PHOENIX MECANO

23 SHORT REPORT

Demographic change

KEY FIGURES OF THE PHOENIX MECANO GROUP

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

1 As at the balance sheet date, the company owned 5 453 treasury shares, which are not entitled to dividend.
2 Proposal to the Shareholders' General Meeting on 24 May 2024.
3 Based on shares entitled to dividend as at 31 December 2024. Dividend of CHF 18.00 plus special dividend of CHF 12.00.

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Letter to shareholders

DEAR SHAREHOLDERS

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

SALES IN EUR MILLION

783.1

SALES DEVELOPMENT IN %

–1.2

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

THANK YOU TO OUR EMPLOYEES

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

Dr Rochus Kobler
CEO

Benedikt A. Goldkamp
Executive Chairman
of the Board of Directors

OUTLOOK AND DIVIDEND

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

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

OPERATING RESULT PER SHARE IN EUR

65.0

PROPOSED DIVIDEND IN CHF

30.00

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

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

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

Dr Rochus Kobler
CEO

Our successful divisions are generating considerable free cash flows.

Global Competence, Local Value

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

DEWERTOKIN TECHNOLOGY GROUP

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

Key figures in EUR million	**2023**	**2022**
Gross sales	330.4	310.3
Purchases of tangible and intangible assets	19.9	29.2
Operating result	7.2	–2.6
Margin in %	2.2	–0.8
Employees	2 631	2 457

