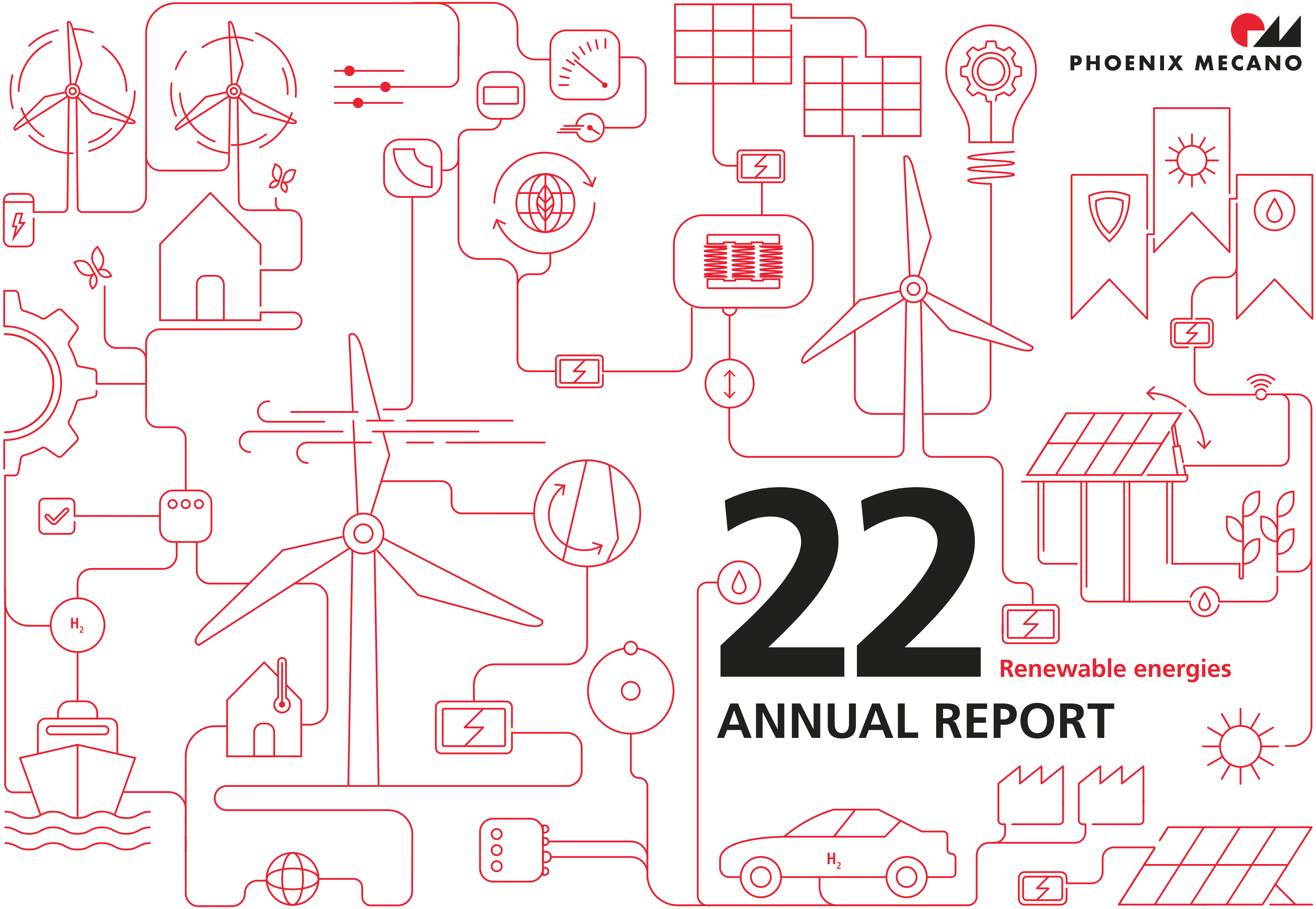
PHOENIX MECANO



22 ANNUAL REPORT

Renewable energies

KEY FIGURES OF THE PHOENIX MECANO GROUP

	Units	2022	2021	2020	2019	2018
KEY FINANCIAL FIGURES						
Gross sales	EUR million	792.9	816.9[4]	687.4	680.0	650.8
Change	%	–2.9	18.8[4]	1.1	4.5	3.7
Operating cash flow (EBITDA)	EUR million	78.0	66.6[4]	48.2	48.8	74.0
Change	%	17.1	38.1[4]	–1.3	–34.0	
in % of sales	%	9.8	8.2[4]	7.0	7.2	11.4
Operating result	EUR million	53.6	44.3[4]	22.4	23.4	51.3
Change	%	21.0	97.5[4]	–3.9	–54.5	
in % of sales	%	6.8	5.4[4]	3.3	3.4	7.9
in % of net operating assets	%	15.6	14.4[4]	7.6	7.8	17.3
Result of the period	EUR million	39.0	30.3[4]	8.9	13.9	36.1
Change	%	28.6	241.6[4]	–36.2	–61.5	
in % of sales	%	4.9	3.7[4]	1.3	2.0	5.5
in % of equity	%	14.9	12.6[4]	4.7[4]	6.4	13.5
Total assets/capital	EUR million	587.5	610.6[4]	545.0	488.1	453.4
Equity	EUR million	261.3	240.0[4]	188.2[4]	217.3	268.0
in % of total assets	%	44.5	39.3[4]	34.5[4]	44.5	59.1
Net indebtedness	EUR million	84.0	80.6[4]	115.4	88.1	33.9
in % of equity	%	32.1	33.6[4]	61.3[4]	40.5	12.7
Cash flow from operating activities	EUR million	55.9	54.8	27.8	43.6	37.9
Free cash flow	EUR million	11.9	26.9	10.4	18.0	12.9
Purchases of tangible and intangible assets	EUR million	47.2	29.6	27.8	26.1	25.6
SHARE INDICATORS						
Share capital (bearer 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	960 414	960 311	960 009	959 500	959 500
Operating result per share[3]	EUR	55.8	46.1[4]	23.4	24.3	53.5
Result of the period per share[3]	EUR	40.6	31.6[4]	9.2	14.5	37.6
Equity per share[3]	EUR	272.1	249.9[4]	196.1[4]	226.5	279.3
Free cash flow per share[3]	EUR	12.4	28.0	10.8	18.7	13.5
Dividend	CHF	16.50[2]	15.00	8.00	10.00	17.00
Market price						
High	CHF	421.50	502	494.50	519	728
Low	CHF	294	396	312	374	456
Year-end price	CHF	329	405.50	464.50	478.50	503

1 As at the balance sheet date, the company owned 86 treasury shares, which are not entitled to dividend.
2 Proposal to the Shareholders' General Meeting on 17 May 2023.
3 Based on shares entitled to dividend as at 31 December.
4 Restatement (for details, see explanation under "Principles of consolidation and valuation in the consolidated financial statements page 57").

The figures for the balance sheet, statement of income, statement of cash flow and equity have been adjusted for 2021 in the management report on the Group and the divisions in accordance with the restatement (cf. Principles of consolidation and valuation, page 57).

PHOENIX MECANO 2022

MANAGEMENT REPORT

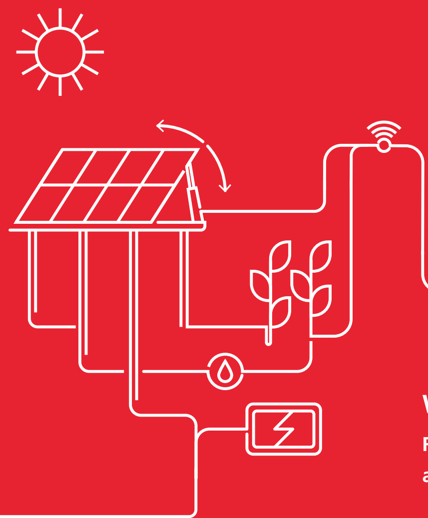
SUSTAINABILITY

CORPORATE GOVERNANCE

REMUNERATION REPORT

FINANCIAL REPORT

ANNEX



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 Renewable energies megatrend.

Letter to shareholders

DEAR SHAREHOLDERS

Overall, the Phoenix Mecano Group performed well in 2022. The end of pandemic-related restrictions in much of the world generated tremendous momentum. However, there were teething problems in many sectors and supply chain issues kept the world on tenterhooks throughout the year. The war in Ukraine and the resulting exorbitant increases in energy costs also created a toxic mix, which led to the biggest surge in inflation experienced by the West in the post-war period. In this environment, Phoenix Mecano was able to maintain its ability to deliver, control costs and, where necessary, pass on unavoidable cost increases to the market in the form of price rises. As a result, our Enclosure Systems and Industrial Components divisions both achieved double-digit growth in sales and income.

For the first time in its more than 30-year history, the DewertOkin Technology Group division had to contend with a significant contraction in its end markets. In its core US market, newly regained freedoms after the pandemic led to a radical change in consumer behaviour, as spending on travel and entertainment replaced the cocooning trend of 2020 and 2021. This was compounded by inflation and the phasing-out of government support payments during the pandemic. Consequently, the division, which was the main pillar of stable business performance during the coronavirus period, did not contribute to the Group result in 2022. It was therefore all the more gratifying that the last financial year saw the Group as a whole achieve its best operating result of the past 20 years.

Phoenix Mecano is a stable, profitable and well-financed company operating in dynamic markets and amid uncertain global conditions. As such, future viability and resilience are at the top of our strategic priority list. We ensure future viability by consistently aligning our development and marketing activities with global megatrends. These include decarbonisation, automation and technical solutions for ageing societies in industrialised countries. We create resilience through a stable balance sheet, strong cash flows and a business portfolio that can offset unforeseeable but regularly occurring events thanks to its geographical spread and target sector diversification.

SALES IN EUR MILLION

792.9

GROWTH IN SALES IN %

–2.9

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

Dr Rochus Kobler
CEO

THANK YOU TO OUR EMPLOYEES

With admirable dedication and enormous adaptability, our motivated and creative employees used the time of the pandemic lockdowns to further develop our company. Despite major challenges and the limitations of working from home and video conferencing, they succeeded again and again in finding viable solutions for our customers. Equally admirable is how quickly they took advantage of the gradual reopening of society to bring communication and relationships with customers, colleagues and suppliers back to pre-COVID levels by means of personal contacts. For this they deserve the sincere thanks of the Board of Directors and management.

OUTLOOK AND DIVIDEND

2023 continues to be impacted by ominous signs from the war in Ukraine, exploding energy costs and stubborn inflation, which are likely to keep us on our toes for some time to come. However, Phoenix Mecano has a portfolio of products and services that support important technological megatrends and are therefore needed and purchased even in uncertain times. What's more, we ensure that our shareholders participate in our success through increases in portfolio value and regular dividend payouts. The Board of Directors will propose to the Shareholders' General Meeting a dividend for 2022 of CHF 16.50 per bearer share (previous year: CHF 15).

The last financial year saw the Group as a whole achieve its best operating result of the past 20 years.

OPERATING RESULT PER SHARE IN EUR

55.8

PROPOSED DIVIDEND IN CHF

16.50

In 2023, our company will continue unswervingly along the path we have been following. Our Enclosure Systems and Industrial Components divisions, which are geared towards industrial customers, will continue to develop new products in a targeted way in line with our identified megatrends of automation and renewable energies, and will work in close cooperation with our innovative customers on solutions for sustainable development. Recent trends towards enhancing supply chain resilience and geographically shortening logistics routes, known as reshoring, offer Phoenix Mecano additional opportunities to expand its customer base.

The DewertOkin Technology Group division is using the current lull to systematically realign its target markets. This includes the development of innovative electronics, sensor technology and software products for hospitals and elderly care as well as for adjustable, ergonomic comfort furniture. With our lean and efficient sales structures, we will actively support our customers – all leading manufacturers of comfort, office and healthcare furniture – to take full advantage of the anticipated recovery in consumer demand while increasing their market share. At our newly built industrial park in Jiaxing, China, we have created 120,000 square metres of state-of-the-art production, development and administration space, which we will be moving into this year. This will provide us with the best possible conditions for further boosting the productivity and efficiency of our operations.

Despite the considerable challenges posed by the economic climate, Phoenix Mecano's Board of Directors and management are therefore optimistic about the future. We look forward to continuing our growth story for you, dear shareholders, in our three focused divisions in the years ahead.

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

Dr Rochus Kobler
CEO

Future viability and resilience are at the top of our strategic priority list.

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.

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.

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 (such as 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 in EUR million	**2022**	**2021**
Gross sales	310.3	392.8
Purchases of tangible and intangible assets	29.2	17.5
Operating result	−2.6	2.1
Margin in %	−0.8	0.5
Employees	2 457	2 623

INDUSTRIAL COMPONENTS

The Industrial Components division focuses on industrial digitalisation and modular automation. It comprises four business areas: Automation Modules, Electrotechnical Components, Rugged Computing 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. The Rugged Computing business area manufactures industrial PC systems as well as highly reliable power supplies and backplanes, while the Measuring Technology business area focuses on current measuring systems, transformers and instrument transformers.

