Scope 1+2) are to be made carbon neutral by 2050 at the latest, with this goal pursued as far as possible by cutting CO₂ emissions. In a first stage, Phoenix Mecano intends to halve CO₂ emissions from its own operations, per unit of sales, by 2030 compared with 2021. To this end, a number of measures have been defined that are being implemented on an ongoing basis.

[READ THE FULL REPORT HERE.](#)

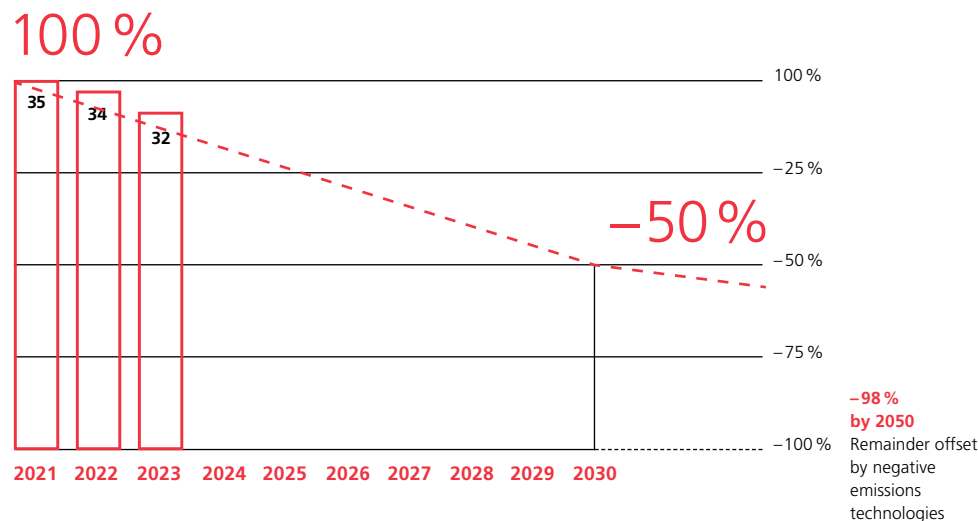
The most important levers include efficiency measures, aimed at reducing the Group's carbon footprint while also improving productivity. Another key element are photovoltaic systems generating green electricity for in-house use. Systems with an annual energy output of 6 100 MWh are already in operation, including at major production sites in Jiaxing (China), Kecskemét (Hungary), Sibiu (Romania) and Pune (India). Another 400 MWh is under construction. In 2023, 1 240 MWh, around 3% of the Group's electricity consumption, was covered by self-generated solar power. Replacing machinery with more economical models and upgrading the energy performance of buildings as part of replacement investments will also help to reduce energy consumption and so lower CO₂ emissions.

DEVELOPMENT OF EMISSIONS

Most of the Group's locations were able to significantly reduce their emissions in the reporting year. This was due to the implementation of energy efficiency measures, as well as an increase in the proportion of renewable energy in the electricity fuel mix in many places.

Two of the Phoenix Mecano Group's largest production sites saw increased energy consumption and thus higher CO₂ levels. Here, an improved order situation led to higher capacity utilisation. Also, since the commissioning of the new industrial park in Jiaxing, production processes previously outsourced to suppliers are now carried out in-house. As a result, energy consumption – and therefore greenhouse gas emissions – at these locations increased disproportionately compared with the previous year.

HALVING EMISSIONS BY 2030 t CO₂eq per 1 million sales



The sharp rise in greenhouse gas emissions at these two locations puts the savings achieved elsewhere into perspective. Nevertheless, the Phoenix Mecano Group was able to reduce its emissions in relation to sales by 5 % compared with the previous year.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Phoenix Mecano has identified and assessed the most significant climate-related risks and opportunities in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

This involves mapping how the risks and opportunities could affect business activities and what measures Phoenix Mecano can take. According to the TCFD recommendations, a distinction is made between physical risks and transition risks and opportunities.

Physical risks include short-term acute extreme events such as storms, floods or landslides as well as longer-term chronic, local impacts such as rising average temperatures, sea level rise or increased droughts.

Overall, the physical risks, which relate in particular to production and infrastructure, are categorised as low to moderate.

Transition risks and opportunities arise from new laws and stricter regulations, new technologies, social and economic trends and general conditions triggered by climate change.

Overall, the identified trends and changes with regard to energy costs, CO₂ tax and increased reporting requirements harbour low risks. For Phoenix Mecano, there are primarily opportunities, for example the ability to tap into new areas of application in green technology and gain market share.

A detailed assessment of climate-related risks and opportunities can be found in the sustainability report on page 6.

CONFLICT MINERALS AND CHILD LABOUR

Phoenix Mecano's Code of Conduct explicitly requires compliance with human rights. This includes, in particular, the core labour standards of the International Labour Organization (ILO) and the United Nations Conventions on the Rights of the Child and on Human Rights.

Phoenix Mecano is subject to the reporting obligation on non-financial matters under Article 964bis of the Swiss Code of Obligations. It already implemented these requirements for the 2021 financial year and communicated on non-financial matters in its sustainability report.

In addition to non-financial reporting, the regulation introduces a due diligence and reporting obligation in the areas of "conflict minerals" and "child labour".

The scope of application includes companies that either import minerals (ores and concentrates) or metals containing tin, tantalum, tungsten or gold (3TG) from conflict-affected or high-risk areas or process them in Switzerland, or offer products/services – including worldwide – in relation to which there is a reasonable suspicion that they have been manufactured or provided using child labour.

Phoenix Mecano complies with the legal requirements and is exempt from the due diligence obligations due to the low quantities of 3TG imported and processed in Switzerland. Nevertheless, Phoenix Mecano requests information on smelters/refiners from its 3TG suppliers worldwide. Suppliers complete the Conflict Minerals Reporting Template provided by the Responsible Minerals Initiative (RMI) and Phoenix Mecano checks whether the smelters are RMI-compliant. This was the case for all reported smelters in the reporting year.

With regard to child labour, an annual review is carried out to determine whether there is any evidence of child labour in the companies themselves or at their suppliers. No cases of actual or suspected child labour were reported for the reporting year.

A digital whistleblower system has been set up to provide a point of contact for reporting suspicions during the year.

THREE LEVERS OF THE CO₂ STRATEGY

<p>New technology More efficient machinery, energy-efficient renovations, electric vehicles, green electricity</p>	<p>Lean measures (J2OX) in production and administration</p>	<p>Investment in own solar energy systems 12 GWh, of which 6 GWh is already in operation</p>
<p>Estimated effect by 2030</p>	<p>Estimated effect by 2030</p>	<p>Estimated effect by 2030</p>
<p>> 20 %</p>	<p>> 15 %</p>	<p>> 15 %</p>

Packages of measures to implement the CO₂ strategy

ENERGY CONSUMPTION

Total in 2023: 67 103 MWh

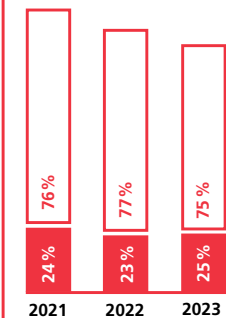


-5%
Reduction in energy consumption from 2022 to 2023

- Renewable energy consumption
- Non-renewable energy consumption

CO₂ EMISSIONS

Total in 2023: 25 149 t CO₂eq



-7%
Reduction in CO₂ emissions from 2022 to 2023

- Scope 1 direct
- Scope 2 indirect

ECONOMIC LEVEL

Phoenix Mecano pursues a long-term growth strategy based on growth drivers aligned with megatrends. It sees sustainable growth and profitability as essential for strengthening competitiveness, generating value and creating new jobs. Its decentralised corporate structure helps it stay close to customers, fosters continuous improvements in operational excellence, and enables it to maintain a lean cost base.

Creation of value added

		2023	2022
in 1 000 EUR	Note		
Net sales		775 491	784 442
Own work capitalised and other income		26 918	12 968
Cost of materials		-382 172	-392 125
Other operating expenses	A	-104 022	-94 748
Depreciation/ amortisation		-23 240	-24 328
Other non-operating result	B	531	3 983
Value added		293 506	290 192

Distribution of value added

		2023	2022
in %	Note		
Employees	C	77.7	79.5
Government (taxes)	D	6.2	6.3
Shareholders	E	6.1	4.8
Lenders (net interest expense)		0.6	0.8
Companies (retained earnings)	F	9.4	8.6
Value added		100.0	100.0

A Excluding capital taxes and other non-profit-related taxes

B Financial result excluding net interest expense plus share of result from associated companies

C Personnel expenses

D Current income tax, capital taxes and other non-profit-related taxes

E Dividends paid in the financial year and share repurchases under the share buy-back programme

F Result of the period less dividends already paid in the financial year and share repurchases under the share buy-back programme



Promoting internal talent

2023 saw the launch of the Phoenix Mecano Group Awards to celebrate young talent.

Over 30 colleagues from across the Group came together in Oberursel near Frankfurt in late August 2023 to present their most exciting projects. The topics ranged from marketing and digital transformation to the optimisation of operational processes and sustainability. The awards are intended to recognise innovative projects in areas of strategic importance to the Group and to foster the exchange of ideas and networking among talented young employees.

After 24 intensive presentations, the participants took part in some exciting team-building activities and then chose the winners themselves. The winners were later invited to a meeting of all Phoenix Mecano Group managing directors, where they were given the opportunity to present their projects.

Showcased by young people from Spain, Romania, Germany, India, China, North America, France, Sweden and Switzerland, the projects also inspired the managing directors and showed how great the creative and innovative potential is within the Phoenix Mecano Group.

SOCIAL LEVEL

At the social level, Phoenix Mecano's commitment to sustainability can be seen in its behaviour towards its stakeholders. The company offers its employees a fair, safe work environment and a culture that recognises and harnesses individual potential. Likewise, when choosing its suppliers, Phoenix Mecano ensures that they treat their workers in a fair and lawful way.



Deploying people according to their abilities
Redur's exemplary initiative to include people with disabilities shows how successful workplace integration can be.

For several years, Redur has employed three staff from Rurtalwerkstätten Niederzier, an organisation that helps people with disabilities to integrate into working life. The workshops offer people with mental or psychological disabilities the opportunity to undertake appropriate vocational training and employment, if they are unable to work on the regular labour market.

Redur works closely with the workshops, offering a programme called "Company-integrated workplaces". The employees concerned take on simple tasks and are fully integrated into the daily life of the company.

One former employee from the workshops was even offered a permanent position at Redur. Another, who for health reasons was no longer able to work in the occupation for which he had trained, is now permanently employed at Redur and is very happy there.

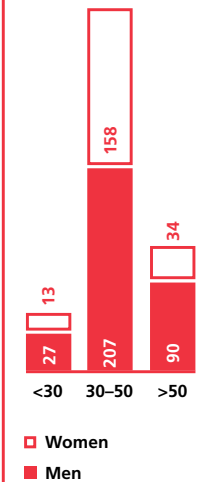
Redur also calls on the workshops to help with packing accessories and other simple tasks.

By collaborating with the organisation, Redur is able to integrate people into the work process in a way that is tailored to their own individual needs.

DIVERSITY OF EMPLOYEES
 Number of employees



DIVERSITY AT MANAGEMENT LEVELS
 Number of employees



ENVIRONMENTAL LEVEL

To protect the environment and mitigate climate change, Phoenix Mecano strives to reduce its energy consumption and increase the proportion of renewable energy it uses for electricity, heating and mobility. In production activities, natural resources are used carefully to minimise the impact on the environment.



Keeping clean water clean

At Phoenix Mecano's plant in Kecskemét, Hungary, a large treatment system ensures clean wastewater.

The Kecskemét facilities are used for etching, solvent washing and silver plating. These processes generate rinse water, which must be disposed of properly. For environmental reasons, therefore, Phoenix Mecano installed and commissioned a large wastewater treatment system in 2023. This means that the rinse water no longer has to be disposed of at great expense. After passing through the system, it is so clean that it can be discharged into the public sewage system.

The cleaning process is managed and monitored by trained chemists.

The system separates alkaline, solvent-containing and acidic wash water in stages. The metal content is collected in the reactor then pressed out, and the purified water is discharged into the sewage system. Only the sludge from the pressing process is disposed of as hazardous waste.

Used etchant is collected on site and returned to the chemical distributor once a year for recycling/disposal.

When operational, the system can collect 18 000 litres of wastewater at a time and treat it in stages. Since entering operation in March 2023, the treatment system has purified 474 000 litres of wastewater.

This measure has a positive impact on the environment and saves the company money. Installing the system has led to a significant reduction in hazardous waste, which also helps the company to become more environmentally friendly.



DEVELOPMENT OF WATER CONSUMPTION



2022 2023

Total water consumption at all locations in m³/a

MATERIALS USED

t/a

Non-renewable resources
 Raw material **77 774**
 Auxiliary material **142**
 Packaging material **347**



Renewable resources
 Packaging material

CORPORATE GOVERNANCE

Corporate governance

Phoenix Mecano's corporate governance promotes transparent and responsible management of the business and sustainable value creation. This corporate governance report generally follows the structure of the Directive on Corporate Governance (DCG) published by SIX Swiss Exchange. The remuneration report follows in a separate section starting on page 43.

GROUP STRUCTURE AND SHAREHOLDERS

Phoenix Mecano is a global technology company and has significant market shares in the international growth markets. In its three divisions, it manufactures components and system solutions in the form of technical enclosures, electronics components as well as electrical drives, fittings and control systems for adjustable comfort and healthcare furniture and hospital beds. Its important areas of application are mechanical engineering, measurement and control technology, electrical engineering, automotive and railway technology, energy technology, medical technology, aerospace technology, and home and hospital care.

The Group is split into three divisions: DewertOkin Technology Group, Industrial Components and Enclosure Systems. Within these divisions, parent companies responsible for product management operate with the help of global production sites and sales companies. In Switzerland, Phoenix Mecano is present at two locations: Kloten, from where Phoenix Mecano Management AG runs the Group's operations, and Stein am Rhein, which is home to the headquarters of the Group's holding company as well as Phoenix Mecano Solutions AG, which distributes Phoenix Mecano's various product ranges in Switzerland.

The Group's overall structure has always been very lean. Operational responsibility lies with the management. The Extended Group Leadership Committee, including the operational managers of the Group's divisions, main business units and regions, assists with the coordination of business activities. The Group's operational structure is presented on pages 41 and 42. Detailed information about the scope of consolidation can be found on pages 63–65 of the consolidated financial statements. None of the shareholders is listed. For DewertOkin Technology Group Co., Ltd., preparations are being made for a partial listing in China.

Cross-ownership

There is no cross-ownership between the subsidiaries or between the subsidiaries and the parent company.

Shareholders' agreements

There are no shareholders' agreements.

CAPITAL STRUCTURE

Capital/shares and participation certificates

The bearer shares of Phoenix Mecano AG, Stein am Rhein, were converted into registered shares in 2023 and are listed on the SIX Swiss Exchange, Zurich. As at 31 December 2023, the share capital was fully paid up and consisted of 960 500 registered shares (securities no.: 126133810; ISIN: CH1261338102; Reu-

ters: PM.S; Bloomberg: PMN.SW) with a par value of CHF 1.00. All shares, apart from those owned by the company, fully entitle the bearer to vote and receive a dividend. As at the balance sheet date, the company owned 5 453 treasury bearer shares. Based on the 2023 year-end price of CHF 434, the market capitalisation as at 31 December 2023 was CHF 417 million. There are no bearer shares and no participation or profit sharing certificates.

As at 31 December 2023, 1 189 shareholders with voting rights were entered in the Phoenix Mecano share register. Of the total shares issued, Phoenix Mecano AG held 0.6% as treasury shares. As at 31 December 2023, shares pending registration of transfer accounted for 20.4% of the total.

Significant shareholders, each holding a share of the voting rights equivalent to over 3% of the share capital as at 31 December 2023

Name	Head office	2023	2022
in %			
Planalto AG ²	Luxembourg, Luxembourg	34.6 ¹	34.6 ¹
Tweedy, Browne Company LLC, Stamford, USA ³ <i>Tweedy, Browne Global Value Fund⁴</i> <i>(A subdivision of Tweedy, Browne Fund Inc.)</i>	Stamford, USA <i>Stamford, USA</i>	8.5 ¹ 7.2 ¹	8.5 ¹ 7.2 ¹
J. Safra Sarasin Investmentfonds AG	Basel, Switzerland	8.8	5.1 ¹
FundPartner Solutions (Suisse) SA ⁵ <i>RP Fonds Institutionnel –</i> <i>Actions Suisses Small & Mid Cap</i>	Geneva, Switzerland <i>Geneva, Switzerland</i>	4.7 3.3	4.3 3.3
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8 ¹	3.8
Retraites Populaires	Lausanne, Switzerland	3.3 ¹	3.3

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: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=PHOENIX

Change in capital

Year of buy-back	Cancelled shares Number	Average repurchase price CHF	Shares outstanding Number
2007/2008	58 500	510.74	1 011 000
2008/2009	33 000	336.42	978 000
2012/2013	17 500	467.54	960 500

Contingent and authorised capital

At present the Group has no contingent or authorised capital.

Changes in capital

A share buy-back programme of up to CHF 30 million was launched in 2023. Initially, 1 073 shares were bought back in a fixed-price procedure.

Since 15 November 2023, a maximum of 84 registered shares per day have been repurchased on the second trading line on the SIX Swiss Exchange. The buy-back programme will last until 14 November 2025 at the latest.

The Board of Directors intends to propose the cancellation of the repurchased registered shares at future Shareholders' General Meetings.

The company keeps a share register in which the names/company names, addresses and email addresses of the owners and usufructuaries of the company's shares are recorded. In relation to the company, the shareholder or usufructuary of shares is the person entered in the share register. If a person entered in the share register changes any of these details, they must notify the company of this. As long as this has not happened, all communications from the company to the address or email address previously entered in the share register shall be deemed to have been sent legally to the person entered in the share register.