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

INDUSTRIAL COMPONENTS

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

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

ENCLOSURE SYSTEMS

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

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

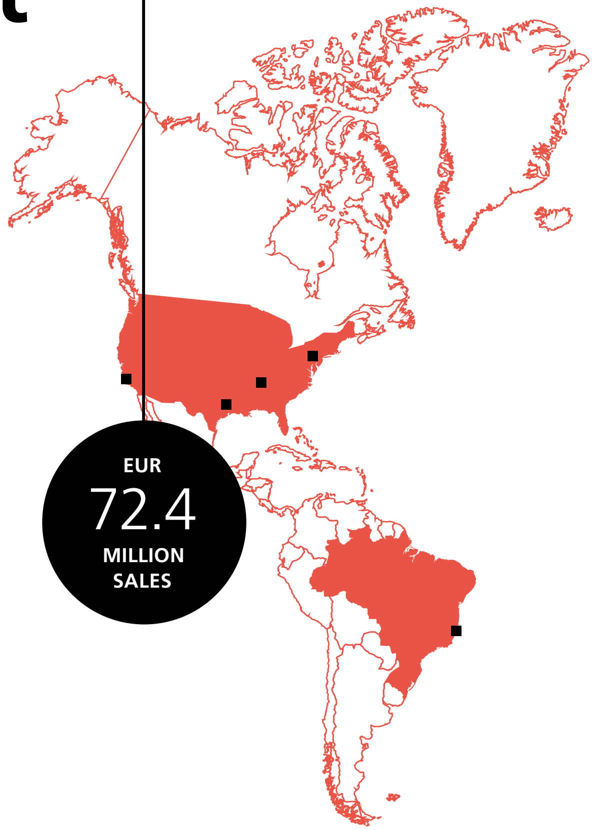
Global commitment

NORTH AND SOUTH AMERICA

155

EMPLOYEES

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



EUR

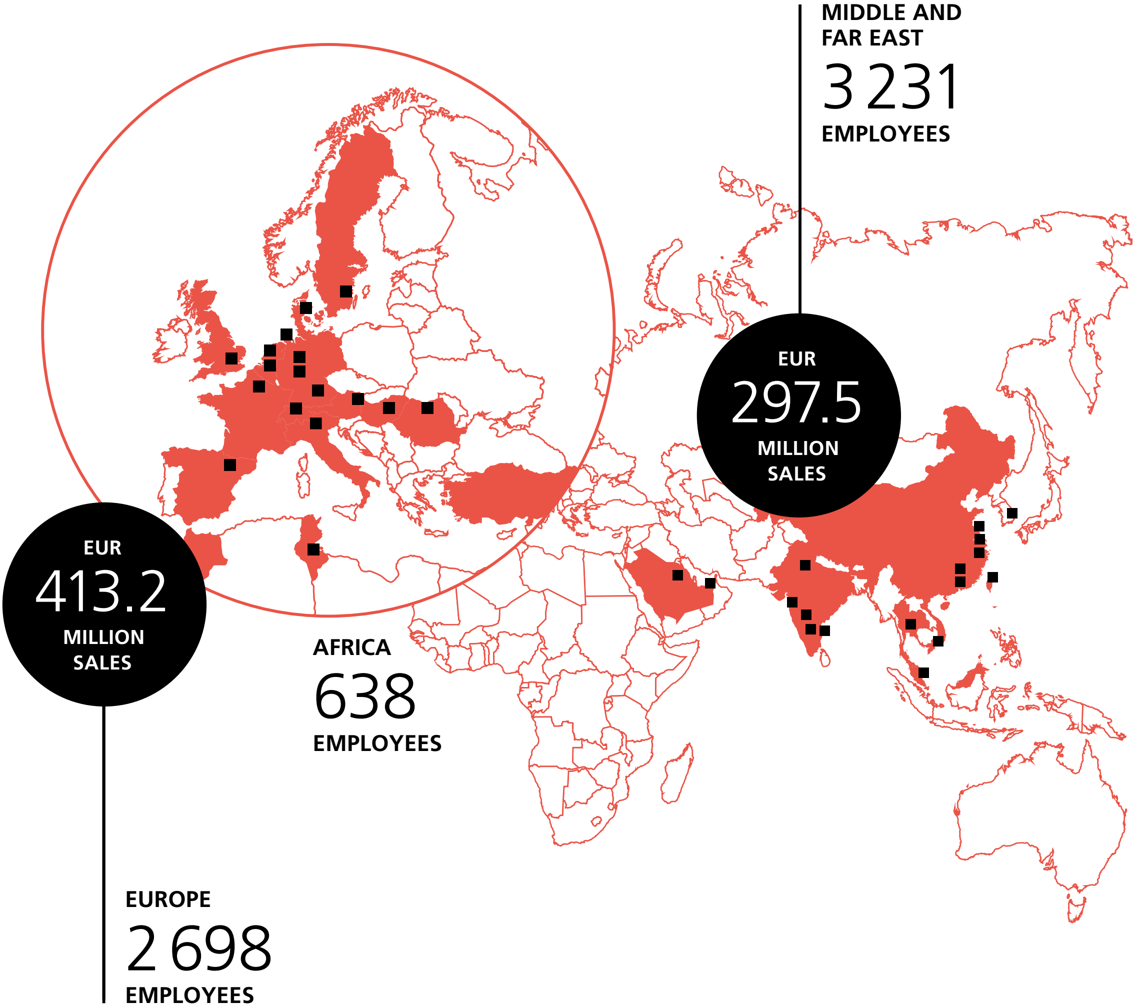
72.4

MILLION SALES

EMPLOYEE KEY FIGURES AT A GLANCE

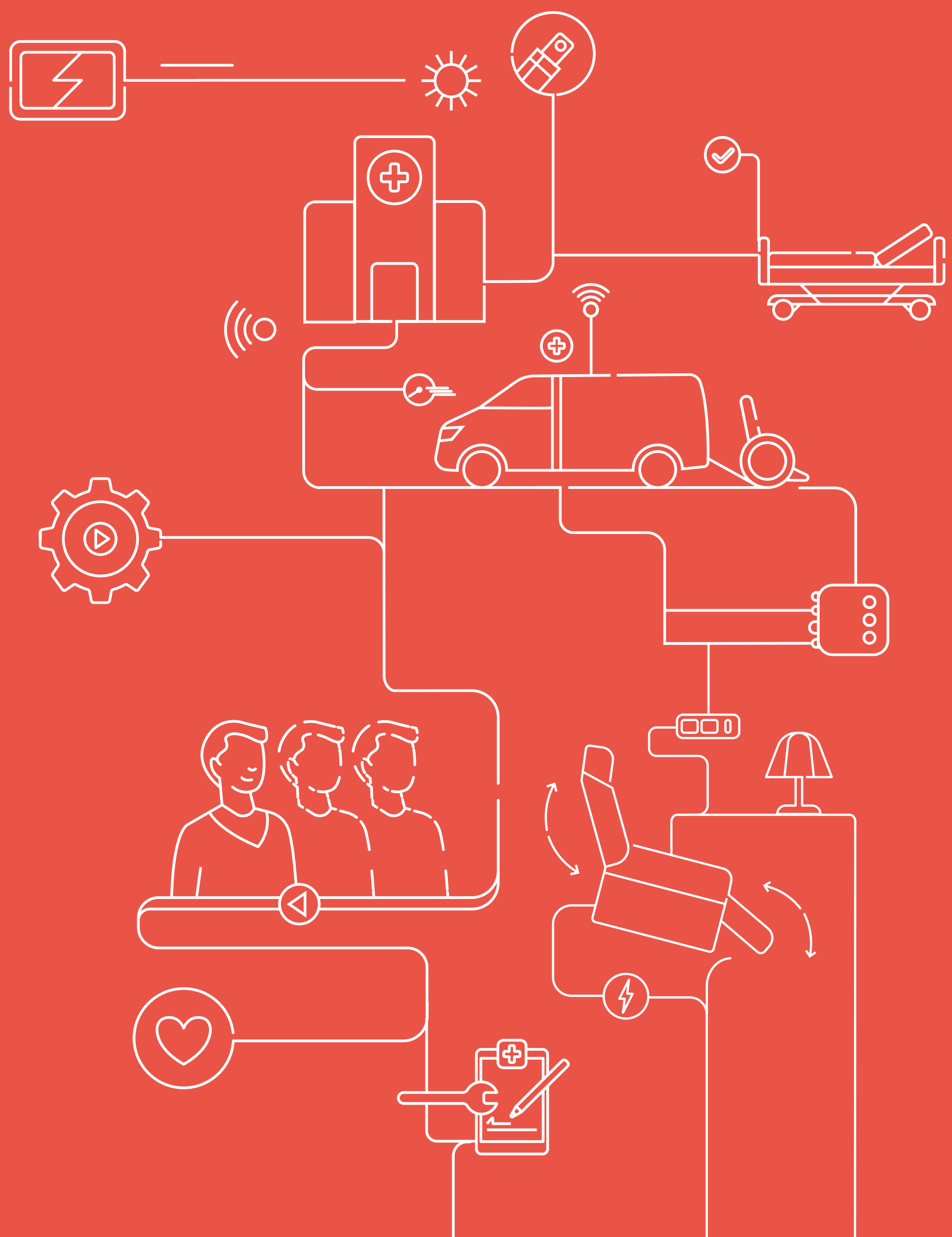
	Change 2023 vs. 2022 Number	2023	2022	2021	2020	2019
BY REGION						
Europe	–434	2 698	3 132	3 159	3 022	3 022
Far East	175	3 231	3 056	3 120	3 427	2 738
Africa	–742	638	1 380	1 709	1 554	1 038
North and South America	–94	155	249	231	255	266
Australia	0	0	0	0	0	16
Number of employees (as at reporting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

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



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

Demographic change megatrend



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

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

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

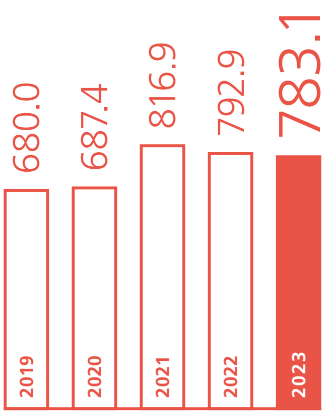
Many Phoenix Mecano products play a key role in this context. Drives and controls for electrically adjustable comfort and healthcare furniture enable people to have an enjoyable, modern lifestyle in their own homes, meaning that older people can stay in their familiar surroundings for longer. Meanwhile,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

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

Group business performance

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

GROUP GROSS SALES
IN EUR MILLION



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

BUSINESS ACTIVITY

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

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

FIVE-YEAR FIGURES

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

promising areas of industrial automation and renewable energies.