Key figures in EUR million	**2022**	**2021**
Gross sales	255.8	226.3
Purchases of tangible and intangible assets	7.2	5.2
Operating result	24.4	18.1
Margin in %	9.5	8.0
Employees	3 444	3 286

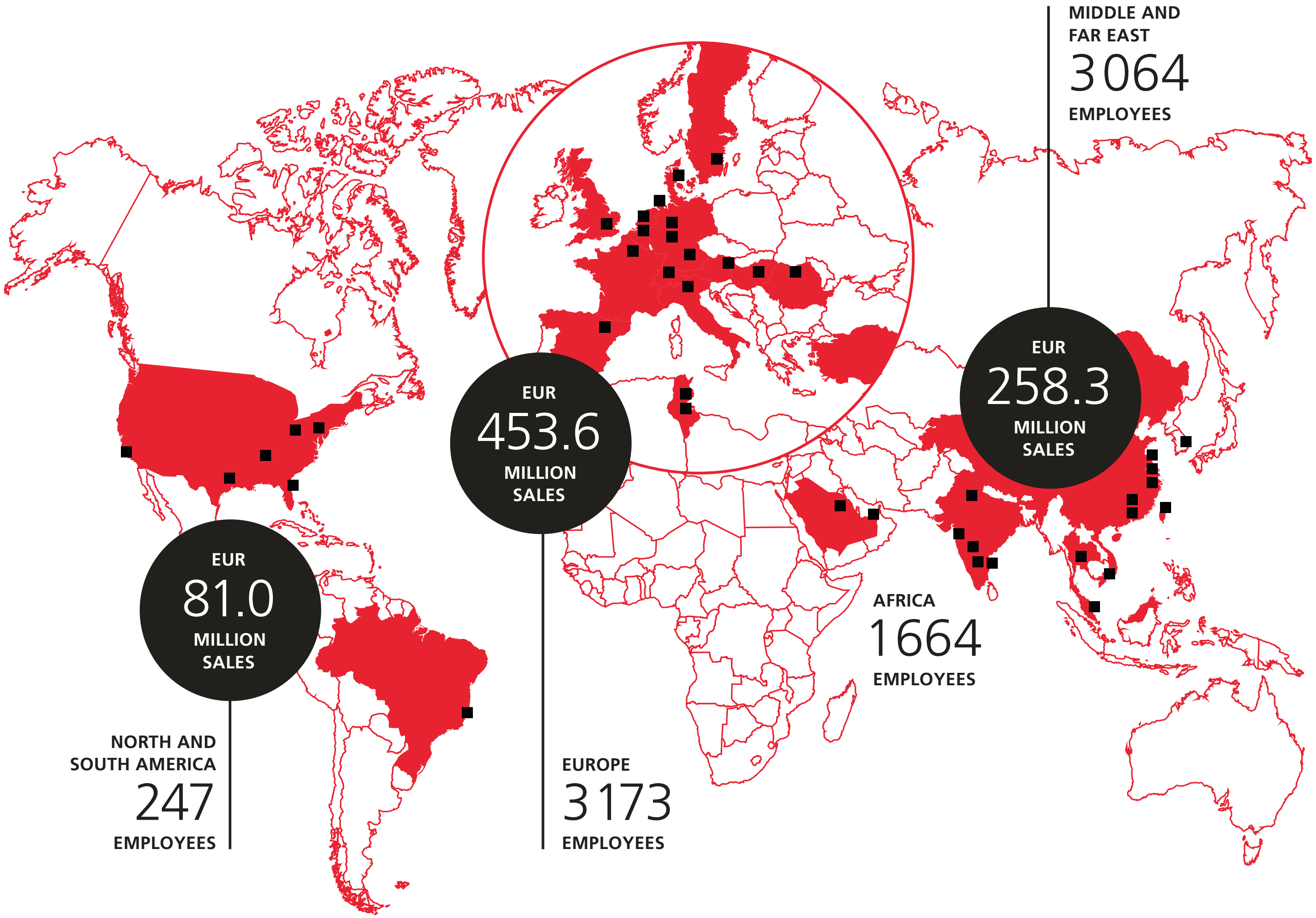
ENCLOSURE SYSTEMS

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 in EUR million	**2022**	**2021**
Gross sales	226.8	197.8
Purchases of tangible and intangible assets	10.5	5.4
Operating result	35.2	26.7
Margin in %	15.5	13.5
Employees	2 202	2 190

Global commitment

8148 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.

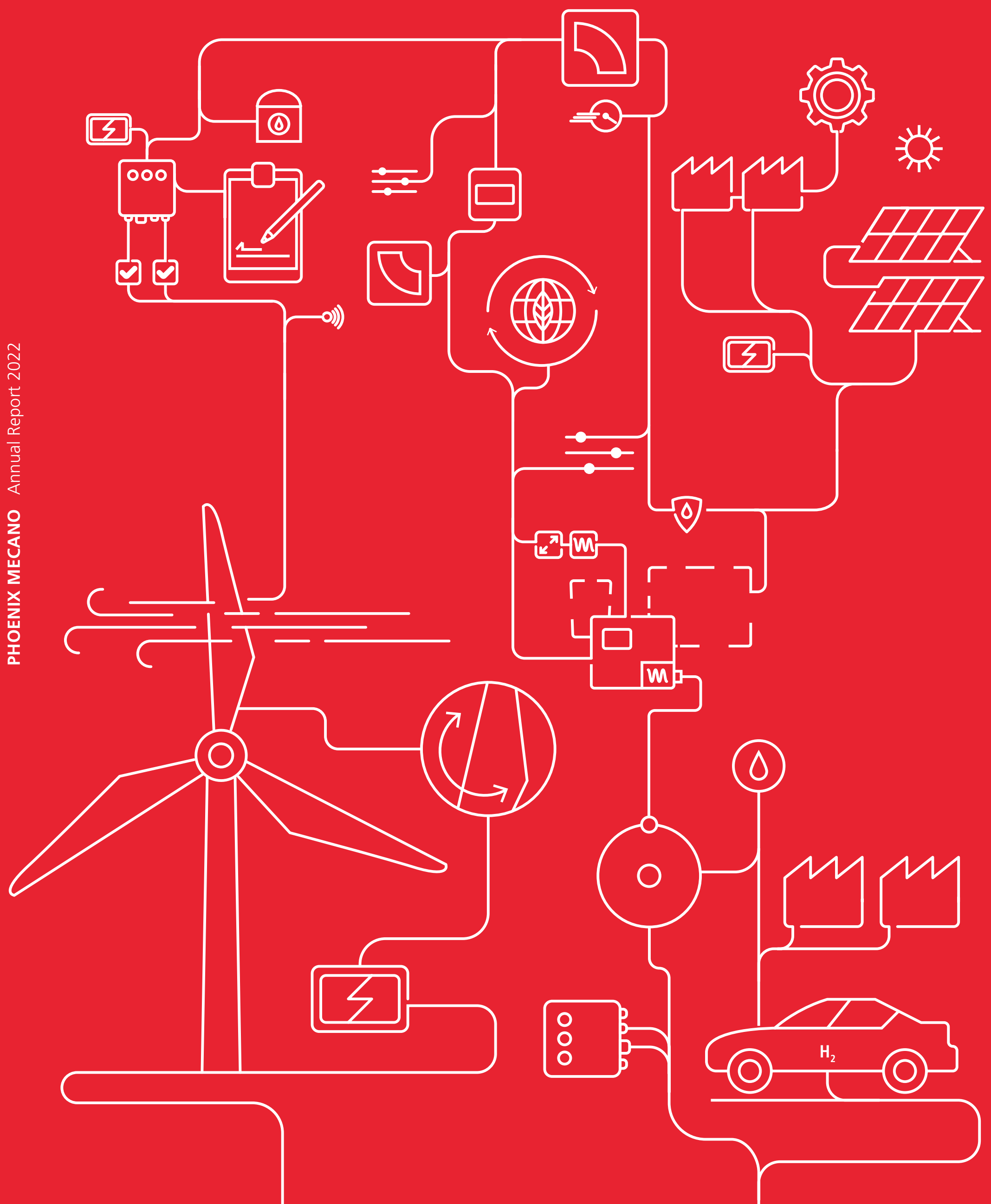


EMPLOYEE KEY FIGURES AT A GLANCE

	2022	2021	2020	2019	2018
BY REGION					
Europe	3 173	3 166	3 132	3 236	3 360
Middle and Far East	3 064	3 148	2 876	2 401	2 092
Africa	1 664	1 578	1 177	1 241	1 579
North and South America	247	251	229	262	267
Australia	0	0	12	17	18
Total	**8 148**	**8 143**	**7 426**	**7 157**	**7 316**

	2022	2021	2020	2019	2018
BY GENDER					
Women	3 422	3 583	3 158	2 792	3 185
Men	4 726	4 560	4 268	4 365	4 131
Personnel expenses per employee in 1 000 EUR	**28.3**	**27.0**	**27.7**	**29.8**	**26.7**
Gross sales per employee in 1000 EUR	**97.3**	**100.3**	**92.6**	**95.0**	**89.0**

Renewable energies megatrend



Renewable energies are integral to tackling the biggest challenge of the 21st century: climate change. With its products, Phoenix Mecano is helping to address, while also benefiting from, this long-term trend.

The importance of renewable energies is growing as more and more people and businesses realise that climate change poses an existential threat and that renewables are a key part of the solution. Meanwhile, warnings of power shortages have further underscored how vital renewable energies are for Switzerland and other countries. At the same time, this development is a great opportunity for innovative and flexible industrial companies.

Virtually all countries subject to the Paris Agreement will only be able to meet their net-zero goals if they abandon fossil fuels and switch to renewables instead. That is why more and more governments and companies are investing in renewable energies and setting targets for their expansion.

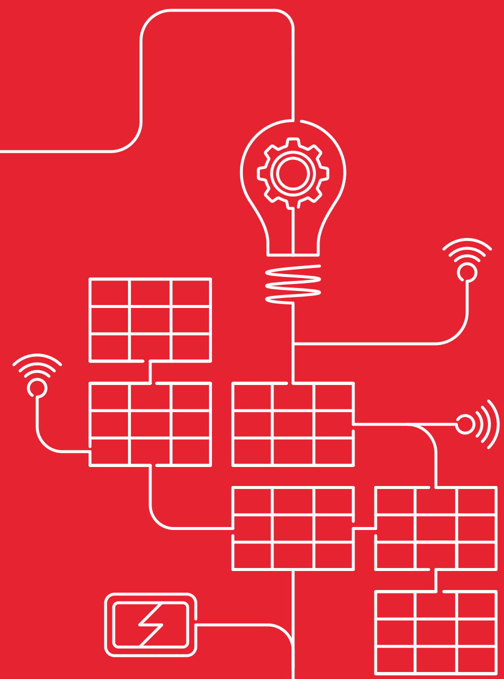
Phoenix Mecano also relies on renewable energy to achieve its CO_2 targets. The sustainability report highlights the potential for further reducing energy from non-renewable sources. The Group is pursuing many projects to cut this consumption, for example by replacing it with solar power generated on its own factory roofs.

The costs of renewable energy have fallen sharply in recent years, and are increasingly on a par with – if not cheaper than – fossil fuels. This makes renewables competitive and more attractive for businesses and consumers.

In this context, renewable energy products are becoming more and more important for Phoenix Mecano too. The Group is benefiting from this development by offering products and solutions for solar energy, wind power and hydrogen applications and helping to develop these new markets.

Solar energy systems as rain collectors

Solar panels above agricultural land generate electricity while protecting and optimising the use of fields.

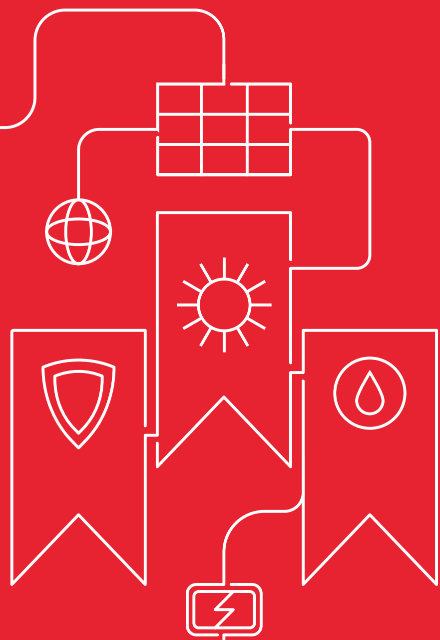


APPLICATION

Linear drives are used, among other things, in solar energy systems on agricultural land. Their adjustment parameters allow the solar collectors to be configured to make maximum use of the sun as well as for expanded deployment of the system. Placed horizontally, the collectors provide optimal shade for the areas underneath. When it rains, their special design allows them to be tilted to collect rainwater, which can then be used for irrigation.

PRODUCT

Solar panels are in high demand. As well as covering numerous roofs, they are installed along motorways and are even deployed on farmland. In the latter case, the solar modules are mounted several metres above the fields and fulfil a variety of functions. They can be adjusted by linear drives and adapted to the relevant requirements. The drives manufactured by Phoenix Mecano operate reliably at any temperature, as well as in windy and wet conditions. A smart sensor-based control system allows up to eight linear drives to be moved synchronously. This reduces the need for additional control points and increases control efficiency.



BENEFITS

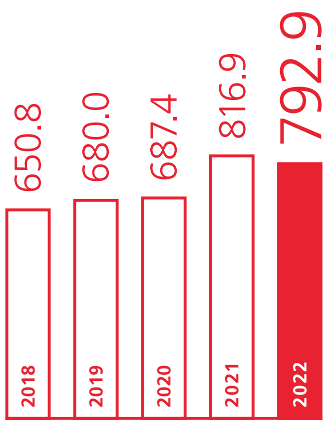
The ability to adjust the panels using linear drives significantly increases the power output of the solar cells, and because the entire unit can be placed in a horizontal position, thus providing shade, the sunlight levels can be tailored to the needs of the plants growing beneath. Moreover, the design of the solar system allowing for rainwater collection is a welcome additional benefit in our increasingly hot and dry summers. Last but not least, the adjustment options provided by the linear drives mean that in storms and bad weather the panels can be positioned to massively reduce the likelihood of damage.

MANAGEMENT REPORT

Group business performance

Phoenix Mecano significantly increased its Group-level profitability once again in financial year 2022. Dynamic growth in industrial activities almost completely offset the decline in sales in the DewertOkin Technology Group division.

GROUP GROSS SALES IN EUR MILLION



Phoenix Mecano successfully overcame the challenges of 2022. The Group was able to further expand its leading market positions while achieving record profitability. Key to this was the consistent implementation of its strategy, with an unwavering focus on profitability and portfolio streamlining across all activities. Phoenix Mecano concentrated on two growth areas in particular. The Industrial Components and Enclosure Systems divisions performed very successfully in industrial applications, expanding their leading market positions while at the same time boosting profitability. The DewertOkin Technology Group, on the other hand, experienced its first market downturn in decades, finding itself caught in a perfect storm of supply chain disruptions, rocketing raw material costs and inflation.

The global niches in which Phoenix Mecano is a leader are driven by megatrends. Industrial automation and global decarbonisation initiatives are steadily increasing demand for automation modules and enclosure solutions. Another unstoppable trend is demographic change, which is pushing up demand for comfort furniture, nursing beds and medical applications.

In December 2022, Phoenix Mecano held its first Capital Markets Day in Stein am Rhein. 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. Phoenix Mecano is aiming for average sales growth of 6–10 % at Group level over an economic cycle, both organically and through acquisitions, as well as an EBIT margin of 8–12 % and a return on capital employed (ROCE) of 15 %. In its industrial activities (Enclosure Systems and Industrial Components), it aims to grow faster than GDP in the long term, and has set a target of a double-digit EBIT margin in these two divisions. Further double-digit growth and an EBIT margin in the high single digits is the goal for the DewertOkin Technology Group.

