Financial Report

Financial review

GF can look back on a successful, transformative year. Thanks to its well-diversified global position in its markets, a strong and balanced performance could again be achieved. The organic growth of GF's businesses was accompanied by acquisitions to strengthen its presence in existing markets and gain access to new markets with robust and promising growth potential. The acquisition of the Finnish flow solution provider Uponor Oyj (Uponor) in November 2023 stands out and will support GF in further improving its resilience as well as in meeting its strategic return targets.

This financial review provides a comprehensive outline of GF's financial performance. It was prepared utilizing certain financial information not included in GF's financial statements to provide meaningful comparisons and a more transparent view of GF's performance in 2023, and, for example:

- presents relevant financial information and context in addition to the financial statements,
- details the impact from subsequent fair value changes arising from the Uponor purchase price allocation (PPA),
- outlines the financial impact of the Uponor acquisition and provides comparable information.

1. Market development

The market environment in 2023 got off to a strong start as the recovery from the pandemic continued, especially in the US and Europe, while the expectations for China did not fully materialize. GF continued to benefit from the ongoing capital investments in global microelectronics production capacities, the recovery in the global car manufacturing industry with the shift to e-mobility, as well as the rebound in the global aerospace industry. The uncertainties arising from global geopolitical tensions further increased, and again resulted in the further strengthening of the Swiss franc against GF's major trading currencies. Eventually, excluding the very substantial foreign currency losses, a positive organic sales growth of 3.7% resulted. This is further proof of GF's strong resilience. Organic sales growth was strongest in Asia and Europe. While inflationary pressure continued, the readiness of markets to absorb further price increases abated towards the end of 2023. Simultaneously, tensions in global supply chains lessened and procurement activities normalized, bringing the focus back to price optimization. While the global supply chain recovery is a positive development, many market participants still hold oversized inventories and are in the process of reducing them.

2. Change in the group structure

In November 2023, GF acquired Uponor through a public tender offer. At the end of 2023, 97.1% of Uponor shares had been acquired. As per year end, the squeeze-out procedure for the remaining 2.9% was initiated. The squeeze-out is expected to be finalized in the first half of 2024. Uponor was integrated as a new GF division called GF Uponor and is expected to contribute to GF's overall financial performance and strategic goals from 2024 onwards. GF intends to de-list the shares of Uponor from Nasdaq Helsinki as soon as permitted and practicable under applicable laws. The acquisition of Uponor had a significant impact on GF's financial statements. With the public cash tender offer of CHF 28.50 per share, GF paid a consideration of CHF 2'020 million, which resulted in a goodwill of CHF 1'638 million. CHF 1'621 million of the acquisition price was financed through new syndicated bank loans. The remaining balance was paid with available cash.

Also in November 2023, GF Piping Systems acquired a 51% majority stake in Corys Piping Systems SPV Ltd – a leading producer and distributer of piping systems in the Middle Eastern piping solutions market. GF and Corys Piping Systems have been partners in this region for a long time and the acquired group will be renamed GF Corys. As the transaction size of this acquisition was rather ordinary in GF's course of business, the following explanations focus solely on the effects of the Uponor acquisition.

Impact of the Uponor acquisition on the consolidated financial statements per 31 December 2023

The Uponor acquisition had a major impact on GF's balance sheet as outlined below:

CHF million	GF Corporation before Uponor acquisition 31.12.2023	Uponor acquisition			GF Corporation 31.12.2023
		Purchase 06.11.2023	Change in scope 06.11.2023	Changes Nov–Dec 2023	
Cash and cash equivalents	820	–340	71	–4	546
Inventories	800		212	–33	979
Property, plant, and equipment	967		318	–11	1'274
Other assets	1'063		307	–51	1'320
Assets	**3'650**	**–340**	**908**	**–100**	**4'119**
Interest-bearing liabilities	739	1'621	88	–2	2'445
Non-interest-bearing liabilities	1'226	59	438	–71	1'652
Liabilities	**1'964**	**1'680**	**526**	**–74**	**4'097**
Goodwill offset	–596	–2'020	382		–2'234
Net profit	257			–14	242
Translation differences	–379			–12	–391
Other equity positions incl. minoritiy interests	2'404			0	2'405
Equity	**1'685**	**–2'020**	**382**	**–26**	**22**
Equity and liabilities	**3'650**	**–340**	**908**	**–100**	**4'119**
Equity ratio	46.2%				0.5%

GF Corporation before Uponor acquisition shows the balance sheet net of the effects of the Uponor acquisition for comparability with the previous year. The balance sheet impact of the Uponor acquisition is split into the purchase, change in scope and balance sheet changes for two months. The transaction price including related acquisition costs amounted to CHF 2'020 million. The transaction was financed by two new loans in the amount of CHF 1'621 million as well as existing cash of CHF 340 million. A smaller portion of the transaction price for the remaining squeeze-out and acquisition costs amounting to CHF 59 million was still outstanding as of year-end. The PPA adjustment as of date of acquisition amounted to CHF 119 million, affecting inventories and property, plant, and equipment on the asset side, and deferred tax liabilities (CHF 29 million). Overall, revalued net assets of CHF 382 million were acquired, resulting in a goodwill of CHF 1'638 million. The goodwill was offset against equity, which significantly reduced the GF Corporation's equity.

3. Operating Performance

Net sales

GF reached sales of CHF 4'026 million. This included two months of sales for both GF Uponor (CHF 164 million) and GF Corys (CHF 12 million).

CHF million	GF Corporation (before GF Uponor)	GF Corporation	GF Piping Systems	GF Uponor (2 months)	GF Casting Solutions	GF Machining Solutions
Net sales 2023	3'861	4'026	2'066	164	910	887
Net sales 2022	3'998	3'998	2'160		892	948
Organic growth	3.7%	3.7%	3.0%	n.a.	11.4%	–1.9%

Operating result

The operating result before the Uponor acquisition was CHF 492 million at EBITDA level and CHF 378 million at EBIT level. This corresponds to a change of CHF –14 million and CHF –13 million compared with the previous year. The margins were 12.8% and 9.8%, respectively. The PPA impacts include additional material cost consumption (CHF –21 million) and depreciation on property, plant, and equipment (CHF –1 million) as well as the corresponding deferred tax income (CHF 6 million).

CHF million	GF Corporation (before GF Uponor) 2023	GF Uponor		GF Corporation 2023
		Movements Nov–Dec 2023	PPA impacts Nov–Dec 2023	
Sales	3'861	164		4'026
EBITDA	492	15	–21	486
EBITDA margin %	12.8	9.3		12.1
EBIT	378	9	–23	365
EBIT margin %	9.8	5.6		9.1
Net profit	257	3	–17	242

Uponor's sales and profitability are usually seasonally lower at the end of the year.

Cash flow

Free cash flow before acquisitions/divestments came in at CHF 134 million compared with CHF 146 million in 2022. While the cash flow from operating activities developed positively, amounting to CHF 338 million, cash outflows for investments in property, plant, and equipment came in at CHF 196 million (CHF 189 million without Uponor) compared with the previous year's total of CHF 160 million.

CHF million	GF Corporation before Uponor acquisition 31.12.2023	Uponor acquisition			GF Corporation 31.12.2023
		Purchase 06.11.2023	Change in scope 06.11.2023	Changes Nov–Dec 2023	
Free cash flow before acquisitions	137			–3	134
Cash used for acquisitions	–30	–1'961	71		–1'920
Cash flow from financing activities	–120	1'621		1	1'502
Translation adjustment on cash	–45			–2	–48
Net cash flow	**–57**	**–340**	**71**	**–4**	**–331**

Synergies and cost management

GF started a dedicated value creation program to ensure the efficient integration of GF Uponor. Numerous work streams are addressing the commercial plans for the affected sales regions, procurement integration, production network/supply chain optimization, support function optimization as well as transformation management. The overall target for the program is an improvement on a full-year EBIT level of CHF 40–50 million. Furthermore, the expertise in lean management will continue to be shared across all four divisions, creating synergies and reducing operating costs with a focus on operational excellence.

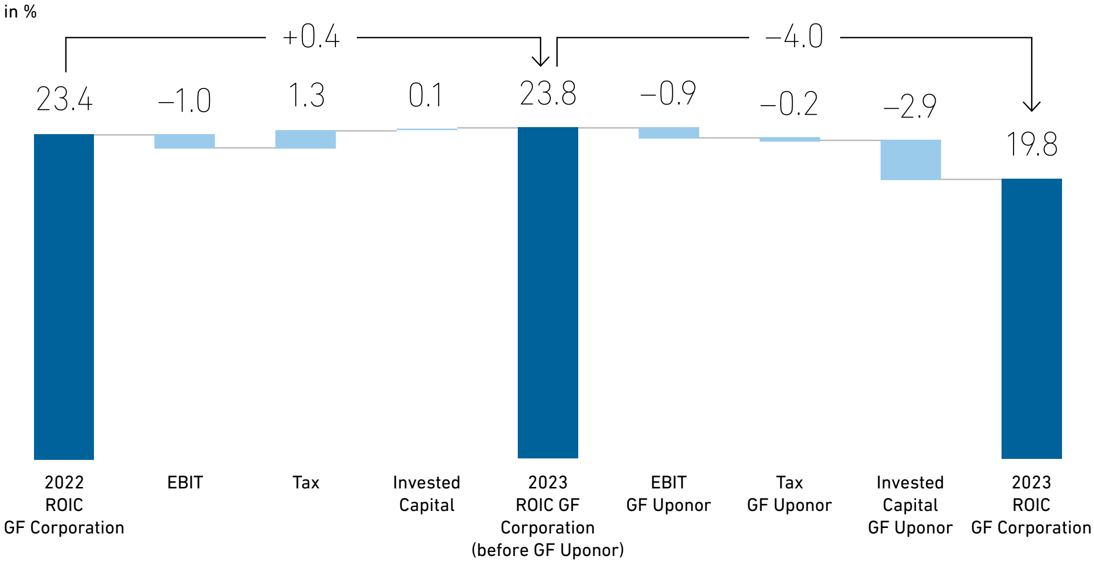
4. Operating assets and liabilities

Capital expenditures (CAPEX) for property, plant, and equipment reached CHF 205 million (CHF 197 million excluding GF Uponor) compared with CHF 180 million in the previous year.

2023 marked the thirtieth year of direct GF presence in China – one of GF's key markets. Important strategic milestones were achieved by inaugurating two new state-of-the-art production plants: GF Casting Solutions' plant in Shenyang and GF Piping Systems' plant in Yangzhou. Both sites fully embody GF's Strategy 2025 by implementing advanced technologies for energy savings and offering high value to customers.

Return on invested capital (ROIC)

The ROIC reached 19.8% and developed as follows:



The ROIC without GF Uponor would have amounted to 23.8%.

5. Capital and financial risk management

As the end of 2023, GF had a solid cash position of CHF 546 million and access to committed credit lines of CHF 1'020 million. The Uponor acquisition was financed through the use of existing cash of CHF 340 million and new syndicated bank loans of CHF 1'621 million. The two syndicated loans are provided by a consortium of banks and have a maximum maturity of 12 June 2025 and 12 June 2028. The syndicated loans can be repaid prior to their maturities, which offers GF the flexibility to refinance the amounts prior to maturity through other means such as bond issuances.

Following the acquisition of Uponor and applying the GF accounting policy of offsetting goodwill within the consolidated equity, the equity ratio changed from 44.8% to 0.5%. Removing the negative impact from goodwill offsets would result in an equity ratio of 35.5% at the end of 2023.

	31.12.2023	31.12.2022
Equity	22	1'656
Total assets	4'119	3'698
Equity ratio as %	**0.5**	**44.8**
Total goodwill offset (see consolidated statement of changes in equity)	2'234	590
Theoretical equity without goodwill offset	2'256	2'246
Theoretical total assets without goodwill offset	6'353	4'288
Theoretical equity ratio without goodwill offset as %	**35.5**	**52.4**

The Board of Directors proposes a dividend of CHF 1.30 per share, which would result in an unchanged dividend distribution despite the substantial acquisition made in 2023.

Consolidated income statement

CHF million	Notes	2023	%	2022	%
Sales	1.1	**4'026**	**100.0**	**3'998**	**100.0**
Other operating income	1.2	47		37	
Income		**4'073**	**101.2**	**4'035**	**100.9**
Cost of materials and products		–1'746		–1'812	
Changes in inventory of unfinished and finished goods		7		17	
Operating expenses	1.3	–737		–680	
Gross value added		**1'597**	**39.7**	**1'560**	**39.0**
Personnel expenses	1.4	–1'111		–1'053	
Depreciation	2.6	–114		–108	
Amortization		–8		–7	
Operating result (EBIT)		**365**	**9.1**	**391**	**9.8**
Financial result	3.4	–49		–45	
Share of results of associates		–1		–1	
Ordinary result		**315**	**7.8**	**346**	**8.6**
Non-operating result	5.4	–1		8	
Profit before taxes		**313**	**7.8**	**354**	**8.8**
Income tax expenses	5.3	–71		–74	
Net profit		**242**	**6.0**	**280**	**7.0**
– Thereof attributable to shareholders of Georg Fischer AG		235		276	
– Thereof attributable to minority interests		7		4	
Basic earnings per share in CHF	3.5	2.87		3.37	
Diluted earnings per share in CHF	3.5	2.87		3.37	

Consolidated balance sheet

CHF million	Notes	31.12.2023	%	31.12.2022	%
Cash and cash equivalents	2.1	546		877	
Marketable securities		20		17	
Trade accounts receivable	2.2	814		660	
Inventories	2.4	979		833	
Income taxes receivable		31		6	
Other accounts receivable	2.3	107		62	
Prepayments to creditors		12		18	
Accrued income		20		16	
Current assets		**2'530**	**61.4**	**2'489**	**67.3**
Property, plant, and equipment	2.6	1'274		915	
Investment properties	2.6	47		51	
Intangible assets	2.7	53		36	
Deferred tax assets	5.3	97		70	
Other financial assets	5.2	118		137	
Non-current assets		**1'589**	**38.6**	**1'209**	**32.7**
Assets		**4'119**	**100.0**	**3'698**	**100.0**
Trade accounts payable		596		563	
Other financial liabilities	3.1	100		84	
Other liabilities	2.5	91		65	
Prepayments from customers		61		72	
Current tax liabilities		82		62	
Provisions	2.9	73		45	
Accrued liabilities and deferred income	2.10	460		310	
Current liabilities		**1'464**	**35.6**	**1'202**	**32.5**
Bonds	3.1	625		625	
Other financial liabilities	3.1	1'720		26	
Employee benefit obligations	5.1	54		43	
Other liabilities	2.5	20		28	
Provisions	2.9	146		79	
Deferred tax liabilities	5.3	68		39	
Non-current liabilities		**2'632**	**63.9**	**840**	**22.7**
Liabilities		**4'097**	**99.5**	**2'042**	**55.2**
Share capital	3.6	4		4	
Capital reserves		26		26	
Treasury shares	3.6	–7		–8	
Retained earnings		–68		1'579	
Shareholders' equity		**–44**	**–1.1**	**1'602**	**43.3**
Minority interests		66	1.6	54	1.5
Equity		**22**	**0.5**	**1'656**	**44.8**
Liabilities and equity		**4'119**	**100.0**	**3'698**	**100.0**

Consolidated statement of changes in equity

CHF million	Share capital	Capital reserves	Treasury shares	Retained earnings: Goodwill offset	Retained earnings: Translation differences	Retained earnings: Cash flow hedging	Retained earnings: Other	Shareholders' equity	Minority interests	Equity
Balance at 1.1.2023	**4**	**26**	**–8**	**–590**	**–262**	**5**	**2'427**	**1'602**	**54**	**1'656**
Net profit							235	235	7	242
Translation differences					–129			–129	–8	–137
Changes in cash flow hedges						–3		–3	–0	–3
Goodwill offset				–1'644				–1'644		–1'644
Transactions with minorities									2	2
Changes in scope of consolidation									15	15
Purchase of treasury shares			–7					–7		–7
Share-based compensation										
– Settlement		–0	8				–8			
– Grants, forfeitures, adjustments							9	9		9
Dividends							–107	–107	–4	–111
Balance at 31.12.2023	**4**	**26**	**–7**	**–2'234**	**–391**	**1**	**2'556**	**–44**	**66**	**22**
Balance at 1.1.2022	**4**	**25**	**–11**	**–586**	**–194**	**0**	**2'233**	**1'472**	**24**	**1'496**
Net profit							276	276	4	280
Translation differences					–68			–68	–6	–74
Changes in cash flow hedges						5		5	0	5
Goodwill offset				–5				–5		–5
Transactions with minorities									7	7
Changes in scope of consolidation									36	36
Purchase of treasury shares			–5					–5		–5
Share-based compensation										
– Settlement		1	9				–10			
– Grants, forfeitures, adjustments							9	9		9
Dividends							–82	–82	–10	–92
Balance at 31.12.2022	**4**	**26**	**–8**	**–590**	**–262**	**5**	**2'427**	**1'602**	**54**	**1'656**

Consolidated cash flow statement

CHF million	Notes	2023	2022
Net profit		242	280
Income tax expenses	5.3	71	74
Financial result	3.4	49	45
Share of results of associates		1	1
Depreciation and amortization	2.6	122	116
Other non-cash income and expenses		3	9
Increase and release in provisions	2.9	21	26
Use of provisions	2.9	–25	–21
Profit/loss from disposal of tangible fixed assets		1	–11
Changes in inventories		20	–108
Changes in trade accounts receivable		19	–109
Changes in prepayments to creditors		5	2
Changes in other receivables and accrued income		–33	4
Changes in trade accounts payable		–21	50
Changes in prepayments from customers		–6	–10
Changes in other liabilities and accrued liabilities and deferred income		–30	70
Interest paid		–22	–28
Income taxes paid		–81	–61
Cash flow from operating activities		**338**	**326**
Additions to property, plant, and equipment	2.6	–196	–160
Additions to intangible assets		–9	–5
Additions to other financial assets		–11	–28
Disposals of property, plant, and equipment	2.6	1	7
Disposals of other financial assets		0	2
Purchase/disposal of marketable securities		–0	–0
Cash used for acquisitions	4.1	–1'920	–6
Cash flow from divestments	4.1		61
Interest received		11	5
Cash flow from investing activities		**–2'124**	**–125**
Free cash flow before acquisitions/divestments		134	146
Free cash flow		**–1'785**	**201**
Purchase of treasury shares	3.6	–7	–5
Dividend payments to shareholders of Georg Fischer AG		–107	–82
Dividend payments to minority interests		–4	–10
Inflows from minority interests		2	7
Repayment of bond	3.1		–150
Increase/repayment of current financial liabilities	3.1	–5	–5
Increase/repayment of non-current financial liabilities	3.1	1'622	17
Cash flow from financing activities		**1'502**	**–229**
Translation adjustment on cash and cash equivalents		–48	–27
Net cash flow		**–331**	**–55**
Cash and cash equivalents at beginning of year		877	932
Cash and cash equivalents at year-end	2.1	**546**	**877**

Notes to the consolidated financial statements

Information to the report

This section explains the basis for the preparation of the consolidated financial statements and provides a summary of the main general accounting principles as well as management assumptions and estimates.

