PHOENIX MECANO

AR 2020

TRANSFORMATION

KEY FIGURES OF THE PHOENIX MECANO GROUP

KEY FINANCIAL FIGURES	Units	2020	2019	2018	2017	2016
Gross sales	EUR million	687.4	680.0	650.8	627.6	583.2
Change	%	1.1	4.5	3.7	7.6	4.2
Operating cash flow (EBITDA)	EUR million	48.2	48.8	74.0	59.7	59.1
Change	%	−1.3	−34.0		1.0	12.9
in % of sales	%	7.0	7.2	11.4	9.5	10.1
Operating result	EUR million	22.4	23.4	51.3	30.7	34.5
Change	%	−3.9	−54.5		−10.9	129.8
in % of sales	%	3.3	3.4	7.9	4.9	5.9
in % of net operating assets	%	7.6	7.8	17.3	10.4	11.6
Result of the period	EUR million	8.9	13.9	36.1	21.9	23.0
Change	%	−36.2	−61.5		−4.7	244.1
in % of sales	%	1.3	2.0	5.5	3.5	3.9
in % of equity	%	4.6	6.4	13.5	8.1	8.4
Total assets/capital	EUR million	545.0	488.1	453.4	471.8	452.4
Equity	EUR million	192.3	217.3	268.0	269.7	272.8
in % of total assets	%	35.3	44.5	59.1	57.2	60.3
Net indebtedness	EUR million	115.4	88.1	33.9	38.1	30.5
in % of equity	%	60.0	40.5	12.7	14.1	11.2
Cash flow from operating activities	EUR million	27.8	43.6	37.9	37.1	48.7
Free cash flow	EUR million	10.4	18.0	12.9	11.4	29.6
Purchases of tangible and intangible assets	EUR million	27.8	26.1	25.6	26.0	23.9
SHARE INDICATORS						
Share capital (bearer shares with a par value of CHF 1.00)	CHF	960 500	960 500	960 500	960 500	960 500
Shares entitled to dividend[1]	Number	960 009	959 500	959 500	959 500	959 080
Operating result per share[3]	EUR	23.4	24.3	53.5	32.0	35.9
Result of the period per share[3]	EUR	9.3	14.5	37.6	22.9	24.0
Equity per share[3]	EUR	200.4	226.5	279.3	281.1	284.4
Free cash flow per share[3]	EUR	10.8	18.7	13.5	11.9	30.9
Dividend	CHF	8.00[2]	10.00	17.00	16.00	15.00
Share price						
High	CHF	494.50	519	728	614	528
Low	CHF	312	374	456	475	406
Year-end price	CHF	464.50	478.50	503	614	469

1 As at the balance sheet date, the company owned 491 treasury shares, which are not entitled to dividend.
2 Proposal to the Shareholders' General Meeting on 21 May 2021.
3 Based on shares entitled to dividend as at 31 December.

From the start of 2019, the consolidated financial statements have been prepared in accordance with Swiss GAAP FER, with the previous year adjusted accordingly. The years 2016 and 2017 are presented according to IFRS.

ENCLOSURES

The division develops and manufactures high-quality industrial enclosures made of aluminium, stainless steel and plastics as well as system solutions for use in mechanical and plant engineering, electrical engineering, automation, measurement and control technology, railway, automotive and medical technology and for explosive environments in the petrochemical and onshore and offshore industries. Input units such as membrane keypads, short-stroke keys and touchscreens complement the product range.

KEY FIGURES in EUR million	2020	2019
Gross sales	173.5	189.3
Purchases of tangible and intangible assets	5.0	8.1
Operating result	17.3	19.5
Margin in %	10.0	10.3
Employees	2 020	2 086

MECHANICAL COMPONENTS

Profile assembly systems, linear units and drive and pipe connection technology offer a wide range of applications in the construction of machinery and equipment, protective enclosures and ergonomic workstations. High-performance linear actuators, electric cylinders and lifting columns facilitate comfort and lifestyle solutions in the home and hospital care sector and in ergonomic workstation design.

KEY FIGURES in EUR million	2020	2019
Gross sales	399.2	360.6
Purchases of tangible and intangible assets	14.6	8.0
Operating result	13.1	11.5
Margin in %	3.3	3.2
Employees	3 146	2 649

ELCOM / EMS

This division comprises three business areas: Electromechanical Components, including terminal blocks, connector systems, test probes, series terminals and switches for industrial electronics; Electronic Manufacturing and Packaging, comprising power supplies, backplanes and electronic assemblies, used in areas such as medical technology, measurement technology, astrophysics and research facilities like CERN; and Power Quality, encompassing transformers, instrument transformers and inductors for use in renewable energies, drive technology, switchgear and power distribution networks.

KEY FIGURES in EUR million	2020	2019
Gross sales	114.8	130.1
Purchases of tangible and intangible assets	7.0	9.4
Operating result	−6.4	−4.7
Margin in %	−5.5	−3.6
Employees	2 219	2 378

Phoenix Mecano Group – Profile

We are a global technology company with a presence in the international growth markets. With our three divisions – DewertOkin Technology Group, Industrial Components and Enclosure Systems (until 2020: Enclosures, Mechanical Components and ELCOM/EMS) – we are leaders in many of our markets. Important areas of application are mechanical and plant engineering, measurement and control technology, electrical engineering, automotive and railway technology, energy technology, medical technology, aerospace technology and home and hospital care.

Mission statement

VISION

As a global player in the components sector Phoenix Mecano develops detailed technical solutions with and for its customers, enabling them to convert ideas into marketable products. In our capacity as a specialised partner we meet our clientele's most stringent requirements with regard to technology, service and a customer-oriented approach, constantly assisting them by supplying anything from components to full systems which can help them enhance their potential for creating value added even further.

MISSION

Our success hangs on that of our customers. Close cooperation, constant communication and intensive exchanges of well targeted ideas are our main precepts. We support our customers as best as we can, making full use of our employees' know-how.

VALUE

Reliability vis-à-vis all interested parties is a prerequisite for credibility. Every day we work on putting these maxims into practice, with the management setting an example by fulfilling a responsible leadership function. Profitability and growth are key requirements for maintaining competitiveness and value added and for creating new jobs both at home and abroad. The sustainability factor is underpinned by our careful use of natural resources and our commitment to corporate responsibility.

Transformation

As a globally successful group, we constantly adapt to changes and systematically grow and evolve our business. Decentralised structures and lean processes give us the flexibility needed to respond quickly to new conditions. Our capacity for innovation and commitment to continuous improvement create the basis for further profitable growth.

CONTENTS

OPERATING RESULT PER SHARE IN EUR

23.4

OPERATING CASH FLOW (EBITDA) IN EUR MILLION

48.2

Letter to shareholders

DEAR SHAREHOLDERS

2020 began like any other year, with operational challenges, strategic opportunities and mixed macroeconomic signals. But then the COVID-19 pandemic burst onto the scene in the first quarter and dominated events, leading to travel restrictions, lockdowns, concerns about liquidity and market slumps. Thanks to courageous intervention by central banks, liquidity in the global economic system was quickly and comprehensively safeguarded. The financial markets recovered at record speed. In the real economy, tremendous efforts were made to maintain output and productivity, despite the unpredictability of events and the restrictive protective measures in place. It soon became apparent that the pandemic would affect different industries in very different ways, from the virtual shutdown of travel, hospitality and culture to the boom in the IT sector. The latter's dream of a virtualisation of everyday life received a massive boost. It is now becoming clear that the pandemic is not some temporary occurrence but is in fact causing or accelerating profound social upheavals.

As a small global player, the Phoenix Mecano Group faced an array of challenges. Thanks to its decentralised organisational structure, it was able to quickly and efficiently protect its employees' health, maintain its logistics chains, introduce short-time work, virtualise business processes and digitalise internal and external communications. Of course, every crisis also offers opportunities. With our flexible automation components, we were able to help ventilator manufacturers rapidly expand their production capacity. Also, the trend towards working from home and 'cocooning' provided opportunities for our ergonomic variable-speed drives for office, seating and reclining furniture – opportunities that we exploited to the full. On the other hand, the sense of uncertainty and unpredictability led to wavering over investment decisions, which had painful repercussions for us in the important market segment of mechanical engineering.

The crisis is not over yet, although the approval of effective vaccines and increased flexible testing capacities mean that the situation could

Our flexible automation components enabled an immediate expansion of ventilator production.

INVESTMENTS IN EUR MILLION

27.8

INCOMING ORDERS IN EUR MILLION

766.0

be under control by the end of 2021. The Phoenix Mecano Group feels vindicated in its commitment to an agile, decentralised corporate structure underpinned by solid finances and future-proof skills and expertise. We will thoroughly analyse the effects of the pandemic and its lasting consequences and incorporate the knowledge gained into our strategic roadmap. Strong growth towards the end of 2020 already suggests that we will overcome this challenge successfully. We are consistently pursuing the strategic option of a partial listing of our DewertOkin Technology Group business in China, a move that will allow us to finance the strong growth in this area on a secure, long-term footing. We took a number of important organisational and legal steps to this end last year, and will continue to push ahead with this in 2021. These measures would enable a listing on the Shanghai STAR Market in late 2022 at the earliest.

Our 7 500 employees around the globe have risen to this challenge remarkably well.

Thank you to our employees

Our people do sterling work for the Phoenix Mecano Group and its customers year after year. Nevertheless, 2020 was unique in terms of its challenges and demanded a huge amount from employees in production, logistics, administration and management. Digitalising processes in real time while maintaining the service level expected by customers, and coping with the psychological stress caused by the pandemic, placed enormous demands on their adaptability. Concerns about one's own health and that of colleagues and family, the loss of social contacts, juggling work with the demands of being a parent, and in some cases the fear of losing livelihoods is creating a mental-health emergency whose long-term consequences no one can yet gauge. So far, our approximately 7 500 employees around the globe have risen to this challenge remarkably well, but further perseverance is needed as we are not out of the woods yet. On behalf of the management and Board of Directors, we would already like to say a heartfelt thank you to all our employees, whose exceptional commitment has enabled Phoenix Mecano to weather the crisis well thus far.

EQUITY RATIO IN %

35.3

Benedikt A. Goldkamp, Executive Chairman of the Board of Directors

Outlook and dividend

Expectations that the COVID-19 crisis will be brought under control by successful vaccination coverage of the world's population is driving a market recovery in early 2021. As is so often the case, the financial markets are ahead of the real economy in this respect. It is true that the purchasing managers' indices also point to a pickup in demand. Nevertheless, the challenges remain considerable. Industrial companies are suffering from a shortage of container capacity, delivery delays and greatly increased transportation costs. At the same time, raw material prices for copper, steel and plastic pellets are rising sharply. The prices and availability of electronic components for industry are also being massively stress-tested right now. Despite all this, we are cautiously optimistic about the future. The gradual recovery of the global economy coupled with a controlled scaling-back of protective measures is our main scenario for 2021.

We operate in business areas with strong future potential and can benefit from megatrends.

The high level of orders on hand in the first quarter will ensure that our production capacities are well utilised. However, post-crisis growth will also require an increase in financing capacity for our net current assets. The Board of Directors must consider this ongoing development and the 2020 result, which though positive fell short of the Group's average profitability, when formulating the dividend proposal. For these reasons, the Board of Directors will propose to the Shareholders' General Meeting that a dividend of CHF 8.00 be paid (compared with CHF 10.00 last year).

Dr Rochus Kobler, CEO

A market recovery during the year will enable Phoenix Mecano to grow its sales and operating result. The Group's medium- and long-term prospects are also attractive, as we operate in business areas with strong future potential and are well positioned to benefit from megatrends. We therefore look forward to creating further sustainable value for you, our shareholders, in the future.

Benedikt A. Goldkamp Executive Chairman of the Board of Directors	**Dr Rochus Kobler** CEO

SPOTLIGHT ON TRANSFORMATION

Planned partial listing of DewertOkin

With a view to the planned partial stock-market listing in Shanghai, the fast-growing DewertOkin product area became a separate division, the DewertOkin Technology Group (DOT Group), with effect from 1 January 2021. It is established as a leading supplier of system solutions in the home-care and hospital furniture markets.

While the COVID-19 crisis temporarily slowed growth, cocooning and the increase in home working are now fuelling demand for electrically adjustable comfort furniture and height-adjustable desks.

Phoenix Mecano wants to leverage the current market dynamics to expand its market share and generate profitable growth via the DOT Group. To this end, investments of approximately EUR 100 million over around five years are planned.

Since the start of 2020, Phoenix Mecano has been working flat out to establish a new industrial complex in Jiaxing (greater Shanghai area). The area is home to a technology cluster of global players in the upholstered furniture industry, manufacturers of components for electrically adjustable seating and reclining furniture, and their suppliers.

Following its completion (scheduled for 2022), the new industrial complex, with a total floor space of 115 000 m², will provide a central base for DewertOkin's activities in China. There are also plans

to set up a certification laboratory and to expand capacity for developing control technology, sensors, software and fittings technology.

However, this commitment could not be covered by the Group's current cash flow without withholding funds needed for the development of other business areas. Therefore, to fund the industrial complex and exploit growth opportunities, Phoenix Mecano is intensively pursuing the option of a partial listing of the DOT Group on the STAR Market technology exchange in Shanghai. The partial listing will be combined with a capital increase and, for regulatory reasons, will not be possible until 2022 at the earliest. In the medium term, Phoenix Mecano plans to control a majority stake of at least two thirds of the shares in the DOT Group.

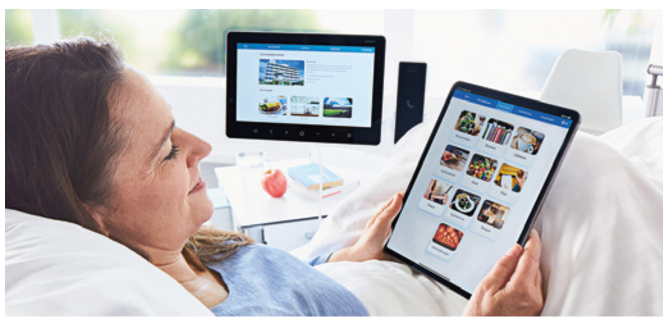
The move makes the Phoenix Mecano Group the first Swiss company to plan a (partial) listing on the STAR Market technology exchange. Phoenix Mecano intends to use the money from the partial listing to raise fresh capital in order to expand its share of the fast-growing market for electrically adjustable furniture.

ABOUT DEWERTOKIN TECHNOLOGY GROUP

The DewertOkin Technology Group division develops and produces high-performance system solutions for ergonomic furniture for the home comfort sector, hospitals, nursing homes and offices. These include smart control systems, software, sensors, drive technology and kinematic fittings. The long-term growth of its target markets has accelerated again in the last three years and is now well into double digits. A real technology cluster is forming in China, creating optimum conditions for growth.

BEWATEC integrated into the Phoenix Mecano Group

By acquiring all shares in BEWATEC, Phoenix Mecano is securing access to digital hospital infrastructure and expanding its expertise in software development.



BEWATEC Kommunikationstechnik GmbH is to become a new digital competence centre within the DOT Group, bringing together software and app development for medical applications and sensor technology. Phoenix Mecano is developing from a pure industrial component manufacturer into a provider of system solutions.

As these systems become increasingly digital and centrally networked, the importance of software is growing. With the takeover of BEWATEC, we are combining hardware and software to create the basis for smart, digital applications for healthcare and comfort furniture.

The expansion of IoT sensor technology is an integral part of BEWATEC's service offering for smart hospitals. By combining the BEWATEC.Connected-Care digital patient platform, which will be significantly expanded and enhanced in the process, with DewertOkin's sensor technology, we can offer companies a raft of new possibilities for the digitalisation of healthcare.

Originally a manufacturer of multimedia devices for use on wards, BEWATEC has become a driving force in hospital digitalisation thanks to its device-independent software platform BEWATEC.ConnectedCare. With BEWATEC.ConnectedCare, the company offers an open platform that combines digital applications for patients, nursing staff and doctors, as well as a variety of hospital and entertainment services throughout the patient journey, in one place. At the same time, because it is directly connected to hospital IT systems, it simplifies administrative processes within the hospital.

«Phoenix Mecano is developing from a pure industrial components manufacturer into a provider of system solutions»

Dr Rochus Kobler, CEO Phoenix Mecano

New production centre

PTR HARTMANN's production sites in southern China have been consolidated at a new plant; sales in China are also being handled from there.

For over a decade, PTR HARTMANN has been successfully manufacturing electrotechnical components and high-precision CNC turned parts for test probe production at its established sites in Shenzhen and Dongguan. These competencies have now been brought together at the new Lechang site in the north of Guangdong Province. This year, new production lines for HARTU inductors and the partially automated assembly of PTR testing technology products will get under way at the facility.

Since 1 January 2021, the Lechang site is also home to the China distribution centre for all PTR HARTMANN product areas. PTR HARTMANN (Shaoguan) will take over customer support and delivery in mainland China and Hong Kong for the PTR, HARTMANN and HARTU brands.

«Efficient manufacturing to top quality standards»

Peter Scherer, Managing Director PTR HARTMANN

Our divisions

In view of the planned partial listing of DewertOkin, the divisional structure was reorganised with effect from 1 January 2021. The new structure reflects the Phoenix Mecano Group's evolution from a traditional component manufacturer to a provider of system solutions.

Phoenix Mecano Group

Mechanical Components

ELCOM/EMS

Enclosures

NEW STRUCTURE FROM 2021

DewertOkin Technology Group (DOT)

Industrial Components (IC)

Enclosure Systems (ES)

Value creation

How we operate

Input

INTELLECTUAL RESOURCES
Experience in integrating acquired companies, knowledge of local market conditions, flexible production processes, J2OX, complete customised solutions, patents

FINANCIAL RESOURCES
Solid capital structure, free cash flow enabling investments to strengthen the Group's innovation and organic growth

MATERIAL RESOURCES
State-of-the-art manufacturing facilities, global production and sales locations. Global sourcing: optimisation of global material procurement activities in India, South-East Asia and Eastern Europe, recycling and waste management

SOCIAL RESOURCES
Key stakeholders (suppliers, customers, investors). Responsible employees: flat management structures and hierarchies, customised workstation environments

Governance
Flat and decentralised organisational structure, group-wide and cross-division standards, flexible allocation of company resources

Culture
Long-term focus, continuous improvement (J2OX), nurturing talent, sustainability as a guiding principle of process design

Output

Strategy
Harnessing value creation potential in existing markets, growth through targeted acquisitions, value-oriented allocation of company resources, global sales network

Performance
Standardised Group-wide financial and controlling systems, result-oriented division targets, cross-division performance measurement

INTELLECTUAL RESOURCES
Continuous improvements in LEAN processes, product and process innovations, international expansion, in-depth knowledge of customer and market needs, expertise

FINANCIAL RESOURCES
Reasonable return on capital employed (ROCE) ensuring long-term access to the capital market, operating margins, free cash flow to be used for dividend payments and capital expenditure, targeted acquisitions

MATERIAL RESOURCES
Sustainable productivity improvements and cost reductions through relocation of production facilities, streamlining of logistics, energy-efficient solutions in product developments

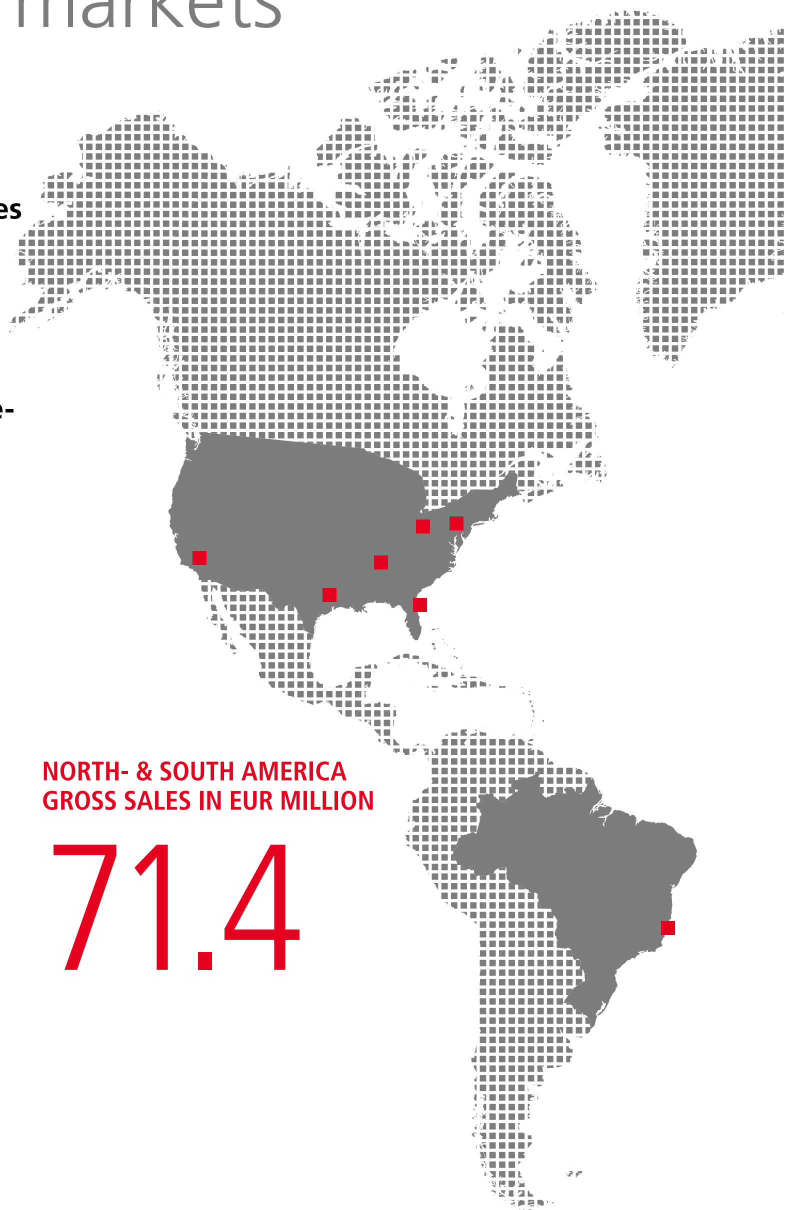
SOCIAL RESOURCES
Excellent customer service, local expertise, high-level skills, global network, reliable long-term partnerships for system solutions, creation of cross-division and interregional expertise in developing new processes and technologies, high level of employee loyalty

Global presence

Our growth markets

We are a global business offering a comprehensive range of products and services in all important growth markets. This means we can guarantee our customers efficient production, market-driven solutions and resource-saving logistics.

■ Locations of production and sales companies, and subsidiaries worldwide



NORTH- & SOUTH AMERICA GROSS SALES IN EUR MILLION

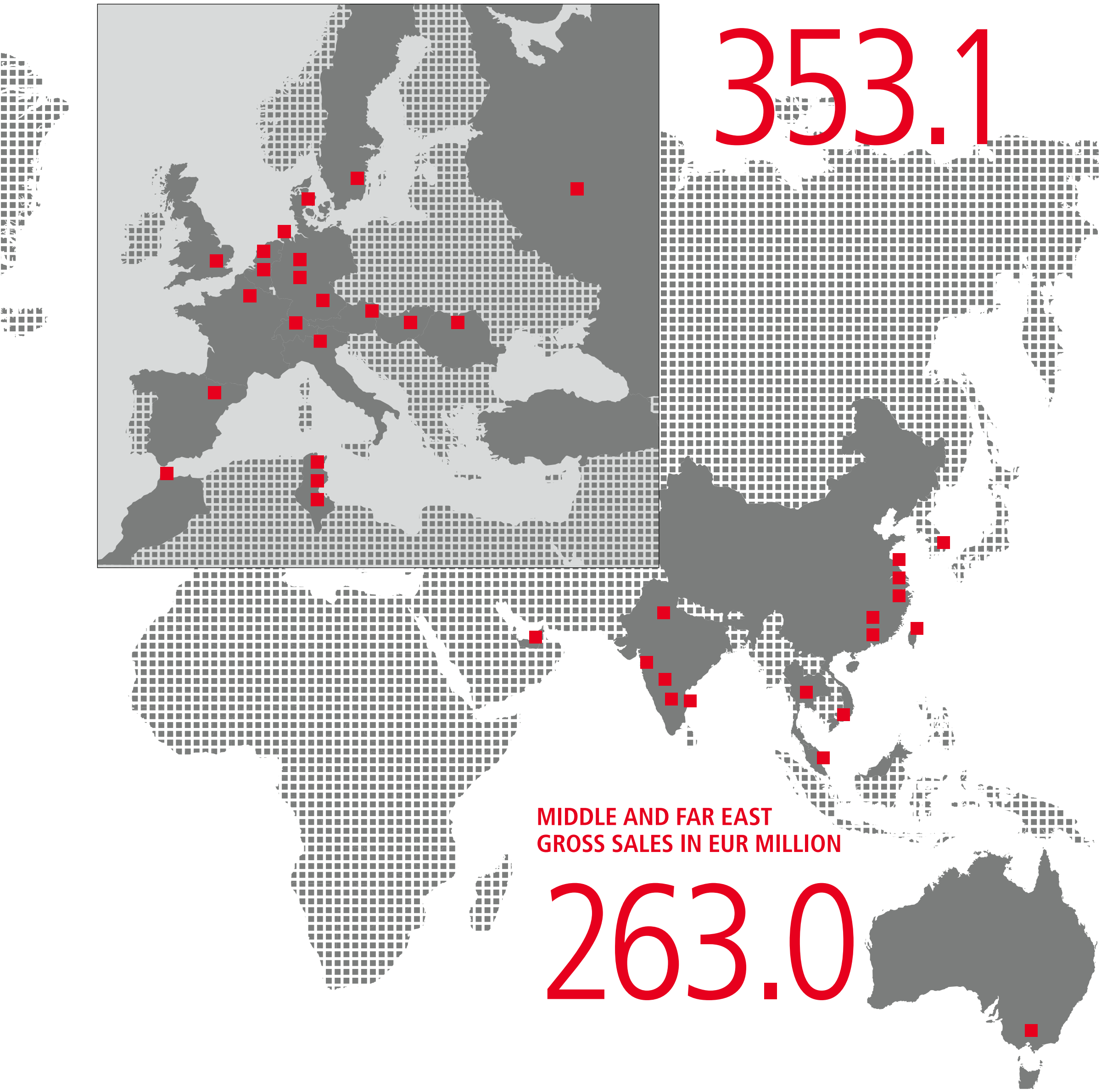
71.4

Market entries

SWITZERLAND, EUROPE, USA	INDIA	SOUTH AMERICA, SINGAPORE	CHINA
1975	1994	1995	1996

EUROPE
GROSS SALES IN EUR MILLION

353.1



MIDDLE AND FAR EAST
GROSS SALES IN EUR MILLION

263.0

NORTH AFRICA	AUSTRALIA	RUSSIA	VIETNAM
1998	2005	2016	2020

Innovation

Sustainably innovative

The RK Rose+Krieger team are German innovation champions. Image: RK Rose+Krieger

We trust our employees and give them the freedom to design and implement improvements independently.

Hartmut Hoffmann, Managing Director of RK Rose+Krieger

Our subsidiary RK Rose+Krieger has been named one of Germany's 100 most innovative SMEs for 10 consecutive years. We foster innovation by giving our employees the chance to take a new step forward each day. It doesn't have to be a big step. The 'next big thing' is all well and good, but we don't get hung up on that. Employees see that their ideas are implemented and that motivates them to get behind changes. But they're also given the numbers, so that they can work out whether a change is worth making or not. We plan to continue on this path in the future. Thanks to the Phoenix Mecano Group's decentralised organisational structure, each company can take whatever measures are right for its size, structure and market.

FLEXIBLE AND SECURE: RK ROSE+KRIEGER'S MONITOR MOUNTS

In industrial applications, monitors are mounted on machines, meaning that great demands are placed on monitor holders. RK Rose+Krieger manufactures a whole range of mounts. High-strength materials guarantee a reliable, permanent load capacity of up to 25 kg, and sideways pivoting allows an optimal field of view. Tilt-adjustment in 15° increments and vibration-proof locking keep the monitor stable. The monitor can also be swivelled between vertical and horizontal format. The mount can be connected to an aluminium profile or mounted on a wall, while the monitor itself is secured according to VESA standard dimensions or user-specific specifications.

Great demands are placed on monitor mounts in industrial applications. Image: RK Rose+Krieger

Design and function in perfect harmony

Schuler AG has been manufacturing presses for over 100 years, from small stamping presses to entire press lines. In 2018, it embarked on a redesign aimed at standardising the control panels on all of its products to make them easier to use. Our subsidiary ROSE, already a supplier, was the only provider able to meet all of its requirements. What clinched the deal was the variable e-paper-based type used on the display, which ROSE had developed together with Phoenix Mecano subsidiary Kundisch GmbH. The design aspect was also a key factor. For mechanical engineering firms like Schuler, the control panel is a signature feature of the whole system. It should therefore be as distinctive as possible. In future, Schuler will be installing ROSE's HMI panels in all of its presses. The panel is a signature feature of the machine, which is why ROSE went to great pains to create a high-quality look.

Schuler manufactures complete press lines that can exert press forces of up to 10 000 t. Image: Schuler AG

Safe enclosures for e-mobility charging stations

High-performance charging systems charge batteries in hybrid and electric vehicles quickly and reliably. Image: Heidelberger Druckmaschinen

Heidelberger Druckmaschinen AG (Heidelberg) is a reliable and highly innovative partner for the global printing industry. The world leader in sheetfed offset printing has been a customer of ROSE Systemtechnik (ROSE) for many years. Just under a decade ago, the company established a new business area for innovative charging electronics, giving it a foothold in the growth market of e-mobility. Since 2018, a focus here has been on developing and manufacturing charging solutions for electric vehicles, including wall-mounted chargers for users in private and semi-public settings. ROSE polyester enclosures are used reliably within the Heidelberg Wallbox Home Eco and the Wallbox Energy Control. The collaboration on this project has been very successful, and on the back of the joint growth, ROSE is working with Heidelberg on further optimised, custom solutions.

Wallboxes equipped with ROSE enclosures are a future-fit technology for the company's industrial business unit. The customer-specific requirements, combined with ROSE's expertise, create the ideal conditions for catering to all demands. The success achieved has also prompted other companies in this area to see ROSE as a solution partner. The development of products for wallbox chargers and charging stations is set to become an integral part of the ROSE portfolio in the future.

Stairclimbers on the up

The Scewo Bro can overcome obstacles such as stairs. Image: Scewo

Sponsorship for a student project has led to an exciting partnership with an innovative start-up.

Scewo Bro is a wheelchair that allows its user to independently negotiate obstacles such as stairs. Phoenix Mecano has supported the project through various stages, initially providing material, then contributing technical expertise for the engineering, and ultimately getting the first series completed in 2020. The student project has now developed into a start-up with over 20 employees, which has won a raft of design and innovation awards. A new production line for a larger series is being prepared. Phoenix Mecano will provide support with assembly, packaging, customs clearance and sourcing optimisation.

Controlling the grids of the future

Electricity grids in Switzerland and other countries have to adapt to the latest requirements. The main challenges they face are decentralised power generation and the need to enhance energy efficiency. Smart grids ensure safe, efficient and reliable system and network operation and help to reduce the need for grid expansions.

Phoenix Mecano subsidiary REDUR's instrument transformers are a key part of this – highly accurate, safe, reliable and compact. The transformers can be found in switchgear, as well as electric vehicle charging stations and the equipment used for metering/billing electrical energy. Standard devices and customised designs ensure 100% customer satisfaction.