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

SALES AND PROFITABILITY

Recovery in furniture sector bolsters incoming orders

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

Organic sales growth

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

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

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

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

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

Another record operating result and operating cash flow

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

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

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

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

OPERATING RESULT IN EUR MILLION

62.1

IN % OF SALES

7.9 %

Incoming orders by division

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

Gross sales by region

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

Gross sales by division

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

Gross sales by division in %

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

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

Personnel expenses fell by 1.1 % owing to divestments and capacity adjustments. Inflation-related wage increases had the opposite effect. Due to the aforementioned measures, the number of employees at year-end fell from 7 817 to 6 722. Jobs were lost mainly at the Industrial Components division's production facilities in North Africa. On the other hand, headcount increased in the DOT Group division in the Middle and Far East.

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

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

Result of the period up to EUR 45.5 million

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

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

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

ASSET AND CAPITAL STRUCTURE

Continued high capital expenditure

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

Increase in equity ratio to 47.3 %

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

No net indebtedness

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

Operating result by division

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

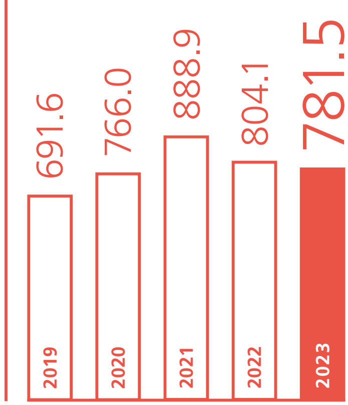
1 Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

Profitability by division[2]

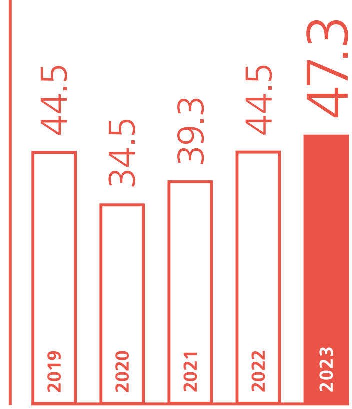
	Change	2023	2022
	in % points	in %	in %
DewertOkin Technology Group	11.3	8.6	–2.7
Industrial Components	8.8	25.9	17.1
Enclosure Systems	–0.4	33.8	34.2
Group	**6.3**	**21.9**	**15.6**