Basis for the preparation of the consolidated financial statements

The consolidated financial statements of Georg Fischer AG (GF) and its GF Corporate Companies have been prepared in accordance with all of the current guidelines of the Accounting and Reporting Recommendations (Swiss GAAP FER) and with the provisions of the Listing Rules of SIX Exchange Regulation and with Swiss company law. The consolidated financial statements are based on the financial statements of GF and all GF Corporate Companies for the year ended 31 December, prepared in accordance with uniform corporate accounting principles.

Due to rounding, numbers presented throughout the consolidated financial statements may not add up precisely to the totals provided. All ratios, percentages and variances are calculated using the underlying amount rather than the presented rounded amount. A value of 0 represents an amount rounded to 0. A blank value represents an actual value of 0.

Accounting principles

The consolidated financial statements have been prepared in accordance with the historical cost method with the exception of marketable securities and derivative financial instruments, which are measured at actual value.

Changes in accounting principles

In the year under review, the Swiss GAAP FER accounting principles remained unchanged with the exception of the accounting for government grants.

In November 2021, the Swiss GAAP FER Commission approved the new recommendation "Swiss GAAP FER 28 – Government Grants" (FER 28), and in May 2022 the revised recommendation "Swiss GAAP FER 30 – Consolidated financial statements" (FER 30). Both recommendations are applicable to annual financial statements from 1 January 2024 onwards.

The provisions in FER 28 define the accounting treatment and disclosure of government grants. GF Corporation determined that the application of FER 28 did not have a material impact on the consolidated financial statements. GF Corporation adopted this standard for the annual financial statements 2023.

The amendments in FER 30 specify in particular the accounting treatment of step acquisitions, goodwill and translation differences related to equity-like loans. Under the new recommendation, intangible assets, which have not been recognized previously by the acquired subsidiary and are relevant to the decision to acquire a company, are to be identified and recognized. For the initial application of FER 30, new provisions related to goodwill are not applied retrospectively. GF Corporation did not early adopt the new provisions.

Scope and principles of consolidation

The scope of consolidation includes GF and all GF Corporate Companies that GF controls directly or indirectly by either holding more than 50% of the voting rights or by otherwise having the power to control their operating and financial policies (GF and the GF Corporate Companies are also collectively referred to as the GF Corporation). These GF Corporate Companies are fully consolidated; assets, liabilities, income and expenses are incorporated into the consolidated financial statements. Intercompany balances and transactions are eliminated upon consolidation. Minority interests are presented as a component of consolidated equity in the consolidated balance sheet and their share in consolidated net income is disclosed in the consolidated income statement. Gains arising from intercompany transactions are eliminated in full. Capital consolidation is based on the purchase method, whereby the acquisition cost of a GF Corporate Company is eliminated at the time of acquisition against the fair value of net assets acquired, with the remainder recorded as goodwill that is subsequently offset against the consolidated equity. Identifiable intangible assets, which were previously not recognized by the acquired subsidiary, are not capitalized. In the event of an increase in ownership in a GF Corporate Company, any difference between the purchase price and the acquired equity is recognized as goodwill. In the event of a disposal, the pro rata goodwill is recognized in profit or loss.

Joint ventures in which GF exercises joint control together with a joint venture partner are proportionately consolidated.

Companies in which GF has a minority interest of at least 20% but less than 50%, or over which it otherwise has significant influence, are accounted for using the equity method and included in the consolidated financial statements as investments in associates. Investments with less than 20% voting rights are accounted for at actual value and presented under other financial assets.

Foreign currencies

GF Corporate Companies prepare their financial statements in their functional currency. Assets and liabilities held in other currencies are converted at the spot rate on the balance sheet date. Foreign exchange gains and losses resulting from transactions and from the conversion of balance sheet items into the functional currency are reported in the income statement.

The consolidated financial statements are prepared and presented in Swiss francs. For consolidation purposes, the financial statements of the GF Corporate Companies that report in a currency other than Swiss francs are translated into Swiss francs as follows: balance sheets at year-end rates, income and cash flow statements at average rates for the year. Any translation differences resulting from the translation of the balance sheets and income statements or from the translation of corporate equity-like loans denominated in foreign currencies are recognized in equity. Upon the divestment, liquidation or closure of a foreign GF Corporate Company or a part of the business, the related cumulative translation differences are recycled to the income statement.

GF Corporate Companies in hyperinflationary economies

GF Corporation considers Turkey's economy to have become hyperinflationary in June 2022, as among other economic factors, the last three years' cumulative inflation in Turkey exceeded 100%, measured by the consumer price index published by the Turkish Statistical Institute.

GF Corporation has two GF Corporate Companies in Turkey and analyzed the impact of hyperinflation on the consolidated financial statements. The potential adjustments resulting from the application of inflation accounting according to international accounting standards do not have a material impact on the consolidated balance sheet and consolidated net profit. Hence, no adjustment was recorded.

Other valuation principles

Other relevant valuation principles, if relevant for the understanding of the valuation of the respective asset or liability, are reflected in the notes.

Management assumptions and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and contingent liabilities at the balance sheet date. If in the future such estimates and assumptions, which are based on management's best judgment at the balance sheet date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Management has identified the following assumptions and estimates to be of special relevance to the presentation of the consolidated financial statements:

Management assumptions and estimates	Notes
Recoverability of property, plant, and equipment	2.6
Recoverability of goodwill	2.8
Valuation of provisions	2.9
Recoverability of other financial assets	5.2
Valuation of income taxes	5.3

Key figures not defined by Swiss GAAP FER

GF uses certain key figures to measure its financial performance that are not defined by Swiss GAAP FER. As these key figures are not defined by Swiss GAAP FER, comparability with similar figures presented by other companies might be limited. Explanations of these key figures and the reconciliation of certain key figures can be found on the GF website: Alternative Performance Measures (APMs).

"Free cash flow" is reported separately in the cash flow statement and consists of cash flow from operating activities together with cash flow from investing activities. It is defined as: +/– Cash flow from operating activities +/– Cash flow from investing activities.

"Free cash flow before acquisitions/divestments" excludes the cash effective movements arising from acquisitions/divestments. It is defined as: +/– Free cash flow +/– Cash flow from acquisitions/divestments.

"Order intake" refers to receiving or processing a customer's order. It must only be recognized if a binding order or order confirmation is received.

"Orders on hand" at the end of the period equals orders on hand at the end of the previous period, plus the order intake of the reporting period minus gross sales of the reported period.

1 Operating performance

This section explains the performance and results as well as the segment results, which are reported on the same basis as GF's internal management structure.

1.1 Segment information

The reportable segments are the four operating divisions GF Piping Systems, GF Uponor, GF Casting Solutions and GF Machining Solutions.

GF Piping Systems focuses on system solutions and high-quality plastic and metal components. Its portfolio of fittings, valves, pipes, automation and jointing technologies covers all water cycle applications. The division further offers specialized solutions, including engineering, customizing and prefabrication. Customers are served globally by the following customer segments: Utility, Industry and Building Technology.

GF Uponor provides safe drinking water systems, energy-efficient radiant heating and cooling systems as well as reliable infrastructure solutions. The division helps customers in residential and commercial construction, as well as municipalities and utilities to be more productive in conserving, managing and providing water. Customers are served in Europe and North America by the following customer segments: Building Solutions Europe, Building Solutions North America and Infrastructure Solutions.

GF Casting Solutions provides lightweight components to the mobility and energy industries. The division serves its customers in all global key markets and categorizes its offering into the customer segments Automotive, Industrial Applications and Aerospace/Energy.

GF Machining Solutions provides complete solutions to the global tool and mold making industries, and manufacturers of precision components. The division manufactures high-precision machine tools for milling and EDM (electro discharge machining) applications. The division further offers spindles, laser texturing, laser micromachining, additive manufacturing, automation and tooling, as well as digitalized solutions. Customers are served globally by the following customer segments: Milling, EDM, Customer Services and Advanced Manufacturing/Automation & Tooling.

Segment information

	GF Piping Systems		GF Uponor		GF Casting Solutions		GF Machining Solutions		Total segments	
CHF million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Order intake[1]	**1'954**	**2'319**	**167**		**912**	**965**	**907**	**945**	**3'940**	**4'229**
Orders on hand at year-end[1]	**300**	**442**	**47**		**269**	**284**	**211**	**206**	**827**	**932**
Sales per region										
Europe	679	690	88		638	608	423	435	1'828	1'732
– Thereof Germany	158	171	14		268	284	116	124	556	579
– Thereof Switzerland	118	121	1		18	19	84	87	221	226
– Thereof rest of Europe	403	398	73		352	305	222	224	1'051	928
Americas	535	612	75		69	78	158	171	837	861
Asia	687	699	0		200	206	272	316	1'159	1'220
– Thereof China	473	487	0		187	199	205	243	865	929
– Thereof rest of Asia	214	212	0		13	7	67	73	295	291
Rest of world	165	159	2		3	1	34	27	204	187
Sales	**2'066**	**2'160**	**164**		**910**	**892**	**887**	**948**	**4'027**	**4'001**
EBITDA	**327**	**341**	**–6**		**104**	**99**	**75**	**81**	**500**	**522**
Depreciation	–48	–47	–7		–40	–44	–12	–12	–107	–102
Amortization	–4	–4	–1		–0	–1	–3	–3	–7	–7
Operating result (EBIT)	**275**	**291**	**–13**		**64**	**55**	**60**	**67**	**385**	**413**
Assets	**1'657**	**1'620**	**809**		**760**	**796**	**707**	**786**	**3'933**	**3'203**
– Thereof current assets	986	1'010	455		374	403	495	529	2'309	1'942
– Thereof non-current assets	672	610	353		387	394	213	257	1'624	1'261
Investments per region										
Europe	41	32	5		49	23	20	19	114	74
– Thereof Germany	3	4	1		3	5	1	2	8	10
– Thereof Switzerland	29	21			4	2	17	15	50	38
– Thereof rest of Europe	8	8	4		41	16	2	2	56	26
Americas	29	24	2			2	0	0	31	27
Asia	16	26			18	28	6	2	40	56
– Thereof China	15	24			18	28	5	1	38	53
– Thereof rest of Asia	1	3					1	0	2	3
Rest of world	9	14					0		9	14
Investments	**94**	**97**	**7**		**66**	**53**	**26**	**21**	**194**	**171**
– Thereof in capital expenditures	91	95	7		66	53	22	19	186	166
– Thereof in intangible assets	4	2	0		0	0	4	2	8	4
Liabilities	**879**	**847**	**452**		**467**	**478**	**468**	**524**	**2'266**	**1'848**
– Thereof current liabilities	516	515	269		271	289	281	356	1'336	1'161
– Thereof non-current liabilities	363	331	184		196	189	187	167	930	688
Research and development	**61**	**53**	**5**		**12**	**13**	**55**	**54**	**133**	**120**

1 Order intake and orders on hand at year-end were not included in the scope of the audit by the statutory auditor.

Reconciliation to the consolidated income statement and the consolidated balance sheet

CHF million	2023	2022
Sales		
Sales of reportable segments	4'027	4'001
Elimination of intercompany sales	–1	–3
Consolidated sales	**4'026**	**3'998**
Operating result (EBIT)		
Total EBIT for reportable segments	385	413
Total EBIT Corporate Center and Corporate Services	–21	–22
Consolidated operating result (EBIT)	**365**	**391**
Assets		
Assets of reportable segments	3'933	3'203
Elimination of intercompany positions	–340	–372
Other assets		
– Current assets (mainly cash and cash equivalents)	241	568
– Non-current assets	285	300
Consolidated assets	**4'119**	**3'698**
Liabilities		
Liabilities of reportable segments	2'266	1'848
Elimination of intercompany positions	–587	–527
Other liabilities		
– Current liabilities	148	65
– Non-current liabilities (mainly bank loans and bonds)	2'269	656
Consolidated liabilities	**4'097**	**2'042**

Sales by customer segment

CHF million	2023	2022
Industry	924	933
Utility	734	801
Building Technology	408	426
GF Piping Systems	**2'066**	**2'160**
Building Solutions Europe	65	
Building Solutions North America	74	
Infrastructure Solutions	25	
GF Uponor	**164**	
Automotive	692	683
Industrial Applications	120	136
Aerospace/Energy	98	73
GF Casting Solutions	**910**	**892**
Customer Service	266	275
EDM	219	275
Milling	252	254
Advanced Manufacturing/Automation & Tooling	150	145
GF Machining Solutions	**887**	**948**
Elimination of intercompany sales	–1	–3
Total	**4'026**	**3'998**

There are no single customers whose sales account for 10% or more of GF Corporation's sales.

Accounting principles revenue recognition

Billings for goods and services are recognized as sales when they are delivered or when the principal risks and rewards incidental to ownership are transferred. An assessment as to whether the principal risks and rewards were transferred for a particular delivery is made separately for each sales transaction on the basis of the contractual agreement underlying the transaction. The transfer of legal ownership alone does not necessarily result in the transfer of the principal risks and rewards. This is the case, for instance, if:

- **the recipient of the delivery makes a claim for insufficient quality of the delivered item that exceeds a normal warranty claim**
- **the receipt of the proceeds depends on the resale of the goods by the buyer**
- **the installation of the goods at the recipient is an essential part of the contract**
- **the buyer has the right to return the item for a contractually specified reason and the likelihood of such a return cannot be assessed with any certainty**

Services rendered are recognized as sales depending on the degree of their completion if the result of the service can be reliably assessed. Sales are stated before value-added tax and sales tax, and after the deduction of discounts and credits. Appropriate warranty provisions are recognized for anticipated claims.

Accounting principles segment reporting

In accordance with the management structure and the reporting to the Executive Committee and the Board of Directors, the divisions represent the reportable segments. Segment accounting is prepared up to the level of operating result (EBIT), as this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis to the segments are reported in the corresponding divisions. Customer segments manufacture similar products with comparable production processes and supply them to similar customer groups using similar distribution methods.

1.2 Other operating income

CHF million	2023	2022
Sales of material, waste, and scrap	19	16
Income from insurance contracts	4	4
Income from services	4	6
Gains on disposals of property, plant, and equipment	1	2
Government grants	9	9
Foreign exchange gains/losses	–6	–11
Other[1]	15	12
Total	**47**	**37**

1 Primarily includes other operating income from suppliers and customers.

1.3 Operating expenses

CHF million	2023	2022
External services[1]	191	166
Selling costs, commissions	146	141
Repair, maintenance	85	78
Advertisements, communication	100	88
External energy supply	97	90
Rent, leases	51	49
Other expenses	66	68
Total	**737**	**680**

1 Primarily includes temporary employees, IT costs, R&D, insurance costs as well as consulting services.

The total compensation of the Board of Directors is recognized as other expenses and amounts to CHF 2.9 million (previous year: CHF 2.7 million). The members of the Board of Directors received a fixed remuneration paid in cash and a fixed number of GF restricted shares. The valuation of the restricted shares of CHF 1.5 million (previous year: CHF 1.5 million) is based on the year-end share price of CHF 61.10 (previous year: CHF 56.60). A total of 24'566 restricted shares were granted to the Board of Directors (previous year: 26'084).