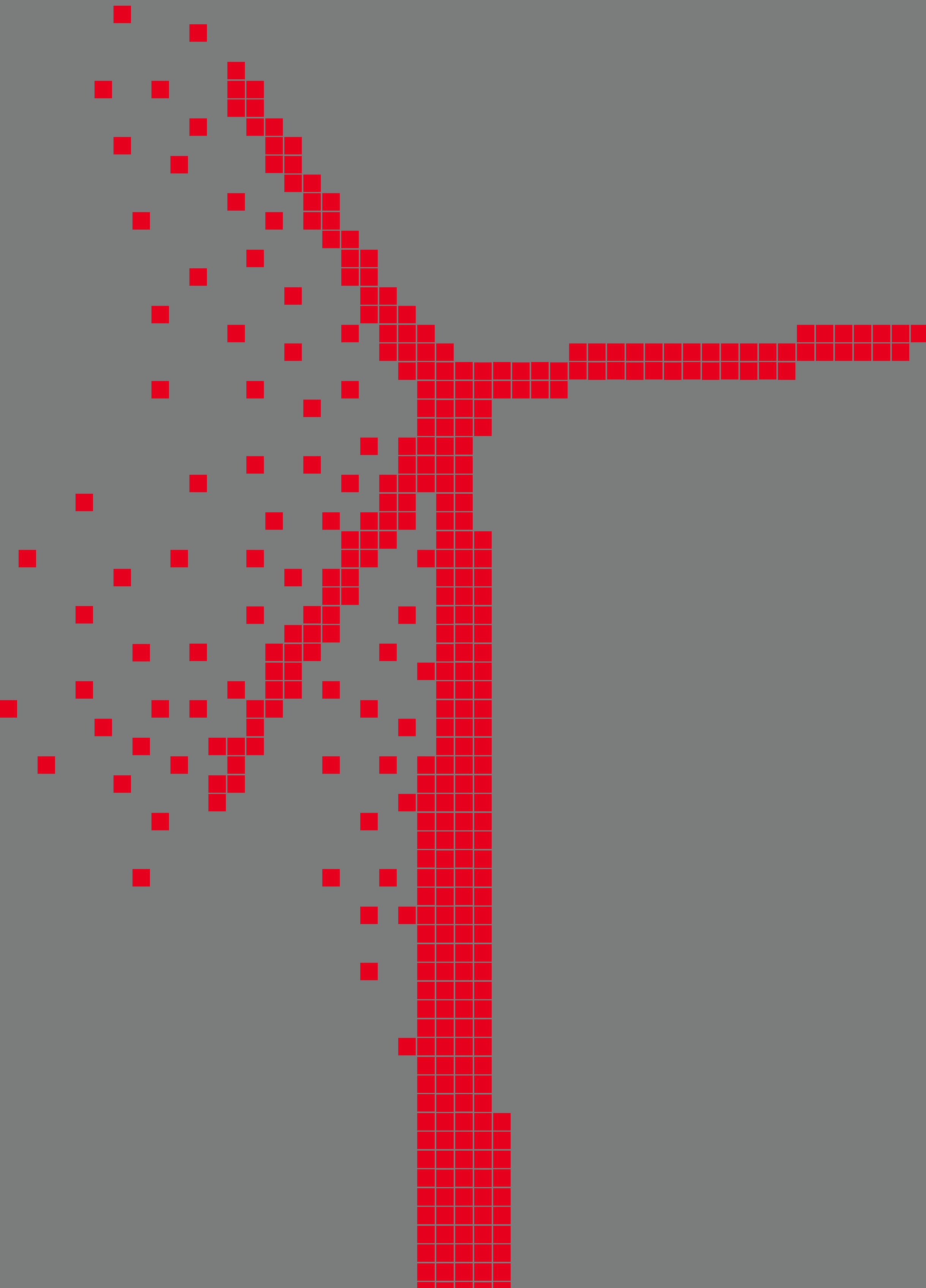
REDUR's instrument transformers are compact and reliable. Image: REDUR

Small test probe with big safety and security benefits

Wheelguard, a start-up based in Wildeshausen, near Bremen, has developed the world's first smart wheel bolt (patent pending). This innovative product will mainly be used in the automotive sector (as a wheel bolt/wheel nut). The technology in the bolt sends an alert to a mobile device, via an app, if the wheel nuts come loose without the owner's knowledge. This primarily has safety benefits but is equally effective as an alarm if someone tries to steal the wheels. Built into the bolt is PTR HARTMANN's new 5463.02 test probe, which acts as the interface with the electronics. As soon as the bolt is moved, the test probe relays the information to the electronics.

For this information to be reliable, the probe has to maintain a tight interface with the electronics under even the most adverse weather conditions, withstand vibrations and guarantee a safe electrical connection. Sampling inspection is under way, and a number of tests have been passed. After roll-out in the automotive industry, there will be plenty of scope to expand the areas of application. The technology could easily be used to monitor many other types of attachment, with applications ranging from wind turbines to building façades or even outboard motors on boats.

The new test probe sends a notification if the wheel nut comes loose.



MANAGEMENT

MR REPORT

Contents

Business performance Group

Although the COVID-19 pandemic affected business around the globe, sales and cash flow remained stable in 2020. This was thanks to Phoenix Mecano's long-term focus on megatrends. The new divisional structure created on 1 January 2021 will help to capitalise further on this.

OPERATING RESULT IN EUR MILLION

22.4

MARGIN IN %

3.3

INVESTMENTS IN EUR MILLION

27.8

During the coronavirus period, regional and national lockdowns caused interruptions in supply chains, supply bottlenecks for components, a reduction in transport capacity, production interruptions and productivity losses. The crisis had a domino effect, hitting continent after continent, market after market, shop floor after shop floor. Meanwhile, we were confronted with double-digit sales slumps and sharp declines in operating margin in some product areas.

The Group successfully weathered these challenging economic conditions. Thanks to our global presence, we were able to learn from the experiences of sites that were affected early on. In this situation, we had to take a lot of difficult decisions fast, and our decentralised structures and distinctive management culture, with plenty of scope for decision-making by local teams and on-site managers, definitely proved their worth.

In these exceptional circumstances, the top priority was to protect the health of our employees and to prevent delivery interruptions for our customers. As such, most of our ambitious annual targets remained out of reach. Nevertheless, we continued to steadily pursue our long-term, strategic goals and managed to grow the business once again in 2020.

The focus of strategic considerations last year was financing the DewertOkin Technology Group's growth strategy. Many projects and investigations were carried out in connection with the possible partial listing of the DewertOkin Technology Group on the Shanghai STAR Market. These ultimately led to the DewertOkin product area being made into a separate division with independent structures, as of the start of 2021.

BUSINESS ACTIVITY

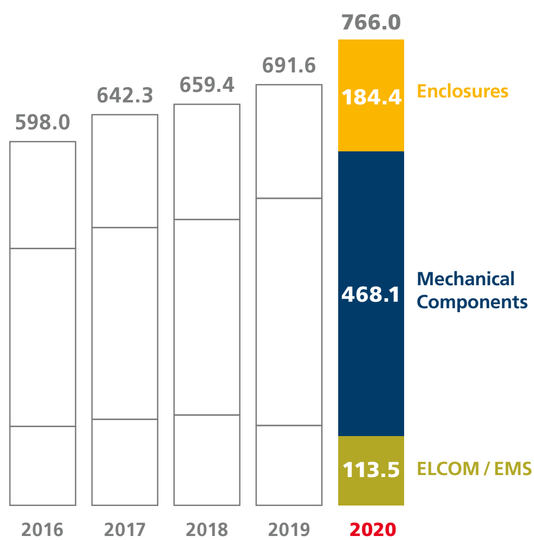
The Enclosures division was hit by weak demand as a result of the COVID-19 crisis, particularly in the second and third quarters. However, despite the lockdown in spring 2020, the division was able to maintain its delivery capability. This reliability was greatly appreciated by customers. The Group took a further step to becoming a system supplier by expanding its range of human-machine interface products to include ready-to-install solutions comprising control enclosures, industrial PCs and support-arm systems.

The Group's sales growth was driven by the Mechanical Components division, which posted record sales in 2020. The DewertOkin product area benefited from high demand for electrically adjustable office and comfort furniture, a development driven by long-term trends such as cocooning and increasing awareness of ergonomics in the workplace. These trends were further accelerated by the COVID-19 pandemic.

To be able to keep pace with the rapidly growing demand for drives and controls for electrically adjustable furniture in the future, construction of a new 115 000 m² industrial park in the greater Shanghai area began in August 2020. This will represent an investment of approximately EUR 100 million in the DewertOkin product area over the next five years.

With the acquisition of BEWATEC Kommunikationstechnik GmbH in November 2020, Phoenix Mecano secured access to digital hospital infrastructure and expanded its expertise in software development. In conjunction with DewertOkin's sensor technology, BEWATEC's ConnectedCare communication software will open up new possibilities for digitalising processes throughout the patient journey.

■ Incoming orders Group and Divisions
in EUR million



In view of the planned partial listing of DewertOkin in Shanghai, a new divisional structure was put in place for regulatory reasons and the Group sold its national subsidiary in Turkey to the local management.

For the same reasons, it reduced its shareholding in its Australian subsidiary to a minority stake of 30%. Both companies will continue to sell Phoenix Mecano products.

After a pandemic-induced slump in the second quarter, demand for ELCOM/EMS division products made a tentative recovery. Projects in the Electronic Packaging business area were postponed, while orders for electrotechnical components picked up again in the second half of the year. The division successfully merged its production facilities in southern China at a new state-of-the-art plant in Lechang, paving the way for efficiency gains.

SALES AND PROFITABILITY

Sharp rise in incoming orders in H2 2020

Thanks to a strong upturn in the second half of the year after a weak second quarter due to the COVID-19 crisis, consolidated incoming orders for the Phoenix Mecano Group rose by 10.8% in 2020, from EUR 691.6 million to EUR 766.0 million. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 111.4%, compared with 101.7% the previous year, suggesting that the improvement in business performance will continue in 2021. This positive trend was driven by the DewertOkin product area in the Mechanical Components division.

Sales hold up despite COVID-19

The Phoenix Mecano Group's consolidated gross sales increased by 1.1%, from EUR 680.0 million to EUR 687.4 million. In organic, local-currency terms, they were up by 0.6%.

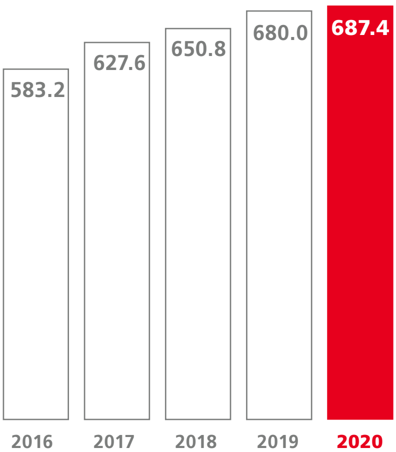
In Europe, the Group saw sales decline by 6.8% in a challenging market environment (6.7% in organic, local-currency terms). Here, sales in the key markets were down to varying degrees, although there were positive developments in some smaller European markets (Belgium, Denmark, Spain and some Eastern European countries). By contrast, Asian markets recorded a 22.7% increase in sales thanks to strong demand in the DewertOkin product area in the second half of the year. Organic, local-currency sales were up by 22.2%. While sales in South America rose by 22.0% despite negative exchange rate effects, in North America sales fell by 21.8%. Performance in all regions was affected by COVID-19 restrictions.

In the Enclosures division, sales declined by 8.3%. Adjusted for acquisitions and measured in local currencies, sales were down by 9.4%. By the end of the year, however, incoming orders were showing signs of recovery. This was reflected in a book-to-bill ratio of 106.3%.

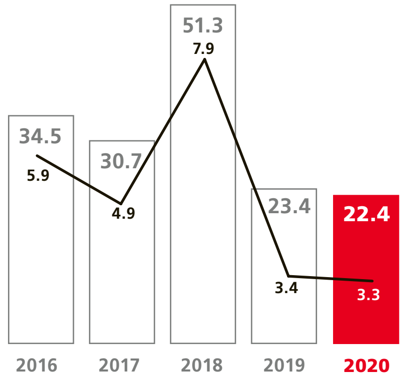
The Mechanical Components division grew its sales by 10.7% (10.2% in organic, local-currency terms). The DewertOkin product area suffered a COVID-19-related drop in sales in the first half of the year, but more than made up for this in the second half. This was thanks in part to the full integration of Haining MyHome Mechanism Co., Ltd., which broadened its product portfolio of drives and fittings. Thanks to two smaller bolt-on acquisitions, RK Rose+Krieger acquired additional expertise in control technology as well as access to new customers in the semiconductor manufacturing sector.

The ELCOM/EMS division was hit by falling demand in most product areas and suffered a drop in sales of 11.8% (11.4% in organic, local-currency terms).

Gross sales
in EUR million



Operating result and margin
in EUR million
— in %



Gross sales by region
in 1 000 EUR

	Change in %	**2020**	2019
Switzerland	– 5.3	23 270	24 570
Germany	– 7.9	195 096	211 874
UK	– 18.7	12 166	14 972
France	– 10.6	15 753	17 621
Italy	– 14.5	10 189	11 920
The Netherlands	– 7.3	14 000	15 103
Rest of Europe	– 0.4	82 620	82 960
North and South America	– 17.6	71 367	86 617
Middle and Far East	22.7	262 981	214 356
Gross sales	**1.1**	**687 442**	**679 993**

Stable operating cash flow, slightly lower operating result

The operating cash flow decreased slightly by 1.3% to EUR 48.2 million, compared with EUR 48.8 million the previous year. The operating result fell by 3.9% from EUR 23.4 million to EUR 22.4 million. This includes one-off expenses of EUR 8.0 million net. In the Mechanical Components and ELCOM/EMS divisions, there were subsequent one-off expenses from the 2019 performance enhancement programme, which was expanded in 2020. The Group also realised book gains on property sales. Net one-off expenses totalled EUR 4.1 million. In the DewertOkin product area, the introduction of an employee participation plan and preparations for the planned partial listing in Shanghai led to one-off expenses of EUR 3.9 million. Adjusted for these one-off items in 2020 as well as one-off expenses of EUR 16.2 million in the previous year, the operating result was down by 23.1% from EUR 39.5 million to EUR 30.4 million and the operating cash flow by 13.5% from EUR 62.1 million to EUR 53.7 million.

The operating result of the Enclosures division fell by 11.5% to EUR 17.3 million, mainly due to the decline in sales. However, profitability remained steady at 24.1%.

The Mechanical Components division achieved an operating profit of EUR 13.1 million (up 14.3%). Profitability increased slightly by 0.3 percentage points. Excluding the aforementioned one-off expenses, the result was an operating profit of EUR 18.9 million (down 11.1%).

The ELCOM/EMS division recorded an operating loss of EUR 6.4 million, compared with a loss of EUR 4.7 million the previous year. Adjusted for the aforementioned one-off items, the operating loss amounted to EUR 3.0 million (following an adjusted operating profit of EUR 1.5 million the previous year).

Owing to variations in the sales performance of the individual product areas as well as rising raw material prices and freight costs over the reporting year, the Phoenix Mecano Group’s material use rate as a percentage of gross sales rose to 52.6% (compared with 49.8% the previous year).

Personnel expenses were down by 3.4%, making them disproportionately low compared with the change in sales. On the one hand, this figure includes one-off expenses from the introduction of an employee participation plan and for staffing measures linked to the performance enhancement programme. On the other hand, measures relating to COVID-19, such as short-time work and temporary workforce reductions, led to a noticeable cost saving. Average staff numbers over the year increased from 7 157 to 7 426. Most of the additional jobs were created in the Far East.

Amortisation of intangible assets and depreciation on tangible assets rose very slightly from EUR 25.5 million to EUR 25.8 million, with a slight increase in capital expenditure.

Considerably lower selling and advertising expenditure led to a 3.0% reduction in other operating expenses, despite higher losses and value adjustments on inventories.

Result of the period affected by one-off items

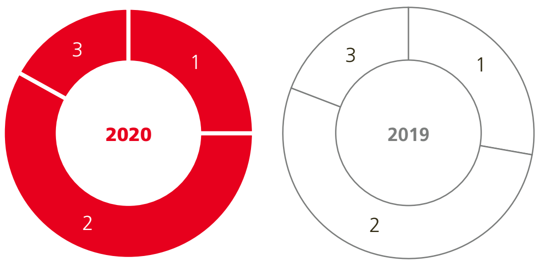
The financial result declined from EUR –2.5 million to EUR –5.8 million. As well as an increase in net interest expense, the reason for this deterioration was the EUR 2.1 million rise in net exchange rate losses compared with the previous year (including losses from derivative financial instruments). In addition, there was a loss of EUR 1.6 million from the sale of investments.

The income tax charge in 2020 increased to 46.4% of the result before tax (previous year 33.4%). This includes special items linked to the preparatory measures for the planned partial listing of the DewertOkin product area in China.

Due to the decline in financial result and the higher tax rate, the result of the period fell by 36.2% from EUR 13.9 million to EUR 8.9 million, and the net margin from 2.0% to 1.3%.

Gross sales by division

in %



1 Enclosures: **25.2** | 27.9
2 Mechanical Components: **58.1** | 53.0
3 ELCOM/EMS: **16.7** | 19.1

Operating result by division

in 1 000 EUR

	Change in %	2020	2019
Enclosures	– 11.5	17 290	19 541
Mechanical Components	14.3	13 123	11 480
ELCOM/EMS	– 35.3	– 6 356	– 4 697
Total for all divisions	**– 8.6**	**24 057**	**26 324**
Reconciliation *	45.3	– 1 627	– 2 974
Group	**– 3.9**	**22 430**	**23 350**

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

Profitability by division *

in %

	Change in % points	2020	2019
Enclosures	0.0	24.1	24.1
Mechanical Components	0.3	9.3	9.0
ELCOM/EMS	– 2.5	– 7.6	– 5.1
Group	**– 0.2**	**7.6**	**7.8**

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

ASSET AND CAPITAL STRUCTURE

Capital expenditure slightly up

Purchases of tangible assets totalled EUR 25.7 million (previous year EUR 23.3 million) and purchases of intangible assets EUR 2.1 million (previous year EUR 2.8 million). The largest single investment was the construction of a new industrial complex in Lechang, China, for which work began in 2020. The new plant is scheduled to come on stream in 2022.

Equity ratio of 35.3%

The offsetting of goodwill against equity in the context of acquisitions under Swiss GAAP FER – in the reporting year through the acquisition of BEWATEC Kommunikationstechnik GmbH and in the previous year through that of Haining MyHome Mechanism Co., Ltd. – leads to lower equity ratios. As a result, the ratio stood at 35.3%, temporarily below the target minimum equity ratio of 40%.

Acquisition-related increase in net indebtedness

Net indebtedness at the end of 2020 was EUR 115.4 million (previous year EUR 88.1 million). The main reason for the increase was the acquisition of BEWATEC Kommunikationstechnik GmbH, which entailed an outflow of funds of EUR 21.2 million. As a percentage of equity, net indebtedness was 60.0% (previous year 40.5%).

OUTLOOK

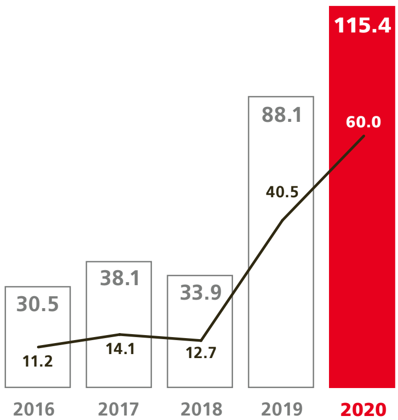
Demand in key core markets of the Group recovered further in the fourth quarter of 2020, taking it above the previous year's level overall. At the start of the 2021, purchasing managers' indices for the industrial sector in Europe and Asia pointed to an upturn. However, the COVID-19 pandemic continues to pose a risk.

Phoenix Mecano changed its structure with effect from 1 January 2021. This reflects the Group's evolution from a traditional component manufacturer to a provider of system solutions and highlights its increasing independence from cyclical capital goods sectors. The DewertOkin product area has become the DewertOkin Technology Group (DOT Group), which will also help with preparations for the stock market flotation in Shanghai. Product areas from the old ELCOM/EMS division together with Rose+Krieger make up the new Industrial Components division, while the Enclosures division has merely changed its name to Enclosure Systems.

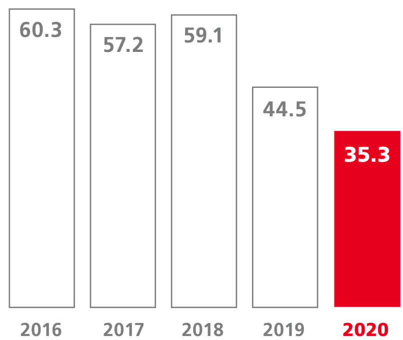
The sustained dynamic growth in consumer durables means that Phoenix Mecano is becoming increasingly independent of capital goods cycles. Moreover, growth in some of the Group's key sales markets is driven by long-term megatrends. These are continuing despite the current crisis, with some even accelerated by the pandemic. Its new divisional structure will allow Phoenix Mecano to identify these opportunities even more effectively and make targeted investments in growth areas.

Phoenix Mecano is well positioned to benefit from a recovery in the real economy as the COVID-19 pandemic subsides. Irrespective of short-term economic influences, we will continue to follow our plan for the future and set ourselves common strategic and operational goals. We aim to generate organic growth and at the same time increase our profitability on a sustainable basis, and with the DewertOkin Technology Group, we are making progress towards a listing on the STAR Market.

Net debt and gearing
in EUR million
— in % of equity



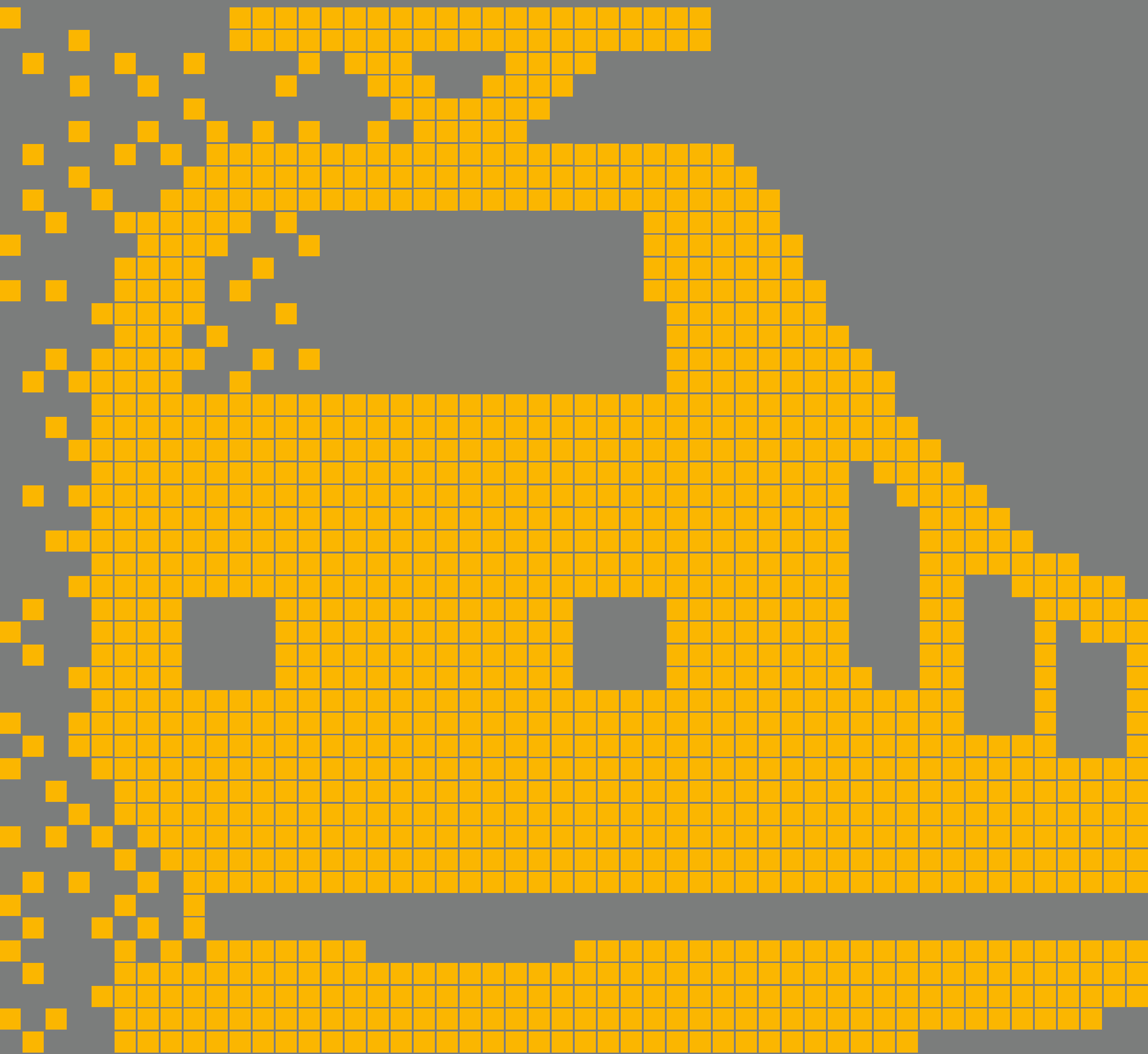
Equity ratio
in %



Purchases of tangible and intangible assets

	2020	2020	2019	2019
	in 1 000 EUR	Share in %	in 1 000 EUR	Share in %
BY TYPE OF ASSET				
Intangible assets	2 130	7.7	2 816	10.8
Land and buildings	7 681	27.6	1 427	5.5
Machinery and equipment	10 205	36.8	11 725	44.9
Tools	1 915	6.9	2 574	9.7
Construction in progress	5 830	21.0	7 600	29.1
Total	**27 761**	**100.0**	**26 142**	**100.0**
BY DIVISION				
Enclosures	5 003	18.0	8 125	31.1
Mechanical Components	14 640	52.8	8 032	30.7
ELCOM/EMS	6 980	25.1	9 371	35.8
Total for all divisions (segments)	**26 623**	**95.9**	**25 528**	**97.6**
Reconciliation *	1 138	4.1	614	2.4
Total	**27 761**	**100.0**	**26 142**	**100.0**

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



Business performance Enclosures

The Enclosures division responded to the economic challenges of the COVID-19 pandemic with short-term cost-cutting measures. However, these could not fully offset the loss of earnings. The high book-to-bill ratio at the end of 2020 suggests an improvement in business performance in 2021.

OPERATING RESULT IN EUR MILLION

17.3

MARGIN IN %

10.0

INVESTMENTS IN EUR MILLION

5.0

ORDERS, SALES AND PROFITABILITY

Orders

The division's incoming orders in the spring and summer were down 1.3% on the previous year at EUR 184.4 million (down 2.4% in organic, local-currency terms). Thanks to an increase in incoming orders in the fourth quarter, the book-to-bill ratio (incoming orders as a percentage of gross sales) at the end of the year was 106.3% (previous year 98.7%).

Sales

The division recorded an 8.3% decline in gross sales to EUR 173.5 million. Organic, local-currency sales were down by 9.4%. In Europe, sales fell by 5.0%, with the uncertainty caused by Brexit leading to an above-average drop of 22.3% in the UK.

Sales in Spain and Portugal grew strongly, up by 15.4%. Sales in North and South America fell by 19.1%, partly due to exchange rate effects. In the Middle and Far East, sales were down by 20.1%, mainly due to lower sales in the energy sector.

Gross sales of industrial enclosures (including control panels and equipment carriers) contracted by 8.3% worldwide. Most of the division's key market segments saw declines in sales. There was an increase in projects for Internet of Things applications and – as a result of COVID-19 safety regulations – in the area of access controls and hygiene measures. In addition, a new e-mobility business area was established, with corresponding custom enclosure solutions.

Gross sales of input systems decreased by 8.4%. Declines in traditional industrial markets contrasted with sales increases in the important market segment of medical technology.

Result

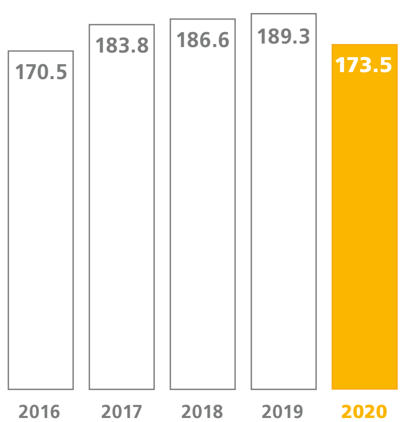
Against the backdrop of the decline in sales, the operating result fell by 11.5% to EUR 17.3 million. A slightly higher gross profit margin as well as reduced staff costs and other operating expenses were unable to offset the decline in the division's operating performance. However, at 10.0%, the operating margin was only slightly below the previous year (10.3%).

ASSET AND CAPITAL STRUCTURE

Purchases of tangible and intangible assets totalled EUR 5.0 million, significantly down on the previous year. Investment in machinery and equipment in Europe was particularly restrained. In India, the acquisition of a plot of land paved the way for further growth opportunities.

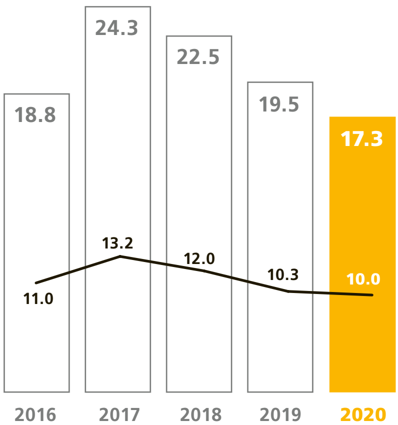
Lower capital expenditure and measures to reduce current assets led to an 11.6% decrease in net assets. For this reason, the return on capital employed (ROCE) remained unchanged at 24.1%, despite the lower operating result.

■ **Gross sales**
in EUR million



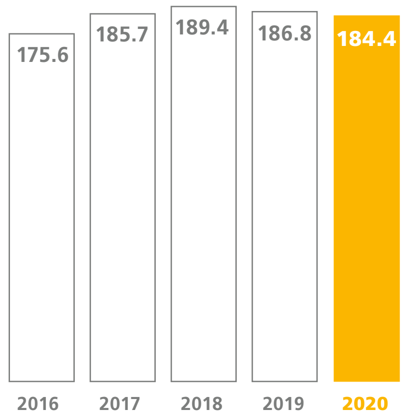
Operating result and margin

in EUR million
— in %



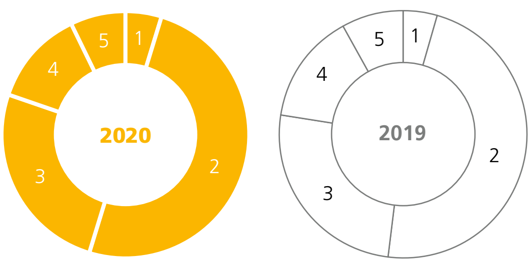
Incoming orders

in EUR million



Gross sales by region

in %



1 Switzerland: **4.8** | 4.5
2 Germany: **50.0** | 47.6
3 Europe (excl. GER and CH): **25.5** | 25.5
4 Middle and Far East: **12.6** | 14.4
5 North and South America: **7.1** | 8.0

Purchases of tangible and intangible assets

	2020	**2020**	2019	2019
	in 1 000 EUR	Share in %	in 1 000 EUR	Share in %
Intangible assets	348	7.0	636	7.8
Land and buildings	2 128	42.5	785	9.7
Machinery and equipment	1 964	39.3	5 354	65.9
Tools	253	5.0	422	5.2
Construction in progress	310	6.2	928	11.4
Total	**5 003**	**100.0**	**8 125**	**100.0**

Business performance Mechanical Components

The highly volatile sales performance in the context of COVID-19 as well as one-off items of around EUR 6 million impacted the operating result. The acquisition of the BEWATEC group has expanded the product portfolio for medical applications (digital hospital infrastructure).

OPERATING RESULT IN EUR MILLION

13.1

MARGIN IN %

3.3

INVESTMENTS IN EUR MILLION

14.6

ORDERS, SALES AND PROFITABILITY

Orders

Incoming orders were up 25.3% on the previous year at EUR 468.1 million (up 25.4% in organic, local-currency terms). The book-to-bill ratio (incoming orders as a percentage of gross sales) was 117.3% (previous year 103.6%). After a slump in orders in the second quarter, incoming orders hit a record high in the second half of the year.

Sales

Gross sales rose by 10.7% to EUR 399.2 million. In organic, local-currency terms, they were up by 10.2%. Amid difficult industrial market conditions, sales in Europe declined by 3.8%. In North and South America, sales fell by 15.3%. By contrast, the Middle and Far East saw sales growth of 30.4%, thanks in part to a surge in demand for electrically adjustable office and comfort furniture in the second half of the year as well as the full integration of Haining MyHome Mechanism Co., Ltd. The latter enabled Phoenix Mecano to gain market share by offering drives and fittings in combination.

The industrial components business suffered worldwide from the effects of the COVID-19 pandemic. In the spring in particular, customer visits and start-ups were delayed due to travel restrictions. The order situation increasingly eased in the second half of the year. In Switzerland, trade in customised profile assembly solutions (including for lean management) developed well, but gross sales of industrial assembly systems fell by 12.0% worldwide.

