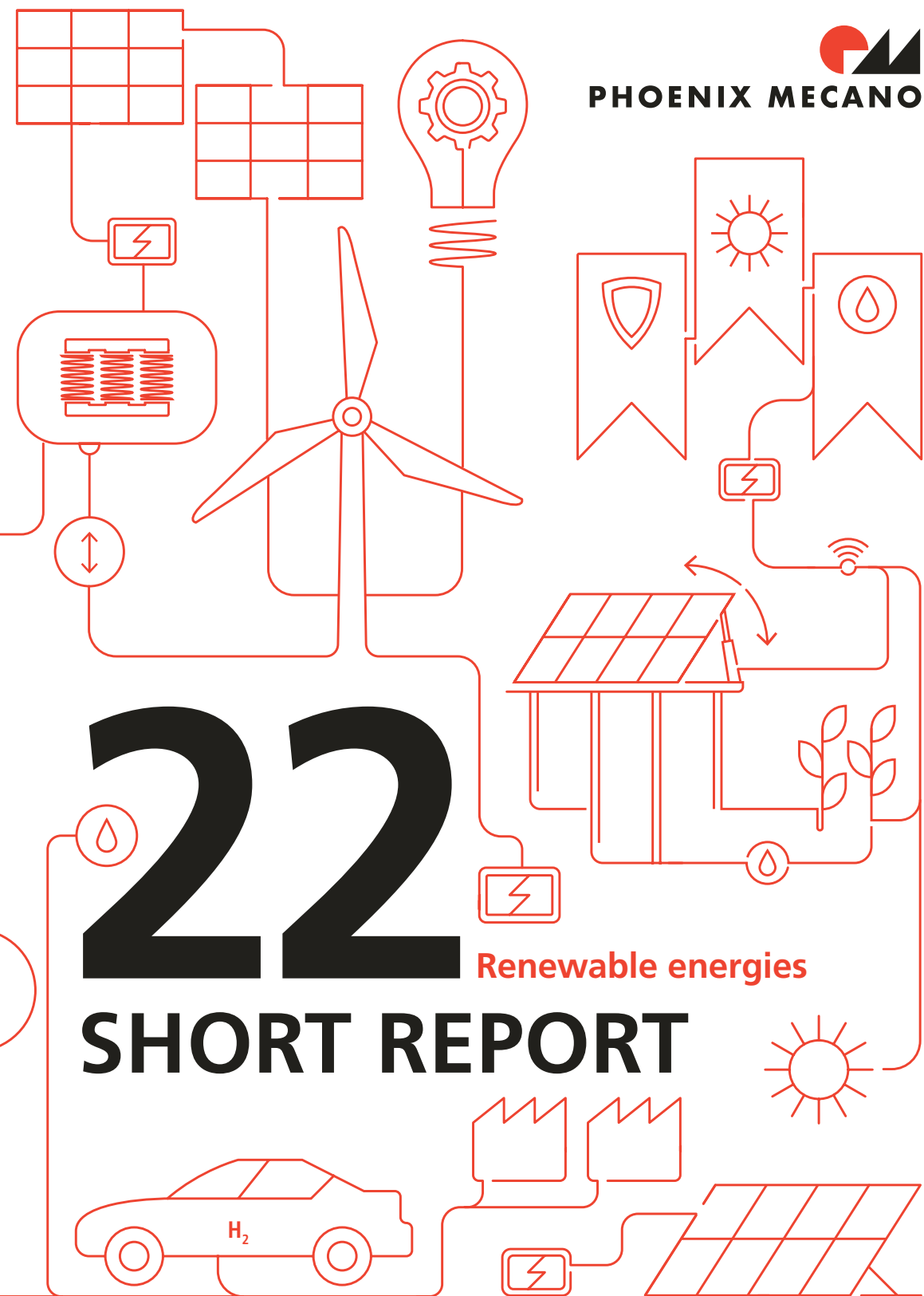




PHOENIX MECANO



22

Renewable energies

SHORT REPORT

KEY FIGURES OF THE PHOENIX MECANO GROUP

		2022	2021	2020	2019	2018
Einheiten						
KEY FINANCIAL FIGURES						
Gross sales	Mio. EUR	792.9	816.9 ⁴	687.4	680.0	650.8
Gross sales	%	–2.9	18.8 ⁴	1.1	4.5	3.7
Operating cash flow (EBITDA)	Mio. EUR	78.0	66.6 ⁴	48.2	48.8	74.0
Change	%	17.1	38.1 ⁴	–1.3	–34.0	
in % of sales	%	9.8	8.2 ⁴	7.0	7.2	11.4
Operating result	Mio. EUR	53.6	44.3 ⁴	22.4	23.4	51.3
Change	%	21.0	97.5 ⁴	–3.9	–54.5	
in % of sales	%	6.8	5.4 ⁴	3.3	3.4	7.9
in % of net operating assets	%	15.6	14.4 ⁴	7.6	7.8	17.3
Result of the period	Mio. EUR	39.0	30.3 ⁴	8.9	13.9	36.1
Change	%	28.6	241.6 ⁴	–36.2	–61.5	
in % of sales	%	4.9	3.7 ⁴	1.3	2.0	5.5
in % of equity	%	14.9	12.6 ⁴	4.7 ⁴	6.4	13.5
Total assets/capital	Mio. EUR	587.5	610.6 ⁴	545.0	488.1	453.4
Equity	Mio. EUR	261.3	240.0 ⁴	188.2 ⁴	217.3	268.0
in % of total assets	%	44.5	39.3 ⁴	34.5 ⁴	44.5	59.1
Net indebtedness	Mio. EUR	84.0	80.6 ⁴	115.4	88.1	33.9
in % of equity	%	32.1	33.6 ⁴	61.3 ⁴	40.5	12.7
Cash flow from operating activities	Mio. EUR	55.9	54.8	27.8	43.6	37.9
Free cash flow	Mio. EUR	11.9	26.9	10.4	18.0	12.9
Purchases of tangible and intangible assets	Mio. EUR	47.2	29.6	27.8	26.1	25.6
SHARE INDICATORS						
Share capital (bearer shares with a par value of CHF 1.00)	CHF	960 500	960 500	960 500	960 500	960 500
Shares entitled to dividend ¹	Anzahl	960 414	960 311	960 009	959 500	959 500
Operating result per share ³	EUR	55.8	46.1 ⁴	23.4	24.3	53.5
Result of the period per share ³	EUR	40.6	31.6 ⁴	9.2	14.5	37.6
Equity per share ³	EUR	272.1	249.9 ⁴	196.1 ⁴	226.5	279.3
Free cash flow per share ³	EUR	12.4	28.0	10.8	18.7	13.5
Dividend	CHF	16.50 ²	15.00	8.00	10.00	17.00
Market price						
High	CHF	421.50	502	494.50	519	728
Low	CHF	294	396	312	374	456
Year-end price	CHF	329	405.50	464.50	478.50	503

¹ As at the balance sheet date, the company owned 86 treasury shares, which are not entitled to dividend.

² Proposal to the Shareholders' General Meeting on 17 May 2023.

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

⁴ Restatement (The figures have been adjusted in accordance with the restatement on pages 15 and 16. Details can be found in the full annual report on page 57.)

CONTENTS

Letter to shareholders	2
Global competence, local value	6
Global commitment	8
Renewable energies megatrend	10
Solar energy systems as rain collectors	12
Group business performance	14
Wind power without the annoying hum	22
DewertOkin Technology Group	24
Robust transformers, powerful rotors	26
Industrial Components	28
Modular system for solar module manufacturing	30
Enclosure Systems	32
Safe electronics for highly flammable hydrogen	34
Share information	36
Converting direct current into grid-compatible alternating current	38
Sustainability	40
Financial calendar, addresses	48

Letter to shareholders

DEAR SHAREHOLDERS

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

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

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

SALES
IN EUR MILLION

792.9

GROWTH IN SALES
IN %

-2.9



Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

Dr Rochus Kobler
CEO

THANK YOU TO OUR EMPLOYEES

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

OUTLOOK AND DIVIDEND

2023 continues to be impacted by ominous signs from the war in Ukraine, exploding energy costs and stubborn inflation, which are likely to keep us on our toes for some time to come. However, Phoenix Mecano has a portfolio of products and services that support important technological megatrends and are therefore needed and purchased even in uncertain times. What's more, we ensure that our shareholders participate in our

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

OPERATING RESULT PER SHARE IN EUR

55.8

OPERATING RESULT PER SHARE IN EUR

16.50

success through increases in portfolio value and regular dividend payouts. The Board of Directors will propose to the Shareholders' General Meeting a dividend for 2022 of CHF 16.50 per bearer share (previous year: CHF 15).