Upon request, acquirers of registered shares shall be entered in the share register as shareholders or usufructuaries with voting rights if they expressly declare that they have acquired these registered shares in their own name and for their own account. If the acquirer is not willing to make such a declaration, the company may refuse registration with voting rights.

Acquirers may also be rejected if they do not expressly declare that: (i) there is no agreement to take back or return the shares concerned; and (ii) they bear the economic risk associated with the shares.

The application for an entry in the share register may be submitted electronically. The Board of Directors is responsible for maintaining the share register. It has delegated this task to sharecomm ag.

Convertible bonds and options

There are no convertible bonds and no options.

BOARD OF DIRECTORS

The Board of Directors is the company's senior management body and comprises at least four members. In 2023, the Board of Directors had seven members. It usually holds meetings quarterly. Four Board of Directors meetings took place in 2023, each lasting an average of four hours.

Elections and terms of office

The members of the Board of Directors are elected individually by the Shareholders' General Meeting for a term of one year until the end of the next ordinary Shareholders' General Meeting. There are no restrictions on re-election. The Chairman is elected by the Shareholders' General Meeting from among the members of the Board of Directors for a term of office of one year, until the end of the next ordinary Shareholders' General Meeting. This term may also be renewed. The Board of Directors designates someone to take the minutes, who does not necessarily have to be a member of the Board of Directors.

Definition of areas of responsibility

The powers of the Board of Directors are set out in the Swiss Code of Obligations as well as in Phoenix Mecano AG's Articles of Incorporation, which state that the Board of Directors is entitled to transfer the management or individual branches thereof and the representation of the company to one or more of its members or to other natural persons, pursuant to its own rules of procedure governing organisational matters, except where mandatory legal provisions stipulate otherwise. To this end, it may set up committees, appoint, monitor or recall delegates or appoint a management comprising one or more of its own members or external persons. The Board of Directors determines the powers and obligations of committees, delegates, management, deputy directors and executives with a power of attorney. The Board of Directors is authorised to take decisions provided that a majority of its members is present.

Decisions are taken by a majority of votes cast by those present. In the event of a tie, the Chairman has the casting vote. If the Chairman is unable to attend or is excluded from the decision-making, the Independent Lead Director has the casting vote. By law and pursuant to the company's Articles of Incorporation, the Board of Directors has the following main duties and powers:

- Preparation of the proceedings of the Shareholders' General Meeting, especially the annual report, financial statements and proposals on the appropriation of earnings
- Determination of corporate goals and the principles underlying corporate policy and strategy
- Determination of the company's policy on risks
- Decision-making regarding the establishment or cessation of major divisions of the company and authorisation of the acquisition or disposal of shareholdings, plus authorisation of any changes to the legal structure of the Group
- Decision-making on the budget and medium-term planning (product and market strategy, financial and investment guidelines)

- Allocation of signatory powers to members of the Board of Directors and determination of the principles governing signatures below that level
- Determination of the principles of reporting to the Board of Directors, approval of the principles governing the company's finances and accounts and also internal and external audits
- Preparation of the remuneration report

The Chairman performs an executive role. In the event of potential conflicts of interest, the Chairman is represented by the Independent Lead Director. The Chairman's executive duties include in particular:

- representing the company and the Group externally and overseeing public relations, including media contacts and corporate identity, as agreed internally with the CEO
- monitoring compliance with and enforcement of Board of Directors' decisions
- setting HR and wage policy, including pensions, unless otherwise determined by law, the Articles of Incorporation or the rules of procedure governing organisational matters
- overseeing the acquisition and sale of investments and submitting proposals for approval to the Board of Directors
- monitoring subsidiaries' budgeting processes.

Number of permitted activities pursuant to Article 12(1)(1) ERCO (rules laid down in Article 25 of the Articles of Incorporation)

Members of the Board of Directors, the management and any advisory board may not carry out more than the following number of additional activities in comparable positions in other undertakings with commercial objects which do not control or are not controlled by the company:

15 paid mandates with undertakings, including no more than 5 mandates with undertakings whose equity securities are listed on a stock exchange, where multiple mandates with different companies belonging to the same group count as one mandate; and ten unpaid mandates, where the reimbursement of expenses is not considered as remuneration.

Mandates fulfilled by a member of the Board of Directors or the management at the instruction of the company are not covered by this restriction on additional mandates.

Cross-linkage

There is no cross-linkage. In other words, no member of the Phoenix Mecano AG Board of Directors serves on the supervisory board of a listed company of a fellow member of the Board of Directors.

Internal organisational structure

The Board of Directors is deliberately kept small and usually performs its duties collectively. The Audit Committee, first set up in 2003, is primarily responsible for monitoring external audits. In that task, it is supported by the Internal Auditing Department. The Audit Committee is chaired by Dr Florian Ernst in his capacity as a non-executive member of the Board of Directors. Dr Ernst is a certified auditor and has the necessary knowledge and experience of finance and accounting. Another member of the Audit Committee since 2003 is Ulrich Hocker, a non-executive member of the Board of Directors. Mr Benedikt A. Goldkamp, Chairman of the Board of Directors, has been an Audit Committee member since 28 September 2016. These members were proposed to the 2023 Shareholders' General Meeting for election individually and re-elected. The CFO also attends meetings.

The Committee met twice in 2023. Each meeting lasted an average of three hours.

The Audit Committee works in an advisory capacity and prepares draft resolutions and recommendations for the attention of all members of the Board of Directors. Decisions are taken by the whole Board of Directors.

The Compensation Committee is the remuneration committee required by the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO). The Compensation Committee meets as often as required, but at least once a year. Two meetings took place in 2023, each lasting half an hour.

The existing members Beat Siegrist, Ulrich Hocker and Dr Martin Furrer were proposed to the 2023 Shareholders' General Meeting for election individually and re-elected. The Compensation Committee draws up proposed remuneration guidelines for the Board of Directors and management. It can call in external compensation specialists to offer neutral advice or provide studies or data as a basis for comparison in setting remuneration. It also makes recommendations for Board of Directors compensation and the fixed and variable remuneration components for management.

It prepares the Board of Directors' decision concerning the remuneration of the Board of Directors and management and submits a proposal to the Board of Directors on this matter. Based on the Compensation Committee's proposal, the whole Board of Directors decides on the remuneration of members of the Board of Directors and management and submits its decision to the Shareholders' General Meeting for approval, in accordance with the Articles of Incorporation. The Chairman of the Board of Directors attends meetings of the Compensation Committee in an advisory capacity. He leaves the meeting when his own remuneration is being discussed. The CFO also attends meetings. The management has no say in determining its remuneration.

Information and control instruments vis-à-vis the management

The Board of Directors has a number of instruments to enable it to perform its duties vis-à-vis the management to the fullest extent. For example, the company has a management information system encompassing all Phoenix Mecano Group companies. It includes detailed balance sheet and statement of income figures and enables the company to obtain a quick and reliable picture of the income and assets of the Group, divisions or individual product areas and companies at any time. Reporting takes place monthly. The Chairman of the Board of Directors discusses the earnings and financial position with the management on a monthly basis. Regular meetings with members of the management ensure that the other Board mem-

bers are fully informed and have a sound basis for decision-making.

Set up in 2002, the dedicated, full-time Internal Auditing Department is accountable to the Board of Directors and reports directly to it. Key audit issues in 2023 were accounts receivable and inventory management, the internal control system, the risk management system, transfer pricing documentation, compliance, tangible assets and IT. The review of ongoing construction expenditure at one company was also continued in 2023. A quality assessment performed by an external auditor (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt, Germany) in early 2022 confirmed that the Phoenix Mecano Group's Internal Auditing Department complied with international standards. A quality assessment is carried out every five years.

A Group-wide risk management system was introduced in 2002 and a Group-wide internal control system in 2008. Both systems have proved invaluable and are continuously updated. Integrated software for both areas was rolled out in 2012. An in-depth review of internal control guidelines took place in 2014, covering control requirements and frequencies as well as documentation requirements. Risk management system processes were optimised in 2016.

Information on risks and how they are dealt with can be found in the risk management section on page 25 and in notes 21 and 22 to the consolidated financial statements on page 79.

An assessment of climate-related risks and opportunities can be found in the separately published sustainability report on pages 5 and 6.

Members of the Board of Directors and its committees

BOARD OF DIRECTORS

Benedikt A. Goldkamp
Chairman
Executive role
Member since 2000

Ulrich Hocker
Independent Lead Director
Non-executive role
Member since 1988

Dr Florian Ernst
Non-executive role
Member since 2003

Dr Martin Furrer
Non-executive role
Member since 2003

Beat Siegrist
Non-executive role
Member since 2003

Claudine Hatebur de Calderón
Non-executive role
Member since 2023

Dr Anna Hocker
Non-executive role
Member since 2023

AUDIT COMMITTEE

Dr Florian Ernst (Chairman)
Member since 2003

Ulrich Hocker
Member since 2003

Benedikt A. Goldkamp
Member since 2016

COMPENSATION COMMITTEE

Beat Siegrist (Chairman)
Member since 2013

Ulrich Hocker
Member since 2013

Dr Martin Furrer
Member since 2013

All members of the Board of Directors are elected for one year until the 2024 Shareholders' General Meeting.

Board of Directors

as at 31 December 2023



From left to right: Dr Martin Furrer, Beat Siegrist, Dr Anna Hocker, Benedikt A. Goldkamp, Dr Florian Ernst, Claudine Hatebur de Calderón, Ulrich Hocker

BENEDIKT A. GOLDKAMP (CH)
Executive role

Chairman of the Board of Directors since 20 May 2016, member of the Board of Directors since 2000, delegate of the Board of Directors and CEO from 1 July 2001 to 20 May 2016
Born in 1969, resident in Lufingen (Switzerland)

Gained a degree in financial consultancy, followed by a Master of Business Administration from Duke University. 1996–1997: Worked as a strategy consultant at McKinsey & Co. 1998–2000: Managed the Group's own production company in Hungary and several Group-internal restructuring projects. Has been a member of the management and Board of Directors of Phoenix Mecano AG since 2000.

ULRICH HOCKER (D)
Non-executive role

Independent Lead Director
Member of the Board of Directors since 1988, Chairman of the Board of Directors from 2003 to 20 May 2016
Born in 1950, resident in Düsseldorf (Germany)

Trained as a banker. Law degree, attorney at law. 1985–1993: Managing Director, 1994–2011:

Chief Managing Director and since 21 November 2011 President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW).

DR FLORIAN ERNST (CH)
Non-executive role

Member of the Board of Directors since 2003
Born in 1966, resident in Zollikon (Switzerland)

Graduated as Droec. HSG in 1996. Qualified as an auditor in 1999. Worked as an auditor at Deloitte & Touche AG in Zurich until 1999. Then held various positions in the banking sector, including as a mergers and acquisitions consultant and the CFO of an alternative investment company in Pfäffikon, Schwyz. 2008–2015: Occupied a number of posts at Deutsche Bank (Switzerland) Ltd, Zurich, including as Global Head Private Equity Distribution and advising clients in the Asset & Wealth Management Division. Since 2016 has performed various assignments, with a focus on private markets, as a partner at Finerco GmbH, Zollikon.

DR MARTIN FURRER (CH)
Non-executive role

Member of the Board of Directors since 2003
Born in 1965, resident in Zumikon (Switzerland)

Gained a doctorate in law (Dr iur.) from the University of Zurich, then an MBA from INSEAD in Fontainebleau, and passed the bar examination of the Canton of Zurich. Started out as a lawyer for Baker McKenzie in Sydney, then became a strategy consultant for McKinsey & Co. in Zurich. Has been back working as a lawyer for Baker McKenzie in Zurich since 1997, specialising in mergers and acquisitions, real estate transactions, private equity and employee participation models. Has been a partner at Baker McKenzie since 2002.

BEAT SIEGRIST (CH)
Non-executive role

Member of the Board of Directors since 2003
Born in 1960, resident in Herrliberg (Switzerland)

Gained the following qualifications: Dipl. Ing. ETH in 1985, MBA INSEAD, Fontainebleau and McKinsey Fellowship. 1985–1986: Development engineer for data transfer with Contraves. 1987–1993: Consultant and project manager at McKinsey & Co.

responsible for reorganisation and turnaround projects in the machine industry. 1993–1996: Founder and CEO of Outsourcing AG. 1996–2008 CEO of Schweiter Technologies, Horgen. 2008–2012: CEO of the Satisloh Group and member of the Management Committee of Essilor. Since 2008: member and from 2011–2023 Chairman of the Board of Directors of Schweiter Technologies, Horgen. Member of the Board of Directors of INFICON Holding AG, Bad Ragaz, since 2010. 2013–2018: Chairman of the Board of Directors of Garaventa Accessibility AG, Goldau.

CLAUDINE HATEBUR DE CALDERÓN (CH)
Non-executive role

Member of the Board of Directors since 2023
Born in 1973, resident in Zurich

Gained an Executive MBA from the University of St.Gallen, various training programmes in board-level leadership, sales and marketing, and strategic and business management at HSG in St. Gallen. 1996–2008: Worked for various companies – in the medical technology and automotive industries, among others – focusing on entry to the Swiss

market as well as communication and marketing. 1998–2009: Member of the Board of Directors of Cofinanz Hatebur AG. Since 2009 sole proprietor and Chairwoman of the Board of Directors of Cofinanz Hatebur AG and of Hatebur Umformmaschinen AG. Since 2017 Board member at Swissmem.

DR ANNA HOCKER (D)
Non-executive role

Member of the Board of Directors since 2023
Born in 1991, resident in Munich

Gained a BSc. in Management (WHU) and an MSc. in Management & Technology (TUM), followed by a Dr. rer. pol. in Entrepreneurship from TU Dortmund University in 2022. 2017–2023 Worked as a strategy consultant at McKinsey & Company, then as an Executive Search & Leadership Advisory Consultant at Spencer Stuart & Associates, with responsibility for the Digital Practice in Germany. Since 2023 she has been the Co-Founder and Managing Director of Craffthunt GmbH, Europe's largest job platform for the construction industry.

Other activities and vested interests See remuneration report page 47

BOARD OF DIRECTORS: EXPERTISE AND EXPERIENCE

	Industrial experience	CEO experience	International experience	Financial expertise	Legal training	M&A experience	Digitalisation experience	Listed companies experience	Gender	Country of origin	Time as Phoenix Mecano director (years)	Age
Benedikt A. Goldkamp	■	■	■			■			m	CH	24	55
Dr Florian Ernst				■		■			m	CH	21	57
Dr Martin Furrer	■				■	■			m	CH	21	58
Claudine Hatebur de Caldéron	■					■			f	CH	1	50
Ulrich Hocker	■	■	■		■			■	m	DE	36	73
Dr Anna Hocker				■				■	f	DE	1	32
Beat Siegrist	■	■						■	m	CH	21	63

Criteria

- Industrial experience** At least two years of management experience in an industrial company
- CEO experience** At least two years of experience as a CEO
- International experience** At least two years in a management position outside Switzerland
- Financial expertise** At least two years of experience as an auditor, in banking or as a CFO
- Legal training** Training in law, at least two years in a leading legal/compliance position or work in a leading audit firm
- M&A experience** M&A of at least one company
- Digitalisation experience** At least two years of experience in management of digitalisation projects
- Listed companies experience** At least two years of experience in the management of listed companies outside Phoenix Mecano

Management

as at 31 December 2023



From left to right: René Schöffeler, Ines Kljucar, Dr Rochus Kobler, Dr Lothar Schunk

DR ROCHUS KOBLER (CH)
CEO

Member of the management since 2010
Dr oec. HSG, Dipl. Ing. ETH/MSc.
Born in 1969,
resident in Unterägeri
(Switzerland)

1997–2002: Senior Engagement Manager at McKinsey in Zurich, Johannesburg and Chicago.
2002–2010: CEO and member of the Board of Directors of the international production and trading group Gutta. He was COO from 1 September 2010 to May 2016, and in June 2016 became CEO with responsibility for the operational management of the Phoenix Mecano Group.

RENÉ SCHÖFFELER (CH)
CFO

Member of the management since 2000
Certified accountant/controller
Born in 1966,
resident in Stein am Rhein
(Switzerland)

Commercial training and active for several years in the banking sector. At Phoenix Mecano since 1989. After serving as controller (until 1991), Head of the Group Accounting Department (1992–1996) and Deputy Director of Finances and Controlling (1997–2000), he has been CFO since 2000. In this post, he is re-

sponsible for finances, group accounting, controlling, taxes, legal affairs and IT.

INES KLJUCAR (CH)
CCO

Member of the management since 2023
MSc International Management/MBA INSEAD
Born in 1980,
resident in Zurich (Switzerland)

2006–2010: Senior Consultant at Roland Berger Strategy Consultants, from 2010 Strategic Marketing Manager at Bosch Building Technologies and Körber Pharma. With the Phoenix Mecano Group since 2016, first as Deputy COO, then as Head of International Sales & Marketing and since 2023 as CCO in charge of Digitalisation, Marketing, Sales and M&A as well as strategic initiatives to develop new business models.

DR LOTHAR SCHUNK (CH)
COO

Member of the management since 2023
PhD Mechanical Engineering/BSc Economics
Born in 1978,
resident in Zurich (Switzerland)

2008–2010 Project Manager Thin Film Fabs at Oerlikon Solar, 2010–2014 Strategy Consultant at Boston Consulting Group, most recently as Project Manager,

from 2014 Director Process Office at Sidel, Tetra Laval Group. With the Phoenix Mecano Group since 2016, first as Deputy COO, then as Head of Operations & Technology in the Industrial Components division. Since 2023 as COO responsible for strategic management of the global network of production, technology and competence centres.

Other activities and vested interests

See remuneration report page 47

MANAGEMENT

From financial year 2023, the management was expanded to include two new members. Alongside the CEO and CFO, Ines Kljucar was appointed as Chief Commercial Officer and Dr Lothar Schunk as Chief Operating Officer.

The management is chaired by the CEO. The CEO, CFO, CCO and COO are appointed by the Chairman of the Board of Directors. The management aids the Chairman of the Board by coordinating the Group's companies and advises on matters affecting more than one division.