Business performance in drive and fittings technology for the important furniture market experienced huge fluctuations. A sharp drop in sales in the first half of the year, caused by lockdowns and consumer uncertainty, was more than made up for in the second half thanks to record sales in Asia. In the medical technology market segment, sales increased on the back of a surge in demand for hospital beds and the first sales of the BEWATEC group, which was acquired on 2 November 2020. Compared with the previous year, the linear adjustment and positioning systems product group (including fittings systems) achieved overall sales growth of 14.3%.

Result

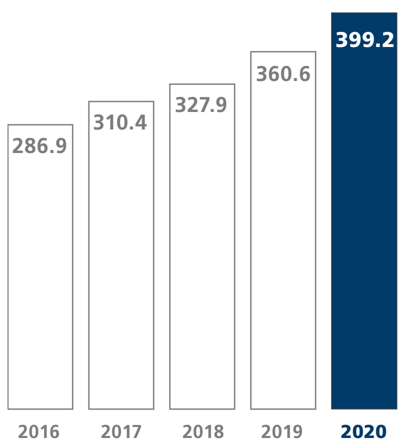
The Mechanical Components division made an operating profit of EUR 13.1 million (up 14.3%). This result was impacted by one-off expenses of EUR 2.0 million from the performance enhancement programme, which was expanded in 2020, as well as EUR 3.8 million from preparations for the partial listing of the DewertOkin Technology Group. Excluding these one-off expenses, the division's operating result fell by 11.1% to EUR 18.9 million. Despite rapid measures to adjust capacity, volatile business development in the furniture segment and the double-digit decline in sales in the industrial components business led to this decline in earnings.

ASSET AND CAPITAL STRUCTURE

Capital expenditure increased from EUR 8.0 million to EUR 14.6 million. This included the purchase of a plot of land and the initial construction costs for the industrial complex in Jiaxing, China.

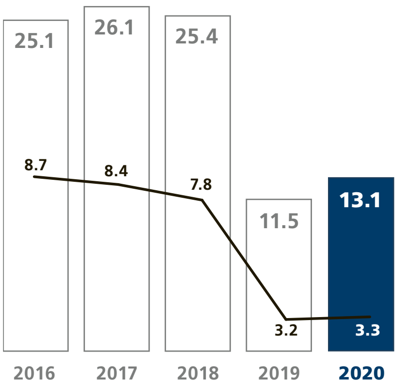
Net operating assets rose by 10.7% to EUR 141.6 million due to the higher capital expenditure and the sales-related increase in net current assets. Thanks to the increase in operating result, the return on capital employed (ROCE) climbed slightly from 9.0% to 9.3%.

■ **Gross sales**
in EUR million



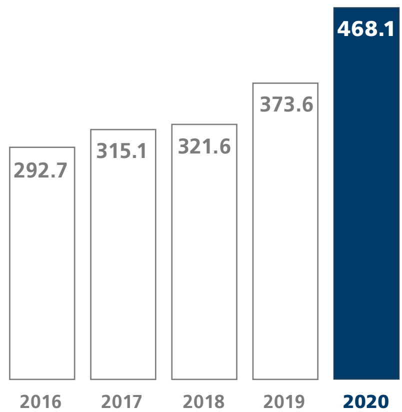
Operating result and margin

in EUR million
— in %



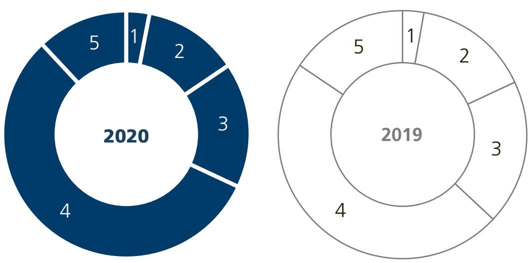
Incoming orders

in EUR million



Gross sales by region

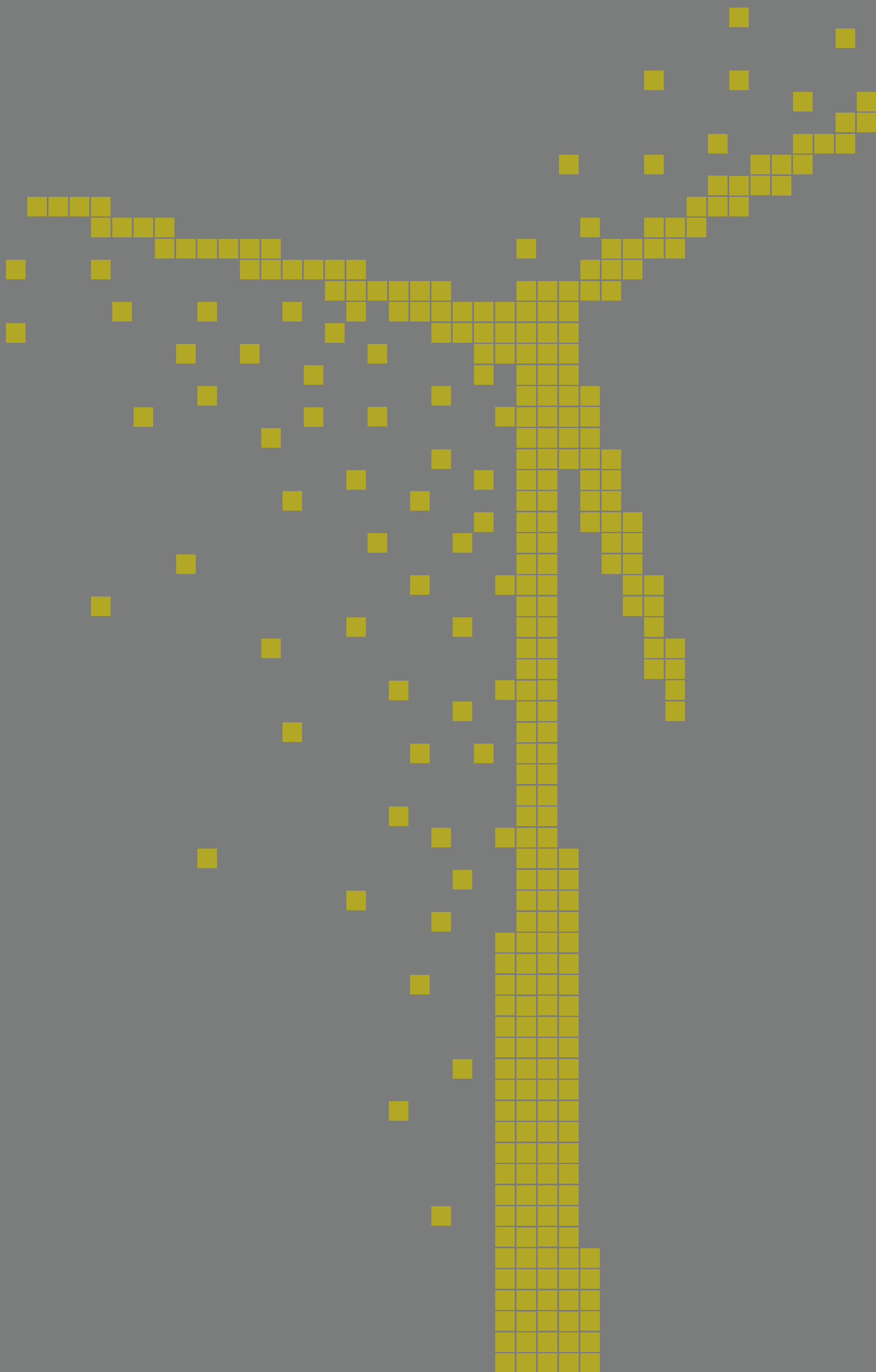
in %



1 Switzerland: **3.2** | 3.0
2 Germany: **12.5** | 15.2
3 Europe (excl. GER and CH): **16.5** | 18.9
4 Middle and Far East: **56.1** | 47.6
5 North and South America: **11.7** | 15.3

Purchases of tangible and intangible assets

	2020	**2020**	2019	2019
	in 1 000 EUR	Share in %	in 1 000 EUR	Share in %
Intangible assets	715	4.9	1 656	20.6
Land and buildings	5 431	37.1	336	4.2
Machinery and equipment	4 747	32.4	3 934	49.0
Tools	1 443	9.9	1 216	15.1
Construction in progress	2 304	15.7	890	11.1
Total	**14 640**	**100.0**	**8 032**	**100.0**



Business performance ELCOM/EMS

Business performance was affected by project delays, especially in the Electronic Manufacturing and Packaging business area, as well as restructuring measures. The programme of measures launched in 2019 was expanded and concluded in 2020, laying the foundations for an improvement in earnings performance.

OPERATING RESULT IN EUR MILLION

–6.4

MARGIN IN %

–5.5

INVESTMENTS IN EUR MILLION

7.0

ORDERS, SALES AND PROFITABILITY

Orders

Incoming orders were down 13.5% on the previous year at EUR 113.5 million (down 13.1% in organic, local-currency terms). This was mainly due to project delays in the Electronic Manufacturing and Packaging business area. Incoming orders in the Electromechanical Components business area rose slightly compared with the previous year. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 98.9% (previous year 100.9%).

Sales

Gross sales fell by 11.8% to EUR 114.8 million. In organic, local-currency terms, they were down by 11.4%. In a difficult industrial environment, sales fell by 13.6% across the board in Europe and by 23.9% in North and South America. By contrast, there was an increase of 12.8% in the Middle and Far East, mainly thanks to the fulfilment of larger orders for instrument transformers.

In the Electromechanical Components business area, sales fell by 8.7% to EUR 48.4 million. Deferred investments in equipment and the realignment of the automotive industry towards e-mobility resulted in lower demand. The portfolio of testing technology products was adapted to the new requirements of e-mobility and further expanded in line with the trend towards miniaturisation.

The Power Quality business area, which includes instrument transformer products and transformers, was hit by weak demand in Europe. The structures of this business area were adjusted accordingly and the package of measures launched in 2019 was expanded. Despite the increase in sales in Asia, gross sales fell by 2.4% overall to EUR 23.2 million.

The Electronic Manufacturing and Packaging business area saw sales decline by 19.1% to EUR 43.1 million. This was mainly due to the completion of large orders and the postponement of new projects.

Result

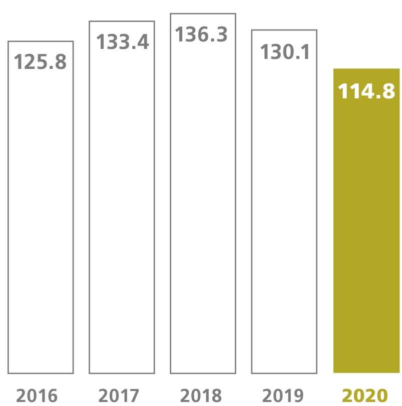
In the ELCOM/EMS division, additional one-off expenses of EUR 3.4 million were incurred from the expanded package of performance enhancement measures. Including one-off items, the division made an operating loss of EUR 6.4 million, compared with a loss of EUR 4.7 million the previous year. Adjusted for these one-off expenses, the division recorded an operating loss of EUR 3.0 million, following an operating profit of EUR 1.5 million the previous year. The site concentration in North Africa and southern China led to increased ongoing expenses in the transition phase.

ASSET AND CAPITAL STRUCTURE

Purchases of tangible assets in 2019 and 2020 were dominated by a new factory in Lechang, China.

Net operating assets fell by 9.7% to EUR 83.6 million, owing in part to the sale of two business premises that were no longer required. Due to the lower net operating assets, the return on capital employed (ROCE) improved slightly, although it remained negative.

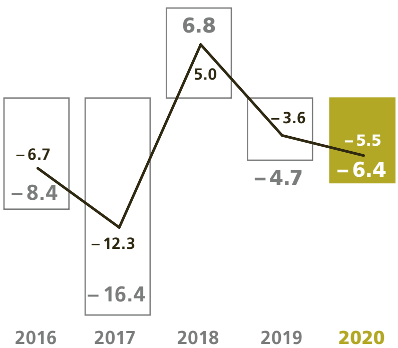
■ **Gross sales**
in EUR million



Operating result and margin

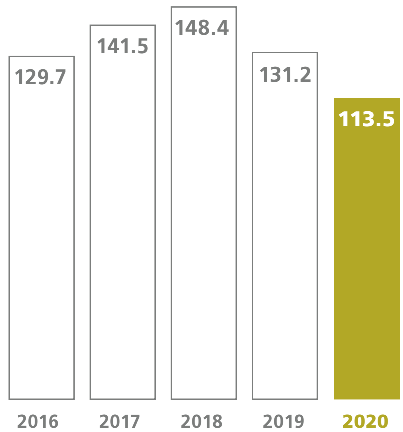
in EUR million

— in %



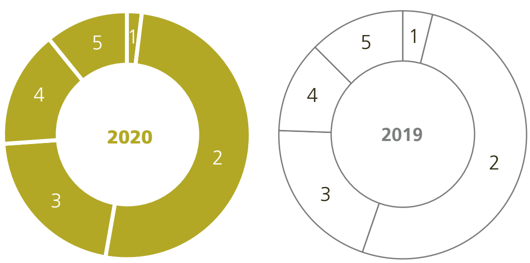
Incoming orders

in EUR million



Gross sales by region

in %



1 Switzerland: **2.1** | 4.0
2 Germany: **50.9** | 51.4
3 Europe (excl. GER and CH): **21.0** | 20.2
4 Middle and Far East: **15.2** | 11.9
5 North and South America: **10.8** | 12.5

Purchases of tangible and intangible assets

	2020	**2020**	2019	2019
	in 1000 EUR	Share in %	in 1000 EUR	Share in %
Intangible assets	400	5.7	487	5.2
Land and buildings	121	1.7	305	3.2
Machinery and equipment	3024	43.4	1847	19.7
Tools	219	3.1	936	10.0
Construction in progress	3216	46.1	5796	61.9
Total	**6980**	**100.0**	**9371**	**100.0**

Share information

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

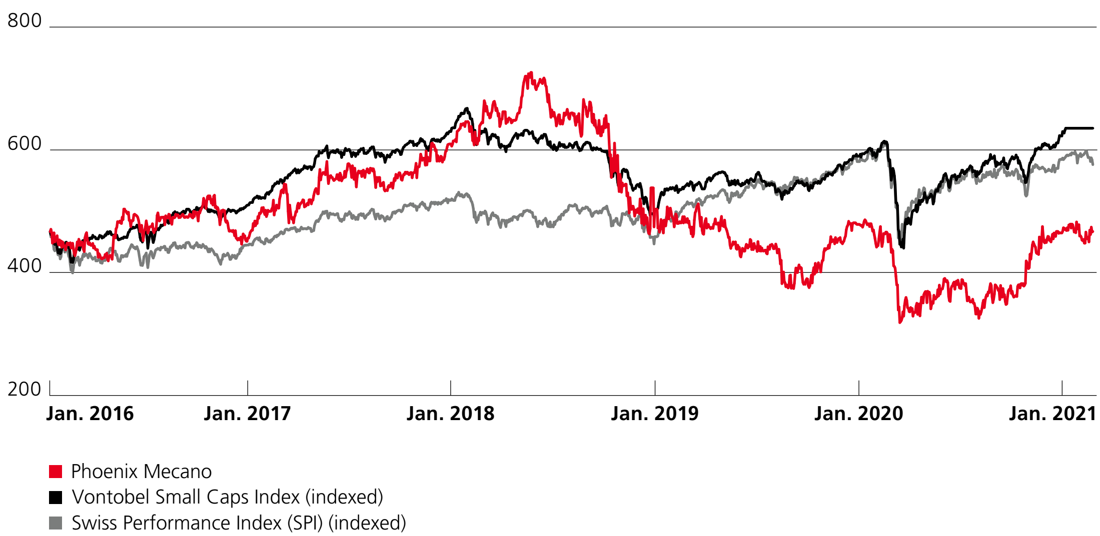
Opting-out and opting-up

The company has not made any use of the possibility provided for in the 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.

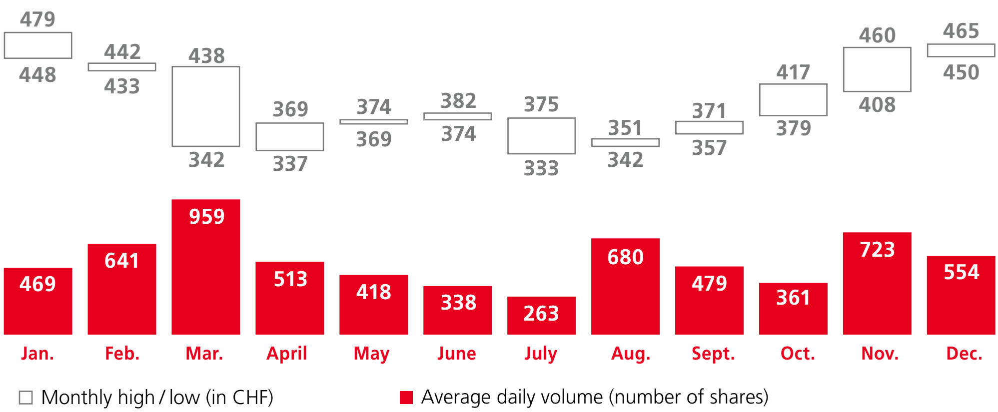
Payout and dividend policy

The target payout ratio for dividend payments is 40% to 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 21 May 2021 a dividend of CHF 8.00 per share. This corresponds to a payout ratio of 81%.

Share price 1 January 2016 – 28 February 2021
in CHF

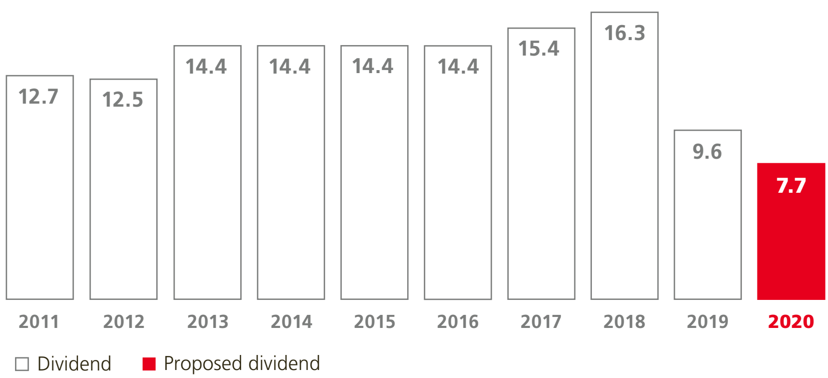


Monthly highs and lows and average daily volume 2020



Dividend payout

in CHF million



Dividend payout and return of capital to shareholders

in CHF million	2006–2014	2015	2016	2017	2018	2019	**2020**	Total
Proposed dividend	101.9	14.4	14.4	15.4	16.3	9.6	7.7	179.7
Share buy-back	51.0	–	–	–	–	–	–	51.0
Total	**152.9**	**14.4**	**14.4**	**15.4**	**16.3**	**9.6**	**7.7**	**230.7**

Dialogue with the capital market

To help nurture the ongoing relationship with shareholders and investors, various roadshows and analyst presentations were held in Zurich during the reporting year. A number of one-on-one meetings also took place at the company's headquarters.

Analyst coverage and recommendation

The ongoing development of our company and the performance of the Phoenix Mecano share are regularly covered by various analysts.
The share is covered by the following analysts:

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

Listing	SIX Swiss Exchange/Zurich
Securities No.	Inh. 218781
ISIN	CH0002187810
Reuters	PM.S
Bloomberg	PM SE Equity
Telekurs/Telerate	PM
Legal Entity Identifier (LEI)	529900SWF06EKVI1JY11.

Share indicators at a glance

	Unit	**2020**	2019	2018	2017	2016
Share capital (bearer shares with a par value of CHF 1.00)	CHF	960 500	960 500	960 500	960 500	960 500
Treasury shares	Number	491	1 000	1 000	1 000	1 420
Shares entitled to dividend	Number	960 009	959 500	959 500	959 500	959 080
Operating result per share [1]	EUR	23.4	24.3	53.5	32.0	35.9
Result of the period per share [1]	EUR	9.3	14.5	37.6	22.9	24.0
Equity per share [1]	EUR	200.4	226.5	279.3	281.1	284.4
Free cash flow per share [1]	EUR	10.8	18.7	13.5	11.9	30.9
Dividend	CHF	8.00 [4]	10.00	17.00	16.00	15.00
Share price						
High	CHF	494.50	519	728	614	528
Low	CHF	312	374	456	475	406
Year-end price	CHF	464.50	478.50	503	614	469
Market capitalisation	CHF million	446.2	459.6	483.1	589.7	450.5
Dividend yield [2]	%	1.7 [4]	2.1	3.4	2.4	3.2
Total shareholder return	%	–0.8	–1.5	–15.5	34.1	3.6
Payout ratio [3]	%	81 [4]	62	39	63	57
Price/profit ratio 31 December		46.9	29.7	11.6	24.2	17.9

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 21 May 2021.

Corporate responsibility

A sustainable growth strategy

In our activities, we take account of environmental and social aspects, as well as economic factors, and act responsibly towards our employees, the environment and society. We pursue a strategy of sustainable growth geared towards long-term success for the company and its stakeholders. In addition, we give shareholders, employees and all other interested parties a comprehensive insight into the company and build trust through transparent and open communication.

Creation of value added

in 1 000 EUR	Note	2020	2019
1 Net sales		682 126	674 004
2 Own work capitalised and other income		13 967	9 141
3 Cost of materials		−361 685	−338 378
4 Other operating expenses	A	−78 212	−80 599
5 Depreciation/amortisation		−25 784	−25 485
6 Other non-operating result	B	−3 634	−837
Value added		**226 778**	**237 846**

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

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

Distribution of value added

in %	Note.	2020	2019
1 Employees	C	90.8	89.6
2 Government (taxes)	D	4.3	3.8
3 Shareholders	E	4.0	6.2
4 Lenders (net interest expense)		1.0	0.7
5 Companies (retained earnings)	F	−0.1	−0.3
Value added		**100.0**	**100.0**

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.

LONG-TERM SUPPLIER RELATIONSHIPS

We place a high value on long-term relationships, which is why nurturing our supply chain is an important consideration for us, alongside price. We think of our suppliers as partners, and carefully build and cultivate our relationships with them. Just as with sales, our approach to sourcing combines the global with the local. We standardise processes and take care to avoid becoming dependent on individual suppliers.

As a result, we have built up an international network and a broad supplier base, and make purchases in European countries as well as in Asia. Our decentralised operational structures (Phoenix Mecano has no central procurement function) enable regional collaborations and joint R&D projects. The positive, open and collaborative interaction that we have with our suppliers concerning developments and prices fosters a relationship of trust, which is why we enjoy such a good reputation among our supplier base.

That said, there is always room for improvement. We will therefore be stepping up cooperation between purchasing departments in a project called Phoenix Mecano Sourcing Collaboration. This will focus on digitalising purchasing processes to create internal transparency on product groups, volumes, data quality and quality control. Shared supplier management methods will improve the evaluation and selection of suppliers and their integration into our processes, and a system of joint lead buyers will be established for product groups used by multiple subsidiaries. This will also help to enhance sustainability, for example if a lead buyer identifies and introduces a more environmentally friendly packaging material for the group.

We are focusing on further improving cooperation in the procurement process, thereby increasing transparency, reducing complexity and enabling Group-wide access to technology and know-how. We will also be improving delivery stability, reducing costs, prices and capital formation, cutting delivery times and increasing our market power – and ultimately customer satisfaction.

CUSTOMER RELATIONS BASED ON PARTNERSHIP

A 2020 study by Phoenix Mecano North America examined the intangible value of business relationships in our organisation and the assessment of key value drivers by 263 customers in the United States. It found that the decisive factors in the development of mutual trust are time and the experience of supplier-customer interaction.

Our customer relationships are based on precisely this trust and we do not want to lose it, which is why we don’t make promises that we cannot keep. For in many cases these ties have grown up over years. At the same time, we work hard to engage with new generations of developers, with whom we cannot rely on our reputation and image.

There is no such thing as “the customer”: there is an incredible array of customers, each with their own needs. To help meet their requirements and realise their ideas and plans, we offer on-site technical advice and solution expertise, bringing on board external partners for matters beyond our competence. We favour direct, personal contact and standardise processes only insofar as necessary. That is because we want to be able to act and react flexibly.

We grow with our customers. We see their innovation as a challenge for us and we support them on the path to new solutions. This process often starts with product design. In this way, both we and they are continually developing.

What we do, we do well, and we don’t promise anything that we cannot deliver. We do, however, pull out all the stops to meet our customers’ demands.

Digitalisation is also central when it comes to working with customers. Online presence has to be geared towards personal interaction and consultation. E-commerce is on the rise. Virtual company visits and virtual trade fairs are gaining ground.

If a problem arises, we communicate openly, honestly and in a spirit of partnership. Our customer relationships are based on trust, and that's how we want it to stay.

EMPLOYEES

In 2020, 7426 employees from a diverse range of cultural backgrounds made a vital contribution to the success and ongoing development of our Group. Phoenix Mecano offers these employees an inspiring and rewarding work environment. We foster initiative and personal responsibility by involving employees at all levels in problem-solving processes and process optimisation. This strengthens their identification with the whole Phoenix Mecano Group while also boosting their motivation. By creating new, high-quality jobs and promoting knowledge transfer, the company contributes to ongoing economic development in a wide variety of countries.

The Phoenix Mecano Group operates as a responsible employer, always acting in accordance with ethical values and principles. Equal opportunities, equal treatment of employees and respect for health and safety are firmly enshrined in the Group's Code of Conduct and embedded in all its divisions and subsidiaries. Cultural characteristics and differences between sites and subsidiaries are naturally respected and used as an opportunity to learn from one another.

As a globally active, listed company, it goes without saying that Phoenix Mecano must comply with international legislation, regulations and guidelines. Failure to do so could harm the company's reputation and undermine the trust of stakeholders, thereby jeopardising the company's value and the long-term job security of our employees. For this reason, the Group's Board of Directors and management introduced a Code of Conduct in 2009, whose principles they apply themselves as role models for the rest of the Group. Employees must comply with applicable laws and guidelines and the Code of Conduct in their day-to-day work.

Phoenix Mecano expects all employees to comply with applicable laws and guidelines in their day-to-day work. The following internal regulations, among others, must also be observed:

Do's:

- Compliance with anti-trust laws and competition and fair trading legislation
- Transparent and legally-compliant accounting and financial reporting
- Treating Phoenix Mecano Group property with respect

Don'ts:
- Insider trading, and disseminating or exploiting insider information
- Fraudulent activities
- Unauthorised transfer of confidential data and documents
- Bribery, corruption and donations to political parties
- Accepting unreasonable financial benefits
- Actions giving rise to conflicts of interest

All employees can report violations to their superior or the next highest level of management and, if in doubt, directly to the Group's CEO. Major violations will be punished, and may even lead to dismissal, in addition to criminal prosecution and disciplinary measures.

Training and development

Our employee training and development programmes continued in 2020, with the topics varying depending on the country and level of development. For example, at Phoenix Mecano Plastic s.r.l in Romania, the emphasis was on developing the personal skills

CEO MEETS GROUP'S YOUNGEST EMPLOYEES

Phoenix Mecano's decentralised structure means that it is the Group's CEO who travels to the subsidiaries and not the other way around. While there, as well as discussing topical issues with management, he also takes time to talk with the youngest employees.

These conversations, with between 8 and 30 junior staff depending on the location, are worth every minute. Of course, a lot of the questions that come up are specific to the individual concerned, but there is also plenty of scope for discussing a wide variety of more general topics. Young people in all countries are very interested in the Group's strategy, apprenticeships and career potential. They put forward ideas, suggest ways that things could be done better and how processes could be improved. J2OX and management culture are always important issues. The conversations show quite clearly that the Phoenix culture is being lived all around the world. Employees want to understand the bigger picture within the Group and are ready to play their part.

The upshot of these discussions is that, while the cultures may be very different, a young generation of developers, buyers, sales experts, production/ assembly specialists and future managers is hard at work in all parts of our world. These meetings with young employees will continue, whenever the opportunity arises.

and competencies of middle management. At internal workshops and with support from external experts, staff addressed issues such as leadership development, conflict management, teamwork and motivation. For the technical training, the focus was on CNC-controlled machines and technical drawing.

At Sistemas Phoenix Mecano España S.A., the training was geared towards boosting efficiency, competitiveness, digital sales and marketing, but also covered topics such as safety and security within the company, fire protection regulations and enhanced computer program skills.

Key figures at a glance

Annual average/Number unless otherwise indicated	Change 2020 to 2019 Number/1 000 EUR	2020	2019	2018	2017	2016
Employees	**269**	**7 426**	**7 157**	**7 316**	**6 759**	**6 252**
BY DIVISION						
Enclosures	– 66	2 020	2 086	2 129	1 989	1 906
Mechanical Components	497	3 146	2 649	2 388	2 238	2 017
ELCOM/EMS	– 159	2 219	2 378	2 754	2 490	2 290
Others	– 3	41	44	45	42	39
BY REGION						
Switzerland	1	142	141	139	129	128
Germany	– 18	1 596	1 614	1 645	1 661	1 663
Rest of Europe	– 87	1 394	1 481	1 576	1 595	1 540
North and South America	– 33	229	262	267	250	211
Middle and Far East	475	2 876	2 401	2 092	1 834	1 550
Africa	– 64	1 177	1 241	1 579	1 275	1 145
Australia	– 5	12	17	18	15	15
BY GENDER						
Men	– 97	4 268	4 365	4 131	3 709	
Women	366	3 158	2 792	3 185	3 050	
Personnel expenses per employee in 1 000 EUR	– 2.1	27.7	29.8	26.7	28.7	29.0
Gross sales per employee in 1 000 EUR	– 2.4	92.6	95.0	89.0	92.9	93.3

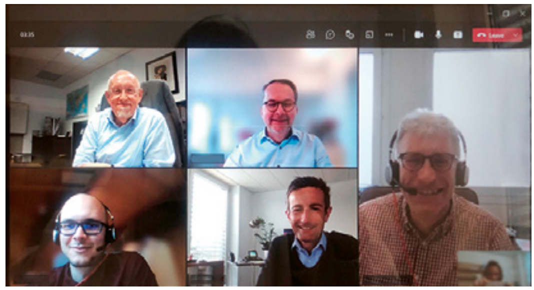
COVID-19

Meeting the challenge

With its global presence and production facilities in China, the Phoenix Mecano Group was confronted with the effects of COVID-19 at an early stage. Responding to the pandemic, developing safe-guarding plans and looking after our own employees suddenly became priority issues. Even in these highly specific circumstances, our international presence was to stand us in good stead, allowing us, for example, to place direct orders for face masks without delay. Production staff are working staggered shifts, many employees are working from home, and video conferences have taken the place of trips to subsidiaries.

Financially, our focus is on securing liquidity. We are optimising inventories, taking a strict approach to receivables management, and reviewing all capital expenditure proposals and activities, while continuing to invest in strategic projects.

For us, the crisis is also an opportunity. Being a reliable partner for our stakeholders will make all the difference. As a company with a customer-oriented business model, our main goal is to avoid disruptions in the value chain for our customers. And thanks to our excellent customer service and diverse supplier base, we are able to achieve this objective.



Phoenix Mecano, Mazaka, Turkey

MAKING PROTECTIVE EQUIPMENT FOR CARE STAFF

In spring, when there was a widespread shortage of protective equipment, Phoenix Mecano Mazaka in Turkey began producing face shields for employees in the healthcare sector. A total of 12 000 face shields were donated and more were dispensed to customers to help protect their production staff.

OKIN America Inc., USA

MANAGEMENT TEAM HELPS WITH PRODUCTION

After operations came to a temporary standstill in March, OKIN America Inc. was suddenly inundated with short-notice manufacturing orders in May. To offset the shortage of production staff, the management team and office staff were trained in the process of assembling and testing linear drives for the furniture industry.

SOCIETAL COMMITMENT

Social commitment is an integral part of sustainable and responsible business. We support numerous social projects all over the world, helping to foster development in the regions concerned.

■ **Phoenix Mecano Pvt. Ltd., India**

SUPPORTING THE LOCAL COMMUNITY

As in many other places, the COVID-19 pandemic led to the closure of schools in India. In the village on the outskirts of Pune where Phoenix Mecano India is based, schools moved to e-learning and online classes. However, they lacked the equipment they needed. To ensure that the children did not miss out on teaching, the company supplied computers for distance learning. It also donated tables, chairs and computers with cameras to a local school near the village of Bhare, so that the teachers could sit at a desk and teach the children virtually.

