FINANCIAL REPORT

PHOENIX MECANO GROUP
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

ASSETS

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

EQUITY AND LIABILITIES

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

CONSOLIDATED STATEMENT OF INCOME 2023

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

CONSOLIDATED STATEMENT OF CASH FLOW 2023

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022 AND 2023

in 1 000 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 2021		**852**	**–77**	**221 988**	**6 012**	**228 775**	**11 235**	**240 010**
Result of the period				**39 584**		**39 584**	**–560**	**39 024**
Dividends paid				–14 014		–14 014	–50	–14 064
Translation differences					–2 972	–2 972	–268	–3 240
Currency differences from sale/merger/liquidation recognised directly in equity				–9		–9		–9
Change in treasury shares	18		44			44		44
Change in minority interest	19					0	–80	–80
Adjustment of purchase price liability with impact on shadow statement	20/40			–359		–359	–39	–398
As at 31 December 2022		**852**	**–33**	**247 190**	**3 040**	**251 049**	**10 238**	**261 287**
Result of the period				**45 167**		**45 167**	**284**	**45 451**
Dividends paid				–16 264		–16 264	–35	–16 299
Translation differences					–7 389	–7 389	–656	–8 045
Currency differences from sale/merger/liquidation recognised directly in equity				–826		–826	–77	–903
Change in treasury shares	18		–2 180	–3		–2 183		–2 183
Change in minority interest	19			–3 372		–3 372	3 372	0
Goodwill recycling with impact on statement of income	38			4 814		4 814	492	5 306
Adjustment of purchase price liability with impact on shadow statement	20/40			45		45		45
Employee participation plan				55		55		55
As at 31 December 2023		**852**	**–2 213**	**276 806**	**–4 349**	**271 096**	**13 618**	**284 714**

CONSOLIDATED SEGMENT INFORMATION 2023

BY DIVISION

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

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

CONSOLIDATED SEGMENT INFORMATION 2023

NET REVENUE

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

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

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

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

PRINCIPLES OF CONSOLIDATION AND VALUATION

ACCOUNTING PRINCIPLES

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

The 2023 consolidated financial statements of Phoenix Mecano AG were drawn up in accordance with Swiss GAAP FER 31 "Complementary recommendation for listed companies" and comply with Swiss law.

Where subsidiaries have a financial year that differs from the period under consideration, interim statements are drawn up and audited. Thus the consolidated financial statements are based upon audited annual or interim financial statements as at 31 December 2023, which in turn are based on the standard accounting, valuation and organisation criteria that are applied uniformly throughout the Group.

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

APPLICATION OF NEW ACCOUNTING STANDARDS

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

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

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

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

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

SCOPE OF CONSOLIDATION

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

ASSOCIATED COMPANIES

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

CAPITAL CONSOLIDATION

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

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

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

CURRENCY TRANSLATION

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

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

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

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

INTERCOMPANY PROFITS

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

SEGMENT INFORMATION

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

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

INVENTORIES

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

TANGIBLE ASSETS

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

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

The useful lives of assets are estimated as follows:

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

LEASED ASSETS

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

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

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

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

INTANGIBLE ASSETS

Capitalised development costs

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

Concessions, licences, similar rights and assets

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

IMPAIRMENT LOSSES

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

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

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

INVESTMENTS IN ASSOCIATED COMPANIES

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

OTHER FINANCIAL ASSETS

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

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

TRADE PAYABLES AND OTHER LIABILITIES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

FINANCIAL LIABILITIES

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

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

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

PROVISIONS

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

Other long-term employee benefits

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

Employee participation plans

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

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

PENSION OBLIGATIONS

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

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

EQUITY

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

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

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

REVENUE RECOGNITION

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

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

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

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

GOVERNMENT SUBSIDIES

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

INCOME TAX

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

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

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

Future tax savings on the basis of tax losses carried forward and deductible temporary differences are only capitalised if their realisation seems certain. For this to be the case, consistently positive results must have been achieved and be expected to continue in the foreseeable future. If there are taxable temporary differences and offsettable tax losses carried forward at the same company, the two amounts are offset against one another.
Non-reclaimable withholding taxes on distributions on the profits of foreign subsidiaries are only recorded as a liability if such distributions are budgeted.

STATEMENT OF CASH FLOW

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

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

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

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

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

ASSUMPTIONS AND ESTIMATIONS

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

The most important assumptions and estimations are set out below:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2023

1 CURRENCY EXCHANGE RATES

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

2 SCOPE OF CONSOLIDATION

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

Date	Company	Change	Division
2023			
31.10.23	Hartmann Electronic GmbH	Sales	Industrial Components
31.10.23	W-IE-NE-R Power Electronics GmbH	Sales	Industrial Components
31.10.23	W-IE-NE-R Power Electronics Corp.	Sales	Industrial Components
14.09.23	Phoenix Mecano GmbH	Foundation	Enclosure Systems
03.03.23	Setago.io GmbH	Foundation	Industrial Components
20.01.23	Phoenix Mecano Digital Elektronik GmbH	Sales	Industrial Components
20.01.23	Phoenix Mecano Digital Tunisie S.à.r.l.	Sales	Industrial Components
2022			
07.10.22	PTR HARTMANN, S. DE R.L. DE C.V.	Foundation	Industrial Components
20.09.22	Bond Tact Hardware (Dongguan) Company Limited	Liquidation	Industrial Components
22.07.22	Tefelen LLC	Liquidation	Industrial Components
01.01.22	DewertOkin Services KFT	Merger with DewertOkin KFT	DewertOkin Technology Group