Other activities and vested interests

See remuneration report page 47

Number of permitted activities pursuant to Article 12(1)(1) ERCO

The number of permitted activities for members of the management is laid down in Article 22 of the company's Articles of Incorporation. The relevant rules are cited on page 34 ff. in the Board of Directors section.

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

Name	Position	Number 31.12.2023	Number 31.12.2022
Benedikt A. Goldkamp	Chairman of the Board of Directors	9 326	6 664
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
Claudine Hatebur de Calderón	Member of the Board of Directors	0	–
Dr Anna Hocker	Member of the Board of Directors	2 089	–
Shares held by the Board of Directors		21 330	16 579
Dr Rochus Kobler	Member of the management/CEO	1 600	1 361
René Schäffeler	Member of the management/CFO	1 000	1 000
Ines Kljucar	Member of the management/CCO	58	–
Dr Lothar Schunk	Member of the management/COO	1 430	–
Shares held by the management		4 088	2 361

Management contracts

There are no management contracts between the Group and companies or persons with management duties.

Compensation, shareholdings and loans

Remuneration report: page 44 ff.; financial statements: page 51 ff.

SHAREHOLDERS' PARTICIPATION RIGHTS

Voting rights and proxy voting

Each share entitles the holder to one vote at the Shareholders' General Meeting. There is no restriction on voting rights. Shareholders may be represented at the Shareholders' General Meeting by their legal representative, another third party with written authorisation or the independent proxy. All the shares held by a shareholder may be represented by one person only.

Instructions to the independent proxy

The Board of Directors ensures that shareholders can also transmit their proxies and instructions to the independent proxy by electronic means. The Board of Directors shall determine the requirements applying to proxies and instructions. In the run-up to the ordinary Shareholders' General Meeting, shareholders can transmit their proxies and instructions to the independent proxy by electronic means. The independent proxy is elected for one year by shareholders at the ordinary Shareholders' General Meeting.

Quorums required

by the Articles of Incorporation

Unless the law or the company's Articles of Incorporation stipulate that decisions be taken by a qualified majority, the Shareholders' General Meeting takes decisions by means of an absolute majority of the votes cast, irrespective of the number of shareholders present or the number of votes. In the event of a tie, the Chairman shall have the casting vote, except in elections, where the final decision will be taken by lots if need be.

The adoption and amendment of the Articles of Incorporation and any decisions entailing an amendment of the Articles of Incorporation must be approved by three quarters of the votes cast, irrespective of the number of shareholders present or the number of votes.

Convocation of the Shareholders' General Meeting / Inclusion of items on the agenda

The Shareholders' General Meeting (GM) is the company's top body. It is headed by the Chairman. Invitations to the GM are issued at least 20 days in advance of the meeting. The invitation must contain the agenda of the meeting and the proposals by the Board of Directors and shareholders who called for the convocation of a Shareholders' General Meeting or the

inclusion of an item on the agenda. Shareholders representing shares totalling 3% of the share capital may request the inclusion of an item on the agenda. The written request including the shareholder's agenda items and proposals must reach the company at least 45 days prior to the Shareholders' General Meeting.

Shareholders' rights

All shareholders are entitled to attend the Shareholders' General Meeting. To participate and make use of their rights to vote and submit proposals, they must demonstrate their share ownership.

Entries in the share register

The share register is usually closed seven days prior to the GM. The Board of Directors may approve exceptional subsequent entries on request. The effective closing date is published in the invitation to the GM and in the financial calendar on the website.

CHANGES OF CONTROL AND DEFENCE MEASURES

Duty to make an offer

The limit for the obligation to make an offer pursuant to Article 32 of the Swiss Federal Act on Stock Exchanges and Securities Trading is 45% of the voting rights (opting up). Under the Swiss Stock Exchange Act, a potential acquiring company may be exempted from the obligation to make a public purchase bid (opting out). Phoenix Mecano has not made use of this possibility.

Clauses on changes of control

There are no change-of-control clauses. Nor are there any agreements about extending contracts in the event of a hostile takeover. This applies to serving members of the Board of Directors and management as well as other executive staff.

AUDITORS

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

By a decision of the Shareholders' General Meeting on 17 May 2023, BDO AG, Zurich, were appointed as statutory auditors for the accounting and financial statements of Phoenix Mecano AG and as Group auditors of the consolidated financial statements of the Phoenix Mecano Group for a period of one year. BDO AG, Zurich, assumed the mandate as statutory and Group auditors in 2019. The lead auditor is Mr Christoph Tschumi. The lead auditor is replaced every seven years.

Auditing fees

In the 2023 reporting year, BDO AG received fees totalling EUR 609,000 for auditing the 2023 financial statements and consolidated financial statements.

Additional fees

BDO AG received additional fees of EUR 162,000 in the reporting year for tax and legal advice and miscellaneous services. Tax consultancy is largely provided by KPMG in the interests of independence.

Auditing fees and additional fees

	2023	2022
in 1 000 EUR		
Total auditing fees	609	612
Tax consultancy	2	2
Tax declaration	0	4
Miscellaneous ¹	160	50
Total additional fees	162	56
Total	771	592

¹ Mostly fees linked to audits for the planned partial IPO of the DOT Group.

Audit supervision and control instruments

Phoenix Mecano has a dedicated full-time Internal Auditing Department and a Board of Directors' Audit Committee. The external auditors attended both Audit Committee meetings in the reporting year. They inform the Audit Committee, both orally and in writing, of the outcome of the Group audit and the audit of the financial statements of Phoenix Mecano AG. Specific observations relating to the audit are presented to the Board of Directors in the form of a comprehensive report.

The Audit Committee assesses the auditors' performance and independence annually based on the documents, reports and presentations they produce and the relevance and objectivity of their observations. In so doing, the Committee also takes into account the opinion of the CFO. The amount of the auditors' fees is regularly reviewed and compared with the auditing fees of other industrial companies. It is negotiated by the CFO and approved by the Audit Committee. Other services provided by BDO are approved by either the CFO or the Audit Committee, depending on their scope.

All services performed outside the scope of the statutory audit mandate are compatible with the audit duties.

INFORMATION POLICY

Phoenix Mecano informs its stakeholders in an open and comprehensive way to create trust and promote understanding of the company. Its high level of transparency enables all stakeholder groups to make a full and accurate assessment of business development and prospects and the sustainability of management and corporate policy.

Relevant information about the Group's business activities is provided in its annual reports, semi-annual reports and media releases as well as at media and analysts' conferences and the Shareholders' General Meeting. Company representatives maintain regular contact with the capital market as well as media representatives, financial analysts and investors. This also includes roadshows in Switzerland and abroad and one-on-one meetings at the company's headquarters.

Phoenix Mecano held its first Capital Markets Day in December 2022. Analysts, journalists and investors were given an in-depth insight into the activities of the various divisions, and new medium-term targets up to 2026 were presented.

The calendar of events and publications and the contact details of the investor relations manager can be found on page 104. Detailed information is also available online at www.phoenix-mecano.com.

The Group's annual reports, latest media information and Articles of Incorporation can be downloaded:

- Annual reports/semi-annual reports: www.phoenix-mecano.com/en/investor-relations/annual-reports/annual-reports
- Media information: www.phoenix-mecano.com/en/media
- Articles of Incorporation: www.phoenix-mecano.com/en/downloads
- Shareholders' General Meeting (invitation, results of votes): www.phoenix-mecano.com/en/investor-relations/general-meeting

Information about transactions by members of the Board of Directors and management can be found at the following link:

- www.ser-ag.com/en/resources/notifications-market-participants/management-transactions

For ad hoc disclosures, the relevant pages are:

- Pull link: www.phoenix-mecano.com/en/media/current-media-releases
- Push link: www.phoenix-mecano.com/en/media/subscribe

Print media announcements are published in the Swiss Official Gazette of Commerce (SOGC).

GENERAL BLACKOUT PERIODS

For permanent insiders (members of the Board of Directors and the management as well as employees who have regular access to insider information as part of their duties) and temporary insiders, Phoenix Mecano's insider guidelines stipulate fixed blackout periods during which they may not trade in securities (e.g. Phoenix Mecano shares). The fixed blackout periods start on the day after the end of the reporting period for the annual results (i.e. on 5 January), half-yearly results (5 July) and quarterly results (5 April, 5 October) and end at the close of the first trading day after the public announcement of the results for the relevant reporting period. The fixed blackout periods must be observed regardless of whether the person concerned believes that they have insider information.

The Head of Corporate Communications maintains a list of permanent insiders. These individuals have confirmed by signature that they have taken note of, and will adhere to, the insider guidelines. The Head of Communications informs permanent insiders by email about the start of the fixed blackout periods. In addition, the CEO may set variable blackout periods for permanent and temporary insiders. No exceptions to these rules were granted in 2023.

Group operational structure

FINANCE AND SERVICE COMPANIES

SWITZERLAND

Phoenix Mecano Management AG

CH-8302 Kloten
Managing directors:
B. A. Goldkamp, Dr R. Kobler,
R. Schäffeler

BRAZIL

Phoenix Mecano Holding Ltda.

CEP 04726-160 São Paulo – SP
Managing director:
D. Weber

GERMANY

IFINA Beteiligungsgesellschaft mbH

D-32457 Porta Westfalica
Managing directors:
M. Sochor, Dr L. Schunk,
O. Huppertz

ConnectedCare GmbH

(formerly BEWATEC
ConnectedCare GmbH)
D-48291 Telgte
Managing director:
R. Lietzow

DEWERTOKIN TECHNOLOGY GROUP

Dr J. Gross

BRAZIL

DewertOkin do Brasil Ltda.

CEP 04726-160 São Paulo – SP
Managing director:
D. Weber

GERMANY

DewertOkin GmbH

D-32278 Kirchleugern
Managing director:
D. Flören

SWEDEN

DewertOkin AB

SE-35104 Växjö
Managing director:
D. Flören

SWITZERLAND

DewertOkin AG

CH-8260 Stein am Rhein
Managing director:
M. Kleinle

HUNGARY

DewertOkin Kft.

H-6000 Kecskemét
Managing director:
Ch. Porde

URUGUAY

DewertOkin Latin America S.A.

Montevideo, 11.300
Managing director:
D. Weber

USA

OKIN America Inc.

Shannon, MS 38868
Managing directors:
Dr J. Gross, M. Barrera, S. Li

VIETNAM

Okin Vietnam Company Ltd.

Binh Duong
Managing director:
S. Li

GROUP HEADQUARTERS, SWITZERLAND

Phoenix Mecano AG, Hofwisenstrasse 6, CH-8260 Stein am Rhein

www.phoenix-mecano.com

PEOPLE'S REPUBLIC OF CHINA

DewertOkin Technology Group Co., Ltd.

314001 Jiaxing City
Managing directors:
Dr J. Gross, S. Li

Haining My Home Mechanism Co. Ltd.

Haining
Managing director:
Dr J. Gross

BEWATEC (Zhejiang) Medical Equipment Co., Ltd.

314001 Jiaxing City
Managing director:
Dr J. Gross

BEWATEC (Shanghai) Medical Device Co., Ltd.

201702 Shanghai
Managing director:
Dr J. Gross

INDUSTRIAL COMPONENTS

Dr R. Kobler

GERMANY

HPC Sekure GmbH

D-82234 Wessling
Managing director:
M. Bergler

PTR HARTMANN GmbH

D-59368 Werne
Managing director:
P. Scherer

REDUR GmbH & Co KG

D-52382 Niederzier
Managing directors:
M. Sochor, Dr L. Schunk,
O. Huppertz

RK Antriebs- und Handhabungs-Technik GmbH

D-29553 Bienenbüttel
Managing director:
A. Kebbel

RK Rose+Krieger GmbH

D-32423 Minden
Managing director:
B. Riechers

RK Schmidt Systemtechnik GmbH

D-66606 St. Wendel
Managing director:
J. U. Schmidt

RK System & Lineartechnik GmbH

D-88682 Salem-Neufrach
Managing director:
B. Riechers

Setago.io GmbH

D-91083 Baiersdorf
Managing director:
C. Kader

MEXICO

PTR Hartmann, S. De R.L. De C.V.

66467-San Nicolás de los Garza, NL
Managing director:
P. Scherer

THE NETHERLANDS

PM Special Measuring Systems B.V.

NL-7532 SN Enschede
Managing director:
R. Lachminarainsingh

SWEDEN

Phoenix Mecano AB

SE-35245 Växjö
Managing director:
P. Nilsson

CZECH REPUBLIC
Ismet transformátory s.r.o.
 CZ-67139 Běhařovice
 Managing director:
 F. Lukavsky

TUNISIA
Phoenix Mecano ELCOM S.à.r.l.
 TN-1111 Zaghouan
 Managing director:
 C. Fitouri

PEOPLE'S REPUBLIC OF CHINA
PTR HARTMANN (Shaoguan) Co., Ltd.
 Shaoguan City
 Managing directors:
 E. Lam, P. Scherer

ENCLOSURE SYSTEMS

Dr H.W. Rixen

GERMANY
Bopla Gehäuse Systeme GmbH
 D-32257 Bünde
 Managing director:
 R. Bokämper

Kundisch GmbH & Co. KG
 D-78056 Villingen-Schwenningen
 Managing director:
 R. Bokämper

Rose Systemtechnik GmbH
 D-32457 Porta Westfalica
 Managing director:
 Dr H. W. Rixen

PRODUCTION AND SALES COMPANIES

AUSTRALIA
Phoenix Mecano Australia Pty Ltd.
 Tullamarine, VIC 3043
 Managing director:
 S. J. Gleeson

BELGIUM
Phoenix Mecano NV
 B-9800 Deinze
 Managing director:
 A. Meulewaeter

DENMARK
Phoenix Mecano ApS
 DK-6400 Sønderborg
 Managing directors:
 I. Kljucar, R. Bokämper

FRANCE
Phoenix Mecano S.à.r.l.
 F-94120 Fontenay-sous-Bois,
 Cedex
 Managing director:
 L. Morlet

UNITED KINGDOM
Phoenix Mecano Ltd.
 GB-Aylesbury HP19 8RY
 Managing director:
 R. Bokämper

INDIA
Phoenix Mecano (India) Pvt. Ltd.
 Pune 412115
 Managing director:
 S. Shukla

ITALY
Phoenix Mecano S.r.l.
 IT-41123 Modena
 Managing director:
 E. Giorgione

KOREA (SOUTH KOREA)
Phoenix Mecano Korea Co., Ltd.
 Busan 614-867
 Managing director:
 S. Shukla

THE NETHERLANDS
Phoenix Mecano B.V.
 NL-7005 AG Doetinchem
 Managing director:
 M. Walvoort

AUSTRIA
Phoenix Mecano GmbH
 A-1090 Vienna
 Managing directors:
 I.Kljucar, Ch. Friedrich

ROMANIA
Phoenix Mecano Plastic S.r.l.
 RO-550018 Sibiu
 Managing director:
 C. Marinescu

RUSSIA
Phoenix Mecano OOO
 RUS-124489 Zelenograd,
 Moscow
 Managing director:
 M. Opushansky

SAUDI ARABIA
Phoenix Mecano Saudi Arabia LLC
 SA-3451, Dammam
 Managing director:
 S. Shukla

SWITZERLAND
Phoenix Mecano Solutions AG
 CH-8260 Stein am Rhein
 Managing directors:
 M. Jahn, W. Schmid

SINGAPORE
Phoenix Mecano S.E. Asia Pte Ltd.
 Singapore 408863
 Managing director:
 S. Shukla

SPAIN
Sistemas Phoenix Mecano España S.A.
 E-50197 Zaragoza
 Managing director:
 S. Hutchinson

HUNGARY
Phoenix Mecano Kecskemét Kft.
 H-6000 Kecskemét
 Managing directors:
 A. Nübler,
 Dr L. Schunk (until 31.01.2024),
 A. Komlosi (from 01.02.2024)

USA
Phoenix Mecano Inc.
 Frederick, MD 21704
 Managing director:
 P. Brown

UNITED ARAB EMIRATES
Rose Systemtechnik Middle East (FZE)
 Sharjah – U.A.E.
 Managing director:
 S. Shukla

PEOPLE'S REPUBLIC OF CHINA
Mecano Components (Shanghai) Co., Ltd.
 201802 Shanghai
 Managing director:
 K. W. Phoon

Phoenix Mecano Hong Kong Ltd.
 Hong Kong
 Managing directors:
 E. Lam, Dr R. Kobler,
 R. Schäffeler

REMUNERATION REPORT

Remuneration report

This remuneration report contains information about the principles, procedures for determining remuneration and components of remuneration of the Board of Directors and management of Phoenix Mecano AG. It is also based on the Articles of Incorporation, the transparency requirements set out in the Swiss Code of Obligations (CO), the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse. The disclosures required under Articles 13–16 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) are contained in a separate section at the end of this remuneration report.

REMUNERATION PRINCIPLES AND GOVERNANCE

Remuneration of the management and Board of Directors is based on the following principles:

- Transparency (simplicity, clarity)
- Business success (value creation, shareholder benefit)
- Adherence to market rates of executive pay (benchmarking of similar companies, qualifications and experience)

The 2023 ordinary Shareholders' General Meeting voted on Board of Directors and management remuneration. In addition, the following members of the Compensation Committee were re-elected: Beat Siegrist, Ulrich Hocker, Dr Martin Furrer. The committee is chaired by Beat Siegrist.

The Compensation Committee meets as often as required, but at least once a year. In 2023, two meetings of the Compensation Committee were held, as well as discussions in connection with the introduction of a long-term incentive programme. The tasks, powers, responsibilities and working methods of the Compensation Committee are described on page 35 of the corporate governance report. The Compensation Committee can call in external compensation specialists to offer neutral advice or provide studies or data as a basis for comparison in setting remuneration.