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

GROUP INCOMING ORDERS IN EUR MILLION



EQUITY RATIO IN %



OUTLOOK

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

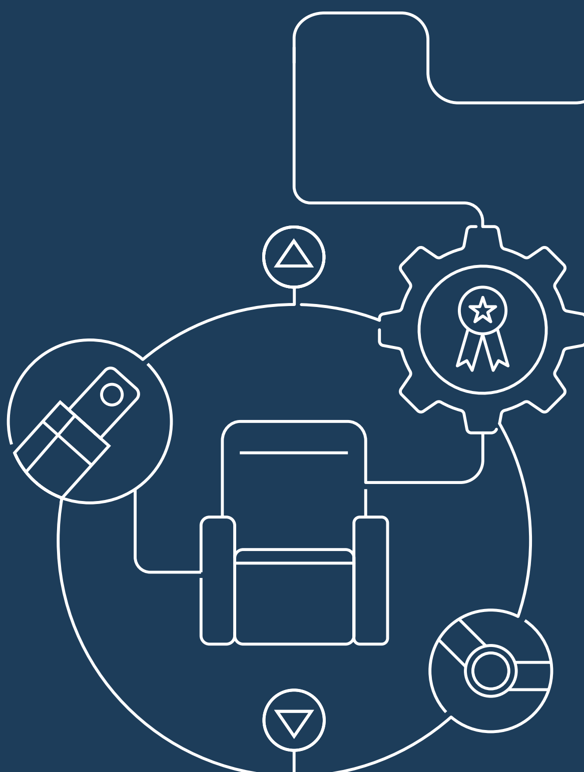
Capital expenditure

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

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

Moving furniture

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

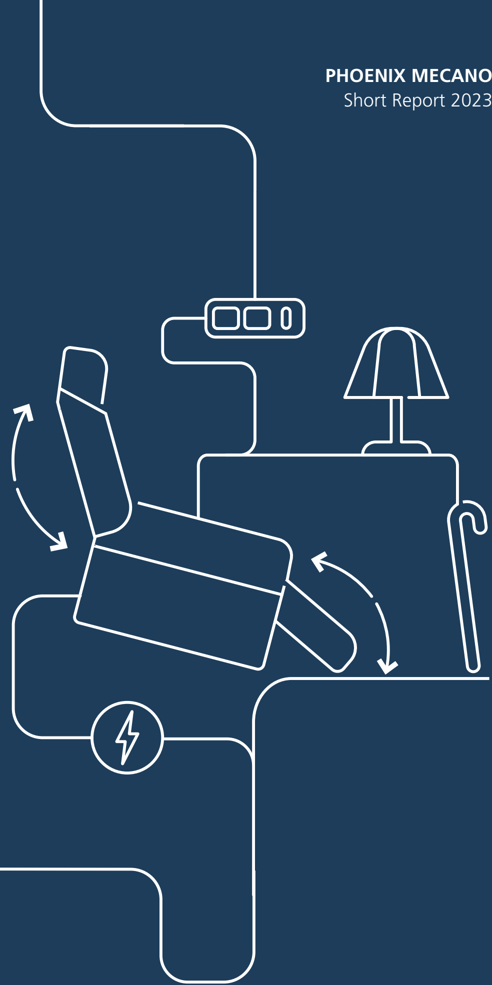


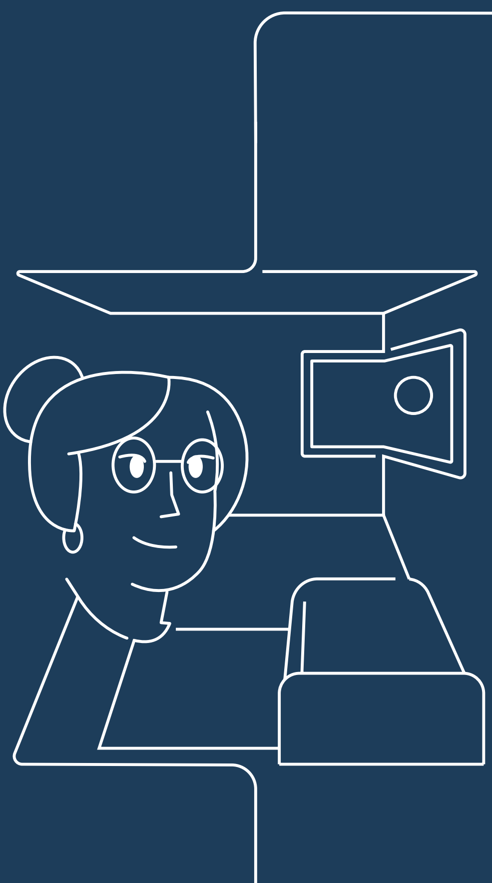
PRODUCT

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

APPLICATION

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





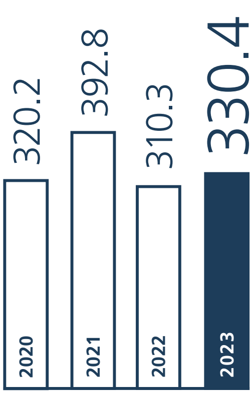
BENEFITS

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

DewertOkin Technology Group

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

GROSS SALES IN EUR MILLION



Orders

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

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

Sales

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

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

Result

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

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

Asset and capital structure

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

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

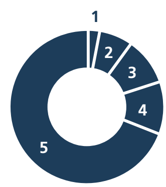
OPERATING RESULT IN EUR MILLION

7.2

IN % OF SALES

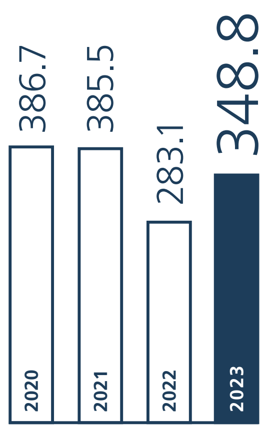
2.2 %

GROSS SALES BY REGION IN %



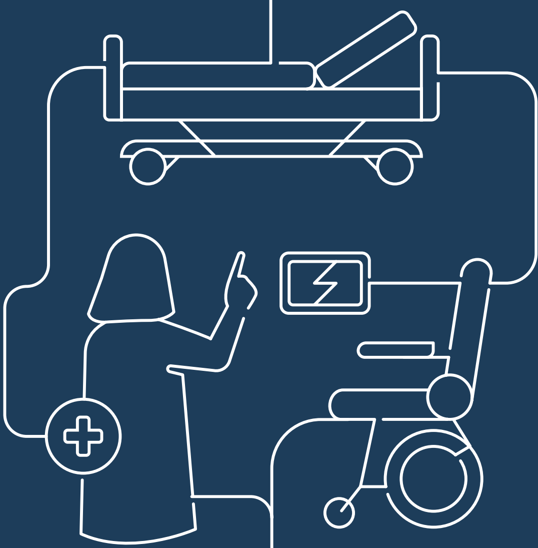
1 Switzerland **0.2 %**
2 Germany **6.5 %**
3 Rest of Europe **9.4 %**
4 North and South America **11.3 %**
5 Middle and Far East **72.6 %**