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

FULLY CONSOLIDATED COMPANIES

Company	Head office	Activity	Currency	Registered capital in 1 000	2023 Stake in %	2022 Stake in %
Phoenix Mecano AG	Stein am Rhein, Switzerland	Finance	CHF	961	n/a	n/a
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100	100
Phoenix Mecano Solutions AG (formerly Phoenix Mecano Komponenten AG)	Stein am Rhein, Switzerland	Production/Sales	CHF	2 000	100	100
DewertOkin AG	Stein am Rhein, Switzerland	Finance	CHF	500	89	89
Rose Systemtechnik GmbH	Porta Westfalica, Germany	Production/Sales	EUR	1 053	100	100
Bopla Gehäuse Systeme GmbH	Bünde, Germany	Production/Sales	EUR	750	100	100
Kundisch GmbH + Co. KG	Villingen-Schwenningen, Germany	Production/Sales	EUR	300	100	100
HPC Sekure GmbH	Wessling, Germany	Sales	EUR	500	100	100
PTR HARTMANN GmbH	Werne, Germany	Production/Sales	EUR	400	100	100
Redur GmbH + Co. KG	Niederzier, Germany	Production/Sales	EUR	300	100	100
RK Rose + Krieger GmbH	Minden, Germany	Production/Sales	EUR	496	100	100
RK System- & Lineartechnik GmbH	Salem-Neufrach, Germany	Production/Sales	EUR	250	100	100
RK Schmidt Systemtechnik GmbH	St. Wendel, Germany	Production/Sales	EUR	500	100	100
RK Antriebs- und Handhabungs-Technik GmbH	Bienenbüttel, Germany	Production/Sales	EUR	250	100	100
Setago.io GmbH	Baiersdorf, Germany	Sales/Development	EUR	25	100	–
DewertOkin GmbH	Kirchlengern, Germany	Sales	EUR	1 000	89	89
ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH)	Telgte, Germany	Production/Sales/Development	EUR	98	100	89
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany	Finance	EUR	4 000	100	100
Götz Udo Hartmann GmbH	Niederzier, Germany	Finance	EUR	26	100	100
Kundisch Beteiligungs-GmbH	Villingen-Schwenningen, Germany	Finance	EUR	26	100	100
Phoenix Mecano S.à.r.l.	Fontenay-sous-Bois, Cedex, France	Sales	EUR	620	100	100
Phoenix Mecano Ltd.	Aylesbury, UK	Sales	GBP	300	100	100
DewertOkin AB	Växjö, Sweden	Sales	SEK	100	89	89
Phoenix Mecano AB	Växjö, Sweden	Sales	SEK	290	100	100
Phoenix Mecano ApS	Sønderborg, Denmark	Sales	DKK	125	100	100
Phoenix Mecano GmbH	Vienna, Austria	Sales	EUR	50	100	–
Phoenix Mecano S.r.l.	Modena, Italy	Sales	EUR	300	100	100
Sistemas Phoenix Mecano España S.A.	Zaragoza, Spain	Sales	EUR	60	90	90
Phoenix Mecano B.V.	Doetinchem, The Netherlands	Sales	EUR	1 000	100	100
PM Special Measuring Systems B.V.	Enschede, The Netherlands	Production/Sales	EUR	18	100	100
Phoenix Mecano NV	Deinze, Belgium	Sales	EUR	100	100	100
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary	Production/Sales	EUR	40 000	100	100
DewertOkin KFT	Kecskemét, Hungary	Production/Sales	EUR	20 000	89	89
Phoenix Mecano Plastic S.r.l.	Sibiu, Romania	Production	EUR	750	100	100
ismet transformatory s.r.o.	Beharovice, Czech Republic	Production/Sales	CZK	200	100	100

FULLY CONSOLIDATED COMPANIES

Company	Head office	Activity	Currency	Registered capital in 1 000	2023 Stake in %	2022 Stake in %
Phoenix Mecano OOO	Moscow, Russia	Sales	RUB	21 300	100	100
Phoenix Mecano Inc.	Frederick, USA	Production / Sales	USD	13 000	100	100
OKIN America Inc.	Shannon, USA	Production / Sales	USD	2 000	89	89
Orion Technologies LLC in liquidation	Orlando, USA	Production / Sales	USD	33	90	90
PTR HARTMANN, S. DE R.L. DE C.V.	Monterrey, Mexico	Sales	MXN	50	100	100
DewertOkin do Brasil Ltda.	São Paulo, Brazil	Sales	BRL	10 176	89	89
Phoenix Mecano Holding Ltda.	São Paulo, Brazil	Finance	BRL	1 062	100	100
DewertOkin Latin America S.A.	Montevideo, Uruguay	Sales	UYU	200	89	89
Phoenix Mecano S. E. Asia Pte Ltd.	Singapore	Sales	SGD	1 000	100	100
Phoenix Mecano Korea Co. Ltd.	Busan, South Korea	Sales	KRW	370 000	100	100
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production / Sales	INR	299 452	100	100
Phoenix Mecano Saudi Arabia LLC	Dammam, Saudi Arabia	Sales	SAR	3 000	100	100
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production / Sales	USD	3 925	100	100
PTR HARTMANN (Shaoguan) Co., Ltd.	Shaoguan City, China	Production / Sales	CNY	70 000	100	100
DewertOkin Technology Group Co., Ltd.	Jiaxing, China	Production / Sales	CNY	712 589	89	89
Haining My Home Mechanism Co. Ltd.	Haining, China	Production / Sales	CNY	3 100	89	89
Bewatec (Zhejiang) Medical Equipment Co., Ltd.	Jiaxing, China	Production / Development	CNY	3 000	89	89
Bewatec (Shanghai) Medical Device Co., Ltd.	Shanghai, China	Sales / Development	CNY	1 000	89	89
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance / Sales	EUR	69 051	100	100
Bond Tact Industrial Limited	Hong Kong, China	Finance	HKD	500	100	100
Okin Vietnam Ltd.	Binh Duong Province, Vietnam	Production / Sales	USD	1 500	89	89
Rose Systemtechnik Middle East (FZE)	Sharjah, U.A.E.	Sales	AED	150	100	100
Phoenix Mecano Hartu S.à.r.l. in liquidation	Ben Arous, Tunisia	Production	TND	13 491	100	100
Phoenix Mecano ELCOM S.à.r.l.	Zaghouan, Tunisia	Production	TND	12 000	100	100
Phoenix Mecano Maroc S.à.r.l. in liquidation	Tétouan, Morocco	Production	MAD	34 000	100	100