1.4 Personnel expenses

CHF million	2023	2022
Salaries and wages	904	853
Employee benefits	31	30
Social security	175	170
Total	**1'111**	**1'053**

In 2023, GF expanded the group of executives that are entitled to performance shares (PS) under its share-based long-term incentive (LTI) plan. From 2023 onwards, senior managers with a higher degree of managerial responsibilities, together with the Executive Committee, received PS, while other senior managers continued to receive restricted shares (RS).

LTI plan	Number of granted PS	Grant value in CHF million	Recognized as personnel expenses 2023 in CHF million	Recognized as personnel expenses 2022 in CHF million
2021–2023	39'760	2.1	0.9	0.9
2022–2024	31'040	2.0	0.8	0.8
2023–2025[1]	82'454	4.2	1.5	
Total	**153'254**	**8.3**	**3.2**	**1.7**

1 Includes PS for members of the Executive Committee and other senior managers with a higher degree of managerial responsibilities.

Total personnel expenses for PS and RS amounted to CHF 7.1 million (previous year: CHF 7.5 million).

Accounting principles

The compensation for the Executive Committee and, for the first time in 2023, certain other senior managers with a higher degree of managerial responsibilities, consists of a fixed base salary, a short-term cash incentive (STI) and a share-based long-term incentive (LTI) plan entitlement. The compensation cost is recognized as a personnel expense over the performance period. The LTI entitlement is based on a grant value corresponding to a percentage of the base salary, which at the beginning of the period is converted into an entitlement for a specific number of performance shares (PS). The PS are subject to a three-year vesting period. The vesting is further conditional on the achievement of non-market conditions (diluted earnings per share target) as well as market conditions (relative total shareholder return target). Depending on the level of target achievement, the PS will be settled in registered shares at a conversion rate of between 50% (minimum payout) and 150% (maximum payout). If the threshold is not met, no settlement takes place. After vesting, vested PS are blocked for an additional two years. The valuation of the LTI at grant date is performed by applying statistical Monte Carlo simulation. Anticipated dividends are included in the model. After the grant date, non-market conditions are re-measured at each reporting date. Adjustments from the re-measurement are recognized prospectively. Market conditions are included in the calculation of the actual value at grant and no subsequent revaluation is performed. The expenses for PS are recognized over the three-year vesting period as salaries and wages against other retained earnings. Additional information is provided in the Compensation Report.

The cost of the restricted shares is also recognized as salaries and wages in the year in which the senior managers render their services.

Entitlements to short-time work compensation programs at the individual GF Corporate Company level due to adverse economic effects are reported under salaries and wages.

2 Operating assets and liabilities

This section provides information on current assets and liabilities that support the ongoing operational liquidity of the GF Corporation. The section further describes the non-current tangible and intangible assets required at the GF Corporate Companies to provide products and services to their customers. Furthermore, it provides a summary of the different goodwill items and the theoretical impact of a capitalization and subsequent amortization of goodwill.

2.1 Cash and cash equivalents

CHF million	31.12.2023	31.12.2022
Cash and bank accounts	483	536
Cash on fixed-term deposits	37	309
Checks and drafts	25	31
Cash and cash equivalents	**546**	**877**

Accounting principles

Cash and cash equivalents consists of cash on hand, balances on bank accounts and short-term, highly liquid cash equivalents, which are subject to an insignificant risk of change in value and that are readily convertible to cash. Cash equivalents have a maturity of 90 days or less from the balance sheet date.

2.2 Trade accounts receivable

CHF million	31.12.2023	31.12.2022
Gross value	**856**	**693**
Individual value adjustments	–5	–5
Overall value adjustments	–37	–28
Net value	**814**	**660**
Europe	304	256
Americas	162	93
Asia	327	286
– Thereof China	201	179
– Thereof rest of Asia	126	107
Rest of world	22	25
Total	**814**	**660**

As of the balance sheet date, the aging structure of the trade accounts receivable, which are not subject to individual value adjustments, was as follows:

CHF million	31.12.2023		31.12.2022	
	Receivables after individual value adjustments	Overall value adjustments	Receivables after individual value adjustments	Overall value adjustments
Not yet due	666		535	
1 to 30 days overdue	91		66	
31 to 90 days overdue	46		50	
91 to 180 days overdue	24	14	18	13
More than 180 days overdue	24	23	19	15
Total	**851**	**37**	**688**	**28**

The individual value adjustments amounted to CHF 5 million (previous year: CHF 5 million). It is expected that part of the underlying receivables will be paid. Receivables not due are mainly receivables arising from long-standing customer relationships. Based on experience, no significant defaults are anticipated. For further information on credit management and trade accounts receivable, see note 3.7.

Accounting principles

Accounts receivable are stated at nominal value. Value adjustments are established based on maturity structure and identifiable credit risks. Besides individual value adjustments with respect to specific known risks, other value adjustments are recognized based on historical experience of default risk.

2.3 Other accounts receivable

CHF million	31.12.2023	31.12.2022
Tax credits from indirect taxes	41	33
Other current accounts receivable	66	29
Total	**107**	**62**

2.4 Inventories

CHF million	31.12.2023	31.12.2022
Raw materials and components	317	307
Unfinished goods	224	164
Finished goods	666	556
Gross value	**1'207**	**1'027**
Value adjustments	–228	–195
Total	**979**	**833**

Accounting principles

Goods held for trading are generally stated at average cost and internally manufactured products at standard cost, including direct labor and materials used, as well as a commensurate share of the related overhead costs. Cash discount deductions are treated as reductions in the purchase cost. If the net realizable value is lower than the book value, a corresponding value adjustment is made. Inventories with an insufficient turnover rate are partly or fully value adjusted.

2.5 Other liabilities

CHF million	31.12.2023	31.12.2022
Social security	32	26
Derivative financial instruments	4	2
Other tax liabilities	43	33
Other non-interest-bearing liabilities	32	32
Total	**111**	**93**
– Thereof current	91	65
– Thereof non-current	20	28

2.6 Property, plant, and equipment

CHF million	Investment properties	Land	Buildings and building components	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	Property, plant, and equipment
Cost at 1.1.2023	**138**	**43**	**729**	**1'292**	**218**	**128**	**29**	**2'440**
Additions	0	1	9	35	7	152	1	205
Disposals	–0	–0	–9	–24	–5	–0	–1	–39
Changes in scope of consolidation		19	131	147	13	29	3	343
Reclassifications	–0	1	43	70	9	–122	–1	–1
Translation differences	–7	–3	–37	–84	–12	–12	–2	–151
Cost at 31.12.2023	**131**	**60**	**867**	**1'435**	**230**	**174**	**29**	**2'796**
Accumulated depreciation at 1.1.2023	**–87**		**–402**	**–946**	**–163**		**–15**	**–1'525**
Additions	–2		–25	–72	–14		–2	–112
Impairment				–2				–2
Disposals	0		8	23	5		1	37
Reclassifications	0		–0	–0	–0		0	0
Translation differences	5		16	55	8		1	80
Accumulated depreciation at 31.12.2023	**–83**		**–403**	**–941**	**–164**		**–14**	**–1'522**
Carrying amount at 31.12.2023	**47**	**60**	**464**	**494**	**66**	**174**	**15**	**1'274**
Cost at 1.1.2022	**210**	**50**	**762**	**1'480**	**228**	**107**	**22**	**2'648**
Additions	1	1	19	25	8	118	9	180
Disposals	–65	–0	–4	–114	–7		–0	–126
Changes in scope of consolidation		–6	–54	–103	–15	–4	1	–180
Reclassifications	–1	0	26	51	10	–87	–1	0
Translation differences	–7	–2	–20	–47	–7	–6	–1	–83
Cost at 31.12.2022	**138**	**43**	**729**	**1'292**	**218**	**128**	**29**	**2'440**
Accumulated depreciation at 1.1.2022	**–134**		**–395**	**–1'042**	**–168**		**–14**	**–1'619**
Additions	–2		–24	–69	–14		–2	–108
Impairment	–1			–0				–0
Disposals	45		2	111	7		0	120
Changes in scope of consolidation			6	20	6			31
Reclassifications	1		–1	–0	0		0	–0
Translation differences	5		10	35	5		1	51
Accumulated depreciation at 31.12.2022	**–87**		**–402**	**–946**	**–163**		**–15**	**–1'525**
Carrying amount at 31.12.2022	**51**	**43**	**328**	**346**	**55**	**128**	**15**	**915**

Additions to property, plant, and equipment for GF Piping Systems included investment in equipment in Shawnee (US) in the amount of CHF 7 million and in Schaffhausen (Switzerland) in the amount of CHF 6 million, as well as investment in new buildings in Seewis (Switzerland) in the amount of CHF 7 million. Additions for GF Casting Solutions included investment in equipment in Pitesti (Romania) in the amount of CHF 14 million, in Altenmarkt (Austria) in the amount of CHF 10 million, Shenyang (China) in the amount of CHF 10 million as well as investment in new buildings in Pitesti (Romania) in the amount of CHF 8 million. Additions for GF Machining Solutions included investment in new buildings in Losone (Switzerland) in the amount of CHF 9 million as well as investment in equipment in Changzhou (China) in the amount of CHF 4 million. Additions for GF Corporate Management included investment in the refurbishment of the corporate headquarters in Schaffhausen (Switzerland) in the amount of CHF 18 million.

In 2023, the outstanding payments for additions to property, plant, and equipment changed by CHF 5 million (previous year: CHF 11 million). There were non-cash additions to assets held under finance leases of CHF 1 million (previous year: CHF 9 million) and asset-related government grants of CHF 3 million (previous year: CHF 1 million) were received.

The movements in “Changes in scope of consolidation” result from the acquisition of Uponor and GF Corys, see note 4.1. In the previous year, the movements in “Changes in scope of consolidation” resulted primarily from the divestment of GF Linamar LLC.

Land includes CHF 4 million of undeveloped properties (previous year: CHF 4 million).

The actual value of investment properties, as determined by internal assessments on the basis of capitalized and current market values, is CHF 95 million (previous year: CHF 100 million). In the previous year, investment properties in Singen (Germany) were disposed in a non-cash transaction, see note 5.2.

Accounting principles

Property, plant, and equipment are stated at cost or manufacturing cost less depreciation and impairment. The recoverability of property, plant, and equipment is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. Financing costs of assets under construction are part of the costs of the asset if material. Assets held under finance lease contracts are capitalized at the lower of the present value of the minimum lease payments and fair value. The related outstanding finance lease obligations are presented as liabilities. See also note 3.2.

Assets are depreciated on a straight-line basis over their estimated useful lives or lease terms:

- **Investment properties: 30–40 years**
- **Buildings: 30–40 years**
- **Building components: 8–20 years**
- **Machinery and production equipment: 6–20 years**
- **Other equipment (vehicles, IT systems, etc): 1–5 years**

Land and assets under construction are usually not depreciated. When components of larger assets have different useful lives, these are depreciated separately. Useful lives and residual values are reviewed annually on the balance sheet date and adjustments are recognized in the income statement. Any gains or losses on the disposal of items of property, plant, and equipment are recognized in the income statement.

Government grants are compensation provided by public institutions for services provided or expenses incurred in the operating activity and may relate to assets or to income. Government grants are recognized if there is a reasonably assured entitlement, and the amount can be reliably estimated. Government grants relating to assets are recognized as deferred income and offset against the asset's depreciation over the asset's useful life. Government grants relating to income are presented separately under “Other operating income” and are recognized in the income statement over the periods in which the correspondent expenses are recognized. See also note 1.2.

Management assumptions and estimates

The recoverability of property, plant, and equipment are reviewed whenever there are indications that their carrying amount may no longer be recoverable due to changed circumstances. If such a situation arises, the recoverable amount is determined. It corresponds to the higher of the discounted value of expected future net cash flows and the expected net selling price. If the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins and discount rates. The actual future cash flows can differ considerably from discounted projections.

2.7 Intangible assets

CHF million	Land use rights	Software	Royalties, patents, others	Intangible assets
Cost at 31.12.2023	17	75	25	116
Accumulated amortization at 31.12.2023	–6	–49	–9	–63
Carrying amount at 31.12.2023	**11**	**26**	**16**	**53**
Cost at 31.12.2022	19	67	12	98
Accumulated amortization at 31.12.2022	–6	–47	–8	–62
Carrying amount at 31.12.2022	**13**	**20**	**4**	**36**

Related to the acquisition of Uponor, intangible assets increased by CHF 6 million of software and CHF 6 million of royalties, patents, and others. See also note 4.1.

Accounting principles

Land use rights are amortized on a straight-line basis over the duration of the land use rights granted. For this item, useful lives can be up to 50 years. Software is amortized on a straight-line basis over the estimated useful lives of one to ten years. Acquired royalties, patents, and similar rights are capitalized and amortized on a straight-line basis over their estimated useful lives of three to 15 years. The recoverability of intangible assets is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. All research costs are recognized in the income statement in the period in which they were incurred. Development costs are recognized as an asset only to the extent that the following specific recognition criteria are met cumulatively:

- **costs are clearly defined, clearly attributable to the product or process, can be separately identified and measured reliably**
- **the technical feasibility and ability to use or sell the asset can be demonstrated**
- **the required internal resources are available to complete the development**
- **the amount recognized is covered by future economic benefits**

2.8 Goodwill

The theoretical capitalization of goodwill would affect the consolidated financial statements as follows:

Theoretical movements in goodwill

CHF million	2023	2022
Cost at 1.1.	**635**	**641**
Additions from acquisitions	1'644	5
Translation differences	–87	–11
Cost at 31.12.	**2'192**	**635**
Accumulated amortization at 1.1.	**–601**	**–596**
Additions	–66	–18
Translation differences	37	13
Accumulated amortization at 31.12.	**–630**	**–601**
Theoretical carrying amount at 31.12.	**1'561**	**34**

Effect on income statement

CHF million	2023	2022
Operating result (EBIT)	365	391
EBIT margin %	9.1	9.8
Amortization	–66	–18
Theoretical operating result (EBIT) incl. amortization/impairment of goodwill	299	373
Theoretical EBIT margin %	7.4	9.3
Net profit	242	280
Amortization	–66	–18
Theoretical net profit incl. amortization/impairment of goodwill	176	262

Effect on balance sheet

CHF million	31.12.2023	31.12.2022
Equity according to balance sheet	22	1'656
Theoretical capitalization of goodwill	1'561	34
Theoretical equity incl. goodwill	1'583	1'690
Equity as % of balance sheet total	0.5	44.8
Theoretical equity incl. goodwill as % of balance sheet total incl. goodwill	27.9	45.3

The theoretical amortization is based on the straight-line method over the useful life of five years. The addition in 2023 is attributable to the acquisitions of GF Corys (CHF 6 million) and Uponor (CHF 1'638 million). In the previous year, the addition was related to the acquisition of VAM Control S.r.l. (CHF 5 million).

In 2023, the impairment test for Georg Fischer F.G.S. Indústria e Comércio LTDA revealed that the resulting recoverable amount based on the value in use calculation exceeded the respective carrying amount. In 2022, no indications of impairment were identified.

Accounting principles

When acquiring a GF Corporate Company or an associate, goodwill as of the date of acquisition is calculated as follows: the acquisition purchase price plus transaction costs incurred in connection with the acquisition less the value of revalued net assets.

The positive or negative goodwill resulting from acquisitions and changes in ownership are offset in equity against retained earnings at the date of acquisition. Upon the disposal of a GF Corporate Company or an associate, the goodwill previously offset in equity is transferred to the income statement. If parts of the purchase price are dependent on future results, they are estimated at the acquisition date and recognized in the balance sheet. In the event of disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly.

The recoverability of the goodwill reported in the theoretical movements in goodwill table is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. As the goodwill is already offset in equity at the date of the acquisition, an impairment of the goodwill does not affect the income statement, but leads to a disclosure in the notes only.

Management assumptions and estimates

For goodwill, an impairment test is performed if there is any indication that the theoretical book value is no longer recoverable. As a basis for the calculation, business plans for the next five years are used. The projections are based on knowledge and experience, as well as on current judgments made by management as to the probable economic development of the relevant markets.