PROCEDURES FOR DETERMINING REMUNERATION

The composition and level of remuneration awarded to the Board of Directors and management are based on sector and labour market comparisons. The Compensation Committee relies in particular on salary comparisons with other industrial companies listed on the SIX Swiss Exchange with similar sales (EUR 100 million to EUR 3 billion), headcounts (1 000 to 15 000) and geographical presence (global), which operate in the same sectors (industrial components, mechanical engineering) and are headquartered in Switzerland.

The variable remuneration of management members and the Executive Chairman of the Board of Directors is based on business criteria.

In this way, Phoenix Mecano ensures that management bonuses are conditional upon the creation of added value for shareholders.

The reference indicators for this are the Group's result of the period and equity for the past financial year, or, in the case of the COO and CCO, the operating result and net operating assets of the Industrial Components and Enclosure Systems divisions.

Special or one-off items are taken into account, as they also impact on shareholders. In the interests of transparency, leverage effects and complex derivative structures are excluded from the outset.

The non-executive members of the Board of Directors receive only a fixed remuneration in cash, so that they can exercise their supervisory and overall guidance function free from conflicts of interest with the management.

STRUCTURE OF REMUNERATION

The non-executive Board of Directors is remunerated in cash for all of its duties, including ordinary and any extraordinary meetings, committee activities and other extraordinary activities. Expenses are not reimbursed separately. Only in the case of cross-border travel are the actual costs reimbursed.

In the reporting year, the management of Phoenix Mecano consisted of four members: the CEO, CCO, CFO and COO. The CEO and CFO hold responsible positions with an overall management role, while the CCO and COO perform management functions for the Industrial Components and Enclosure Systems divisions. Remuneration for management members therefore follows two different models, based in each case on a simple, but effective formula. Remuneration for the Executive Chairman of the Board of Directors is based on the same formula as for the CEO and CFO.

Each member of the management and the Executive Chairman of the Board of Directors receive a fixed remuneration in cash, taking into account their qualifications, experience and area of responsibility, at prevailing market conditions (see also under Procedures for determining remuneration).

In addition, the members of the management and the Executive Chairman of the Board of Directors receive a variable remuneration component (bonus). To determine this component, a minimum profit margin of 4%, calculated in relation to the Phoenix Mecano Group's balance-sheet equity, is first set aside, or, in the case of the CCO and COO, a minimum profit margin of 6%, calculated in relation to the net operating assets of the Industrial Components and Enclosure Systems divisions. This minimum profit is not taken into account in determining the bonus. Bonuses can only be paid if the result of the period,

or, in the case of the CCO and COO, the operating result of the two aforementioned divisions, as recorded in the Phoenix Mecano Group's consolidated financial statements, exceeds this minimum amount (for shareholders). No bonus is paid in the event of losses. All management members and the Executive Chairman of the Board of Directors receive their bonus as a percentage of the respective results less the aforementioned minimum rate of return. The bonus is limited to a maximum of twice the fixed salary, or, in the case of the CCO and COO, to CHF 500 000. The percentage received by individual management members and the Executive Chairman of the Board of Directors is set in advance, taking into account the individual's areas of responsibility.

LONG-TERM INCENTIVE

The Executive Chairman of the Board of Directors and the members of the management of Phoenix Mecano AG are participating in a share-based, long-term incentive (LTI) programme for the first time in 2023. At the beginning of the vesting period, each plan participant is allocated performance share units (PSUs) totalling 20% of their fixed remuneration. The PSUs are converted into freely available registered shares in Phoenix Mecano AG after the three-year vesting period. The extent of the PSUs to be converted depends on two equally weighted performance conditions:

1. the return on capital employed (ROCE) and
2. the relative total shareholder return (rTSR). The ROCE target is set by the Board of Directors at the start of the vesting period and compared with the ROCE actually achieved each year. The rTSR is measured in relation to a comparison group. For both performance conditions, the maximum degree of target achievement is limited to 150%. The market value of the PSUs is determined at the time of allocation using a Monte Carlo simulation, taking into account expected dividend payments, and is recognised in the statement of income over the vesting period. The number of PSUs is adjusted annually based on the change in performance.

There were no direct share allocations in the reporting year, and no options were organised.

SOCIAL SECURITY AND FRINGE BENEFITS

The Phoenix Mecano Group operates a 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). Members of the management and the Executive Chairman of the Board of Directors are affiliated with this pension plan. 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 as well as a lump-sum payment. The annuity is calculated by multiplying the relevant 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. The Phoenix Mecano Group has also taken out group accident insurance for death and disability as well as daily sickness benefits insurance for members of the management and the Executive Chairman of the Board of Directors.

Management members and the Executive Chairman of the Board of Directors receive lump-sum expenses in accordance with the expense regulations approved by the relevant tax authorities. If they wish, members of the management and the Executive Chairman of the Board of Directors are given a company car for business and private use.

The compensation awarded to members of the Board of Directors is subject to the usual social security contributions. With the exception of the Chairman, members of the Board of Directors do not participate in the Phoenix Mecano pension plan.

ADDITIONAL FEES

In principle, no fees or other allowances for additional services to Phoenix Mecano AG or any of its Group companies are awarded to members of the Board of Directors and management or persons related to them.

CONTRACTUAL TERMS AND CONDITIONS

The employment contracts of management members provide for a maximum notice period of 12 months.

SEVERANCE PAY

There is no contractual provision for severance pay for members of the Board of Directors or management.

RULES LAID DOWN IN THE ARTICLES OF INCORPORATION

The Articles of Incorporation include the following rules concerning the vote on Board of Directors and management remuneration, the determination of performance-related pay and the allocation of equity securities, convertible rights and options, as well as concerning loans, credit facilities and post-employment benefits for members of the Board of Directors and management (extract from the Articles of Incorporation of Phoenix Mecano AG, version dated 17 May 2023):

Article 16

Each year the Shareholders' General Meeting shall, with binding effect, separately approve, based on a proposal by the Board of Directors, the maximum total amounts of the remuneration of the Board of Directors, the management (including any delegate) and any advisory board, for the next financial year commencing after the ordinary Shareholders' General Meeting (the "approval period"). The maximum total amounts approved by the Shareholders' General Meeting may be paid by the company and/or by one or more Group companies.

If an approved maximum total amount for remuneration of the management is insufficient to compensate any members appointed after the resolution of the Shareholders' General Meeting up to the commencement of the next approval period, the company shall have at its disposal an additional amount per person of up to 50% of the previously approved maximum total remuneration of the management for the approval period in question. The Shareholders' General Meeting shall not vote on the additional amount appropriated.

In addition to the approval pursuant to paragraph 1, the Shareholders' General Meeting may, each year, with binding effect, separately approve, based on a proposal by the Board of Directors, an increase in the approved maximum total amounts for remuneration of the Board of Directors, the management and any advisory board for the approval period ongoing at the time of the relevant Shareholders' General Meeting and/or for the preceding approval period. The Board of Directors shall be entitled to pay all kinds of authorised remuneration using the approved maximum total amounts and/or the additional amounts.

In addition, the Board of Directors may give the Shareholders' General Meeting the opportunity to hold an advisory vote on the remuneration report for the financial year preceding the Shareholders' General Meeting in question.

If the Shareholders' General Meeting refuses to approve a maximum total amount for the members of the Board of Directors, the management or any advisory board, the Board of Directors may submit new proposals at the same Shareholders' General Meeting. If the Board of Directors does not submit new proposals or if the new proposals are also rejected, the Board of Directors may convene another Shareholders' General Meeting at any time, subject to legal requirements and the Articles of Incorporation.

Article 23

The company may pay executive members of the Board of Directors and the members of the management performance-related remuneration. The amount of this remuneration shall be based on the qualitative and quantitative targets and parameters set by the Board of Directors, in particular the overall success of the Group. The performance-related remuneration may be paid in cash or through the allocation of equity securities, conversion or option rights or other rights to equity securities. The Board of Directors shall specify detailed rules for the performance-related remuneration of members of the Board of Directors, the management and any advisory board. Non-executive members of the Board of Directors shall receive a fixed remuneration only.

The company may allocate equity securities, conversion or option rights or other rights to equity securities to members of the Board of Directors, the management and any advisory board as part of their remuneration. If equity securities, conversion or option rights or other rights to equity securities are allocated, the amount of the remuneration shall correspond to the value of the allocated securities and/or rights at the time of the allocation according to generally accepted valuation methods. The Board of Directors may stipulate a lock-up period for retaining the securities and/or rights and determine when and to what extent the beneficiaries acquire permanent entitlement and under what conditions any lock-up periods lapse and the beneficiaries immediately acquire permanent entitlement (e.g. in the event of a change of control, substantial restructuring or certain types of employment contract termination). The Board of Directors shall specify detailed rules.

Article 24

Loans and credit to members of the Board of Directors, the management and any advisory board may not as a rule exceed 100% of the annual remuneration of the individual in question.

REMUNERATION FOR FINANCIAL YEARS 2023 AND 2022 PURSUANT TO ERCO (AUDITED)

The following remuneration was awarded for financial year 2023:

in 1000 CHF	Position	Fixed remuneration	Variable remuneration	Share-based remuneration Number	1000 CHF	Social security and pension	Total remuneration
Benedikt A. Goldkamp	Chairman of the Board of Directors	725	514	432	122	197	1 558
Ulrich Hocker	Independent Lead Director	257				16	273
Dr Florian Ernst	Member of the Board of Directors	64				5	69
Dr Martin Furrer	Member of the Board of Directors	64				5	69
Claudine Hatebur de Calderón	Member of the Board of Directors	35				2	37
Dr Anna Hocker	Member of the Board of Directors	35				2	37
Beat Siegrist	Member of the Board of Directors	64				5	69
Remuneration of the Board of Directors		1 244	514	432	122	232	2 112
Remuneration of the management		1 732	894	1 030	291	432	3 349
Remuneration of the Board of Directors and management		2 976	1 408	1 462	413	664	5 461
Highest individual management salary: Dr Rochus Kobler	CEO	694	514	410	116	188	1 512

The following remuneration was awarded for financial year 2022:

in 1000 CHF	Position	Fixed remuneration	Variable remuneration	Social security and pension	Total remuneration
Benedikt A. Goldkamp	Chairman of the Board of Directors	725	324	172	1 221
Ulrich Hocker	Independent Lead Director	257		17	274
Dr Florian Ernst	Member of the Board of Directors	64		5	69
Dr Martin Furrer	Member of the Board of Directors	64		5	69
Beat Siegrist	Member of the Board of Directors	64		5	69
Remuneration of the Board of Directors		1 174	324	204	1 702
Remuneration of the management		1 156	437	264	1 857
Remuneration of the Board of Directors and management		2 330	761	468	3 559
Highest individual management salary: Dr Rochus Kobler	CEO	694	324	159	1 177

All compensation is short term in nature, except for the share-based remuneration.

The Phoenix Mecano Group's consolidated statements of income for 2023 and 2022 include no compensation for former members of the Group's bodies who left in the preceding period or before. In financial years 2023 and 2022, legal fees amounting to CHF 0.053 million and CHF 0.035 million respectively worldwide were paid to law firm Baker McKenzie, in which Dr Martin Furrer is a partner in Zurich.

LOANS TO CORPORATE OFFICERS

Phoenix Mecano AG and its Group companies have not granted any securities, loans or credits to current or former members of the management and Board of Directors or persons related to them.

EXTERNAL MANDATES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The following table lists all external mandates exercised by the members of the Board of Directors and management in comparable positions in other undertakings with commercial objects within the meaning of Art. 626 para. 2 no. 1 of the Swiss Code of Obligations (OR) and which in accordance with Art. 734e OR must be disclosed in the remuneration report, as well as all activities and functions of the members of the Board of Directors and management in accordance with Point 3.2 or Point 4.2 (Other activities and vested interests) of the Annex to the Directive on Information relating to Corporate Governance of 29 June 2022:

Member of the Board of Directors	Company	Position	
Benedikt A. Goldkamp	Model Holding AG	Member of the Board of Directors	
	IBG Industrie-Beteiligungs-Gesellschaft mbH, & Co. Kommanditgesellschaft, Cologne, Germany	Deputy Chairman of the Board of Partners	B
Ulrich Hocker	DMG MORI AKTIENGESELLSCHAFT, Bielefeld, Germany	Deputy Chairman of the Supervisory Board	B
	Feri AG, Bad Homburg, Germany	Deputy Chairman of the Supervisory Board	B
	Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW)	Chairman	B
	Deutsche Bank AG – Cologne region, Cologne, Germany	Member of the Advisory Board	
	IBG Industrie-Beteiligungs-Gesellschaft mbH & Co. Kommanditgesellschaft, Cologne, Germany	Chairman of the Board of Partners	B
	Investmentgemeinschaft Gilgenberg KG, Düsseldorf, Germany	Managing Director	
	Investmentgemeinschaft Gilgenberg KG, Luxembourg, Luxembourg	Managing Director	
	Gilgenberg Vermögensverwaltungs-KG, Cologne, Germany	Managing Director	
Dr Florian Ernst	Grundstücksgemeinschaft Hocker GbR, Düsseldorf, Germany	Managing Director	
	Tabouret S.A., Luxembourg, Luxembourg	Member of the Board of Directors	
Dr Florian Ernst	Finerco GmbH	Managing Director	

Member of the Board of Directors	Company	Position	
Dr Martin Furrer	Baker McKenzie Switzerland AG	Member of the Board of Directors	
	PILATUS Flugzeugwerke AG	Member of the Board of Directors	B
	Alaid Holding AG	Member of the Board of Directors	G
	Qogir Holding AG	Member of the Board of Directors	G
	SAGARMATHA II Holding AG	Member of the Board of Directors	G
	BELA Holding AG	Member of the Board of Directors	G
	Burger Holding AG	Member of the Board of Directors	B, G
	Burger Söhne Manufacturing AG	Member of the Board of Directors	K
	Protabaco AG	Member of the Board of Directors	K
	Burger Immobilien AG	Member of the Board of Directors	G
	Domaine de la Grande Ile SA	Member of the Board of Directors	K
	wm100 holding AG	Member of the Board of Directors	G
	wm19 holding AG	Member of the Board of Directors	K
	Zebra IV AG	Member of the Board of Directors	K
	wm2030 holding AG	Member of the Board of Directors	G
Zebra VII AG	Member of the Board of Directors	G	
Beat Siegrist	Schweiter Technologies AG	Member of the Board of Directors	B
	INFICON HOLDING AG	Member of the Board of Directors	B
	Bomatec Holding AG	Member of the Board of Directors	
	The Island Rum Company AS, Oslo, (Norway)	Member of the Board of Directors	
	Beat Siegrist Beteiligungen AG	Member of the Board of Directors	
Dr Anna Hocker	Radicalisation Capital UG	Managing Director	G
	Crafthunt GmbH, Munich, Germany	Managing Director	G
Claudine Hatebur de Calderón	Cofinanz Hatebur AG, Zurich	Chairwoman of the Board of Directors	G
	Hatebur Umformmaschinen AG, Reinach BL	Chairwoman of the Board of Directors	G
	Employee benefits foundation of Hatebur Umformmaschinen AG	Foundation board member	G
	Swissmem, Zurich	Council member	B
	Swiss Association of Privately Held Companies, Basel	Member	
Dr Rochus Kobler	De Martin AG	Member of the Board of Directors	
René Schäffeler	Genossenschaft Alterswohnungen Stein am Rhein	Chairman of the Board of Directors	
Ines Kljucar	The Equity Alliance, USA	Advisor	

B = Activities and functions in accordance with Point 3.2 or Point 4.2 (Other activities and vested interests) of the Annex to the Directive on Information relating to Corporate Governance of 29 June 2022
 G = Associated company or company under common control
 K = Controlled company



REPORT OF THE STATUTORY AUDITOR

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

REPORT ON THE AUDIT OF THE REMUNERATION REPORT ACCORDING TO ART. 734A-734F CO

Opinion

We have audited the remuneration report of Phoenix Mecano AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a–734f of the Swiss Code of Obligations (CO) in the tables marked “audited” on page 46 of the remuneration report.

In our opinion, the information pursuant to Art. 734a–734f CO in the remuneration report (pages 43 to 47) complies with Swiss law and the Company’s articles of incorporation.