FIVE-YEAR FIGURES

	Units	2022	2021	2020	2019	2018
Incoming orders	EUR million	804.1	888.9	766.0	691.6	659.4
Gross sales	EUR million	792.9	816.9	687.4	680.0	650.8
Operating result	EUR million	53.6	44.3	22.4	23.4	51.3
in % of sales	%	6.8	5.4	3.3	3.4	7.9
Equity	EUR million	261.3	240.0	188.2	217.3	268.0
Net indebtedness	EUR million	84.0	80.6	115.4	88.1	33.9
in % of equity	%	32.1	33.6	61.3	40.5	12.7
Equity ratio	%	44.5	39.3	34.5	44.5	59.1

BUSINESS ACTIVITY

Despite the exceptional market environment and numerous additional challenges, the DewertOkin Technology Group managed to achieve an almost break-even result. This sector continued to be hit by the effects of the COVID-19 pandemic in the form of logistics chain disruptions and hikes in raw material costs. With inflation now added to the mix, an end-market slump among consumers was felt for the first time since Phoenix Mecano began operating in this sector.

By contrast, there was clear confirmation of a turnaround in the Industrial Components division, which saw double-digit growth in 2022 and is on track to hit the Group's medium-term targets. Measures to streamline portfolios and product ranges and consolidate sites are having an impact, and this process was further advanced by the sale of Phoenix Mecano Digital Electronic and Phoenix Mecano Digital Tunisie to the Swiss Cicor Group.

The Enclosure Systems division also generated double-digit growth. This extremely positive development shows how successfully the initiatives and measures to increase the strategic focus on highly profitable niches have been implemented. Concentrating on market-oriented business areas in specialised industrial applications such as human-machine interfaces and electronic, industrial and explosion-proof enclosures has paid off. The division successfully maintained its leading position with customers ranging from cutting-edge industry to medical technology.

ERROR IN PAST FINANCIAL STATEMENTS (RESTATEMENT)

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

Once the final results of the investigation were available and in agreement with SIX Exchange Regulation AG (SER), it was decided to treat the effects of the irregularities as a material error in accordance with FER framework No. 30 and to correct the prior-year figures by means of a restatement. As a consequence, equity as at 31 December 2021 is reduced by EUR 4.2 million.

SALES AND INCOME

Weak demand in furniture sector slows incoming orders

Consolidated incoming orders for the Phoenix Mecano Group fell by 9.5 % from EUR 888.9 million to EUR 804.1 million in 2022 due to weak demand for consumer durables in the DOT Group division. This compares with an increase of 16.0 % the previous year. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 101.4 %, compared with 108.8 % the previous year. Incoming orders developed positively in the industrial business in the Industrial Components and Enclosure Systems divisions.

Double-digit sales increase in industrial activities

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

In Europe, the Group recorded a 9.2 % increase in sales (8.0 % in organic, local-currency terms). Sales increased in all key European markets, and were up by 10.1 % in the core market of Germany. In the Middle and Far East, sales fell by 20.9 % (26.4 % in organic, local-currency terms) due to weak demand in the DOT Group division. Sales in North America were up by 9.8 % while in South America they declined by 4.0 %.

With gross sales of EUR 310.3 million, the DOT Group division saw its sales fall by 21.0 % (25.8 % in organic, local-currency terms). The furniture sector saw a significant drop in demand in 2022, particularly in the division's main US market. This also had a considerable impact on the supply chain from Asia. The end of COVID-19 restrictions saw a shift in consumer interest, away from consumer durables such as comfort furniture to services. At the same time, inflation eroded purchasing power.

The Industrial Components division achieved a 13.1 % rise in sales to EUR 255.8 million (10.1 % in organic, local-currency terms). The expansion of its consulting expertise helped it to win several large orders in lean solutions for assembly workstations. Renewable energy and electromobility applications also contributed to the division's good business performance.

OPERATING RESULT IN EUR MILLION

53.6

IN % OF SALES

6.8 %

Incoming orders by division

	Change in %	2022 in 1000 EUR	2021 in 1000 EUR
DewertOkin Technology Group	–26.6	283 119	385 505
Industrial Components	3.0	287 702	279 336
Enclosure Systems	4.1	233 262	224 041
Group incoming orders	**–9.5**	**804 083**	**888 882**

Gross sales by region

	Change in %	2022 in 1000 EUR	2021 in 1000 EUR
Switzerland	18.0	29 399	24 909
Germany	10.1	262 768	238 638
UK	4.6	15 638	14 951
France	4.1	20 543	19 743
Italy	0.7	12 733	12 646
The Netherlands	19.5	17 191	14 385
Rest of Europe	5.9	95 351	89 997
North and South America	8.0	81 005	74 977
Middle and Far East	–20.9	258 311	326 631
Gross sales	**–2.9**	**792 939**	**816 877**

Gross sales by division

	Change in %	2022 in 1000 EUR	2021 in 1000 EUR
DewertOkin Technology Group	–21.0	310 335	392 802
Industrial Components	13.1	255 847	226 313
Enclosure Systems	14.7	226 757	197 762
Gross sales of divisions	**–2.9**	**792 939**	**816 877**

Gross sales by division in %

	2022 in %	2021 in %
DewertOkin Technology Group	39.1	48.1
Industrial Components	32.3	27.7
Enclosure Systems	28.6	24.2
Gross sales of divisions	**100.0**	**100.0**

The Enclosure Systems division increased its gross sales by 14.7 % to EUR 226.8 million (12.1 % in organic, local-currency terms). A stable supply chain safeguarded the ability to deliver and helped to implement necessary price rises due to increasing costs quickly and comprehensively. Growth was driven by all business areas and regions, with industrial enclosures showing particularly strong growth. Cutting-edge input systems with touchscreen technology and printed electronic circuits also performed well, driven by high demand from medical technology.

Record operating result and operating cash flow

The operating cash flow increased by a significant 17.1% in 2022 to EUR 78.0 million, up from EUR 66.6 million the previous year. The operating result climbed by 21% to EUR 53.6 million (previous year: EUR 44.3 million). Both earnings figures thus reached their highest level in the last 20 years.

The DOT Group division suffered an operating loss of EUR 2.6 million, following an operating profit of EUR 2.1 million the previous year. This was due to the sharp drop in sales and simultaneous cost increases. There is currently an overcapacity in production compared with the weak demand. In late 2022, the DOT Group started to consolidate production at its newly built industrial park in Jiaxing. Vertical integration is being further enhanced to achieve significant economies of scale.

The Industrial Components division increased its result in all business areas, recording a 34.9% rise in operating profit to EUR 24.4 million, up from EUR 18.1 million the previous year. Its profitability therefore stood at 17.1%. The operating result of the Enclosure Systems division rose from EUR 26.7 million to EUR 35.2 million, an increase of 31.9%. Profitability climbed by a further 3.8 percentage points to 34.2%.

In the reporting year, the cost of materials fell at a disproportionately high rate compared with sales due to the shift in the shares of sales and the different material use rates in the three divisions. The Phoenix Mecano Group's material use rate as a percentage of gross sales was 49.5 % (compared with 55.2 % the previous year).

Personnel expenses grew by 4.9 %, partly due to inflation-related wage increases. Average staff numbers over the year increased marginally from 8 143 to 8 148. New jobs were created mainly at the Industrial Components division's production facilities in North Africa. On the other hand, staff numbers were reduced in the DOT Group division in the Middle and Far East.

Amortisation of intangible assets and depreciation on tangible assets (including impairment losses) increased from EUR 22.3 million to EUR 24.3 million, with a significant rise in capital expenditure.

Significantly higher energy and selling expenses led to an increase in other operating expenses of 8.6 %. The higher selling expenses were mainly due to the resumption of trade fair activities and travel post-COVID.

Increase in result of the period to almost EUR 40 million

The financial result improved from EUR –1.7 million to EUR +1.6 million, mainly due to a EUR 2.9 million improvement in the result from changes in exchange rates and derivative financial instruments. Thanks to the lower average net indebtedness for the year, net interest expense fell by EUR 0.3 million despite rising interest rates.

The income tax burden in 2022 increased to 29.4 % of the result before tax (previous year: 28.7 %).

The result of the period rose from EUR 30.3 million to EUR 39.0 million and the net margin from 3.7 % to 4.9 % due to the improved operating and financial result.

Operating result by division

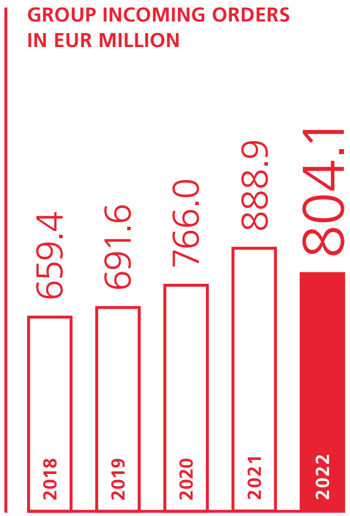
	Change	2022	2021
	in %	in 1000 EUR	in 1000 EUR
DewertOkin Technology Group	–227.6	–2 622	2 055
Industrial Components	34.9	24 364	18 055
Enclosure Systems	31.9	35 183	26 684
Total for all divisions	**21.7**	**56 925**	**46 794**
Reconciliation [1]	–32.4	–3 303	–2 495
Total Group	**21.0**	**53 622**	**44 299**

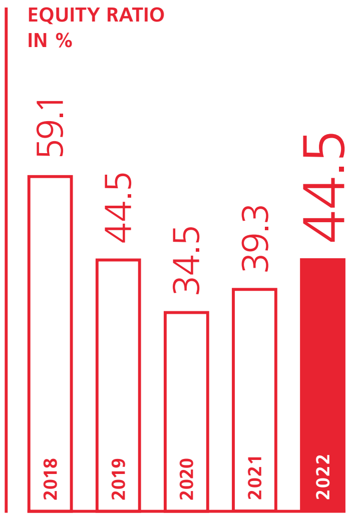
1 Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

Profitability by division [2]

	Change	2022	2021
	in percentage points	in %	in %
DewertOkin Technology Group	–4.8	–2.7	2.1
Industrial Components	2.4	17.1	14.7
Enclosure Systems	3.8	34.2	30.4
Group	**1.2**	**15.6**	**14.4**

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





ASSET AND CAPITAL STRUCTURE

Record capital expenditure of EUR 47.2 million

Purchases of tangible assets totalled EUR 41.9 million (previous year: EUR 25.0 million) and purchases of intangible assets EUR 5.3 million (previous year: EUR 4.5 million). The largest single investment in 2022 was the industrial park under construction for the DOT Group division in Jiaxing, China (EUR 14.0 million). Work began in 2020, and the first production areas were relocated to the completed sub-complex towards the end of 2022.

Increase in equity ratio to 44.5 %

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 increased again and now stands at 44.5 % (previous year: 39.3 %), back above the target minimum equity ratio of 40 %.

Slight rise in net indebtedness

Net indebtedness at the end of 2022 was EUR 84.0 million (previous year: EUR 80.6 million). The main reason for the rise, despite the slightly higher cash flow from operating activities (EUR 55.9 million compared with EUR 54.8 million the previous year), was the sharp increase in investment activity. As a percentage of equity, net indebtedness fell to 32.1 % (previous year: 33.6 %).

OUTLOOK

At the start of 2023, the purchasing managers' indices for industry were below the growth threshold in many places. Aside from the DOT Group division, Phoenix Mecano has so far only felt the effects of this industrial trend as a normalisation of incoming orders and orders on hand. In China, following the scrapping of the zero-COVID policy, sentiment has brightened as expected and supply chain pressures have continued to ease.

Phoenix Mecano is well equipped for the future. Its growth opportunities are intact and the Group intends to take advantage of them. The process of industrial automation continues its inexorable march, while decarbonisation and smart drive systems for comfort and healthcare furniture are also set to play an even greater role in the future. Phoenix Mecano will further focus its activities on the profitable markets in these sectors. The Group's decentralised organisation gives Phoenix Mecano the agility it needs to achieve this. This has proven very effective in the past few difficult years and will enable the company to react quickly and easily to changes in the markets going forward. One of these changes is the shortage of skilled workers, which is already clearly noticeable in many countries. Together with inflation, this will lead to a rise in personnel costs. But in the area of sustainability too, the demands are increasing and the requirements are growing. Phoenix Mecano published a sustainability report for the first time in 2021. This will be further developed and expanded over time in order to increase transparency and credibility in this area.

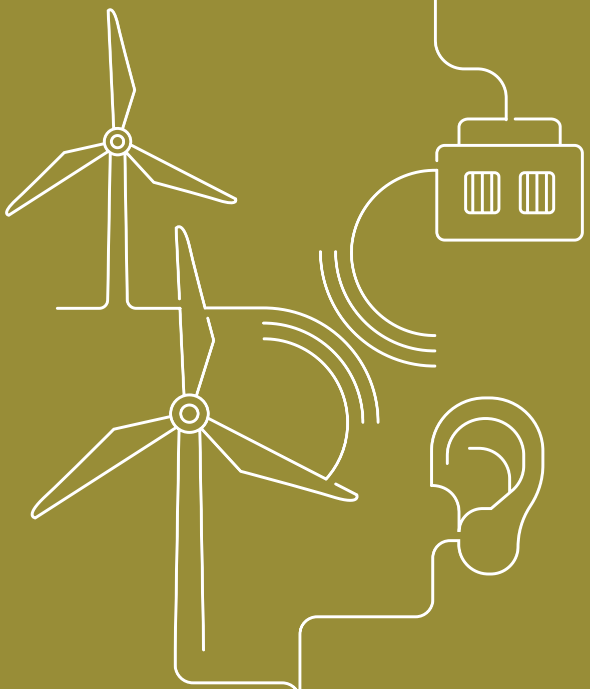
Capital expenditure

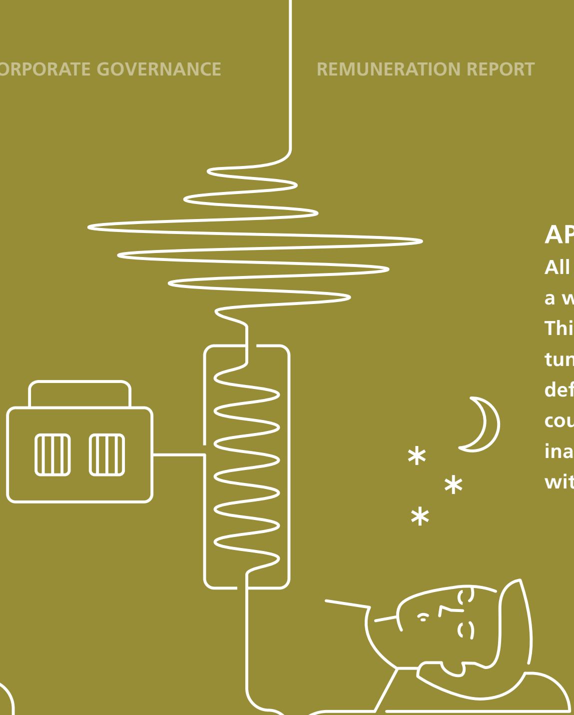
	2022		2021	
	in 1000 EUR	in %	in 1000 EUR	in %
BY TYPE OF ASSET				
Intangible assets	5317	11.3	4532	15.3
Land and buildings	572	1.2	675	2.3
Machinery and equipment	13004	27.6	10054	34.0
Tools	2839	6.0	2712	9.2
Construction in progress	25466	53.9	11579	39.2
Total	**47198**	**100.0**	**29552**	**100.0**
BY DIVISION				
DewertOkin Technology Group	29223	61.9	17458	59.1
Industrial Components	7154	15.2	5171	17.5
Enclosure Systems	10468	22.2	5445	18.4
Total for all divisions	**46845**	**99.3**	**28074**	**95.0**
Reconciliation[1]	353	0.7	1478	5.0
Total	**47198**	**100.0**	**29552**	**100.0**

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

Wind power without the annoying hum

Wind farms are not popular with everyone. Residents are often disturbed by the humming noises they make. However, this problem can be mitigated.