2.9 Provisions

CHF million	Personnel	Warranties	Legal	Onerous contracts	Restructuring	Other	Provisions
Balance at 1.1.2023	**55**	**37**	**9**	**6**	**0**	**17**	**125**
Increase	5	22	4	3	0	7	41
Use	–4	–14	–1	–1	–0	–4	–25
Release	–1	–6	–1	–1	–0	–11	–20
Changes in scope of consolidation	5	81	13	0	1	11	111
Translation differences	–4	–7	–1	–0	0	–1	–14
Balance at 31.12.2023	**56**	**114**	**23**	**6**	**1**	**19**	**219**
– Thereof current	5	45	2	5	1	15	73
– Thereof non-current	51	69	20	2		4	146
Balance at 1.1.2022	**54**	**36**	**9**	**7**	**2**	**17**	**125**
Increase	9	16	4	4	0	4	38
Use	–4	–9	–1	–2	–2	–2	–21
Release	–2	–5	–2	–2		–1	–12
Changes in scope of consolidation	1						1
Translation differences	–3	–1	–0	–0	–0	–1	–5
Balance at 31.12.2022	**55**	**37**	**9**	**6**	**0**	**17**	**125**
– Thereof current	4	28	2	4	0	7	45
– Thereof non-current	51	10	7	1	0	11	79

The movements in “Changes in scope of consolidation” result from the acquisition of GF Corys as well as Uponor, see note 4.1.

Personnel

Provisions for personnel cover employee retirement benefits and other service-related employee benefits that are not provided by pension funds or similar institutions, as well as anniversary bonuses and provisions for work-related accidents. For employee benefits provided by pension funds, see note 5.1.

Warranties

Provisions for warranties include actual and anticipated costs for warranty services such as repair costs, replacement costs directly attributable to a warranty case, including the respective provisions of the captive insurance companies, as well as contingent liabilities from acquisitions. The eventual outflow of funds depends on the timing of the closing of the respective claims. All four divisions provide warranty services: 10% of the provisions relate to GF Piping Systems (previous year: 45%), 73% to GF Uponor, 10% to GF Casting Solutions (previous year: 27%), and 7% to GF Machining Solutions (previous year: 28%).

Legal

Provisions for legal cases include obligations deriving from legal cases and litigation as well as contingent liabilities from acquisitions. None of the individual obligations deriving from legal cases and litigation are expected to lead to an outflow of more than CHF 5 million (previous year: CHF 5 million).

Onerous contracts

Provisions for onerous contracts include continuing obligations under existing contracts for which their fulfillment leads to unavoidable costs that exceed the associated economic benefits.

Restructuring

Provisions for restructuring include provisions for legal and/or constructive obligations deriving from restructuring cases. A constructive obligation arises when a detailed and formal plan for restructuring exists, and a legitimate expectation of compensation was raised to the affected parties.

Other

Other provisions include other events that give rise to a provision such as non-warranty claims by customers and risks from business activities not allocated to the warranties, legal, or onerous contract categories. Part of these risks are managed by the internal captive insurance companies.

Accounting principles

Provisions are recognized if a legal or constructive obligation exists because of a past event that makes an outflow of resources to settle such an obligation likely and if the amount of the outflow can be estimated reliably. The valuation of provisions in all categories is based on actual data if available (for example, claims that have occurred or have been reported in a period) or on the experience of recent years and management estimates. Possible obligations whose occurrence cannot be assessed on the balance sheet date or obligations whose amount cannot be reliably estimated are disclosed as contingent liabilities.

Management assumptions and estimates

GF Corporate Companies may become involved in warranty claims, legal cases or other events that lead to the future outflow of resources. Provisions for pending legal cases are measured based on professional expertise of internal and external lawyers, and a best estimate of the expected outflow of resources considering available insurance coverage, if any. The assessment may change in the following years depending on the future development of ongoing legal proceedings. If there are any contractual obligations for which the unavoidable costs of meeting the obligations exceed the expected economic benefits, provisions are made for the expected amounts over the entire period or over a prudently estimated period.

2.10 Accrued liabilities and deferred income

CHF million	31.12.2023	31.12.2022
Overtime, holiday, and bonuses	163	132
Accrued liabilities/deferred income for commissions and discounts	109	59
Deferred income for government grants	7	5
Outstanding payments for the remaining Uponor shares[1]	55	
Other accrued liabilities and deferred income	126	114
Total	**460**	**310**

1 See note 4.2

2.11 Contingent liabilities

Contingent liabilities amounted to CHF 76 million (previous year: CHF 66 million) and include guarantees to third parties.

3 Capital and financial risk management

Total capital is defined as total equity and net debt. The GF Corporation manages its capital structure in order to safeguard its ability to continue as a going concern, achieve an optimal cost of capital and optimize the long-term returns to its shareholders as well as provide financial flexibility with regard to future strategic investments. The GF Corporation is exposed to a number of financial risks, and this section further outlines the key financial risks and how they are managed.

3.1 Interest-bearing financial liabilities

	Maturity				
CHF million	**within 1 year**	**1 to 5 years**	**over 5 years**	**31.12.2023**	**31.12.2022**
Bonds (at fixed interest rates)		425	200	625	625
Syndicated bridge loan (at variable interest rates)		636		636	
Syndicated term loan (at variable interest rates)		986		986	
Other financial liabilities (at fixed interest rates)[1]	18	18	7	43	46
Other financial liabilities (at variable interest rates)	81	73		155	64
Total	**100**	**2'138**	**207**	**2'445**	**735**

1 This category comprises other financial liabilities with a fixed interest period of more than three months.

Net debt, which is calculated as the difference between interest-bearing liabilities and cash and cash equivalents and marketable securities, increased by CHF 2'038 million to CHF 1'879 million in the year under review (previous year: net cash position of CHF 159 million). The increase was primarily related to the financing of the acquisition of Uponor.

The following table shows the changes in financial liabilities arising from cash flows and non-cash changes:

			Changes not affecting liquidity				
CHF million	**1.1.**	**Cash flows**	**Translation differences**	**Unwinding of discount**	**Scope of consolidation**	**Leasing additions**	**31.12.**
2023							
Bonds	625			0			625
Syndicated bridge loan		636		0			636
Syndicated term loan		985		0			986
Current other financial liabilities	84	–5	–11		32		100
Non-current other financial liabilities	26	1	–5		76	1	99
Total	**735**	**1'617**	**–16**	**1**	**108**	**1**	**2'445**
2022							
Bonds	775	–150		0			625
Current other financial liabilities	97	–5	–8				84
Non-current other financial liabilities	127	17	–0		–126	8	26
Total	**999**	**–138**	**–8**	**0**	**–126**	**8**	**735**

In the year under review, financial liabilities increased primarily due to the use of syndicated bank loans for the financing of the acquisition of Uponor. In the previous year, the GF Corporation repaid the outstanding amount of CHF 150 million on the bond with the term from 2013 to 2022 when it matured on 12 September 2022.

The following table shows in detail the various categories of interest-bearing financial liabilities by currency and interest rate:

CHF million	Currency	Interest rate %	31.12.2023	Interest rate %	31.12.2022
0.875% Georg Fischer Finanz AG Bond, 2016–2026 (12 May), CHF 225 million, CH0319415961	CHF	0.9	225	0.9	225
1.05% Georg Fischer AG Bond, 2018–2028 (20 April), CHF 200 million, CH0373476636	CHF	1.06	200	1.06	200
0.95% Georg Fischer AG Bond, 2020–2030 (25 March), CHF 200 million, CH0536893230	CHF	0.96	200	0.96	200
Bonds (at fixed interest rates)			**625**		**625**
Syndicated bridge loan	CHF	2.4	636		
Syndicated term loan	CHF	3.8	986		
Syndicated loans (at variable interest rates)			**1'622**		
	EUR	0.4–2.0	16	0.4–2.0	18
	CHF	1.4–4.0	5	1.4–4.0	6
	CNY	4.0–4.4	22	4.3–4.4	22
Other financial liabilities (at fixed interest rates)[1]			**43**		**46**
	CNY	2.8–3.4	21	3.1–3.7	29
	TRY	41.0–48.8	5	18.1–25.0	8
	EUR	4.9–5.4	100	2.1–3.5	23
	AED	7.3	18		
	CHF	3.5	10		
	Other		1		4
Other financial liabilities (at variable interest rates)			**155**		**64**
Total			**2'445**		**735**

1 This category comprises other financial liabilities with a fixed interest period of more than three months.

Georg Fischer AG and Georg Fischer Finanz AG have an existing syndicated credit line with a term from 2023 to 2028 for CHF 400 million. It provides the GF Corporation with the financial flexibility to act swiftly, for instance in the case of acquisitions, and was not drawn as of the end of 2023 and 2022. Additionally, Georg Fischer AG drew two loans for the financing of the Uponor acquisition from two new credit lines: a bridge loan with a maximum term until June 2025 and a term loan with a maximum term until June 2028. In addition to other terms, the syndicated credit line and the acquisition-related credit lines are subject to a covenant with respect to the net debt ratio (ratio of net debt to EBITDA). The conditions of all three credit lines are standard conditions for such types of arrangements. As of 31 December 2023, the financial covenants were not breached.

The bonds as well as the three credit lines are subject to standard cross-default clauses, whereby the outstanding amounts may all become due if early repayment of another loan is demanded from GF or one of its subsidiaries owing to a failure to meet the credit terms. As of the balance sheet date, the effective credit terms had been met.

Other financial liabilities include loans from pension fund institutions in the amount of CHF 0 million (previous year: CHF 0 million).

Accounting principles

Financial liabilities comprise loans, bonds and finance lease contracts. They are recognized at their amortized cost. Borrowing costs are recognized in the income statement using the effective interest method. Borrowing costs that can be allocated directly to the construction, build-up or purchase of a qualifying asset are capitalized as part of the acquisition or manufacturing costs of the asset.

3.2 Lease commitments and liabilities

CHF million	31.12.2023	31.12.2022
Lease commitments up to 1 year	32	24
Lease commitments 1 to 5 years	80	60
Lease commitments over 5 years	16	9
Operating leases (nominal values)	**128**	**93**

The increase in lease commitments is mainly due to extensions of leases in the US and the acquisition of Uponor.

Liabilities relating to financial lease contracts in the amount of CHF 14 million (previous year: CHF 14 million) were mainly due to the leasing of buildings and machines. The lease obligations are included in "Other financial liabilities" and are disclosed in note 3.1.

Accounting principles

Finance leases are recognized in property, plant, and equipment as well as in other financial liabilities on the balance sheet when most of the contractual risks and rewards have been transferred. Lease installments are divided into an interest and a repayment component based on the annuity method. Assets held under such finance leases are depreciated over the shorter of their estimated useful life and lease term. Operating lease installments are reported in the income statement under operating expenses.

3.3 Pledged or assigned assets

Assets pledged or restricted on title in part or whole amounted to CHF 8 million (previous year: CHF 8 million). They essentially contain CHF 5 million (previous year: CHF 6 million) of pledged assets related to accounts receivable and CHF 3 million (previous year: CHF 3 million) related to liquid assets. The assets are pledged or restricted on title as collateral for bank loans.

3.4 Financial result

CHF million	2023	2022
Interest income	12	5
Financial income	**12**	**5**
Interest expenses	–32	–28
Other financial expenses	–26	–27
Financial expenses	**–59**	**–55**
Foreign exchange profit/loss	–2	5
Financial result	**–49**	**–45**

"Other financial expenses" includes value adjustments of CHF 23 million on non-current loans that were mainly explained by technical valuation adjustments due to the postponement of interest and repayment expectations (previous year: CHF 24 million). See also note 5.2.

3.5 Earnings per share

	2023	2022
Net profit attributable to shareholders of Georg Fischer AG in CHF million	235	276
Weighted average number of shares	81'941'067	81'887'028
Basic earnings per share in CHF	**2.87**	**3.37**
Diluted earnings per share in CHF	**2.87**	**3.37**

There was no dilution of earnings per share in either the year under review or the previous year.

Accounting principles

Earnings per share are calculated by dividing the portion of net profit attributable to shareholders of GF by the weighted average number of shares outstanding in the reporting period. Diluted earnings per share take into account any potential additional shares that may result, for instance, from exercised options or conversion rights.

3.6 Equity

Share capital

As of 31 December 2023, the share capital of Georg Fischer AG amounted to CHF 4'100'898 and was divided into 82'017'960 registered shares with a par value of CHF 0.05. Total dividend-bearing nominal capital amounted to CHF 4'100'898.

The Board of Directors is authorized to increase the share capital within the upper limit of the capital band of CHF 4'500'898 and the lower limit of the capital band of CHF 4'100'898, until no later than 18 April 2028, by a maximum amount of CHF 400'000 by issuing a maximum of 8'000'000 fully paid in registered shares with a nominal value of CHF 0.05 each. Furthermore, the share capital may be increased by a maximum amount of CHF 400'000 by the issue of a maximum of 8'000'000 fully paid-in registered shares with a nominal value of CHF 0.05 each, through the exercise of conversion rights and/or warrants granted in connection with the issuance of bonds in the capital markets or similar debt instruments.

Dividend policy and dividend

The Board of Directors presents a proposal for the appropriation of retained earnings to the Annual Shareholders' Meeting. Over the medium term, the target is to distribute between 30% and 40% of the consolidated net profit to shareholders.

For the financial year 2023, the Board of Directors is proposing to the Annual Shareholders' Meeting a total dividend payment out of the retained earnings of CHF 1.30 per registered share (previous year: CHF 1.30 per registered share).

As of 31 December 2023, reserves that cannot be distributed to the shareholders amounted to CHF 87 million (previous year: CHF 94 million).

Treasury shares

	2023			2022		
	Number of shares	**Ø transaction price in CHF**	**Total in CHF million**	**Number of shares**	**Ø transaction price in CHF**	**Total in CHF million**
Balance at 1.1.	**132'373**	**59.21**	**8**	**186'020**	**61.67**	**11**
Purchases	124'370	57.62	7	89'948	57.55	5
Transfers (share-based compensation)	–143'486	59.04	–8	–143'595	61.35	–9
Balance at 31.12.	**113'257**	**57.68**	**7**	**132'373**	**59.21**	**8**

GF purchases treasury shares to meet its obligation under the different share-based compensation models offered to the Board of Directors, the Executive Committee and the Senior Management. For further information on share-based compensation for the Board of Directors and the Executive Committee, see Compensation Report, note 1.3 and 1.4.

Accounting principles

Treasury shares are recorded at acquisition cost as a negative position in equity. Gains or losses arising from the disposal of treasury shares are added to or deducted from the capital reserves.

Target capital structure

The GF Corporation monitors the equity ratio defined as a percentage of total assets. This ratio is reported to the Executive Committee and the Board of Directors on a regular basis.

	31.12.2023	**31.12.2022**
Equity	22	1'656
Total assets	4'119	3'698
Equity ratio as %	**0.5**	**44.8**
Total goodwill offset (see consolidated statement of changes in equity)	2'234	590
Theoretical equity without goodwill offset	2'256	2'246
Theoretical total assets without goodwill offset	6'353	4'288
Theoretical equity ratio without goodwill offset as %	**35.5**	**52.4**

3.7 Risk management

Enterprise risk management

Enterprise risk management (ERM) as a fully integrated risk management process was systematically applied in 2023 at all levels of the GF Corporation. A risk map was prepared for the GF Corporation, all divisions and all significant GF Corporate Companies and sales regions, including the key risks in the areas of strategy, markets, operations, management and resources, finance as well as sustainability. Unchanged to the previous year, the likelihood of the risk occurring was classified into four categories. Where possible and appropriate, the identified risks were subject to a quantifiable assessment, taking into consideration any measures already implemented. Alternatively, a qualitative assessment of the risk exposure was applied.

The Corporate Risk Council, consisting of representatives of the divisions, the Head of Corporate Sustainability, the Chief Information Officer as well as the CFO, and headed by the Chief Risk Officer, held its meeting in June 2023. The focus of the meeting was the evaluation of the corporate risk management process, including the new ERM reporting software and a discussion of the divisional risk maps.

In accordance with the annual risk reporting process, the Executive Committee and divisional management discussed the risk maps in August of the reporting year. They defined, at the appropriate level, the key risks of the GF Corporation, the divisions and the GF Corporate Companies and sales regions, and determined adequate measures to mitigate those risks. The Board of Directors held a risk management workshop in December 2023 with the aim of defining all relevant risks from a Board of Directors' perspective and comparing the findings with the risk assessment of the Executive Committee. The result of the risk workshop of the Board of Directors and the workshops of the Executive Committee as well as the measures determined in order to mitigate or control the risks defined were included in the Risk Report 2023, which was provided to the Board of Directors for approval in February 2024.

The multi-stage procedure, including workshops at divisional management, Executive Committee and Board of Directors level, has proven effective. In addition, Internal Audit assesses the risk maps prepared by the GF Corporate Companies. The following key risks were identified: geopolitical risks related to China, cyber risks and the consequences of disruptive technologies, negative impacts of violent conflicts and war, and the lack of skilled labor at all levels. Measures to reduce these and other risks were defined and are being implemented in line with the strategic targets of the GF Corporation and the divisions.