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

The DewertOkin Technology Group division is using the current lull to systematically realign its target markets. This includes the development of innovative electronics, sensor technology and software products for hospitals and elderly care as well as for adjustable, ergonomic comfort furniture. With our lean and efficient sales structures, we will actively support our customers – all leading manufacturers of comfort, office and healthcare furniture – to take full advantage of the anticipated

recovery in consumer demand while increasing their market share. At our newly built industrial park in Jiaxing, China, we have created 120,000 square metres of state-of-the-art production, development and administration space, which we will be moving into this year. This will provide us with the best possible conditions for further boosting the productivity and efficiency of our operations.

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

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

Dr Rochus Kobler
CEO

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

Global Competence, Local Value

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

DEWERTOKIN TECHNOLOGY GROUP

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

Key figures	2022	2021
Key figures		
Gross sales	310.3	392.8
Purchases of tangible and intangible assets	29.2	17.5
Operating result	-2.6	2.1
Margin in %	-0.8	0.5
Employees	2 457	2 623

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

INDUSTRIAL COMPONENTS

The Industrial Components division focuses on industrial digitalisation and modular automation. It comprises four business areas: Automation Modules, Electrotechnical Components, Rugged Computing and Measuring Technology. The Automation Modules business area produces linear units and lifting columns, aluminium profile and tube connection systems, as well as ergonomic workstation systems. The Electrotechnical Components business area specialises in manufacturing terminal blocks, connector systems, test probes, series terminals and switches for industrial electronics. The Rugged Computing business area manufactures industrial PC systems as well as highly reliable power supplies and backplanes, while the Measuring Technology business area focuses on current measuring systems, transformers and instrument transformers.

Key figures

in Mio. Eur

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

ENCLOSURE SYSTEMS

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

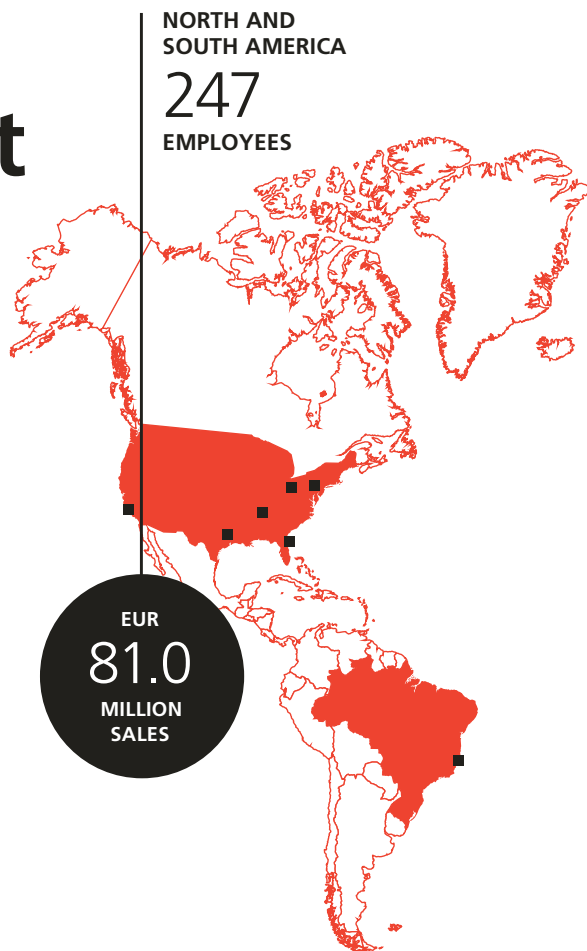
Key figures

in Mio. Eur

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

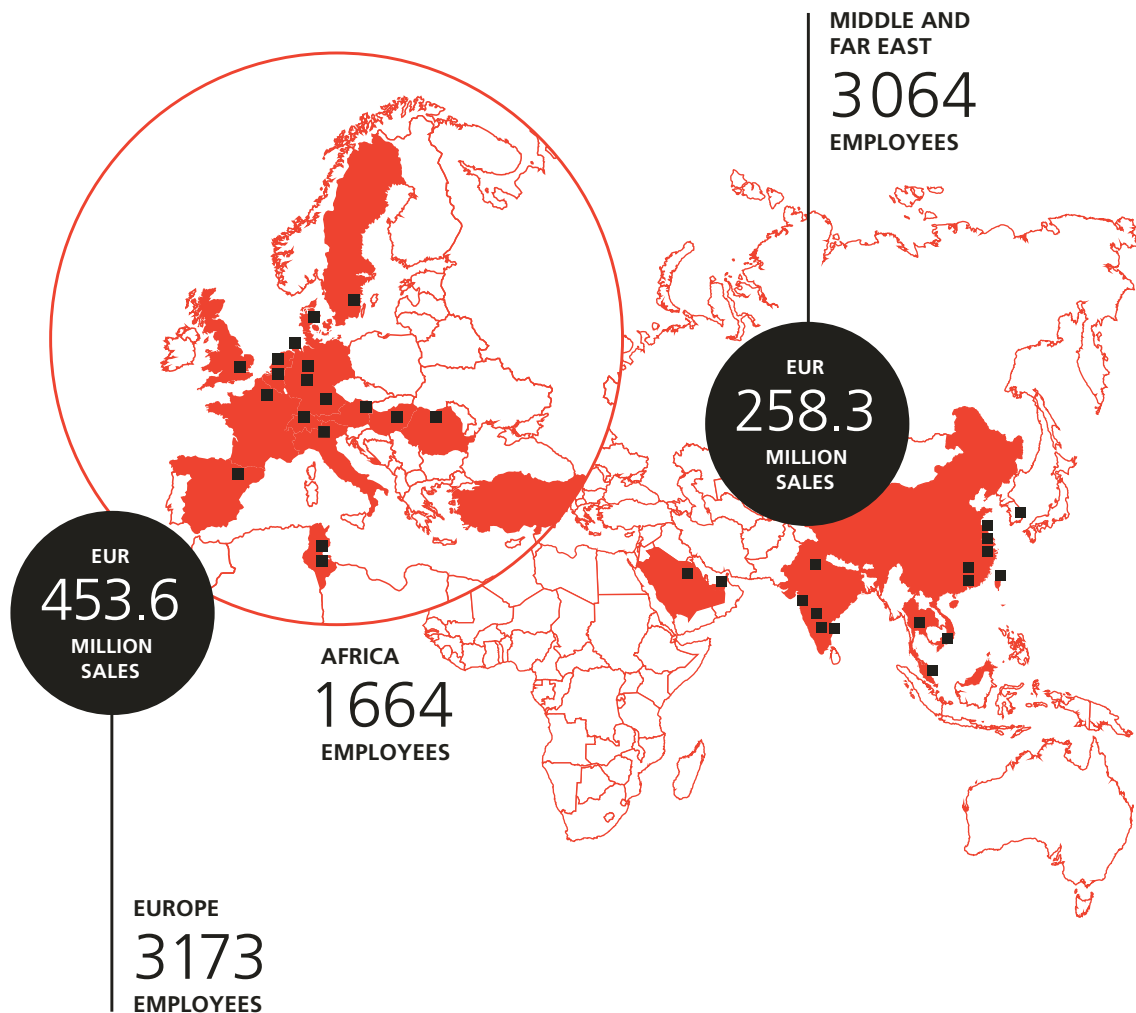
Global commitment

8148 employees around the globe offer a comprehensive range of products and services in all important growth markets. They guarantee customers market-driven solutions, efficient production and resource-saving logistics.