In addition, it gave old computers away to employees rather than disposing of them, so that their children could use them to link up with their school. Previously, many of these children had had to use their parents' mobile phones to take part in classes.

■ **ROSE Systemtechnik GmbH, Germany**

COOPERATION WITH SCHOOLS

For many years, ROSE Systemtechnik has had an active and flourishing partnership with a number of schools. With the Herder-Gymnasium secondary school in Minden, its projects include job application training, career exploration days, contributions to social science courses on topics such as listed companies, stays abroad (e.g. in the UK and France), practical lessons from company departments in the subject areas of chemistry, physics and mathematics, soldering courses (including certificate of attendance), and various IT projects (e.g. "hacking" the ROSE firewall).

ROSE Systemtechnik also partners with the Bielefeld University of Applied Sciences to offer practical degree courses in mechanical and electrical engineering and engineering management with a focus on electrical engineering. These courses alternate 13-week periods of practical work in the company with 12-week periods of theoretical study at the university. In addition, ROSE Systemtechnik takes part in the Entrepreneur Forum and Entrepreneur Exchange, two events that promote dialogue and interaction between the university and the participating companies. ROSE also attends the university's information day, where future students find out about the course options and models available as well as the partners with whom the university delivers practical courses.

■ **Phoenix Mecano, Shanghai**

LOVE UNDER THE BLUE SKY

Phoenix Mecano has been supporting the "Love Under the Blue Sky" project in Shanghai for seven years. The project is run by the Shanghai Charity Association, which has been helping families in need since 1995. Thanks to the combined forces of Phoenix Mecano and the many other sponsors, even large-scale initiatives can be rolled out. The Shanghai Charity Association has repeatedly been recognised as a Shanghai Model Institution.

ENVIRONMENT

Phoenix Mecano always complies with the standards laid down by relevant environmental legislation and has established the issue of environmental awareness as part of its corporate culture. Where possible, measures are adopted and extended to continuously minimise negative environmental impacts and to enhance environmental protection. As part of this process, where reasonable and feasible the Group has its quality and environmental management systems certified according to recognised standards such as ISO 9001 (since 2000) and ISO 14001 (since 2004), to ensure uniform Group-wide assessment of companies' environmental protection measures. To date, 23 companies have acquired ISO 9001 quality management certification and 8 are also ISO 14001-certified for environmental management.

ISO 9000 quality management principles

ISO 9001 builds on the principles and concepts set out in ISO 9000:
- Customer focus
- Leadership
- Engagement of people
- Process approach and system approach to management
- Continuous improvement
- Evidence-based decision making
- Mutually beneficial supplier relationships

Environmental management standard ISO 14001

The environmental management standard ISO 14001 follows a similar rationale and structure to ISO 9001 in many areas, so it makes sense to integrate the two systems. Both are based on the PDCA cycle:
- Plan: establish environmental objectives and corresponding measures, responsibilities and procedures
- Do: implement the established measures and procedures
- Check: monitor the responsibilities, procedures and measures against the organisation's environmental objectives and guidelines (environmental policy)
- Act: adjust the responsibilities, procedures and measures, and if necessary the environmental objectives and guidelines

Quality management certifications

Bopla Gehäuse Systeme GmbH	ISO 9001:2015	Germany
DewertOkin GmbH	ISO 9001:2015	Germany
PTR HARTMANN GmbH	ISO 9001:2015	Germany
Hartmann Electronic GmbH	ISO 9001:2015	Germany
Kundisch GmbH + Co. KG	ISO 9001:2015	Germany
Mecano Components (Shanghai) Co., Ltd.	ISO 9001:2015	China
Phoenix Mecano Digital Elektronik GmbH	ISO 9001:2015	Germany
Phoenix Mecano Inc.	ISO 9001:2015	USA
Phoenix Mecano (India) Pvt. Ltd.	ISO 9001:2015	India
Phoenix Mecano Kecskemét Kft.	ISO 9001:2015	Hungary
Phoenix Mecano Komponenten AG	ISO 9001:2015	Switzerland
Phoenix Mecano Ltd.	ISO 9001:2015	United Kingdom
Phoenix Mecano S.E. Asia Pte Ltd.	ISO 9001:2015	Singapore
RK Rose+Krieger GmbH	ISO 9001:2015	Germany
ROSE Systemtechnik GmbH	ISO 9001:2015	Germany; Saudi Arabia and Middle East
REDUR GmbH & Co. KG	ISO 9001:2015	Germany
Phoenix Mecano B.V.	ISO 9001:2015	The Netherlands
Orion Technologies LLC	AS 9100 (meets also ISO 9001:2015)	USA
Phoenix Mecano Srl	ISO 9001:2015	Italy
Phoenix Mecano NV	ISO 9001:2015	Belgium
Phoenix Mecano ELCOM S.à.r.l.	ISO 9001:2015	Tunisia
BEWATEC Kommunikationstechik GmbH	ISO 9001:2015	Germany
BEWATEC Technologies Co.,Ltd	ISO 9001:2015	China

Environmental management certifications

Bopla Gehäuse Systeme GmbH	ISO 14001:2015	Germany
DewertOkin GmbH	ISO 14001:2015	Germany
PTR HARTMANN GmbH	ISO 14001:2015	Germany
Phoenix Mecano Kecskemét Kft.	ISO 14001:2015	Hungary
Phoenix Mecano (India) Pvt. Ltd.	ISO 14001:2015	India
Kundisch GmbH + Co. KG	ISO 14001:2015	Germany
RK Rose+Krieger GmbH	ISO 14001:2015	Germany
Phoenix Mecano Digital Elektronik GmbH	ISO 14001:2015	Germany

■ **Various sites**

RESPONSIBLE TOWARDS THE ENVIRONMENT

Looking after our environment and making sustainable use of natural resources are important to us. That is why we strive to reduce our ecological footprint by avoiding or recycling waste and by reducing energy consumption.

For example, Phoenix Mecano Komponenten AG in Stein am Rhein has developed a system to completely recycle and properly dispose of the waste generated in production. All materials that can be recycled are sorted accordingly.

PTR HARTMANN also operates recycling programmes, covering not only the materials generated in its own production processes but also used and returned test probes from customers.



But it is not just about managing waste correctly and sustainably: we are also concerned with how environmental pollution and waste can be avoided in the first place. Phoenix Mecano Komponenten AG succeeded in cutting hazardous chemical waste by 17% compared with the previous year, and the company is currently collaborating on a project involving mushroom-based packaging that provides superb protection for products during transport but is then 100% biodegradable.

As for energy efficiency, PTR HARTMANN has replaced injection moulding machines at its Baiersdorf site with alternatives that use significantly less energy. It is also replacing all lights with LED lighting, as has already happened at the Werne site.

■ **Various sites**

DIRECT DELIVERY TO END CUSTOMERS

Just as with innovation, environmental change is the sum of many small steps. For example, Phoenix Mecano carries out efficiency checks on all its deliveries. The aim is to avoid the need for a huge central warehouse by delivering directly to customers from the production plant. This can save thousands of kilometres of truck journeys every year. Phoenix Mecano Kecskemét (Hungary) currently delivers around 76% of its volume – several thousand tonnes – directly to customers, while ROSE supplies customers near Leipzig and Landshut directly from its production facilities. Phoenix Mecano Kecskemét and ROSE's Finow plant reduce driving distance by up to 40% thanks to direct deliveries accounting for approximately 85% of sales. Customers of subsidiaries in the Netherlands and in Belgium are also supplied directly, without the involvement of local branches, with such deliveries representing up to around 74% of the total value.

Risk management

Identifying and avoiding risks

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

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

GROUP-WIDE RISK AND OPPORTUNITY MANAGEMENT

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

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

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

Group companies' risk management processes are regularly reviewed by the Internal Auditing Department at the request of the Board of Directors. The Internal Auditing Department reports on a half-yearly basis to the management and the Board of Directors' Audit Committee concerning significant risks and Group companies' risk management processes. Internal Auditing Department risk reports are discussed in the Audit Committee on a half-yearly basis. The Internal Auditing Department reports to the whole Board of Directors once a year. In between regular reporting dates, Group companies are required to report on an ad-hoc basis if significant new risks arise. This process ensures that risks are recorded and assessed in a timely and comprehensive way and allows the Board of Directors to carry out its own risk assessment.

The risks faced by the Phoenix Mecano Group are divided into five main categories:
- external risks
- financial risks
- operational risks
- legal risks
- strategic risks.

FINANCIAL RISK MANAGEMENT

The Phoenix Mecano Group is exposed to various financial risks through its business activities, namely credit risk, market risk (i.e. currency and interest rate risks) and liquidity risk.

An overview of specific financial risks, their magnitude, the aims, principles and processes involved in measuring, monitoring and hedging them, and the Group's capital management can be found in the consolidated financial statements (pages 124 ff.).

SPECIFIC RISKS IN 2020

The 2020 financial year was marked by the global COVID-19 pandemic and the associated state of emergency. What it required above all was flexibility and quick decisions, and with its decentralised structure and streamlined decision-making processes, the Phoenix Mecano Group was well equipped for this scenario. We benefited from the fact that we were able to exchange knowledge and experience in dealing with the pandemic at a global level while optimising the measures locally. On the one hand, these measures related to the health of employees. On the other hand, the production and delivery capacities of suppliers and the current needs of customers had to be constantly reappraised.

As a company with a strong presence in China and in the USA Phoenix Mecano had to adapt to the trade conflict between these two countries. The question that continually arose was how to avoid punitive US tariffs without incurring a legal risk. Thanks to its production sites in China, the United States and Vietnam, Phoenix Mecano was able to respond flexibly to this challenge.

CORPORATE CG GOVERNANCE

Contents

Corporate governance report

Phoenix Mecano's corporate governance promotes transparent and responsible management of the business and sustainable value creation. This corporate governance report generally follows the structure of the Directive on Corporate Governance (DCG) published by SIX Swiss Exchange. The remuneration report follows in a separate section starting on page 69.

GROUP STRUCTURE AND SHAREHOLDERS

Phoenix Mecano is a global technology enterprise in the enclosures and industrial components sectors and has significant market shares in the international growth markets. It manufactures technical enclosures, mechanical components, electrical drives, electronics components and complete system integrations in its three divisions. Its important areas of application are mechanical engineering, measurement and control technology, electrical engineering, automotive and railway technology, energy technology, medical technology, aerospace technology and home and hospital care.

Until the end of 2020, the Group was split into three divisions: Enclosures, Mechanical Components and ELCOM/EMS. The divisional structure was overhauled at the beginning of 2021. An overview can be found on page 9. Within these divisions, parent companies responsible for product management operate with the help of global production sites and sales companies. In Switzerland, Phoenix Mecano is present at two locations: Kloten, from where Phoenix Mecano Management AG runs the Group's operations, and Stein am Rhein, which is home to the headquarters of the Group's holding company as well as to Phoenix Mecano Komponenten AG, which distributes Phoenix Mecano's various product ranges in Switzerland.

The Group's overall structure has always been very lean. Operational responsibility lies with the management. The Extended Group Leadership Committee, including the operational managers of the Group's divisions, main business units and regions, as well as sales and production, assists with the coordination of business activities. The Group's operational structure is presented on pages 76 and 77. Detailed information about the scope of consolidation can be found on pages 100 – 103 of the consolidated financial statements. None of the shareholdings is listed. For DewertOkin Technology Group Co., Ltd., preparations are being made for a partial listing in China.

Cross-ownership

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

Shareholders' agreements

There are no shareholders' agreements.

CAPITAL STRUCTURE

Capital / shares and participation certificates

The bearer shares of Phoenix Mecano AG, Stein am Rhein, are listed on SIX Swiss Exchange, Zurich. As at 31 December 2020, the share capital was fully paid up and consisted of 960 500 bearer shares (securities no.: Inh. 218781; ISIN: CH0002187810; Reuters: PM.S; Telekurs/Telerate: PM, Bloomberg: PM SE Equity) with a par value of CHF 1.00. All shares, apart from those owned by the company, fully entitle the bearer to vote and receive a dividend. As at the balance sheet date, the company owned 491 treasury bearer shares. Based on the 2020 year-end price of CHF 464.50, the market capitalisation as at 31 December 2020 was CHF 446.2 million. There are no nominal shares and no participation or dividend-right certificates.

Major shareholders, each holding a share of the voting rights equivalent to over 3% of the share capital as at 31 December 2020

Name	Head office	2020	2019
in %			
Planalto AG[2]	Luxembourg, Luxembourg	34.6[1]	34.6[1]
Tweedy, Browne Company LLC, Stamford, USA[3]	Stamford, USA	8.5[1]	8.5[1]
Tweedy, Browne Global Value Fund[4] (A subdivision of Tweedy, Browne Fund Inc.)	*Stamford, USA*	*7.2[1]*	*7.2[1]*
J. Safra Sarasin Investmentfonds AG (formerly Sarasin Investmentfonds AG)	Basel, Switzerland	5.1	4.9[1]
Credit Suisse Funds AG	Zurich, Switzerland	< 3	3.06[1]

1 Shareholding not notified in the year indicated.

2 The economic beneficiary and person entitled to exercise voting rights is Gisela Goldkamp. The owner of the underlying rights is Benedikt A. Goldkamp.

3 Tweedy, Browne Company LLC (TBC) is not an economic beneficiary 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 economic beneficiary.

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 of Phoenix Mecano AG to TBC. TBC is not an economic beneficiary of any of the shares. TBGVF is the sole economic beneficiary of the shares.

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

Changes in capital

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

Contingent and authorised capital
At present the Group has no contingent or authorised capital.

Changes in capital
There have been no changes in capital since 2014.

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

Convertible bonds and options
There are no convertible bonds and no options.

BOARD OF DIRECTORS
The Board of Directors is the company's senior management body and comprises at least four members. In 2020, the Board of Directors had five members. It usually holds meetings quarterly. Five Board of Directors meetings took place in 2020, each lasting an average of four hours. Due to the COVID-19 pandemic, all but one were held by video or telephone conference.

Elections and terms of office
The members of the Board of Directors are elected individually by the Shareholders' General Meeting for a term of one year until the end of the next ordinary Shareholders' General Meeting. There are no restrictions on re-election. The Chairman is elected by

the Shareholders' General Meeting from among the members of the Board of Directors for a term of office of one year, until the end of the next ordinary Shareholders' General Meeting. This term may also be renewed. The Board of Directors designates someone to take the minutes, who does not necessarily have to be a member of the Board of Directors.

Definition of areas of responsibility

The powers of the Board of Directors are set out in the Swiss Code of Obligations as well as in Phoenix Mecano AG's Articles of Incorporation, which state that the Board of Directors is entitled to transfer the management or individual branches thereof and the representation of the company to one or more of its members or to other natural persons, pursuant to its own rules of procedure governing organisational matters, except where mandatory legal provisions stipulate otherwise. To this end it may set up committees, appoint, monitor or recall delegates or appoint a management comprising one or more of its own members or external persons. The Board of Directors determines the powers and obligations of committees, delegates, management, deputy directors and executives with a power of attorney. The Board of Directors is authorised to take decisions provided that a majority of its members is present. Decisions are taken by a majority of votes cast by those present. In the event of a tie, the Chairman has the casting vote. If the Chairman is unable to attend or is excluded from the decision-making, the Independent Lead Director has the casting vote. By law and pursuant to the company's Articles of Incorporation, the Board of Directors has the following main duties and powers:

- Preparation of the proceedings of the Shareholders' General Meeting, especially the annual report, financial statements and proposals on the appropriation of earnings
- Determination of corporate goals and the principles underlying corporate policy and strategy
- Determination of the company's policy on risks
- Decision-making regarding the establishment or cessation of major divisions of the company and authorisation of the acquisition or disposal of shareholdings, plus authorisation of any changes to the legal structure of the Group
- Decision-making on the budget and medium-term planning (product and market strategy, financial and investment guidelines)
- Allocation of signatory powers to members of the Board of Directors and determination of the principles governing signatures below that level
- Determination of the principles of reporting to the Board of Directors, approval of the principles governing the company's finances and accounts and also internal and external audits
- Preparation of the remuneration report

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

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

Number of permitted activities pursuant to Article 12(1)(1) ERCO (rules laid down in Article 22 of the Articles of Incorporation)

Members of the Board of Directors, the management and any advisory board may not hold or perform more than the following number of additional positions or activities in senior management or administrative bodies of other legal entities which are required to register themselves in the commercial register or an equivalent foreign register and which do not control or are not controlled by the company:

- 5 mandates with companies whose equity securities are listed on a stock exchange, where multiple mandates with different companies belonging to the same group count as one mandate; and
- 10 paid mandates with other legal entities, where multiple mandates with different companies

belonging to the same group count as one mandate; and
– 10 unpaid mandates, where the reimbursement of expenses is not considered as remuneration.

Mandates fulfilled by a member of the Board of Directors or the management at the instruction of the company are not covered by this restriction on additional mandates. There are no rules in the Articles of Incorporation that differ from the statutory legal provisions with regard to the appointment of the Chairman of the Board of Directors, the members of the Compensation Committee or the independent proxy.

Cross-linkage

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

Internal organisational structure

The Board of Directors is deliberately kept small and usually performs its duties collectively. The Audit Committee, first set up in 2003, is primarily responsible for monitoring external audits. In that task it is supported by the Internal Auditing Department. The Audit Committee is chaired by Dr Florian Ernst in his capacity as a non-executive member of the Board of Directors. Dr Ernst is a certified auditor and has the necessary knowledge and experience of finance and accounting. Another member of the Audit Committee since 2003 is Ulrich Hocker, a non-executive member of the Board of Directors. Mr Benedikt A. Goldkamp, Chairman of the Board of Directors, has been an Audit Committee member since 28 September 2016. These members were proposed to the 2020 Shareholders' General Meeting for election individually and re-elected. The CFO also attends meetings.

The Committee met once in 2020 and held another meeting by video conference. Each meeting lasted an average of three hours.

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

The Compensation Committee is the remuneration committee required by the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO). The Compensation Committee meets as often as required, but at least once a year. One meeting took place in 2020, lasting three quarters of an hour.

The existing members Beat Siegrist, Ulrich Hocker and Dr Martin Furrer were proposed to the 2020 Shareholders' General Meeting for election individually and re-elected. The Compensation Committee draws up proposed remuneration guidelines for the Board of Directors and management. It can call in external compensation specialists to offer neutral advice or provide studies or data as a basis for comparison in setting remuneration. It also makes recommendations for Board of Directors compensation and the fixed and variable remuneration components for management.

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

Information and control instruments vis-à-vis the management

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

Set up in 2002, the dedicated, full-time Internal Auditing Department is accountable to the Board of Directors and reports directly to it. Key audit issues in 2020 were accounts receivable and inventory management, the internal control system, the risk management system, transfer pricing documentation, compliance, tangible assets and IT. A review of construction expenditure was also conducted at two companies. A quality assessment performed by an external auditor (Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany) in early 2017 confirmed that the Phoenix Mecano Group's Internal Auditing Department complied with international standards. A quality assessment is carried out every five years.

A Group-wide risk management system was introduced in 2002 and a Group-wide internal control system in 2008. Both systems have proved invaluable and are continuously updated. Integrated software for both areas was rolled out in 2012. An in-depth review of internal control guidelines took place in 2014, covering control requirements and frequencies as well as documentation requirements. Risk management system processes were optimised in 2016. Information on risks and how they are dealt with can be found in the risk report on page 53 and in notes 21 and 22 to the consolidated financial statements on page 124.

Members of the Board of Directors and its committees

Board of Directors

Benedikt A. Goldkamp
Chairman
Executive role
Member since 2000

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

Dr Florian Ernst
Non-executive role
Member since 2003

Dr Martin Furrer
Non-executive role
Member since 2003

Beat Siegrist
Non-executive role
Member since 2003

Audit Committee

Dr Florian Ernst (Chairman)
Member since 2003

Ulrich Hocker
Member since 2003

Benedikt A. Goldkamp
Member since 2016

Compensation Committee

Beat Siegrist (Chairman)
Member since 2013

Ulrich Hocker
Member since 2013

Dr Martin Furrer
Member since 2013

All members of the Board of Directors are elected for one year until the 2021 Shareholders' General Meeting.

■ Board of Directors
as at 31 December 2020

Benedikt A. Goldkamp (CH)
Executive role

Chairman of the Board of Directors since 20 May 2016
Member of the Board of Directors since 2000
Delegate of the Board of Directors and CEO from 1 July 2001 to 20 May 2016
Born in 1969
Resident in Lufingen (Switzerland)

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

Other activities and vested interests
– Activities in governing and supervisory bodies:
Model Holding AG, Weinfelden, Switzerland (member of the Board of Directors).

Ulrich Hocker (D)
Non-executive role

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

Trained as a banker. Law degree, attorney at law. 1985 – 1993 Managing Director, 1994 – 2011 Chief Managing Director and since 21 November 2011 President of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW).

Other activities and vested interests
– Activities in governing and supervisory bodies:
Feri Finance AG, Bad Homburg; Germany (Deputy Chairman of the Supervisory Board); DMG Mori Seiki AG, Bielefeld, Germany (Deputy Chairman of the Supervisory Board).
– Permanent management and consultancy functions:
Deutsche Schutzvereinigung für Wertpapierbesitz e. V. (DSW), Düsseldorf, Germany.
– Official functions and political posts:
German Financial Reporting Enforcement Panel (FREP), member of the Governing Board.

Dr Florian Ernst (CH)
Non-executive role

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

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

Other activities and vested interests

- Activities in governing and supervisory bodies: Tolomeo Capital AG, Zurich, Switzerland (member of the Board of Directors until late 2020).

Dr Martin Furrer (CH)
Non-executive role

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

Gained a doctorate in law (Dr iur.) from Zurich University, then an MBA from INSEAD in Fontainebleau, and passed the bar examination of the Canton of Zurich. Started out as a lawyer for Baker McKenzie in Sydney, then became a strategy consultant for McKinsey & Co. in Zurich. Has been back working as a lawyer for Baker McKenzie in Zurich since 1997, specialising in mergers & acquisitions, real estate transactions, private equity and employee participation models. Has been a partner at Baker McKenzie since 2002 and co-managing partner since 2016.

Other activities and vested interests

None.

Beat Siegrist (CH)
Non-executive role

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

Gained the following qualifications: Dipl. Ing. ETH in 1985, MBA INSEAD, Fontainebleau and McKinsey Fellowship. 1985–1986 development engineer for data transfer with Contraves. 1987–1993 consultant and project manager at McKinsey & Co. responsible for reorganisation and turnaround projects in the machine industry. 1993–1996 founder and CEO of Outsourcing AG. 1996–2008 CEO of Schweiter Technologies, Horgen. 2008–2012 CEO of the Satisloh Group and member of the Management Committee of Essilor. Since 2008 member and since 2011 Chairman of the Board of Directors of Schweiter Technologies, Horgen. Member of the Board of Directors of INFICON Holding AG, Bad Ragaz, since 2010. 2013–2018 Chairman of the Board of Directors of Garaventa Accessibility AG, Goldau.

Other activities and vested interests

- Activities in governing and supervisory bodies:
  Schweiter Technologies, Horgen, Switzerland (Chairman of the Board of Directors); INFICON Holding AG, Bad Ragaz, Switzerland (member of the Board of Directors);
  The Island Rum Company AS, Oslo, Norway (member of the Board of Directors).

■ Management
as at 31 December 2020

Dr Rochus Kobler (CH)
CEO

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

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

René Schäffeler (CH)
CFO

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

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

MANAGEMENT

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

Other activities and vested interests

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

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

The number of permitted activities for members of the management is laid down in Article 22 of the company's Articles of Incorporation. The relevant rules are cited on page 58 f. in the Board of Directors section.

Management contracts

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

COMPENSATION, SHAREHOLDINGS AND LOANS

Remuneration report, pages 69 ff.; financial statements: pages 78 ff.

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

Name	Position	Number 31.12.2020	Number 31.12.2019
Benedikt A. Goldkamp	Chairman of the Board of Directors	5 386	3 244
Ulrich Hocker	Independent Lead Director	8 898	8 898
Dr Florian Ernst	Board Member	10	10
Dr Martin Furrer	Board Member	100	100
Beat Siegrist	Board Member	807	400
Shares held by the Board of Directors		**15 201**	**12 652**
Dr Rochus Kobler	Member of the management/CEO	1 214	964
René Schäffeler	Member of the management/CFO	850	500
Shares held by the management		**2 064**	**1 464**

SHAREHOLDERS’ PARTICIPATION RIGHTS

Voting rights and proxy voting

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

Instructions to the independent proxy

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

Quorums required by the Articles of Incorporation

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

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

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

The Shareholders’ General Meeting (GM) is the company’s top body. It is headed by the Chairman. Invitations to the GM are issued at least 20 days in advance of the meeting by means of a single announcement in the company’s publications. The invitation must contain the agenda of the meeting and the proposals by the Board of Directors and shareholders who called for the convocation of a Shareholders’ General Meeting or the inclusion of an item on the agenda. Shareholders representing shares totalling 3% of the share capital may request the inclusion of an item on the agenda. The written request including the shareholder’s agenda items and proposals must reach the company at least 45 days prior to the Shareholders’ General Meeting.

To protect shareholders and employees from exposure to the novel coronavirus, the 2020 ordinary Shareholders’ General Meeting of Phoenix Mecano AG was not held as a physical meeting. Based on the COVID-19 Ordinance 2, the shareholders could only exercise their rights through the independent proxy.

Shareholders’ rights

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

Entries in the share register

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

CHANGES OF CONTROL AND DEFENCE MEASURES

Duty to make an offer

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

Clauses on changes of control

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

AUDITORS

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

By a decision of the Shareholders' General Meeting on 20 May 2020, BDO AG, Zurich, were appointed as statutory auditors for the accounting and financial statements of Phoenix Mecano AG and as Group auditors of the consolidated financial statements of the Phoenix Mecano Group for a period of one year. BDO AG, Zurich, assumed the mandate as statutory and Group auditors in 2019. The lead auditor is Mr Christoph Tschumi. The lead auditor is replaced every seven years.

Auditing fees

In the reporting year, BDO AG received fees totalling EUR 563 000 for auditing the 2020 financial statements and consolidated financial statements.

Additional fees

BDO AG received additional fees of EUR 20000 in the reporting year for tax and legal advice. Tax consultancy is largely provided by KPMG in the interests of independence.

Audit supervision and control instruments

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

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

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

Auditing fees / Additional fees

in 1 000 EUR	2020	2019
Total auditing fees	**563**	**504**
Tax consultancy	8	14
Legal advice	12	0
Miscellaneous	0	0
Total additional fees	**20**	**14**
Total	**583**	**518**

INFORMATION POLICY

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

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

The calendar of events and publications and the contact details of the investor relations manager can be found on page 163. Detailed information is also available online at www.phoenix-mecano.com, from where the Group's annual reports, latest media information and Articles of Incorporation can be downloaded:

– Annual reports/Semi-annual reports: www.phoenix-mecano.com/en/investor-relations/annual-reports/annual-reports
– Media information: www.phoenix-mecano.com/en/media/current-media-releases
– Articles of Incorporation: www.phoenix-mecano.com/en/group/articles-of-incorporation
– Shareholders' General Meeting (invitation, results of votes): www.phoenix-mecano.com/en/investor-relations/general-meeting

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

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

For ad hoc disclosures, the relevant pages are:

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

Print media announcements are published in the Swiss Official Gazette of Commerce (SOGC) as well as a number of major daily newspapers in German-speaking Switzerland.

Remuneration report

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

REMUNERATION PRINCIPLES AND GOVERNANCE

Remuneration of the management and Board of Directors is based on the following principles:
- Transparency (simplicity, clarity)
- Business success (value creation, shareholder benefit)
- Adherence to market rates of executive pay (benchmarking of similar companies, qualifications and experience)

At the 2020 ordinary Shareholders' General Meeting, the Shareholders' General Meeting voted on Board of Directors and management remuneration. In addition, the following members of the Compensation Committee were re-elected: Beat Siegrist, Ulrich Hocker, Dr Martin Furrer. The committee is chaired by Beat Siegrist.

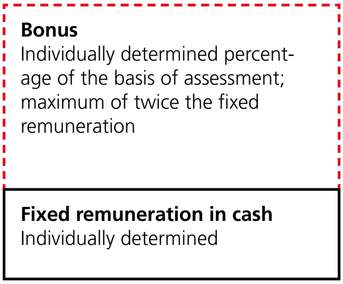
The Compensation Committee meets as often as required, but at least once a year. One meeting of the Compensation Committee took place in 2020. The tasks, powers, responsibilities and working methods of the Compensation Committee are described on page 59 of the corporate governance report. The Compensation Committee can call in external compensation specialists to offer neutral advice or provide studies or data as a basis for comparison in setting remuneration.

PROCEDURES FOR DETERMINING REMUNERATION

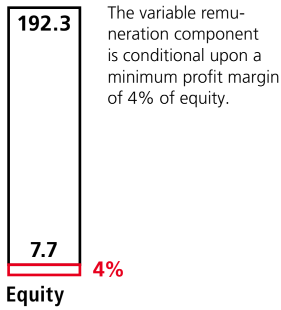
The composition and level of remuneration awarded to the Board of Directors and management are based on sector and labour market comparisons. The Compensation Committee relies in particular on salary comparisons with other industrial companies listed on SIX Swiss Exchange with similar sales (EUR 100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

The variable remuneration of management members and the Executive Chairman of the Board of Directors is based on business criteria. In this way, Phoenix Mecano ensures that management bonuses are conditional upon the creation of added value for shareholders. The reference indicators for this are the Group's result of the period and equity for the past financial year. Special or one-off items are taken into

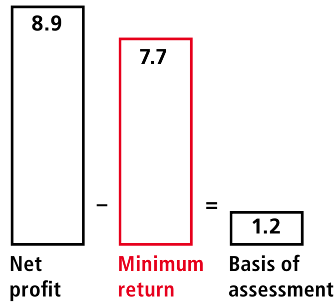
Management remuneration structure



Minimum return 2020
in EUR million



Calculation of basis of assessment for 2020 variable remuneration
in EUR million



account, as they also impact on shareholders. In the interests of transparency, leverage effects and complex derivative structures are excluded from the outset.

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

STRUCTURE OF REMUNERATION

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

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

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

In addition, the members of the management and the Executive Chairman of the Board of Directors receive a variable remuneration component (bonus). To determine this component, a minimum profit margin of 4%, calculated in relation to the Phoenix Mecano Group's balance-sheet equity, is first set aside. This minimum profit is not taken into account in determining the bonus. Bonuses can only be paid if the result of the period, as recorded in the Phoenix Mecano Group's consolidated financial statements, exceeds this minimum amount (for shareholders). No bonus is paid in the event of losses. All management members and the Executive Chairman of the Board of Directors receive their bonus as a percentage of the result of the period less the aforementioned minimum rate of return. The bonus is limited to a maximum of twice the fixed salary. The percentage received by individual management members and the Executive Chairman of the Board of Directors is set in advance, taking into account the individual's areas of responsibility.

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

SOCIAL SECURITY AND FRINGE BENEFITS

The Phoenix Mecano Group operates a pension plan in Switzerland with a BVG-Sammelstiftung (collective foundation), in which the insurance risks are reinsured and the investment risks are borne by the insured (semi-autonomous pension solution). Members of the management and the Executive Chairman of the Board of Directors are affiliated to this pension plan. Pension payments are based on retirement savings, to which annual retirement credits and interest are added. Upon retirement, the legal framework provides for the payment of an annuity as well as a lump-sum payment. The annuity is calculated by multiplying the relevant retirement savings by the current conversion rate. In addition to retirement benefits, pension benefits also include disability pensions and, in the event of death, partner's and orphan's pensions and, where applicable, a lump-sum death benefit. The Phoenix Mecano Group has also taken out group accident insurance for death and disability as well as daily sickness benefits insurance for members of the management and the Executive Chairman of the Board of Directors.

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

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

ADDITIONAL FEES

In principle, no fees or other allowances for additional services to Phoenix Mecano AG or any of its Group companies are awarded to members of the Board of Directors and management or persons related to them. Exceptions must be approved by the Shareholders' General Meeting.