Financial risk management

Through its different business activities, the GF Corporation is exposed to various financial risks such as credit risk, market risk (including currency risk, interest rate risk, and price risk) and liquidity risk. The following sections provide an overview of the extent of the individual risks as well as the goals, principles and processes employed for measuring, monitoring, mitigating and managing these financial risks.

Financial risks	Risk source	Risk management
Credit risk	Default of a counterparty affecting the recoverability of trade accounts receivable or bank deposits	Diversification and regular assessments of credit-worthiness
Market risk		
– Currency risk	Sales and purchases as well as financing to GF Corporate Companies in foreign currencies	Purchasing, producing and selling in functional currency (congruency principle) and hedging by means of currency forward contracts
– Interest rate risk	Changes in market interest rates and discount rates	Periodic re-assessment of loan exposures
– Price risk	Changes in market prices of marketable securities and financial assets	Deemed insignificant
Liquidity risk	Insufficient liquidity to pay liabilities due	Constant monitoring of liquidity, liquidity reserves and unused credit lines

The Board of Directors bears ultimate responsibility for financial risk management. The Board of Directors has mandated the Audit Committee to monitor the development and implementation of the risk management principles. The Audit Committee reports regularly to the Board of Directors on this matter.

The financial risk management principles are designed to identify and analyze the risks to which the GF Corporation is exposed and to establish appropriate control mechanisms. The principles of financial risk management are regularly reviewed, taking into consideration changes in the relevant financial markets and in the activities of the GF Corporation.

Credit risk

As of the balance sheet date, the maximum amount of credit risk including off-balance sheet commitments was as follows:

CHF million	31.12.2023	31.12.2022
On-balance sheet		
Cash and cash equivalents	546	877
Trade accounts receivable	814	660
Other accounts receivable (excl. tax credits)	66	29
Accrued income	20	16
Other financial assets	118	137
Derivative financial instruments (foreign currencies)[1]	12	9
Derivative financial instruments (other)[1]	2	
Total on-balance sheet	**1'579**	**1'729**
Off-balance sheet		
Guarantees to third parties[2]	76	66

1 Recognized as marketable securities.
2 Thereof used CHF 65 million (previous year: CHF 63 million).

Cash is predominantly deposited with leading Swiss, German, US and Chinese banks with a credit rating of at least BBB– (Standard & Poor's). Furthermore, and in accordance with the investment policy, financial transactions are only entered into with counterparties deemed creditworthy. In addition, cash holdings are allocated to different banks in order to limit the counterparty risk. The maximum amount of cash deposited with each individual bank is defined in relation to its credit rating. Cash on fixed-term deposits in general has a maturity of less than three months.

Transactions involving derivative financial instruments are only entered into with counterparties with a credit rating of at least BBB– (Standard & Poor's). The purpose of such transactions is mainly to hedge against currency risks.

The risk of concentrated credit risks on trade accounts receivable is limited due to the large number of customers and their wide diversification across industries and regions. The extent of credit risk is determined by individual characteristics of the customers. In order to assess this risk, a review of creditworthiness based on the customer's financial situation and historical experience is performed on a regular basis.

The maximum credit risk on financial instruments corresponds to their carrying amounts. No additional arrangements have been entered into that would increase the risk above the carrying amounts.

Currency risk

Currency risk occurs in connection with transactions (in particular the purchase and sale of goods) that are affected in currencies that differ from the functional currencies. Through such transactions, the GF Corporation is mainly exposed to changes in the euro, US dollar, Chinese yuan, Polish zloty, Swedish krona and Turkish lira exchange rates. These currency risks can be reduced by purchasing, producing and selling goods in the functional currencies (congruency principle) or by entering into foreign currency forwards (cash flow hedges), usually for a maximum of twelve months.

Derivative financial instruments

The table below shows the foreign currency forward contracts and actual values of the foreign currency contracts used to mitigate currency risk:

CHF million	Balance sheet hedges	Cash flow hedges	31.12.2023	31.12.2022
Contract value	486	76	562	404
Positive actual value (recognized as marketable securities)	9	3	12	9
Negative actual value (recognized as other liabilities)	–3	–1	–4	–2
Net actual value	**6**	**2**	**8**	**8**

The balance sheet hedges include foreign currency forward contracts that are used to hedge loans to GF Corporate Companies in foreign currencies. Unrealized gains and losses from changes in the fair value are reported in the financial result. These hedges are mainly in euro, US dollars, Polish zloty, Turkish lira and Romanian lei, and expire usually no later than twelve months from the balance sheet date.

The balance sheet hedges also include foreign currency forward contracts that serve to hedge currency risks on receivables and payables. Like the currency effects on the underlying balance sheet item, gains and losses from changes to the actual value of these contracts are recognized in “Other operating income”, see note 1.2. These balance sheet hedges are mainly in US dollars, Canadian dollars, Swedish krona and Polish zloty and expire no later than twelve months from the balance sheet date.

Accounting principles

Derivative financial instruments used to hedge balance sheet items are accounted for at market value through the income statement. Hedging transactions on probable future cash flows (cash flow hedges) are initially accounted for at market values through equity. Parts of a hedge that are not effective are recognized in the income statement. Later, when an asset or a liability results from the hedged underlying transaction, the gains and losses previously recognized in equity are transferred to the income statement. In the case of cash flow hedges, the volume of the foreign currency forward contracts is limited to maximum 75% of the probable future cash flows.

Foreign exchange rates

	Average rates			Spot rates		
CHF	**2023**	**2022**	**Change %**	**31.12.2023**	**31.12.2022**	**Change %**
1 AED	0.245	0.260	–5.8	0.228	0.251	–9.1
1 CNY	0.127	0.142	–10.6	0.118	0.134	–12.0
1 EUR	0.972	1.005	–3.3	0.926	0.985	–6.0
1 GBP	1.117	1.179	–5.2	1.066	1.110	–4.0
1 HKD	0.115	0.122	–5.9	0.107	0.118	–9.1
1 TRY	0.039	0.058	–32.6	0.028	0.049	–42.0
1 USD	0.899	0.955	–5.9	0.838	0.923	–9.2
100 PLN	21.405	21.456	–0.2	21.339	21.037	1.4
100 SEK	8.472	9.460	–10.4	8.345	8.854	–5.7

Interest rate risk

Fair value accounting is not applied on interest-bearing liabilities and changes in market interest rates do not have a material impact on the consolidated income statement because of revaluations. Changes in market interest rates do affect the interest being paid on interest-bearing liabilities with variable interest rates as well as the related cash flow.

The amount of outstanding financing with variable interest rates increased materially following the acquisition of Uponor. Based on the amounts outstanding at the end of the reporting period, a one percentage point increase in variable interest rates would increase the interest expense by CHF 12 million. A reduction in the variable interest rates by one percentage point would lower the interest expense accordingly.

Changes in market interest rates may further affect the valuation of financial assets such as loans because of impairment tests.

Liquidity risk

Liquidity risk is the risk that the GF Corporation is unable to meet its financial obligations when they fall due. Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in liquidity requirements. At the same time, the GF Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as of 31 December 2023 was CHF 1’020 million (previous year: CHF 774 million). The increase is mainly related to the acquisitions of Uponor and GF Corys. The credit lines are maintained with different banks in order to ensure swift and adequate access to these credit lines.

			Maturity (incl. interest)		
CHF million	**Carrying amount**	**Contractual cash flows**	**up to 1 year**	**1 to 5 years**	**over 5 years**
Trade accounts payable	596	596	596		
Bonds	625	655	6	445	204
Other financial liabilities	1’820	2’016	166	1’842	8
Accrued liabilities and deferred income	460	460	460		
Other liabilities	111	111	91	20	
Total at 31.12.2023	**3’612**	**3’838**	**1’319**	**2’307**	**212**
Total at 31.12.2022	**1’702**	**1’752**	**1’034**	**298**	**420**

4 Corporate structure

This section provides information on the changes in the scope of consolidation and in particular on acquisitions and divestments.

4.1 Changes in scope of consolidation

Additions

Company	Country	Division[1]	Transaction	Interest (%)	Date
					2023
Chinaust Mexico Automotive Plastics de CV	Mexico	PS	Foundation	50%	23 January
Tecnolaser S.r.l.	Italy	MS	Acquisition	24%	27 July
Corys Piping Systems SPV Ltd	United Arab Emirates	PS	Acquisition	51%	2 November
Uponor Oyj	Finland	UP	Acquisition	100%	6 November
					2022
Vam Control S.r.l.	Italy	MS	Acquisition	100%	1 July
Chinaust (Hong Kong) International Investments Limited	China	PS	Foundation	50%	15 August

1 Division: PS = GF Piping Systems, UP = GF Uponor, MS = GF Machining Solutions

On 27 July 2023, 24% of the shares in the metal sheet producer Tecnolaser S.r.l. (Tecnolaser), Curtarolo (Italy), were acquired. Significant influence was assumed and Tecnolaser was included in the scope of consolidation as an investment in associate from 1 August 2023 onwards.

On 2 November 2023, 51% of the piping systems company Corys Piping Systems SPV Ltd, Dubai (United Arab Emirates), was acquired. Corys Piping Systems SPV Ltd consisted of a group of seven companies and was renamed GF Corys LLC (GF Corys). Control was assumed and GF Corys LLC and its subsidiaries were included in the scope of consolidation from 1 November 2023 onwards. Pro rata sales 2023: CHF 12 million.

On 6 November 2023, full control in the piping systems company Uponor Oyj (Uponor), Helsinki (Finland), was acquired. Uponor consisted of a group of 41 subsidiaries and three investments in associates. Uponor is managed as an independent division within the GF Corporation (GF Uponor). Control was assumed and Uponor and its subsidiaries were included in the scope of consolidation from 1 November 2023 onwards. Pro rata sales 2023: CHF 164 million. See more details under note 4.2.

On 15 July 2022, 100% of the shares of the machine tool service company Vam Control S.r.l. (VAM), Onore (Italy), were acquired. Control was assumed as of 1 July 2022. Pro rata sales 2022: CHF 3 million.

The following assets and liabilities were acquired:

	Uponor	GF Corys	VAM
CHF million	**6 November 2023**	**2 November 2023**	**1 July 2022**
Cash and cash equivalents	71	2	1
Marketable securities	3		
Trade accounts receivable	226	28	1
Inventories	212	14	0
Income taxes receivable	7		
Other accounts receivable	22	2	0
Prepayments to creditors		1	
Property, plant, and equipment	318	25	3
Intangible assets	13		
Deferred tax assets	34	0	
Other financial assets	3		
Assets	**908**	**71**	**5**
Deferred tax liabilities	33	0	0
Non-interest-bearing liabilities	405	21	2
Interest-bearing liabilities	88	20	1
Net assets	**382**	**30**	**3**
Less minority interests		–15	
Goodwill	1'638	6	
Purchase price	**2'020**	**21**	
Less acquired cash and cash equivalents	–71	–2	
Outstanding purchase price	–59	–5	
Cash used for acquisitions	**1'890**	**14**	

Disposals

On 1 April 2022, GF Corporation sold its entire investment of 50% in GF Linamar LLC, Mills River (US), a fully consolidated GF Corporate Company. In addition, the sale included loans made by GF Corporation to GF Linamar LLC over the amount of CHF 126 million. The total sale price included a contingent purchase price component of CHF 20 million that was recorded under other financial assets. GF Linamar LLC was deconsolidated per 31 March 2022 and derecognized minority interests on the accumulated losses amounted to CHF 36 million. The effect from the deconsolidation on the operating result (EBIT) was neutral. Pro rata sales in 2022 amounted to CHF 34 million (sales 2021: CHF 108 million).

The following assets and liabilities were derecognized:

	GF Linamar LLC
CHF million	**1 April 2022**
Cash and cash equivalents	6
Trade accounts receivable	27
Inventories	28
Other accounts receivable	1
Prepayments to creditors	0
Property, plant, and equipment	151
Intangible assets	0
Assets	**213**
Non-interest-bearing liabilities	34
Interest-bearing liabilities	126
Liabilities	**160**

Mergers

As of 31 March 2023, Georg Fischer Sistemas de Tubulações Ltda, São Paulo (Brazil), merged into F.G.S. Brasil Indústria e Comércio Ltda, Cajamar (Brazil). The name of the merged company is Georg Fischer F.G.S. Indústria e Comércio Ltda. Division: GF Piping Systems.

As of 28 December 2023, Georg Fischer Harvel LLC, Easton PA (US), merged into Georg Fischer LLC, Irvine, CA (US). Division: GF Piping Systems.

As of 1 January 2022, MACN, La Roche-Blanche (France), merged into GF Machining Solutions SAS, Palaiseau (France). Division: GF Machining Solutions.

As of 1 April 2022, Georg Fischer Piping Systems Ltd, Mississauga (Canada), merged with GF Urecon Ltd, Coteau-du-Lac, Québec (Canada). The name of the merged company is GF Piping Systems Canada Ltd, Québec (Canada). Division: GF Piping Systems.

Accounting principles

Companies acquired are consolidated from the date on which control is obtained, while companies divested are excluded from the scope of consolidation as of the date on which control is lost, with any gain or loss recognized in the income statement. The assets and liabilities of acquired companies are valued at actual values at the time control is obtained. Assets and liabilities of divested companies are valued at book values at the time control is lost. For the accounting of acquisitions and divestments, the original balance sheet values and cash flows are translated into Swiss francs using the exchange rates of the respective transaction date.

4.2 Acquisition of Uponor

Purchase accounting

The total purchase price of Uponor amounted to CHF 2'020 million. For accounting purposes, the acquisition method has been applied. The identifiable assets and liabilities of Uponor have been measured at fair value and the excess of the purchase price over net assets was recorded as goodwill, which was offset against equity. The amounts shown on the previous page were determined provisionally due to the pending finalization of the valuation for those assets and liabilities. Up to twelve months following the acquisition, further adjustments may be made. Hence, the resulting goodwill of CHF 1'638 million is provisional.

Conversion to Swiss GAAP FER

Until the finalization of the squeeze-out procedures, Uponor will continue to prepare financial statements under the International Financial Reporting Standards (IFRS as adopted by the EU) at Nasdaq Helsinki. To prepare the consolidated financial statements of the GF Corporation, the numbers were converted to Swiss GAAP FER with lease accounting and pension accounting being the most important conversion items.

Squeeze-out

As GF acquired more than 90% of outstanding shares, the compulsory redemption proceedings in accordance with the Finnish Companies Act for the remaining minorities was started on 16 November 2023 (“squeeze-out”). Given the strong link between the already acquired shares and the initiated squeeze-out as well as the forfeiture of all material risk and rewards by the minority shareholders, no minorities were disclosed in the consolidated financial statements and the remaining purchase price for the minorities was recorded as an accrued liability, see note 2.10.