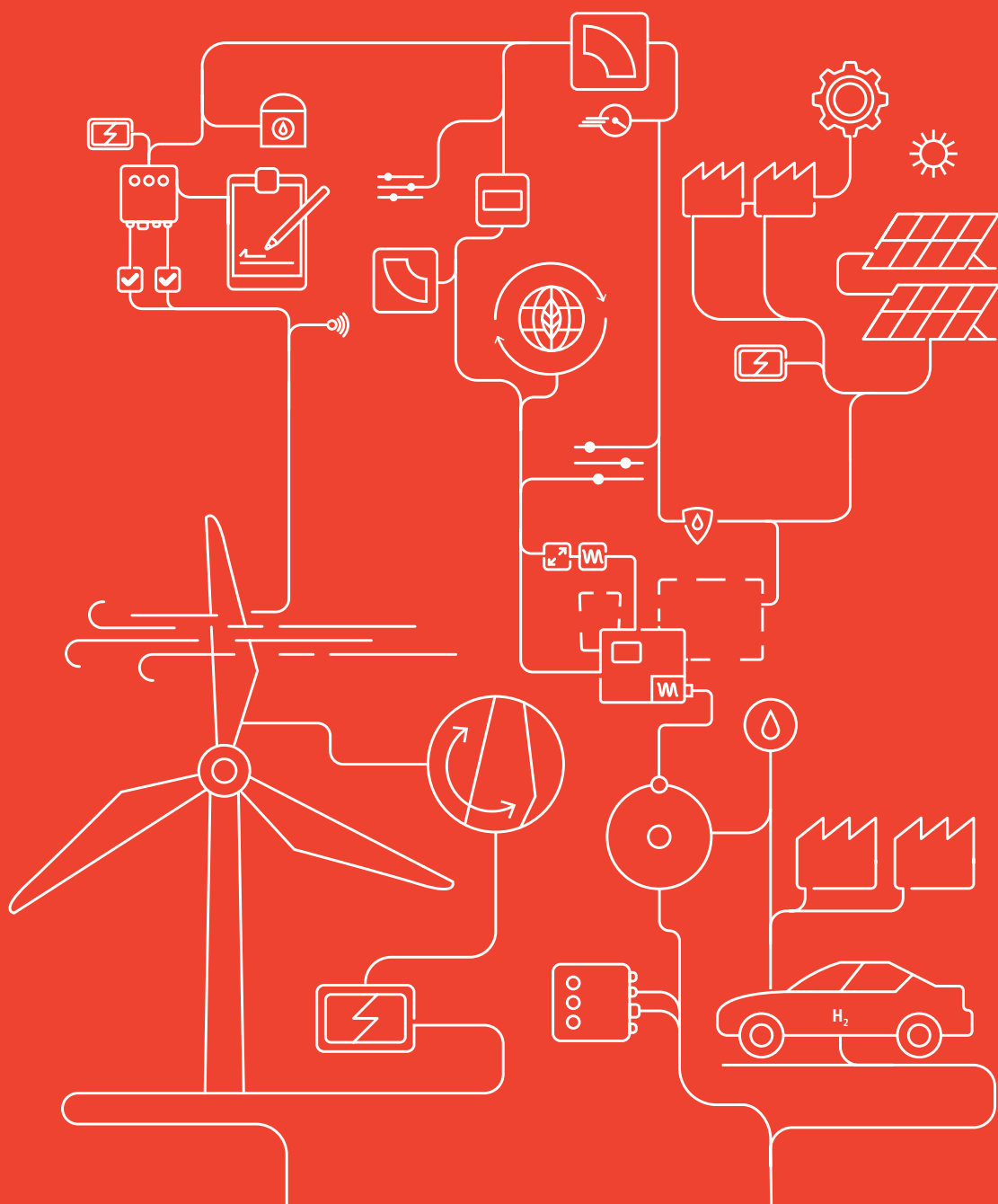
EMPLOYEE KEY FIGURES AT A GLANCE

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



	2022	2021	2020	2019	2018
BY GENDER					
Women	3422	3583	3158	2792	3185
Men	4726	4560	4268	4365	4131
Personnel expenses per employee in 1000 EUR					
	28.3	27.0	27.7	29.8	26.7
Gross sales per employee in 1000 EUR	97.3	100.3	92.6	95.0	89.0

Renewable energies megatrend



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

The importance of renewable energies is growing as more and more people and businesses realise that climate change poses an existential threat and that renewables are a key part of the solution.

Meanwhile, warnings of power shortages have further underscored how vital renewable energies are for Switzerland and other countries. At the same time, this development is a great opportunity for innovative and flexible industrial companies.

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

Phoenix Mecano also relies on renewable energy to achieve its CO₂ targets. The sustainability report highlights the potential for further reducing energy from non-renewable sources. The Group is pursuing many projects to cut this consumption, for example by replacing it with solar power generated on its own factory roofs.

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

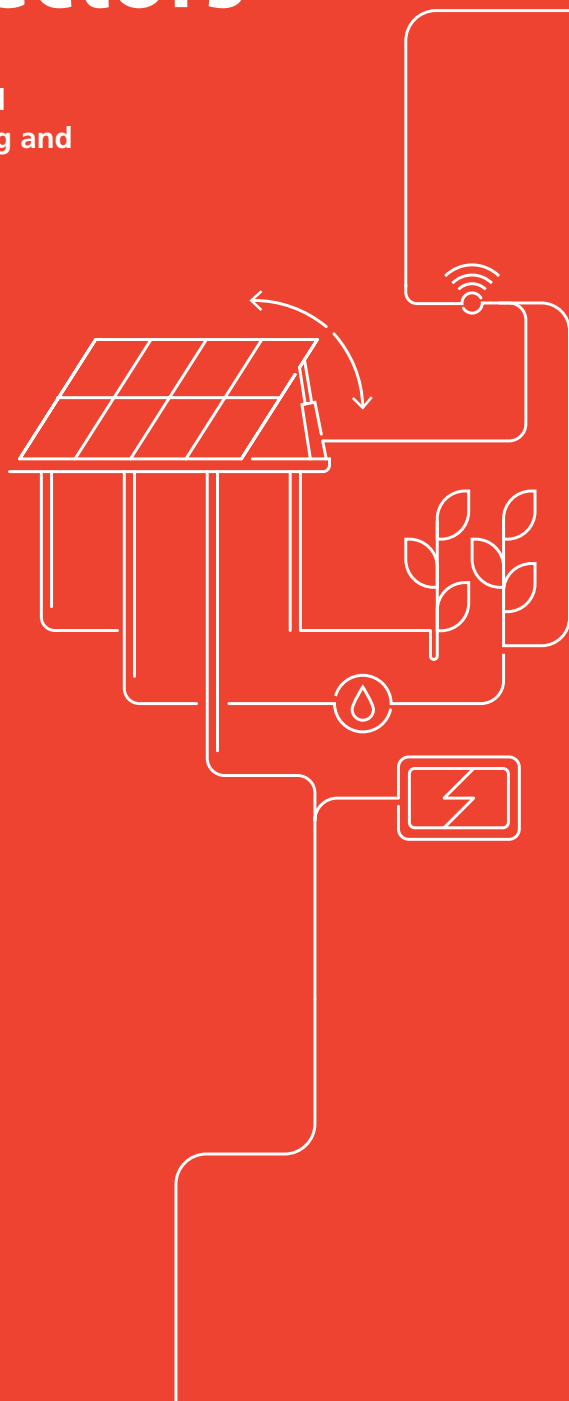
In this context, renewable energy products are becoming more and more important for Phoenix Mecano too. The Group is benefiting from this development by offering products and solutions for solar energy, wind power and hydrogen applications and helping to develop these new markets.