APPLICATION

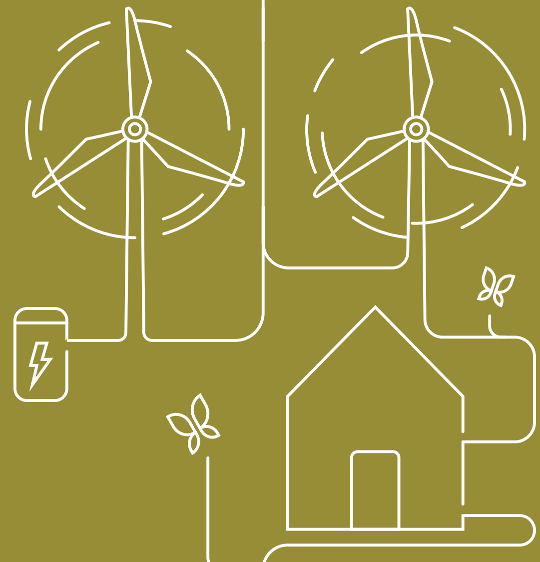
All mechanical applications generate noise. In car engines, a water or oil jacket is used to dampen this noise. This is not possible with a wind turbine, which is why tuned mass dampers are used. Mechanical noise is defined as vibrations. Electronic components can generate counter-vibrations to neutralise these and make them inaudible. A crucial component required for this is a coil with an iron core tailored to fit the object.

PRODUCT

The movement of wind turbines causes strong vibrations that can be perceived as unpleasant noise. This disturbs local residents and is often a central argument used by opponents of new wind power projects. While the noise cannot be prevented entirely, it can be massively re-duced by devices known as tuned mass dampers. Phoenix Mecano supplies key components used in these dampers.

BENEFITS

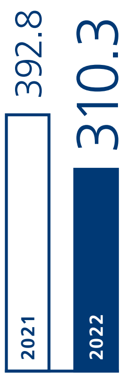
Tuned mass dampers can reduce the noise from wind turbines to such an extent that it is no longer a nuisance. This is a great relief for people living nearby and takes the wind out of the sails of a central argument against the construction of new turbines. What's more, this can stop the turbine from having to be operated at reduced power in order to comply with noise limits.



DewertOkin Technology Group

Gross sales fell by 21.0 % in financial year 2022. Despite the slump in demand, the division managed to achieve an almost break-even result.

GROSS SALES IN EUR MILLION



Orders

In a weak market environment for consumer durables, the DOT Group division saw its incoming orders fall from EUR 385.5 million to EUR 283.1 million (a drop of 26.6 %, or 31.2 % in organic, local-currency terms). The book-to-bill ratio (incoming orders as a percentage of gross sales) was 91.2 % (previous year: 98.1 %).

The COVID lockdowns in 2020 and 2021 heightened cocooning effects, while government support measures led to private households spending more on furniture or bringing forward such investments. In 2022, purchasing trends shifted and at the same time inflation reduced households' purchasing power. These changes in demand had a significant impact on the development of the DOT Group's incoming orders and gross sales.

Sales

The division saw its gross sales fall by 21.0 % to EUR 310.3 million, following an increase of 22.7 % the previous year. In organic, local-currency terms, gross sales were down by 25.8 %. Sales in Europe declined by 17.8 % and in North and South America by 5.9 % (14.6 % when adjusted for currency effects). In the Middle and Far East, there was a 27.1 % drop in sales in 2022, following a 31.2 % increase the previous year.

Due to the low demand for electrically adjustable comfort furniture, gross sales in drive technology fell by 17.8 % compared with the previous year. The previous year had seen a 17.4 % rise in sales. Gross sales in fittings technology declined by 37.4 % after an increase of 29.7 % the previous year.

Result

The sharp drop in sales, combined with limited scope for price increases due to overcapacity in the market, led to a decline in the division's operating result, which fell from EUR 2.1 million the previous year to EUR –2.6 million.

Cost-cutting measures and the adjustment of capacities to the changed market conditions at some sites in China, the US and Germany were unable to fully offset the drop in volume, partly due to the associated restructuring expenses. The increase in vertical integration linked to the investment programme in China and the creation of synergies through site consolidation are helping to further reduce the cost base.

An innovation offensive is currently under way, expanding the portfolio to include sensor and software solutions for furniture in medical technology and elderly care. This will enable the market position in this segment to be expanded, particularly in Asia. Cinema seating has been identified as a high-potential niche and the first sales successes have already been achieved in this area.

Asset and capital structure

At EUR 29.2 million, purchases of tangible and intangible assets were well above the previous year's level of EUR 17.5 million, due to the industrial complex in Jiaxing. The relocation of production in China to this new site has started.

Despite increased capital expenditure, net operating assets remained stable at around EUR 96 million. The negative operating result reduced the return on capital employed (ROCE) from 2.1 % to –2.7 %.

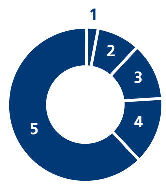
OPERATING RESULT IN EUR MILLION

–2.6

IN % OF SALES

–0.8 %

GROSS SALES BY REGION IN %



1 Switzerland **0,2 %**
2 Germany **9,3 %**
3 Rest of Europe **11,8 %**
4 North and South America **14,4 %**
5 Middle and Far East **64,3 %**

INCOMING ORDERS IN EUR MILLION

	2022		2021		
	Sales EUR 1000	Sales breakdown in %	Sales EUR 1000	Sales breakdown in %	Change in sales in %
GROSS SALES BY REGION					
Switzerland	723	0.2	593	0.2	21.9
Germany	28 811	9.3	26 307	6.7	9.5
UK	5 798	1.9	5 550	1.4	4.5
France	5 648	1.8	6 454	1.6	– 12.5
Italy	4 261	1.4	4 715	1.2	– 9.6
The Netherlands	1 918	0.6	1 786	0.5	7.4
Rest of Europe	18 924	6.1	25 960	6.6	– 27.1
North and South America	44 580	14.4	47 371	12.1	– 5.9
Middle and Far East	199 672	64.3	274 066	69.7	– 27.1
Total	**310 335**	**100.0**	**392 802**	**100.0**	**– 21.0**

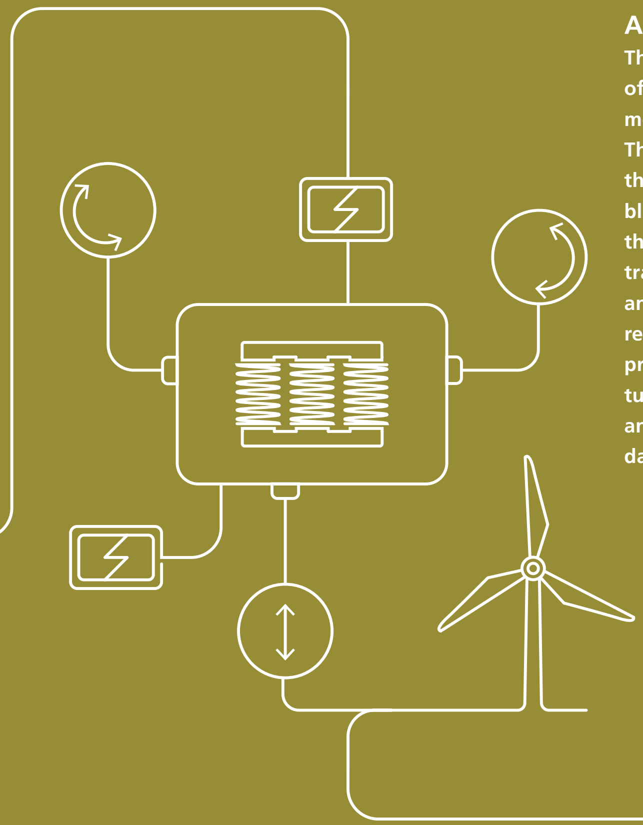
	2022		2021		
	1 000 EUR	Margin in %	1 000 EUR	Margin in %	Change in %
OPERATING RESULT					
	– 2 622	**– 0.8**	**2 055**	**0.5**	**– 227.6**

	2022		2021		
	1 000 EUR	Profitability in %	1 000 EUR	Profitability in %	Change in %
NET OPERATING ASSETS					
	96 516	**– 2.7**	**96 360**	**2.1**	**0.2**

	2022		2021	
	1 000 EUR	in %	1 000 EUR	in %
PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS				
Intangible assets	4 045	13.8	2 750	15.8
Land and buildings	0	0.0	40	0.2
Machinery and equipment	1 993	6.8	2 971	17.0
Tools	1 659	5.7	1 455	8.3
Construction in progress	21 526	73.7	10 242	58.7
Total	**29 223**	**100.0**	**17 458**	**100.0**

Robust transformers, powerful rotors

The rotor blades in wind turbines – as in helicopters – are mounted in such a way that their angle can be adjusted. This is crucial for making optimal use of the available wind.

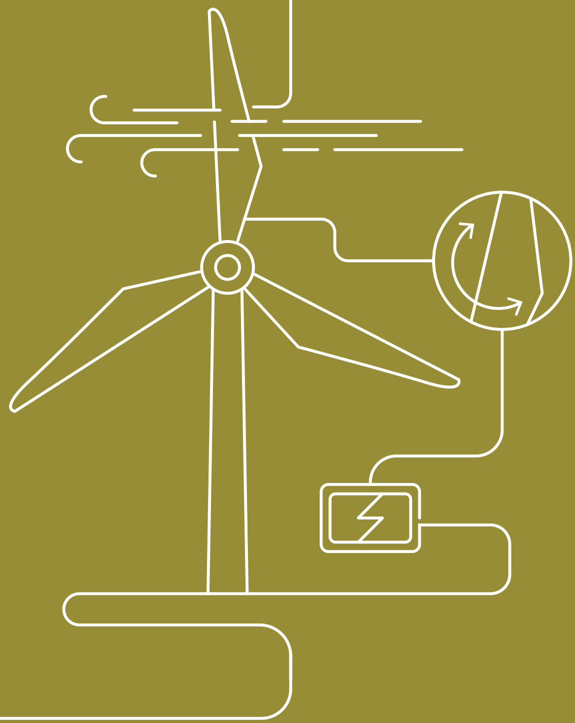


APPLICATION

The pitch system adjusts the angle of the rotor blades, thereby generating more or less drive on the blades. This determines the power output of the wind turbine. Twisting the rotor blades alters the blade pitch angle so that the drive and thus the power transmission are adapted to the wind and the desired output. The system requires the control of this adjustment process to be extremely reliable, as turbines are exposed to wind, weather and a wide range of temperatures day after day.

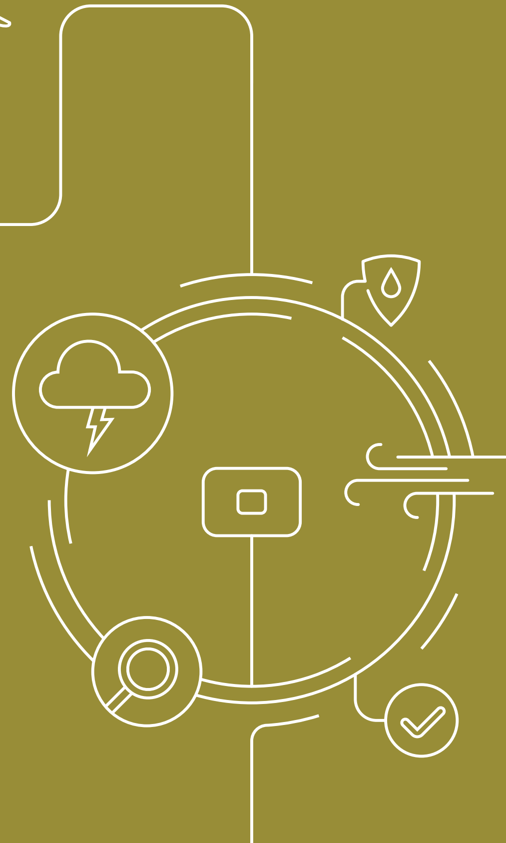
PRODUCT

A wind turbine generates electricity at wind speeds of four metres per second or more. At full speed, the tips of the rotor blades turn at over 200 km/h, and during storms a wind turbine is normally shut down. To achieve maximum output at any wind speed, the rotor blades have to adjust continuously and automatically to the wind speed. This is done by the pitch control, which contains inductors made by Phoenix Mecano.



BENEFITS

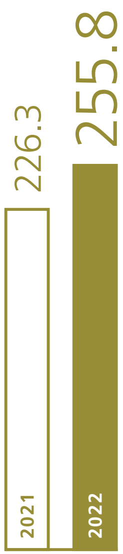
The inductive components are suitably robust and serviceable, which reduces turbine downtime. Maintenance work on wind turbines is complex, because the entire control system is high above the ground. Components whose robustness allows them to withstand continuous use require less maintenance, which increases turbine output.