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

3 CASH AND CASH EQUIVALENTS

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

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

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

4 TRADE RECEIVABLES

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

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

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

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

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

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

The largest single receivable from a customer as at the balance sheet date of 31 December 2023 was EUR 7.7 million (previous year: EUR 10.7 million), which is not due.

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

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

5 OTHER RECEIVABLES

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

6 INVENTORIES

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

The value adjustments were determined based on marketability and range of the stocks, and taking into account the principle of loss-free valuation. Changes in value adjustments and losses on inventories totalling EUR 3.8 million (previous year: EUR 4.6 million) are included in the statement of income under Other operating expenses (see note 31).

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

7 TANGIBLE ASSETS

in 1 000 EUR	Land and buildings	Machinery and equipment	Construction in progress	Total
Acquisition costs 31 December 2021	**151 216**	**235 975**	**14 761**	**401 952**
Translation differences	342	– 525	– 1 034	– 1 217
Additions	572	15 843	25 466	41 881
Disposals	– 3 883	– 8 028	– 1 311	– 13 222
Reclassification	– 3 680	5 058	– 1 378	0
Acquisition costs 31 December 2022	**144 567**	**248 323**	**36 504**	**429 394**
Accumulated depreciation 31 December 2021	**77 550**	**183 720**	**0**	**261 270**
Translation differences	652	– 118		534
Depreciation	3 787	16 042		19 829
Reversal of impairment losses		– 142		– 142
Disposals	– 2 892	– 7 893		– 10 785
Reclassification	– 1 996	1 996		0
Accumulated depreciation 31 December 2022	**77 101**	**193 605**	**0**	**270 706**
Net values 1 January 2022	**73 666**	**52 255**	**14 761**	**140 682**
Net values 31 December 2022	**67 466**	**54 718**	**36 504**	**158 688**

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

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

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

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

Tangible assets of EUR 0.0 million (previous year: EUR 0.2 million) were subject to reservation of title on the balance sheet date.

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

8 INTANGIBLE ASSETS

in 1 000 EUR	Note	Development costs	Concessions, licences, similar rights and assets	Development projects in progress	Total
Acquisition costs 31 December 2021		**18 484**	**37 136**	**238**	**55 858**
Translation differences		−72	−59		−131
Additions		3 847	1 203	267	5 317
Disposals		−46	−922		−968
Reclassification		81	−82	1	0
Acquisition costs 31 December 2022		**22 294**	**37 276**	**506**	**60 076**
Accumulated amortisation 31 December 2021		**11 916**	**33 036**	**0**	**44 952**
Translation differences		24	−81		−57
Amortisation		1 919	2 182		4 101
Impairment losses		540			540
Disposals		−38	−899		−937
Accumulated amortisation 31 December 2022		**14 361**	**34 238**	**0**	**48 599**
Net values 1 January 2022		**6 568**	**4 100**	**238**	**10 906**
Net values 31 December 2022		**7 933**	**3 038**	**506**	**11 477**

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

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

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

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

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

9 INVESTMENTS IN ASSOCIATED COMPANIES

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

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

On 31 October 2020, the Phoenix Mecano Group sold its majority stake in Phoenix Mecano Australia Pty. Ltd. with a corresponding loss of control. The Phoenix Mecano Group has retained a 29.2 % stake in Phoenix Mecano Australia Pty. Ltd. which is recognised as an investment in associated companies. In connection with this transaction, a contractually agreed residual purchase price payment of EUR 0.1 million (previous year: EUR 0.3 million) is outstanding (see note 10).

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

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

10 OTHER FINANCIAL ASSETS

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

The residual purchase price payments relate to the sale of the majority stake in Phoenix Mecano Australia Pty in 2020.

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

11 FINANCIAL LIABILITIES

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

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

RECONCILIATION OF FINANCIAL LIABILITIES 2023 in 1 000 EUR	2022	Cash items	Non-cash items: Change in scope of consolidation	Non-cash items: Currency differences	Non-cash items: Change in fair value	2023
Long-term liabilities to financial institutions	19 677	2 577	–92	–334		21 828
Short-term liabilities to financial institutions	70 288	–39 871		–1 075		29 342
Promissory note loans	72 500					72 500
Purchase price liabilities from acquisitions	3 029	–2 534			–45	450
Other financial liabilities	1 327	4 134	–19	–14		5 428
Balance sheet value	**166 821**	**–35 694**	**–111**	**–1 423**	**–45**	**129 548**

RECONCILIATION OF FINANCIAL LIABILITIES 2022 in 1 000 EUR	2021	Cash items	Non-cash items: Change in scope of consolidation	Non-cash items: Currency differences	Non-cash items: 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**	**0**	**1 040**	**398**	**166 821**

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

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

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

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

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

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

On 1 June 2021, the Phoenix Mecano Group acquired 100% of the shares in X2 Technology AB, Sweden, which was subsequently renamed Phoenix Mecano AB. In addition to a fixed purchase price, an earn-out arrangement was agreed. This entails a contingent purchase price liability that falls due in 2024. This purchase price liability was adjusted in 2022 and 2023 without affecting income (see note 20).