Basis for Opinion

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

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

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked “audited” in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

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

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Remuneration Report

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

Auditor’s Responsibilities for the Audit of the Remuneration Report

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

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

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

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

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

Zurich, 19 April 2024
BDO Ltd

Christoph Tschumi
Auditor in charge
Licensed Audit Expert

Marc Furlato
Licensed Audit Expert

FINANCIAL REPORT

PHOENIX MECANO GROUP
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

ASSETS

in 1 000 EUR	Note	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	3	130 674	82 369
Securities		1 199	454
Trade receivables	4	120 836	107 476
Income tax receivables		1 950	417
Other short-term receivables	5	13 004	12 169
Inventories	6	151 499	195 101
Deferred charges and prepaid expenses		3 330	4 020
Total current assets		422 492	402 006
NON-CURRENT ASSETS			
Tangible assets	7	156 194	158 688
Intangible assets	8	8 806	11 477
Investments in associated companies	9	1 606	2 948
Other financial assets	10	1 025	1 275
Deferred tax assets	16	11 289	11 059
Total non-current assets		178 920	185 447
Total assets		601 412	587 453

EQUITY AND LIABILITIES

in 1 000 EUR	Note	2023	2022
LIABILITIES			
Trade payables		100 663	79 876
Short-term financial liabilities	11	65 220	74 149
Derivative financial instruments	12	50	551
Short-term provisions	13	20 798	13 840
Short-term pension obligations	14	306	283
Income tax liabilities		18 168	12 801
Other short-term liabilities	15	29 749	32 596
Short-term deferred income		3 424	591
Short-term liabilities		238 378	214 687
Long-term financial liabilities	11	64 328	92 672
Long-term provisions	13	2 913	3 205
Long-term pension obligations	14	4 527	3 826
Long-term deferred income		5 722	10 549
Deferred tax liabilities	16	830	1 227
Long-term liabilities		78 320	111 479
Total liabilities		316 698	326 166
EQUITY			
Share capital	17	852	852
Treasury shares	18	-2 213	-33
Retained earnings		276 806	247 190
Translation differences		-4 349	3 040
Equity attributable to shareholders of the parent company		271 096	251 049
Minority interest	19	13 618	10 238
Total equity		284 714	261 287
Total equity and liabilities		601 412	587 453

CONSOLIDATED STATEMENT OF INCOME 2023

in 1 000 EUR		2023	2022
	Note		
Net revenue	27	775 491	784 442
Changes in inventories		2 714	228
Own work capitalised		2 943	5 032
Other operating income	28	21 261	7 708
Cost of materials	29	- 382 172	- 392 125
Personnel expenses	30	- 228 120	- 230 577
Depreciation on tangible assets		- 18 667	- 19 829
Amortisation of intangible assets		- 4 573	- 4 101
Impairment losses and reversal of impairment losses on tangible and intangible assets		0	- 398
Other operating expenses	31	- 106 774	- 96 758
Operating result		62 103	53 622
Result from associated companies	9	411	580
Financial income	32	8 803	8 629
Financial expenses	33	- 10 357	- 7 575
Financial result		- 1 143	1 634
Result before tax		60 960	55 256
Income tax	34	- 15 509	- 16 232
Result of the period		45 451	39 024
of which			
Shareholders of the parent company		45 167	39 584
Minority shareholders		284	- 560
EARNINGS PER SHARE			
Earnings per share – undiluted (in EUR)	35	47.13	41.22
Earnings per share – diluted (in EUR)	35	47.11	41.22

CONSOLIDATED STATEMENT OF CASH FLOW 2023

in 1 000 EUR	Note	2023	2022
Result of the period		45 451	39 024
Income tax	34	15 509	16 232
Result before tax		60 960	55 256
Depreciation on tangible assets	7	18 667	19 829
Amortisation of intangible assets	8	4 573	4 101
Losses/(gains) on the disposal of tangible and intangible assets	28, 31	- 534	- 684
Impairment losses/(reversal of impairment losses) on tangible and intangible assets	7, 8	0	398
Losses and value adjustments on inventories	6	3 796	4 576
Loss/(gain) from associated companies	9	- 411	- 580
Loss/(gain) on the disposal of Group companies	28, 31, 38	- 9 807	0
Expenses from employee participation plan		55	0
Other non-cash expenses/(income)		839	- 770
Increase/(decrease) in long-term provisions and pension obligations		939	- 1 203
Net interest expense/(income)	32, 33	1 674	2 349
Interest paid		- 4 166	- 3 412
Income tax paid		- 12 696	- 6 212
Operating cash flow before changes in working capital		63 889	73 648
(Increase)/decrease in inventories		14 417	- 17 380
(Increase)/decrease in trade receivables		- 23 929	32 904
(Increase)/decrease in other receivables, deferred charges and prepaid expenses		- 797	4 700
(Decrease)/increase in trade payables		28 639	- 36 435
(Decrease)/increase in short-term provisions and pension obligations		7 478	- 2 027
(Decrease)/increase in other liabilities and deferred income		352	506
Cash flow from operating activities		90 049	55 916

in 1 000 EUR	Note	2023	2022
CAPITAL EXPENDITURE			
Tangible assets	7	- 37 970	- 41 881
Intangible assets	8	- 2 427	- 5 317
Other financial assets/securities/investments in associated companies		- 782	- 486
DISINVESTMENTS			
Tangible assets	7, 28, 31	7 963	3 125
Intangible assets	8, 28, 31	20	28
Other financial assets/securities/investments in associated companies		589	376
Disposal of Group companies	38	45 343	0
Interest received		2 596	920
Dividends received	9	1 329	249
Cash used in investing activities		16 661	- 42 986
Dividends paid (including minority interest)		- 16 299	- 14 064
Change in minority interests		0	- 80
Purchase of treasury shares	18	- 2 213	0
Sale of treasury shares	18	30	44
Issue of financial liabilities	11	9 794	58 133
Repayment of financial liabilities	11	- 45 488	- 72 899
Cash flow from financing activities		- 54 176	- 28 866
Translation differences in cash and cash equivalents		- 4 229	- 1 284
Change in cash and cash equivalents		48 305	- 17 220
Cash and cash equivalents as at 1 January	3	82 369	99 589
Cash and cash equivalents as at 31 December	3	130 674	82 369
Change in cash and cash equivalents		48 305	- 17 220

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022 AND 2023

	Note	Share capital	Treasury shares	Retained earnings	Translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
in 1 000 EUR								
As at 31 December 2021		852	-77	221 988	6 012	228 775	11 235	240 010
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

Result of the period				45 167		45 167	284	45 451
Dividends paid				- 16 264		- 16 264	- 35	- 16 299
Translation differences					- 7 389	- 7 389	- 656	- 8 045
Currency differences from sale/merger/liquidation recognised directly in equity				- 826		- 826	- 77	- 903
Change in treasury shares	18		- 2 180	- 3		- 2 183		- 2 183
Change in minority interest	19			- 3 372		- 3 372	3 372	0
Goodwill recycling with impact on statement of income	38			4 814		4 814	492	5 306
Adjustment of purchase price liability with impact on shadow statement	20/40			45		45		45
Employee participation plan				55		55		55
As at 31 December 2023		852	- 2 213	276 806	- 4 349	271 096	13 618	284 714

CONSOLIDATED SEGMENT INFORMATION 2023

BY DIVISION

	DewertOkin Technology Group		Industrial Components		Enclosure Systems		Total segments		Reconciliation*		Total Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
in 1 000 EUR												
Gross sales to third parties	330 379	310 335	223 075	255 847	229 657	226 757	783 111	792 939	0	0	783 111	792 939
Gross sales between divisions	5 425	5 959	507	2 370	1 506	1 332	7 438	9 661	-7 438	-9 661	0	0
Revenue reductions											-7 620	-8 497
Net revenue											775 491	784 442
Reversal of impairment losses/(impairment losses) on tangible and intangible assets	0	-540	0	142	0	0	0	-398	0	0	0	-398
Depreciation on tangible assets and amortisation of intangible assets	-9 082	-8 025	-6 067	-7 784	-6 811	-6 440	-21 960	-22 249	-1 280	-1 681	-23 240	-23 930
Operating result	7 164	-2 622	24 118	24 364	34 312	35 183	65 594	56 925	-3 491	-3 303	62 103	53 622
Financial result											-1 143	1 634
Result before tax											60 960	55 256
Income tax											-15 509	-16 232
Result of the period											45 451	39 024
Purchases of tangible and intangible assets	19 887	29 223	5 723	7 154	13 794	10 468	39 404	46 845	993	353	40 397	47 198
Segment assets	198 584	184 940	114 249	169 647	124 729	127 386	437 562	481 973	13 657	5 362	451 219	487 335
Cash and cash equivalents									130 674	82 369	130 674	82 369
Other assets									19 519	17 749	19 519	17 749
Total assets	198 584	184 940	114 249	169 647	124 729	127 386	437 562	481 973	163 850	105 480	601 412	587 453
Segment liabilities	115 408	88 424	21 172	26 997	23 072	24 586	159 652	140 007	7 772	4 174	167 424	144 181
Interest-bearing liabilities									129 548	166 821	129 548	166 821
Other liabilities									19 726	15 164	19 726	15 164
Total liabilities	115 408	88 424	21 172	26 997	23 072	24 586	159 652	140 007	157 046	186 159	316 698	326 166
Net assets	83 176	96 516	93 077	142 650	101 657	102 800	277 910	341 966	6 804	-80 679	284 714	261 287
GROSS SALES TO THIRD PARTIES BY REGION												
Europe	53 179	66 083	175 005	203 129	184 972	184 411	413 156	453 623			413 156	453 623
North and South America	37 411	44 580	18 129	19 185	16 884	17 240	72 424	81 005			72 424	81 005
Middle and Far East	239 789	199 672	29 941	33 533	27 801	25 106	297 531	258 311			297 531	258 311
Gross sales to third parties	330 379	310 335	223 075	255 847	229 657	226 757	783 111	792 939			783 111	792 939

* Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

CONSOLIDATED SEGMENT INFORMATION 2023

NET REVENUE

	2023	2022
in 1 000 EUR		
BY REGION		
Switzerland	28 895	29 399
Germany	237 220	262 768
UK	13 427	15 638
France	19 350	20 543
Italy	11 158	12 733
The Netherlands	16 378	17 191
Rest of Europe	86 728	95 351
North and South America	72 424	81 005
Middle and Far East	297 531	258 311
Gross sales	783 111	792 939
Revenue reductions	-7 620	-8 497
Net revenue	775 491	784 442
BY PRODUCT GROUP		
Drive technology	257 207	248 894
Fittings technology	61 262	48 994
Bewatec	11 909	12 447
DewertOkin Technology Group	330 378	310 335
Automation Modules	108 555	103 934
Electrotechnical Components	58 197	67 598
Rugged Computing	24 732	51 304
Measuring Technology	31 592	33 011
Industrial Components	223 076	255 847
Industrial enclosures and input systems	229 657	226 757
Enclosure Systems	229 657	226 757
Gross sales	783 111	792 939
Revenue reductions	-7 620	-8 497
Net revenue	775 491	784 442

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

	2023	2022
in 1 000 EUR		
BY REGION		
Switzerland	10 562	8 188
Germany	27 319	35 692
UK	70	18
France	260	198
Italy	241	201
The Netherlands	389	411
Rest of Europe	32 520	29 530
North and South America	6 283	6 255
Middle and Far East	88 962	92 620
Total	166 606	173 113

The Phoenix Mecano Group had no customers in 2023 or 2022 whose sales revenue accounted for more than 10% of Group sales.

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 and system solutions 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 the SIX Swiss Exchange since 1988. Its address is Hofwisenstrasse 6, CH-8260 Stein am Rhein.

The 2023 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 2023, 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.

The Swiss GAAP FER Commission adopted the recommendation "Swiss GAAP FER 28 – Government Grants" (FER 28) in November 2021 and the revised standard "Swiss GAAP FER 30 – Consolidated Financial Statements" (FER 30) in May 2022. Both recommendations come into force on 1 January 2024. Early application is possible.

The provisions of FER 28 govern the accounting and disclosure of government grants. Based on an assessment, the Phoenix Mecano Group assumes that the application of FER 28 will not have a material impact on the consolidated financial statements.

Under the amendments to FER 30, intangible assets not previously recognised at an acquired subsidiary that are relevant to the decision to acquire control must be identified and recognised. Upon first-time adoption of FER 30, the new provisions on goodwill are not implemented retrospectively. Furthermore, the amendments to FER 30 essentially specify the accounting and treatment of step acquisitions, goodwill and exchange differences on the disposal of Group companies and in connection with equity-like corporate loans. The application of the above-mentioned amendments to FER 30 will have an impact on the Phoenix Mecano Group's consolidated financial statements in the case of future acquisitions and divestments.

The Phoenix Mecano Group will not be adopting the two new standards early.

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 under Other operating income or Other operating expenses. The incidental costs associated with the transaction are recognised under the corresponding item (e.g. Administrative expenses).

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 euros.

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 euros. 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:

- **DewertOkin Technology Group (DOT):** Development, production and sale of and trade in drive, system and fittings technology as well as system solutions for electrically adjustable comfort and healthcare furniture and ergonomic office workstation design, nursing and hospital beds, and smart-health software solutions
- **Industrial Components (IC):** Development, production and sale of and trade in components, complete modules and subsystems in the following business areas: Automation Modules (linear units, electric cylinders and lifting columns, aluminium profile and tube connection systems, assembly workstation systems), Electrotechnical Components (terminal blocks, connectors, series terminals, test probes, switches, inductors) and Measuring Technology (current measuring systems, transformers, instrument transformers)
- **Enclosure Systems (ES):** Development, production and sale of and trade in industrial and electronic enclosures made of aluminium, stainless steel, plastics and glass fibre-reinforced polyester to protect electronics in a wide range of applications (including in potentially explosive atmospheres) as well as complete human-machine interface solutions (panel PCs, industrial PCs, industrial monitors) and input units such as membrane keypads, short-stroke keys and touchscreens; including system integration and, in addition, toolmaking, plastic injection moulding and aluminium die casting

In addition, individual business areas and 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.

At the beginning of 2023, an asset-backed securities (ABS) programme for the purchase of receivables with a maximum volume of EUR 15 million was launched with Weinberg Capital Ltd. (special-purpose vehicle). Under this agreement, individual subsidiaries of the Phoenix Mecano Group in Germany sell trade receivables. The receivables are securitised and placed on the capital market. The Phoenix Mecano Group continues to carry out receivables management for the sold receivables. However, almost all risks and rewards are transferred, and therefore the requirements for a true sale are met (treatment as an off-balance-sheet transaction).

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 ten 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.

The Chairman of the Board of Directors and the members of the management of Phoenix Mecano AG are participating in a share-based, long-term incentive (LTI) programme for the first time in 2023. At the beginning of the vesting period, each plan participant is allocated performance share units (PSUs) totalling 20% of their fixed remuneration. The PSUs are converted into freely available registered shares in Phoenix Mecano AG after the three-year vesting period. The extent of the PSUs to be converted depends on two equally weighted performance conditions: 1. the return on capital employed (ROCE) and 2. the relative total shareholder return (rTSR). The ROCE target is set by the Board of Directors at the start of the vesting period and compared with the ROCE actually achieved each year. The rTSR is measured in relation to a comparison group. For both performance conditions, the maximum degree of target achievement is limited to 150%. The market value of the PSUs is determined at the time of allocation using a Monte Carlo simulation, taking into account expected dividend payments, and is recognised in the statement of income over the vesting period. The number of PSUs is adjusted annually based on the change in performance.

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 registered 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 divestments 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 2023

1 CURRENCY EXCHANGE RATES

	Balance sheet		Statements of income and cash flow	
	2023	2022	2023	2022
Euro for				
CHF 1	1.080	1.016	1.029	0.995
GBP 1	1.151	1.127	1.150	1.173
USD 1	0.901	0.938	0.925	0.950
HUF 100	0.261	0.249	0.262	0.257
CZK 1	0.040	0.041	0.042	0.041
RON 1	0.201	0.202	0.202	0.203
TND 1	0.295	0.300	0.298	0.309
CNY 1	0.127	0.136	0.131	0.141
INR 1	0.011	0.011	0.011	0.012
VND 1 000	0.037	-	0.039	-

2 SCOPE OF CONSOLIDATION

In 2023 and 2022, the scope of consolidation changed as follows:

Date	Company	Change	Division
2023			
31.10.23	Hartmann Electronic GmbH	Sales	Industrial Components
31.10.23	W-IE-NE-R Power Electronics GmbH	Sales	Industrial Components
31.10.23	W-IE-NE-R Power Electronics Corp.	Sales	Industrial Components
14.09.23	Phoenix Mecano GmbH	Foundation	Enclosure Systems
03.03.23	Setago.io GmbH	Foundation	Industrial Components
20.01.23	Phoenix Mecano Digital Elektronik GmbH	Sales	Industrial Components
20.01.23	Phoenix Mecano Digital Tunisie S.à.r.l.	Sales	Industrial Components

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

The following companies were fully consolidated as at 31 December 2023:

FULLY CONSOLIDATED COMPANIES

Company	Head office	Activity	Currency	Registered capital in 1 000	2023 Stake in %	2022 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 Solutions AG (formerly 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
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
Setago.io GmbH	Baiersdorf, Germany	Sales/Development	EUR	25	100	-
DewertOkin GmbH	Kirchlengern, Germany	Sales	EUR	1 000	89	89
ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH)	Telgte, Germany	Production/Sales/Development	EUR	98	100	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 GmbH	Vienna, Austria	Sales	EUR	50	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
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/Sales	CZK	200	100	100

FULLY CONSOLIDATED COMPANIES

Company	Head office	Activity	Currency	Registered capital in 1 000	2023 Stake in %	2022 Stake in %
Phoenix Mecano OOO	Moscow, Russia	Sales	RUB	21 300	100	100
Phoenix Mecano Inc.	Frederick, USA	Production /Sales	USD	13 000	100	100
OKIN America Inc.	Shannon, USA	Production /Sales	USD	2 000	89	89
Orion Technologies LLC in liquidation	Orlando, USA	Production /Sales	USD	33	90	90
PTR HARTMANN, S. DE R.L. DE C.V.	Monterrey, Mexico	Sales	MXN	50	100	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 /Sales	USD	1 500	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 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

	2023	2022
in 1 000 EUR		
MEANS OF PAYMENT		
Bank and bank-like deposits	71 274	66 037
Cash on hand	69	84
Total	71 343	66 121
OTHER CASH AND CASH EQUIVALENTS		
Time deposits and money market investments (up to 3 months)	59 331	16 248
Balance sheet value	130 674	82 369
INTEREST RATES IN %		
CHF	1.1	0.0
EUR	0.9	0.0
USD	3.0	2.0
HUF	0.0	0.0
CNY	1.5	1.2

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

Due to a legal dispute in connection with a construction project, cash and cash equivalents totalling EUR 3.8 million were not authorised for use as at the balance sheet date.

4 TRADE RECEIVABLES

	2023	2022
in 1 000 EUR		
Trade receivables	125 567	111 897
Receivables due from associated companies	86	184
Value adjustments	-4 817	-4 605
Balance sheet value	120 836	107 476
REGIONAL BREAKDOWN OF TRADE RECEIVABLES		
Switzerland	2 081	2 894
Germany	9 311	17 060
UK	1 588	2 876
France	4 481	3 886
Italy	1 490	2 203
The Netherlands	1 357	1 944
Rest of Europe	8 122	10 685
North and South America	9 704	9 373
Middle and Far East	82 702	56 555
Balance sheet value	120 836	107 476

	2023	2022
in 1 000 EUR		
UPDATE OF VALUE ADJUSTMENT ON TRADE RECEIVABLES		
Individual value adjustments		
As at 1 January	750	497
Change	-263	253
As at 31 December	487	750
Flat-rate value adjustments		
As at 1 January	3 855	5 415
Change	475	-1 560
As at 31 December	4 330	3 855
Total	4 817	4 605

Trade receivables totalling EUR 0.1 million (previous year: EUR 0.3 million) have been derecognised.

in 1 000 EUR	2023		2022	
	Gross	Value adjustment	Gross	Value adjustment
AGEING ANALYSIS OF TRADE RECEIVABLES NOT SUBJECT TO INDIVIDUAL VALUE ADJUSTMENTS				
Gross values	125 653		112 081	
Gross value of receivables subject to individual value adjustments	-504		-778	
Total	125 149		111 303	
of which:				
Not due	97 468	272	85 201	255
Overdue for 1–30 days	18 876	178	17 858	184
Overdue for 31–60 days	3 164	152	3 484	195
Overdue for 61–90 days	1 218	137	947	104
Overdue for 91–180 days	1 665	833	1 348	652
Overdue for more than 180 days	2 758	2 758	2 465	2 465
Total	125 149	4 330	111 303	3 855

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 2023 was EUR 7.7 million (previous year: EUR 10.7 million), which is not due.