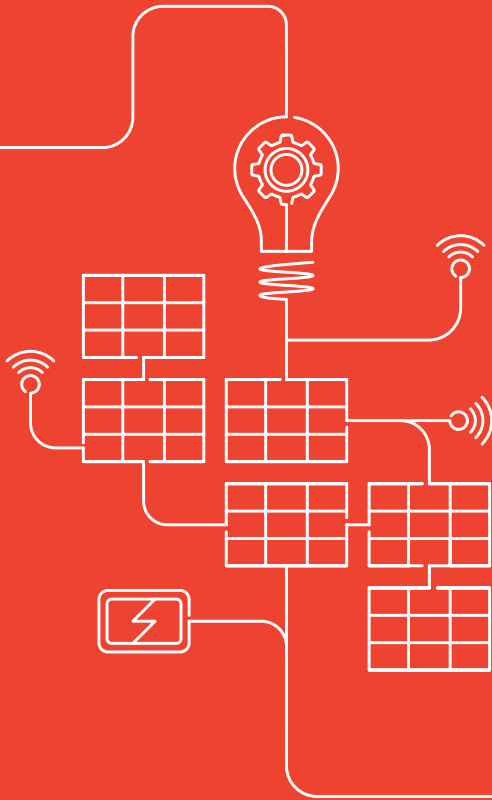
Solar energy systems as rain collectors

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

PRODUCT

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





APPLICATION

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

BENEFITS

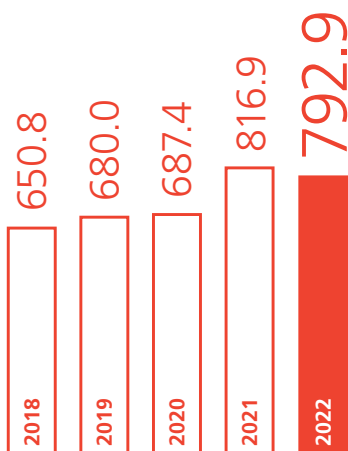
The ability to adjust the panels using linear drives significantly increases the power output of the solar cells, and because the entire unit can be placed in a horizontal position, thus providing shade, the sunlight levels can be tailored to the needs of the plants growing beneath. Moreover, the design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



Group business performance

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

**GROUP GROSS SALES
IN EUR MILLION**



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

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

In December 2022, Phoenix Mecano held its first Capital Markets Day in Stein am Rhein. Analysts, journalists and investors were given an in-depth insight into the activities of the various divisions, and new medium-term targets up to 2026 were presented. Phoenix Mecano is aiming for average sales growth of 6–10 % at Group level over an economic cycle, both organically and through acquisitions, as well as an EBIT margin of 8–12 % and a return on capital employed (ROCE) of 15 %. In its industrial activities (Enclosure Systems and Industrial Components), it aims to grow faster than GDP in the long

FIVE-YEAR FIGURES

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

term, and has set a target of a double-digit EBIT margin in these two divisions. Further double-digit growth and an EBIT margin in the high single digits is the goal for the DewertOkin Technology Group.

BUSINESS ACTIVITY

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

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

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

ERROR IN PAST FINANCIAL STATEMENTS
(RESTATEMENT)

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

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

SALES AND INCOME

Weak demand in furniture sector slows incoming orders

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

Double-digit sales increase in industrial activities

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

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

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

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

OPERATING RESULT IN EUR MILLION

53.6

IN % OF SALES

6.8 %

Incoming orders by division

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

Gross sales by region

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

Gross sales by division

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

Gross sales by division in %

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

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

Record operating result and operating cash flow

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

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

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

In the reporting year, the cost of materials fell at a disproportionately high rate compared with sales due to the shift in the shares of sales and the different material use rates in the three divisions. The

Phoenix Mecano Group's material use rate as a percentage of gross sales was 49.5 % (compared with 55.2 % the previous year).

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

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

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

Increase in result of the period to almost EUR 40 million

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

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

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

Operating result by division

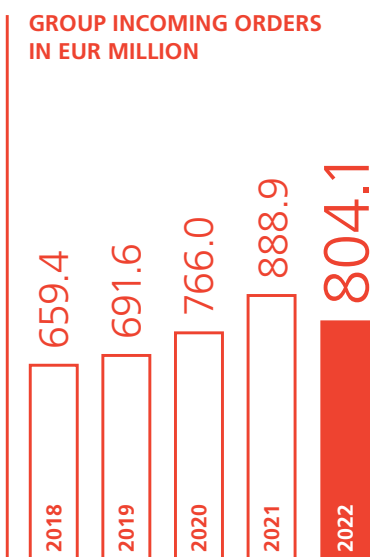
	Change	2022	2021
	in %	in 1000 EUR	in 1000 EUR
DewertOkin Technology Group	-227.6	-2 622	2 055
Industrial Components	34.9	24 364	18 055
Enclosure Systems	31.9	35 183	26 684
Total for all divisions	21.7	56 925	46 794
Reconciliation ¹	-32.4	-3 303	-2 495
Total Group	21.0	53 622	44 299

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

Profitability by division²

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

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



ASSET AND CAPITAL STRUCTURE

Record capital expenditure of EUR 47.2 million

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

Increase in equity ratio to 44.5 %

The offsetting of goodwill against equity in the context of acquisitions in 2019 and 2020 under Swiss GAAP FER led to a reduction in the equity ratio. Thanks to the positive trend in earnings, this ratio has since increased again and now stands at 44.5 % (previous year: 39.3 %), back above the target minimum equity ratio of 40 %.

Slight rise in net indebtedness

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

OUTLOOK

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

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

Capital expenditure

	2022		2021	
	in 1000 EUR	in %	in 1000 EUR	in %
BY TYPE OF ASSET				
Intangible assets	5 317	11.3	4 532	15.3
Land and buildings	572	1.2	675	2.3
Machinery and equipment	13 004	27.6	10 054	34.0
Tools	2 839	6.0	2 712	9.2
Construction in progress	25 466	53.9	11 579	39.2
Total	47 198	100.0	29 552	100.0
BY DIVISION				
DewertOkin Technology Group	29 223	61.9	17 458	59.1
Industrial Components	7 154	15.2	5 171	17.5
Enclosure Systems	10 468	22.2	5 445	18.4
Total for all divisions	46 845	99.3	28 074	95.0
Reconciliation ¹	353	0.7	1 478	5.0
Total	47 198	100.0	29 552	100.0

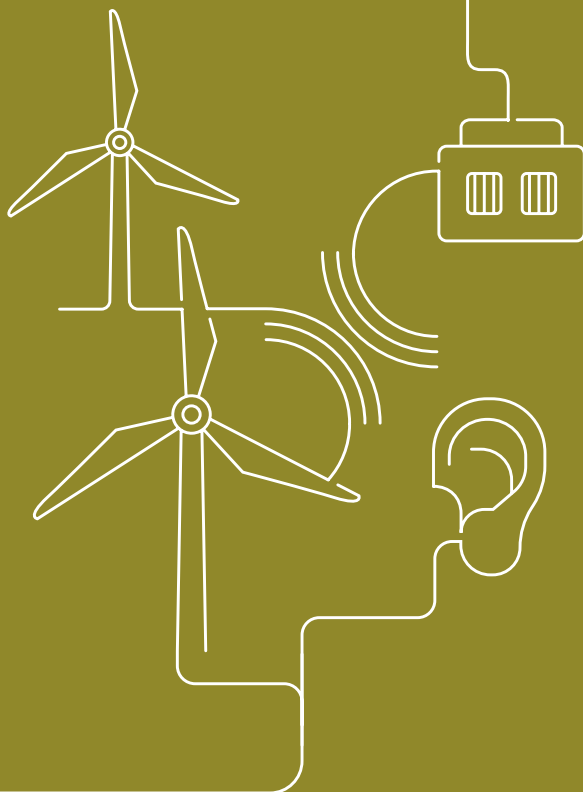
¹ Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