INCOMING ORDERS IN EUR MILLION



Powerful drive, big difference

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



PRODUCT

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

APPLICATION

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

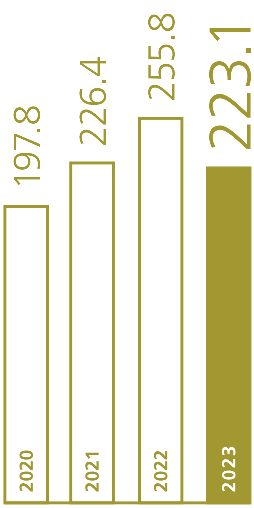
BENEFITS

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

Industrial Components

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

GROSS SALES
IN EUR MILLION



Orders

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

Sales

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

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

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

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

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

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

Result

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

Asset and capital structure

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

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

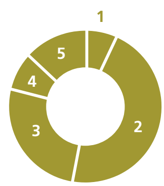
OPERATING RESULT IN EUR MILLION

24.1

IN % OF SALES

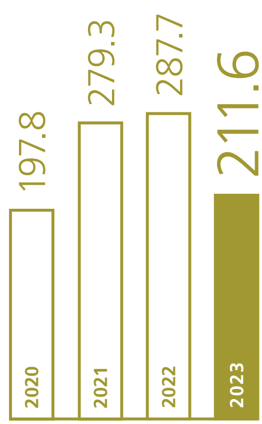
10.8 %

GROSS SALES BY REGION IN %



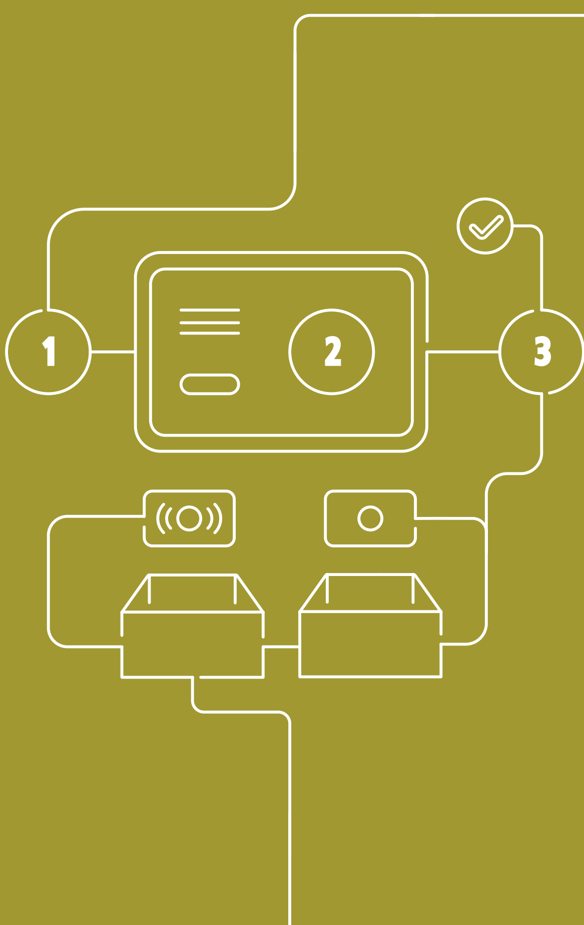
1 Switzerland **7.4 %**
2 Germany **45.4 %**
3 Rest of Europe **25.7 %**
4 North and South America **8.1 %**
5 Middle and Far East **13.4 %**

INCOMING ORDERS IN EUR MILLION



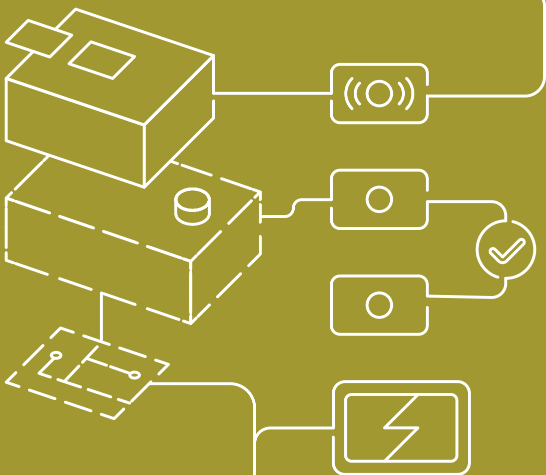
Efficient assembly workstations to combat the shortage of skilled labour

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



PRODUCT

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

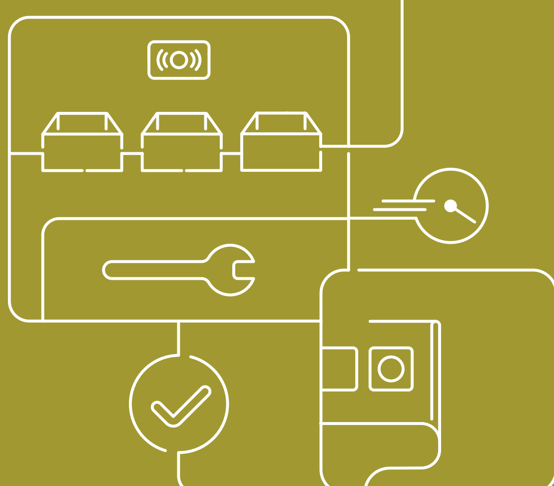


APPLICATION

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

BENEFITS

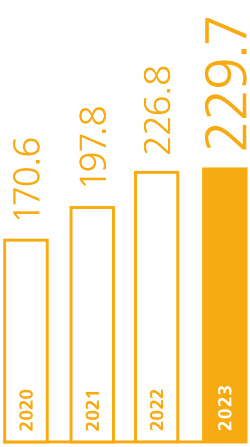
SETAGO workstations enable assembly work to be carried out with the utmost reliability and safety. At the same time, they are easy for all employees to operate. It is possible to rotate employees to completely different workstations and thereby break up the monotony of assembly. The number of rejected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



Enclosure Systems

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

GROSS SALES
IN EUR MILLION



Orders

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

Sales

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

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

Result

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

Asset and capital structure

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

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

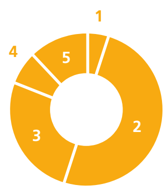
OPERATING RESULT IN EUR MILLION

34.3

IN % OF SALES

14.9 %

GROSS SALES BY REGION IN %



1 Switzerland **5.0 %**
2 Germany **49.8 %**
3 Rest of Europe **25.7 %**
4 North and South America **7.4 %**
5 Middle and Far East **12.1 %**