The average payment term was 62 days (previous year: 61 days).

At the beginning of 2023, an asset-backed securities (ABS) programme for the purchase of receivables with a maximum volume of EUR 15 million was launched with Weinberg Capital Ltd. (special-purpose vehicle). Under this agreement, individual subsidiaries of the Phoenix Mecano Group in Germany sell trade receivables. The receivables are securitised and placed on the capital market. As at 31 December 2023, receivables totalling EUR 7.1 million had been sold. There are also purchase price retentions held as security reserves in the amount of EUR 1.1 million, which were recognised as other receivables. The Phoenix Mecano Group continues to carry out receivables management for the sold receivables. However, almost all risks and rewards are transferred, and therefore the requirements for a true sale are met (treatment as an off-balance-sheet transaction).

5 OTHER RECEIVABLES

in 1 000 EUR	2023	2022
Tax receivables from VAT and other taxes	4 077	5 689
Current portion of long-term residual purchase price payments	0	37
Financial receivables	2 339	1 389
Advance payments for inventories	4 505	2 989
Other	2 083	2 065
Balance sheet value	13 004	12 169

6 INVENTORIES

in 1 000 EUR	2023	2022
Raw and ancillary materials	83 259	119 206
Work in progress	14 606	15 178
Finished goods and merchandise for resale	74 407	86 587
Value adjustments	-20 773	-25 870
Balance sheet value	151 499	195 101

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 3.8 million (previous year: EUR 4.6 million) are included in the statement of income under Other operating expenses (see note 31).

Other than the usual reservations of title applied in typical business operations, no stocks had liens on them as at 31 December 2023 and 2022.

7 TANGIBLE ASSETS

in 1 000 EUR	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 1 January 2022	73 666	52 255	14 761	140 682
Net values 31 December 2022	67 466	54 718	36 504	158 688

in 1 000 EUR	Note	Land and buildings	Machinery and equipment	Construction in progress	Total
Acquisition costs					
31 December 2022		144 567	248 323	36 504	429 394
Disposals of companies included in consolidation	38	- 10 411	- 20 454	- 342	- 31 207
Translation differences		- 898	- 2 614	- 2 601	- 6 113
Additions		3 448	15 268	19 254	37 970
Disposals		- 8 683	- 9 387	- 118	- 18 188
Reclassification		33 504	6 160	- 39 664	0
Acquisition costs 31 December 2023		161 527	237 296	13 033	411 856
Accumulated depreciation					
31 December 2022		77 101	193 605	0	270 706
Disposals of companies included in consolidation	38	- 5 708	- 15 966		- 21 674
Translation differences		113	- 1 390		- 1 277
Depreciation		3 734	14 933		18 667
Disposals		- 1 808	- 8 952		- 10 760
Reclassification					0
Accumulated depreciation					
31 December 2023		73 432	182 230	0	255 662
Net values 31 December 2023		88 095	55 066	13 033	156 194

Land and buildings is divided into developed and undeveloped land and land use rights in China with a book value of EUR 15.1 million (previous year: EUR 18.0 million) and factory and administration buildings with a balance sheet value of EUR 73.0 million (previous year: EUR 49.5 million). Disposals of land and buildings (including in connection with the sale of Group companies) are offset by the capitalisation of part of the industrial complex in Jiaying following completion of the first construction phase. In the previous year, this was recognised under Construction in progress.

The fire insurance value of the tangible assets amounted to EUR 437.0 million on the balance sheet date, compared with EUR 459.5 million the previous year.

Land and buildings with a book value of EUR 36.1 million (previous year: EUR 12.7 million) were mortgaged to cover debts. The increase is primarily due to the completion of part of the industrial complex in Jiaying following completion of the first construction phase. The amount of the corresponding credit taken up totalled EUR 11.8 million (previous year: EUR 12.4 million).

Tangible assets of EUR 0.0 million (previous year: EUR 0.2 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 in the previous year 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 in the previous year 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 1 000 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 1 January 2022		6 568	4 100	238	10 906
Net values 31 December 2022		7 933	3 038	506	11 477

in 1 000 EUR	Note	Development costs	Concessions, licences, similar rights and assets	Development projects in progress	Total
Acquisition costs					
31 December 2022		22 294	37 276	506	60 076
Disposals of companies included in consolidation	38		-2 567	-17	-2 584
Translation differences		-229	-595		-824
Additions		422	1 274	731	2 427
Disposals		-34	-2 792		-2 826
Reclassification		253	82	-335	0
Acquisition costs					
31 December 2023		22 706	32 678	885	56 269
Accumulated amortisation					
31 December 2022		14 361	34 238	0	48 599
Disposals of companies included in consolidation	38		-2 287		-2 287
Translation differences		-44	-573		-617
Amortisation		3 071	1 502		4 573
Disposals		-33	-2 772		-2 805
Accumulated amortisation					
31 December 2023		17 355	30 108	0	47 463
Net values 31 December 2023		5 351	2 570	885	8 806

Concessions, licences, similar rights and assets include 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 previous year for a software development whose marketing was not as successful as planned.

This impairment loss in the previous year 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 1 000 EUR	Stake in %	2023	2022
UPDATE OF INVESTMENTS IN ASSOCIATED COMPANIES			
AVS Phoenix Mecano GmbH in liquidation, Vienna (A)	50		
Phoenix Mecano Australia Pty. Ltd.	29.2		
As at 1 January		2 948	2 657
Result		411	580
Disposals		-245	0
Dividend payout		-1 329	-249
Translation differences		-179	-40
As at 31 December		1 606	2 948

Until the end of 2023, Phoenix Mecano products were sold in Austria through the joint venture AVS-Phoenix Mecano GmbH (A). Phoenix Mecano Australia Pty. Ltd. distributes Phoenix Mecano products in Australia. The joint venture BEWATEC Technologies Co. Ltd. undertook the procurement and assembly of products for ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH), but this company was dissolved at the end of November 2023.

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 0.1 million (previous year: EUR 0.3 million) is outstanding (see note 10).

Total purchases of goods from Group companies amounted to EUR 10.3 million (previous year: EUR 9.7 million) for all investments in associated companies and sales of goods to Group companies totalled EUR 1.4 million (previous year: EUR 2.5 million).

The result of the period for all investments in associated companies in 2023 was EUR 1.1 million (previous year: EUR 1.3 million).

10 OTHER FINANCIAL ASSETS

in 1 000 EUR	Note	2023	2022
Other loans		1	7
Residual purchase price payments		113	342
Investments (under 20 %)		911	926
Balance sheet value		1 025	1 275
BY CURRENCY			
EUR		1	22
CNY		911	911
AUD		113	342
Balance sheet value		1 025	1 275
BY MATURITY			
in 2 years		1	4
in 3 years		113	3
in 4 years		0	342
none		911	926
Balance sheet value		1 025	1 275

The residual purchase price payments 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 (DOT) Group 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 1 000 EUR	2023			2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Liabilities to financial institutions	29 342	21 828	51 170	70 288	19 677	89 965
Promissory note loans	30 000	42 500	72 500		72 500	72 500
Purchase price liabilities from acquisitions	450		450	2 534	495	3 029
Other financial liabilities	5 428		5 428	1 327		1 327
Balance sheet value	65 220	64 328	129 548	74 149	92 672	166 821
BY MATURITY						
in < 1 year	65 220		65 220	74 149		74 149
in 1–2 years		7 253	7 253		32 154	32 154
in 2–3 years		49 889	49 889		7 730	7 730
in 3–4 years		3 283	3 283		48 049	48 049
in 4–5 years		3 903	3 903		3 215	3 215
in > 5 years			0		1 524	1 524
Balance sheet value	65 220	64 328	129 548	74 149	92 672	166 821

	2023			2022		
	in 1 000 EUR	Interest rate in %	in %	in 1 000 EUR	Interest rate in %	in %
BY CURRENCY						
CHF	6 076	4.7	1.5	6 020	3.6	1.5
EUR	91 050	70.3	1.4	118 259	70.9	1.3
USD	16 254	12.5	6.2	26 348	15.8	4.9
CNY	15 684	12.1	3.2	16 073	9.6	3.6
Other currencies	484	0.4	0.0	121	0.1	0.0
Balance sheet value	129 548	100	–	166 821	100	–

RECONCILIATION OF FINANCIAL LIABILITIES 2023

in 1 000 EUR	2022	Cash items	Non-cash items		2023
			Change in scope of consolidation	Currency differences	
Long-term liabilities to financial institutions	19 677	2 577	–92	–334	21 828
Short-term liabilities to financial institutions	70 288	–39 871		–1 075	29 342
Promissory note loans	72 500				72 500
Purchase price liabilities from acquisitions	3 029	–2 534			450
Other financial liabilities	1 327	4 134	–19	–14	5 428
Balance sheet value	166 821	–35 694	–111	–1 423	–45

RECONCILIATION OF FINANCIAL LIABILITIES 2022

in 1 000 EUR	2021	Cash items	Non-cash items		2022
			Change in scope of consolidation	Currency differences	
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
Other financial liabilities	1 349	–67		45	1 327
Balance sheet value	180 149	–14 766	0	1 040	398

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 a 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 ConnectedCare GmbH (formerly 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 was paid in the first half of 2023. The purchase price liability from the acquisition was adjusted in 2021 and 2022 without affecting income and classified as short-term in 2022 (see note 20).

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 and 2023 without affecting income (see note 20).

12 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract values		Receivables due from derivative financial instruments		Liabilities from derivative financial instruments	
	2023	2022	2023	2022	2023	2022
in 1 000 EUR						
FORWARD EXCHANGE CONTRACTS BY CURRENCY						
HUF	0	12 000				417
INR	4 750	0			50	0
RON	2 400	2 400			0	134
Total	7 150	14 400	0	0	50	551
FORWARD EXCHANGE CONTRACTS BY MATURITY						
in 1 year	7 150	14 000			50	551
Total			0	0	50	551
NET BALANCE SHEET VALUE BY MATURITY						
Total short-term			0	0	50	551
Net balance sheet value			0	0	50	551

The forward exchange purchases of INR and RON, and in the previous year HUF, for EUR were used for partial hedging of the planned operating expenses in local currency in India, Romania and, in the previous year, Hungary.

13 PROVISIONS

RECONCILIATION OF PROVISIONS 2023

	Provisions for long-term employee benefits	Guarantee provisions	Restructuring provisions	Other provisions	Total 2023
in 1 000 EUR					
Provisions as at 1 January	2 967	3 383	320	10 375	17 045
Change in scope of consolidation	-231	-105		-413	-749
Translation differences	7	-67		-211	-271
Usage	-264	-1 037	-188	-8 705	-10 194
Releases	-96	-374	-96	-997	-1 563
Allocation	683	2 374	2 646	13 740	19 443
Provisions as at 31 December	3 066	4 174	2 682	13 789	23 711
Due within 1 year	486	4 017	2 682	13 613	20 798
Due after 1 year	2 580	157	0	176	2 913

RECONCILIATION OF PROVISIONS 2022

	Provisions for long-term employee benefits	Guarantee provisions	Restructuring provisions	Other provisions	Total 2022
in 1 000 EUR					
Provisions as at 1 January	3 373	4 336	860	10 451	19 020
Change in scope of consolidation					0
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

The provisions for long-term employee benefits relate mainly to provisions for long-service awards.

The restructuring costs mainly comprise staff costs arising from the announced package of measures to improve performance in the DewertOkin Technology Group division.

Other provisions include provisions for short-term payments to employees totalling EUR 7.4 million (previous year: EUR 8.0 million). This item also includes provisions for credit notes to be issued, litigation, 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 both defined benefit and defined contribution plans, which cover 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 105.6 % at the end of November 2023 (without taking value fluctuation reserves into account). The foundation's 2023 annual report is not yet available. Based on the available information, the Phoenix Mecano Group has concluded that the surplus as at 31 December 2023 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 2024 it is 1.25 % (2023: 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 or 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 2023 and 2022:

	Surplus/deficit		Economic part of the organisation	Change from previous year recognised in statement of income in the financial year	Benefits paid out	Accrued contributions per plan	Pension expense in personnel expenses	
	2023	2023					2022	Expense/(income)
ECONOMIC BENEFIT/OBLIGATION AND PENSION EXPENSE	2023	2023	2022	2023	2023	2023	2023	2022
in 1 000 EUR								
Pension plans without surplus/deficit						1 786	1 786	1 606
Pension plans with deficit	-240	-240	-202	65	-27	0	65	-94
Pension institution without own assets	-4 593	-4 593	-3 907	922	-236	0	922	-875
Total	-4 833	-4 833	-4 109	987	-263	1 786	2 773	637

The increase in pension expense in 2023 is mainly due to the reduction in interest rates in Germany compared with the previous year (following a sharp rise in 2022). Furthermore, pensions have risen, particularly in Germany, due to high inflation.

15 OTHER LIABILITIES

	2023	2022
in 1 000 EUR		
Liabilities to social security providers	2 911	4 250
Liabilities to employees	13 672	13 042
Liabilities arising from VAT and other taxes	5 161	6 751
Advance payments on orders	3 827	5 697
Other	4 178	2 856
Balance sheet value	29 749	32 596

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 5.7 million shown in Advance payments at the start of the reporting period was recognised almost entirely as sales revenue in financial year 2023.

16 DEFERRED TAX

	2023	2022
in 1 000 EUR		
DEFERRED TAX ASSETS ON		
Non-current assets	2 179	2 298
Inventories	3 854	4 498
Receivables	572	568
Provisions/Pension obligations	2 258	2 092
Other	2 291	2 651
Deferred tax assets	11 154	12 107
Deferred tax on losses carried forward	2 734	1 025
Total deferred tax assets	13 888	13 132
Netting with deferred tax liabilities	-2 599	-2 073
Balance sheet value	11 289	11 059
DEFERRED TAX LIABILITIES ON		
Non-current assets	-2 862	-2 809
Inventories	-444	-326
Receivables	-25	-83
Provisions/Pension obligations	-41	-36
Other	-57	-46
Total deferred tax liabilities	-3 429	-3 300
Netting with deferred tax assets	2 599	2 073
Balance sheet value	-830	-1 227
Net position deferred tax	10 459	9 832
TREND OF DEFERRED TAX		
As at 1 January	9 832	9 915
Changes of tax rate recognised in the statement of income	15	64
Translation differences	-413	-24
Change in scope of consolidation	61	0
Change in temporary differences recognised in the statement of income	964	-123
As at 31 December	10 459	9 832

in 1 000 EUR

EXPIRY OF NON-CAPITALISED TAX LOSSES CARRIED FORWARD

	2023	2022
Up to 1 year	3 199	80
1–2 years	1 826	3 053
2–3 years	3 849	2 577
3–4 years	1 016	3 672
4–5 years	5 373	905
Over 5 years	105 963	94 452
Total	121 226	104 739
VALUATION DIFFERENCES ON WHICH NO DEFERRED TAXES WERE CAPITALISED		
Non-current assets	700	763
Inventories	0	35
Receivables	13	31
Provisions	0	25
Other	0	67
Total	713	921

Due to uncertainties regarding the usability of tax losses carried forward totalling EUR 121.2 million (previous year: EUR 104.7 million), no deferred tax assets were recorded on this amount. Of the tax losses carried forward which expire after five years, EUR 27.7 million (previous year: EUR 34.4 million) expire within 20 years. The remaining losses can be carried forward for an indefinite period.

Global minimum tax

The Phoenix Mecano Group is subject to the OECD minimum tax rate and is applying the temporary simplifications (CbCR safe harbour tests). It operates in Switzerland, which has issued a new ordinance on the introduction of the global minimum tax rate. This came into force on 1 January 2024. However, Switzerland has not yet introduced the supplementary tax (Income Inclusion Rule, IIR). The IIR will, however, already be introduced in the intermediate holding companies in Germany and the Netherlands from 1 January 2024. The Phoenix Mecano Group has reviewed the possible impacts of the introduction of the minimum tax rate based on the financial statements for the 2023 financial year and the budget figures for 2024. The Group currently assumes that it will be subject to the planned national minimum tax (QDMTT) in relation to its operations in Vietnam because the effective tax rate of the local Group company in that country is below 15 % due to a temporary tax reduction. If such a QDMTT had already been introduced in 2023, the tax burden would have been EUR 0.7 million higher.

The Phoenix Mecano Group has applied the temporary exception to the accounting of deferred taxes resulting from the introduction of the global minimum tax rate, and records these as actual tax expenses/income at the time they arose.