12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

13 PROVISIONS

RECONCILIATION OF PROVISIONS 2023

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

RECONCILIATION OF PROVISIONS 2022

in 1 000 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**
Change in scope of consolidation					0
Translation differences	16	– 11		– 31	– 26
Usage	– 445	– 1 031	– 837	– 6 622	– 8 935
Releases	– 224	– 1 091	– 54	– 1 116	– 2 485
Allocation	247	1 180	351	7 693	9 471
Provisions as at 31 December	**2 967**	**3 383**	**320**	**10 375**	**17 045**
Due within 1 year	401	3 318	320	9 801	13 840
Due after 1 year	2 566	65	0	574	3 205

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

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

Other provisions include provisions for short-term payments to employees totalling EUR 7.4 million (previous year: EUR 8.0 million). This item also includes provisions for credit notes to be issued, litigation, impending losses and other conceivable risks from contractual or constructive obligations.

14 PENSION OBLIGATIONS

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

Swiss pension plan (defined contribution)

The Group operates an employee pension plan in Switzerland with a BVG-Sammelstiftung (collective foundation), in which the insurance risks are reinsured and the investment risks are borne by the insured (semi-autonomous pension solution). The provisional coverage ratio of this collective foundation, under Article 44 of the Swiss Occupational Pension Ordinance (OPO 2), was 105.6 % at the end of November 2023 (without taking value fluctuation reserves into account). The foundation's 2023 annual report is not yet available. Based on the available information, the Phoenix Mecano Group has concluded that the surplus as at 31 December 2023 and the economic benefit for the organisation cannot be reliably determined and that, given the structure of the Swiss pension plan, the economic share of the Phoenix Mecano Group is zero. As a result, the Swiss pension plan is disclosed under Pension plans without surplus/deficit in accordance with FER 16/5.

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

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

In setting benefits, the minimum requirements of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be observed. The OPA stipulates the minimum wage to be insured and the minimum retirement credits. The minimum interest rate to be applied to these minimum retirement savings is determined by the Swiss Federal Council at least every two years. In 2024 it is 1.25 % (2023: 1 %).

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

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

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

Pension plans in other countries (defined contribution):

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

German pension plan (defined benefit):

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

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

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

The financial position regarding pension obligations developed as follows in 2023 and 2022:

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 1 000 EUR	**2023**	**2023**	**2022**	**2023**	**2023**	**2023**	**2023**	**2022**
Pension plans without surplus/deficit						1 786	1 786	1 606
Pension plans with deficit	–240	–240	–202	65	–27	0	65	–94
Pension institution without own assets	–4 593	–4 593	–3 907	922	–236	0	922	–875
Total	**–4 833**	**–4 833**	**–4 109**	**987**	**–263**	**1 786**	**2 773**	**637**

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

15 OTHER LIABILITIES

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

The advance payments relate to contract liabilities for advance payments received from customers. Advance payments are reclassified to trade receivables when the rights become unconditional. This usually happens when the Phoenix Mecano Group issues an invoice to the customer for the products supplied. The amount of EUR 5.7 million shown in Advance payments at the start of the reporting period was recognised almost entirely as sales revenue in financial year 2023.

16 DEFERRED TAX

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

in 1 000 EUR	2023	2022
EXPIRY OF NON-CAPITALISED TAX LOSSES CARRIED FORWARD		
Up to 1 year	3 199	80
1–2 years	1 826	3 053
2–3 years	3 849	2 577
3–4 years	1 016	3 672
4–5 years	5 373	905
Over 5 years	105 963	94 452
Total	**121 226**	**104 739**
VALUATION DIFFERENCES ON WHICH NO DEFERRED TAXES WERE CAPITALISED		
Non-current assets	700	763
Inventories	0	35
Receivables	13	31
Provisions	0	25
Other	0	67
Total	**713**	**921**

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

Global minimum tax

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

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

17 SHARE CAPITAL AND RESERVES

The share capital is fully paid up and divided into 960 500 registered shares (previous year: 960 500 bearer shares) with a nominal value of CHF 1.00. The bearer shares were converted into registered shares in 2023 based on a resolution by the Shareholders' General Meeting. The conversion into euro is effected at the exchange rate applying when Phoenix Mecano AG's functional currency was changed from CHF to EUR (1 January 2019: 0.8870). There is no authorised or contingent capital. Each share entitles the holder to attend the Shareholders' General Meeting and cast one vote. The translation differences include the cumulative currency translation differences resulting from translation of the financial statements of Group companies into euro.