4.3 GF Corporate Companies

Country	Division[1]	GF Corporate Company	Functional currency	Share capital million	Partici-pation %	Consol-idation[2]	Function[3]
Europe							
Austria	CM	GF Casting Solutions Altenmarkt GmbH, Altenmarkt	EUR	0.1	100	C	M
	PS	Georg Fischer Fittings GmbH, Traisen	EUR	3.7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Loosdorf	EUR	0.2	100	C	S
	UP	Uponor Vertriebs GmbH, Wiener Neudorf	EUR	0.0	100	C	S
	CS	GF Casting Solutions Services GmbH, Herzogenburg[4]	EUR	4.6	100	C	H
	CS	GF Casting Solutions Herzogenburg HPDC GmbH, Herzogenburg	EUR	0.1	100	C	P
	CS	GF Casting Solutions Altenmarkt GmbH & Co KG, Altenmarkt	EUR	2.4	100	C	P
Belgium	PS	Georg Fischer NV-SA, Bruxelles[4]	EUR	0.5	100	C	S
Czech Republic	UP	Uponor s.r.o., Prague	CZK	0.2	100	C	S
	MS	GF Machining Solutions sro, Brno[4]	CZK	12.3	100	C	S
Croatia	UP	Uponor d.o.o., Zagreb	EUR	0.0	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup[4]	DKK	0.5	100	C	S
	UP	Uponor A/S, Brondby	DKK	0.5	100	C	S
	UP	Uponor Infra A/S., Holbæk	DKK	1.0	100	C	S
	UP	Wuppi A/S, Silkeborg	DKK	0.5	20	E	M
Estonia	UP	Uponor Eesti Oü, Tallinn	EUR	0.0	100	C	S
	UP	Uponor Infra Oü, Tallinn	EUR	0.0	100	C	S
Finland	UP	Uponor Oyj, Helsinki[4]	EUR	146.4	100	C	H
	UP	Uponor Suomi Oy, Lahti	EUR	5.0	100	C	P
	UP	Uponor Infra Oy, Helsinki	EUR	4.0	100	C	P
	UP	Jita Oy, Virrat	EUR	1.2	100	C	P
	UP	Uponor Infra Marine Services Oy, Kotka	EUR	0.0	100	C	V
France	CM	Georg Fischer Holding SAS, Massy[4]	EUR	6.4	100	C	H
	PS	Georg Fischer SAS, Villepinte	EUR	1.1	100	C	S
	UP	Uponor S.A.R.L., Saint-Priest	EUR	0.2	100	C	S
	MS	GF Machining Solutions SAS, Massy	EUR	4.0	100	C	S
Germany	CM	Georg Fischer BV & Co KG, Singen[4]	EUR	25.6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen[4]	EUR	0.1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0.5	100	C	M
	CM	Georg Fischer Meco Eckel GmbH, Biedenkopf-Wallau	EUR	0.1	75	C	M
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshause	EUR	2.6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2.6	100	C	S
	PS	Georg Fischer Fluorpolymer Products GmbH, Ettenheim	EUR	4.0	100	C	P
	PS	Chinaust Automotive GmbH, Düsseldorf	EUR	0.1	50	B	S
	UP	Uponor Beteiligungs GmbH, Hassfurt	EUR	20.0	100	C	M
	UP	Uponor GmbH, Hassfurt	EUR	0.6	100	C	P
	UP	Uponor Kamo GmbH, Celle	EUR	0.2	100	C	P
	UP	Punitec GmbH Co. KG, Gochsheim	EUR	1.8	36	E	P
	UP	Punitec Verwaltungs GmbH, Gochsheim	EUR	0.0	36	E	M
	CS	GF Casting Solutions Leipzig GmbH, Leipzig	EUR	0.9	100	C	P
	CS	GF Casting Solutions Werdohl GmbH, Werdohl	EUR	0.3	100	C	P
	CS	GF Meco Eckel GmbH & Co KG, Biedenkopf-Wallau	EUR	0.2	75	C	P
	CS	Eckel & Co GmbH, Biedenkopf-Wallau	EUR	0.2	75	C	M
	CS	PEM Zerspanungstechnik GmbH, Schwarzenberg	EUR	0.1	75	C	P
	MS	GF Machining Solutions GmbH, Schorndorf	EUR	2.6	100	C	S
	MS	Symmedia GmbH, Bielefeld	EUR	1.4	100	C	P
Great Britain	PS	George Fischer Sales Ltd, Coventry[4]	GBP	4.0	100	C	S
	UP	Uponor Ltd, Watford	GBP	7.9	100	C	S
	CM	Oxford Flow Utility & Industries Ltd, Oxford[4]	GBP	0.1	23	E	P
	MS	GF Machining Solutions Ltd, Coventry[4]	GBP	2.0	100	C	S
Guernsey	UP	Uponor Insurance Ltd, Guernsey	EUR	0.5	100	C	M

Country	Division[1]	GF Corporate Company	Functional currency	Share capital million	Partici-pation %	Consol-idation[2]	Function[3]
Hungary	UP	Uponor Kft., Budapest	HUF	63.8	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano[4]	EUR	0.5	100	C	H
	PS	Georg Fischer TPA Srl, Busalla	EUR	0.7	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0.1	100	C	P
	PS	Georg Fischer Pfci Srl, Valeggio sul Mincio	EUR	0.5	100	C	P
	PS	Georg Fischer SpA, Agrate Brianza	EUR	1.3	100	C	S
	UP	Uponor Srl, Vimercate	EUR	0.2	100	C	S
	MS	GF Machining Solutions SpA, Agrate Brianza	EUR	3.0	100	C	S
	MS	Vam Control Srl, Onore	EUR	0.1	100	C	S
	MS	Tecnolaser Srl, Curtarolo	EUR	6.9	24	E	P
Latvia	UP	SIA Uponor Latvia, Riga	EUR	0.0	100	C	S
Lithuania	UP	UAB Uponor, Vilnius	EUR	0.0	100	C	S
Netherlands	CM	Georg Fischer Holding NV, Epe[4]	EUR	0.9	100	C	H
	CM	Georg Fischer Management BV, Epe[4]	EUR	0.1	100	C	M
	PS	Georg Fischer NV, Epe	EUR	0.9	100	C	S
	PS	Georg Fischer WAGA NV, Epe	EUR	0.4	100	C	P
Norway	PS	Georg Fischer AS, Rud[4]	NOK	1.0	100	C	S
	UP	Uponor AS, Moss	NOK	6.3	100	C	S
	UP	Uponor Infra AS, Moss	NOK	1.2	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Sękocin Nowy[4]	PLN	18.5	100	C	S
	UP	Uponor Sp.z.o.o., Warsaw	PLN	109.9	100	C	V
	UP	Uponor Capricorn Sp.z.o.o., Świebodzice	PLN	0.4	100	C	P
	UP	Uponor Infra Sp.z.o.o., Warsawa	PLN	11.2	100	C	P
	MS	GF Machining Solutions Sp.z.o.o., Sękocin Nowy[4]	PLN	1.3	100	C	S
Portugal	UP	Uponor Portugal – Sistemas para Fluidos, Lda, V. N. de Gaia	EUR	0.5	100	C	S
Romania	UP	Uponor Romania SRL, Bucharest	RON	0.2	100	C	S
	CS	GF Casting Solutions SRL, Pitești[4]	RON	26.5	100	C	P
	CS	GF Casting Solutions Arad SRL, Arad	RON	24.5	100	C	P
Slovakia	UP	Uponor s.r.o., Bratislava	EUR	0.0	100	C	S
Spain	PS	Georg Fischer SA, Madrid[4]	EUR	1.5	100	C	S
	UP	Uponor Hispania SAU., Getafe	EUR	3.0	100	C	V
	MS	GF Machining Solutions SAU, Barcelona[4]	EUR	2.7	100	C	S
Sweden	PS	Georg Fischer AB, Stockholm[4]	SEK	1.6	100	C	S
	UP	Uponor Innovation AB, Boras	SEK	0.1	100	C	M
	UP	Uponor AB, Virsbo	SEK	10.0	100	C	P
	UP	Uponor Infra AB, Fristad	SEK	10.0	100	C	P
	MS	System 3R International AB, Vällingby[4]	SEK	17.1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen[4]	CHF	1.0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[4]	CHF	0.5	49	B	M
	CM	Georg Fischer AG, Schaffhausen	CHF	4.1		C	H
	CM	Munot Re AG, Schaffhausen[4]	EUR	3.0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[4]	CHF	4.0	100	C	M
	CM	GF Casting Solutions Industrial SA, Novazzano[4]	CHF	1.0	100	C	H
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen[4]	CHF	20.0	100	C	P
	PS	GF Rohrleitungssysteme AG, Schaffhausen[4]	CHF	0.5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen[4]	CHF	17.8	60	C	P
	PS	Georg Fischer JRG AG, Sissach[4]	CHF	1.8	100	C	P
	CS	GF Casting Solutions AG, Schaffhausen[4]	CHF	1.0	100	C	M
	CS	GF Casting Solutions Novazzano SA, Novazzano	CHF	1.0	100	C	P
	CS	GF Ceramics Novazzano SA, Novazzano	CHF	1.2	100	C	P
	CS	GF Precicast Additive SA, Novazzano	CHF	0.2	100	C	P
	MS	Agie Charmilles SA, Losone[4]	CHF	10.0	100	C	P
	MS	GF Machining Solutions Services SA, Meyrin[4]	CHF	3.6	100	C	S
	MS	GF Machining Solutions Management SA, Meyrin[4]	CHF	0.5	100	C	M

Country	Division[1]	GF Corporate Company	Functional currency	Share capital million	Partici-pation %	Consol-idation[2]	Function[3]
	MS	GF Machining Solutions Sales Switzerland SA, Losone[4]	CHF	2.6	100	C	S
	MS	Mecartex SA, Muzzano	CHF	0.4	30	E	P
	MS	GF Machining Solutions AG, Biel[4]	CHF	3.5	100	C	P
Near East							
Bahrain	PS	Hepworth LLC, Bahrain	BHD	0.1	51	C	S
Egypt	PS	Egypt Gas GF-Corys Piping Systems SAE, Cairo	EGP	470.0	38	C	P
Oman	PS	Corys Pipe Industry LLC, Oman	OMR	0.1	51	C	P
Turkey	PS	Georg Fischer Hakan Plastik AS, Cerkezköy[4]	TRY	565.6	100	C	P
	MS	GF CNC Teknolojileri Ticaret Limited Şirketi[4]	TRY	7.0	100	C	S
UAE	CM	GF Corys Middle East Ltd, Abu Dhabi[4]	AED	62.8	50	C	H
	CM	Corys Piping Systems SPV Ltd, Abu Dhabi[4]	AED	0.0	51	C	H
	PS	Corys Piping Systems LLC, Dubai	AED	114.0	51	C	P
	PS	Georg Fischer Corys LLC, Dubai	AED	0.3	51	C	P
	PS	Corys MDS LLC, Dubai	AED	0.3	26	C	S
	PS	Corys Plastic Industries LLC, Abu Dhabi	AED	0.3	51	C	P
	PS	Corys Emirates Pipes & Fittings Trading LLC, Abu Dhabi	AED	0.0	46	C	S
Americas							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires[4]	ARS	16.2	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0.1	49	E	S
Brazil	PS	Georg Fischer F.G.S. Indústria e Comércio Ltda, Cajamar	BRL	225.4	100	C	P
	MS	GF Machining Solutions Máquinas Ltda, São Paulo[4]	BRL	153.7	100	C	S
Canada	PS	GF Piping Systems Canada Ltd, Quebec[4]	CAD	24.6	100	C	P
	UP	Uponor Ltd, Ontario	CAD	1.7	100	C	S
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[4]	MXN	0.1	100	C	S
	PS	Chinaust Mexico Automotive Plastics S. de R. L. de CV, Puebla	MXN	65.4	50	P	P
	MS	GF Machining Solutions LLC, Monterrey[4]	MXN	15.1	100	C	S
US	CM	George Fischer Corporation, Irwindale, CA[4]	USD	0.1	100	C	H
	CM	Georg Fischer Export Inc, El Monte, CA[4]	USD	0.1	100	C	M
	PS	Georg Fischer LLC, Irvine, CA	USD	3.8	100	C	S
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0.1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee	USD	1.1	100	C	P
	PS	Chinaust Automotive LLC, Troy, MI	USD	0.1	50	B	S
	UP	Uponor NA Holding Inc., Delaware	USD	135.3	100	C	M
	UP	Uponor NA Investment LLC, Delaware	USD	0.0	100	C	M
	UP	Uponor NA Asset Leasing Inc., Delaware	USD	4.3	100	C	M
	UP	Uponor North America Inc., Delaware	USD	26.0	100	C	M
	UP	Uponor Inc., Illinois	USD	0.0	100	C	P
	MS	GF Machining Solutions LLC, Lincolnshire	USD	0.1	100	C	S
	MS	Microlution Inc., Chicago	USD	2.6	100	C	P
Asia/Australia							
Australia	CM	George Fischer IPS Pty Ltd, Riverwood[4]	AUD	7.1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood	AUD	3.8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd[4]	CNY	1.1	100	C	M
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10.0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou City	CNY	200.0	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen[4]	CNY	80.0	50	P	P

Country	Division[1]	GF Corporate Company	Functional currency	Share capital million	Partici-pation %	Consol-idation[2]	Function[3]
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan City[4]	CNY	80.0	50	P	P
	PS	Hebei Chinaust Plastics Corp Ltd, Zhuozhou City[4]	CNY	58.2	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[4]	CNY	40.3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	100.0	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai[4]	CNY	100.0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai[4]	CNY	41.4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai[4]	CNY	1.7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing[4]	CNY	36.7	100	C	P
	PS	Beijing Jingran Lingyun Gas Equipment Co Ltd, Langfang[4]	CNY	50.0	50	P	P
	PS	Langfang Shuchang Auto Parts Co Ltd, Langfang[4]	CNY	10.0	50	P	P
	PS	Haining Chinaust Plastics Piping System Co Ltd, Haining[4]	CNY	100.0	50	P	P
	PS	Xi'an Chinaust Plastics Co Ltd, Xi'an[4]	CNY	80.0	50	P	P
	PS	Georg Fischer Piping Systems Ltd Yangzhou, Yangzhou[4]	CNY	104.4	100	C	P
	PS	Ningbo Chinaust Fitting Manufacturing Co Ltd	CNY	2.0	10	E	P
	PS	Chinaust (Hong Kong) International Investments Limited, Hong Kong	HKD	27.2	50	P	H
	CS	GF Casting Solutions Suzhou Co Ltd, Suzhou[4]	CNY	279.5	100	C	P
	CS	GF Casting Solutions Kunshan Co Ltd, Kunshan[4]	CNY	149.5	100	C	P
	CS	GF Casting Solutions Shenyang Co Ltd, Shenyang[4]	CNY	108.2	100	C	P
	MS	GF Machining Solutions Ltd, Hong Kong[4]	HKD	57.8	100	C	S
	MS	GF Machining Solutions Ltd, Shanghai	CNY	2.5	100	C	S
	MS	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing[4]	CNY	80.3	78	C	P
	MS	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4.5	78	C	S
	MS	GF Machining Solutions Changzhou Co Ltd, Changzhou[4]	CNY	164.1	100	C	P
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai[4]	INR	215.4	100	C	P
Indonesia	PS	PT Georg Fischer Indonesia, Karawang[4]	IDR	183.7	100	C	P
	PS	PT Georg Fischer Trading Indonesia, Karawang[4]	IDR	3.4	100	C	S
Japan	PS	Georg Fischer Ltd, Osaka[4]	JPY	480.0	81	C	S
	MS	GF Machining Solutions Ltd, Yokohama[4]	JPY	50.0	100	C	S
Korea	PS	Georg Fischer Korea Co Ltd, Yongin-si[4]	KRW	600.0	100	C	S
	MS	GF Machining Solutions Co Ltd, Anyang[4]	KRW	1'800.0	100	C	S
Malaysia	PS	George Fischer (M) SDN BHD, Petaling Jaya[4]	MYR	10.0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington[4]	NZD	0.1	100	C	S
Singapore	CM	Eurapipe Holdings Pte Ltd, Singapore[4]	SGD	6.2	100	C	H
	PS	George Fischer Pte Ltd, Singapore[4]	SGD	9.2	100	C	S
	UP	Uponor Pte Ltd, Singapore	SGD	0.1	100	C	S
	MS	GF Machining Solutions Pte Ltd, Singapore[4]	SGD	2.1	100	C	S
Taiwan	PS	Georg Fischer Co Ltd, New Taipei City[4]	TWD	1.0	100	C	S
	MS	GF Machining Solutions Ltd, San Chung, Taipei Hsien[4]	TWD	10.0	100	C	S
Vietnam	MS	GF Machining Solutions Co Ltd, Hanoi[4]	VND	15.1	100	C	S

1 Division: PS = GF Piping Systems, UP = GF Uponor, CS = GF Casting Solutions, MS = GF Machining Solutions, CM = Corporate Management
2 Consolidation: C = Fully consolidated, P = Proportionately consolidated, E = Stated based on the equity method, B = Stated at book value
3 Function: H = Holding, P = Production, M = Management and Services, S = Sales
4 Directly held by Georg Fischer AG

5 Other disclosures

This section provides other information and disclosures not included in the other sections, for example, information about employee benefit obligations and other non-current financial assets. It also includes an overview of the balance sheet-related deferred tax assets and liabilities and the events occurring after the balance sheet date.

5.1 Employee benefit obligations

The table shows the employee benefit obligations as well as the employee benefit expenses.

		Employee benefit plans				
CHF million	**Patronage funds**	**without surplus/deficit**	**with surplus**	**with deficit**	**without own assets**	**Total**
						2023
Balance at 1.1.2023				**5**	**38**	**43**
Change in scope of consolidation					15	15
Contributions to employee benefit plans		2	30	1	1	33
Increase/decrease in economic benefit of surplus/deficit				–2	0	–2
Payments of contributions to employee benefit plans		–2	–30	–1	–1	–33
Translation differences				–0	–2	–3
Balance at 31.12.2023				**4**	**50**	**54**
Surplus/deficit according to FER 26	29		73	–4		98
Employee benefits within personnel expenses		2	30	–1	0	31
						2022
Employee benefits within personnel expenses		2	27	–3	4	30

Employee benefit plans in Switzerland are overfunded by CHF 73 million (previous year: CHF 34 million). The increase is mainly due to the positive performance of the investments. The amount is still provisional and not yet based on audited financial statements of the pension institutions.

The employee benefit plan in the UK is underfunded by CHF 4 million (previous year: CHF 6 million). The amount of the underfunding depends significantly on the value of the securities and on the discount rate and the expected mortality rate used in the calculation of the pension liabilities. The total economic obligation, which represents the expected cash outflow in the medium term, amounts to CHF 4 million (previous year: CHF 5 million).