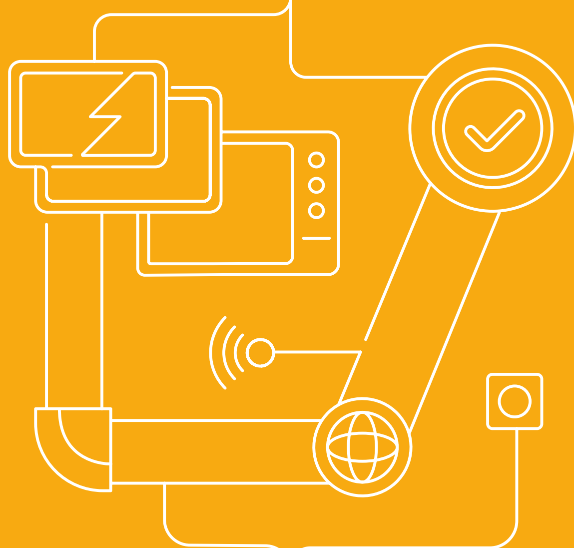
INCOMING ORDERS IN EUR MILLION

Humans and machines working together

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

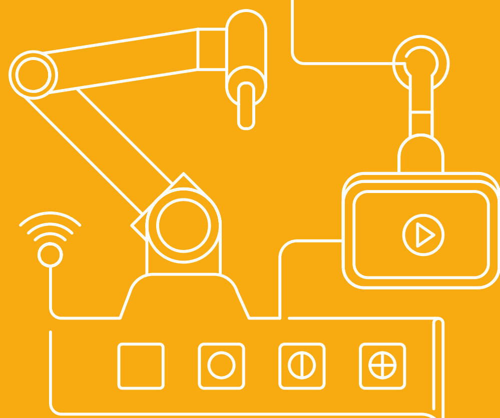
PRODUCT

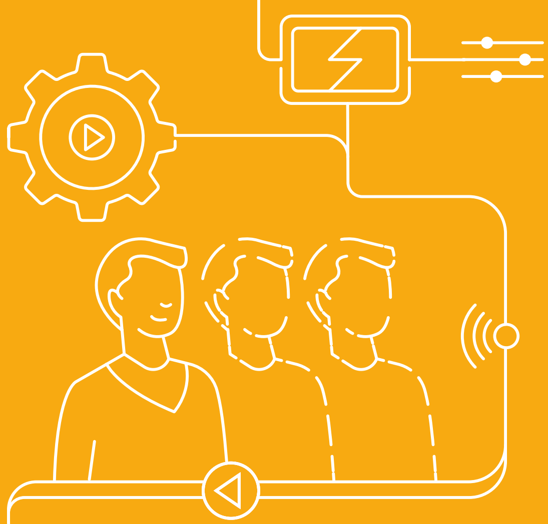
Rose supplies industrial solutions for robust, reliable and easy-to-use user interfaces (human-machine interfaces or HMIs). These include equipment carrier systems, control enclosures, handheld enclosures and complete industrial PC systems, and are equipped with high-quality components with long-term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



APPLICATION

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





BENEFITS

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

Share information

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

OPTING OUT AND OPTING UP

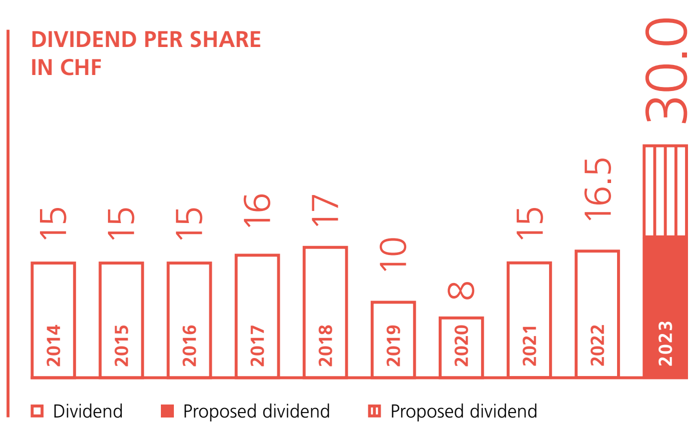
The company has not made any use of the possibility provided for in the Swiss Stock Exchange Act of excluding an acquiring company from the obligation to make a public purchase bid. The limit for the obligation to make an offer pursuant to Article 32 of the Swiss Federal Act on Stock Exchanges and Securities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

PAYOUT AND DIVIDEND POLICY

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

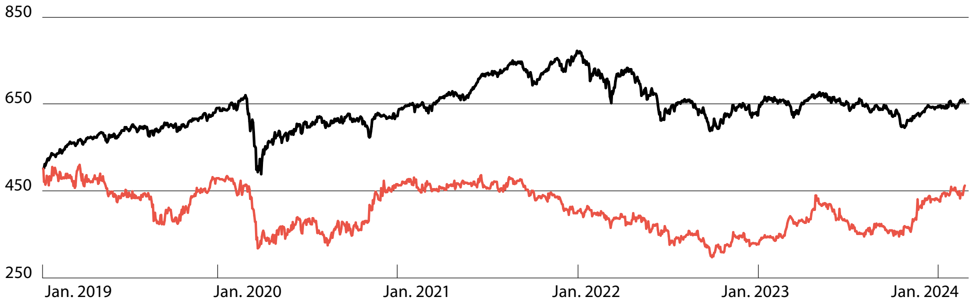
– The share is covered by the following analysts:
– UBS AG (CH): joern.iffert@ubs.com
– Research Partners (CH): reto.huber@researchpartners.ch
– Zürcher Kantonalbank (CH): michael.inauen@zkb.ch

Listing	SIX Swiss Exchange/Zurich
Securities No.	126133810
ISIN	CH1261338102
Reuters	PM.S
Bloomberg	PMN.SW
Legal Entity Identifier (LEI)	529900SWF06EKVI1JY11.



SHARE PRICE 1 JANUARY 2019–28 FEBRUARY 2024

in CHF



SHARE INDICATORS AT A GLANCE

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

1 Based on shares entitled to dividend as at 31 December.
2 Dividend in relation to year-end price.
3 Dividend (shares entitled to dividend only) in relation to result of the period.
4 Proposal to the Shareholders' General Meeting of 24 May 2024.
Dividend proposal of CHF 18.00 plus special dividend of CHF 12.00.

Sustainability

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

READ THE FULL REPORT AT WWW.PHOENIX-MECANO.COM/EN/SUSTAINABILITY

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

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

SUSTAINABILITY LEVELS

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

CO_2 STRATEGY

Phoenix Mecano aims to massively reduce its own CO_2 emissions, thereby generating a positive EBIT effect and the greatest possible environmental benefit. Its own operations (Scope 1+2) are to be made carbon neutral by 2050 at the latest, with this goal pursued as far as possible by cutting CO_2 emissions. In a first stage, Phoenix Mecano intends to halve CO_2 emissions from its own operations, per unit of sales, by 2030 compared with 2021. To this end, a number of measures have been defined that are being implemented on an ongoing basis.