CONTRACTUAL TERMS AND CONDITIONS

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

SEVERANCE PAY

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

RULES LAID DOWN IN THE ARTICLES OF INCORPORATION

The Articles of Incorporation include the following rules concerning the vote on Board of Directors and management remuneration, the determination of performance-related pay and the allocation of equity securities, convertible rights and options, as well as concerning loans, credit facilities and post-employment benefits for members of the Board of Directors and management (extract from the Articles of Incorporation of Phoenix Mecano AG, version dated 20 May 2016):

Article 13

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

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

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

In addition, the Board of Directors may give the Shareholders' General Meeting the opportunity to hold an advisory vote on the remuneration report for the financial year preceding the Shareholders' General Meeting in question. If the Shareholders' General Meeting refuses to approve a maximum total amount for the members of the Board of Directors, the management or any advisory board, the Board of Directors may submit new proposals at the same Shareholders' General Meeting. If the Board of Directors does not submit new proposals or if the new proposals are also rejected, the Board of Directors may convene another Shareholders' General Meeting at any time, subject to legal requirements and the Articles of Incorporation.

Article 20

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

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

Article 21

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

LOANS TO CORPORATE OFFICERS

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

Remuneration for financial years 2020 and 2019 pursuant to ERCO

The following remuneration was awarded for financial year 2020:

Name in 1 000 CHF	Position	Fixed remuneration	Variable remuneration	Social security and pension	Total remuneration 2020
Benedikt A. Goldkamp	Chairman of the Board of Directors	674	18	139	831
Ulrich Hocker	Independent Lead Director	257		17	274
Dr Florian Ernst	Board Member	64		5	69
Dr Martin Furrer	Board Member	64		5	69
Beat Siegrist	Board Member	64		5	69
Remuneration of the Board of Directors		**1 123**	**18**	**171**	**1 312**
Remuneration of the management		**1 127**	**25**	**224**	**1 376**
Remuneration of the Board of Directors and management		**2 250**	**43**	**395**	**2 688**
Highest individual management salary: Dr Rochus Kobler	CEO	737	18	141	896

The following remuneration was awarded for financial year 2019:

Name in 1 000 CHF	Position	Fixed remuneration	Variable remuneration	Social security and pension	Total remuneration 2019
Benedikt A. Goldkamp	Chairman of the Board of Directors	678	74	157	909
Ulrich Hocker	Independent Lead Director	257		16	273
Dr Florian Ernst	Board Member	64		5	69
Dr Martin Furrer	Board Member	64		5	69
Beat Siegrist	Board Member	64		5	69
Remuneration of the Board of Directors		**1 127**	**74**	**188**	**1 389**
Remuneration of the management		**1 063**	**100**	**230**	**1 393**
Remuneration of the Board of Directors and management		**2 190**	**174**	**418**	**2 782**
Highest individual management salary: Dr Rochus Kobler	CEO	641	74	143	858

All compensation is short term in nature.

The Phoenix Mecano Group's consolidated statements of income for 2020 and 2019 include no compensation for former members of the Group's bodies who left in the preceding period or before. In financial years 2020 and 2019, legal fees amounting to the equivalent of CHF 0.9 million and CHF 0.007 million respectively were paid to law firm Baker McKenzie, in which Dr Martin Furrer is a partner in Zurich. The increase compared with the previous year is due to the global reorganisation of DewertOkin in view of the planned partial listing of DewertOkin in China.

REPORT OF THE STATUTORY AUDITOR

To the General Meeting of
Phoenix Mecano AG, Stein am Rhein

Report of the Statutory Auditor on the Audit of the Remuneration report

We have audited the remuneration report of Phoenix Mecano AG for the year ended December 31, 2020. The audit was limited to the information according to articles 14 — 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on page 73 of the remuneration report.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 — 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 — 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion
In our opinion, the remuneration report for the year ended December 31, 2020 of Phoenix Mecano AG complies with Swiss law and articles 14—16 of the Ordinance.

Zurich, March 23, 2021
BDO Ltd

Christoph Tschumi Auditor in Charge Licensed Audit Expert	David Hämmerli Licensed Audit Expert

Group operational structure

FINANCE AND SERVICE COMPANIES

SWITZERLAND

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

Phoenix Mecano Trading AG
CH-8260 Stein am Rhein
Managing director:
W. Schmid

BRAZIL

Phoenix Mecano Holding Ltda.
CEP 04726-160 São Paulo - SP
Managing director:
D. Weber

GERMANY

IFINA Beteiligungsgesellschaft mbH
D-32457 Porta Westfalica
Managing director:
M. Sochor

ENCLOSURES

Dr H. W. Rixen

GERMANY

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

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

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

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

MECHANICAL COMPONENTS

M. Kleinle

BRAZIL

DewertOkin do Brasil Ltda (formerly Phoenix Mecano Comercial e Técnica Ltda.)
CEP 04726-160 São Paulo - SP
Managing director:
D. Weber

GERMANY

BEWATEC Connected.Care GmbH
D-10559 Berlin
Managing directors:
P. Schmelter, A. Wulf

BEWATEC Kommunikationstechnik GmbH
D-48291 Telgte
Managing directors:
P. Schmelter, A. Wulf, M. Kersting

DewertOkin GmbH
D-32278 Kirchlengern
Managing directors:
Dr J. Gross, M. Kersting, D. Flören

DewertOkin Services GmbH
D-32278 Kirchlengern
Managing director:
M. Kersting

RK Antriebs- und Handhabungs-Technik GmbH
D-29553 Bienenbüttel
Managing directors:
H. Hoffmann, A. Kebbel

RK Rose+Krieger GmbH
D-32423 Minden
Managing director:
H. Hoffmann

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

RK System & Lineartechnik GmbH
D-88682 Salem-Neufrach
Managing director:
H. Hoffmann

HUNGARY

DewertOkin Kft.
H-6000 Kecskemét
Managing directors:
Ch. Porde

DewertOkin Services Kft. (formerly Phoenix Mecano Kecskemét Research and Development Kft.)
H-6000 Kecskemét
Managing directors:
Ch. Porde

PEOPLE'S REPUBLIC OF CHINA

DewertOKIN Technology Group Co., Ltd. (formerly Okin Refined Electric Technology Co., Ltd.)
314024 Jiaxing
Managing directors:
Dr J. Gross, S. Li

Haining My Home Mechanism Co. Ltd.
Haining
Managing director:
Dr J. Gross

SWEDEN

DewertOkin AB (formerly Phoenix Mecano AB)
SE-355 72 Ingelstad
Managing director:
P. Nilsson

SWITZERLAND

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

URUGUAY

DewertOkin Latin America S.A. (formerly Phoenix Mecano Latin America Electromechanical Components Trading S.A.)
Montevideo, 11.300
Managing director:
D. Weber

USA

OKIN America Inc.
Shannon, MS 38868
Managing directors:
Dr J. Gross, M. Kleinle

VIETNAM

Okin Vietnam Company Ltd.
Binh Duong
Managing director:
S. Li

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

ELCOM / EMS

Dr R. Kobler

CZECH REPUBLIC

Ismet transformátory s.r.o.
CZ-67139 Běhařovice
Managing director:
O. Huppertz

GERMANY

Hartmann Electronic GmbH
D-70499 Stuttgart (Weilimdorf)
Managing directors:
Dr G. Zahnenbenz, F. Godulla

Ismet GmbH
D-78056 VS-Schwenningen
Managing director:
J. Reinecke

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

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

REDUR GmbH & Co KG
D-52382 Niederzier
Managing director:
Dr L. Schunk

Wiener Power Electronics GmbH
D-51399 Burscheid
Managing directors:
A. Köster, Dr G. Zahnenbenz

THE NETHERLANDS

PM Special Measuring Systems B.V.
NL-7532 SN Enschede
Managing director:
R. Lachminarainsingh

PEOPLE'S REPUBLIC OF CHINA

PTR HARTMANN (Shaoguan) Co., Ltd. (formerly Shenzhen ELCOM Co., Ltd.)
Shaoguan City
Managing directors:
E. Lam, P. Scherer

TUNISIA

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

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

USA

Orion Technologies, LLC
Orlando, FL 32826
Managing director:
N. Pandya

Tefelen LLC
Frederick, MD 21704
Managing director:
P. Brown

WIENER, Plein & Baus Corp.
Springfield, OH 45503
Managing director:
Dr A. Ruben

PRODUCTION AND SALES COMPANIES

AUSTRALIA

Phoenix Mecano Australia Pty Ltd.
Tullamarine, VIC 3043
Managing directors:
S. J. Gleeson, T. Thuess

AUSTRIA

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

BELGIUM

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

DENMARK

Phoenix Mecano ApS
DK-5220 Odense SØ
Managing director:
I. Kljucar

FRANCE

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

HUNGARY

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

INDIA

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

ITALY

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

KOREA (SOUTH KOREA)

Phoenix Mecano Korea Co., Ltd.
Busan 614-867
Managing director:
T. J. Ou

THE NETHERLANDS

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

PEOPLE'S REPUBLIC OF CHINA

Mecano Components (Shanghai) Co., Ltd.
201802 Shanghai
Managing director:
K. W. Phoon

Phoenix Mecano Hong Kong Ltd.
Hong Kong
Managing directors:
M. Kleinle, R. Schäffeler,
P. Scherer

ROMANIA

Phoenix Mecano Plastic S.r.l.
RO-550052 Sibiu
Managing director:
C. Marinescu

RUSSIA

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

SAUDI ARABIA

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

SINGAPORE

Phoenix Mecano S.E. Asia Pte Ltd.
Singapore 408863
Managing director:
J. Lim

SPAIN

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

SWITZERLAND

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

UNITED ARAB EMIRATES

ROSE Systemtechnik Middle East (FZE)
Sharjah – U.A.E.
Managing director:
S. Shukla

UNITED KINGDOM

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

USA

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

FINANCIAL STATEMENTS

FS

PHOENIX MECANO GROUP

Contents

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS

in 1 000 EUR	Note No.	2020	2019
CURRENT ASSETS			
Cash and cash equivalents	3	77 187	60 052
Securities		4	11
Trade receivables	4	133 803	113 569
Income tax receivables		5 869	1 444
Derivative financial instruments	12	38	96
Other short-term receivables	5	16 970	10 110
Inventories	6	157 111	148 046
Deferred charges and prepaid expenses		2 363	2 285
Total current assets		**393 345**	**335 613**
NON-CURRENT ASSETS			
Tangible assets	7	129 556	136 367
Investment properties	7	0	74
Intangible assets	8	9 604	6 924
Investments in associated companies	9	2 482	522
Other financial assets	10	1 110	647
Deferred tax assets	16	8 869	7 972
Total non-current assets		**151 621**	**152 506**
Total assets		**544 966**	**488 119**

EQUITY AND LIABILITIES

in 1 000 EUR	Note No.	2020	2019
LIABILITIES			
Trade payables		85 682	59 421
Short-term financial liabilities	11	92 037	36 442
Derivative financial instruments	12	1 740	614
Short-term provisions	13	19 697	19 325
Short-term pension obligations	14	244	240
Income tax liabilities		3 598	3 487
Other short-term liabilities	15	24 707	25 178
Deferred income		10 763	2 033
Short-term liabilities		**238 468**	**146 740**
Long-term financial liabilities	11	100 575	111 748
Long-term provisions	13	5 462	4 826
Long-term pension obligations	14	6 163	6 079
Deferred tax liabilities	16	1 951	1 380
Long-term liabilities		**114 151**	**124 033**
Total liabilities		**352 619**	**270 773**
EQUITY			
Share capital	17	852	852
Treasury shares	18	– 194	– 385
Retained earnings		198 999	218 181
Translation differences		– 7 204	– 2 365
Equity attributable to shareholders of the parent company		**192 453**	**216 283**
Minority interest	19	– 106	1 063
Total equity		**192 347**	**217 346**
Total equity and liabilities		**544 966**	**488 119**

CONSOLIDATED STATEMENT OF INCOME 2020

in 1 000 EUR	Note No.	**2020**	2019
Net revenue	27	**682 126**	**674 004**
Changes in inventories		3 369	3 382
Own work capitalised		1 187	1 873
Other operating income	28	9 411	3 886
Cost of materials	29	– 361 685	– 338 378
Personnel expenses	30	– 205 869	– 213 150
Depreciation on tangible assets		– 19 514	– 19 838
Amortisation of intangible assets		– 2 926	– 3 069
Impairment losses and reversal of impairment losses on tangible and intangible assets		– 3 344	– 2 578
Other operating expenses	31	– 80 325	– 82 782
Operating result		**22 430**	**23 350**
Result from associated companies	9	380	– 1
Financial income	32	7 280	4 034
Financial expenses	33	– 13 489	– 6 498
Financial result		**– 5 829**	**– 2 465**
Result before tax		**16 601**	**20 885**
Income tax	34	– 7 721	– 6 966
Result of the period		**8 880**	**13 919**
of which			
Shareholders of the parent company		9 044	14 138
Minority shareholders		– 164	– 219
EARNINGS PER SHARE			
Earnings per share – undiluted (in EUR)	35	9.42	14.73
Earnings per share – diluted (in EUR)	35	9.42	14.73

CONSOLIDATED STATEMENT OF CASH FLOW 2020

in 1 000 EUR	Note No.	2020	2019
Result of the period		8 880	13 919
Income tax	34	7 721	6 966
Result before tax		**16 601**	**20 885**
Depreciation on tangible assets	7	19 514	19 838
Amortisation of intangible assets	8	2 926	3 069
Losses/(gains) on the disposal of tangible and intangible assets	28, 31	–2 320	123
Impairment losses/(reversal of impairment losses) on tangible and intangible assets	7, 8	3 344	2 578
Losses and value adjustments on inventories	6	6 526	4 529
Result from associated companies (loss/(gain))	9	–380	1
Loss/(gain) on the disposal of Group companies	33, 39	1 612	0
Expenses from employee participation plan		4 551	0
Other non-cash expenses/(income)		2 574	–1 587
Increase/(decrease) in long-term provisions and pension obligations		–403	851
Net interest expense/(income)	32, 33	2 195	1 628
Interest paid		–2 864	–2 403
Income tax paid		–13 921	–10 395
Operating cash flow before changes in working capital		**39 955**	**39 117**
(Increase)/decrease in inventories		–17 916	–8
(Increase)/decrease in trade receivables		–25 596	–12 052
(Increase)/decrease in other receivables, deferred charges and prepaid expenses		–6 477	392
(Decrease)/increase in trade payables		29 372	9 160
(Decrease)/increase in short-term provisions and pension obligations		–29	6 723
(Decrease)/increase in other liabilities and deferred income		8 474	228
Cash flow from operating activities		**27 783**	**43 560**

Table continued on page 83.

in 1 000 EUR	Note No.	2020	2019
CAPITAL EXPENDITURE			
Tangible assets	7	– 25 631	– 23 326
Intangible assets	8	– 2 130	– 2 816
Other financial assets/Investments in associated companies		0	– 300
Acquisition of Group companies	38	– 21 154	– 22 032
DISINVESTMENTS			
Tangible assets	7, 28, 29	10 319	513
Intangible assets		9	33
Other financial assets/Investments in associated companies		154	1 797
Securities		0	630
Disposal of Group companies	39	– 1 627	0
Interest received		884	831
Dividends received	9	75	151
Cash used in investing activities		**– 39 101**	**– 44 519**
Dividends paid (including minority interest)		– 9 134	– 14 744
Purchase of treasury shares	18	0	– 33
Sale of treasury shares	18	183	36
Issue of financial liabilities	11	72 474	46 241
Repayment of financial liabilities	11	– 33 790	– 23 874
Cash flow from financing activities		**29 733**	**7 626**
Translation differences in cash and cash equivalents		– 1 280	141
Change in cash and cash equivalents		**17 135**	**6 808**
Cash and cash equivalents as at 1 January	3	60 052	53 244
Cash and cash equivalents as at 31 December	3	77 187	60 052
Change in cash and cash equivalents		**17 135**	**6 808**

Table continued from page 82.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019 UND 2020

in 1 000 EUR	Note No.	Share capital	Treasury shares
As at 31 December 2018		**852**	**–385**
Result of the period			
Dividends paid			
Translation differences			
Currency differences from sale/liquidation recognised directly in equity			
Change in treasury shares	18		
Change in minority interest	19		
Netting of goodwill against equity	38/41		
Adjustment of purchase price liability with impact on shadow statement	20/41		
Adjustment of purchase price liability through acquisition of minority interests	20		
Change in Phoenix Mecano AG's functional currency from CHF to EUR			
As at 31 December 2019		**852**	**–385**
Result of the period			
Dividends paid			
Translation differences			
Currency differences from sale/merger/liquidation recognised directly in equity			
Change in treasury shares	18		191
Change in minority interest	19		
Netting of goodwill against equity	38/41		
Adjustment of purchase price liability with impact on shadow statement	20/41		
Adjustment of purchase price liability through acquisition of minority interests	20		
Implementation of employee participation plan			
As at 31 December 2020		**852**	**–194**

Retained earnings	Translation differences	Equity attributable to shareholders of the parent company	Minority interest	**Total equity**
267 929	**–1 517**	**266 879**	**1 129**	**268 008**
14 138		**14 138**	**–219**	**13 919**
–14 582		–14 582	–162	–14 744
	–848	–848	–13	–861
–268		–268		–268
3		3		3
–328		–328	328	0
–45 295		–45 295		–45 295
–4 946		–4 946		–4 946
–128		–128		–128
1 658		1 658		1 658
218 181	**–2 365**	**216 283**	**1 063**	**217 346**
9 044		**9 044**	**–164**	**8 880**
–9 052		–9 052	–82	–9 134
	–4 839	–4 839	136	–4 703
–932		–932		–932
–8		183		183
–150		–150	–1 059	–1 209
–21 438		–21 438		–21 438
–1 038		–1 038		–1 038
–159		–159		–159
4 551		4 551		4 551
198 999	**–7 204**	**192 453**	**–106**	**192 347**

CONSOLIDATED SEGMENT INFORMATION 2020

BY DIVISION	Enclosures		Mechanical Components	
in 1 000 EUR	**2020**	2019	**2020**	2019
Gross sales to third parties	173 492	189 262	399 169	360 619
Gross sales between divisions	662	533	91	231
Revenue reductions				
Net revenue				
Reversal of impairment losses/(impairment losses) on tangible and intangible assets	– 135	– 116	– 823	– 2 180
Depreciation on tangible assets and amortisation of intangible assets	– 6 756	– 6 968	– 9 406	– 8 895
Operating result	**17 290**	**19 541**	**13 123**	**11 480**
Financial result				
Result before tax				
Income tax				
Result of the period				
Purchases of tangible and intangible assets	**5 003**	**8 125**	**14 640**	**8 032**
Segment assets	93 926	102 717	250 623	195 957
Cash and cash equivalents				
Other assets				
Total assets	**93 926**	**102 717**	**250 623**	**195 957**
Segment liabilities	22 315	21 674	108 987	68 058
Interest-bearing liabilities				
Other liabilities				
Total liabilities	**22 315**	**21 674**	**108 987**	**68 058**
Net assets	**71 611**	**81 043**	**141 636**	**127 899**
GROSS SALES TO THIRD PARTIES BY REGION				
Europe	139 334	146 703	128 765	133 896
North and South America	12 382	15 308	46 612	55 049
Middle and Far East	21 776	27 251	223 792	171 674
Gross sales to third parties	**173 492**	**189 262**	**399 169**	**360 619**

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

ELCOM/EMS		Total segments		Reconciliation*		Total Group	
2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
114 781	130 112	687 442	679 993	0	0	687 442	679 993
2 974	3 099	3 727	3 863	−3 727	−3 863	0	0
						−5 316	−5 989
						682 126	**674 004**
−2 386	−282	−3 344	−2 578	0	0	−3 344	−2 578
−5 460	−6 134	−21 622	−21 997	−818	−910	−22 440	−22 907
−6 356	**−4 697**	**24 057**	**26 324**	**−1 627**	**−2 974**	**22 430**	**23 350**
						−5 829	−2 465
						16 601	**20 885**
						−7 721	−6 966
						8 880	**13 919**
6 980	**9 371**	**26 623**	**25 528**	**1 138**	**614**	**27 761**	**26 142**
101 414	115 877	445 963	414 551	2 527	2 408	448 490	416 959
				77 187	60 052	77 187	60 052
				19 289	11 108	19 289	11 108
101 414	**115 877**	**445 963**	**414 551**	**99 003**	**73 568**	**544 966**	**488 119**
17 824	23 273	149 126	113 005	2 950	3 681	152 076	116 686
				192 612	148 190	192 612	148 190
				7 931	5 897	7 931	5 897
17 824	**23 273**	**149 126**	**113 005**	**203 493**	**157 768**	**352 619**	**270 773**
83 590	**92 604**	**296 837**	**301 546**	**−104 490**	**−84 200**	**192 347**	**217 346**
84 995	98 421	353 094	379 020			353 094	379 020
12 373	16 260	71 367	86 617			71 367	86 617
17 413	15 431	262 981	214 356			262 981	214 356
114 781	**130 112**	**687 442**	**679 993**	**0**	**0**	**687 442**	**679 993**

CONSOLIDATED SEGMENT INFORMATION 2020

NET REVENUE

in 1 000 EUR	2020	2019
BY REGION		
Switzerland	23 270	24 570
Germany	195 096	211 874
UK	12 166	14 972
France	15 753	17 621
Italy	10 189	11 920
The Netherlands	14 000	15 103
Rest of Europe	82 620	82 960
North and South America	71 367	86 617
Middle and Far East	262 981	214 356
Gross sales	**687 442**	**679 993**
Revenue reductions	– 5 316	– 5 989
Net revenue	**682 126**	**674 004**
BY PRODUCT GROUP		
Industrial enclosures	162 325	177 069
Input systems	11 167	12 193
Enclosures	**173 492**	**189 262**
Industrial assembly systems	43 070	48 946
Linear adjustment and positioning systems	356 099	311 673
Mechanical Components	**399 169**	**360 619**
Electromechanical Components	48 418	53 014
Power Quality	23 228	23 801
Electronic Manufacturing and Packaging	43 135	53 297
ELCOM / EMS	**114 781**	**130 112**
Gross sales	**687 442**	**679 993**
Revenue reductions	– 5 316	– 5 989
Net revenue	**682 126**	**674 004**

The Phoenix Mecano Group had no customers in 2020 or 2019 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

	2020	2019
BY REGION		
Switzerland	6 639	6 894
Germany	43 459	45 917
UK	65	140
France	248	347
Italy	179	234
The Netherlands	361	433
Rest of Europe	30 813	34 603
North and South America	4 643	5 778
Middle and Far East	55 235	49 541
Total	**141 642**	**143 887**

PRINCIPLES OF CONSOLIDATION AND VALUATION

Accounting principles

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

The 2020 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 2020, 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, investments <20%, 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.

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 financial result.

Associated companies

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

Capital consolidation

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

Owing to the great importance of the euro to the Group – a substantial proportion of Phoenix Mecano's sales are made in euro and most of its major subsidiaries are located in the euro area – the consolidated financial statements are presented in euro.

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

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

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

Intercompany profits

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

Segment information

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

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

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

- **Mechanical Components** (aluminium profiles, pipe connection systems, conveyor components, linear units, electric cylinders, lifting columns as well as linear drives and drive systems including fittings technology for industry and electrically adjustable furniture for the home and hospital care sector as well as software for medical applications)

- **ELCOM / EMS** (switches, plug connectors, inductive components, transformers, instrument transformers, backplanes, customised industrial computer systems, power supplies as well as circuit board equipment and the development of customised electronic applications right down to complete subsystems)

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

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

The result is allocated to the individual divisions to the level of the result before interest and tax. Segment assets include intangible assets, tangible assets, inventories, trade receivables, other 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 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 comprise cash on hand, in bank and in postal accounts. They also include fixed deposits with a term not exceeding three months from the balance sheet date.

Trade receivables and other receivables

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

Inventories

Inventories are reported at acquisition or production cost, which must not exceed the net realisable value (lowest value principle). The value of the costs is determined in the same way throughout the Group 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.

Tangible assets

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

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

The useful lives of assets are estimated as follows:

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

Leased assets

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

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

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

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

Intangible assets

Capitalised development costs

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

Concessions, licences, similar rights and assets

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

Impairment losses

Intangible and tangible assets as well as goodwill (in the shadow statement) are consistently checked for impairment if there are indications to suggest that this has taken place. The recoverable amount (the higher of the net selling price less costs to sell and the value in use) of the asset or cash-generating unit is estimated and an adjustment to the previous book value (carrying amount) is made in the statement of income in the case of intangible and tangible assets and in the shadow statement 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 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 derivatives 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 listing of the DewertOkin product area in China, an employee participation plan for key employees in this product area was initiated towards 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 listing. Differences between the issue price and the fair value of the shares at the time of allocation are charged to personnel expenses and recognised in the statement of income. Recognition takes place over the vesting period, if such a period has been agreed, otherwise immediately upon allocation. Cash settlement is not provided for.

Pension obligations

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

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

Equity

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

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

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

Revenue recognition

Sales are measured at the amount to which Phoenix Mecano expects to be entitled. They include the sale of goods and, to a limited extent, services in the course of the Group's ordinary activities. Gross and net sales are recognised net of value added tax and credit notes, as well as of discounts and rebates in the case of net sales. Sales of products and services are recognised following the transfer of control to the customer (usually upon the transfer of significant risks and rewards). This is determined by the specific contract terms (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 on the valuation differences upon initial recognition of goodwill or on investments in subsidiary companies and purchase price liabilities from acquisitions are taken into consideration, 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 temporary differences are only capitalised if their realisation seems certain. For this to be the case, consistently positive results must have been achieved and be expected to continue in the foreseeable future. If there are taxable temporary differences and offsettable tax losses carried forward at the same company, the two amounts are offset against one another.

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

Statement of cash flow

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

Key figures not defined by Swiss GAAP FER (alternative performance indicators)

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

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

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

Assumptions and estimations

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

The most important assumptions and estimations are set out below:

Inventories

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

Tangible assets, intangible assets and goodwill (shadow statement)

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

Financial liabilities

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

Provisions

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

Income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2020

1 Currency exchange rates

	Balance Sheet		Statements of income and cash flow	
	2020	2019	**2020**	2019
Euro for				
1 CHF	0.921	0.921	0.934	0.899
1 GBP	1.107	1.175	1.126	1.141
1 USD	0.814	0.890	0.878	0.893
100 HUF	0.274	0.303	0.285	0.308
1 RON	0.205	0.209	0.207	0.211
1 TND	0.304	0.320	0.313	0.305
1 CNY	0.125	0.128	0.127	0.129
1 INR	0.011	0.013	0.012	0.013

2 Scope of consolidation

In 2020 and 2019 the scope of consolidation changed as follows:

Date	Company	Change	Division
2020			
02.11.20	BEWATEC Kommunikationstechnik GmbH	Acquisition	Mechanical Components
02.11.20	Bewatec Connected.Care GmbH	Acquisition	Mechanical Components
31.10.20	Phoenix Mecano Australia Pty. Ltd.	Sale	Mechanical Components
01.10.20	DewertOkin KFT	Foundation	Mechanical Components
31.08.20	Phoenix Mecano Mazaka A.S.	Sale	Mechanical Components
06.08.20	DewertOkin AG	Foundation	Mechanical Components
28.07.20	Phoenix Mecano Technologies AG	Merger with Phoenix Mecano AG	Other
21.07.20	CRE Rösler Electronic GmbH	Merger with ROSE Systemtechnik GmbH	Enclosures
27.05.20	DewertOkin Services GmbH	Foundation	Mechanical Components
05.05.20	Okin Vietnam Company Ltd.	Foundation	Mechanical Components
02.04.20	Hartmann Codier GmbH	Merger with PTR HARTMANN GmbH	ELCOM/EMS
03.03.20	Integrated Furniture Technologies Ltd.	Liquidation	Mechanical Components
28.01.20	RK Antriebs- und Handhabungs-Technik GmbH	Foundation	Mechanical Components
2019			
31.12.19	PM International B.V.	Merger with Phoenix Mecano B.V. (formerly PM Komponenten B.V.)	Reconciliation
06.12.19	I2 Mechanical and Electrical Co. Ltd.	Liquidation	Mechanical Components
28.08.19	Phoenix Mecano Finance Ltd.	Liquidation	Reconciliation
01.08.19	CRE Rösler Electronic GmbH	Acquisition	Enclosures
01.04.19	Haining My Home Mechanism Co. Ltd.	Acquisition	Mechanical Components

The following companies were fully consolidated as at 31 December 2020:

SCOPE OF CONSOLIDATION

Company	Head office
Phoenix Mecano AG	Stein am Rhein, Switzerland
Phoenix Mecano Management AG	Kloten, Switzerland
Phoenix Mecano Trading AG	Stein am Rhein, Switzerland
Phoenix Mecano Komponenten AG	Stein am Rhein, Switzerland
DewertOkin AG	Stein am Rhein, Switzerland
ROSE Systemtechnik GmbH	Porta Westfalica, Germany
Bopla Gehäuse Systeme GmbH	Bünde, Germany
Kundisch GmbH & Co. KG	Villingen-Schwenningen, Germany
HPC Sekure GmbH	Wessling, Germany
PTR HARTMANN GmbH	Werne, Germany
Redur GmbH + Co. KG	Niederzier, Germany
ismet GmbH	Villingen-Schwenningen, Germany
Hartmann Electronic GmbH	Stuttgart, Germany
Wiener Power Electronics GmbH	Burscheid, Germany
Phoenix Mecano Digital Elektronik GmbH	Wutha-Farnroda, Germany
RK Rose+Krieger GmbH	Minden, Germany
RK System- & Lineartechnik GmbH	Salem-Neufrach, Germany
RK Schmidt Systemtechnik GmbH	St. Wendel, Germany
RK Antriebs- und Handhabungs-Technik GmbH	Bienenbüttel, Germany
DewertOkin GmbH	Kirchlengern, Germany
DewertOkin Services GmbH	Kirchlengern, Germany
BEWATEC Kommunikationstechnik GmbH	Telgte, Germany
Bewatec Connected.Care GmbH	Berlin, Germany
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany
Götz Udo Hartmann GmbH	Niederzier, Germany
Kundisch Beteiligungs-GmbH	Villingen-Schwenningen, Germany
Phoenix Mecano S.à.r.l.	Fontenay-sous-Bois, Cedex, France
Phoenix Mecano Ltd.	Aylesbury, UK
Integrated Furniture Technologies Ltd.	Aylesbury, UK
DewertOkin AB (formerly Phoenix Mecano AB)	Ingelstad, Sweden
Phoenix Mecano ApS	Odense, Denmark
Phoenix Mecano S.r.l.	Modena, Italy
Sistemas Phoenix Mecano España S.A.	Zaragoza, Spain
Phoenix Mecano B.V.	Doetinchem, The Netherlands
PM Special Measuring Systems B.V.	Enschede, The Netherlands
Phoenix Mecano NV	Deinze, Belgium

Activity	Currency	Registered capital in 1 000	2020 Stake in %	2019 Stake in %
Finance	CHF	961	n/a	n/a
Finance	CHF	50	100	100
Purchasing	CHF	100	100	100
Production/Sales	CHF	2 000	100	100
Finance	CHF	500	100	–
Production/Sales	EUR	1 053	100	100
Production/Sales	EUR	750	100	100
Production/Sales	EUR	300	100	100
Sales	EUR	500	100	100
Production/Sales	EUR	400	100	100
Production/Sales	EUR	300	100	100
Production/Sales	EUR	512	100	100
Production/Sales	EUR	222	100	100
Production/Sales	EUR	51	100	100
Production/Sales	EUR	350	100	100
Production/Sales	EUR	496	100	100
Production/Sales	EUR	250	100	100
Production/Sales	EUR	500	100	100
Production/Sales	EUR	250	100	–
Production/Sales	EUR	1 000	100	100
Production/Sales	EUR	25	100	–
Production/Sales	EUR	98	100	–
Development	EUR	55	100	–
Finance	EUR	4 000	100	100
Finance	EUR	26	100	100
Finance	EUR	26	100	100
Sales	EUR	620	100	100
Sales	GBP	300	100	100
Development	GBP	1	–	100
Sales	SEK	100	100	100
Sales	DKK	125	100	100
Sales	EUR	300	100	100
Sales	EUR	60	90	90
Sales	EUR	1 000	100	100
Production/Sales	EUR	18	100	100
Sales	EUR	100	100	100

SCOPE OF CONSOLIDATION

Company	Head office
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary
DewertOkin KFT	Kecskemét, Hungary
DewertOkin Services KFT (formerly Phoenix Mecano Kecskemét Research and Development KFT)	Kecskemét, Hungary
Phoenix Mecano Plastic S.r.l.	Sibiu, Romania
ismet transformatory s.r.o.	Beharovice, Czech Republic
Phoenix Mecano OOO	Moscow, Russia
Phoenix Mecano Inc.	Frederick, USA
WIENER, Plein & Baus Corp.	Springfield, USA
OKIN America Inc.	Shannon, USA
Orion Technologies LLC	Orlando, USA
Tefelen LLC	Frederick, USA
DewertOkin do Brasil Ltda (formerly Phoenix Mecano Comercial e Tecnica Ltda.)	São Paulo, Brazil
Phoenix Mecano Holding Ltda.	São Paulo, Brazil
DewertOkin Latin America S.A. (formerly Phoenix Mecano Latin America Electromechanical Components Trading S.A.)	Montevideo, Uruguay
Phoenix Mecano S. E. Asia Pte Ltd.	Singapore
Phoenix Mecano Korea Co. Ltd.	Busan, South Korea
Phoenix Mecano (India) Pvt. Ltd.	Pune, India
Phoenix Mecano Saudi Arabia LLC	Dammam, Saudi Arabia
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China
PTR HARTMANN (Shaoguan) Co., Ltd. (formerly Shenzhen Elcom Co., Ltd.)	Shaoguan City, China
DewertOkin Technology Group Co., Ltd.	Jiaxing, China
Haining My Home Mechanism Co. Ltd.	Haining, China
Phoenix Mecano Components (Taicang) Co., Ltd. in liquidation	Taicang, China
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China
Bond Tact Industrial Limited	Hong Kong, China
Bond Tact Hardware (Dongguan) Company Limited	Dongguan, China
Okin Vietnam Company Ltd.	Binh Duong Province, Vietnam
Mazaka Endüstriyel Ürünler San Tic ve Teknoloji AŞ (formerly Phoenix Mecano Mazaka AS)	Ankara, Turkey
ROSE Systemtechnik Middle East (FZE)	Sharjah, U.A.E.
Phoenix Mecano Australia Pty. Ltd.	Tullamarine Victoria, Australia
Phoenix Mecano Hartu S.à.r.l. in liquidation	Tunis, Tunesia
Phoenix Mecano ELCOM S.à.r.l.	Zaghouan, Tunesia
Phoenix Mecano Digital Tunisie S.à.r.l.	Borj-Cedria, Tunesia
Phoenix Mecano Maroc S.à.r.l. in liquidation	Tétouan, Marocco

Activity	Currency	Registered capital in 1 000	2020 Stake in %	2019 Stake in %
Production / Sales	EUR	40 000	100	100
Production / Sales	EUR	20 000	100	–
Development	EUR	502	100	100
Production	EUR	750	100	100
Production	CZK	200	100	100
Sales	RUB	21 300	100	100
Production / Sales	USD	10 000	100	100
Sales	USD	100	100	100
Production / Sales	USD	10	100	100
Production / Sales	USD	33	90	90
Production / Sales	USD	300	51	51
Sales	BRL	10 176	100	100
Finance	BRL	1 062	100	100
Sales	UYU	200	100	100
Sales	SGD	1 000	100	100
Sales	KRW	370 000	100	100
Production / Sales	INR	299 452	100	100
Sales	SAR	3 000	100	100
Production / Sales	USD	3 925	100	100
Production / Sales	CNY	70 000	100	100
Production / Sales	CNY	600 000	100	100
Production / Sales	CNY	3 100	100	100
Production / Sales	USD	10 000	100	100
Finance / Sales	EUR	69 051	100	100
Finance	HKD	500	100	100
Production / Sales	HKD	58 000	100	100
Production	USD	500	100	–
Sales	TRY	430	–	91
Sales	AED	150	100	100
Sales	AUD	204	–	70
Production	TND	2 500	100	100
Production	TND	5 000	100	100
Production	TND	100	100	100
Production	MAD	34 000	100	100

3 Cash and cash equivalents

in 1 000 EUR	2020	2019
MEANS OF PAYMENT		
Cash at bank and in postal accounts	66 686	54 406
Cash on hand	118	152
Total	**66 804**	**54 558**
OTHER CASH AND CASH EQUIVALENTS		
Fixed-term deposits (up to 3 months)	10 383	5 494
Balance sheet value	**77 187**	**60 052**
INTEREST RATES IN %		
CHF	0.0	0.0
EUR	0.0	0.0
USD	0.0	0.0
HUF	0.0	0.0
CNY	0.4	0.4

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

The proceeds from the sale of a building in Tunisia totalling EUR 1.3 million from the reporting year have not yet been approved for use by the Central Bank of Tunisia.