17 SHARE CAPITAL AND RESERVES

The share capital is fully paid up and divided into 960 500 registered shares (previous year: 960 500 bearer shares) with a nominal value of CHF 1.00. The bearer shares were converted into registered shares in 2023 based on a resolution by the Shareholders' General Meeting. 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	Head office	2023	2022
in %			
Planalto AG ²	Luxembourg, Luxembourg	34.6 ¹	34.6 ¹
Tweedy, Browne Company LLC, Stamford, USA ³ <i>Tweedy, Browne Global Value Fund</i> ⁴ <i>(A subdivision of Tweedy, Browne Fund Inc.)</i>	Stamford, USA Stamford, USA	8.5 ¹ 7.2 ¹	8.5 ¹ 7.2 ¹
J. Safra Sarasin Investmentfonds AG	Basel, Switzerland	8.8	5.1 ¹
FundPartner Solutions (Suisse) SA ⁵ <i>RP Fonds Institutionnel – Actions Suisses Small & Mid Cap</i>	Geneva, Switzerland Geneva, Switzerland	4.7 3.3	4.3 3.3
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8 ¹	3.8
Retraites Populaires	Lausanne, Switzerland	3.3 ¹	3.3

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 SIX Swiss Exchange link: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=PHOENIX

18 TREASURY SHARES

	Number of shares		Acquisition costs	
	2023	2022	2023	2022
Number/in 1 000 EUR				
As at 1 January	86	189	33	77
Share purchases	1 900	0	737	0
Share sales	-86	-103	-33	-44
Share buy-backs (2nd trading line)	2 480	0	1 072	0
Share buy-backs (fixed-price procedure)	1 073	0	404	0
As at 31 December	5 453	86	2 213	33

In the reporting year, the Board of Directors decided to implement a share buy-back programme of up to CHF 30 million. Under a fixed-price procedure running from 27 October to 10 November 2023, 1 073 shares were repurchased. A second trading line was subsequently opened, running until 14 November 2025. The Board of Directors intends to propose cancellation of the repurchased registered shares at future Shareholders' General Meetings, and to reduce the capital accordingly.

19 MINORITY INTERESTS

The minority interests are:

in %	2023	2022
Direct minority interests		
DewertOkin Technology Group Co. Ltd.	11	11
Sistemas Phoenix Mecano España S.A.	10	10
Orion Technologies LLC	10	10
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
ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH)	0	11
DewertOkin AG	11	11
DewertOkin KFT	11	11
DewertOkin AB	11	11
OKIN America Inc.	11	11
DewertOkin do Brasil Ltda.	11	11
DewertOkin Latin America S.A.	11	11

The shares in ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH) were transferred within the Phoenix Mecano Group at the end of 2023. Consequently, the company was no longer a subsidiary of DewertOkin Technology Group Co. Ltd. as at 31 December 2023 and the corresponding indirect minority interest no longer applies.

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 2023 and 31 December 2022, 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 1 000 EUR	Note	2023	2022
Cash and cash equivalents (excluding cash on hand)	3	130 605	82 285
Trade receivables	4	120 836	107 476
Other receivables (excluding VAT and other taxes and advance payments for inventories)	5	4 422	3 491
Other financial assets (excluding investments)	10	114	349
Assets at amortised cost		255 977	193 601
Financial liabilities (excluding purchase price liabilities)	11	- 129 098	- 163 792
Trade payables		- 100 663	- 79 876
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	15	- 4 178	- 2 856
Liabilities at amortised cost		- 233 939	- 246 524
Purchase price liabilities from acquisitions	11	- 450	- 3 029
Derivative financial instruments (not used for hedging)	12	- 50	- 551
Financial liabilities at fair value through profit or loss		- 500	- 3 580

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

in 1 000 EUR	Note	2023	2022
FINANCIAL ASSETS MEASURED AT MARKET VALUE			
Outstanding residual purchase price payment	5/10	113	379
Total		113	379
FINANCIAL LIABILITIES MEASURED AT MARKET VALUE			
Derivative financial instruments	12	- 50	- 551
Purchase price liabilities from acquisitions	11	- 450	- 3 029
Total		- 500	- 3 580

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 1 000 EUR	2023	2022
As at 1 January	3 029	4 170
Currency differences	0	- 39
Usage	- 2 534	- 1 500
Allocation/(release) (via equity)	- 45	398
As at 31 December	450	3 029

The purchase price liabilities at the end of 2022 and 2023 are related to the acquisitions of ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH) and Phoenix Mecano AB (SE) and were adjusted to fair value in 2023 and 2022 respectively. There is also a purchase price liability at Orion Technologies LLC, which was measured at a fair value of zero at the end of 2023 and at the end of 2022.

The fair value of the purchase price liability outstanding at Phoenix Mecano AB as at 31 December 2023 is dependent on sales in the years 2021 to 2023. This purchase price liability is therefore now fixed.

In 2023, the usage of EUR 2.5 million relates to earn-out payments linked to the acquisition of ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH) and the release of EUR 0.045 million is in connection with the acquisition of Phoenix Mecano AB (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).

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 for the most part 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 or the previous year.

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 2023, unused credit lines with major banks totalled EUR 155.5 million (previous year: EUR 114.4 million).

Maturity analysis of financial liabilities

in 1 000 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 2023							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	100 663	–100 663	–90 460	–9 499	–704		
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	4 178	–4 178	–4 178				
Financial liabilities (excluding financial leasing)	129 548	–132 928	–23 624	–4 562	–38 664	–66 078	0
Total	234 389	–237 769	–118 262	–14 061	–39 368	–66 078	0
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	50						
Outflow of funds		–7 150	–7 150				
Inflow of funds		7 100	7 100				
Total	234 439	–237 819	–118 312	–14 061	–39 368	–66 078	0

Maturity analysis as at 31 December 2022

NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	79 876	–79 876	–74 975	–4 873	–28		
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	2 856	–2 856	–2 856				
Financial liabilities (excluding financial leasing)	166 821	–171 366	–63 865	–9 240	–2 651	–94 077	–1 533
Total	249 553	–254 098	–141 696	–14 113	–2 679	–94 077	–1 533
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	551						
Outflow of funds		–14 400	–14 400				
Inflow of funds		13 849	13 849				
Total	250 104	–254 649	–142 247	–14 113	–2 679	–94 077	–1 533

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 40 % of its sales in the euro area (previous year: 44 %) 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, INR and VND. 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, Romania and India. Occasionally, USD and CHF 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	VND
Currency risk as at 31 December 2023							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade receivables	1752		19 136	66	165	1 988	3 590
Cash and cash equivalents	2 672	14 193	13 784	540	14	3 969	3 377
Trade payables	-425	-406	-1 103	-356	-5	-1 805	-814
Financial liabilities			-2 253				
Net risk	3 999	13 787	29 564	250	174	4 152	6 153

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	

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 2023									
Change in result of the period (+/-)	1 331	4	616	25	184	2 645	249	561	167

Sensitivity analysis as at 31 December 2022

Change in result of the period (+/-)	63	4	474	1 288	43	1 606	255	217	157
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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 2023 and 2022:

A change of 50 basis points in the interest rate of variable short-term liabilities to financial institutions in the reporting year would have an impact of EUR 0.1 million (previous year: EUR 0.3 million) on the result of the period and equity.

A change of 25 basis points in the interest rate of cash and cash equivalents (excluding cash on hand) in the reporting year would have an impact of EUR 0.3 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 2023 and 31 December 2022 was as follows:

		2023	2022
in 1 000 EUR	Note		
Long-term financial liabilities	11	64 328	92 672
Short-term financial liabilities	11	65 220	74 149
Interest-bearing liabilities		129 548	166 821
less cash and cash equivalents	3	130 674	82 369
less securities		1 199	454
ABS financial receivable net		975	0
(Net liquidity) / Net indebtedness		-3 300	83 998
Equity		284 714	261 287
Gearing		-	32.1 %

24 CONTINGENT LIABILITIES

		2023	2022
in 1 000 EUR			
Sureties and guarantees		3 229	3 618
Total		3 229	3 618

25 COMMITMENTS TO PURCHASE TANGIBLE AND INTANGIBLE ASSETS

Purchase commitments as at 31 December 2023 were EUR 8.7 million for tangible assets (previous year: EUR 7.0 million) and EUR 0.0 million for intangible assets (previous year: EUR 0.1 million).

The commitments for tangible assets relate primarily to the ongoing expansion of the industrial complex (phase 2) in Jiaxing, China, for the DewertOkin Technology (DOT) Group division, as well as a building renovation and the upgrading of a high-bay warehouse in Germany for the Enclosure Systems division.

26 OPERATING LEASES, RENT AND LEASEHOLD RENT

	2023	2022
in 1 000 EUR		
Minimum commitments due within 1 year	5 481	5 468
Minimum commitments due within 1–5 years	4 642	5 303
Minimum commitments due after 5 years	3 447	3 634
Minimum operating leasing, rent and leasehold rent commitments	13 570	14 405
Minimum claims due within 1 year	163	214
Minimum claims due within 1–5 years	40	52
Minimum commitments due after 5 years	18	19
Minimum claims from rent / leasehold rent	221	285

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

	2023	2022
in 1 000 EUR		
Gross sales	783 111	792 939
Revenue reductions	–7 620	–8 497
Sales revenue (net sales) from contracts with customers	775 491	784 442

The Phoenix Mecano Group achieved consolidated gross sales of EUR 783.1 million in financial year 2023, down 1.2% on the previous year's figure of EUR 792.9 million. In organic and local-currency terms, the Group grew by 5.8%.

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:

	2023	2022
in 1 000 EUR		
Expected fulfilment in <1 year	177 436	267 797
Expected fulfilment in >1 year	24 042	31 584
Total	201 478	299 381

28 OTHER OPERATING INCOME

	2023	2022
in 1 000 EUR		
Reimbursement from insurance	104	204
Gains on the disposal of tangible and intangible assets	700	800
Government subsidies	4 332	4 356
Gain on the disposal of Group companies	13 684	0
Other	2 441	2 348
Total	21 261	7 708

The gain on disposal of tangible assets in 2023 was primarily from the sale of a property in China. The government subsidies in 2023 and 2022 relate primarily to subsidies in China linked to the expansion of the DewertOkin Technology (DOT) Group division in Jiaxing.

For details on the gain from the disposal of group companies, see note 38.

29 COST OF MATERIALS

	2023	2022
in 1 000 EUR		
Cost of raw and ancillary materials, merchandise for resale and external services	371 894	375 048
Incidental acquisition costs	10 278	17 077
Total	382 172	392 125

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

30 PERSONNEL EXPENSES

	2023	2022
in 1 000 EUR		
Wages and salaries	182 789	183 065
Social costs	31 916	32 500
Supplementary staff costs	13 415	15 012
Total	228 120	230 577
Number of instruments granted (PSUs)	1 462	0

Personnel expenses for 2023 include expenses for the long-term incentive (LTI) programme introduced in 2023 for the Chairman of the Board of Directors and the management of Phoenix Mecano AG, amounting to EUR 0.1 million.

31 OTHER OPERATING EXPENSES

	2023	2022
in 1 000 EUR		
External development costs	3 787	3 425
Establishment expenses	34 051	35 349
Rent, leasehold rent, leases	6 732	7 352
Administration expenses	15 448	11 388
Advertising expenses	6 033	5 263
Sales expenses	21 184	22 097
Losses on the disposal of tangible and intangible assets	166	116
Losses and value adjustments on receivables	4	849
Losses and value adjustments on inventories	6	3 796
Capital and other taxes	2 752	2 010
Loss on the disposal of Group companies	3 877	0
Other	8 099	6 092
Total	106 774	96 758

Administration expenses include consulting expenses of EUR 0.4 million (previous year: EUR 0.2 million) for the planned partial IPO of the DewertOkin Technology (DOT) Group division.

For details on the loss from the disposal of group companies, see note 38.

32 FINANCIAL INCOME

	2023	2022
in 1 000 EUR		
Interest income from third parties	2 598	916
Gain from financial instruments at fair value through profit or loss (trading derivatives)	12	552
Exchange rate gains	5 648	7 617
Other financial income	5	16
Total	8 803	8 629

33 FINANCIAL EXPENSES

	2023	2022
in 1 000 EUR		
Interest expense	4 272	3 265
Loss from financial instruments at fair value through profit or loss (trading derivatives)	12	51
Exchange rate losses	5 503	4 113
Other financial expense	531	27
Total	10 357	7 575

The increase in other financial expense is related to the expenses in connection with the asset-backed securities (ABS) programme launched at the start of 2023 for the purchase of receivables (see also note 4).

34 INCOME TAX

	2023	2022
in 1 000 EUR		
Current income tax	16 488	16 173
Deferred tax	-979	59
Income tax	15 509	16 232
RECONCILIATION FROM THEORETICAL TO EFFECTIVE INCOME TAX		
Result before tax	60 960	55 256
Theoretical income tax	13 671	14 113
Weighted income tax rate	22.4 %	25.5 %
Changes of tax rate deferred tax	-15	-64
Tax-free income	-4 089	-2 322
Non-deductible expenses	1 948	1 802
Tax effect on losses in the reporting year	3 801	3 704
Tax effect of losses carried forward from previous years	-548	-2 018
Income tax relating to other periods	453	647
Other	288	370
Effective income tax	15 509	16 232
Effective income tax rate	25.4 %	29.4 %

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

The effective tax rate is lower than in the previous year due to the largely tax-free gains from the disposal of Group companies.

35 EARNINGS PER SHARE

	2023	2022
in 1 000 EUR		
Result of the period attributable to shareholders of the parent company	45 167	39 584
Number		
NUMBER OF SHARES		
Shares issued on 1 January	960 500	960 500
Treasury shares (annual average)	-2 089	-103
Shares outstanding	958 411	960 397
Basis for undiluted earnings per share	958 411	960 397
Shares issued on 1 January	960 500	960 500
Treasury shares excluding LTI (annual average)	-1 723	-103
Shares outstanding	958 777	960 397
Basis for undiluted earnings per share	958 777	960 397
EARNINGS PER SHARE		
Earnings per share – undiluted (in EUR)	47.13	41.22
Earnings per share – diluted (in EUR)	47.11	41.22

36 OPERATING CASH FLOW

	2023	2022
in 1 000 EUR		
Operating result	62 103	53 622
Depreciation on tangible assets	18 667	19 829
Amortisation of intangible assets	4 573	4 101
Impairment/(reversal of impairment losses) on tangible and intangible assets	0	398
Operating cash flow	85 343	77 950

37 FREE CASH FLOW

		2023	2022
in 1 000 EUR	Note		
Cash flow from operating activities		90 049	55 916
Purchases of tangible assets	7	-37 970	-41 881
Purchases of intangible assets	8	-2 427	-5 317
Disinvestments in tangible assets		7 963	3 125
Disinvestments in intangible assets		20	28
Free cash flow (before financial investments)		57 635	11 871

38 DISPOSAL OF GROUP COMPANIES

In January 2023, the Phoenix Mecano Group completed the sale of all shares in Phoenix Mecano Digital Elektronik GmbH in Thuringia (DE) and Phoenix Mecano Digital Tunisie S.à.r.l. in Borj-Cedria (TU), 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.

In October 2023, the Phoenix Mecano Group completed the sale, announced in August 2023, of all shares in W-IE-NE-R Power Electronics GmbH (DE) and W-IE-NE-R Power Electronics Corp. (US) as well as Hartmann Electronic GmbH (DE). The three companies from the Rugged Computing business area specialise in the manufacture of components for modular computer systems and power supplies for use in harsh environments. They generated consolidated sales of around EUR 18 million in financial year 2022.

The remaining operations of the Rugged Computing business area, comprising the business activities of Orion Technologies, LLC (US), were transferred to a US-based industrial investor under an asset deal in October 2023. Orion Technologies achieved sales of around EUR 2 million in 2022. In connection with the sale of the business operations of Orion Technologies, LLC (US), goodwill previously recognised directly in equity in the amount of EUR 5.3 million was transferred to the statement of income (goodwill recycling).

The above sales will allow Phoenix Mecano to concentrate the activities of its Industrial Components division on modular solutions for industrial automation (Automation Modules business area) and high-end electrotechnical components for industrial electronics (Electrotechnical Components business area) as well as measuring technology (Measuring Technology business area).

The assets and liabilities disposed of break down as follows:

2023				
in 1 000 EUR	Phoenix Mecano Digital Elektronik GmbH Phoenix Mecano Digital Tunisie S.à.r.l. via share deal	Hartmann Electronic GmbH W-IE-NE-R Power Electronics GmbH W-IE-NE-R Power Electronics Corp. via share deal	Orion Technologies LLC via asset deal	Total
Cash and cash equivalents	3 467	1 630		5 097
Other current assets	19 145	8 857	647	28 649
Tangible assets	7 147	2 373	13	9 533
Intangible assets	279	18		297
Other non-current assets		15		15
Liabilities	-6 480	-1 587	-197	-8 264
Net assets	23 558	11 306	463	35 327
Goodwill recycling			5 306	5 306
Net assets after goodwill recycling	23 558	11 306	5 769	40 633
(Loss)/gain on the disposal of Group companies		13 684	-3 877	9 807
Sale price	23 558	24 990	1 892	50 440
Outflow of cash and cash equivalents	-3 467	-1 630		-5 097
Change in funds	20 091	23 360	1 892	45 343

In addition, transaction costs of around EUR 0.9 million were incurred in the 2023 consolidated financial statements for the sale of Phoenix Mecano Digital Elektronik GmbH and Phoenix Mecano Digital Tunisie S.à.r.l., of around EUR 1.4 million for Hartmann Electronic GmbH, W-IE-NE-R Power Electronics GmbH and W-IE-NE-R Power Electronics Corp., and of around EUR 1.0 million for Orion Technologies LLC.

39 TRANSACTIONS WITH RELATED PARTIES

	2023	2022
in 1 000 EUR		
Benedikt A. Goldkamp, Chairman of the Board of Directors	1 290	1 044
Ulrich Hocker, Independent Lead Director	264	256
Other members of the Board of Directors	270	191
Remuneration of the Board of Directors	1 824	1 491
Remuneration of the management	2 738	1 584
Remuneration of the Board of Directors and management	4 562	3 075
Social security contributions	390	279
Pension obligations	296	186
Total remuneration of the Board of Directors and management	5 248	3 540

The increase in compensation is due, among other things, to the increase in the number of members of the Board of Directors and management.

All compensation is short term in nature, except for the expense of the period for the LTI programme (see note 30).

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. For the LTI programme, please refer to note 30 and the principles of consolidation and valuation.