The most important levers include efficiency measures, aimed at reducing the Group's carbon footprint while also improving productivity. Another key element are photovoltaic systems generating green electricity for in-house use. Systems with an annual energy output of 6 100 MWh are already in operation, including at major production sites in Jiaxing (China), Kecskemét (Hungary), Sibiu (Romania) and Pune (India). Another 400 MWh is under construction. In 2023, 1 240 MWh, around 3 % of the Group's electricity consumption, was covered by self-generated solar power. Replacing machinery with more economical models and upgrading the energy performance of buildings as part of replacement investments will also help to reduce energy consumption and so lower CO_2 emissions.

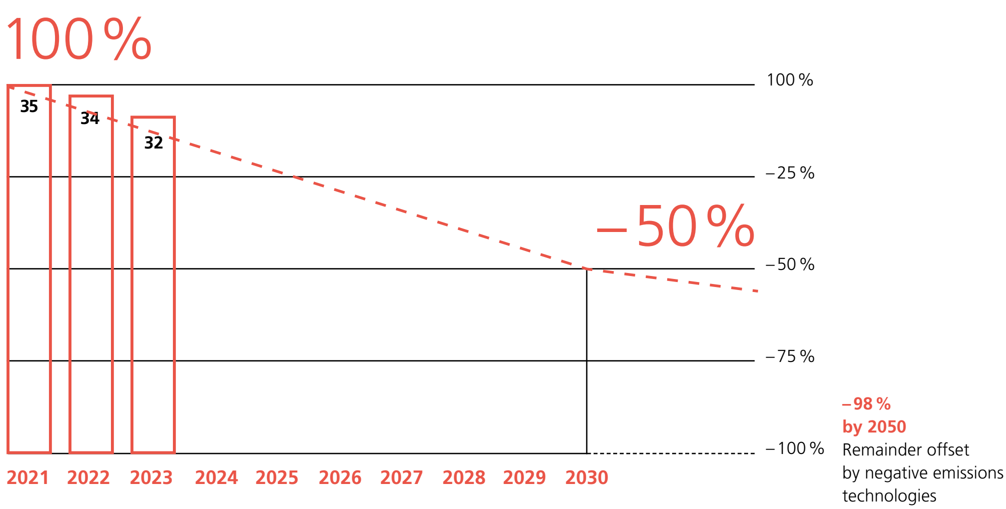
DEVELOPMENT OF EMISSIONS

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

Two of the Phoenix Mecano Group's largest production sites saw increased energy consumption and thus higher CO_2 levels. Here, an improved order situation led to higher capacity utilisation. Also, since the commissioning of the new industrial park in Jiaxing, production processes previously outsourced to suppliers are now carried out in-house. As a result, energy consumption – and therefore greenhouse gas emissions – at these locations increased disproportionately compared with the previous year.

HALVING EMISSIONS BY 2030

t CO_2eq per 1 million sales



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

CLIMATE-RELATED RISKS AND OPPORTUNITIES

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

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

Physical risks include short-term acute extreme events such as storms, floods or landslides as well as longer-term chronic, local impacts such as rising average temperatures, sea level rise or increased droughts. Overall, the physical risks, which relate in particular to production and infrastructure, are categorised as low to moderate.

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

Overall, the identified trends and changes with regard to energy costs, CO_2 tax and increased reporting requirements harbour low risks. For Phoenix Mecano, there are primarily opportunities, for example the ability to tap into new areas of application in green technology and gain market share.

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

THREE LEVERS OF THE CO_2 STRATEGY

New technology
More efficient machinery,
energy-efficient renovations,
electric vehicles,
green electricity

Estimated effect by 2030

> 20 %

Lean measures (J2OX)
in production and
administration

Estimated effect by 2030

> 15 %

Investment in own solar energy systems
12 GWh, of which 6 GWh is
already in operation

Estimated effect by 2030

> 15 %

Packages of measures to implement the CO_2 strategy

CONFLICT MINERALS AND CHILD LABOUR

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

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

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

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

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

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

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

ENERGY CONSUMPTION

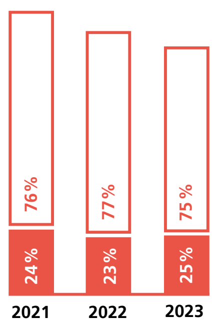
Total in 2023: 67 103 MWh

–5 %
Reduction in energy consumption from 2022 to 2023

- Renewable energy consumption
- Non-renewable energy consumption

CO_2 EMISSIONS

Total in 2023: 25 149 t CO_2eq



–7 %
Reduction in CO_2 emissions from 2022 to 2023

- Scope 1 direct
- Scope 2 indirect

ECONOMIC LEVEL

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

Creation of value added

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

Distribution of value added

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

A Excluding capital taxes and other non-profit-related taxes
B Financial result excluding net interest expense plus share of result from associated companies
C Personnel expenses
D Current income tax, capital taxes and other non-profit-related taxes
E Dividends paid in the financial year and share repurchases under the share buy-back programme
F Result of the period less dividends already paid in the financial year and share repurchases under the share buy-back programme

Promoting internal talent

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

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

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

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

SOCIAL LEVEL

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

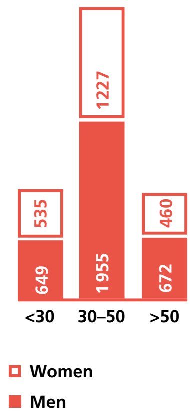
Deploying people according to their abilities

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

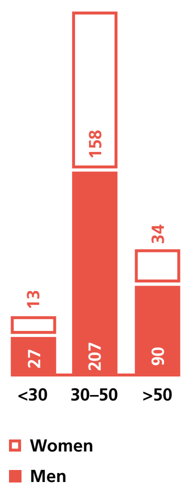
For several years, Redur has employed three staff from Rurtalwerkstätten Niederzier, an organisation that helps people with disabilities to integrate into working life. The workshops offer people with mental or psychological disabilities the opportunity to undertake appropriate vocational training and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

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

DIVERSITY OF EMPLOYEES
Number of persons



DIVERSITY AT MANAGEMENT LEVELS
Number of employees



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

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

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

ENVIRONMENTAL LEVEL

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

Keeping clean water clean

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

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

The cleaning process is managed and monitored by trained chemists.