4 Trade receivables

in 1 000 EUR	2020	2019
Trade receivables	136 545	117 595
Receivables due from associated companies	226	162
Value adjustments	–2 968	–4 188
Balance sheet value	**133 803**	**113 569**
REGIONAL BREAKDOWN OF TRADE RECEIVABLES		
Switzerland	2 029	2 260
Germany	12 906	12 826
UK	1 442	1 907
France	2 932	3 084
Italy	2 338	2 271
The Netherlands	1 782	1 795
Rest of Europe	10 257	11 311
North and South America	14 448	19 580
Middle and Far East	85 669	58 535
Balance sheet value	**133 803**	**113 569**

in 1 000 EUR	2020	2019
UPDATE OF VALUE ADJUSTMENT ON TRADE RECEIVABLES		
Individual value adjustments		
As at 1 January	847	834
Change	–341	13
As at 31 December	506	847
Flat-rate value adjustments		
As at 1 January	3 341	3 382
Change	–879	–41
As at 31 December	2 462	3 341
Total	**2 968**	**4 188**

Trade receivables totalling EUR 0.7 million (previous year EUR 0.6 million) have been derecognised.

	2020		2019	
in 1 000 EUR	Gross	Value adjustment	Gross	Value adjustment
AGING ANALYSIS OF TRADE RECEIVABLES NOT SUBJECT TO INDIVIDUAL VALUE ADJUSTMENTS				
Gross values	136 771		117 757	
Gross value of receivables subject to individual value adjustments	–516		–862	
Total	**136 255**		**116 895**	
of which:				
Not due	111 107	292	89 328	312
Overdue for 1–30 days	17 665	170	18 873	436
Overdue for 31–60 days	4 078	119	2 914	136
Overdue for 61–90 days	1 137	114	574	81
Overdue for 91–180 days	958	466	575	287
Overdue for more than 180 days	1 310	1 301	4 631	2 089
Total	**136 255**	**2 462**	**116 895**	**3 341**

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 region. Receivables not due include receivables of EUR 5.8 million from government procurement programmes in the United States with pay-when-paid terms.

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 2020 was EUR 18.9 million (previous year EUR 14.7 million). It is not due.

The average payment term was 66 days (previous year 60 days).

5 Other receivables

in 1 000 EUR	2020	2019
Tax receivables from VAT and other taxes	5 654	3 996
Current portion of long-term financial assets	727	331
Financial receivables	30	359
Advance payments for inventories	6 575	3 879
Other	3 984	1 545
Balance sheet value	**16 970**	**10 110**

6 Inventories

in 1 000 EUR	2020	2019
Raw and ancillary materials	100 253	95 076
Work in progress	10 509	8 862
Finished goods and merchandise for resale	69 526	65 165
Value adjustments	–23 177	–21 057
Balance sheet value	**157 111**	**148 046**

The value adjustments were determined based on marketability and range of the stocks. Changes in value adjustments and losses on inventories totalling EUR 6.5 million (previous year EUR 4.5 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 2020 and 2019.

7 Tangible assets

in 1 000 EUR	Note No.	Investment properties	Land and buildings	Machinery and equipment	Construction in progress	Total
Acquisition costs 31 December 2018		**383**	**137 350**	**235 923**	**6 948**	**380 604**
Additions of companies included in consolidation	38		979	2 206	1 055	4 240
Translation differences		–7	627	551	–29	1 142
Additions			1 427	14 299	7 600	23 326
Disposals			–83	–8 864	–174	–9 121
Reclassification		–251	2 932	4 821	–7 502	0
Acquisition costs 31 December 2019		**125**	**143 232**	**248 936**	**7 898**	**400 191**
Accumulated depreciation 31 December 2018		**148**	**66 969**	**183 362**	**0**	**250 479**
Translation differences		–3	406	424		827
Depreciation		3	4 234	15 601		19 838
Impairment losses			88	1 003		1 091
Disposals			–80	–8 405		–8 485
Reclassification		–97	97			0
Accumulated depreciation 31 December 2019		**51**	**71 714**	**191 985**	**0**	**263 750**
Net values 1 January 2019		**235**	**70 381**	**52 561**	**6 948**	**130 125**
Net values 31 December 2019		**74**	**71 518**	**56 951**	**7 898**	**136 441**
Acquisition costs 31 December 2019		**125**	**143 232**	**248 936**	**7 898**	**400 191**
Additions of companies included in consolidation	38		410	328		738
Disposals of companies included in consolidation	39			–697		–697
Translation differences		–36	–2 164	–2 930	–310	–5 440
Additions			7 681	12 120	5 830	25 631
Disposals			–10 705	–12 211	–411	–23 327
Reclassification		–89	7 886	793	–8 590	0
Acquisition costs 31 December 2020		**0**	**146 340**	**246 339**	**4 417**	**397 096**
Accumulated depreciation 31 December 2019		**51**	**71 714**	**191 985**	**0**	**263 750**
Disposals of companies included in consolidation	39			–440		–440
Translation differences		–15	–681	–1 775		–2 471
Depreciation			4 301	15 213		19 514
Impairment losses			2 923	436		3 359
Reversal of impairment losses			–739	–97		–836
Disposals			–4 856	–10 480		–15 336
Reclassification		–36	36	0		0
Accumulated depreciation 31 December 2020		**0**	**72 698**	**194 842**	**0**	**267 540**
Net values 31 December 2020		**0**	**73 642**	**51 497**	**4 417**	**129 556**

Land and buildings is divided into developed and undeveloped land and land use rights in China with a book value of EUR 17.8 million (previous year EUR 13.5 million) and factory and administration buildings with a balance sheet value of EUR 55.8 million (previous year EUR 58.0 million).

The fire insurance value of the tangible assets amounted to EUR 394.0 million on the balance sheet date, compared with EUR 386.3 million the previous year.

Land and buildings with a book value of EUR 6.6 million (previous year EUR 6.5 million) were mortgaged to cover debts. The amount of the corresponding credit taken up totalled EUR 4.7 million (previous year EUR 4.9 million).

No tangible assets were subject to reservation of title on the balance sheet date (previous year EUR 0.005 million).

Write-downs of land and buildings, machinery and equipment (previous year buildings, machinery and tools) were performed in the reporting year within the framework of the impairment tests on cash-generating units (CGUs) and assets at the balance sheet date. For these write-downs, the present value (value in use) was used as a basis for the valuation, as well as sale value estimates by third parties in the case of the land and buildings.

The breakdown by division of impairment losses and reversals of impairment losses is clear from the segment information provided. In the statement of income, impairment losses on tangible assets of EUR 3.4 million (previous year EUR 1.1 million) are included under Impairment losses on intangible and tangible assets. Reversals of impairment losses amounting to EUR 0.8 million were made in the reporting year.

The reclassification of the investment property is due to the property being used entirely in-house from 2020.

8 Intangible assets

in 1 000 EUR	Note No.	Development costs	Concessions, licences, similar rights and assets	Development projects in progress	Total
Acquisition costs 31 December 2018		**12 532**	**33 312**	**1 930**	**47 774**
Additions of companies included in consolidation	38		19		19
Translation differences		31	192		223
Additions		255	1 768	793	2 816
Disposals			–833		–833
Reclassification		1 475		–1 475	0
Acquisition costs 31 December 2019		**14 293**	**34 458**	**1 248**	**49 999**
Accumulated amortisation 31 December 2018		**10 573**	**28 602**	**0**	**39 175**
Translation differences		10	134		144
Amortisation		671	2 398		3 069
Impairment losses		1 496			1 496
Reversal of impairment losses		–9			–9
Disposals			–800		–800
Reclassification					0
Accumulated amortisation 31 December 2019		**12 741**	**30 334**	**0**	**43 075**
Net values 1 January 2019		**1 959**	**4 710**	**1 930**	**8 599**
Net values 31 December 2019		**1 552**	**4 124**	**1 248**	**6 924**
Acquisition costs 31 December 2019		**14 293**	**34 458**	**1 248**	**49 999**
Additions of companies included in consolidation	38	4 139	233		4 372
Disposals of companies included in consolidation	39		–26		–26
Translation differences		–49	–428	–2	–479
Additions		520	1 555	55	2 130
Disposals		–518	–660	–6	–1 184
Reclassification		1 049	17	–1 066	0
Acquisition costs 31 December 2020		**19 434**	**35 149**	**229**	**54 812**
Accumulated amortisation 31 December 2019		**12 741**	**30 334**	**0**	**43 075**
Disposals of companies included in consolidation	39		–22		–22
Translation differences		–47	–378		–425
Amortisation		793	2 133		2 926
Impairment losses		726	95		821
Reversal of impairment losses					0
Disposals		–517	–650		–1 167
Reclassification					0
Accumulated amortisation 31 December 2020		**13 696**	**31 512**	**0**	**45 208**
Net values 31 December 2020		**5 738**	**3 637**	**229**	**9 604**

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

Other intangible assets worth EUR 0.003 million (previous year EUR 0.1 million) 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, write-downs of EUR 0.7 million (previous year EUR 1.5 million) were performed on capitalised development projects in the Mechanical Components division, because these business activities had not developed as originally planned. There was also a write-down on software of EUR 0.1 million. A pre-tax discount rate (WACC) of 10.0% (previous year 10.5%) was applied to determine the present value (value in use) for impairment tests.

The breakdown by division of impairment losses and reversal of impairment losses is clear from the segment information provided. In the statement of income, impairment losses on intangible assets in the reporting year of EUR 0.8 million (previous year EUR 1.5 million) are included under Impairment losses/Reversal of impairment losses on tangible and intangible assets.

9 Investments in associated companies

in 1 000 EUR	Investment in %	2020	2019
UPDATE OF INVESTMENTS IN ASSOCIATED COMPANIES			
AVS Phoenix Mecano GmbH, Vienna (A)	50		
Phoenix Mecano Australia Pty. Ltd.	29.2		
BEWATEC Technologies Co., Ltd.	49		
As at 1 January		**522**	**1 928**
Additions		1 658	0
Disposals (proceeds of sales)		0	–1 550
Disposals (profit/(loss))		0	145
Result		380	–1
Dividends paid		–75	–150
Translation differences		–3	150
As at 31 December		**2 482**	**522**

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

On 31 October 2020, the Phoenix Mecano Group sold its majority stake in Phoenix Mecano Australia Pty. Ltd. with a corresponding loss of control. The Phoenix Mecano Group has retained a 29.2% stake in Phoenix Mecano Australia Pty. Ltd. which will in future be recognised as an investment in associated companies (see note 39). In connection with this transaction, a contractually agreed residual purchase price payment of EUR 0.6 million is outstanding (see notes 10 and 20).

On 2 November 2020, the Phoenix Mecano Group acquired 49% of the shares in BEWATEC Technologies Co., Ltd. (CN) in connection with the acquisition of BEWATEC Kommunikationstechnik GmbH (see note 38).

On 5 July 2019, the Phoenix Mecano Group sold its 20% stake in Electroshield-C (RU) for EUR 1.55 million. In 2018, a write-down of EUR 0.8 million was performed on this investment due to the uncertainties surrounding the sale. In 2019, there was a gain of EUR 0.3 million from the sale of the shares (see note 32).

On 12 December 2019, the Phoenix Mecano Group sold its 50% stake in Tefelen Preissinger GmbH (D) for the price of EUR 1. This sale resulted in a loss of EUR 0.1 million (see note 33). At the balance sheet date in the reporting year, there was a loan from a Group company to Tefelen Preissinger GmbH for a gross amount of EUR 0.3 million (previous year EUR 0.3 million), guaranteed by the share purchasers. The remaining, value-adjusted loans were derecognised in the previous year in connection with the sale (see note 10).

Total purchases of goods from Group companies amounted to EUR 3.5 million (previous year EUR 3.5 million) for all investments in associated companies and sales of goods to Group companies totalled EUR 1.7 million (previous year EUR 0.003 million).

The result of the period for all investments in associated companies in 2020 totalled EUR 0.4 million (previous year EUR 0.0 million).

10 Other financial assets

in 1 000 EUR	Note No.	**2020**	2019
Other loans		1 098	635
Investments (under 20%)		12	12
Balance sheet value		**1 110**	**647**
BY CURRENCY			
EUR		282	647
AUD		649	0
TRY		179	0
Balance sheet value		**1 110**	**647**
BY MATURITY			
in 2 years		372	335
in 3 years		77	300
in 4 years		0	0
in 5 years		0	0
after 5 years		649	0
none		12	12
Balance sheet value		**1 110**	**647**
UPDATE OF VALUE ADJUSTMENT ON OTHER FINANCIAL ASSETS			
As at 1 January		**0**	**260**
Release of value adjustment (inflow of funds)	32		0
Release of value adjustment (disposal)			– 1 040
Allocation of value adjustment	33		780
As at 31 December		**0**	**0**

Receivables from residual purchase price payments reported under Other loans relate to the sale of Phoenix Mecano Mazaka AS (Turkey) and the sale of the majority stake in Phoenix Mecano Australia Pty. Some of these are long-term receivables (see note 39).

The allocation of the value adjustment of EUR 0.8 million in 2019 concerns loans to Tefelen Preissinger GmbH (D) (see note 9).

11 Financial liabilities

			2020			2019
in 1 000 EUR	Short-term	Long-term	Total	Short-term	Long-term	Total
Liabilities to financial institutions	89 031	16 864	105 895	32 458	14 910	47 368
Promissory note loans		75 989	75 989		77 015	77 015
Purchase price liabilities from acquisitions	2 778	7 180	9 958	3 330	17 177	20 507
Other financial liabilities	228	542	770	654	2 646	3 300
Balance sheet value	**92 037**	**100 575**	**192 612**	**36 442**	**111 748**	**148 190**
BY MATURITY						
in < 1 year	92 037		92 037	36 442		36 442
in 1 – 2 years		55 201	55 201		12 293	12 293
in 2 – 3 years		5 316	5 316		64 718	64 718
in 3 – 4 years		32 562	32 562		4 064	4 064
in 4 – 5 years		4 167	4 167		30 526	30 526
in > 5 years		3 329	3 329		147	147
Balance sheet value	**92 037**	**100 575**	**192 612**	**36 442**	**111 748**	**148 190**

			2020			2019
	in 1 000 EUR	in %	Interest rate in %	in 1 000 EUR	in %	Interest rate in %
BY CURRENCY						
CHF	9 673	5,0	1,1	10 592	7,1	1,1
EUR	120 993	62,8	0,8	79 743	53,8	0,9
USD	35 829	18,6	1,5	45 698	30,8	3,2
CNY	25 568	13,3	4,3	12 109	8,2	4,5
Other currencies	549	0,3	6,0	48	0,1	12,0
Balance sheet value	**192 612**	**100**	**–**	**148 190**	**100**	**–**

RECONCILIATION OF FINANCIAL LIABILITIES 2020	**2019**	**Cash items**		**Non-cash items**		**2020**
in 1 000 EUR			Change in scope of consolidation	Currency differences	Change in fair value	
Long-term liabilities to financial institutions	14 910	3 702		– 1 748		16 864
Short-term liabilities to financial institutions	32 458	56 264	–	309		89 031
Promissory note loans	77 015			– 1 026		75 989
Purchase price liabilities from acquisitions	20 507	– 18 619	6 584	289	1 197	9 958
Other financial liabilities	3 300	– 2 663		133		770
Balance sheet value	**148 190**	**38 684**	**6 584**	**– 2 043**	**1 197**	**192 612**

RECONCILIATION OF FINANCIAL LIABILITIES 2019	**2018**	**Cash items**		**Non-cash items**		**2019**
in 1 000 EUR			Change in scope of consolidation	Currency differences	Change in fair value	
Long-term liabilities to financial institutions	21 178	– 6 711		443		14 910
Short-term liabilities to financial institutions	15 282	14 152	2 927	97		32 458
Promissory note loans	46 786	30 000		229		77 015
Purchase price liabilities from acquisitions	1 369	– 14 310	28 554	– 180	5 074	20 507
Other financial liabilities	3 165	– 721	843	13		3 300
Present value of leasing commitments	43	– 43		–		0
Balance sheet value	**87 823**	**22 367**	**32 324**	**602**	**5 074**	**148 190**

On 3 November 2017, a purchase agreement was signed for the acquisition of the remaining 25% interests in Phoenix Mecano S.E. Asia Pte. Ltd. and Phoenix Mecano Korea Co. Ltd. In 2019, the purchase price liability was adjusted to the fair value via equity. The remaining purchase price liability was paid in 2020 (see note 20).

On 1 April 2019, the Phoenix Mecano Group acquired a majority stake of 80% in Haining My Home Mechanism Co., Ltd. (PR China), with a call/put option for the remaining 20%, which was exercised early in 2020. In 2019 and 2020, the purchase price liability was adjusted to the fair value via equity (see note 20). The purchase price for the remaining shares was paid in two tranches, shortly before and shortly after the interim financial statements as at 30 June 2020.

On 1 August 2019, the Phoenix Mecano Group acquired all shares in CRE Rösler Electronic GmbH, Germany, entailing a purchase price liability that falls due in 2022. At the end of 2019, the purchase price liability was adjusted to the fair value via equity (see note 20).

On 2 November 2020, the Phoenix Mecano Group acquired all shares in BEWATEC Kommunikationstechnik GmbH, Germany, and its subsidiaries, entailing a contingent purchase price liability that is due in tranches between 2021 and 2026 (see notes 20 and 38).

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

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. On 18 November 2019, the Phoenix Mecano Group took out another promissory note loan for EUR 30 million with a fixed interest rate and a term of five years.

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

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

12 Derivative financial instruments

in 1 000 EUR	Contract values 2020	Contract values 2019	Receivables due from derivative financial instruments 2020	Receivables due from derivative financial instruments 2019	Liabilities from derivative financial instruments 2020	Liabilities from derivative financial instruments 2019
FORWARD EXCHANGE CONTRACTS BY CURRENCY						
CHF		9 670		41		
USD	994		38			
HUF	7 200	20 380		55	605	199
RON		3 600				130
Total	**8 194**	**33 650**	**38**	**96**	**605**	**329**
FORWARD EXCHANGE CONTRACTS BY MATURITY						
in 1 year			38	96	605	329
Total			**38**	**96**	**605**	**329**
INTEREST RATE CHANGE CONTRACTS BY CURRENCY						
USD	8 140	8 900			1 135	285
Total	**8 140**	**8 900**	**0**	**0**	**1 135**	**285**
INTEREST RATE CHANGE CONTRACTS BY MATURITY						
in 1 year					1 135	285
Total			**0**	**0**	**1 135**	**285**
NET BALANCE SHEET VALUE BY MATURITY						
Total short-term			38	96	1 740	614
Net balance sheet value			**38**	**96**	**1 740**	**614**

The forward exchange purchases of HUF for EUR were used for partial hedging of the planned operating expenses in local currency in Hungary. The forward exchange sales of USD for EUR were used to hedge customer orders in the United States. The forward exchange purchase of CHF for EUR in the previous year was used to hedge Phoenix Mecano AG’s dividend payment in the following year.

In 2017, in connection with the promissory note loan taken out in USD, a cross currency swap of USD 10 million for CHF was performed to fix the interest rate.

13 Provisions

RECONCILIATION OF PROVISIONS 2020 in 1 000 EUR	Provisions for long-term employee benefits	Guarantee provisions	Restructuring provisions	Other provisions	**Total 2020**
Provisions as at 1 January	**4 517**	**3 097**	**7 349**	**9 188**	**24 151**
Change in scope of consolidation	34	171	300	1 520	2 025
Translation differences	–70	–31	–7	–186	–294
Usage	–787	–1 763	–4 129	–7 931	–14 610
Releases	–279	–269	–1 040	–378	–1 966
Allocation	826	3 841	1 999	9 187	15 853
Provisions as at 31 December	**4 241**	**5 046**	**4 472**	**11 400**	**25 159**
Due within 1 year	728	4 732	4 472	9 765	19 697
Due after 1 year	3 513	314	0	1 635	5 462

RECONCILIATION OF PROVISIONS 2019 in 1 000 EUR	Provisions for long-term employee benefits	Guarantee provisions	Restructuring provisions	Other provisions	**Total 2019**
Provisions as at 1 January	**4 117**	**3 065**	**0**	**9 800**	**16 982**
Change in scope of consolidation		97		55	152
Translation differences	3	4	–6	5	6
Usage	–733	–1 512	–950	–7 363	–10 558
Releases	–92	–250		–814	–1 156
Allocation	1 222	1 693	8 305	7 505	18 725
Provisions as at 31 December	**4 517**	**3 097**	**7 349**	**9 188**	**24 151**
Due within 1 year	732	2 769	7 343	8 481	19 325
Due after 1 year	3 785	328	6	707	4 826

The provisions for long-term employee benefits relate to agreements providing for part-time work for older employees in Germany, statutory retirement pay in Italy (“Trattamento Fine Rapporto”) and provisions for length-of-service awards.

The restructuring costs mainly comprise staff costs arising from the announced package of measures to improve performance in the Mechanical Components and ELCOM/EMS divisions. The provision created in this regard during the year was partially used in 2020.

Other provisions include provisions for short-term payments to employees. These rose from EUR 6.4 million to EUR 8.1 million, primarily due to indemnities not related to the restructuring package. Provisions to cover the remaining lease term following the closure and resizing of sites in Germany fell slightly to EUR 0.7 million (previous year EUR 0.8 million). Other provisions also include provisions for litigation risks, impending losses and other conceivable risks from contractual or constructive obligations.

14 Pension obligations

The Phoenix Mecano Group operates a number of pension plans for employees in Switzerland and elsewhere, which meet the relevant criteria for inclusion. These include 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 113.6% at the end of November 2020. However, this calculation does not take into account the value fluctuation reserves, which according to FER 16/11 are not part of the economic benefit of the organisation and were not fully accumulated as of 31 December 2019. The foundation's 2020 annual report is not yet available. Based on this available information, the Phoenix Mecano Group has concluded that no future positive effect on cash flow is expected and therefore there was no surplus to be disclosed in accordance with FER 16/5 as at 31 December 2020.

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 (negative interest is not possible). 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 2021 it is 1% (2020: 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 individual pensioners, departed and still active employees (mainly executives). No new commitments are being entered into (except in the case of pension plans taken over through acquisitions). In principle, entitlement to pension benefits arises on the grounds of old age, disability or death. Payments take the form of lifetime annuities or in some cases lump-sum payments, depending on the relevant pension regulations. Survivors are entitled to a percentage of the annuity at the time of the beneficiary's death. In principle, as regards the amount of the annuity payment, pension plans are fixed or dependent on the statutory contribution assessment ceiling at the time the insured event occurs. In one case, benefits are dependent on the development of salaries for civil servants. Individual plans have separate plan assets. 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. Of the 12 persons entitled to pension benefits, 11 had vested benefits 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 2019 and 2020:

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)
	2020	**2020**	2019	**2020**	**2020**	**2020**	**2020**	2019
in 1 000 EUR								
Pension plans without surplus/deficit						1 578	1 578	1 711
Pension plans with deficit	– 1 349	– 1 349	– 1 302	73	– 26	0	73	384
Pension institution without own assets	– 5 058	– 5 058	– 5 017	259	– 218	0	259	567
Total	**– 6 407**	**– 6 407**	**– 6 319**	**332**	**– 244**	**1 578**	**1 910**	**2 662**

The reduction in pension expense in 2020 is mainly due to the fact that the interest rate level in Germany decreased only slightly compared with the previous year.

The previous year's figures have been adjusted to conform to the current-year presentation.

15 Other liabilities

in 1 000 EUR	2020	2019
Social security liabilities	2 856	2 937
Liabilities to employees	8 765	9 892
Liabilities arising from VAT and other taxes	5 668	4 686
Advance payments on orders	4 718	4 859
Other	2 700	2 804
Balance sheet value	**24 707**	**25 178**

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 4.9 million shown in Advance payments at the start of the reporting period was recognised as sales revenue in financial year 2020.

16 Deferred tax

in 1 000 EUR	2020	2019
DEFERRED TAX ASSETS ON		
Non-current assets	2 390	1 014
Inventories	3 293	2 840
Receivables	363	447
Provisions / Pension obligations	2 962	3 844
Other	2 171	872
Deferred tax assets	**11 179**	**9 017**
Deferred tax on losses carried forward	118	899
Total deferred tax assets	**11 297**	**9 916**
Netting with deferred tax liabilities	–2 428	–1 944
Balance sheet value	**8 869**	**7 972**
DEFERRED TAX LIABILITIES ON		
Non-current assets	–3 383	–2 924
Inventories	–276	–256
Receivables	–50	–45
Provisions / Pension obligations	–199	–58
Other	–471	–41
Total deferred tax liabilities	**–4 379**	**–3 324**
Netting with deferred tax assets	2 428	1 944
Balance sheet value	**–1 951**	**–1 380**
Net position deferred tax	**6 918**	**6 592**
TREND OF DEFERRED TAX		
As at 1 January	**6 592**	**4 489**
Changes of tax rate recognised in the statement of income	63	–23
Translation differences	–177	32
Change in scope of consolidation	–1 179	44
Change in temporary differences recognised in the statement of income	1 619	2 050
As at 31 December	**6 918**	**6 592**

in 1 000 EUR	2020	2019
EXPIRY OF NON-CAPITALISED TAX LOSSES CARRIED FORWARD		
Up to 1 year	221	749
1–2 years	342	1 404
2–3 years	363	2 180
3–4 years	3 359	1 739
4–5 years	2 833	5 571
Over 5 years	89 621	61 066
Total	**96 739**	**72 709**
VALUATION DIFFERENCES ON WHICH NO DEFERRED TAXES WERE CAPITALISED		
Non-current assets	8	2 344
Inventories	77	528
Receivables	5	348
Provisions	2 720	909
Other	134	406
Total	**2 944**	**4 535**

Due to uncertainties regarding the usability of tax losses carried forward totalling EUR 96.7 million (previous year EUR 72.7 million), no deferred tax assets were recorded on this amount. Of the tax losses carried forward which expire after five years, EUR 27.3 million (previous year EUR 30.6 million) expire within 20 years. The remaining losses can be carried forward for an indefinite period. The significant increase in tax loss carry-forwards is due to an acquisition in 2020.

17 Share capital and reserves

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

The significant shareholders of Phoenix Mecano AG are:

Name in %	Head office	2020	2019
Planalto AG [2]	Luxembourg, Luxembourg	34,6[1]	34,6[1]
Tweedy, Browne Company LLC, Stamford, USA [3]	Stamford, USA	8,5[1]	8,5[1]
Tweedy, Browne Global Value Fund [4] (A subdivision of Tweedy, Browne Fund Inc.)	*Stamford, USA*	*7,2[1]*	*7,2[1]*
J. Safra Sarasin Investmentfonds AG (formerly Sarasin Investmentfonds AG)	Basel, Switzerland	5,1	4,9[1]
Credit Suisse Funds AG	Zurich, Switzerland	< 3	3,06[1]

1 Shareholding not notified in the year indicated.

2 The economic beneficiary and person entitled to exercise voting rights is Gisela Goldkamp. The owner of the underlying rights is Benedikt A. Goldkamp.

3 Tweedy, Browne Company LLC (TBC) is not an economic beneficiary 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 economic beneficiary.

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 of Phoenix Mecano AG to TBC. TBC is not an economic beneficiary of any of the shares. TBGVF is the sole economic beneficiary of the shares.

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

18 Treasury shares

	Number of shares		Acquisition costs	
Number / in 1 000 EUR	**2020**	2019	**2020**	2019
As at 1 January	**1 000**	**1 000**	**385**	**385**
Share purchases	0	86	0	33
Share sales	– 509	– 86	– 191	– 33
As at 31 December	**491**	**1 000**	**194**	**385**

19 Minority interests

The minority interests are: in %	**2020**	2019
Tefelen LLC	49	49
Phoenix Mecano Australia Pty. Ltd.	0	30
Sistemas Phoenix Mecano España S.A.	10	10
Orion Technologies LLC	10	10
Phoenix Mecano Mazaka A.S.	0	9

The Phoenix Mecano Group owns 51% of Tefelen LLC and has committed to contribute USD 3 million to the company's capital reserves by mid-2021. Contributions of USD 2.6 million had been made by the end of 2020.

The shares in Phoenix Mecano Mazaka AS were sold on 31 August 2020, and on 31 October 2020 the majority stake in Phoenix Mecano Australia Pty. Ltd. was sold to the minority shareholders (see notes 9, 10 and 39).