The significant shareholders of Phoenix Mecano AG are:

Name in %	Head office	2023	2022
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	Basel, Switzerland	8.8	5.1[1]
FundPartner Solutions (Suisse) SA[5]	Geneva, Switzerland	4.7	4.3
RP Fonds Insitutionnel – Actions Suisses Small & Mid Cap	*Geneva, Switzerland*	*3.3*	*3.3*
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8[1]	3.8
Retraites Populaires	Lausanne, Switzerland	3.3[1]	3.3

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

This information is based on notifications by the aforementioned shareholders. Individual notifications can be viewed at the following SIX Swiss Exchange link: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=PHOENIX

18 TREASURY SHARES

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

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

19 MINORITY INTERESTS

The minority interests are:

in %	2023	2022
Direct minority interests		
DewertOkin Technology Group Co. Ltd.	11	11
Sistemas Phoenix Mecano España S.A.	10	10
Orion Technologies LLC	10	10
Indirect minority interests in the following subsidiaries of DewertOkin Technology Group Co. Ltd.		
Haining My Home Mechanism Co. Ltd.	11	11
Bewatec (Zhejiang) Medical Equipment Co. Ltd.	11	11
Bewatec (Shanghai) Medical Device Co. Ltd.	11	11
Okin Vietnam Company Ltd.	11	11
DewertOkin GmbH	11	11
ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH)	0	11
DewertOkin AG	11	11
DewertOkin KFT	11	11
DewertOkin AB	11	11
OKIN America Inc.	11	11
DewertOkin do Brasil Ltda.	11	11
DewertOkin Latin America S.A.	11	11

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

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

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

20 CATEGORIES OF FINANCIAL INSTRUMENTS

As at 31 December 2023 and 31 December 2022, the book values of financial assets and liabilities (excluding long-term fixed-interest financial liabilities), as shown below, correspond approximately to the fair value as per Swiss GAAP FER.

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

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

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

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

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

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

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

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

In 2023, the usage of EUR 2.5 million relates to earn-out payments linked to the acquisition of ConnectedCare GmbH (formerly BEWATEC ConnectedCare GmbH) and the release of EUR 0.045 million is in connection with the acquisition of Phoenix Mecano AB (see note 11).

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

21 RISK MANAGEMENT

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

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

22 FINANCIAL RISK MANAGEMENT

General

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

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

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

Credit risk

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

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

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

Liquidity risk

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

The Phoenix Mecano Group monitors its liquidity risk by means of careful liquidity management. In so doing, its guiding principle is to make available a cash reserve exceeding daily and monthly operational funding requirements. Given the dynamic business environment in which it operates, the Group's aim is to preserve the necessary flexibility of financing by ensuring that it has sufficient unused credit lines with financial institutions and retains its ability to procure funds on the capital market. The credit lines are divided up among several financial institutions. As at 31 December 2023, unused credit lines with major banks totalled EUR 155.5 million (previous year: EUR 114.4 million).

Maturity analysis of financial liabilities

in 1 000 EUR	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years	in > 5 years
Maturity analysis as at 31 December 2023							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	100 663	– 100 663	– 90 460	– 9 499	– 704		
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	4 178	– 4 178	– 4 178				
Financial liabilities (excluding financial leasing)	129 548	– 132 928	– 23 624	– 4 562	– 38 664	– 66 078	0
Total	**234 389**	**– 237 769**	**– 118 262**	**– 14 061**	**– 39 368**	**– 66 078**	**0**
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	50						
Outflow of funds		– 7 150	– 7 150				
Inflow of funds		7 100	7 100				
Total	**234 439**	**– 237 819**	**– 118 312**	**– 14 061**	**– 39 368**	**– 66 078**	**0**

Maturity analysis as at 31 December 2022

in 1 000 EUR	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years	in > 5 years
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	79 876	– 79 876	– 74 975	– 4 873	– 28		
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	2 856	– 2 856	– 2 856				
Financial liabilities (excluding financial leasing)	166 821	– 171 366	– 63 865	– 9 240	– 2 651	– 94 077	– 1 533
Total	**249 553**	**– 254 098**	**– 141 696**	**– 14 113**	**– 2 679**	**– 94 077**	**– 1 533**
DERIVATIVE FINANCIAL INSTRUMENTS							
Forward exchange transaction	551						
Outflow of funds		– 14 400	– 14 400				
Inflow of funds		13 849	13 849				
Total	**250 104**	**– 254 649**	**– 142 247**	**– 14 113**	**– 2 679**	**– 94 077**	**– 1 533**

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

Market risk

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

Currency risk

While it generates 40 % of its sales in the euro area (previous year: 44 %) and a significant portion of its expenditure is in EUR, the Phoenix Mecano Group operates internationally and is therefore exposed to a foreign currency risk. Aside from EUR, transactions are conducted principally in USD, CNY, CHF, HUF, INR and VND. Foreign currency risks arise from expected future transactions and from assets and liabilities recorded in the balance sheet, where these are not in the functional currency of the respective Group company. To hedge such risks from expected future transactions, the Phoenix Mecano Group enters into forward exchange contracts with reputable counterparties as and when necessary, or uses foreign currency options. This hedging relates to planned expenditure in local currency at the production sites in Hungary, Romania and India. Occasionally, USD and CHF transactions are also hedged. Hedges decline as a proportion of the planned currency exposure the further ahead the transaction is due to take place. The extent of the items to be hedged is reviewed regularly. Such hedges cover a maximum period of three years. The Group realises both income and expenditure in USD and CNY and aims to minimise the resulting currency exposure primarily by means of operational measures (alignment of income and expenditure flows).