The recognized economic obligation from the employee benefit plan without own assets amounted to CHF 50 million (previous year: CHF 38 million) and primarily concerns plans in Germany and Sweden. The change in scope of consolidation of CHF 15 million reflects the GF Uponor employee benefit plans without own assets.

Changes in the recognized economic obligations from employee benefit plans and the employer-paid contributions for the year under review amounted to CHF 31 million (previous year: CHF 30 million) and are included in personnel expenses.

Accounting principles

The employee benefit plans of the GF Corporation comply with the legislation in force in each country. Employee benefit plans are mostly institutions and foundations that are independent of the GF Corporation. They are usually financed by both employee and employer contributions. The economic impact of the employee benefit plans is assessed each year. Surpluses or deficits are determined by means of the annual statements of each specific benefit plan, which are based either on Swiss GAAP FER 26 (Swiss benefit plans) or on the accepted methods in each foreign country (foreign plans). An economic benefit is capitalized if it is permitted and the intention is to use the surplus to reduce the employer contributions. Any employer contribution reserves are also capitalized. An economic obligation is recognized as a liability if the conditions for a provision are met. They are reported under "Employee benefit obligations". Changes in the economic benefit or economic obligation, as well as the contributions incurred for the period, are recognized in "Personnel expenses" in the income statement, see note 1.4.

5.2 Other financial assets

CHF million	31.12.2023	31.12.2022
Investments in associates	**8**	**1**
Non-current loans and receivables	98	128
Securities for the settlement of pension liabilities	3	2
Other securities	9	6
Other financial assets third parties	**110**	**136**
Total	**118**	**137**

In 2023, GF acquired a 24% stake in Tecnolaser S.R.L for the amount of CHF 8 million, and the investment was classified as an investment in associates. No material positive or negative goodwill resulted from this transaction. For further information see note 4.1.

The decrease in non-current loans and receivables was mainly explained by two factors. First, the valuation of the contingent purchase price component resulting from the divestment of GF Linamar LLC in 2022 was reduced by CHF 8 million. The payout continues to depend on the performance of the divested GF Corporate Company in the years of 2024-2027. Second, the loans to the former iron foundries in Germany and Austria further decreased mainly explained by technical value adjustments over the amount of CHF 23 million due to the postponement of interest and repayment expectations (previous year: CHF 24 million) as well as a decrease in exchange rates. The accumulated technical value adjustments amounted to CHF 62 million (previous year: CHF 39 million). In the previous year, investment properties used for production purpose by one of the divested German iron foundries was transferred in a non-cash transaction to the entity against granting of new mezzanine financing over the amount of CHF 29 million.

Other securities consist mainly of investment securities held in the captive insurance, non-consolidated investments without significant influence as well as non-current prepayments.

Accounting principle

Non-current loans and receivables are recognized at amortized cost. In addition, an impairment is recorded in case the assumed present value of expected cash flows is below the carrying value of the non-current loans and receivables.

In 2022, a material contingent consideration from a divestment resulted, which is linked to the future profitability of the divested business. The contingent consideration was recorded as "Other financial assets" at actual value and was appropriately discounted. The financial asset is re-measured at each subsequent reporting date.

Changes in the actual value of contingent consideration are recognized in the consolidated income statement in "Other operating income" or "Operating expenses".

Associates are companies over which the GF Corporation exercises significant influence. Investments in associates are accounted for under the equity method. Any acquired goodwill is offset within equity. The share of results of associates is reported in the consolidated income statement.

Management assumptions and estimates

The recoverability of non-current loans and receivables is assessed based on the debtors' ability to repay on time and in full. In order to build this assessment, management regularly observes the debtors' adherence to the interest payments and principal amortization schedule. In case of investments in associates, management assesses their ability to continue as a going concern. Assessing the going concern assumptions requires management to assess the risk and opportunities of the business models, which are inherently subject to a higher level of estimation uncertainty. Such assessments may change in the following years.

To determine the actual value of the contingent consideration, the sales and EBITDA of the divested business must be estimated and these input factors are not directly observable for the GF Corporation. Changes in these input factors might result in a significantly higher or lower value.

5.3 Income taxes

Income tax expenses

CHF million	2023	2022
Effective income tax expense reconciliation		
Profit before taxes	313	354
Statutory tax rate in %	15	14
Income tax expense at statutory tax rate	**47**	**50**
Effect of income taxed at different rates[1]	30	28
Non-tax-deductible expenses/tax exempted income	–5	–5
Use of unrecognized tax loss carryforwards	–9	–12
Effect of non-recognition of tax losses in current year	9	5
Recognition of previously non-capitalized tax loss carryforwards	–1	
Derecognition of previously capitalized tax loss carryforwards		2
Tax adjustments related to previous periods, net	–8	1
Non-creditable foreign withholding tax	8	6
Effect of change in tax rates	1	
Other effects	–1	
Effective income tax expense	**71**	**74**
Effective income tax rate in %	23	21

1 The GF Corporation operates worldwide and is subject to income tax in many different tax jurisdictions. The effect of income taxed at different rates may vary from year to year due to varying results of the individual GF Corporate Companies and changes in local tax rates.

The table shows the main elements that cause the GF Corporation's effective tax rate to differ from the statutory tax rate. The statutory tax rate is the ordinary tax rate applicable in the canton of Schaffhausen (Switzerland), where the GF Corporation is headquartered. The statutory tax rate changed to 15% (previous year: 14%).

The GF Corporation's effective income tax rate amounts to 23% (previous year: 21%). The increase in the effective income tax rate is mainly due to the variation of results of individual GF Corporate Companies and the acquisition of Uponor.

In December 2021, the OECD published the Pillar Two model rules to introduce a global minimum corporate income tax of 15% for multinational companies with consolidated sales of more than EUR 750 million. Meanwhile, Pillar Two legislation has been enacted or substantially enacted in many jurisdictions in which the GF Corporation operates. The legislation will be effective for GF's financial year beginning 1 January 2024. GF performed an assessment of GF's potential exposure to Pillar Two income taxes. If the Pillar Two model rules would have been applicable in 2023, the profits of GF would not have been materially impacted. GF continues to monitor the development of the Pillar Two model rules and continually assesses the impact thereof on GF.

Accounting principles

Income taxes include current and deferred taxes. Current income taxes are calculated on the taxable profit. Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. Tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits or deferred tax liabilities will be available against which they can be offset. The calculation of deferred taxes is based on the country-specific tax rates.

Management assumptions and estimates

Current tax liabilities are calculated based on an interpretation of the tax regulations in place in the relevant countries. The adequacy of such an interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This can result in material changes to tax expense. Furthermore, in order to determine whether tax loss carryforwards may be capitalized, it is necessary to critically assess the probability of future taxable profits that can be offset. This assessment depends on a variety of influencing factors and developments.

Deferred tax assets and liabilities

CHF million	31.12.2023			31.12.2022		
	Tax assets	Tax liabilities	Net	Tax assets	Tax liabilities	Net
Investment properties		4	–4		5	–5
Property, plant, and equipment	8	69	–62	7	35	–28
Intangible assets	15	1	14	7	3	4
Tax loss carryforwards	6		6	5		5
Inventories	33	17	17	32	14	18
Provisions	28	4	25	9	3	6
Other interest-bearing liabilities	1	2	–1	1	1	0
Other non-interest-bearing liabilities	23	4	19	25	1	24
Other balance sheet items	22	8	15	10	3	7
Total before offsetting	**137**	**108**	**29**	**96**	**65**	**31**
Offsetting	–40	–40		–26	–26	
Total after offsetting	**97**	**68**	**29**	**70**	**39**	**31**

As of 31 December 2023, tax loss carryforwards of CHF 29 million (previous year: CHF 21 million) were capitalized, resulting in a deferred tax asset of CHF 6 million (previous year: CHF 5 million). Capitalized tax loss carryforwards increased by CHF 2 million due to the acquisition of Uponor.

The unrecognized tax loss carryforwards in 2023 totaling CHF 159 million (previous year: CHF 124 million) have a potential tax relief effect of CHF 34 million (previous year: CHF 28 million). Of the unrecognized tax loss carryforwards, CHF 45 million can be used indefinitely (previous year: CHF 58 million), while CHF 1 million is to expire within one year (previous year: 1 million). Unrecognized tax loss carryforwards increased by CHF 48 million due to the acquisition of Uponor.

Temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized, amounted to CHF 503 million as of 31 December 2023 (previous year: CHF 563 million).

Accounting principles

Deferred tax assets and liabilities are offset within GF Corporate Companies when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes related to the same fiscal authority. Deferred tax assets and liabilities are calculated based on the expected income tax rates for each GF Corporate Company. No deferred tax is provided for temporary differences on investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the GF Corporation and where it is probable that the temporary difference will not be reversed in the foreseeable future. GF has adopted the Swiss GAAP FER accounting guidelines in relation to the Pillar Two model rules. In accordance with the guidelines, GF applies the exemption from deferred tax accounting in relation to Pillar Two corporate income taxes.

5.4 Non-operating result

The non-operating result of CHF –1 million (previous year: CHF 8 million) includes the result of investment properties. In the previous year, this includes the profit from the sale of an investment property, see also notes 2.6 and 5.2.

5.5 Related parties

Related parties include associated companies, members of the Board of Directors and the Executive Committee, pension funds and similar institutions.

Transactions with associated companies

There were no significant transactions with associates in the year under review or in the previous year. Hence, no material receivables or payables were outstanding.

Transactions with members of the Board of Directors and the Executive Committee

Total compensation of the Board of Directors and Executive Committee is broken down as follows:

CHF 1'000	2023	2022
Cash compensation	7'160	7'319
Pension funds	552	552
Social security	566	634
Share-based compensation[1]	3'701	3'637
Other compensation	2	12
Total compensation	**11'981**	**12'154**

1 The presented compensation of the Board of Directors and the Executive Committee corresponds to the disclosure in the Compensation Report.

A total of 375'576 shares (previous year: 392'684) were held by the Board of Directors and the Executive Committee, corresponding to 0.5% of issued shares (previous year: 0.5%).

No member of the Board of Directors or the Executive Committee or any persons related to them received any fees or other compensation for additional services to GF or its GF Corporate Companies in 2023 or 2022.

Neither GF nor any GF Corporate Company granted any guarantees, loans, advances or credit facilities to members of the Board of Directors or the Executive Committee or to any persons related to them in 2023 or 2022.

Significant shareholders

An overview can be found in the Corporate Governance Report (GF share and shareholders).

Transactions with pension funds and similar institutions

The GF Corporation holds current accounts with some of its related pension funds and similar institutions. As of the end of the financial year, it had a liability of CHF 2 million (previous year: CHF 0 million). The current accounts bear an interest of 2.7% (previous year: 1.0%). Furthermore, contributions of CHF 2 million were made to similar institutions (previous year: CHF 2 million).

5.6 Events after the balance sheet date

The consolidated financial statements were approved and authorized for publication by the Board of Directors on 18 March 2024. They must also be approved at the Annual Shareholders' Meeting.

There were no events between 31 December 2023 and 18 March 2024 that would require an adjustment to the carrying amounts of assets and liabilities and equity, or that would need to be disclosed under this heading.

Report of the statutory auditor

to the General Meeting of Georg Fischer AG

Schaffhausen

Report on the audit of the consolidated financial statements

Opinion

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

In our opinion, the consolidated financial statements (pages 193 to 231) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

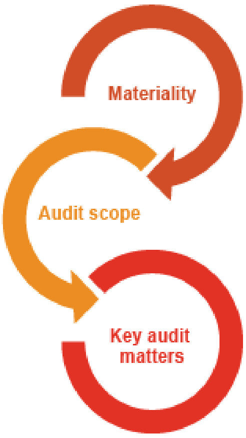
Basis for opinion

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

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

Our audit approach

Overview



Overall Group materiality: CHF 15 million

We concluded full scope audit work at 47 reporting units. These companies contribute 64% of the Group's sales. In addition, specified procedures were performed on a further 3 reporting units representing a further 10% of the Group's sales.

As key audit matters the following areas of focus have been identified:

Acquisition of Uponor Corporation

Valuation of non-current loans and receivables

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 15 million
Benchmark applied	Profit before taxes
Rationale for the materiality benchmark applied	We chose profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises four divisions, GF Piping Systems, GF Uponor, GF Casting Solutions and GF Machining Solutions, which operate across three main geographical regions – Europe, North/South America and Asia. The Group's financial statements are a consolidation of 186 reporting units, including the Group's operating businesses as well as central service functions. Each unit is considered a component for audit purposes.

We identified 47 reporting units that, in our view, required a full scope audit and three reporting units that required specified procedures owing to their size and other risk factors. These 50 reporting units contribute 74% of the Group's sales. The remaining 26% of the Group's sales are represented by a large number of smaller reporting units. None of these units individually contributes more than 2.5% to the Group's sales.

As the Group acquired control of Uponor Oyj ("Uponor Corporation") on 6 November 2023, we also instructed the auditors of Uponor Corporation to perform a full scope audit on the consolidated balance sheet of Uponor Corporation as at 31 December 2023. In addition, we instructed them to perform specified procedures on the balance sheet as at 31 October 2023 and on the profit and loss statement for the two-month period from 1 November 2023 to 31 December 2023 for selected reporting units of Uponor Corporation.

Where the work was performed by component auditors, we determined the necessary level of our further involvement in the audit work in addition to providing our instructions. This consisted of inquiries of component audit teams, inspecting their work in selected areas, conducting planning and closing calls, or reviewing their working papers and their final reporting.

Further specific audit procedures on central service functions, Group consolidation and areas of significant judgement (including M&A transactions, taxation, treasury and litigation) were carried out under the direct supervision of the Group audit team.

Key audit matters

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

Acquisition of Uponor Corporation

Key audit matter	How our audit addressed the key audit matter
On 6 November 2023, the Group obtained control in the piping system company Uponor Oyj ("Uponor Corporation"). Uponor Corporation consists of a group of 41 subsidiaries and three investments in associates. The total purchase price of Uponor amounted to CHF 2'020 million. The identifiable assets and liabilities of Uponor have been measured at fair value and the excess of the purchase price over net assets was recorded as goodwill (CHF 1'638 million), which was offset against equity. The acquisition of Uponor Corporation is of significant magnitude and is considered complex in terms of initial recognition, fair value measurement of the assets and liabilities initially recognized in the Group's consolidated financial statements as well as required audit procedures. Due to these reasons, we consider the acquisition of Uponor as a key audit matter. For further details, please refer to note 4.1 'Changes in scope of consolidation' and 4.2 'Acquisition of Uponor'.	We performed the following audit procedures: • Instruction of Uponor Corporation's auditors to perform specified procedures on the closing balance sheet as at 31 October 2023 and on the income statement period from 1 November 2023 to 31 December 2023 of Uponor Corporation and assessment of their deliverables and working papers. • Instruction of Uponor Corporation's auditors to perform a full scope audit on the consolidated balance sheet as at 31 December 2023 of Uponor Corporation and assessment of their deliverables and working papers. • Examination of the Purchase Price Allocation as well as management estimates and underlying assumptions with the support of PwC external valuation experts. • Assessment of material Uponor accounting policy to the Group accounting policy conversion adjustments. • Evaluation of manual closing entries and material first-time consolidation entries. • Consideration whether presentation and disclosure are in accordance with the requirements of Swiss GAAP FER. Based on the audit evidence obtained, we consider the Board of Director's and Management's approach to account for the acquisition of Uponor Corporation to be reasonable.

Valuation of non-current loans and receivables

Key audit matter	How our audit addressed the key audit matter
The Group had disposed of automotive iron foundries in Germany (Singen and Mettmann) and in Austria (Herzogenburg) in prior years. To finance the transactions, the new owners in Germany and in Austria were granted loans in the amounts of CHF 61 million and CHF 10 million, respectively. The financing of the divested companies was adjusted in subsequent years and has a carrying amount of CHF 84 million as at 31 December 2023. The loans are recorded under other financial assets within non-current loans and receivables. Impairment testing of other financial assets arising from the financing of the divestments in Germany and Austria requires estimates and assumptions regarding the borrowers' ability to repay the loans and whether the interest rates attached to the loans are in line with market conditions. For further details, please refer to note 5.2 'Other financial assets'.	We performed the following audit procedures: • We assessed the contractual agreements and estimates (incl. underlying assumptions) used by Management as well as the calculation it performed in connection with the impairment testing of other financial assets. The significant assumptions concern the assessment of the borrowers' ability to repay the loans and whether the interest rates applied to the loans are in line with market conditions. We used observable market data in our assessment of whether the interest rates attached to the loans are in line with market conditions. • We examined whether the presentation and disclosure were in accordance with the requirements of Swiss GAAP FER. Based on the audit evidence obtained, we consider the approach chosen by the Board of Directors and Management for the valuation of the remaining financial assets and the corresponding disclosure to be appropriate.