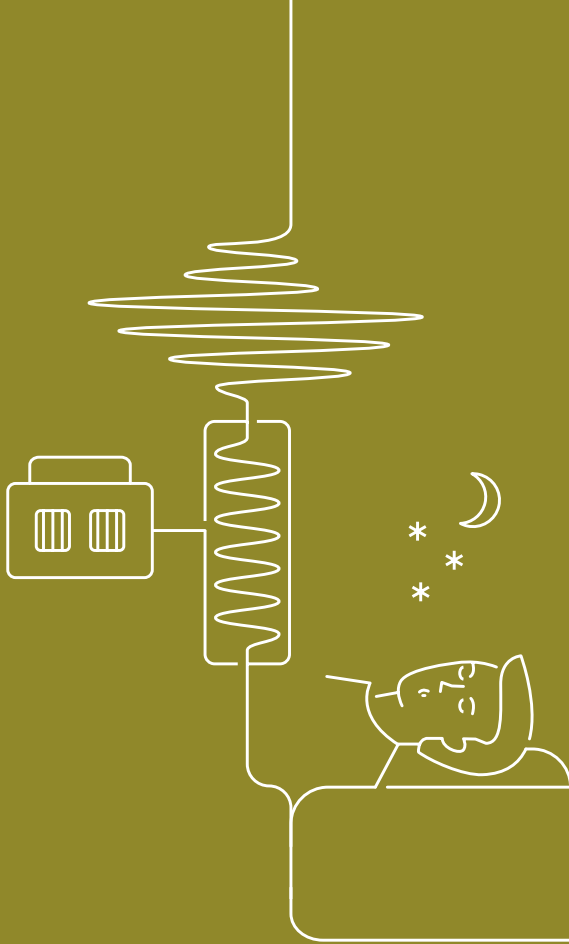
Wind power without the annoying hum

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

PRODUCT

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



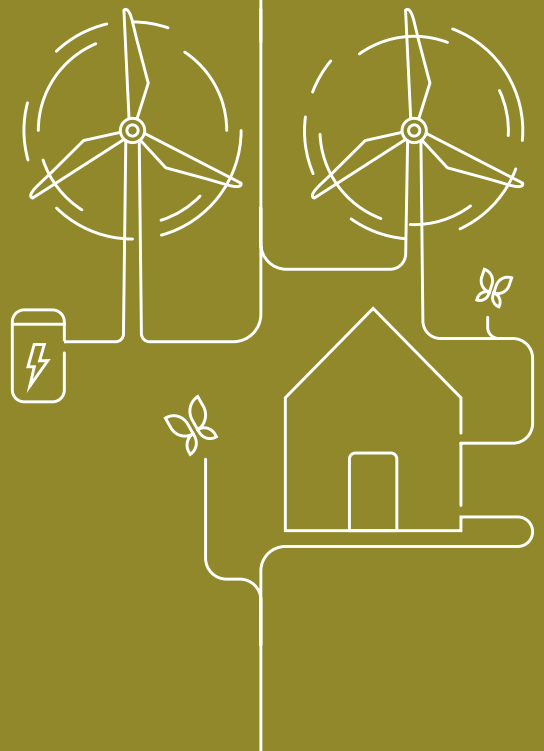


APPLICATION

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

BENEFITS

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



DewertOkin Technology Group

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

**GROSS SALES
IN EUR MILLION**



Orders

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

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

Sales

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

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

Result

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

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

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

Asset and capital structure

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

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

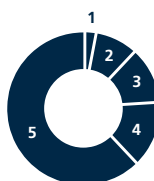
OPERATING RESULT IN EUR MILLION

–2.6

IN % OF SALES

–0.8 %

GROSS SALES BY REGION IN %



- 1 Switzerland **0.2 %**
- 2 Germany **9.3 %**
- 3 Rest of Europe **11.8 %**
- 4 North and South America **14.4 %**
- 5 Middle and Far East **64.3 %**