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

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

in 1 000 EUR	EUR	CHF	USD	HUF	CNY	INR	VND
Currency risk as at 31 December 2023							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade receivables	1 752		19 136	66	165	1 988	3 590
Cash and cash equivalents	2 672	14 193	13 784	540	14	3 969	3 377
Trade payables	– 425	– 406	– 1 103	– 356	– 5	– 1 805	– 814
Financial liabilities			– 2 253				
Net risk	**3 999**	**13 787**	**29 564**	**250**	**174**	**4 152**	**6 153**

Currency risk as at 31 December 2022

NON-DERIVATIVE FINANCIAL INSTRUMENTS	EUR	CHF	USD	HUF	CNY	INR	VND
Trade receivables	2 225		8 783	48	5	2 068	
Cash and cash equivalents	2 248	261	14 459	1 171	49	2 055	
Trade payables	– 1 003	– 410	– 1 638	– 343		– 380	
Financial liabilities			– 8 442				
Net risk	**3 470**	**– 149**	**13 162**	**876**	**54**	**3 743**	

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

in 1 000 EUR	CHF/ EUR	CHF/ USD	EUR/ USD	EUR/ HUF	EUR/ CNY	USD/ CNY	EUR/ RON	EUR/ INR	USD/ INR
Sensitivity analysis as at 31 December 2023									
Change in result of the period (+/–)	1 331	4	616	25	184	2 645	249	561	167

Sensitivity analysis as at 31 December 2022

	CHF/ EUR	CHF/ USD	EUR/ USD	EUR/ HUF	EUR/ CNY	USD/ CNY	EUR/ RON	EUR/ INR	USD/ INR
Change in result of the period (+/–)	63	4	474	1 288	43	1 606	255	217	157

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

Interest rate risk

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

Sensitivity analyses as at 31 December 2023 and 2022:
A change of 50 basis points in the interest rate of variable short-term liabilities to financial institutions in the reporting year would have an impact of EUR 0.1 million (previous year: EUR 0.3 million) on the result of the period and equity.

A change of 25 basis points in the interest rate of cash and cash equivalents (excluding cash on hand) in the reporting year would have an impact of EUR 0.3 million (previous year: EUR 0.2 million) on the result of the period and equity.

23 CAPITAL MANAGEMENT

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

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

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

Net indebtedness as at 31 December 2023 and 31 December 2022 was as follows:

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

24 CONTINGENT LIABILITIES

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

25 COMMITMENTS TO PURCHASE TANGIBLE AND INTANGIBLE ASSETS

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

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

26 OPERATING LEASES, RENT AND LEASEHOLD RENT

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

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

27 SALES REVENUE

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

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

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

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

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

28 OTHER OPERATING INCOME

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

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

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

29 COST OF MATERIALS

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

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

30 PERSONNEL EXPENSES

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

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

31 OTHER OPERATING EXPENSES

in 1 000 EUR	Note	2023	2022
External development costs		3 787	3 425
Establishment expenses		34 051	35 349
Rent, leasehold rent, leases		6 732	7 352
Administration expenses		15 448	11 388
Advertising expenses		6 033	5 263
Sales expenses		21 184	22 097
Losses on the disposal of tangible and intangible assets		166	116
Losses and value adjustments on receivables	4	849	–910
Losses and value adjustments on inventories	6	3 796	4 576
Capital and other taxes		2 752	2 010
Loss on the disposal of Group companies		3 877	0
Other		8 099	6 092
Total		**106 774**	**96 758**

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

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

32 FINANCIAL INCOME

in 1 000 EUR	Note	2023	2022
Interest income from third parties		2 598	916
Gain from financial instruments at fair value through profit or loss (trading derivatives)	12	552	80
Exchange rate gains		5 648	7 617
Other financial income		5	16
Total		**8 803**	**8 629**

33 FINANCIAL EXPENSES

in 1 000 EUR	Note	2023	2022
Interest expense		4 272	3 265
Loss from financial instruments at fair value through profit or loss (trading derivatives)	12	51	170
Exchange rate losses		5 503	4 113
Other financial expense		531	27
Total		**10 357**	**7 575**

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

34 INCOME TAX

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

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

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

35 EARNINGS PER SHARE

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

36 OPERATING CASH FLOW

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

37 FREE CASH FLOW

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

38 DISPOSAL OF GROUP COMPANIES

In January 2023, the Phoenix Mecano Group completed the sale of all shares in Phoenix Mecano Digital Elektronik GmbH in Thuringia (DE) and Phoenix Mecano Digital Tunisie S.à.r.l. in Borj-Cedria (TU), announced in November 2022. The two companies are active in electronic manufacturing services and supply electronic assemblies to customers from the medical technology sector and industry, generating net sales of around EUR 32 million in financial year 2022. This includes sales of approximately EUR 3 million from other companies in the Phoenix Mecano Group.

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

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

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

The assets and liabilities disposed of break down as follows:

2023

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

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

39 TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

The members of the Board of Directors and of the management received no other compensation or fees for additional services to the Phoenix Mecano Group. For the LTI programme, please refer to note 30 and the principles of consolidation and valuation.

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

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

40 SHADOW STATEMENT OF GOODWILL

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

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

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

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

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

As at 31 December 2023, there were no indications of any further impairment of goodwill.

41 EVENTS AFTER THE BALANCE SHEET DATE

No other events occurred between 31 December 2023 and 19 April 2024 that would alter the book values of assets and liabilities or should be disclosed under this heading.

42 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

At its meeting on 19 April 2024, the Board of Directors of Phoenix Mecano AG released the 2023 consolidated financial statements for publication. They will be submitted to the Shareholders' General Meeting on 24 May 2024 with a recommendation for their approval.