Other information

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

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

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

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

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERT-suisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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

PricewaterhouseCoopers AG

Beat Inauen	Tobias Handschin
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 18 March 2024

Georg Fischer AG income statement

CHF 1'000	Notes	2023	2022
Dividend income		275'225	197'152
Income from GF Corporate Companies	3.1	69'615	68'931
Commission income from GF Corporate Companies	3.2	3'811	4'633
Other income		1'318	1'255
Total income		**349'969**	**271'971**
Value adjustment on investments	3.3	–35'822	–40'583
Other expenses for investments		–5'311	–2'840
Cost of services provided by GF Corporate Companies		–4'494	–2'775
Personnel expenses		–34'271	–30'442
Other operating expenses	3.4	–20'470	–20'547
Depreciation on tangible and intangible fixed assets		–672	–514
Operating result		**248'929**	**174'270**
Financial income	3.5	18'642	10'548
Financial expenses	3.5	–59'438	–31'368
Profit before taxes		**208'133**	**153'450**
Direct taxes		–6'291	–3'723
Net profit for the year		**201'842**	**149'727**

Georg Fischer AG balance sheet

CHF 1'000	Notes	31.12.2023	31.12.2022
Cash and cash equivalents	3.6	75'228	337'923
Current receivables GF Corporate Companies		48'098	29'637
Current receivables third parties		4'023	724
Accrued income and prepaid expenses		12'421	11'197
Current assets		**139'770**	**379'481**
Financial assets GF Corporate Companies	3.7	192'464	160'129
Financial assets third parties	3.7	75'016	92'663
Investments	3.8	3'467'944	1'431'257
Tangible fixed assets		169	192
Intangible fixed assets		1'185	1'364
Non-current assets		**3'736'778**	**1'685'605**
Assets		**3'876'548**	**2'065'086**
Short-term interest-bearing liabilities GF Corporate Companies		59'253	51'189
Other current liabilities third parties		14'051	8'476
Deferred income and accrued expenses	3.9	93'988	24'258
Current liabilities		**167'292**	**83'923**
Long-term interest-bearing liabilities GF Corporate Companies		15'742	6'893
Long-term interest-bearing liabilities third parties	3.10	2'023'145	401'674
Provisions	3.11	29'021	27'606
Non-current liabilities		**2'067'908**	**436'173**
Liabilities		**2'235'200**	**520'096**
Share capital	3.12	4'101	4'101
Statutory capital reserves		89'506	89'506
Statutory retained earnings		59'234	59'234
Profit carried forward		1'293'430	1'249'492
Net profit for the year		201'842	149'727
Result from treasury shares		–233	768
Treasury shares	3.13	–6'532	–7'838
Equity		**1'641'348**	**1'544'990**
Liabilities and equity		**3'876'548**	**2'065'086**

Notes to the financial statements

1 General information

These annual financial statements were prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations. The main principles applied that are not prescribed by law are described below. Georg Fischer AG (GF), Schaffhausen (Switzerland), reports its consolidated financial statements on the basis of a recognized standard (Swiss GAAP FER) and has therefore, in accordance with the legal provisions, decided to not to provide a management report, a cash flow statement or a note on the audit fees.

2 Significant accounting principles

2.1 Financial income and expenses

Financial assets and interest-bearing liabilities from GF Corporate Companies in foreign currencies are valued at year-end exchange rates. Realized currency gains and losses, and all unrealized losses are recognized, whereas unrealized gains on non-current balance sheet positions are not recognized.

2.2 Financial assets

Financial assets are valued at nominal values, taking into account any value adjustments required.

2.3 Investments

Investments are valued according to the principle of individual valuation. In addition, further overall value adjustments can be made.

2.4 Interest-bearing liabilities

Interest-bearing liabilities are recognized at nominal value. Placement costs of bonds and bond premiums are accrued over the duration of the bond. Fees incurred in relation to interest-bearing loans are offset against the loan and recognized over the duration of the loan.

2.5 Derivative financial instruments

Derivative financial instruments are used for hedging purposes. These instruments are measured at actual value together with the underlying transaction. Changes in actual value are recognized in the income statement.

2.6 Treasury shares

Treasury shares are recognized at cost and deducted from shareholder's equity. The gain or loss from the sale or transfer of treasury shares is recognized in shareholder's equity as an increase or reduction in retained earnings.

3 Disclosure on income statement and balance sheet positions

3.1 Income from GF Corporate Companies

The income from GF Corporate Companies consisted primarily of licensing income for the use of the corporate brand as well as income for other services provided centrally.

3.2 Commission income from GF Corporate Companies

This position contains commission income from GF Corporate Companies for guarantees issued.

3.3 Value adjustments on investments

This position includes value adjustments on investments held by Georg Fischer AG.

3.4 Other operating expenses

The main expense items relate to external consulting services, marketing expenses, compensation for the Board of Directors and IT costs.

3.5 Financial income and expenses

Financial income mainly includes interest income on the loans granted to GF Corporate Companies and dividend income. Financial expenses include value adjustments of CHF 23 million on non-current loans that were mainly explained by technical valuation adjustments due to the postponement of interest and repayment expectations (previous year: CHF 24 million). Furthermore, the position mainly includes interest expenses for the outstanding interest-bearing liabilities and foreign currency exchange losses.

3.6 Cash and cash equivalents

This balance sheet item includes bank accounts in the amount of CHF 75 million (previous year: CHF 103 million). In the previous year, this position also included fixed-term deposits in the amount of CHF 235 million.

3.7 Financial assets GF Corporate Companies and third parties

Financial assets GF Corporate Companies contain long-term loans to GF Corporate Companies.

Financial assets third parties mainly include loans in the form of mezzanine financing and loans secured by properties in the amount of CHF 71 million (previous year: CHF 92 million). The net decrease includes the drawdown of existing credit lines, negative currency effects as well as value adjustments.

3.8 Investments

Direct and indirect investments in GF Corporate Companies include the companies listed in note 4.3 in the consolidated financial statements. The increase is mainly related to the acquisition of Uponor and GF Corys.

3.9 Deferred income and accrued expenses

This balance sheet item includes the outstanding payments for the remaining Uponor shares in the amount of CHF 55 million.

3.10 Long-term interest-bearing liabilities third parties

CHF 1'000	**31.12.2023**	**31.12.2022**
1.05% Georg Fischer AG Bond, 2018–2028 (20 April), CHF 200 million, CH0373476636	200'000	200'000
0.95% Georg Fischer AG Bond, 2020–2030 (25 March), CHF 200 million, CH0536893230	200'000	200'000
2.4% Syndicated bridge loan (variable interest rate)	636'329	
3.8% Syndicated term loan (variable interest rate)	985'612	
Other loans	1'204	1'674
Total	**2'023'145**	**401'674**

The syndicated loans are provided by a consortium of banks and have a maximum maturity of 12 June 2025 for the bridge loan and 12 June 2028 for the term loan. The syndicated loans can be repaid prior to their maturities. As per 31 December 2023, Georg Fischer AG also maintained an additional undrawn syndicated credit line of CHF 400 million.

3.11 Provisions

The provisions mainly concern currency risks.

3.12 Share capital

As of 31 December 2023, the share capital of Georg Fischer AG amounts to CHF 4'100'898 and is divided into 82'017'960 registered shares with a par value of CHF 0.05. Total dividend-bearing nominal capital amounted to CHF 4'100'898.

The Board of Directors is authorized to increase the share capital within the upper limit of the capital band of CHF 4'500'898 and the lower limit of the capital band of CHF 4'100'898, until no later than 18 April 2028, by a maximum amount of CHF 400'000 by issuing a maximum of 8'000'000 fully paid-in registered shares with a nominal value of CHF 0.05 each. Furthermore, the share capital may be increased by a maximum amount of CHF 400'000 by the issue of a maximum of 8'000'000 fully paid-in registered shares with a nominal value of CHF 0.05 each, through the exercise of conversion rights and/or warrants granted in connection with the issuance of bonds in the capital markets or similar debt instruments.

3.13 Treasury shares

	2023			2022		
	Number of shares	Ø transaction price in CHF	Total in CHF 1'000	Number of shares	Ø transaction price in CHF	Total in CHF 1'000
Balance at 1.1.	**132'373**	**59.21**	**7'838**	**186'020**	**61.67**	**11'471**
Purchases	124'370	57.62	7'166	89'948	57.55	5'176
Transfers (share-based compensation)	–143'486	59.04	–8'472	–143'595	61.35	–8'809
Balance at 31.12.	**113'257**	**57.68**	**6'532**	**132'373**	**59.21**	**7'838**

Treasury shares were allocated as part of the share-based compensation as follows:

	2023		2022	
	Allocated treasury shares	Total in CHF 1'000	Allocated treasury shares	Total in CHF 1'000
Board of Directors	24'566	1'417	26'084	1'544
Executive Committee	15'324	922	10'940	686
Senior Management	103'596	6'133	106'571	6'578
Total	**143'486**	**8'472**	**143'595**	**8'809**

4 Additional information

4.1 Contingent liabilities

CHF 1'000	31.12.2023	31.12.2022
Guarantees and pledges to GF Corporate Companies in favor of third parties	1'307'957	1'342'541
Guarantees to third parties	74'102	63'657
Guaranteed maximum amount	**1'382'058**	**1'406'198**
Thereof utilized	566'120	549'894

Georg Fischer AG bears joint liability with regard to the Swiss Federal Tax Administration for the amounts due of value-added tax of all the Swiss GF Corporate Companies.

4.2 Pension fund obligations

As in the previous year, there were no pension fund obligations.

4.3 Residual amounts of lease liabilities

As in the previous year, there were no material lease liabilities that could not be terminated within twelve months.

4.4 Significant shareholders

An overview can be found in the Corporate Governance Report (GF share and shareholders).

4.5 Information on the requirements of the Gender Equality Act

In 2022, GF conducted the equal pay analysis for Georg Fischer AG with a certified external partner. The outcome confirms compliance with GF's internal equal pay for equal work practices and guidelines. The analysis was verified by an independent external auditing company in 2023, which confirmed compliance with the requirements.

In 2023, Georg Fischer AG employed 144 full-time equivalents on average (previous year: 123).

Proposal by the Board of Directors
for the appropriation of retained earnings 2023

CHF 1'000	2023	2022
Net profit for the year	201'842	149'727
Earnings carried forward	1'293'430	1'249'492
Result from treasury shares	–233	768
Retained earnings	**1'495'039**	**1'399'987**
Proposed/paid dividend[1]	–106'623	–106'557
To be carried forward	**1'388'416**	**1'293'430**

1 No distribution will be made for treasury shares held by Georg Fischer AG.

The Board of Directors will propose to the Annual Shareholders' Meeting of 17 April 2024 to pay a dividend of CHF 1.30 per registered share (previous year: CHF 1.30) out of retained earnings.

Report of the statutory auditor

to the General Meeting of Georg Fischer AG

Schaffhausen

Report on the audit of the financial statements

Opinion

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

In our opinion, the financial statements (pages 237 to 242 and 223 to 226) comply with Swiss law and the company's articles of incorporation.

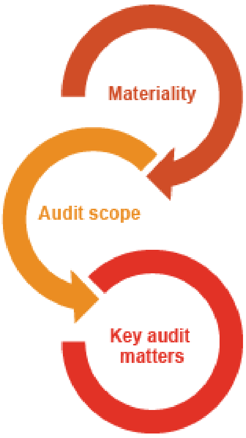
Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 2.5 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matters the following areas of focus have been identified:

Valuation of investments

Impairment testing of financial assets GF Corporate Companies

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 2.5 million
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark against which a holding company can be assessed, and it is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2023, the Company had investments in GF Corporate Companies in the amount of CHF 3'468 million (prior year: CHF 1'431 million). These investments are stated at acquisition cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. The investments are valued on an individual basis. Management calculates the valuation of each GF Corporate Company based on the value of the underlying net assets at book value (for one third of the valuation) and the value of capitalised earnings (for the remaining two thirds). Where necessary, impairment charges are recognised for a loss in value. Moreover, general impairment allowances may be created in addition (see significant accounting principles in the notes to the financial statements and note 3.8 Investments). We consider the valuation of investments in GF Corporate Companies as a key audit matter due to their significance on the balance sheet.	To verify the appropriateness of the assessment, we performed the following: • We compared the book value of the investments in GF Corporate Companies as at year-end 2023 to the companies' valuations as determined by Management. • We compared the underlying value of the net assets with the value of the shareholder's equity of the company concerned. • We compared the earnings used for the capitalised earnings estimate with the prior year's figures and with the actual figures. • We verified the capitalisation rate used against country-specific, long-term interest rate forecasts and a company-specific risk premium. We consider Management's approach to be an appropriate and sufficient basis to value the investments.

Impairment testing of financial assets GF Corporate Companies

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2023, the Company had long-term loans to GF Corporate Companies of CHF 192 million (prior year: CHF 160 million). These loans to GF Corporate Companies were stated at nominal value in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. Management checks whether the GF Corporate Companies concerned have positive equity. If this is not the case, an impairment test is performed on the individual asset concerned. Where necessary, impairment charges are recognised for a loss in value (see significant accounting principles in the notes to the financial statements and note 3.7 Financial assets GF Corporate Companies and third parties). We consider the impairment testing of loans to GF Corporate Companies to be a key audit matter due to the significance of these assets.	We compared the companies' equity values as used by Management with the values used for Group consolidation purposes. We reperformed the individual impairment tests, discussed them in detail with Management and checked them for plausibility. We consider Management's approach to be an appropriate and sufficient basis to value the loans to GF Corporate Companies.

Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Beat Inauen	Tobias Handschin
Audit expert Auditor in charge	Audit expert

Zürich, 18 March 2024

Five-year overview GF Corporation

CHF million	2023	2022	2021	2020	2019
Orders					
Order intake	3'938	4'227	4'058	3'160	3'692
Orders on hand at year-end	827	931	814	514	563
Income statement					
Sales	4'026	3'998	3'722	3'184	3'720
Sales growth %	0.7	7.4	16.9	–14.4	–18.6
Organic growth %	3.7	13.5	15.9	–8.4	–4.1
EBITDA (comparable)[1]	511	507	412	299	374
EBITDA margin (comparable)[1] %	12.7	12.7	11.1	9.4	10.1
EBITDA	486	507	412	299	374
EBITDA margin %	12.1	12.7	11.1	9.4	10.1
Depreciation and amortization	–122	–116	–134	–133	–140
Operating result (EBIT) (comparable)[1]	389	391	278	166	235
EBIT margin (comparable)[1] %	9.7	9.8	7.5	5.2	6.3
Operating result (EBIT)	365	391	278	166	235
EBIT margin %	9.1	9.8	7.5	5.2	6.3
Net profit shareholders GF	235	276	214	116	173
Basic earnings per share in CHF	2.87	3.37	2.62	1.41	2.12
Balance sheet as at 31.12.					
Current assets	2'530	2'489	2'459	2'142	1'999
Non-current assets	1'589	1'209	1'308	1'303	1'345
Assets	4'119	3'698	3'767	3'445	3'344
Current liabilities	1'464	1'202	1'318	986	1'012
Non-current liabilities	2'632	840	953	1'070	894
Liabilities	4'097	2'042	2'271	2'056	1'906
Equity	22	1'656	1'496	1'389	1'438
Equity ratio %	0.5	44.8	39.7	40.3	43.0
Net working capital	1'148	876	781	707	856
Invested capital (IC)	1'707	1'277	1'355	1'313	1'473
Return on invested capital (ROIC) (comparable)[1] %	21.5	23.4	16.4	9.3	12.4
Return on invested capital (ROIC) %	19.8	23.4	16.4	9.3	12.4
Net debt (+)/Net cash (-)	1'879	–159	54	117	232
Cash flow statement					
Cash flow from operating activities	338	326	288	342	318
Cash flow from operating activities in % of sales	8.4	8.1	7.7	10.7	8.5
Additions to property, plant, and equipment	–196	–160	–135	–137	–178
Cash flow from investing activities	–2'124	–125	–178	–118	–186
Free cash flow before acquisitions/divestments	134	146	151	230	137
Free cash flow	–1'785	201	110	224	132
Employees as at 31.12.					
Europe	11'243	8'224	7'941	7'792	8'373
– Thereof Germany	2'031	1'214	1'153	1'177	1'490
– Thereof Switzerland	3'600	3'565	3'412	3'344	3'397
– Thereof rest of Europe	5'612	3'445	3'376	3'271	3'486
Asia	4'104	4'079	3'814	3'604	3'545
– Thereof China	3'469	3'462	3'246	3'055	2'997
– Thereof rest of Asia	635	617	568	549	548
Americas	3'113	2'225	2'554	1'938	1'922
Rest of world	1'364	679	802	784	838
Total number of employees	**19'824**	**15'207**	**15'111**	**14'118**	**14'678**

1 Without PPA effects on inventory and items affecting comparability out of the Uponor acquisition.