These transactions are recognised in the statement of changes in equity.

All of the Phoenix Mecano Group's minority interests are non-significant.

20 Categories of financial instruments

As at 31 December 2020 and 31 December 2019, 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 No.	**2020**	2019
Cash and cash equivalents (excluding cash on hand)	3	77 069	59 900
Trade receivables	4	133 803	113 569
Other receivables (excluding VAT and other taxes and advance payments for inventories)	5	4 741	2 235
Other financial assets (excluding investments)	10	1 098	635
Assets at amortised cost		**216 711**	**176 339**
Current securities		4	11
Financial assets at fair value outside profit or loss		**4**	**11**
Derivative financial instruments (not used for hedging)	12	38	96
Financial assets at fair value through profit or loss		**38**	**96**
Financial liabilities (excluding purchase price liabilities)	11	– 182 654	– 127 683
Trade payables		– 85 682	– 59 421
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	15	– 2 700	– 2 804
Liabilities at amortised cost		**– 271 036**	**– 189 908**
Purchase price liabilities from acquisitions	11	– 9 958	– 20 507
Derivative financial instruments (not used for hedging)	12	– 1 740	– 614
Financial liabilities at fair value through profit or loss		**– 11 698**	**– 21 121**

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

in 1 000 EUR	Note No.	2020	2019
FINANCIAL ASSETS MEASURED AT MARKET VALUE			
Current securities		4	11
Derivative financial instruments	12	38	96
Outstanding residual purchase price payment	5/10	1 006	0
Total		**1 048**	**107**
FINANCIAL LIABILITIES MEASURED AT MARKET VALUE			
Derivative financial instruments	12	– 1 740	– 614
Purchase price liabilities from acquisitions	11	– 9 958	– 20 507
Total		**– 11 698**	**– 21 121**

The financial instruments consist solely of interest rate swaps and forward exchange 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	Note No.	2020	2019
As at 1 January		**20 507**	**1 369**
Change in scope of consolidation	38	6 584	28 554
Currency differences		289	– 180
Usage		– 18 619	– 14 310
Allocation/(release) (via equity)		1 197	5 074
As at 31 December		**9 958**	**20 507**

The fair value of the purchase price liabilities is dependent on sales and results (i.e. earnings) benchmarks, which are based partly on target figures. The purchase price liabilities may alter owing to a change in exchange rates (see note 22), a change in the interest rate, the addition of accrued interest or a change in the parameters for determining the purchase price. If the relevant future results were 10% greater, the purchase price liabilities would increase by EUR 0.1 million (previous year EUR 1.1 million), assuming all other variables remained constant.

In 2020, the usage of EUR 1.5 million (previous year EUR 0.2 million) relates to payments under the existing purchase price liability from the remaining interests in Phoenix Mecano S.E. Asia Pte. Ltd. and Phoenix Mecano Korea Co. Ltd. as well as EUR 17.1 million (previous year EUR 14.1 million) of payments under the existing purchase price liability from the acquisition of Haining My Home Mechanism Co., Ltd., PR China (see note 11).

The aforementioned purchase price liabilities were adjusted to the fair value in 2020 and 2019 respectively. The purchase price liability from the acquisition of CRE Rösler Electronic GmbH, Germany, was adjusted to the fair value in 2019. No adjustment was needed in 2020.

The Phoenix Mecano Group holds a 76.35% stake in Orion Technologies LLC (USA). There is also a call/put option on a minority interest of 13.65%, which was extended in 2020 and can now be exercised in 2022. This purchase price liability was measured at a fair value of zero at the end of 2020 and at the end of 2019.

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 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, trade receivables and investments in debt securities (e.g. bonds) and cash or 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. Investments in debt securities must be investment grade (this usually means a rating of at least BBB). They are suitably diversified in order to minimise risk.

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. Except for one trade receivable (see note 4), there are no individual receivables accounting for more than 10% of the total.

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 2020, unused credit lines with major banks totalled EUR 88.4 million (previous year EUR 121.4 million).

Maturity analysis of financial liabilities

Maturity analysis as at 31 December 2020	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years	in > 5 years
in 1 000 EUR							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables	85 682	– 85 682	– 85 682				
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	2 700	– 2 700	– 2 700				
Financial liabilities (excluding financial leasing)	192 612	– 195 992	– 49 642	– 25 158	– 19 014	– 98 844	– 3 334
Total	**280 994**	**– 284 374**	**– 138 024**	**– 25 158**	**– 19 014**	**– 98 844**	**– 3 334**
DERIVATIVE FINANCIAL INSTRUMENTS							
Interest rate swap	1 135	– 1 135	– 1 135				
Forward exchange transaction	567						
Outflow of funds		– 8 194	– 8 194				
Inflow of funds		7 627	7 627				
Total	**282 696**	**– 286 076**	**– 139 726**	**– 25 158**	**– 19 014**	**– 98 844**	**– 3 334**

Maturity analysis as at 31 December 2019 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	59 421	–59 421	–59 421				
Other liabilities (excluding social security, employees, VAT and other taxes and advance payments on orders)	2 804	–2 804	–2 804				
Financial liabilities (excluding financial leasing)	148 190	–152 297	–14 104	–15 763	–8 208	–114 064	–158
Total	**210 415**	**–214 522**	**–76 329**	**–15 763**	**–8 208**	**–114 064**	**–158**
DERIVATIVE FINANCIAL INSTRUMENTS							
Interest rate swap	285	–285	–285				
Forward exchange transaction	233						
Outflow of funds		–33 650	–33 650				
Inflow of funds		33 417	33 417				
Total	**210 933**	**–215 040**	**–76 847**	**–15 763**	**–8 208**	**–114 064**	**–158**

Contingent liabilities (see note 24) represent a potential 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 38% of its sales in the euro area (previous year 42%) 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 CHF, USD, HUF and CNY. 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 mainly to planned expenditure in local currency at the production site in Hungary and occasionally in USD, CHF, GBP, CNY, INR and AUD, with hedges declining 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 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 CHF and 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):

Currency risk as at 31 December 2020

in 1 000 EUR	EUR	CHF	USD	HUF	CNY
NON-DERIVATIVE FINANCIAL INSTRUMENTS					
Trade receivables	2 365		15 047	42	
Cash and cash equivalents	3 429	714	13 769	1 430	362
Trade payables	– 370	– 311	– 2 843	– 475	– 12
Derivatives			8 140		
Financial liabilities		– 5 527	– 24 420		
Net risk	**5 424**	**– 5 124**	**9 693**	**997**	**350**

Currency risk as at 31 December 2019

in 1 000 EUR	EUR	CHF	USD	HUF	CNY
NON-DERIVATIVE FINANCIAL INSTRUMENTS					
Trade receivables	3 031		14 705	84	
Cash and cash equivalents	1 424	229	8 236	760	122
Trade payables	– 417	– 321	– 2 564	– 256	
Derivatives		– 7 000	8 900		
Financial liabilities	– 500		– 12 015		
Net risk	**3 538**	**– 7 092**	**17 262**	**588**	**122**

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.

Sensitivity analysis as at 31 December 2020

in 1 000 EUR	CHF/EUR	CHF/USD	EUR/USD	EUR/HUF	EUR/CNY	USD/CNY	EUR/RON	EUR/INR
Change in result of the period (+/–)	570	814	1 547	820	77	1 763	12	77

Sensitivity analysis as at 31 December 2019

in 1 000 EUR	CHF/EUR	CHF/USD	EUR/USD	EUR/HUF	EUR/CNY	USD/CNY	EUR/RON	EUR/INR
Change in result of the period (+/–)	384	311	1 084	2 097	97	1 816	376	20

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 and current securities, as well as liabilities to financial institutions. The Group uses interest rate options and swaps to hedge and/or structure external debts.

Sensitivity analyses as at 31 December 2020 and 2019:
An interest rate change of 50 basis points in the reporting year would have an impact of EUR 0.3 million (previous year EUR 0.1 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%. Due to the offsetting of a larger goodwill item against equity as part of an acquisition in 2020, the ratio will temporarily fall below this level. 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 current securities and cash and cash equivalents.

Net indebtedness as at 31 December 2020 and 31 December 2019 was as follows:

in 1 000 EUR	Note No.	2020	2019
Long-term financial liabilities	11	100 575	111 748
Short-term financial liabilities	11	92 037	36 442
Interest-bearing liabilities		**192 612**	**148 190**
less cash and cash equivalents	3	77 187	60 052
less current securities		4	11
Net indebtedness		**115 421**	**88 127**
Equity		192 347	217 346
Gearing		**60.0%**	**40.5%**

24 Contingent liabilities

in 1 000 EUR	2020	2019
Sureties and guarantees	1 867	1 106
Commitments from bills of exchange	101	135
Total	**1 968**	**1 241**

25 Commitments to purchase tangible and intangible assets

Purchase commitments as at 31 December 2020 were EUR 23.6 million for tangible assets (previous year EUR 2.4 million) and EUR 0.1 million for intangible assets (previous year EUR 0.0 million).

The increase for tangible assets is primarily due to the planned new building in Jiaxing, China, for the expansion of production in the DewertOkin product area.

26 Operating leases, rent and leasehold rent

in 1 000 EUR	2020	2019
Minimum commitments due within 1 year	4 814	4 046
Minimum commitments due within 1 – 5 years	7 792	8 797
Minimum commitments due after 5 years	4 118	4 760
Minimum operating leasing, rent and leasehold rent commitments	**16 724**	**17 603**
Minimum claims due within 1 year	97	160
Minimum claims due within 1 – 5 years	2	65
Minimum claims from rent / leasehold rent	**99**	**225**

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	2020	2019
Gross sales	687 442	679 993
Revenue reductions	–5 316	–5 989
Sales revenue (net sales) from contracts with customers	**682 126**	**674 004**

Gross sales rose by 1.1% compared with the previous year (previous year 4.5%). Organic, local-currency gross sales rose by 0.6% (having fallen by 2.2% in the previous year).

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	2020	2019
Expected fulfilment in < 1 year	226 654	160 316
Expected fulfilment in > 1 year	23 035	14 304
Total	**249 689**	**174 620**

28 Other operating income

in 1 000 EUR	2020	2019
Reimbursement from insurance	149	120
Gains on the disposal of tangible and intangible assets	2 585	242
Government subsidies	4 508	1 745
Other	2 169	1 779
Total	**9 411**	**3 886**

The increase in gains on the disposal of tangible assets in 2020 is primarily due to the sale of properties in China, Germany and Tunisia. There was also a significant increase in government subsidies in 2020, attributable to subsidies in China in connection with the planned partial listing of the DewertOkin product area.

29 Cost of materials

in 1 000 EUR	**2020**	2019
Cost of raw and ancillary materials, merchandise for resale and external services	349 678	327 000
Incidental acquisition costs	12 007	11 378
Total	**361 685**	**338 378**

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

30 Personnel expenses

in 1 000 EUR	**2020**	2019
Wages and salaries	166 976	171 940
Social costs	27 823	30 924
Supplementary staff costs	11 070	10 286
Total	**205 869**	**213 150**

In connection with the planned partial listing of the DewertOkin product area in China, an employee participation plan for around 60 key employees in this product area was initiated towards the end of 2020. The plan is tied to the performance of the employees concerned. The qualifying employees will receive around 12% of the shares in DewertOkin Technology Group Co., Ltd. (CN), partly with no further conditions and partly conditional upon achievement of performance targets in 2021. These employee shares will be subject to a three-year lock-up period after the listing. Expenses of EUR 4.6 million for this employee participation plan are included under Personnel expenses. This amount is based on the difference between the issue price and the fair value of the shares allocated with no further conditions in December 2020. The corresponding shares will be paid up in 2021. The fair value is based on external valuations of the company.

31 Other operating expenses

in 1 000 EUR	Note No.	2020	2019
External development costs		1 562	1 492
Establishment expenses		26 714	27 429
Rent, leasehold rent, leases		5 207	4 932
Administration expenses		11 064	10 134
Advertising expenses		3 222	4 696
Sales expenses		15 860	20 267
Losses on the disposal of tangible and intangible assets		265	365
Losses and value adjustments on receivables	4	149	316
Losses and value adjustments on inventories	6	6 526	4 529
Capital and other taxes		2 113	2 183
Other		7 643	6 439
Total		**80 325**	**82 782**

Total research and development costs, including internal costs, amounted to EUR 15.1 million (previous year EUR 17.7 million).

Administrative expenses include consulting expenses of EUR 1.7 million for the planned partial listing of the DewertOkin product area.

32 Financial income

in 1 000 EUR	Note No.	2020	2019
Interest income from third parties		879	815
Gain from financial instruments at fair value through profit or loss (trading derivatives)	12	72	98
Exchange rate gains		6 285	2 670
Other financial income		44	451
Total		**7 280**	**4 034**

Other financial income in 2019 includes the release of value adjustments on investments in associated companies totalling EUR 0.3 million (see note 9).

33 Financial expenses

in 1 000 EUR	Note No.	2020	2019
Interest expense		3 074	2 443
Loss from financial instruments at fair value through profit or loss (trading derivatives)	12	1 256	177
Exchange rate losses		7 229	2 961
Loss on the disposal of Group companies	39	1 612	0
Other financial expense		318	917
Total		**13 489**	**6 498**

The loss on the disposal of Group companies is due to the sale of all shares in Phoenix Mazaka AS (Turkey) and the sale of the majority stake in Phoenix Mecano Australia Pty Ltd. (Australia), in which the Phoenix Mecano Group now retains a 29.2% shareholding (see notes 9 and 39).

Other financial expense in 2019 includes value adjustments on other financial assets in associated companies totalling EUR 0.8 million and the loss on the disposal of the associated company Tefelen Preissinger GmbH totalling EUR 0.1 million (see notes 9 and 10).

34 Income tax

in 1 000 EUR	2020	2019
Current income tax	9 403	8 993
Deferred tax	– 1 682	– 2 027
Income tax	**7 721**	**6 966**
RECONCILIATION FROM THEORETICAL TO EFFECTIVE INCOME TAX		
Result before tax	**16 601**	**20 885**
Theoretical income tax	**4 062**	**4 459**
Weighted income tax rate	**24.5**	**21.4**
Changes of tax rate deferred tax	– 63	23
Tax-free income	– 1 382	– 1 740
Non-deductible expenses	2 851	2 288
Tax effect on losses in the reporting year	1 145	2 299
Tax effect of losses carried forward from previous years	– 1 584	– 562
Income tax relating to other periods	850	– 720
Other	1 842	919
Effective income tax	**7 721**	**6 966**
Effective income tax rate	**46.5%**	**33.4%**

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

The increase in the effective income tax rate from 33.4% to 46.5% is mainly linked to non-deductible expenses and other factors, resulting from preparatory measures for the planned partial listing of the DewertOkin product area in China.

35 Earnings per share

	2020	2019
in 1 000 EUR		
Result of the period attributable to shareholders of the parent company	9 044	14 138
Number		
NUMBER OF SHARES		
Shares issued on 1 January	960 500	960 500
Treasury shares (annual average)	–836	–1 025
Shares outstanding	**959 664**	**959 475**
Basis for diluted earnings per share	959 664	959 475
Basis for undiluted earnings per share	959 664	959 475
EARNINGS PER SHARE		
Earnings per share – undiluted (in EUR)	**9.42**	**14.73**
Earnings per share – diluted (in EUR)	**9.42**	**14.73**

36 Operating cash flow

	2020	2019
in 1 000 EUR		
Operating result	22 430	23 350
Depreciation on tangible assets	19 514	19 838
Amortisation of intangible assets	2 926	3 069
Impairment/(reversal of impairment losses) on tangible and intangible assets	3 344	2 578
Operating cash flow	**48 214**	**48 835**

37 Free cash flow

in 1 000 EUR	Note No.	2020	2019
Cash flow from operating activities		27 783	43 560
Purchases of tangible assets	7	–25 631	–23 326
Purchases of intangible assets	8	–2 130	–2 816
Disinvestments in intangible assets		9	33
Disinvestments in tangible assets		10 319	513
Free cash flow (before financial investments)		**10 350**	**17 964**

38 Acquisition of Group companies

On 1 January 2020, the Phoenix Mecano Group acquired, under asset deals, the business operations of APT GmbH Automation & Produktionstechnik (in provisional insolvency) and Linear- und Handhabungstechnik GmbH & Co KG, both active in system solutions for automation and production technology, which it merged to form a new company called RK Antriebs- und Handhabungs-Technik GmbH, based in Bienenbüttel, Germany. The acquired business operations generated gross sales of just under EUR 4 million in 2019, with 29 employees.

With effect from 2 November 2020, the Phoenix Mecano Group acquired all shares in BEWATEC Kommunikationstechnik GmbH, based in Telgte, Germany. The takeover will give Phoenix Mecano access to digital hospital infrastructure and expand its expertise in software development. In 2019, the group generated sales of around EUR 13 million with 140 employees. Originally a manufacturer of multimedia devices for use on wards, BEWATEC has become a driving force in the digital transformation of the hospital environment thanks to its device-independent software ConnectedCare. BEWATEC Kommunikationstechnik GmbH (Telgte, Germany) holds a 100% interest in BEWATEC Connected.Care GmbH (Berlin, Germany) and a 49% interest in BEWATEC Technologies Co., Ltd. (China). The latter is recognised as an associated investment (see note 9).

In 2019, the Phoenix Mecano Group acquired, on 1 April, a majority stake of 80% in Haining My Home Mechanism Co., Ltd. (formerly Mei Hui Machinery Co., Ltd.), PR China, with a call/put option for the remaining 20%. The second instalment of the purchase price was paid in the second half of 2019 and is recognised in the statement of cash flow as cash flow from financing activities. The call/put option was exercised early, with the remaining purchase price largely paid in two tranches in 2020, shortly before and shortly after the date of the 2020 interim financial statements. The company generated sales of approximately EUR 37 million in 2018 and employed around 400 staff.

On 1 August 2019, the Phoenix Mecano Group acquired all shares in CRE Rösler Electronic GmbH, Germany, which is active in the development and production of industrial electronics, microprocessor systems and system integration. This will allow the Group to expand its technology and solution expertise in the up-and-coming field of human-machine interfaces (HMIs) for the enclosures sector. The purchase price liability is due in 2022. The company generated sales of around EUR 6.5 million in 2018.

The acquired assets and assumed liabilities break down provisionally (for 2020) as follows:

in 1 000 EUR	Fair value 2020	Fair value 2019
Cash and cash equivalents	–427	194
Trade receivables	827	10 665
Inventories	3 275	3 570
Other current assets	919	2 063
Tangible assets	738	4 240
Intangible assets	4 372	19
Financial assets	863	0
Deferred tax	–737	44
Loans	–17 299	0
Other liabilities	–3 384	–15 310
Identifiable net assets	**–10 853**	**5 485**
Goodwill from acquisition	21 438	45 295
Purchase price	**10 585**	**50 780**
Purchase price liability (earn-out, previous year: call / put option)	–6 584	–28 554
Loans taken over from the seller	16 726	0
Cash and cash equivalents acquired	427	–194
Change in funds (cash outflow)	**21 154**	**22 032**

39 Disposal of Group companies

in 1 000 EUR	2020	2019
Cash and cash equivalents	2 262	
Other current assets	4 370	
Tangible assets	257	
Intangible assets	4	
Other non-current assets	318	
Liabilities	–2 275	
Minority interest	–1 059	
Net assets	**3 876**	**0**
(Loss) / gain on the disposal of Group companies	–2 193	
Sale price	**1 683**	**0**
of which outstanding residual purchase price payment	–1 048	
Outflow of cash and cash equivalents	–2 262	
Change in funds	**–1 627**	**0**

In 2020, the Phoenix Mecano Group sold all shares in Phoenix Mecano Mazaka AS (Turkey), and its majority stake in Phoenix Mecano Australia Pty. was sold to the minority shareholders, with a corresponding loss of control. The derecognition of all shares in these two companies resulted in a book loss of EUR 2.2 million. This is reduced by EUR 0.6 million to EUR 1.6 million (see note 33) due to the retention of a minority interest of 29.2% in Phoenix Mecano Australia Pty. The cumulative currency differences were derecognised through equity in accordance with the accounting principles (see consolidated statement of changes in equity).

40 Transactions with related parties

in 1 000 EUR	2020	2019
Benedikt A. Goldkamp, Chairman of the Board of Directors	646	676
Ulrich Hocker, Independent Lead Director	240	230
Other members of the Board of Directors	180	173
Remuneration of the Board of Directors	**1 066**	**1 079**
Remuneration of the management	**1 076**	**1 046**
Remuneration of the Board of Directors and management	**2 142**	**2 125**
Social security contributions	179	201
Pension obligations	191	174
Total remuneration of the Board of Directors and management	**2 512**	**2 500**

All compensation is short term in nature.

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

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

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

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

41 Shadow statement of goodwill

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

in 1 000 EUR	2020	2019
THEORETICAL STATEMENT OF GOODWILL		
Acquisition costs 1 January	**88 956**	**38 809**
Additions of companies included in consolidation	21 438	45 295
Adjustment of purchase price liability	1 038	4 946
Translation differences	– 1 473	– 94
Acquisition costs 31 December	**109 959**	**88 956**
Accumulated impairment losses 1 January	**38 877**	**28 287**
Amortisation	13 466	10 608
Impairment losses	2 262	0
Translation differences	– 613	– 18
Accumulated impairment losses 31 December	**53 992**	**38 877**
Theoretical net values 1 January	**50 079**	**10 522**
Theoretical net values 31 December	**55 967**	**50 079**
IMPACT ON BALANCE SHEET		
Equity according to balance sheet	192 347	217 346
Theoretical capitalisation of net carrying amount of goodwill	55 967	50 079
Theoretical equity including net carrying amount of goodwill	**248 314**	**267 425**
IMPACT ON STATEMENT OF INCOME		
Result of the period	8 880	13 919
Goodwill amortisation	– 13 466	– 10 608
Theoretical result of the period including goodwill amortisation	**– 4 586**	**3 311**

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 increase is due to the acquisition of BEWATEC Kommunikationstechnik GmbH (D) (see note 38).

On the balance sheet date of the interim financial statements as at 30 June 2020, a potential impairment was identified on the goodwill of the Ismet product area. 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 10.5% (previous year 10.5%) was used to measure the goodwill of the Ismet product area as at 30 June 2020. Growth of 1.5% was assumed after the projection period. As at 31 December 2020, there were no indications of a further impairment of goodwill.

42 Effects of COVID-19

The effects of the COVID-19 pandemic have been taken into account in the Phoenix Mecano Group's 2020 financial statements, provided that the relevant recognition criteria were met as at the balance sheet date. The Board of Directors and management of Phoenix Mecano AG have taken a variety of measures to protect employees and minimise negative financial impacts on the Group. They continue to monitor developments closely and will take any further necessary measures at short notice. At the time of these consolidated financial statements being approved, the future financial and economic implications of the pandemic's direct and indirect impact on the Phoenix Mecano Group cannot yet be reliably assessed. Its decentralised organisation and global structure will help to limit the risks to the Group.

43 Events after the balance sheet date

In view of the planned partial listing of DewertOkin, the Phoenix Mecano Group reorganised its divisional structure with effect from 1 January 2021.

As the largest and fastest-growing product area, DewertOkin now forms its own division under the name DewertOkin Technology Group (DOT Group). This will give it the independent structures it needs for the planned partial listing as well as further growth.

The product areas of the old ELCOM/EMS division together with Rose+Krieger make up the new Industrial Components division, which will focus on industrial digitalisation and modular automation solutions. This division brings together the established industrial components business areas into a new structure comprising Automation Modules and Electrotechnical Components as well as the two growth segments of Rugged Computing and Measuring Technology.

The Enclosures division retains the same composition but under the new name Enclosure Systems.

No other events occurred between 31 December 2020 and 23 March 2021 that would alter the book values of assets and liabilities or should be disclosed under this heading.

44 Approval of the consolidated financial statements

At its meeting on 23 March 2021, the Board of Directors of Phoenix Mecano AG released the 2020 consolidated financial statements for publication. They will be submitted to the Shareholders' General Meeting on 21 May 2021 with a recommendation for their approval.

45 Dividend

The Board of Directors recommends to the Shareholders' General Meeting on 21 May 2021 that a dividend of CHF 8.00 per share (CHF is the statutory currency of Phoenix Mecano AG) be paid out (see Proposal for the appropriation of retained earnings on page 157). The total outflow of funds is expected to be EUR 7.1 million. The dividend paid out in 2020 was CHF 10.00 per share (previous year CHF 17.00). The outflow of funds in 2020 was EUR 9.1 million (previous year EUR 14.6 million).

STATUTORY AUDITOR'S REPORT

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 December 31, 2020 and the consolidated statement of income, consolidated statement of changes in equity and 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 accompanying consolidated financial statements (pages 79 to 139) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and its consolidated results of operations and its 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 Auditing Standards. 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
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 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: Discretionary decisions exist in assessing whether indicators are identifiable as well as in determining the assumptions about the future results and cash flows of the CGUs as well as in determining the discount rate. 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 41 “Shadow statement of goodwill”.	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. 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 rates used. The methodology of the impairment test corresponds to the previous year and was verified by an internal expert in the previous year. In the current year, the internal expert was consulted for the assessment of the discount rates. We compared and critically assessed the methodology with the requirements of Swiss GAAP FER and reviewed the correct disclosure in the consolidated financial statements.

Responsibility of the Board of Directors for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that 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 Swiss Auditing Standards 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 our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 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, March 23, 2021
BDO Ltd

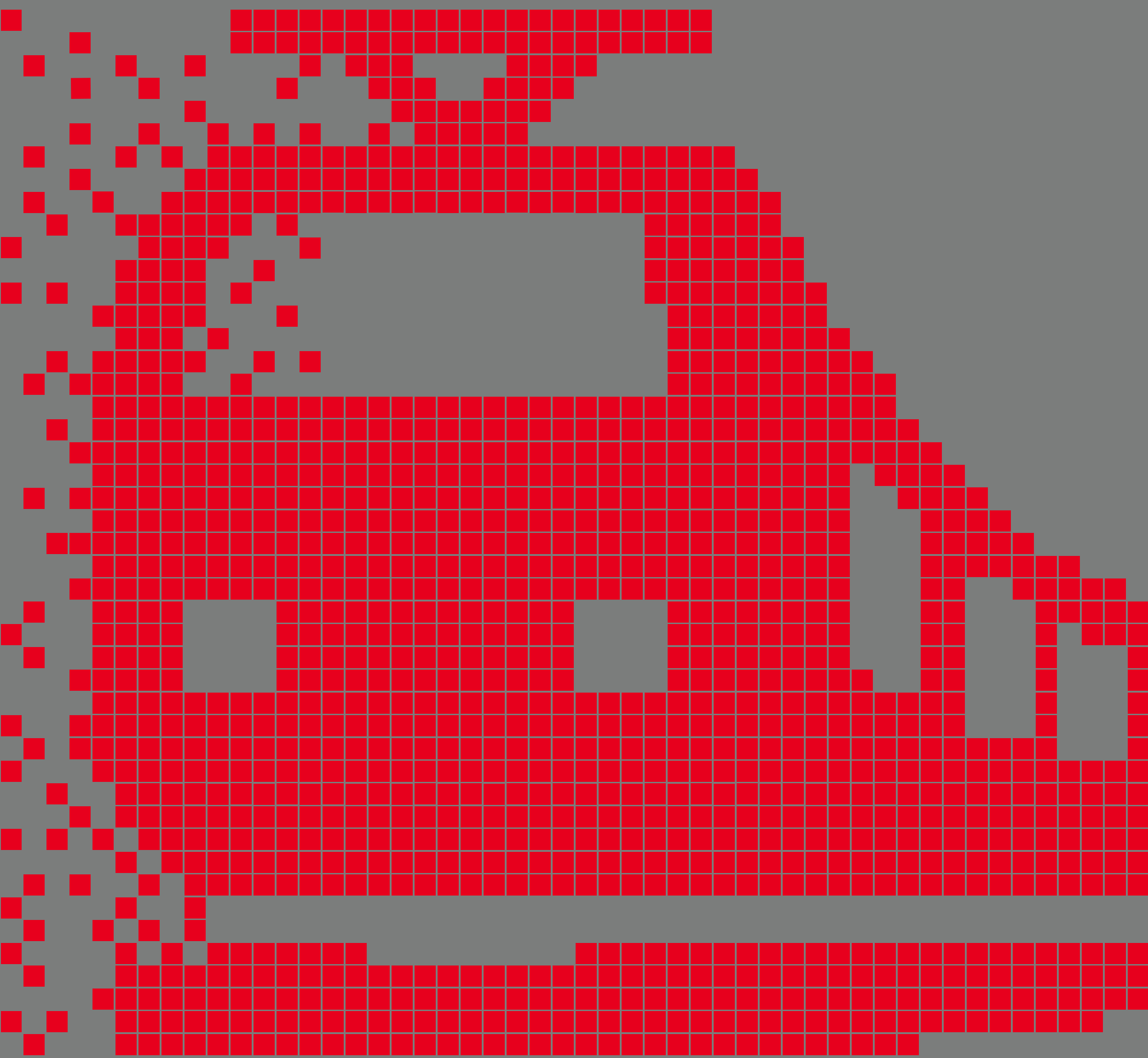
Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

David Hämmerli
Licensed Audit Expert

FIVE-YEAR OVERVIEW

in 1 000 EUR	2020	2019	2018	2017	2016
CONSOLIDATED BALANCE SHEET					
Total assets	544 966	488 119	453 427	471 848	452 361
Non-current assets	151 621	152 506	147 345	182 292	185 027
in % of total assets	27.8	31.2	32.5	38.6	40.9
Tangible assets	129 556	136 441	130 125	127 614	128 701
Current assets	393 345	335 613	306 082	289 556	267 334
in % of total assets	72.2	68.8	67.5	61.4	59.1
Inventories	157 111	148 046	148 513	131 832	125 037
Cash and cash equivalents	77 187	60 052	53 244	53 509	43 243
Equity	192 347	217 346	268 008	269 702	272 757
in % of total assets	35.3	44.5	59.1	57.2	60.3
Liabilities	352 619	270 773	185 419	202 146	179 604
in % of total assets	64.7	55.5	40.9	42.8	39.7
Net indebtedness	115 421	88 127	33 943	38 075	30 466
in % of equity	60.0	40.5	12.7	14.1	11.2
CONSOLIDATED STATEMENT OF INCOME					
Gross sales	687 442	679 993	650 784	627 600	583 229
Sales revenue (net sales)	682 126	674 004	645 015	621 663	577 481
Total operating performance	696 093	683 145	655 872	629 710	585 780
Personnel expenses	205 869	213 150	195 453	193 869	181 512
Depreciation on tangible assets	19 514	19 838	18 661	19 382	17 729
Amortisation of intangible assets	2 926	3 069	3 637	8 578	7 381
Operating result	22 430	23 350	51 340	30 711	34 454
Financial result	–5 829	–2 465	–3 338	–474	–2 280
Result before tax	16 601	20 885	48 002	30 237	32 174
Income tax	7 721	6 966	11 893	8 308	9 168
Result of the period	8 880	13 919	36 109	21 929	23 006
in % of gross sales	1.3	2.0	5.5	3.5	3.9
in % of equity	4.6	6.4	13.5	8.1	8.4
CONSOLIDATED STATEMENT OF CASH FLOW					
Cash flow from operating activities	27 783	43 560	37 928	37 062	48 659
Cash used in investing activities	–39 101	–44 519	–17 992	–26 629	–36 824
Purchases of tangible and intangible assets	27 761	26 142	25 596	25 997	23 869
Cash flow from financing activities	29 733	7 626	–19 973	1 129	–10 184
Free cash flow	10 350	17 964	12 925	11 425	29 630

From the start of 2019, the consolidated financial statements have been prepared in accordance with Swiss GAAP FER, with the previous year adjusted accordingly. The years 2016 and 2017 are presented according to IFRS.