Industrial Components

Sales and result increased significantly once again and a profitability of over 17 % was achieved. The high book-to-bill ratio at the end of 2022 suggests that the positive business performance will continue in 2023.

GROSS SALES IN EUR MILLION



Orders

Incoming orders for the Industrial Components division totalled EUR 287.7 million, around 3.0 % up on the previous year, or 0.5 % in organic, local-currency terms. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 112.5 % (previous year: 123.4 %). The division's order book therefore remains well filled, despite a drop in incoming orders in Q4 2022.

Sales

Gross sales rose by 13.1 % to EUR 255.8 million. In organic, local-currency terms, they were up by 10.1 %. In Europe, sales increased by a total of 13.0 %, thanks to double-digit growth in Switzerland, the UK, France and the Netherlands. Sales were up by 29.9 % in North and South America (20.6 % when adjusted for currency effects) and by 5.3 % in the Middle and Far East.

The Automation Modules business area grew its sales by 8.4 % across all sectors, to EUR 103.9 million. 2022 saw the launch of various new products (anti-twist tube connection system, multi-axis modular system for linear technology, angle-adjustable connection element) as well as other digital design and simulation tools for profile systems. Expanded consulting expertise in Lean Solutions led to several major projects being won.

In the Electromechanical Components business area, sales increased by 18.0 % to EUR 67.6 million. The energy crisis has triggered a boom in photovoltaics, charging devices for e-mobility and heat pumps, three areas that are important for connection systems, but also for inductors and in some cases for testing technology. Rotary code switches are increasingly required to control energy distribution in ever-more-complex power grids.

The Rugged Computing business area increased sales by 6.7 % to EUR 51.3 million, despite the loss of the Russian market. It also picked up its first space technology projects, including for the ARIANE programme.

The Measuring Technology business area saw sales rise by 31.7 % across all sectors. The renewable energy and HVDC transmission sectors recorded particularly strong growth.

Result

The Industrial Components division increased its operating result from EUR 18.1 million to EUR 24.4 million. This 34.9 % rise was well above the proportionate increase in sales. All four of the division's business areas contributed to this positive earnings performance, thanks in part to good capacity utilisation. The operating margin was 9.5 %, up from 8.0 % the previous year.

Asset and capital structure

Capital expenditure climbed from EUR 5.2 million to EUR 7.2 million. Purchases of tangible assets in 2022 were dominated by increased expenditure on machinery and equipment.

Net operating assets rose by 16.1 % to EUR 142.7 million due to the sales-related increase in net current assets. Thanks to the increase in operating result, the return on capital employed (ROCE) climbed to 17.1 %.

In January 2023, the Phoenix Mecano Group completed the sale of all shares in Phoenix Mecano Digital Elektronik GmbH in Thuringia (Germany) and Phoenix Mecano Digital Tunisie S.à.r.l. in Borj-Cedria (Tunisia), announced in November 2022. The sale will allow Phoenix Mecano to generate additional liquidity while further focusing the Industrial Components division on its core business.

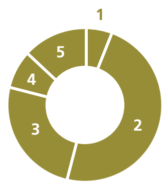
OPERATING RESULT IN EUR MILLION

24.4

IN % OF SALES

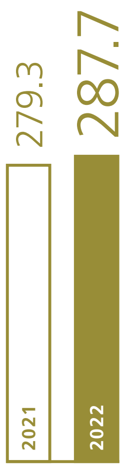
9.5 %

GROSS SALES BY REGION IN %



1 Switzerland **6,6 %**
2 Germany **48,2 %**
3 Rest of Europe **24,6 %**
4 North and South America **7,5 %**
5 Middle and Far East **13,1 %**

INCOMING ORDERS IN EUR MILLION



	2022		2021		
	Sales EUR 1000	Sales breakdown in %	Sales EUR 1000	Sales breakdown in %	Change in sales in %
GROSS SALES BY REGION					
Switzerland	16 936	6.6	14 423	6.4	17.4
Germany	123 343	48.2	112 461	49.7	9.7
UK	5 293	2.1	4 536	2.0	16.7
France	6 868	2.7	6 092	2.7	12.7
Italy	3 149	1.2	3 384	1.5	−6.9
The Netherlands	5 937	2.3	4 182	1.8	42.0
Rest of Europe	41 603	16.3	34 634	15.3	20.1
North and South America	19 185	7.5	14 764	6.5	29.9
Middle and Far East	33 533	13.1	31 837	14.1	5.3
Total	**255 847**	**100.0**	**226 313**	**100.0**	**13.1**

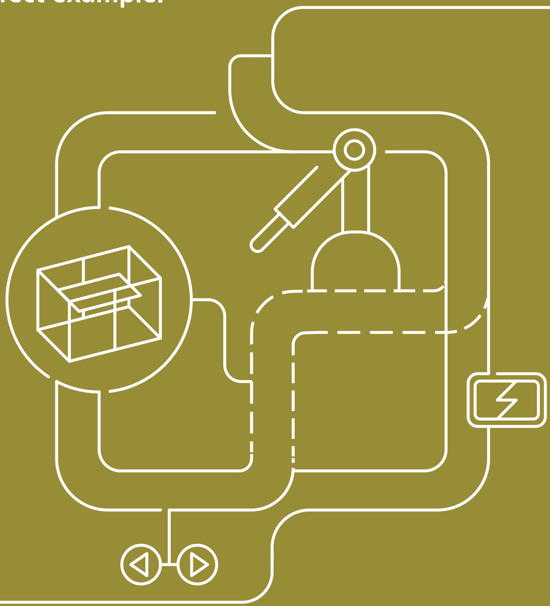
	2022		2021		
	1 000 EUR	Margin in %	1 000 EUR	Margin in %	Change in %
OPERATING RESULT					
	24 364	**9.5**	**18 055**	**8.0**	**34.9**

	2022		2021		
	1 000 EUR	Profitability in %	1 000 EUR	Profitability in %	Change in %
NET OPERATING ASSETS					
	142 650	**17.1**	**122 919**	**14.7**	**16.1**

	2022		2021	
	1 000 EUR	in %	1 000 EUR	in %
PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS				
Intangible assets	509	7.1	616	11.9
Land and buildings	249	3.5	318	6.1
Machinery and equipment	4 498	62.9	2 916	56.4
Tools	449	6.3	707	13.7
Construction in progress	1 449	20.2	614	11.9
Total	**7 154**	**100.0**	**5 171**	**100.0**

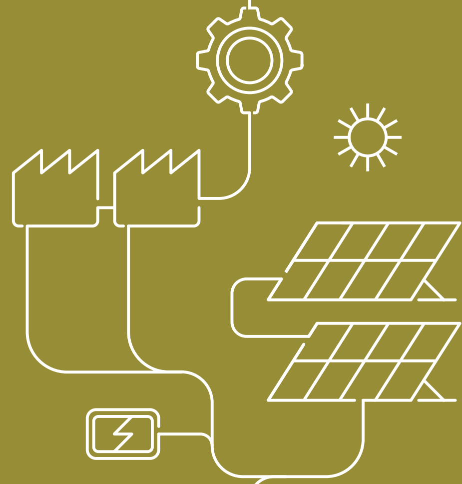
Modular system for solar module manufacturing

RK Rose + Krieger profiles and connection elements can be assembled and dismantled flexibly and easily for use in production environments. The manufacture of state-of-the-art solar panels is a perfect example.



APPLICATION

A well-known manufacturer of solar modules has set up a new production line in Germany. The underframes of the walkways used for operating the production lines were created using RK Rose + Krieger profiles and connectors, instead of being permanently welded. This makes them easier to assemble and gives the company the flexibility to subsequently expand the production lines or adapt them to changing circumstances, without the need for complex interventions.



PRODUCT

Aluminium profiles and linear units made by RK Rose + Krieger form an element system and can be assembled, used, dismantled and reused in countless variants for the industrial production of components and modules as well as machinery and equipment. The various components and connecting parts are designed for durable and demanding industrial use. They allow flexible design of entire production lines and can be perfectly tailored to any requirements.

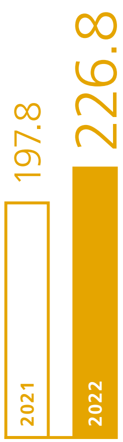
BENEFITS

With RK Rose + Krieger's system elements, production lines that need to be changed and adapted again and again as work processes evolve can be updated quickly, cost-effectively and in a way that conserves resources. Elements that are no longer required following an adjustment can be moved elsewhere or stored for later use. The elements' long service life and reusability make this system solution significantly more cost-effective and sustainable than a one-off production line. What's more, assembly of the RK Rose + Krieger elements involves no drilling or welding and can therefore be done even in cleanrooms or controlled environments, subject to a few additional precautions.

Enclosure Systems

The division had a successful 2022, with all key financials well up on previous years.

GROSS SALES
IN EUR MILLION



Orders

Incoming orders in the Enclosure Systems division increased significantly in the first two quarters of 2022, partly due to customers' longer-term planning. This was followed by a period of relative calm. On an annual basis, incoming orders were up 4.1 % on the previous year (1.8 % in organic, local-currency terms). The book-to-bill ratio (incoming orders as a percentage of gross sales) at the end of the year was 102.9 % (previous year: 113.3 %).

Sales

The division increased its gross sales by 14.7 % to EUR 226.8 million. In organic, local-currency terms, they were up by 12.1 %. With double-digit growth rates in key market regions, sales in Europe rose by 14.0 % overall. Sales in North and South America climbed by 34.2 % (19.6 % when adjusted for currency effects). In the Middle and Far East, sales were up by 21.1 %.

Further significant sales increases were recorded in the key market segments of electrical engineering, measurement and control technology, and mechanical and plant engineering. Sales of explosion-proof enclosures grew again in 2022 after several years of decline. There was also an increased focus on businesses of the future (such as LNG terminals and hydrogen applications). In the HMI segment, several major projects were implemented in the automotive technology, packaging and timber industries. The portfolio of customers with complex requirements (e.g. in system integration and high-voltage technology) was expanded.

Result

The operating result of the Enclosure Systems division rose by 31.9 % to EUR 35.1 million, well above the proportionate increase in sales. This was partly due to the progressive decrease in fixed costs. Cost increases were systematically passed on to the market. The operating margin was 15.5 %, up from 13.5 % the previous year.

Asset and capital structure

Purchases of tangible and intangible assets were almost twice as high as the previous year, at EUR 10.5 million. This was due to increased capital expenditure on manufacturing technology in Eastern Europe, India and the US as well as a conversion project in Switzerland.

Net operating assets climbed by 17.0 % to EUR 102.8 million due to the sales-related increase in net current assets and the rise in capital expenditure. However, thanks to the increase in operating result, the return on capital employed (ROCE) improved, rising to 34.2 % from 30.4 % the previous year.

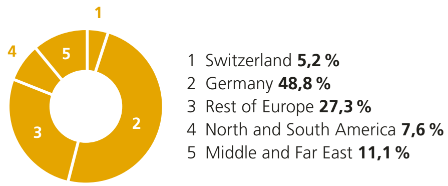
OPERATING RESULT
IN EUR MILLION

35.2

IN % OF SALES

15.5 %

GROSS SALES
BY REGION IN %



INCOMING ORDERS
IN EUR MILLION

	2022 Sales EUR 1000	2022 Sales breakdown in %	2021 Sales EUR 1000	2021 Sales breakdown in %	Change in sales in %
GROSS SALES BY REGION					
Switzerland	11 740	5.2	9 893	5.0	18.7
Germany	110 614	48.8	99 870	50.5	10.8
UK	4 547	2.0	4 865	2.5	–6.5
France	8 027	3.5	7 197	3.6	11.5
Italy	5 323	2.4	4 547	2.3	17.1
The Netherlands	9 336	4.1	8 417	4.3	10.9
Rest of Europe	34 824	15.3	29 403	14.8	18.4
North and South America	17 240	7.6	12 842	6.5	34.2
Middle and Far East	25 106	11.1	20 728	10.5	21.1
Total	**226 757**	**100.0**	**197 762**	**100.0**	**14.7**

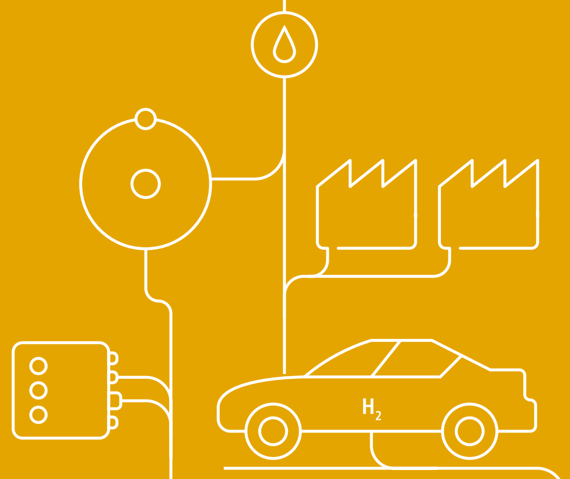
	2022 1 000 EUR	2022 Margin in %	2021 1 000 EUR	2021 Margin in %	Change in %
OPERATING RESULT					
	35 183	**15.5**	**26 684**	**13.5**	**31.9**

	2022 1 000 EUR	2022 Profitability in %	2021 1 000 EUR	2021 Profitability in %	Change in %
NET OPERATING ASSETS					
	102 800	**34.2**	**87 878**	**30.4**	**17.0**

	2022 1 000 EUR	2022 in %	2021 1 000 EUR	2021 in %
PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS				
Intangible assets	478	4.6	434	8.0
Land and buildings	320	3.1	270	5.0
Machinery and equipment	6 448	61.6	3 468	63.7
Tools	731	7.0	550	10.1
Construction in progress	2 491	23.7	723	13.2
Total	**10 468**	**100.0**	**5 445**	**100.0**

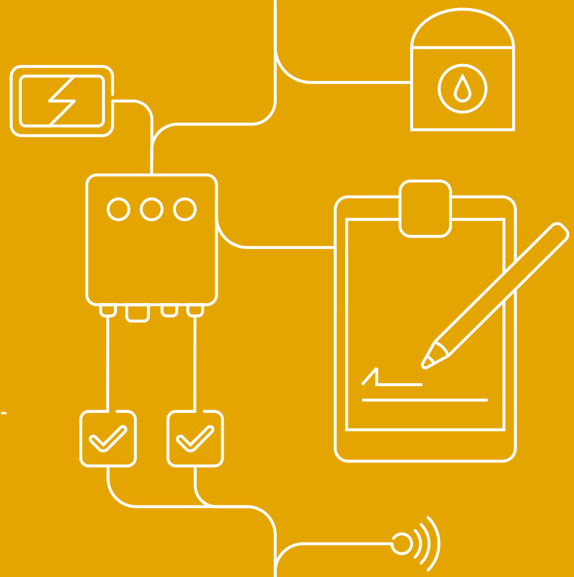
Safe electronics for highly flammable hydrogen

Green hydrogen can help to decarbonise energy-intensive applications. Rose explosion-proof enclosures meet stringent safety requirements throughout the hydrogen process chain.