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:

		2023	2022
in 1 000 EUR	Note		
THEORETICAL STATEMENT OF GOODWILL			
Acquisition costs 1 January		111 849	111 739
Goodwill recycling via the consolidated statement of income	38	- 5 306	0
Adjustment of purchase price liability		- 45	398
Translation differences		- 4 126	- 288
Acquisition costs 31 December		102 372	111 849
Accumulated impairment losses 1 January		90 766	72 038
Goodwill recycling via the consolidated statement of income	38	- 5 306	0
Amortisation		13 380	15 609
Impairment losses		0	3 241
Translation differences		- 3 553	- 122
Accumulated impairment losses 31 December		95 287	90 766
Theoretical net values 1 January		21 083	39 701
Theoretical net values 31 December		7 085	21 083
IMPACT ON BALANCE SHEET			
Equity according to balance sheet		284 714	261 287
Theoretical capitalisation of net carrying amount of goodwill		7 085	21 083
Theoretical equity including net carrying amount of goodwill		291 799	282 370
IMPACT ON STATEMENT OF INCOME			
Result of the period		45 451	39 024
Goodwill amortisation		- 13 380	- 15 609
Goodwill recycling via the consolidated statement of income		5 306	0
Impairment losses		0	- 3 241
Theoretical result of the period including goodwill amortisation and impairment losses and excluding goodwill recycling		37 377	20 174

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 fair value for 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 ConnectedCare GmbH (formerly 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), a pre-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 2023, there were no indications of any further impairment of goodwill.

41 EVENTS AFTER THE BALANCE SHEET DATE

No other events occurred between 31 December 2023 and 19 April 2024 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 19 April 2024, the Board of Directors of Phoenix Mecano AG released the 2023 consolidated financial statements for publication. They will be submitted to the Shareholders' General Meeting on 24 May 2024 with a recommendation for their approval.

43 DIVIDEND

At the Shareholders' General Meeting on 24 May 2024, the Board of Directors will propose the payment of a dividend of CHF 30.00 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 31.1 million, based on the total stock of 960 500 registered shares. Dividends will not be paid on treasury shares held by the company at the time of the payout, which will reduce the outflow of funds accordingly. The dividend paid out in 2023 was CHF 16.50 per share (previous year: CHF 15.00). The outflow of funds in 2023 was EUR 16.3 million (previous year: EUR 14.0 million).



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 2023, 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 51 to 88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 CGU's in the Group, reviewed them critically and discussed them with management. The definition of CGU's 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.

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 can be found on EXPERTSuisse's website at: 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, 19 April 2024

BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

Marc Furlato
Licensed Audit Expert

FIVE-YEAR OVERVIEW

	2023	2022	2021	2020	2019
in 1 000 EUR					
CONSOLIDATED BALANCE SHEET					
Total assets/capital	601 412	587 453	610 622	544 966	488 119
Non-current assets	178 920	185 447	166 809	151 621	152 506
in % of total assets	29.7	31.6	27.3	27.8	31.2
Tangible assets	156 194	158 688	140 682	129 556	136 441
Current assets	422 492	402 006	443 813	393 345	335 613
in % of total assets	70.3	68.4	72.7	72.2	68.8
Inventories	151 499	195 101	181 131	157 111	148 046
Cash and cash equivalents	130 674	82 369	99 589	77 187	60 052
Equity	284 714	261 287	240 010	188 226	217 346
in % of total assets	47.3	44.5	39.3	34.5	44.5
Liabilities	316 698	326 166	370 612	352 619	270 773
in % of total assets	52.7	55.5	60.7	64.7	55.5
(Net liquidity)/Net indebtedness	-3 300	83 998	80 560	115 421	88 127
in % of equity	-	32.1	33.6	61.3	40.5
CONSOLIDATED STATEMENT OF INCOME					
Gross sales	783 111	792 939	816 877	687 442	679 993
Sales revenue (net sales)	775 491	784 442	809 473	682 126	674 004
Total operating performance	802 409	797 410	826 480	696 093	683 145
Personnel expenses	228 120	230 577	219 837	205 869	213 150
Depreciation on tangible assets	18 667	19 829	18 880	19 514	19 838
Amortisation of intangible assets	4 573	4 101	3 418	2 926	3 069
Operating result	62 103	53 622	44 299	22 430	23 350
Financial result	-1 143	1 634	-1 731	-5 829	-2 465
Result before tax	60 960	55 256	42 568	16 601	20 885
Income tax	15 509	16 232	12 230	7 721	6 966
Result of the period	45 451	39 024	30 338	8 880	13 919
in % of gross sales	5.8	4.9	3.7	1.3	2.0
in % of equity	16.0	14.9	12.6	4.6	6.4
CONSOLIDATED STATEMENT OF CASH FLOW					
Cash flow from operating activities	90 049	55 916	54 841	27 783	43 560
Cash used in investing activities	16 661	-42 986	-28 200	-39 101	-44 519
Purchases of tangible and intangible assets	40 397	47 198	29 552	27 761	26 142
Cash flow from financing activities	-54 176	-28 866	-9 628	29 733	7 626
Free cash flow	57 635	11 871	26 877	10 350	17 964

PHOENIX MECANO AG
BALANCE SHEET AS AT 31 DECEMBER 2023

ASSETS

	Note	2023 in EUR	2022 in EUR	2023 in CHF	2022 in CHF
CURRENT ASSETS					
Cash and cash equivalents	2.1	52 291 045	2 853 699	48 417 634	2 808 759
Other short-term receivables due from investments	2.2	40 954 960	100 235 826	37 921 259	98 657 310
due from third parties		24 662	37 500	22 835	36 909
Deferred charges and prepaid expenses		210 671	168 593	195 066	165 938
Total current assets		93 481 338	103 295 618	86 556 794	101 668 916
NON-CURRENT ASSETS					
Financial assets					
Loans to investments	2.3	20 150 000	47 810 000	18 657 407	47 057 087
Investments					
Investments	2.4	299 963 555	270 476 436	277 744 032	266 216 965
Value adjustment on investments		-11 571 314	-10 526 359	-10 714 179	-10 360 591
Total non-current assets		308 542 241	307 760 077	285 687 260	302 913 461
Total assets		402 023 579	411 055 695	372 244 054	404 582 377

EQUITY AND LIABILITIES

	Note	2023 in EUR	2022 in EUR	2023 in CHF	2022 in CHF
SHORT-TERM LIABILITIES					
Other short-term liabilities					
Bank liabilities	2.5	30 000 000	25 500 000	27 777 778	25 098 425
to investments	2.6	21 477 058	22 950 183	19 886 165	22 588 762
to third parties		406 549	123 328	376 434	121 385
to shareholders		290	218	268	214
Short-term provisions	2.7	994 072	826 031	920 437	813 023
Deferred income		673 134	736 743	623 272	725 143
Short-term liabilities		53 551 103	50 136 503	49 584 354	49 346 952
LONG-TERM LIABILITIES					
Long-term interest-bearing liabilities	2.5	42 500 000	72 500 000	39 351 852	71 358 268
Long-term provisions	2.7	140 344	7 975	129 948	7 849
Long-term liabilities		42 640 344	72 507 975	39 481 800	71 366 117
Total liabilities		96 191 447	122 644 478	89 066 154	120 713 069
EQUITY					
Share capital	2.8	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	2.9				
– Amount brought forward		188 784 023	193 629 111	174 068 815	192 240 486
– Net profit for the year		35 865 225	11 419 382	34 854 446	11 476 766
– Currency translation differences				-17 611 704	-13 831 537
Treasury shares	2.10	-2 212 773	-32 933	-2 153 881	-36 631
Total equity		305 832 132	288 411 217	283 177 900	283 869 308
Total equity and liabilities		402 023 579	411 055 695	372 244 054	404 582 377

PHOENIX MECANO AG
STATEMENT OF INCOME 2023

		2023	2022	2023	2022
	Note	in EUR	in EUR	in CHF	in CHF
Dividend income	2.11	28 156 585	11 672 657	27 363 056	11 731 314
Other financial income	2.12	6 084 824	2 794 481	5 913 338	2 808 524
Other operating income	2.13	8 940 958	2 691 302	8 688 977	2 704 825
Total income		43 182 367	17 158 440	41 965 371	17 244 663
Personnel expenses		-1 931 551	-1 525 644	-1 877 114	-1 533 310
Financial expense	2.14	-2 270 980	-1 525 101	-2 206 978	-1 532 765
Administration expenses		-1 649 412	-1 368 575	-1 602 927	-1 375 452
Other operating expenses	2.15	-1 072 897	-1 124 959	-1 042 661	-1 130 612
Direct taxes		-392 302	-194 779	-381 245	-195 758
Total expenses		-7 317 142	-5 739 058	-7 110 925	-5 767 897
Net profit for the year		35 865 225	11 419 382	34 854 446	11 476 766

PHOENIX MECANO AG
NOTES TO THE FINANCIAL STATEMENTS 2023

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 2023, the closing rate of 1.080 (CHF 1 = EUR 1.080) was used to convert from EUR to CHF. The 2023 statement of income was converted from EUR to CHF at the Phoenix Mecano Group's average exchange rate for the year of 1.029. Comparative information from the previous year was converted from EUR to CHF at the closing rate on 31 December 2022, namely 1.016, or at the average exchange rate for 2022 of 0.995.

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

2.1 Cash and cash equivalents

Cash and cash equivalents increased significantly due to higher dividend income and the sales of Group companies. This includes fixed-term deposits in CHF and EUR totalling EUR 39.88 million with maturities in the first quarter of 2024.

2.2 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, USD and CHF (previous year: in EUR and USD) from subsidiaries in Switzerland and abroad.

2.3 Loans to investments

This item includes long-term loans in EUR to various subsidiaries abroad.

2.4 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	2023 Stake in %	2022 Stake in %
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100	100
Phoenix Mecano Solutions AG (formerly 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 in liquidation	Vienna, Austria	Sales	EUR	40	1	1
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary	Production/Sales	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
PTR HARTMANN, S de R.L. de C.V.	Monterrey, Mexico	Sales	MXN	50	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	99 051	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.	Borj-Cedria, Tunisia	Production	TND	100	–	100

The EUR 29.5 million change in the balance sheet value compared with the previous year is the result of a capital increase at the subsidiary in Hong Kong and the sales of two investments in Tunisia and the USA.

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

2.5 Long-term interest-bearing liabilities / Bank liabilities

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

	2023	2022
in 1 000 EUR		
BY CURRENCY		
EUR	72 500	98 000
Balance sheet value	72 500	98 000
BY MATURITY		
in 1 year	30 000	25 500
in 2 years	0	30 000
in 3 years	42 500	0
in 4 years	0	42 500
Balance sheet value	72 500	98 000

2.6 Other short-term 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.

2.7 Short-term and long-term provisions

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

2.8 Share capital

The share capital is divided into 960 500 registered 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. The bearer shares were converted into registered shares in 2023 following a resolution by the Shareholders' General Meeting.

2.9 Retained earnings

Financial year 2023 closed with a net profit for the year of EUR 35 865 225, which was converted for presentation in CHF at the average exchange rate for 2023 of 1.029. The retained earnings brought forward from the previous year totalled EUR 205 048 493 minus dividends of EUR 16 264 470 paid out in 2023. The ordinary Shareholders' General Meeting on 24 May 2024 therefore has at its disposal retained earnings totalling EUR 224 649 248. For the Board of Directors' proposal regarding the appropriation of retained earnings, see page 97.

2.10 Treasury shares

The following is an overview of the purchases and sales of treasury shares made during the reporting year:

	Purchases Number	Average price CHF	Sales Number	Average price CHF
2023				
February	350	351.87	86	342.93
March	1 550	383.06		
Total year	1 900	377.31	86	342.93

No purchases or sales were made in the other months. In the reporting year, 86 treasury shares were sold. Losses of EUR 2 969 from the sale of these treasury shares are recognised in the statement of income under Other financial expense.

In the reporting year, the Board of Directors decided to implement a share buy-back programme of up to CHF 30 million. Under a fixed-price procedure running from 27 October to 10 November 2023, 1 073 shares were repurchased. A second trading line was subsequently opened, running until 14 November 2025.

The following repurchases were made via the second trading line in 2023:

	Purchases Number	Average price CHF
2023		
November	2 077	384.88
December	1 476	431.98
Total year	3 553	404.44

The Board of Directors intends to propose cancellation of the repurchased registered shares at future Shareholders' General Meetings, and to reduce the capital accordingly.

At the balance sheet date, the company owned a total of 5 453 treasury shares (previous year: 86 treasury shares), which are booked at acquisition cost using the FIFO method. These shares represent 0.57% of the total stock.

2.11 Dividend income

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

2.12 Other financial income

Other financial income includes earnings from interest and commissions. In the reporting year, it also includes net exchange rate gains of EUR 0.729 million (exchange gains of EUR 2.034 million minus exchange losses of EUR 1.305 million). In the previous year, there were also net exchange rate gains of EUR 0.047 million (exchange gains of EUR 3.021 million minus exchange losses of EUR 2.974 million).

2.13 Other operating income

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

2.14 Financial expense

This item comprises interest and securities expenses.

2.15 Other operating expenses

Other operating expenses include net value adjustments on various investments of EUR 1.073 million and, in the previous year, 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.

2.16 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 10 million from the previous year was cancelled.

3.1 Full-time positions

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

3.2 Contingent liabilities

	2023	2022
in 1 000 EUR		
Guarantees and letters of comfort	142 214	148 427

Contingent liabilities are given for subsidiaries, predominantly in favour of financial institutions. The actual book value of Group company liabilities was EUR 44.0 million (previous year: EUR 50.0 million). Letters of support were also issued for several subsidiaries. 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	Head office	2023	2022
in %			
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
<i>Tweedy, Browne Global Value Fund ⁴</i> <i>(A subdivision of Tweedy, Browne Fund Inc.)</i>	<i>Stamford, USA</i>	7.2 ¹	7.2 ¹
J. Safra Sarasin Investmentfonds AG	Basel, Switzerland	8.8	5.1 ¹
FundPartner Solutions (Suisse) SA ⁵	Geneva, Switzerland	4.7	4.3
<i>RP Fonds Institutionnel –</i> <i>Actions Suisses Small & Mid Cap</i>	<i>Geneva, Switzerland</i>	3.3	3.3
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8 ¹	3.8
Retraites Populaires	Lausanne, Switzerland	3.3 ¹	3.3

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 SIX Swiss Exchange link: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=PHOENIX

3.4 Auditors' fees

For auditing the 2023 financial statements, both the individual financial statements and the consolidated financial statements, total fees of CHF 117 070 (EUR 119 468) 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 31.12.2023	Number 31.12.2022
Benedikt A. Goldkamp	Chairman of the Board of Directors	9 326	6 664
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
Claudine Hatebur de Calderón	Member of the Board of Directors	0	–
Dr Anna Hocker	Member of the Board of Directors	2 089	–
Shares held by the Board of Directors		21 330	16 579
Dr Rochus Kobler	Member of the management/CEO	1 600	1 361
René Schöffeler	Member of the management/CFO	1 000	1 000
Ines Kljucar	Member of the management/CCO	58	–
Dr Lothar Schunk	Member of the management/COO	1 430	–
Shares held by the management		4 088	2 361

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, as well as allocations under a long-term incentive programme set up in 2023 for the Executive Chairman of the Board of Directors and the management, no significant transactions with related persons or companies took place.

3.6 Events after the balance sheet date

No other events occurred between 31 December 2023 and 19 April 2024 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 2023	35 865 225	34 854 446
Retained earnings brought forward 2022	205 048 493	189 885 715
./. Dividend 2022	– 16 264 470	– 15 816 900
Currency translation differences		– 17 611 704
Retained earnings	224 649 248	191 311 557

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 30.00 per share ¹	31 120 200	28 815 000
Carried forward to new account	193 529 048	162 496 557
Total	224 649 248	191 311 557

¹ Total dividends are calculated based on the total stock of 960 500 registered 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 2023, 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 judgement, 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 can be found on EXPERTSuisse's website at: 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 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, 19 April 2024
BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

Marc Furlato
Licensed Audit Expert

ANNEX

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ENCLOSURE SYSTEMS

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FINANCIAL CALENDAR

23 APRIL 2024 11.00 a.m.	BALANCE SHEET MEDIA CONFERENCE Results 2023, Q1 results 2024	Widder Hotel, Zurich
17 MAY 2024 12.00 p.m.	CLOSURE OF SHARE REGISTER	
24 MAY 2024 3.00 p.m.	SHAREHOLDERS' GENERAL MEETING	Vienna House zur Bleiche, Schaffhausen
28 MAY 2024	EX-DIVIDEND DATE	
29 MAY 2024	RECORD DAY	
30 MAY 2024	DIVIDEND PAYMENT	
15 AUGUST 2024 7.00 a.m.	MEDIA RELEASE Half-yearly results 2024	Semi-annual report 2024
31 OCTOBER 2024 7.00 a.m.	MEDIA RELEASE Q3 results 2024	

FURTHER INFORMATION

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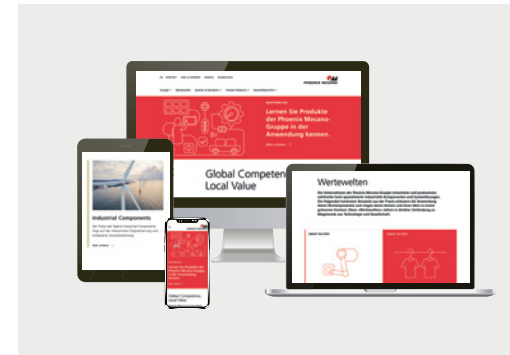
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MULTIMEDIA



phoenix-mecano.com/en/annual-reports

In the interests of sustainability, Phoenix Mecano keeps the print run of its annual report as small as possible, focusing instead on value-added multimedia content.

Detailed information is available online and can be accessed and used at any time:

- Quick report
- Interactive chart tool
- Download centre
- Video interview with Benedikt A. Goldkamp, Chairman of the Board of Directors, and Dr Rochus Kobler, CEO

IMPRINT

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