INCOMING ORDERS IN EUR MILLION

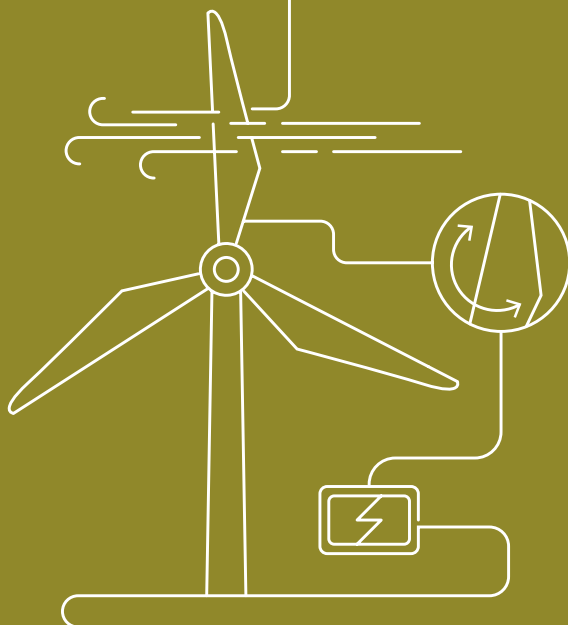


Robust transformers, powerful rotors

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

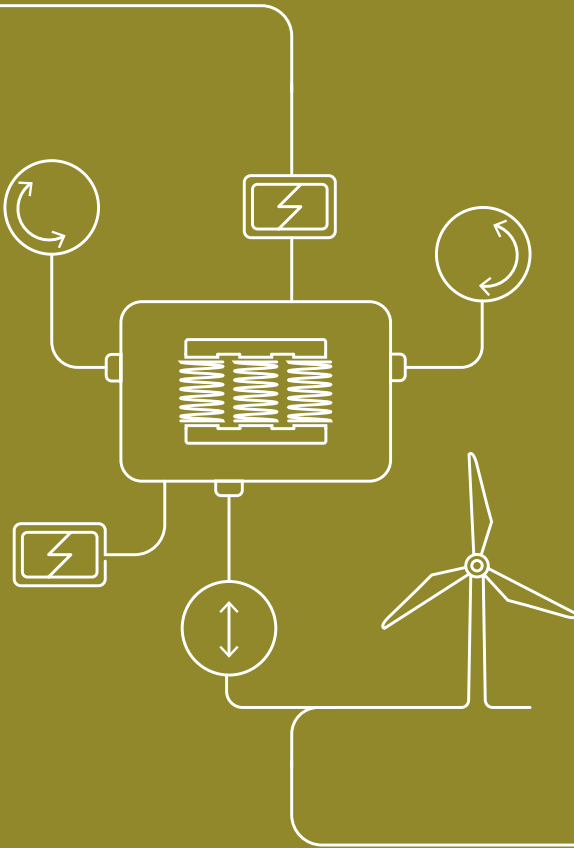
PRODUCT

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



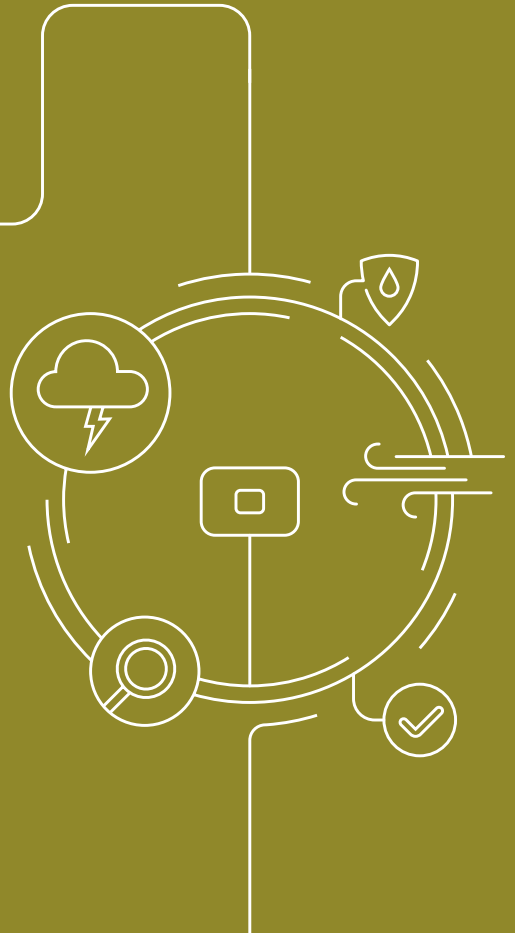
APPLICATION

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



BENEFITS

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



Industrial Components

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

**GROSS SALES
IN EUR MILLION**



Orders

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

Sales

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

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

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

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

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

Result

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

Asset and capital structure

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

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

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

OPERATING RESULT IN EUR MILLION

24.4

IN % ZUM UMSATZ

9.5 %

GROSS SALES BY REGION IN %



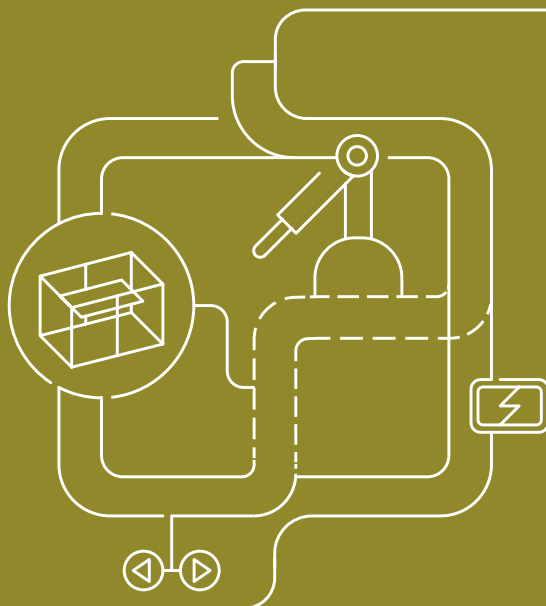
- 1 Switzerland **6.6 %**
- 2 Germany **48.2 %**
- 3 Rest of Europe **24.6 %**
- 4 North and South America **7.5 %**
- 5 Middle and Far East **13.1 %**

INCOMING ORDERS IN EUR MILLION



Modular system for solar module manufacturing

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

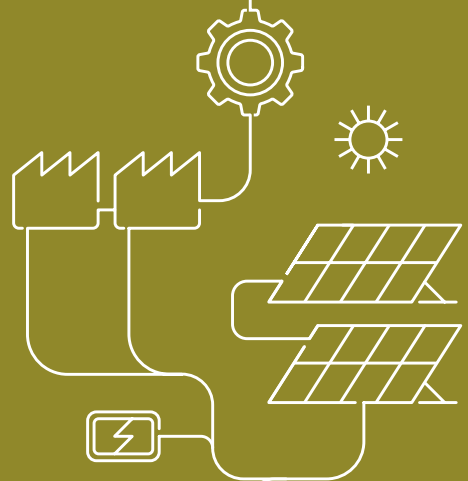


PRODUCT

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

APPLICATION

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



BENEFITS

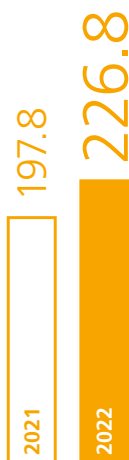
With RK Rose + Krieger's system elements, production lines that need to be changed and adapted again and again as work processes evolve can be updated quickly, cost-effectively and in a way that conserves resources. Elements that are no longer required following an adjustment can be moved elsewhere or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



Enclosure Systems

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

**GROSS SALES
IN EUR MILLION**



Orders

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

Sales

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

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

Result

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

Asset and capital structure

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

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OPERATING RESULT IN EUR MILLION

35.2

IN % OF SALES

15.5 %

GROSS SALES BY REGION IN %



- 1 Switzerland **5.2 %**
- 2 Germany **48.8 %**
- 3 Rest of Europe **27.3 %**
- 4 North and South America **7.6 %**
- 5 Middle and Far East **11.1 %**