APPLICATION

Rose explosion-proof enclosures can potentially be used throughout the hydrogen value chain. The operating and ambient temperatures associated with hydrogen processes represent an essential requirement for these enclosures. The first customers are already using Rose enclosures for process control and monitoring in hydrogen electrolysis.

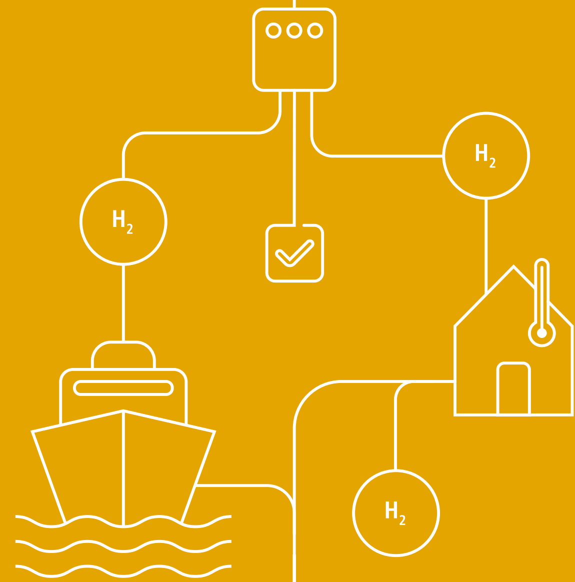


PRODUCT

Hydrogen is set to play a major role in the energy transition. It can be used in applications that until now have relied on fossil fuels, with green hydrogen providing a climate-friendly alternative in areas such as mobility, industry and energy generation. Hydrogen applications generally take place in a potentially explosive zone.

BENEFITS

Rose explosion-proof enclosures contain critical circuitry, controls and power connections necessary for the production of hydrogen. In potentially explosive hydrogen environments, the specially protected enclosures provide the safe conditions without which hydrogen could not be produced at all.



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 bearer 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

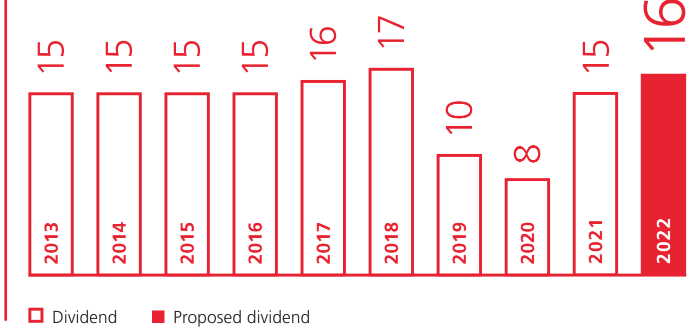
The target payout ratio for dividend payments is 40–50 % of result after tax, adjusted for special factors. The strong balance sheet and high free cash flow can sustainably finance organic growth as well as any acquisitions. The Board of Directors will propose to the Shareholders' General Meeting of 17 May 2023 a dividend of CHF 16.50 per share. This corresponds to a payout ratio of 40 %.

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): richard.frei@zkb.ch

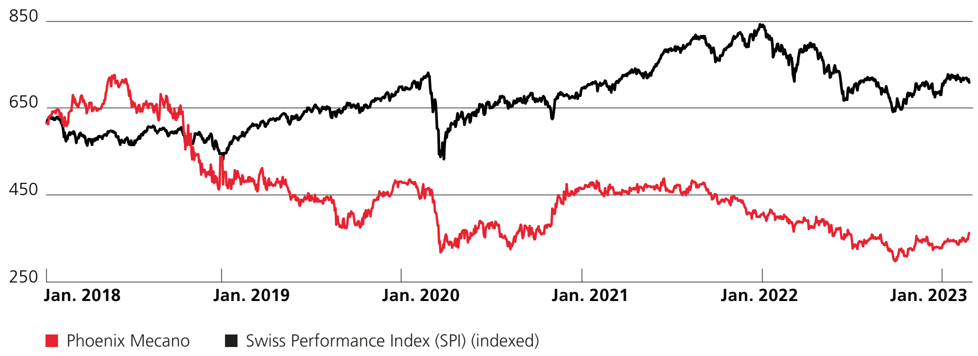
Listing	SIX Swiss Exchange/Zurich
Securities No.	Inh. 218781
ISIN	CH 000 218 7810
Reuters	PM.S
Bloomberg	PM SE Equity
Legal Entity Identifier (LEI)	529900SWF06EKVI1JY11.

DIVIDEND PER SHARE IN CHF



SHARE PRICE 1 JANUARY 2018 – 28 FEBRUARY 2023

in CHF



SHARE INDICATORS AT A GLANCE

	Units	2022	2021	2020	2019	2018
Share capital (bearer shares with a par value of CHF 1.00)	CHF	960 500	960 500	960 500	960 500	960 500
Treasury shares	Number	86	189	491	1 000	1 000
Shares entitled to dividend	Number	960414	960 311	960 009	959 500	959 500
Operating result per share[1]	EUR	55.8	46.1	23.4	24.3	53.5
Result of the period per share[1]	EUR	40.6	31.6	9.2	14.5	37.6
Equity per share[1]	EUR	272.1	249.9	196.1	226.5	279.3
Free cash flow per share[1]	EUR	12.4	28.0	10.8	18.7	13.5
Dividend	CHF	16.50[4]	15.00	8,00	10.00	17.00
Market price						
High	CHF	421.50	502	494.50	519	728
Low	CHF	294	396	312	374	456
Year-end price	CHF	329	405.50	464.50	478.50	503
Market capitalisation	CHF million	316.0	389.5	446.2	459.6	483.1
Dividend yield[2]	%	5.0[4]	3,7	1.7	2.1	3.4
Total shareholder return	%	–15.2	–11.0	–0.8	–1.5	–15.5
Payout ratio[3]	%	40[4]	44	81	62	39
Price/profit ratio 31 December		8.1	11.9	46.9	29.7	11.6

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 17 May 2023.

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 risktaking.

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.).

SPECIFIC RISKS IN 2022

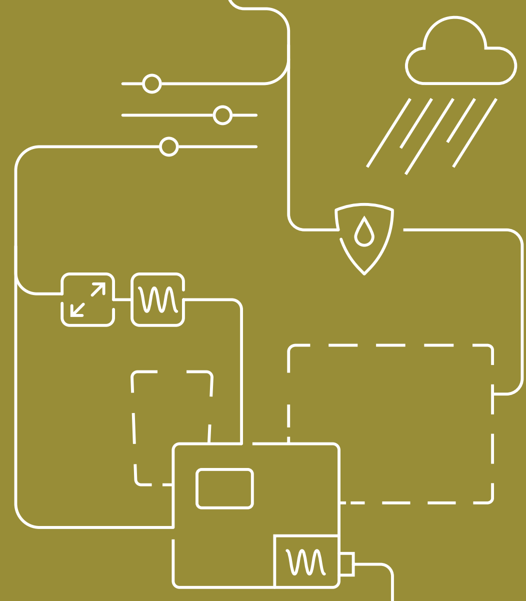
2022 was marked by the war in Ukraine and its consequences. The cessation of business with Russia was only a minor change. More significant was the uncertainty about Europe's oil and gas supplies. With the looming prospect of power shortages, the issue of security of energy supply suddenly came to the fore. The rapid increase in energy prices was partially offset and cushioned by efficiency measures and switching to alternative energy sources. At the same time, however, the crisis increased the economic attractiveness of our own photovoltaic projects. There was also an increase in demand for renewable energies, which are an important direct and indirect driver for many Phoenix Mecano products.

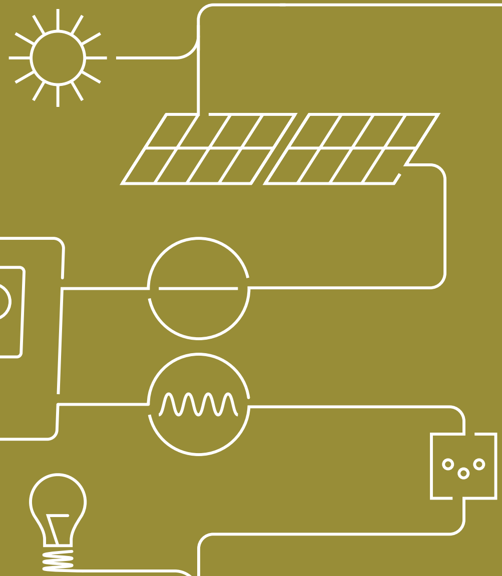
Converting direct current into grid-compatible alternating current

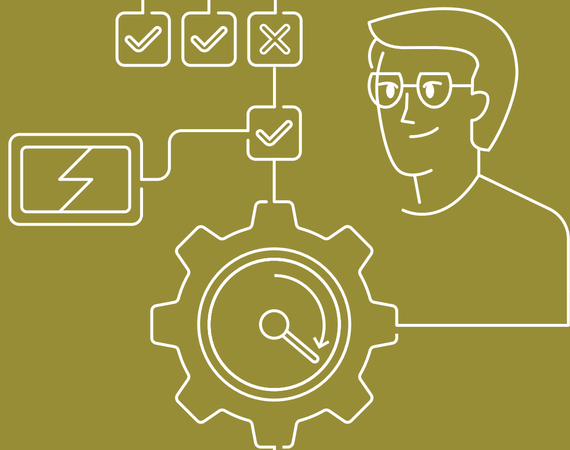
While photovoltaic systems only produce direct current (DC), alternating current (AC) is needed to feed into the grid and for use in machinery and equipment. Inverters are the essential devices that change DC into AC.

APPLICATION

Solar energy systems are not standard components, but are always tailored to individual requirements and circumstances. The inverter must match the power of the specific system, whether it be panels on the roof of a house or business, a large wall or even a solar park. Phoenix Mecano manufactures customised module components in various sizes. This means that the right inverter can be installed for every solar system, irrespective of its size or output.







BENEFITS

Thanks to the modular design, which ensures that customers have the right product for their needs, installation is less time-consuming and therefore cheaper. For the same reason, maintenance and any repairs are also facilitated. Customised solutions ensure that the solar energy generated can be fed into the grid as AC in the most efficient way possible, regardless of whether the energy is to be used on site or sold via the electricity grid.

PRODUCT

In order for power from solar energy systems to be used, it must first be converted from DC to AC. Inverters are integral to this conversion and the output of a photovoltaic system depends, among other things, on choosing the right model. Phoenix Mecano manufactures power-adapted module components for inverters, so that the optimal inverter with the required connections is available for systems of any size and power output.

SUSTAINABILITY

Sustainability

Phoenix Mecano publishes a sustainability report based on the Global Reporting Initiative (GRI) and aims to halve CO_2 emissions from its own operations by 2030.

READ THE FULL REPORT HERE.

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 last year. Data collected in line with the Global Reporting Initiative (GRI) Standards forms the basis for the targeted management of activities in this area.

The Group is initially focusing its efforts on reducing CO_2 emissions. As it works towards carbon neutrality by 2050 at the latest, Phoenix Mecano intends to halve CO_2 emissions from its own operations by 2030. Key to this will be boosting operational efficiency and investing in its own solar energy systems.

CO_2 TARGETS AND STRATEGY

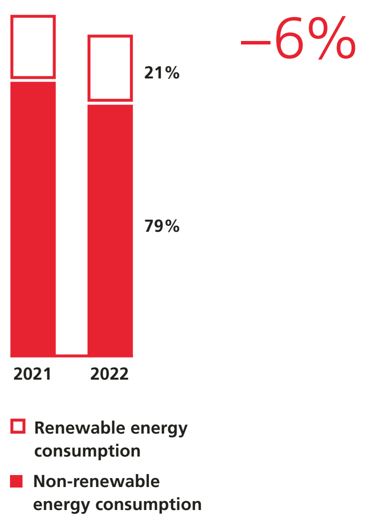
Phoenix Mecano aims to massively reduce its own CO_2 emissions, generating a positive EBIT effect and the greatest possible environmental benefit. Its own operations (Scope 1+2) are to be made carbon neutral by 2050 at the latest, with this goal achieved as far as possible by cutting CO_2 emissions. In a first stage, Phoenix Mecano intends to halve CO_2 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.

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 4 400 MWh are planned or already under construction, including at major production sites in Kecskemét (Hungary) and Pune (India). 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 CO_2 emissions.

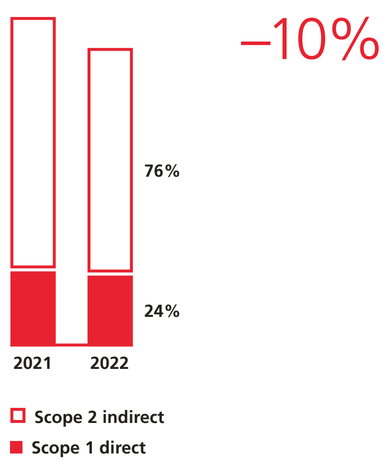
SUSTAINABILITY LEVELS

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.

ENERGY CONSUMPTION IN 2022
Total 64 932.6 MWh



CO_2 EMISSIONS IN 2022
Total 23 037.1 tCO_2



ECONOMIC LEVEL

Phoenix Mecano pursues a long-term growth strategy based on growth drivers aligned with megatrends. Phoenix Mecano 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

in 1 000 EUR	Note	2022	2021*
Net sales		784 442	809 473
Own work capitalised and other income		12 968	17 007
Cost of materials		–392 125	–450 936
Other operating expenses	A	–94 748	–86 867
Depreciation/ amortisation		–24 328	–22 289
Other non-operating result	B	3 983	952
Value added		**290 192**	**267 340**

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

Distribution of value added

in %	Note	2022	2021
Employees	C	79.5	82.2
Government (taxes)	D	6.3	5.4
Shareholders	E	4.8	2.6
Lenders (net interest expense)		0.8	1.0
Companies (retained earnings)	F	8.6	8.7
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

Smart control and fully networked production

The DewertOkin Technology Group's new industrial park in Jiaxing sets new standards in intelligent and networked industrial manufacturing.