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

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

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

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

DEVELOPMENT OF WATER CONSUMPTION

Total water consumption at all locations in m³/a

MATERIALS USED

t/a

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

Renewable resources
Packaging materials

Financial calendar

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

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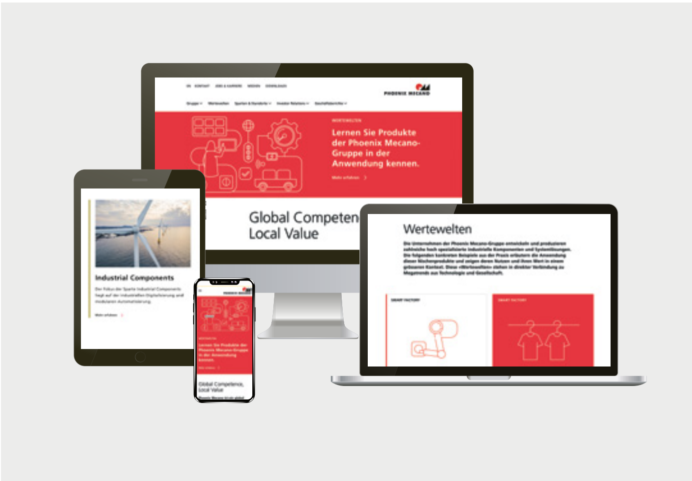
Multimedia



phoenix-mecano.com/en/annual-reports

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

Detailed information is available online and can be accessed and used at any time:
– Quick Report
– Interactive chart tool
– Download centre
– Video interview with Benedikt A. Goldkamp, Chairman of the Board of Directors, and Dr Rochus Kobler, CEO

FURTHER INFORMATION

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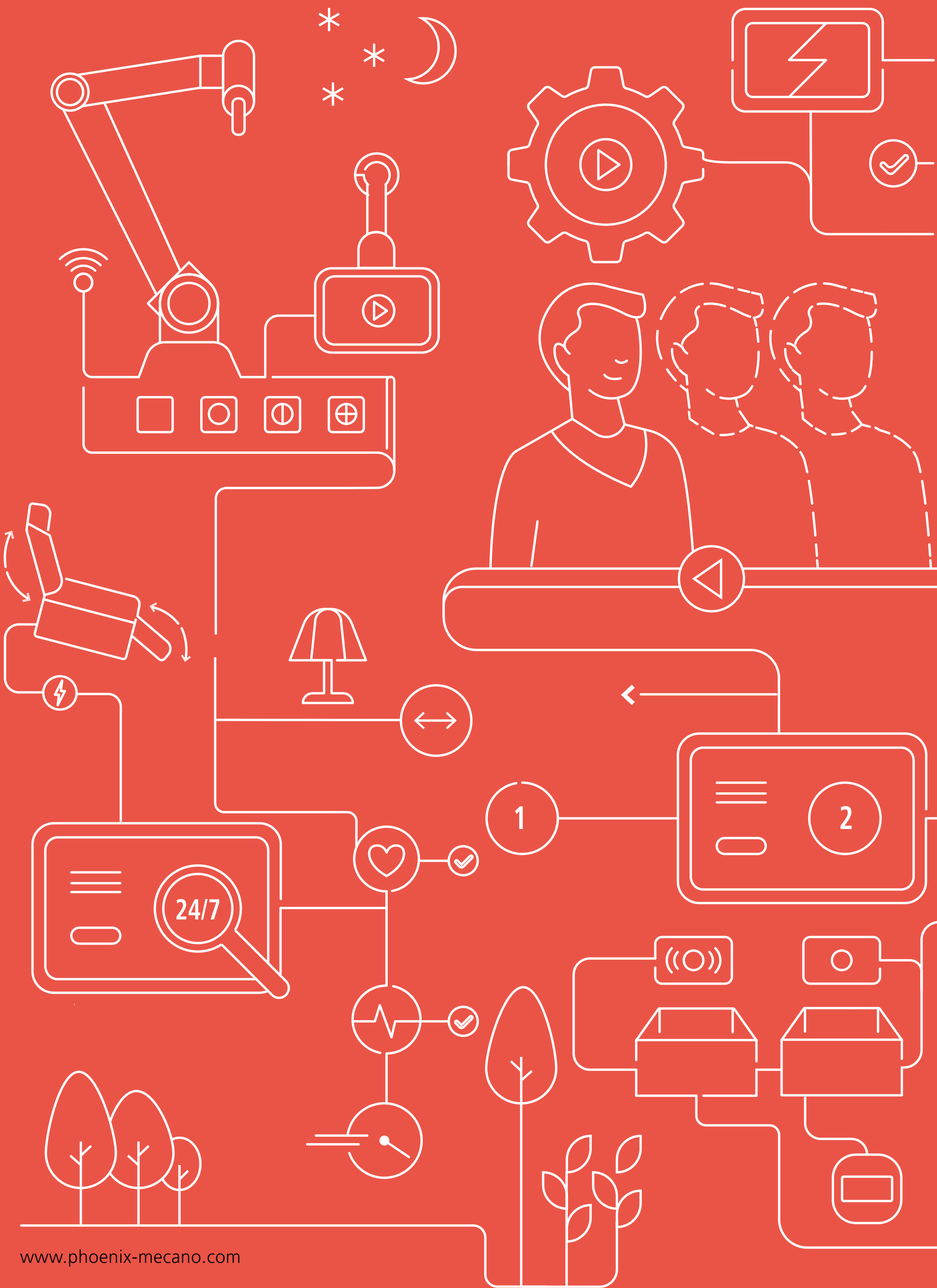
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