INCOMING ORDERS IN EUR MILLION

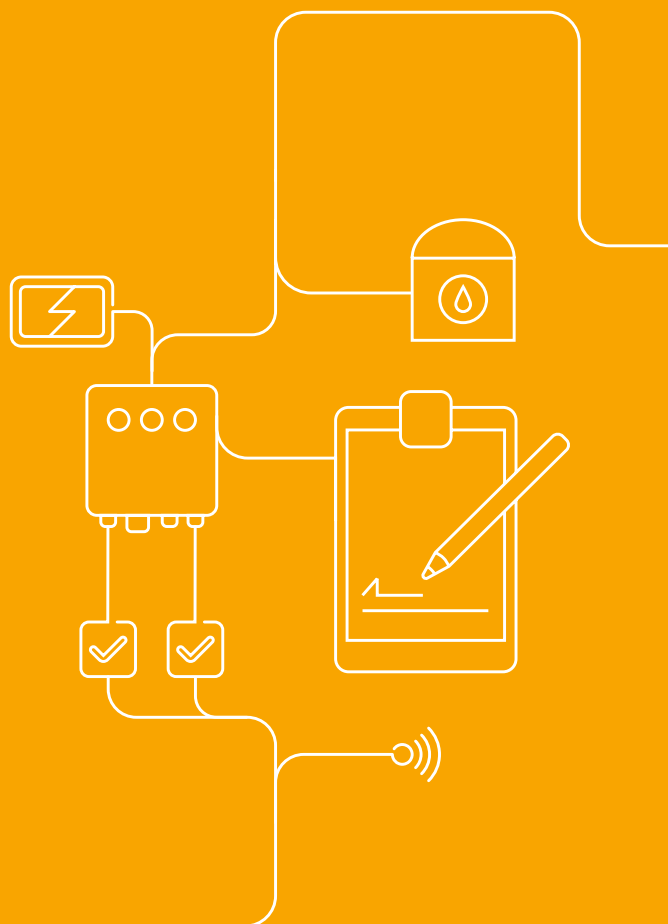


Safe electronics for highly flammable hydrogen

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

PRODUCT

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

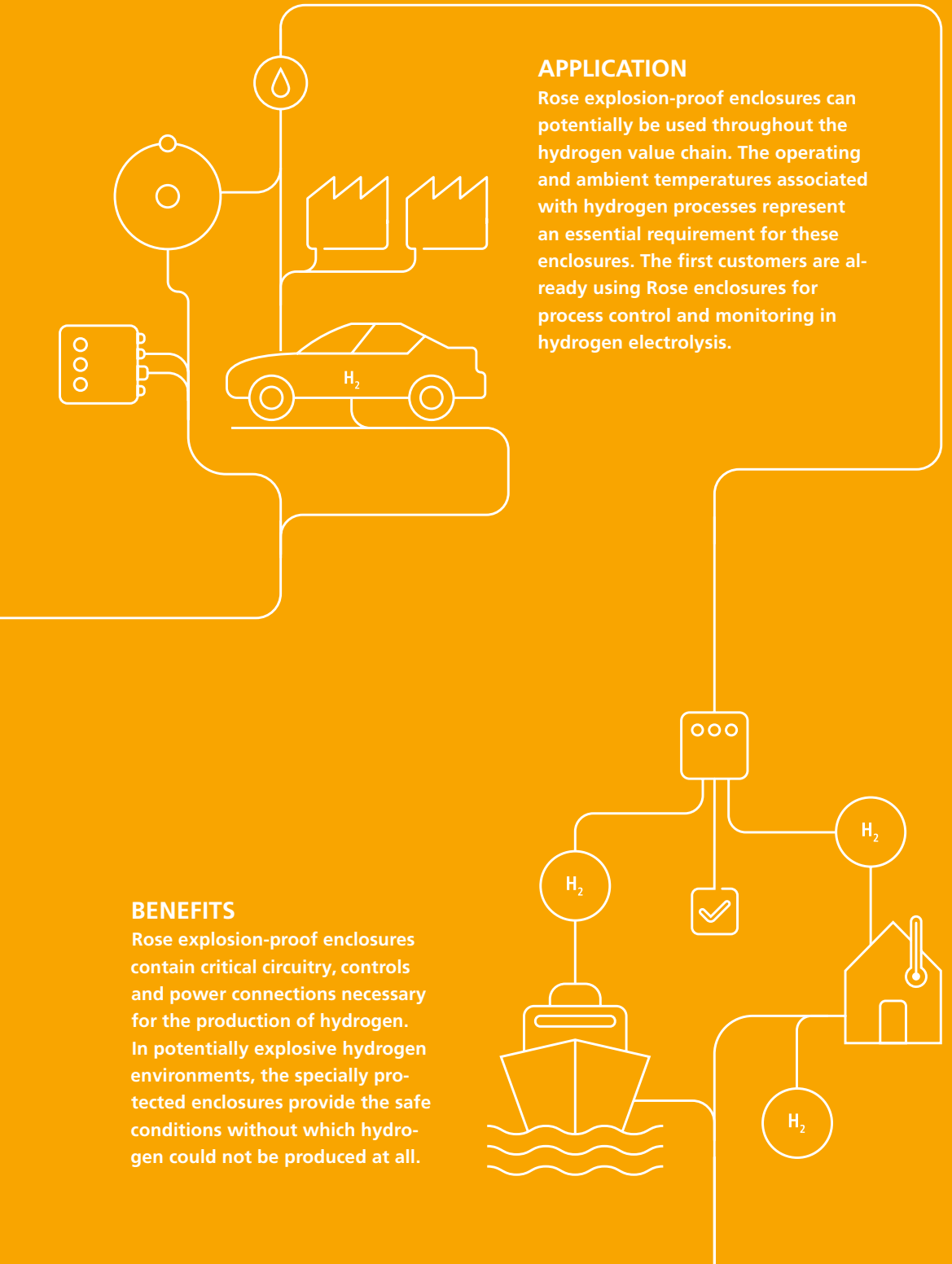


APPLICATION

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

BENEFITS

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



Share information

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

OPTING OUT AND OPTING UP

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

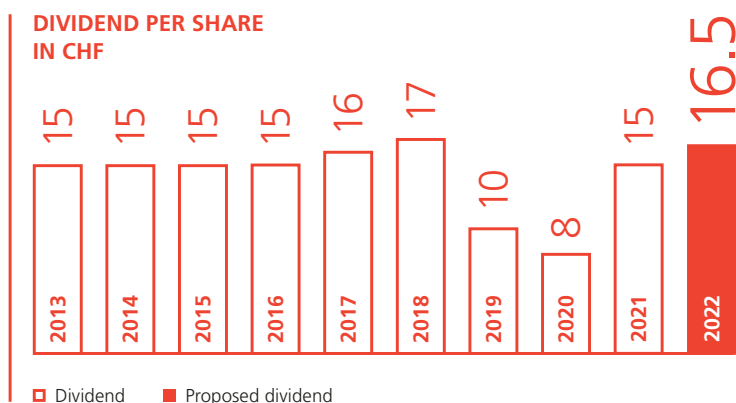
PAYOUT AND DIVIDEND POLICY

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

The share is covered by the following analysts:

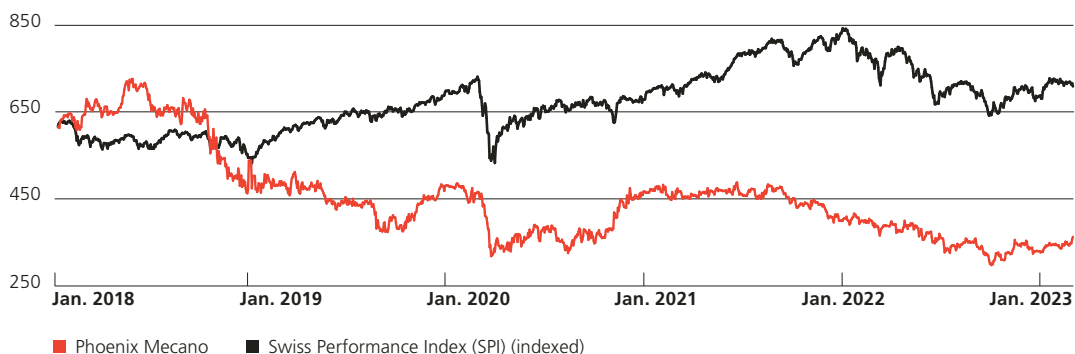
- UBS AG (CH): joern.iffert@ubs.com
- Research Partners (CH):
reto.huber@researchpartners.ch
- Zürcher Kantonalbank (CH): richard.frei@zkb.ch

Listing	SIX Swiss Exchange/Zurich
Securities No.	Inh. 218781
ISIN	CH0002187810
Reuters	PM.S
Bloomberg	PM SE Equity
Legal Entity Identifier (LEI)	529900SWF06EKV11JY11.



SHARE PRICE 1 JANUARY 2018–28 FEBRUARY 2023

in CHF



SHARE INDICATORS AT A GLANCE

		2022	2021	2020	2019	2018
	Units					
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	Anzahl	86	189	491	1 000	1 000
Shares entitled to dividend	Anzahl	960 414	960 311	960 009	959 500	959 500
Operating result per share ¹	EUR	55.8	46.1	23.4	24.3	53.5
Result of the period per share ¹	EUR	40.6	31.6	9.2	14.5	37.6
Equity per share ¹	EUR	272.1	249.9	196.1	226.5	279.3
Free cash flow per share ¹	EUR	12.4	28.0	10.8	18.7	13.5
Dividend	CHF	16.50 ⁴	15.00	8.00	10.00	17.00
Market price						
High	CHF	421.50	502	494.50	519	728
Low	CHF	294	396	312	374	456
Year-end price	CHF	329	405.50	464.50	478.50	503
Market capitalisation	Mio. CHF	316.0	389.5	446.2	459.6	483.1
Dividend yield ²	%	5.0 ⁴	3.7	1.7	2.1	3.4
Dividend yield	%	–15.2	–11.0	–0.8	–1.5	–15.5
Payout ratio ³	%	40 ⁴	44	81	62	39
Price/profit ratio 31 December		8.1	11.9	46.9	29.7	11.6

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

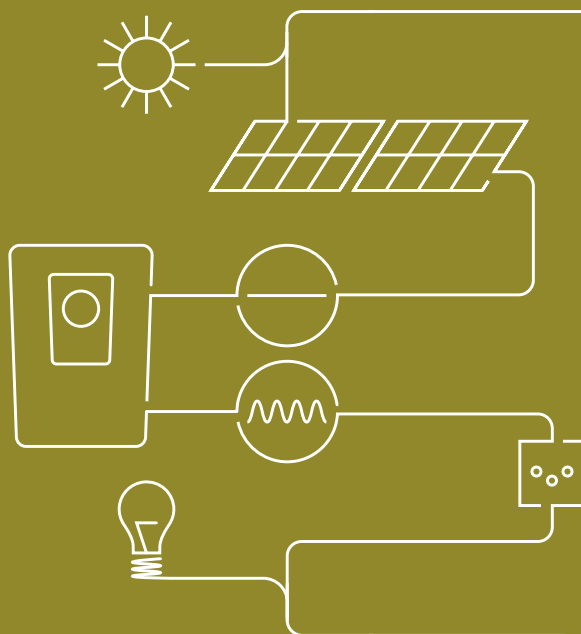
² Dividend in relation to year-end price.

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

⁴ Proposal to the Shareholders' General Meeting of 17 May 2023.

Converting direct current into grid-compatible alternating current

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

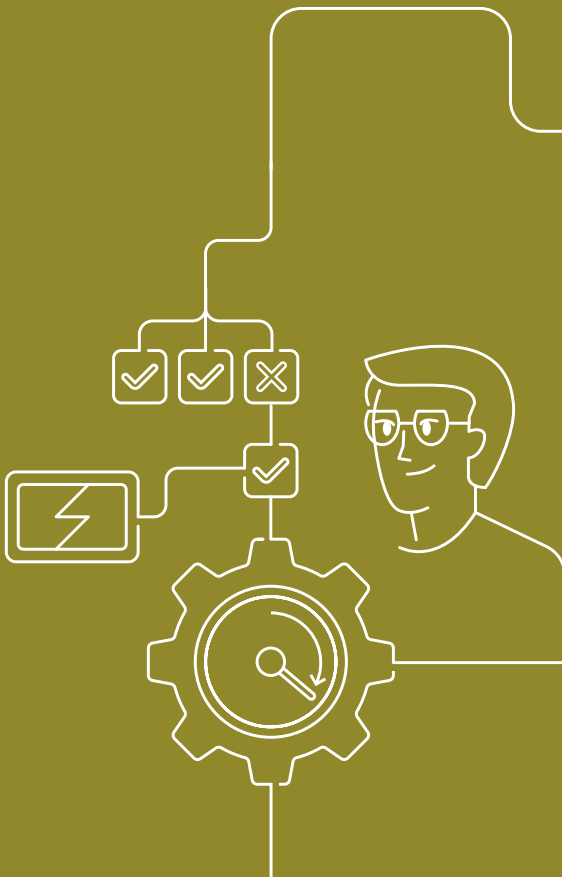
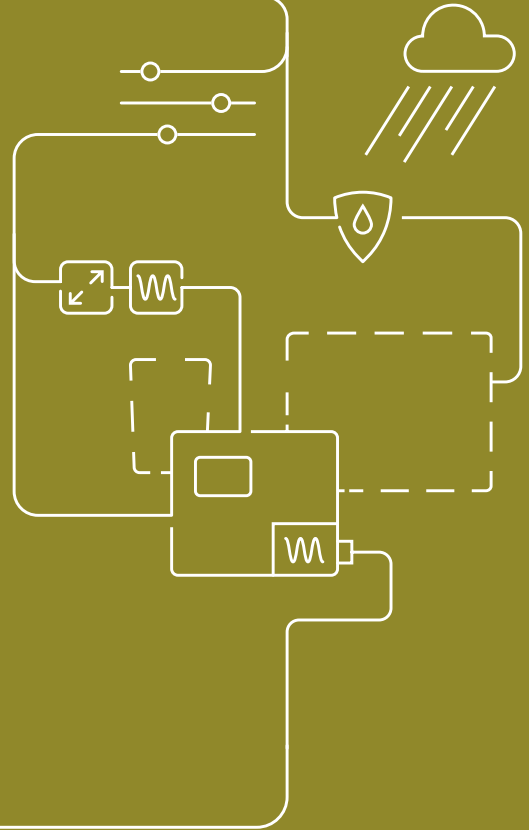