43 DIVIDEND

At the Shareholders' General Meeting on 24 May 2024, the Board of Directors will propose the payment of a dividend of CHF 30.00 per share (CHF is the statutory currency of Phoenix Mecano AG – see proposal for the appropriation of retained earnings on page 97). The total outflow of funds is expected to be EUR 31.1 million, based on the total stock of 960 500 registered shares. Dividends will not be paid on treasury shares held by the company at the time of the payout, which will reduce the outflow of funds accordingly. The dividend paid out in 2023 was CHF 16.50 per share (previous year: CHF 15.00). The outflow of funds in 2023 was EUR 16.3 million (previous year: EUR 14.0 million).

REPORT OF THE STATUTORY AUDITOR

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Phoenix Mecano AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 51 to 88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

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

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

Key Audit Matters

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

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

Other Information

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

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Zurich, 19 April 2024
BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

Marc Furlato
Licensed Audit Expert

FIVE-YEAR OVERVIEW

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

PHOENIX MECANO AG
BALANCE SHEET AS AT 31 DECEMBER 2023

ASSETS

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

EQUITY AND LIABILITIES

	Note	2023 in EUR	2022 in EUR	2023 in CHF	2022 in CHF
SHORT-TERM LIABILITIES					
Other short-term liabilities					
Bank liabilities	2.5	30 000 000	25 500 000	27 777 778	25 098 425
to investments	2.6	21 477 058	22 950 183	19 886 165	22 588 762
to third parties		406 549	123 328	376 434	121 385
to shareholders		290	218	268	214
Short-term provisions	2.7	994 072	826 031	920 437	813 023
Deferred income		673 134	736 743	623 272	725 143
Short-term liabilities		**53 551 103**	**50 136 503**	**49 584 354**	**49 346 952**
LONG-TERM LIABILITIES					
Long-term interest-bearing liabilities	2.5	42 500 000	72 500 000	39 351 852	71 358 268
Long-term provisions	2.7	140 344	7 975	129 948	7 849
Long-term liabilities		**42 640 344**	**72 507 975**	**39 481 800**	**71 366 117**
Total liabilities		**96 191 447**	**122 644 478**	**89 066 154**	**120 713 069**
EQUITY					
Share capital	2.8	851 961	851 961	960 500	960 500
Statutory retained earnings					
General statutory retained earnings		2 217 493	2 217 493	2 500 000	2 500 000
Voluntary retained earnings					
Special reserves		80 326 203	80 326 203	90 559 724	90 559 724
Retained earnings	2.9				
– Amount brought forward		188 784 023	193 629 111	174 068 815	192 240 486
– Net profit for the year		35 865 225	11 419 382	34 854 446	11 476 766
– Currency translation differences				–17 611 704	–13 831 537
Treasury shares	2.10	–2 212 773	–32 933	–2 153 881	–36 631
Total equity		**305 832 132**	**288 411 217**	**283 177 900**	**283 869 308**
Total equity and liabilities		**402 023 579**	**411 055 695**	**372 244 054**	**404 582 377**

PHOENIX MECANO AG
STATEMENT OF INCOME 2023

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

PHOENIX MECANO AG
NOTES TO THE FINANCIAL STATEMENTS 2023

1 DETAILS OF THE PRINCIPLES APPLIED IN THE FINANCIAL STATEMENTS

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

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

The balance sheet and statement of income are also shown in CHF. The assets and liabilities are converted at the closing rate for each balance sheet date, equity items at historical exchange rates, and income and expenses on the statement of income at the average exchange rate. Any resulting translation differences are posted as a separate item in equity under Voluntary retained earnings. For the presentation of the balance sheet as at 31 December 2023, the closing rate of 1.080 (CHF 1 = EUR 1.080) was used to convert from EUR to CHF. The 2023 statement of income was converted from EUR to CHF at the Phoenix Mecano Group's average exchange rate for the year of 1.029. Comparative information from the previous year was converted from EUR to CHF at the closing rate on 31 December 2022, namely 1.016, or at the average exchange rate for 2022 of 0.995.

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

2.1 Cash and cash equivalents

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

2.2 Other short-term receivables from investments

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

2.3 Loans to investments

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

2.4 Investments and the share of the capital and votes held

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

Company	Head office	Activity	Currency	Registered capital in 1 000	2023 Stake in %	2022 Stake in %
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100	100
Phoenix Mecano Solutions AG (formerly Phoenix Mecano Komponenten AG)	Stein am Rhein, Switzerland	Production / Sales	CHF	2 000	100	100
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany	Finance	EUR	4 000	100	100
Phoenix Mecano B.V.	Doetinchem, The Netherlands	Sales	EUR	1 000	100	100
AVS Phoenix Mecano GmbH in liquidation	Vienna, Austria	Sales	EUR	40	1	1
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary	Production / Sales	EUR	40 000	100	100
Phoenix Mecano Inc.	Frederick, USA	Production / Sales	USD	13 000	100	100
W-IE-NE-R Power Electronics GmbH	Springfield, USA	Sales	USD	100	–	100
PTR HARTMANN, S de R.L. de C.V.	Monterrey, Mexico	Sales	MXN	50	100	100
Phoenix Mecano S. E. Asia Pte Ltd.	Singapore	Sales	SGD	1 000	100	100
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production / Sales	INR	299 452	100	100
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production / Sales	USD	3 925	100	100
PTR HARTMANN (Shaoguan) Co., Ltd.	Shaoguan City, China	Production / Sales	CNY	70 000	100	100
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance / Sales	EUR	99 051	100	100
Phoenix Mecano Holding Ltda.	Barueri, Brazil	Finance	BRL	1 062	100	100
Phoenix Mecano Maroc S.à.r.l. in liquidation	Tétouan, Morocco	Production	MAD	34 000	100	100
Phoenix Mecano OOO	Moscow, Russia	Sales	RUB	21 300	100	100
Phoenix Mecano Saudi Arabia LLC	Dammam, Saudi Arabia	Sales	SAR	3 000	100	100
Phoenix Mecano Elcom S.à.r.l.	Zaghouan, Tunisia	Production	TND	12 000	100	100
Phoenix Mecano Hartu S.à.r.l. in liquidation	Ben Arous, Tunisia	Production	TND	13 491	100	100
Phoenix Mecano Digital Tunisie S.à.r.l.	Borj-Cedria, Tunisia	Production	TND	100	–	100