Covering a total surface area of 120 000 m², it includes the core production areas of precision injection moulding, aluminium processing, spraying, welding, surface mounting, DC motor production and final assembly.

Smart control systems are the key to production efficiency. For example, all the injection moulding machines are networked with each other. A system monitors all steps of production and assigns the orders to individual machines according to capacity utilisation. In drive assembly too, the orders are distributed to different production lines depending on the type of product and the size of the order. These include a production line based on lean management principles, allowing rapid switching between small orders, as well as a semi-automated production line and another specialising in medical applications.

The use of state-of-the-art manufacturing technologies in the production facilities enables efficient control from order receipt through to delivery. This smart factory is therefore able to manage all factory processes in real time via the digital cockpit. The result is sustainable operational efficiency, cost optimisation, and high and agile manufacturing capacity.

Global production network offers competitive advantage

The Enclosure Systems division pursues a global production strategy with clearly defined competence centres in which valuable know-how is built up locally.

For customers in the Enclosure Systems division, the adaptation of standard enclosures to their specific needs is a crucial advantage. New developments, tailored solutions and custom adaptations are developed, planned and manufactured close to the customer.

For larger series, on the other hand, Phoenix Mecano has established competence centres at various locations around the globe. For example, the plant in India specialises in the production of aluminium enclosures, the Romanian plant in the manufacture of plastic enclosures, and another in Hungary in membrane keypads and small series. The staff here have proven skills, broad knowledge and a wealth of experience in their respective fields of expertise. These competence centres offer many advantages in terms of cost, flexibility and speed of delivery.

The Group will continue to consistently pursue this global production strategy in the years ahead. Germany will remain the workshop for development, with Hungary an all-rounder and the plants in Romania and India specialising in the production of large series. Phoenix Mecano India is already capable of manufacturing large products at the highest levels of complexity and quality.

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.

© Health Promotion Switzerland

Healthy employees in a healthy company

Phoenix Mecano Komponenten AG introduced a workplace health management system and has been certified as a 'Friendly Work Space'.

The pandemic has once again highlighted the importance of health. Good employee health is also a key factor for companies. After all, good working conditions and quality of life in the workplace foster long-term employee motivation and increase productivity, product and service quality, and the company's ability to innovate. This benefits employers and employees in equal measure.

At Phoenix Mecano Komponenten AG, factors affecting employee health have been identified, and structures and processes adapted. A health team made up of members of various departments meets once a month and develops measures to promote the health of employees on an ongoing basis.

Its certification as a 'Friendly Work Space' in 2022 shows that Phoenix Mecano Komponenten AG is on the right track with these measures. The certificate is issued by Health Promotion Switzerland. The foundation's experience shows that companies with the certificate have 25% fewer stressed employees, with only 2.6 days of absence per person per year.

A glimpse into working life for tomorrow's managers

Phoenix Mecano Inc. USA supports young people through internships and was named 2022 Champion of Maryland Manufacturing in the Diversity & Inclusion category.

Phoenix Mecano Inc. USA recruits team members with different ages, backgrounds, skills and qualifications. The company supports potential and current employees with everything from job interviews to on-the-job and continuing training. It is also committed to helping students by providing internships, for which it works closely with organisations such as INROADS. In recognition of this commitment, Phoenix Mecano Inc. USA was named Champion of Maryland Manufacturing in the Diversity & Inclusion category in 2022.

Diversity in business is important. It brings more learning opportunities and perspectives and helps create a better community and sense of belonging for all, both personally and professionally.

For Phoenix Mecano Inc. USA, nurturing tomorrow's leaders starts with giving today's students a glimpse into working life. INROADS offers talented, underrepresented youth a pathway from high school to college. The programme's career development pathway extends a support system that can last a lifetime. Phoenix Mecano makes an important contribution to this by offering education-oriented internships and community partnerships with INROADS, Frederick County Public Schools and other educational institutions. This ensures that diversity extends beyond the company premises.

HOURS OF INTERNAL TRAINING IN 2022

145 934

HOURS OF EXTERNAL TRAINING IN 2022

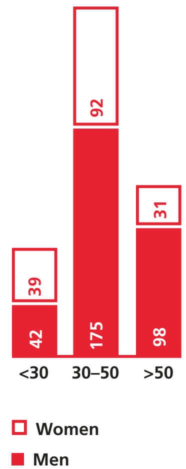
19 929

NUMBER OF TRAINEES IN 2022

164

DIVERSITY AT MANAGEMENT LEVELS IN 2022

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.

Simple measures, big savings

Optimisation measures enabled the production site in Hungary to cut gas consumption by almost 40%.

Phoenix Mecano's Hungarian production site in Kecskemét is home to a large powder coating facility with associated drying oven. Coating and drying are energy-intensive processes, with the required energy coming primarily from natural gas.

In the search for ways to reduce energy consumption, the plant's employees came up with valuable suggestions and ideas. The focus was on simple solutions that could be implemented quickly, such as lowering the temperature in offices and factory spaces and optimising production methods.

New working models were introduced for powder coating and drying. This meant big changes for the employees, but these were supported at all levels. The new working time models enabled oven operating times to be optimised or significantly reduced, with a corresponding improvement in the energy balance.

Together, all the measures led to a 38% reduction in gas consumption within the first two months after implementation!

The energy balance of the Kecskemét plant is set to improve further thanks to a solar energy system currently under construction. With an annual output of 1600 MWh, this will supply around 20% of the site's total electricity needs from the second quarter of 2023.

Wowing customers while saving on packaging

Phoenix Mecano Spain has developed an electrically powered repair stand for e-bikes. The packaging used for delivery saves on material and is recyclable.

The advent of electric bikes poses a new challenge for workshops. E-bikes are significantly heavier than conventional bicycles and not as easy to lift onto the repair stands used in workshops.

Repairing and maintaining e-bikes requires a stable work stand that can be adjusted in height, ideally with an electric drive. Phoenix Mecano Spain has developed a bike lift with an electric lifting column, which it sells under the name Ezoord.

One question that arose during development was what packaging should be used to deliver the lift – which can weigh up to 50 kg – to customers. The solution, which minimises packaging material while maximising customer benefit, is a specially designed pallet with a cardboard box on top.

The outer box and pallet are made from recycled material, both manufactured locally in Zaragoza and both 100% recyclable. This may mean shipping is a little more expensive, but it uses far less packaging and makes handling in the factory and at the customer's address much easier and faster.

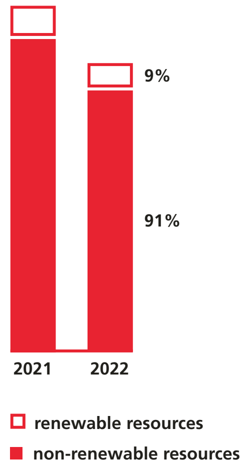
WATER CONSUMPTION IN 2022

Total consumption in m³

172 580

MATERIALS USED IN 2022

Total 89 021.1 t



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 enterprise in the enclosures and industrial components sectors and has significant market shares in the international growth markets. It manufactures technical enclosures, mechanical components, electrical drives, electronics components and complete system integrations in its three divisions. 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 to Phoenix Mecano Komponenten 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, as well as sales and distribution, 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 to 65 of the consolidated financial statements. None of the shareholdings 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, are listed on SIX Swiss Exchange, Zurich. As at 31 December 2022, the share capital was fully paid up and consisted of 960 500 bearer shares (securities no.: Inh. 218781; ISIN: CH0002187810; Reuters: PM.S; Bloomberg: PM SE Equity) 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 86 treasury bearer shares. Based on the 2022 year-end price of CHF 329, the market capitalisation as at 31 December 2022 was CHF 316 million. There are no nominal shares and no participation or dividend-right certificates.

Significant shareholders, each holding a share of the voting rights equivalent to over 3 % of the share capital as at 31 December 2022

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

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

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

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
There have been no changes in capital since 2014.

Limitations on transferability and nominee registrations
Since Phoenix Mecano AG has issued no nominal shares, there are no limits on transferability.

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 2022, the Board of Directors had five members. It usually holds meetings quarterly. Four Board of Directors meetings took place in 2022, 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 22 of the Articles of Incorporation)
Members of the Board of Directors, the management and any advisory board may not hold or perform more than the following number of additional positions or activities in senior management or administrative bodies of other legal entities which are required to register themselves in the commercial register or an equivalent foreign register and which do not control or are not controlled by the company:

- 5 mandates with companies 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
- 10 paid mandates with other legal entities, where multiple mandates with different companies belonging to the same group count as one mandate; and
- 10 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. There are no rules in the Articles of Incorporation that differ from the statutory legal provisions with regard to the appointment of the Chairman of the Board of Directors, the members of the Compensation Committee or the independent proxy.

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 2022 Shareholders' General Meeting for election individually and re-elected. The CFO also attends meetings.

The Committee met twice in 2022. 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. One meeting took place in 2022, lasting half an hour.

The existing members Beat Siegrist, Ulrich Hocker and Dr Martin Furrer were proposed to the 2022 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 members 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 2022 were accounts receivable and inventory management, the internal control system, the risk management system, transfer pricing documentation, compliance, tangible assets, IT and reporting. The review of ongoing construction expenditure at one company was continued in 2022. In addition, a review of compliance with sanctions against Russia was carried out at four German companies. 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 26 and in notes 21 and 22 to the consolidated financial statements on page 79.

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

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 2023 Shareholders' General Meeting.

Board of Directors

as at 31 December 2022

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.

Other activities and vested interests
See remuneration report page 47

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 the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW).

Other activities and vested interests
See remuneration report page 47

DR FLORIAN ERNST (CH)
Non-executive role

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

Graduated as Dr oec. 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 & acquisitions consultant and the CFO of an alternative investment company in Pfäffikon, Schwyz. 2008–2015 Occupied a number of posts at Deutsche Bank (Switzerland) AG, 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.

Other activities and vested interests
See remuneration report page 47

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 & acquisitions, real estate transactions, private equity and employee participation models. Has been a partner at Baker McKenzie since 2002 and co-managing partner since 2016.

Other activities and vested interests
See remuneration report page 47

Management

as at 31 December 2022

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 since 2011 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.

Other activities and vested interests
See remuneration report page 47

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.

Other activities and vested interests
See remuneration report page 47

RENÉ SCHÄFFELER (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 responsible for finances, group accounting, controlling, taxes, legal affairs and IT.

Other activities and vested interests
See remuneration report page 47

MANAGEMENT

In the reporting year 2022, the management comprised the company's CEO and CFO. From financial year 2023, the management was expanded to include two new members. Ines Kljucar was appointed as Chief Commercial Officer and Dr Lothar Schunk as Chief Operating Officer from 1 January 2023.

It is chaired by the CEO. The CEO and CFO 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

No members of the management have any relevant activities or vested interests to declare.

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 35 f. in the Board of Directors section.

Management contracts

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

Compensation, shareholdings and loans

Remuneration report: page 43 ff.; financial statements: page 50 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 of the shares held by a shareholder can only be represented by one person.

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

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

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 determines 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 has 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 by means of a single announcement in the company's publications. 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

Since Phoenix Mecano AG has only issued bearer shares, no share register is kept.

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 to 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 20 May 2022, 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 reporting year 2022, BDO AG received fees totalling EUR 612 000 for auditing the 2022 financial statements and consolidated financial statements.

Additional fees

BDO AG received additional fees of EUR 56 000 in the reporting year for tax and legal advice. Tax consultancy is largely provided by KPMG in the interests of independence.

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.

Auditing fees and additional fees

in 1000 EUR	2022	2021
Total auditing fees	**612**	**576**
Tax consultancy	2	2
Tax declaration	4	6
Miscellaneous [1]	50	8
Total additional fees	**56**	**16**
Total	**668**	**592**

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

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.

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.six-exchange-regulation.com/en/home/publications/management-transactions.html

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) as well as a number of major daily newspapers in German-speaking Switzerland.

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.

Group operational structure

GROUP HEADQUARTERS, SWITZERLAND
Phoenix Mecano AG, Hofwisenstrasse 6, CH-8260 Stein am Rhein
www.phoenix-mecano.com

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

DEWERTOKIN TECHNOLOGY GROUP

Dr J. Gross

BRAZIL
DewertOkin do Brasil Ltda.
CEP 04726-160 São Paulo - SP
Managing director:
D. Weber

GERMANY
BEWATEC ConnectedCare GmbH
D-48291 Telgte
Managing director:
R. Lietzow

DewertOkin GmbH
D-32278 Kirchlengern
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

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, Jiaxing
Managing director:
Dr J. Gross

BEWATEC Technologies Co., Ltd.
314299 Zhejiang
Managing director:
S. Ma

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
Hartmann Electronic GmbH
D-70499 Stuttgart (Weilimdorf)
Managing director:
F. Godulla

HPC Sekure GmbH
D-82234 Wessling
Managing director:
M. Bergler

Phoenix Mecano Digital Elektronik GmbH
D-99848 Wutha-Farnroda
Managing director:
R. Bormet

PTR HARTMANN GmbH
D-59368 Werne
Managing director:
P. Scherer

REDUR GmbH & Co KG
D-52382 Niederzier
Managing directors:
Dr L. Schunk, M. Sochor

RK Antriebs- und Handhabungs-Technik GmbH
D-29553 Bienenbüttel
Managing director:
A. Kebbel

RK Rose + Krieger GmbH
D-32423 Minden
Managing director:
Dr G. Langer

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

RK System & Lineartechnik GmbH
D-88682 Salem-Neufrach
Managing director:
Dr G. Langer

W-IE-NE-R Power Electronics GmbH
D-51399 Burscheid
Managing director:
A. Köster

Mexico
PTR Hartmann, S. De R.L. De C.V.
66467-San Nicolas 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:
O. Huppertz

TUNISIA
Phoenix Mecano Digital Tunisie S.à.r.l.
TN-2084 Borj-Cedria
Managing director:
R. Bormet

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

USA
Orion Technologies, LLC
Orlando, FL 32826
Managing director:
A. Ruben

W-IE-NE-R Power Electronics Corp.
Springfield, OH 45503
Managing director:
Dr A. Ruben

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 directors:
S. J. Gleeson, T. Thuess

BELGIUM
Phoenix Mecano NV
B-9800 Deinze
Managing director:
P. Wieme

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:
J. Lim (until 18.01.2023) /
S. Shukla (from 18.01.2023)

THE NETHERLANDS
Phoenix Mecano B.V.
NL-7005 AG Doetinchem
Managing director:
P. Wieme

AUSTRIA
AVS Phoenix Mecano GmbH
A-1230 Vienna
Managing director:
R. Kleinrath

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. Opeshansky

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

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

SINGAPORE
Phoenix Mecano S.E. Asia Pte Ltd.
Singapore 408863
Managing director:
J. Lim (until 18.01.2023) /
S. Shukla (from 18.01.2023)

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

HUNGARY
Phoenix Mecano Kecskemét Kft.
H-6000 Kecskemét
Managing director:
Dr Z. Nagy

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 2022 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. One meeting of the Compensation Committee took place in 2022. The tasks, powers, responsibilities and working methods of the Compensation Committee are described on page 36 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 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. 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.