PRODUCT

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

APPLICATION

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



BENEFITS

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

Sustainability

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

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

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

The Group is initially focusing its efforts on reducing CO₂ emissions. As it works towards carbon neutrality by 2050 at the latest, Phoenix Mecano intends to halve CO₂ emissions from its own operations by 2030. Key to this will be boosting operational efficiency and investing in its own solar energy systems.

CO₂ TARGETS AND STRATEGY

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

READ THE
FULL REPORT ON
[WWW.PHOENIX-MECANO.
COM/EN/SUSTAINABILITY](http://WWW.PHOENIX-MECANO.COM/EN/SUSTAINABILITY)

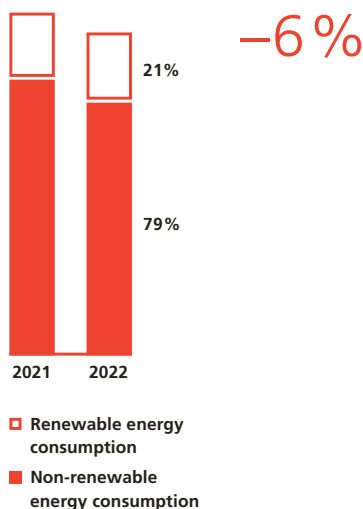
The most important levers include efficiency measures, aimed at reducing the Group's carbon footprint while also improving productivity. Another key element are photovoltaic systems generating green electricity for in-house use. Systems with an annual energy output of 4 400 MWh are planned or already under construction, including at major production sites in Kecskemét (Hungary) and Pune (India). Replacing machinery with more economical models and upgrading the energy performance of buildings as part of replacement investments will also help to reduce energy consumption and so lower CO₂ emissions.

SUSTAINABILITY LEVELS

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

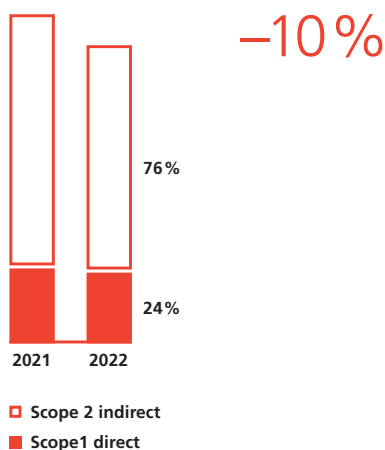
ENERGY CONSUMPTION IN 2022

Total 64 932.6 MWh



CO₂ EMISSIONS IN 2022

emissions 23 037.1 t CO₂



ECONOMIC LEVEL

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

Creation of value added

		2022	2021*
in 1000 EUR	Note.		
Net sales		784 442	809 473
Own work capitalised and other income		12 968	17 007
Cost of materials		– 392 125	– 450 936
Other operating expenses	A	– 94 748	– 86 867
Depreciation/ amortisation		– 24 328	– 22 289
Other non-operating result	B	3 983	952
Value added		290 192	267 340

* Restatement (see note 4 under key figures)

Distribution of value added

		2022	2021
in %	Note		
Employees	C	79.5	82.2
Government (taxes)	D	6.3	5.4
Shareholders	E	4.8	2.6
Lenders (net interest expense)		0.8	1.0
Companies (retained earnings)	F	8.6	8.7
Value added		100.0	100.0

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

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

C Personnel expenses

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

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

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

Smart control and fully networked production

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

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

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

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

Global production network offers competitive advantage

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

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

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

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



SOCIAL LEVEL

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



Healthy employees in a healthy company

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

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

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

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

A glimpse into working life for tomorrow's managers

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

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

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

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



HOURS OF INTERNAL TRAINING IN 2022

145 934

HOURS OF EXTERNAL TRAINING IN 2022

19 929

NUMBER OF TRAINEES IN 2022

164

DIVERSITY AT MANAGEMENT LEVELS IN 2022

Number of employees



ENVIRONMENTAL LEVEL

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

Simple measures, big savings

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

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

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

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

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

The energy balance of the Kecskemét plant is set to improve further thanks to a solar energy system currently under construction. With an annual output of 1 600 MWh, this will supply around 20 % of the site's total electricity needs from the second quarter of 2023.



Wowing customers while saving on packaging

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

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

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

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

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



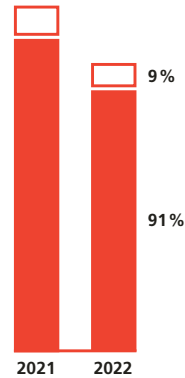
WATER CONSUMPTION IN 2022

Total consumption in m³

172 580

MATERIALS USED IN 2022

Total 89 021.1 t



- renewable resources
- non-renewable resources

Financial calendar

20 APRIL 2023 10.30 a.m.	BALANCE SHEET MEDIA CONFERENCE Results 2022, Q1 results 2023	Widder Hotel, Zurich
17 MAY 2023 3.00 p.m.	SHAREHOLDERS' GENERAL MEETING	Vienna House zur Bleiche, Schaffhausen
22 MAY 2023	EX-DIVIDEND DATE	
23 MAY 2023	RECORD DAY	
24 MAY 2023	EX-DIVIDEND DATE	
17 AUGUST 2023 07.00 a.m.	MEDIA RELEASE Half-yearly results 2023	Semi-annual report 2023
2 NOVEMBER 2023 07.00 a.m.	MEDIA RELEASE Q3 results 2023	

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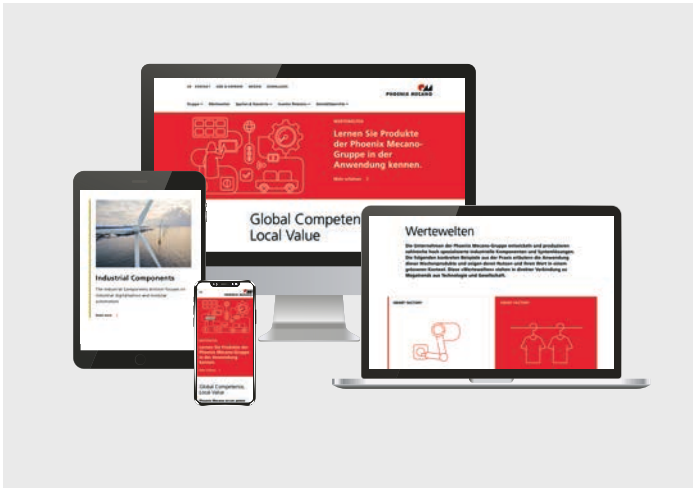
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Multimedia



phoenix-mecano.com/en/annual-reports

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

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

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

FURTHER INFORMATION

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