FINANCIAL

FS

STATEMENTS

PHOENIX MECANO AG

Contents

BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS	Note No.	2020 in EUR	2019 in EUR	2020 in CHF	2019 in CHF
CURRENT ASSETS					
Cash and cash equivalents		18 871 091	23 234 662	20 489 784	25 227 639
Other short-term receivables					
due from investments	2.1	29 902 405	20 832 230	32 467 324	22 619 136
due from third parties		208 500	0	226 384	0
Deferred charges and prepaid expenses		107 833	151 320	117 083	164 298
Total current assets		**49 089 829**	**44 218 212**	**53 300 575**	**48 011 073**
NON-CURRENT ASSETS					
Financial assets					
Loans to investments	2.2	68 969 000	66 914 000	74 884 908	72 653 616
Other loans		178 500	0	193 811	0
Investments					
Investments	2.3	270 734 543	248 339 970	293 957 158	269 641 579
Value adjustment on investments		–10 165 338	–6 346 179	–11 037 283	–6 890 529
Total non-current assets		**329 716 705**	**308 907 791**	**357 998 594**	**335 404 666**
Total assets		**378 806 534**	**353 126 003**	**411 299 169**	**383 415 739**

EQUITY AND LIABILITIES	Note No.	**2020** in EUR	2019 in EUR	**2020** in CHF	2019 in CHF
SHORT-TERM LIABILITIES					
Other short-term liabilities					
Bank liabilities	2.4	29 605 000	4 302 500	32 144 408	4 671 551
to investments	2.5	20 507 792	30 326 092	22 266 875	32 927 343
to third parties		13 573	6 300	14 738	6 840
to shareholders		512	482	556	523
Short-term provisions	2.6	1 363 412	300 000	1 480 361	325 733
Deferred income		675 342	495 085	733 270	537 552
Total short-term liabilities		**52 165 631**	**35 430 459**	**56 640 208**	**38 469 542**
LONG-TERM LIABILITIES					
Long-term interest-bearing liabilities	2.4	44 831 000	49 859 500	48 676 439	54 136 248
Long-term provisions	2.6	8 178	0	8 880	0
Total long-term liabilities		**44 839 178**	**49 859 500**	**48 685 319**	**54 136 248**
Total liabilities		**97 004 809**	**85 289 959**	**105 325 527**	**92 605 790**
EQUITY					
Share capital	2.7	851 961	851 961	960 500	960 500
Statutory retained earnings					
General statutory retained earnings		2 217 493	2 217 493	2 500 000	2 500 000
Voluntary retained earnings					
Special reserves		80 326 203	80 326 203	90 559 724	90 559 724
Retained earnings	2.8				
– Amount brought forward		175 737 929	83 334 966	187 589 028	94 080 127
– Net profit for the year		22 861 685	101 490 847	24 477 179	112 893 045
– Currency translation differences				104 918	–9 750 908
Treasury shares	2.9	–193 546	–385 426	–217 707	–432 539
Total equity		**281 801 725**	**267 836 044**	**305 973 642**	**290 809 949**
Total equity and liabilities		**378 806 534**	**353 126 003**	**411 299 169**	**383 415 739**

STATEMENT OF INCOME 2020

		2020	2019	2020	2019
	Note No.	in EUR	in EUR	in CHF	in CHF
Dividend income	2.10	26 644 588	138 958 495	28 527 396	154 570 073
Other financial income	2.11	3 265 632	1 993 382	3 496 395	2 217 332
Other operating income	2.12	2 237 327	1 648	2 395 425	1 833
Total income		**32 147 547**	**140 953 525**	**34 419 216**	**156 789 238**
Personnel expenses	2.13	– 1 255 272	–	– 1 343 975	–
Financial expense	2.14	– 1 986 397	– 1 075 470	– 2 126 763	– 1 196 295
Administration expenses		– 1 783 310	– 1 268 180	– 1 909 326	– 1 410 656
Other operating expenses	2.15	– 3 010 359	– 5 869 047	– 3 223 082	– 6 528 417
Losses on investments	2.16	– 1 175 970	– 31 234 653	– 1 259 069	– 34 743 775
Direct taxes		– 74 554	– 15 328	– 79 822	– 17 050
Total expenses		**– 9 285 862**	**– 39 462 678**	**– 9 942 037**	**– 43 896 193**
Net profit for the year		**22 861 685**	**101 490 847**	**24 477 179**	**112 893 045**

NOTES TO THE FINANCIAL STATEMENTS 2020

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).

As of 1 January 2019, the company's functional currency and accounting were prospectively switched to EUR, bringing them into line with the Group currency, given that a significant proportion of transactions take place in EUR. The closing rate on 1 January 2019 – 0.887 – was used to convert the opening balances from CHF to EUR. This conversion had no effect on the statement of income or on equity.

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 2020, the closing rate of 0.921 was used to convert from EUR to CHF. The 2020 statement of income was converted from EUR to CHF at the Phoenix Mecano Group's average exchange rate for the year of 0.934. Comparative information from the previous year was converted from CHF to EUR at the closing rate on 31 December 2019, namely 0.921, or at the average exchange rate of 0.899.

2 Information, breakdowns and explanations relating to items on the balance sheet and in the statement of income

2.1 Other short-term receivables from investments

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

2.2 Loans to investments

This item includes long-term loans in EUR and USD to subsidiaries in Switzerland and abroad.

2.3 Investments and the share of the capital and votes held

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

Company	Head office	Activity
Phoenix Mecano Management AG	Kloten, Switzerland	Finance
Phoenix Mecano Technologies AG	Stein am Rhein, Switzerland	Finance
Phoenix Mecano Trading AG	Stein am Rhein, Switzerland	Purchasing
Phoenix Mecano Komponenten AG	Stein am Rhein, Switzerland	Production / Sales
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany	Finance
Phoenix Mecano B.V.	Doetinchem, The Netherlands	Sales
AVS Phoenix Mecano GmbH	Vienna, Austria	Sales
Phoenix Mecano Kecskemét KFT	Kecskemét, Hungary	Production / Finance
Phoenix Mecano Inc.	Frederick, USA	Production / Sales
WIENER, Plein & Baus Corp.	Springfield, USA	Sales
Phoenix Mecano S. E. Asia Pte Ltd.	Singapore	Sales
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production / Sales
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production / Sales
PTR HARTMANN (Shaoguan) Co., Ltd. (formerly Shenzhen Elcom Co., Ltd.)	Shaoguan City, China	Production / Sales
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance / Sales
Mazaka Endüstriyel Ürünler San Tic ve Teknoloji AŞ (formerly Phoenix Mecano Mazaka AS)	Ankara, Turkey	Sales
DewertOkin do Brasil Ltda (formerly Phoenix Mecano Comercial e Tecnica Ltda.)	São Paulo, Brazil	Sales
Phoenix Mecano Holding Ltda.	Barueri, Brazil	Finance
DewertOkin Latin America S.A. (formerly Phoenix Mecano Latin America Electromechanical Components Trading S.A.)	Montevideo, Uruguay	Sales
Integrated Furniture Technologies Ltd.	Aylesbury, UK	Development
Phoenix Mecano Components (Taicang) Co. Ltd. in liquidation	Taicang, China	Production / Sales
Phoenix Mecano Maroc S.à.r.l. in liquidation	Tétouan, Morocco	Production
Phoenix Mecano OOO	Moscow, Russia	Sales
Phoenix Mecano Saudi Arabia LLC	Dammam, Saudi Arabia	Sales
Phoenix Mecano Elcom S.à.r.l.	Zaghouan, Tunisia	Production
Phoenix Mecano Hartu S.à.r.l. in liquidation	Tunis, Tunisia	Production
Phoenix Mecano Digital Tunisie S.à.r.l.	Bori-Cedria, Tunisia	Production

Currency	Registered capital in 1 000	2020 Stake in %	2019 Stake in %
CHF	50	100	100
CHF	250	–	100
CHF	100	100	100
CHF	2 000	100	100
EUR	4 000	100	100
EUR	1 000	100	100
EUR	40	1	1
EUR	40 000	100	100
USD	10 000	100	100
USD	100	100	100
SGD	1 000	100	90
INR	299 452	100	100
USD	3 925	100	100
CNY	70 000	100	100
EUR	69 051	100	100
TRY	430	–	91
BRL	10 176	–	100
BRL	1 062	100	1
UYU	200	–	100
GBP	1	–	100
USD	10 000	100	100
MAD	34 000	100	100
RUB	21 300	100	100
SAR	3 000	100	100
TND	5 000	100	50
TND	2 500	100	20
TND	100	100	20

The EUR 22.4 million change in the balance sheet value compared with the previous year is mainly the result of investment restructuring within the Group, in particular the acquisition and subsequent contribution of various subsidiaries of the newly formed DewertOkin Technology Group to Phoenix Mecano Hong Kong Ltd. by means of a capital increase. In addition, the remaining 10% of Phoenix Mecano SE Asia Pte Ltd. was acquired and the shareholdings in three Tunisian companies increased through the merger of Phoenix Mecano Technologies AG with Phoenix Mecano AG. Finally, various smaller capital increases were undertaken and the investment in Phoenix Mecano Mazaka AS was sold.

An overview of all directly and indirectly held investments is given on page 100–103.

2.4 Bank loans / Bank liabilities

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

in 1 000 EUR	2020	2019
BY CURRENCY		
CHF	5 526	6 447
EUR	56 700	35 700
USD	12 210	12 015
Balance sheet value	**74 436**	**54 162**
BY MATURITY		
in 1 year	29 605	4 303
in 2 years	12 831	6 002
in 3 years	2 000	13 857
in 4 years	30 000	0
in 5 years	0	30 000
Balance sheet value	**74 436**	**54 162**

2.5 Financial liabilities to investments

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

2.6 Provisions

This item comprises a provision for derivative financial instrument risks totalling EUR 1.2 million (previous year EUR 0.3 million), used for structuring of external debts or for currency management purposes. As of the reporting year, provisions for bonuses, holiday credits and service anniversaries are also included.

2.7 Share capital

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

2.8 Retained earnings

Financial year 2020 closed with a net profit for the year of EUR 22 861 685, which was converted for presentation in CHF at the average exchange rate for 2020 of 0.934. The retained earnings brought forward from the previous year totalled EUR 184 825 813 minus a loss of EUR 35 827 from the merger of Phoenix Mecano Technologies AG and dividends of EUR 9 052 057. The ordinary Shareholders' General Meeting on 21 May 2021 therefore has at its disposal retained earnings totalling EUR 198 599 614. For the Board of Directors' proposal regarding the appropriation of retained earnings, see page 157.

2.9 Treasury shares

At the balance sheet date, the company owned a total of 491 treasury shares (previous year 1 000), which are booked at acquisition cost using the FIFO method. These shares represent 0.1% of the overall share portfolio. Gains and losses on the disposal of treasury shares are recognised in the statement of income under Other financial income (EUR 4 092) and Financial expense (EUR 12 076) respectively. The shares sold in the reporting year are shown in the table below. No purchases were made.

2020	Purchases number	Average price in CHF	Sales number	Average price in CHF
August			150	363.11
September			248	374.07
November			111	446.91
Total year	**0**		**509**	**386.72**

There were no transactions involving treasury shares in the other months.

2.10 Dividend income

Dividend income comprises dividends paid by subsidiaries in Switzerland and abroad. The high dividend income in the previous year is due to the distribution of all retained earnings from Phoenix Mecano Finance Ltd., which was dissolved in 2019.

2.11 Other financial income

Other financial income includes earnings from interest and commissions, as well as net exchange rate gains of EUR 0.94 million (exchange gains of EUR 3.79 million minus exchange losses of EUR 2.85 million). In the previous year, it includes net exchange rate gains of EUR 0.13 million (exchange gains of EUR 1.53 million minus exchange losses of EUR 1.4 million).

2.12 Other operating income

Other operating income includes book profits from the transfer of investments within the Group as well as cost transfers within the Group.

2.13 Personnel expenses

This item results from the transfer of four employees from Phoenix Mecano Management AG as of 1 January 2020.

2.14 Financial expense

This item comprises interest and securities expenses and expenses for derivative financial instruments, as well as the creation of a provision for risks associated with derivative financial instruments.

2.15 Other operating expenses

In the reporting year, other operating expenses include a value adjustment on an investment in a subsidiary in liquidation totalling EUR 3.0 million. In the previous year, this item includes a waiver of receivables due from a subsidiary totalling EUR 2.8 million and a value adjustment on an investment in a subsidiary totalling EUR 3.1 million.

2.16 Loss on investments

The loss on investments in the reporting year includes a EUR 1.2 million loss from the sale of an investment. In the previous year, there was a book loss from the dissolution of Phoenix Mecano Finance Ltd. (EUR 28.1 million) and losses from the sale of a minority interest (EUR 1.2 million) and the liquidation of Integrated Furniture Technologies Ltd. (EUR 1.9 million).

2.17 Net release of hidden reserves

The statement of income does not include any net release of hidden reserves in the reporting year. In the previous year, EUR 0.47 million of hidden reserves were released.

3 Other information required by law

3.1 Full-time positions

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

3.2 Contingent liabilities

in 1 000 EUR	2020	2019
Guarantees and letters of comfort	222 985	219 556

Contingent liabilities are given for subsidiaries, predominantly in favour of financial institutions. The actual book value of Group company liabilities was EUR 85.0 million (previous year EUR 65.3 million). Letters of support were also issued for individual 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.

In 2017, Phoenix Mecano AG also concluded a share purchase agreement with the minority shareholder of Phoenix Mecano S.E. Asia Pte Ltd. to acquire the latter’s remaining shares in 2020.

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	2020	2019
Planalto AG [2]	Luxembourg, Luxembourg	34.6[1]	34.6[1]
Tweedy, Browne Company LLC, Stamford, USA [3]	Stamford, USA	8.5[1]	8.5[1]
Tweedy, Browne Global Value Fund [4] (A subdivision of Tweedy, Browne Fund Inc.)	*Stamford, USA*	*7.2[1]*	*7.2[1]*
J. Safra Sarasin Investmentfonds AG (formerly Sarasin Investmentfonds AG)	Basel, Switzerland	5.1	4.9[1]
Credit Suisse Funds AG	Zurich, Switzerland	< 3	3.06[1]

1 Shareholding not notified in the year indicated.

2 The economic beneficiary and person entitled to exercise voting rights is Gisela Goldkamp. The owner of the underlying rights is Benedikt A. Goldkamp.

3 Tweedy, Browne Company LLC (TBC) is not an economic beneficiary 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 economic beneficiary.

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 of Phoenix Mecano AG to TBC. TBC is not an economic beneficiary of any of the shares. TBGVF is the sole economic beneficiary of the shares.

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

3.4 Auditors’ fees

The amount agreed for auditing the 2020 annual accounts was CHF 95000 (EUR 88700) plus cash expenses for the individual financial statements and for the consolidated financial statements.

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

Name	Position	Number 31.12.2020	Number 31.12.2019
Benedikt A. Goldkamp	Chairman of the Board of Directors	5 386	3 244
Ulrich Hocker	Independent Lead Director	8 898	8 898
Dr Florian Ernst	Board Member	10	10
Dr Martin Furrer	Board Member	100	100
Beat Siegrist	Board Member	807	400
Shares held by the Board of Directors		**15 201**	**12 652**
Dr Rochus Kobler	Member of the management/CEO	1 214	964
René Schäffeler	Member of the management/CFO	850	500
Shares held by the management		**2 064**	**1 464**

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

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

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

3.6 Events after the balance sheet date

No events occurred between 31 December 2020 and 23 March 2021 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 2020	22 861 685	24 477 179
Retained earnings brought forward 2019	184 825 813	197 222 264
Merger loss	– 35 827	– 38 236
./. Dividend 2019	– 9 052 057	– 9 595 000
Currency translation differences		104 918
Retained earnings	**198 599 614**	**212 171 125**

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 8.00 per share[1]	7 076 964	7 684 000
Carried forward to new account	191 522 650	204 487 125
Total	**198 599 614**	**212 171 125**

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

STATUTORY AUDITOR'S REPORT

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, which comprise the balance sheet as at December 31, 2020 and the income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion the financial statements (pages 146 to 157) as at December 31, 2020 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 Auditing Standards. 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 entity 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibility 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 entity'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 entity 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 Swiss Auditing Standards 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 our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 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, March 23, 2021
BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

David Hämmerli
Licensed Audit Expert

Addresses

FINANCE, SERVICE AND OTHER COMPANIES

SWITZERLAND

Phoenix Mecano Management AG
Lindenstrasse 23
CH-8302 Kloten
Phone +41/43/255 42 55
Fax +41/43/255 42 56
info@phoenix-mecano.com
www.phoenix-mecano.com

BRAZIL

Phoenix Mecano Holding Ltda.
Av. Prof. Alceu Maynard Araújo 185
CEP 04726-160 São Paulo - SP
Phone +55/11/564 341 90
Fax +55/11/564 108 82
vendas@phoenix-mecano.com.br
www.phoenix-mecano.com.br

GERMANY

IFINA Beteiligungsgesellschaft mbH
Erbeweg 13–15
D-32457 Porta Westfalica
Phone +49/571/504 11 14
Fax +49/571/504 17 114

ENCLOSURES

GERMANY

Bopla Gehäuse Systeme GmbH
Borsigstrasse 17–25
D-32257 Bünde
Phone +49/5223/969 0
Fax +49/5223/969 100
info@bopla.de
www.bopla.de

HPC Sekure GmbH
Im Höllbichl 7
D-82234 Wessling
Phone +49/8153/953 04 50
Fax +49/8153/953 04 49
info@hpc-sekure.de
www.der-plomben-shop.de

Kundisch GmbH & Co. KG
Steinkirchring 56
D-78056 Villingen-Schwenningen
Phone +49/7720/976 10
Fax +49/7720/976 122
info@kundisch.de
www.kundisch.de

ROSE Systemtechnik GmbH
Erbeweg 13–15
D-32457 Porta Westfalica
Phone +49/571/504 10
Fax +49/571/504 16
rose@rose-pw.de
www.rose-pw.de

MECHANICAL COMPONENTS

BRAZIL

DewertOkin do Brasil Ltda (formerly Phoenix Mecano Comercial e Técnica Ltda.)
Av. Prof. Alceu Maynard Araújo,185
CEP 04726-160, São Paulo - SP
Phone +55/11/564 341 90
vendas@dewertokin.com.br
www.dewertokin.com.br

GERMANY

BEWATEC Connected.Care GmbH
Alt-Moabit 98
D-10559 Berlin
Phone +49/2504/733 70
www.bewatec.com
info@bewatec.com

BEWATEC Kommunikationstechnik GmbH
Orkotten 65
D-48291 Telgte
Phone +49/2504/733 70
Fax +49/2504/733 71 90
www.bewatec.com
info@bewatec.com

DewertOkin GmbH
Weststrasse 1
D-32278 Kirchlengern
Phone +49/5223/979 0
Fax +49/5223/751 82
info@dewertokin.de
www.dewertokin.de

DewertOkin Services GmbH
Weststrasse 1
D-32278 Kirchlengern
Phone +49/5223/979 0
Fax +49/5223/751 82
info@dewertokin.de
www.dewertokin.de

RK Antriebs- und Handhabungs-Technik GmbH
Am Klaepenberg 5
D-29553 Bienenbüttel
Phone +49/5823/98 01 0
Fax +49/5283/98 01 50
vertrieb@rk-aht.de
www.rk-aht.de

RK Rose+Krieger GmbH
Potsdamer Strasse 9
D-32423 Minden
Phone +49/571/933 50
Fax +49/571/933 51 19
info@rk-online.de
www.rk-rose-krieger.com

RK Schmidt Systemtechnik GmbH
Essener Strasse 8
D-66606 St. Wendel
Phone +49/6851/80 25 50
Fax +49/6851/80 25 529
info@rk-schmidt.de
www.rk-schmidt.de

RK System- & Lineartechnik GmbH
Bahnhofstrasse 136
D-88682 Salem-Neufrach
Phone +49/7553/91 67 30
Fax +49/7553/91 67 369
info@rk-sl.de
www.rk-sl.de

HUNGARY

DewertOkin Kft.
Szent István krt. 24.
H-6000 Kecskemét
Phone: +36/76/515 600
info@dewertokin.hu
www.dewertokin.hu

DewertOkin Services Kft. (formerly Phoenix Mecano Kecskemét Research and Development Kft.)
Szent István krt. 24
H-6000 Kecskemét
Phone +36/76/515 515
Fax +36/76/414 560
info@phoenix-mecano.hu
www.phoenix-mecano.hu

PEOPLE'S REPUBLIC OF CHINA

DewertOKIN Technology Group Co., Ltd.
No. 465, Xinnanyang Road,
Wangjianjing Development Zone,
314024 Jiaxing, Zhejiang, China
Phone +86/573/822 810 28
Fax +86/573/822 809 68
sales@refinedchina.com
www.okin-refined.com

Haining My Home Mechanism Co. Ltd.
Building 1, No.1 Qi'er Road,
Chang'an town, (Nongfa district)
Haining, Zhejiang
Phone +86/573/875 005 62
Fax +86/573/876 878 98

SWEDEN

DewertOkin AB (formerly Phoenix Mecano AB)
Pålvägen 8
SE-355 72 Ingelstad
Phone +46/470/724 990
info@phoenix-mecano.se
www.phoenix-mecano.se

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

SWITZERLAND
DewertOkin AG
Hofwisenstrasse 6
CH-8260 Stein am Rhein
Phone +41/52/742 75 00
Fax +41/52/742 75 90

URUGUAY
DewertOkin Latin America S.A. (formerly Phoenix Mecano Latin America Electromechanical Components Trading S.A.)
Calle 26 de Marzo, 3438
Montevideo, 11.300
Phone +55/11/564 341 90
vendas@dewertokin.com.br
www.dewertokin.com.br

USA
Okin America Inc.
291 CDF Boulevard
Shannon, MS 38868
Phone +1/662/566 10 00
Fax +1/662/566 00 09
sales@okinamerica.com
www.okinamerica.com

VIETNAM
Okin Vietnam Company Ltd.
Lot H5-2 (B1 Zone), D9 Street,
Rach Bap Industrial Park,
An Dien Ward, Ben Cat District,
Binh Duong Province, Vietnam
Phone +84/27/435 915 39
pm.trading@phoenix-mecano.com

ELCOM / EMS

CZECH REPUBLIC
Ismet transformátory s.r.o.
CZ- 67139 Běhařovice 100
Phone +420/515/252 576
Fax +420/515/252 578
info@ismet.cz
www.ismet.cz

GERMANY
Hartmann Electronic GmbH
Motorstrasse 43
D-70499 Stuttgart (Weilimdorf)
Phone +49/711/139 89 0
Fax +49/711/866 11 91
info@hartmann-electronic.com
www.hartmann-electronic.com

Ismet GmbH
Lupfenstrasse 65
D-78056 VS-Schwenningen
Phone +49/7720/97 320
Fax +49/7720/97 3250
info@ismet.de
www.ismet.de

Phoenix Mecano Digital Elektronik GmbH
Am Schunkenhofe 7
D-99848 Wutha-Farnroda
Phone +49/36921/20 10
Fax +49/36921/20 123
info@pmde.de
www.pmde.de

PTR HARTMANN GmbH
Gewerbehof 38
D-59368 Werne
Phone +49/2389/798 80
Fax +49/2389/798 888
info@ptr-hartmann.com
www.ptr-hartmann.com

REDUR GmbH & Co KG
Neue Str. 20A
D-52382 Niederzier
Phone +49/2428/90 537-0
Fax +49/2428/90 537-21
info@redur.de
www.redur.de

Wiener Power Electronics GmbH
Linde 18
D-51399 Burscheid
Phone +49/2174/67 80
Fax +49/2174/67 834
info@wiener-d.com
www.wiener-d.com

THE NETHERLANDS
PM Special Measuring Systems B.V.
Euregioweg 330B
NL-7532 SN Enschede
Phone +31/537/400 740
info@pm-sms.com
www.pm-sms.com

PEOPLE'S REPUBLIC OF CHINA
PTR HARTMANN (Shaoguan) Co., Ltd. (formerly Shenzhen ELCOM Co., Ltd.)
No. 19 Le Yuan Road
Lechang Industrial Zone
Shaoguan City
GuangDong Province
Phone +86/751/55 666 36
Fax +86/751/55 666 31
info@ptr-hartmann.cn
www.ptr-hartmann.cn

TUNISIA
Phoenix Mecano Digital Tunisie S.à.r.l.
23, Rue Jamel Abdelnacer Z.I.
TN-2084 Borj Cedria
Phone +21/671/430 666
Fax +21/671/430 695

Phoenix Mecano ELCOM S.à.r.l.
4, Rue Électronique Z.I. 2 Djebel Ouest
TN-1111 Zaghouan
Phone +21/672/640 089
Fax +21/672/640 589

USA
Orion Technologies, LLC
12605 Challenger Pkwy
Suite 130
Orlando, FL 32826
Phone +1/407/476 21 20
Fax +1/407/203 76 59
info@oriontechnologies.com
www.oriontechnologies.com

Tefelen LLC
7330 Executive Way
Frederick, MD 21704
Phone +1/301/696 94 11
Fax +1/301/696 94 94
info@tefelenamerica.com
www.tefelen.com

WIENER, Plein & Baus, Corp.
202 N Limestone Street, Suite 320
Springfield, OH 45503
Phone +1/937/32 424 20
Fax +1/937/32 424 25
sales@wiener-us.com
www.wiener-us.com

PRODUCTION AND SALES COMPANIES

AUSTRALIA
Phoenix Mecano Australia Pty Ltd.
64 Butler Way
Tullamarine
Victoria 3043
Phone +61/3/933 856 99
Fax +61/3/933 853 99
office@phoenix-mecano.com.au
www.phoenix-mecano.com.au

AUSTRIA
AVS Phoenix Mecano GmbH
Biróstrasse 17
A-1230 Vienna
Phone +43/1/6150 801
Fax +43/1/6150 801 130
info@avs-phoenix.at
www.avs-phoenix.at

BELGIUM
Phoenix Mecano NV
Karrewegstraat 124
B-9800 Deinze
Phone +32/9/220 70 50
Fax +32/9/220 72 50
info.pmb@pmk.be
www.phoenix-mecano.be

DENMARK
Phoenix Mecano ApS
Agerhatten 16 A4
DK-5220 Odense SØ
Phone +45/70/70 20 29
info@phoenix-mecano.dk
www.phoenix-mecano.dk

FRANCE
Phoenix Mecano S.à.r.l.
76 rue du Bois Galon
F-94124 Fontenay-sous-Bois, Cedex
Phone +33/1/539 950 50
Fax +33/1/539 950 76
info.pmf@phoenix-mecano.fr
www.phoenixmecano.fr

HUNGARY
Phoenix Mecano Kecskemét Kft.
Szent István krt. 24
H-6000 Kecskemét
Phone +36/76/515 500
Fax +36/76/414 560
info@phoenix-mecano.hu
www.phoenix-mecano.hu

INDIA
Phoenix Mecano (India) Pvt. Ltd.
388, Bhare, Taluka Mulshi
Pirangut Industrial Area
Pune 412115, India
Phone +91/20/667 450 00
Fax +91/20/667 451 26
info@phoenixmecano.in
www.phoenixmecano.co.in

ITALY

Phoenix Mecano S. r. l.
Viale Virgilio, 54
I-41123 Modena
Phone +39/02/953 153 50
Fax +39/02/953 102 65
info.pmi@phoenix-mecano.com
www.phoenix-mecano.it

KOREA (SOUTH KOREA)

Phoenix Mecano Korea Co., Ltd.
#1011, 90 Centum jungang-ro,
Haeundae-gu, Busan 48059
Phone +82/51/517 6924
Fax +82/51/517 6925
info@pmecano.co.kr
www.pmecano.co.kr

THE NETHERLANDS

Phoenix Mecano B.V.
Havenstraat 100
NL-7005 AG Doetinchem
Phone +31/314/368 368
Fax +31/314/368 378
info@pmkomponenten.nl
www.pmkomponenten.nl

PEOPLE'S REPUBLIC OF CHINA

Mecano Components (Shanghai) Co., Ltd.
No. 1001, Jiaqian Road
Nanxiang Town, Jiading District
201802 Shanghai
Phone +86/21/691 765 90
Fax +86/21/691 765 32
info@mecano.com.cn
www.mecano.com.cn

Phoenix Mecano Hong Kong Ltd.
Rm. 09, 9/F., New City Centre
2 Lei Yue Mun Road
Kwun Tong, Kowloon, Hong Kong
Phone +86/852/272 777 90
Fax +86/852/272 778 92
info@phoenix-mecano.hk

ROMANIA

Phoenix Mecano Plastic S.r.l.
Europa Unita Nr. 10
RO-550052 Sibiu
Phone +402/69/241 055
Fax +402/69/241 210
pm.office@phoenix-mecano.ro

RUSSIA

Phoenix Mecano OOO
Sosnovaya alleya 6A,
building 1, Office 31
RUS-124489 Zelonograd, Moscow
Phone +7/495 984 25 11
Fax +7/495 988 76 21
orders@rose-rf.ru
www.rose-rf.ru

SAUDI-ARABIA

Phoenix Mecano Saudi Arabia LLC
Building No. 3267, King Abdul Aziz Road, Unit No.1
Dharan-3451, Dammam
Phone +966/53/337 82 11
sales.pmksa@gmail.com

SINGAPORE

Phoenix Mecano S.E. Asia Pte Ltd.
53 Ubi Ave 3, #04–01
Travelite Building
Singapore 408863
Phone +65/674 916 11
Fax +65/674 967 66
+65/674 967 49
pmsea@pmecano.com.sg
www.phoenixmecano.com.sg

SPAIN

Sistemas Phoenix Mecano España S.A.
C/Tarento, N°15
Plataforma Logística PLAZA
E-50197 Zaragoza
Phone +34/976/786 080
info@phoenix-mecano.es
www.phoenix-mecano.es

SWITZERLAND

Phoenix Mecano Komponenten AG
Hofwisenstrasse 6
CH-8260 Stein am Rhein
Phone +41/52/742 75 00
Fax +41/52/742 75 90
info@phoenix-mecano.ch
www.phoenix-mecano.ch

TAIWAN

Branch of Phoenix Mecano S.E. Asia Pte Ltd.
Rom 220, 2F., No.31, Sec2,
Nanchang Rd., Zhongzheng Dist.,
Taipei City 100,
Taiwan, R.O.C.
Phone +886/2/2725 2627
Fax +886/2/2725 2575
pmtwn@pmecano.com.tw

Branch of Phoenix Mecano Inc.
13913 Magnolia Avenue
Chino, CA 91710
Phone +1/800/325 39 91
Fax +1/909/465 01 60
PMinfo@pm-usa.com
www.pm-usa.com

UNITED ARAB EMIRATES

ROSE Systemtechnik Middle East (FZE)
Warehouse No. Q4-102, SAIF Zone
P.O. Box 8993
Sharjah – U.A.E.
Phone +971/6/557 85 00
Fax +971/6/557 85 50
info@rosemiddleeast.com
www.rose-systemtechnik.com

UNITED KINGDOM

Phoenix Mecano Ltd.
26 Faraday Road
Aylesbury
GB-Buckinghamshire HP19 8RY
Phone +44/1296/61 16 60
Fax +44/1296/48 62 96
info@pmgb.co.uk
www.phoenix-mecano.co.uk

USA

Phoenix Mecano Inc.
7330 Executive Way
Frederick, MD 21704
Phone +1/301/696 94 11
Fax +1/301/696 94 94
PMinfo@pm-usa.com
www.phoenixmecano.com

Financial calendar

18 February 2021 7.00 a.m.	**Media release** Preliminary full-year results 2020	
21 April 2021 7.00 a.m.	**Media release** Results 2020, Q1 results 2021	Publication of Annual Report 2020
10.00 a.m.	**Annual results presentation** Results 2020, Q1 results 2021	Webcast
21 May 2021 3.00 p.m.	**Shareholders' General Meeting**	
10 August 2021 7.00 a.m.	**Media release** Half-yearly results 2021	Semi-annual report 2021
2 November 2021 7.00 a.m.	**Media release** Q3 results 2021	

Further information

Benedikt A. Goldkamp
Chairman of the Board of Directors

Dr Rochus Kobler
Chief Executive Officer

Phone +41 43 255 42 55
info@phoenix-mecano.com
www.phoenix-mecano.com

IMPRINT

Editor
Ruoss Markus
Corporate Communications
CH–8808 Pfäffikon

Concept, design, consulting and realisation
PETRANIX AG
Corporate and Financial Communications
CH–8832 Wollerau-Schwyz
www.PETRANIX.com

Photography
Julius Hatt Photographer
Scanderbeg Sauer
iStock

Printed by
Neidhart + Schön Group AG
CH–8037 Zurich

GROUP HEADQUARTERS

Phoenix Mecano AG
Hofwisenstrasse 6
Postfach
CH–8260 Stein am Rhein

CONTACT ADDRESS

Phoenix Mecano Management AG
Lindenstrasse 23
CH–8302 Kloten

Phone +41 43 255 42 55
Fax +41 43 255 42 56
info@phoenix-mecano.com
www.phoenix-mecano.com

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