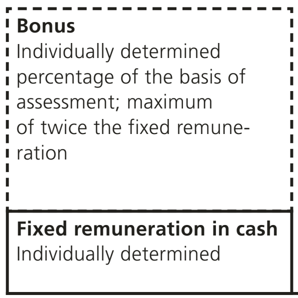
STRUCTURE OF REMUNERATION

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.

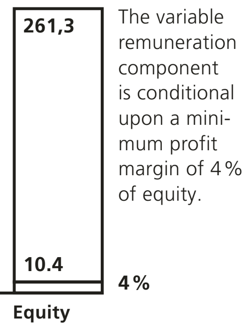
In the reporting year, the management of Phoenix Mecano consisted of two members: the CEO and CFO. Both hold responsible positions with an overall management role. Remuneration for all members therefore follows the same model, based on a simple but effective formula. Remuneration for the Executive Chairman of the Board of Directors is also based on this formula.

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).

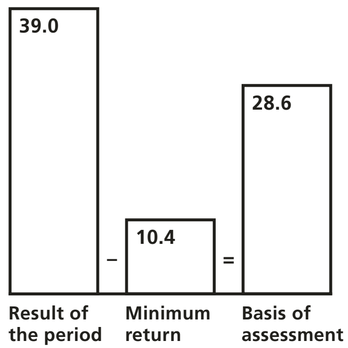
Management remuneration structure



Minimum return 2022
in EUR million



Calculation of basis of assessment for 2022 variable remuneration
in EUR million



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. This minimum profit is not taken into account in determining the bonus. Bonuses can only be paid if the result of the period, 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 result of the period less the aforementioned minimum rate of return. The bonus is limited to a maximum of twice the fixed salary. 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.

No shares were allocated and no options were organised in the reporting year. There are no shareholding programmes for members of the Board of Directors or management under which shares or options could be issued.

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 to 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 20 May 2016):

Article 13

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 20
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 21
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.

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.

REMUNERATION FOR FINANCIAL YEARS 2022 AND 2021 PURSUANT TO ERCO (AUDITED)

The following remuneration was awarded for financial year 2022:

in 1 000 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

The following remuneration was awarded for financial year 2021:

in 1 000 CHF	Position	Fixed remuneration	Variable remuneration	Social security and pension	Total remuneration
Benedikt A. Goldkamp	Chairman of the Board of Directors	670	298	148	1 116
Ulrich Hocker	Independent Lead Director	258		17	275
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		**1 120**	**298**	**180**	**1 598**
Remuneration of the management		**1 186**	**402**	**244**	**1 832**
Remuneration of the Board of Directors and management		**2 306**	**700**	**424**	**3 430**
Highest individual management salary: Dr Rochus Kobler	CEO	724	298	144	1 166

All compensation is short term in nature.

The Phoenix Mecano Group's consolidated statements of income for 2022 and 2021 include no compensation for former members of the Group's bodies who left in the preceding period or before. In financial years 2022 and 2021, legal fees amounting to CHF 0.035 million and CHF 0.5 million respectively worldwide were paid to law firm Baker McKenzie, in which Dr Martin Furrer is a partner in Zurich.

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	Note
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)	President	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	
	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	Note
Dr Martin Furrer	Pilatus Aircraft Ltd	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	Chairman 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	
René Schäffeler	Genossenschaft Alterswohnungen Stein am Rhein	Chairman of the Board of Directors	

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

Opinion

We have audited the Remuneration Report of Phoenix Mecano AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on page 46 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report (pages 44 to 46) complies with Swiss law and Art. 14–16 VegüV.

Basis for Opinion

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

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

Other Information

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

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

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

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

Board of directors' Responsibilities for the Remuneration Report

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

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14–16 VegüV 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.

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

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

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

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

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

Zurich, 18 April 2023
BDO Ltd

Christoph Tschumi
Auditor in charge
Licensed Audit Expert

ppa. Hanna-Laura Mock
Licensed Audit Expert

FINANCIAL REPORT

PHOENIX MECANO GROUP
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS

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

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

EQUITY AND LIABILITIES

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

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

CONSOLIDATED STATEMENT OF INCOME 2022

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

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

CONSOLIDATED STATEMENT OF CASH FLOW 2022

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

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

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021 AND 2022

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

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

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

CONSOLIDATED SEGMENT INFORMATION 2022

BY DIVISION

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

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

CONSOLIDATED SEGMENT INFORMATION 2022

NET REVENUE

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

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

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

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

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

PRINCIPLES OF CONSOLIDATION AND VALUATION

ACCOUNTING PRINCIPLES

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

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

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

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

APPLICATION OF NEW ACCOUNTING STANDARDS

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

ERROR IN PAST FINANCIAL STATEMENTS (RESTATEMENT)

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

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

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

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

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

SCOPE OF CONSOLIDATION

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

ASSOCIATED COMPANIES

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

CAPITAL CONSOLIDATION

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

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

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

CURRENCY TRANSLATION

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

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

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

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

INTERCOMPANY PROFITS

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

SEGMENT INFORMATION

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

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

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

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES AND OTHER RECEIVABLES

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

INVENTORIES

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

TANGIBLE ASSETS

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

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

The useful lives of assets are estimated as follows:

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

LEASED ASSETS

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

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

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

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

INTANGIBLE ASSETS

Capitalised development costs

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

Concessions, licences, similar rights and assets

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

IMPAIRMENT LOSSES

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

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

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

INVESTMENTS IN ASSOCIATED COMPANIES

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

OTHER FINANCIAL ASSETS

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

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

TRADE PAYABLES AND OTHER LIABILITIES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

FINANCIAL LIABILITIES

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

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

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

PROVISIONS

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

Other long-term employee benefits

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

Employee participation plans

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

PENSION OBLIGATIONS

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

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

EQUITY

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

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

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

REVENUE RECOGNITION

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

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

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

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

GOVERNMENT SUBSIDIES

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

INCOME TAX

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

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

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

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

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

STATEMENT OF CASH FLOW

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

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

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

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

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

ASSUMPTIONS AND ESTIMATIONS

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

The most important assumptions and estimations are set out below:

Inventories

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

Tangible assets, intangible assets and goodwill (shadow statement)

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

Financial liabilities

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

Provisions

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

Income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2022

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

1 CURRENCY EXCHANGE RATES

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

2 SCOPE OF CONSOLIDATION

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

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

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

FULLY CONSOLIDATED COMPANIES

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

FULLY CONSOLIDATED COMPANIES

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

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

3 CASH AND CASH EQUIVALENTS

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

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

4 TRADE RECEIVABLES

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

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

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

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

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

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

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

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

5 OTHER RECEIVABLES

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

6 INVENTORIES

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

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

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

7 TANGIBLE ASSETS

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

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

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

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

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

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

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

8 INTANGIBLE ASSETS

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

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

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

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

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

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

9 INVESTMENTS IN ASSOCIATED COMPANIES

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

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

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

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

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

10 OTHER FINANCIAL ASSETS

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

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

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

11 FINANCIAL LIABILITIES

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

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

RECONCILIATION OF FINANCIAL LIABILITIES 2022

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

RECONCILIATION OF FINANCIAL LIABILITIES 2021

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

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

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

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

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

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

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

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

12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

13 PROVISIONS

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

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

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

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

14 PENSION OBLIGATIONS

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

Swiss pension plan (defined contribution)

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

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

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

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

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

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

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

Pension plans in other countries (defined contribution)

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

German pension plan (defined benefit)

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

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

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

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

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

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

15 OTHER LIABILITIES

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

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

16 DEFERRED TAX

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

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

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

17 SHARE CAPITAL AND RESERVES

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

The significant shareholders of Phoenix Mecano AG are:

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

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

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

18 TREASURY SHARES

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

19 MINORITY INTERESTS

The minority interests are:

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

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

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

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

20 CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

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

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

21 RISK MANAGEMENT

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

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

22 FINANCIAL RISK MANAGEMENT

General

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

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

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

Credit risk

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

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

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

Liquidity risk

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

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

Maturity analysis of financial liabilities

in 1000 EUR	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years	in > 5 years
Maturity analysis as at 31 December 2022							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	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**
Maturity analysis as at 31 December 2021*							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	116 735	– 116 735	– 98 114	– 18 621			
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	4 185	– 4 185	– 4 185				
Financial liabilities (excluding financial leasing)	180 149	– 184 527	– 65 644	– 14 228	– 15 583	– 87 596	– 1 476
Total	**301 069**	**– 305 447**	**– 167 943**	**– 32 849**	**– 15 583**	**– 87 596**	**– 1 476**
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	461						
Outflow of funds		– 13 352	– 13 352				
Inflow of funds		12 891	12 891				
Total	**301 530**	**– 305 908**	**– 168 404**	**– 32 849**	**– 15 583**	**– 87 596**	**– 1 476**

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

Market risk

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

Currency risk

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

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

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

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

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

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

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

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

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

23 CAPITAL MANAGEMENT

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

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

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

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

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

24 CONTINGENT LIABILITIES

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

25 COMMITMENTS TO PURCHASE TANGIBLE AND INTANGIBLE ASSETS

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

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

26 OPERATING LEASES, RENT AND LEASEHOLD RENT

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

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

27 SALES REVENUE

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

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

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

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

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

28 OTHER OPERATING INCOME

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

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

29 COST OF MATERIALS

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

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

30 PERSONNEL EXPENSES

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

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

31 OTHER OPERATING EXPENSES

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

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

32 FINANCIAL INCOME

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

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

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

33 FINANCIAL EXPENSES

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

34 INCOME TAX

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

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

35 EARNINGS PER SHARE

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

36 OPERATING CASH FLOW

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

37 FREE CASH FLOW

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

38 ACQUISITION OF GROUP COMPANIES

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

The acquired assets and assumed liabilities break down as follows:

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

39 TRANSACTIONS WITH RELATED PARTIES

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

All compensation is short term in nature.

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

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

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

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

40 SHADOW STATEMENT OF GOODWILL

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

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

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

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

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

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

41 EVENTS AFTER THE BALANCE SHEET DATE

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

The assets and liabilities disposed of break down as follows:

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

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

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

42 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

43 DIVIDEND

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

REPORT OF THE STATUTORY AUDITOR

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

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

Key Audit Matters

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

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

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Other Information

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

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

Zurich, 18 April 2023
BDO Ltd

Christoph Tschumi
Auditor in charge
Licensed Audit Expert

ppa. Hanna-Laura Mock
Licensed Audit Expert

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FIVE-YEAR OVERVIEW

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

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

PHOENIX MECANO AG
BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS

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

EQUITY AND LIABILITIES

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

PHOENIX MECANO AG
STATEMENT OF INCOME 2022

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

PHOENIX MECANO AG
NOTES TO THE FINANCIAL STATEMENTS 2022

1 DETAILS OF THE PRINCIPLES APPLIED IN THE FINANCIAL STATEMENTS

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

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

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

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

2.1 Other short-term receivables from investments

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

2.2 Loans to investments

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

2.3 Investments and the share of the capital and votes held

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

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

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

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

2.4 Bank loans/Bank liabilities

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

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

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

2.5 Financial liabilities to investments

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

2.6 Provisions

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

2.7 Share capital

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

2.8 Retained earnings

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

2.9 Treasury shares

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

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

2.10 Dividend income

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

2.11 Other financial income

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

2.12 Other operating income

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

2.13 Financial expense

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

2.14 Other operating expenses

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

2.15 Net release of hidden reserves

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

3 OTHER INFORMATION REQUIRED BY LAW

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

3.1 Full-time positions

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

3.2 Contingent liabilities

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

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

3.3 Significant shareholders

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

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

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

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

3.4 Auditors' fees

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

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

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

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

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

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

3.6 42 Events after the balance sheet date

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

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

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

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

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

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

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

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

REPORT OF THE STATUTORY AUDITOR

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

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

Zurich, 18 April 2023
BDO Ltd

Christoph Tschumi Auditor in charge Licensed Audit Expert	ppa. Hanna-Laura Mock Licensed Audit Expert

ANNEX

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FINANCIAL CALENDAR

20 APRIL 2023 10.30 a.m.	BALANCE SHEET MEDIA CONFERENCE Results 2022, Q1 results 2023	Widder Hotel, Zurich
17 MAY 2023 3.00 p.m.	SHAREHOLDERS’ GENERAL MEETING	Vienna House zur Bleiche, Schaffhausen
22 MAY 2023	EX-DIVIDEND DATE	
23 MAY 2023	RECORD DAY	
24 MAY 2023	DIVIDEND PAYMENT	
17 AUGUST 2023 7.00 a.m.	MEDIA RELEASE Half-yearly results 2023	Semi-annual report 2023
2 NOVEMBER 2023 7.00 a.m.	MEDIA RELEASE Q3 results 2023	

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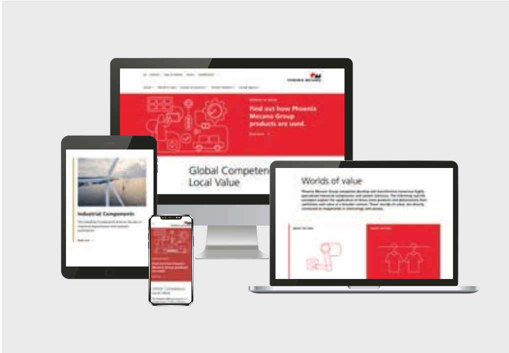

phoenix-mecano.com/en/annual-reports

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

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This annual report is also available in German. The German version is binding.