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

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

2.5 Long-term interest-bearing liabilities / Bank liabilities

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

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

2.6 Other short-term liabilities to investments

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

2.7 Short-term and long-term provisions

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

2.8 Share capital

The share capital is divided into 960 500 registered shares with a par value of CHF 1.00 each. The conversion into EUR took place at the closing rate on 31 December 2018, giving a total of EUR 851 961. The bearer shares were converted into registered shares in 2023 following a resolution by the Shareholders' General Meeting.

2.9 Retained earnings

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

2.10 Treasury shares

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

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

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

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

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

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

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

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

2.11 Dividend income

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

2.12 Other financial income

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

2.13 Other operating income

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

2.14 Financial expense

This item comprises interest and securities expenses.

2.15 Other operating expenses

Other operating expenses include net value adjustments on various investments of EUR 1.073 million and, in the previous year, a value adjustment on other short-term receivables due from investments totalling EUR 0.74 million and a provision for risks in connection with the liquidation of Group companies amounting to EUR 0.35 million.

2.16 Net release of hidden reserves

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

3 OTHER INFORMATION REQUIRED BY LAW

The subordination to commitments entered into by a subsidiary for the amount of EUR 10 million from the previous year was cancelled.

3.1 Full-time positions

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

3.2 Contingent liabilities

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

Contingent liabilities are given for subsidiaries, predominantly in favour of financial institutions. The actual book value of Group company liabilities was EUR 44.0 million (previous year: EUR 50.0 million). Letters of support were also issued for several subsidiaries. In addition, Phoenix Mecano AG has entered into a joint guarantee with its Swiss subsidiaries for the purposes of registration for Group VAT taxation (excluding DewertOkin AG).

3.3 Significant shareholders

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

Name in %	Head office	2023	2022
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	Basel, Switzerland	8.8	5.1 [1]
FundPartner Solutions (Suisse) SA [5]	Geneva, Switzerland	4.7	4.3
RP Fonds Insitutionnel – Actions Suisses Small & Mid Cap	*Geneva, Switzerland*	*3.3*	*3.3*
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.8 [1]	3.8
Retraites Populaires	Lausanne, Switzerland	3.3 [1]	3.3

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

This information is based on notifications by the aforementioned shareholders. Individual notifications can be viewed at the following SIX Swiss Exchange link: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=PHOENIX

3.4 Auditors' fees

For auditing the 2023 financial statements, both the individual financial statements and the consolidated financial statements, total fees of CHF 117 070 (EUR 119 468) plus cash expenses were agreed.

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

Name	Position	Number 31.12.2023	Number 31.12.2022
Benedikt A. Goldkamp	Chairman of the Board of Directors	9 326	6 664
Ulrich Hocker	Independent Lead Director	8 898	8 898
Dr Florian Ernst	Member of the Board of Directors	10	10
Dr Martin Furrer	Member of the Board of Directors	200	200
Beat Siegrist	Member of the Board of Directors	807	807
Claudine Hatebur de Calderón	Member of the Board of Directors	0	–
Dr Anna Hocker	Member of the Board of Directors	2 089	–
Shares held by the Board of Directors		**21 330**	**16 579**
Dr Rochus Kobler	Member of the management/CEO	1 600	1 361
René Schäffeler	Member of the management/CFO	1 000	1 000
Ines Kljucar	Member of the management/CCO	58	–
Dr Lothar Schunk	Member of the management/COO	1 430	–
Shares held by the management		**4 088**	**2 361**

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

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

Aside from the compensation paid to the Board of Directors and the management and the standard contributions to pension funds, as well as allocations under a long-term incentive programme set up in 2023 for the Executive Chairman of the Board of Directors and the management, no significant transactions with related persons or companies took place.

3.6 Events after the balance sheet date

No other events occurred between 31 December 2023 and 19 April 2024 that would alter the book values of Phoenix Mecano AG's assets and liabilities or should be disclosed under this heading.

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

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

	in EUR	in CHF
Net income for the year 2023	35 865 225	34 854 446
Retained earnings brought forward 2022	205 048 493	189 885 715
./. Dividend 2022	– 16 264 470	– 15 816 900
Currency translation differences		– 17 611 704
Retained earnings	**224 649 248**	**191 311 557**

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

	in EUR	in CHF
Dividend of CHF 30.00 per share[1]	31 120 200	28 815 000
Carried forward to new account	193 529 048	162 496 557
Total	**224 649 248**	**191 311 557**

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

REPORT OF THE STATUTORY AUDITOR

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Phoenix Mecano AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Key Audit Matters

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

Other Information

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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

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

Zurich, 19 April 2024
BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

Marc Furlato
Licensed Audit Expert