



Pepperl + Fuchs A/S

Kirkebjerg Allé 90
2605 Brøndby
CVR No. 13387540

Annual report 2023

The Annual General Meeting adopted the annual report on 09.04.2024

Amanda Lesley Boyle

Chairman of the General Meeting

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Entity details

Entity

Pepperl + Fuchs A/S
Kirkebjerg Allé 90
2605 Brøndby

Business Registration No.: 13387540
Registered office: Brøndby
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Mats Inge Nydelius
Amanda Lesley Boyle
Olle Nordmark

Executive Board

Olle Nordmark

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Pepperl + Fuchs A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Brøndby, 09.04.2024

Executive Board

Olle Nordmark

Board of Directors

Mats Inge Nydelius

Amanda Lesley Boyle

Olle Nordmark

Independent auditor's report

To the shareholders of Pepperl + Fuchs A/S

Opinion

We have audited the financial statements of Pepperl + Fuchs A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 09.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jan Larsen

State Authorised Public Accountant

Identification No (MNE) mne16541

Management commentary

Primary activities

Pepperl+Fuchs A/S is a subsidiary of Pepperl+Fuchs SE, based in Germany. Our mission is to market and sell its automation products to the Danish manufacturing and process industries.

Development in activities and finances

The post-Covid situation with global shortage in electronic components was still affecting Pepperl+Fuchs supply chain to certain extent in the first two quarters of 2023. The situation improved in the second half of the year and we managed to increase output significantly leading to a good result in 2023. Pepperl+Fuchs AS consolidated and finalized several customer projects and during the second half we saw a strong order intake with several nice projects in Pharma- and Material Handling Industry.

The Pepperl+Fuchs group business strategy to expand from two to five division was launched and start of implementation with target to be finalized during 2024. The five divisions will strengthen the groups presence in key markets and industries and further foster the global growth ambitions.

Looking into 2024 we are carefully optimistic thanks to a continued strong automation market. Pepperl+Fuchs have solid sales opportunities ahead but are at the same time worried about the global market situation. Restrictions in international trade and armed conflicts are two examples of risks that can postpone industrial investments and thus affecting our business environment. Our focus is still to develop the business, finding new OEM customers and sales projects with a special focus to IIoT, Pharma and energy projects.

The Company's financial structure is stable with good overhead control and long-term growth plan.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

| | Notes | 2023 DKK | 2022 DKK |
|---|-------|-------------------|-------------------|
| Gross profit/loss | | 12,594,343 | 12,760,527 |
| Distribution costs | | (8,432,769) | (8,281,585) |
| Administrative expenses | | (2,103,875) | (2,060,302) |
| Operating profit/loss | | 2,057,699 | 2,418,640 |
| Other financial income | 2 | 153,662 | 16,609 |
| Other financial expenses | 3 | (6,854) | (20,925) |
| Profit/loss before tax | | 2,204,507 | 2,414,324 |
| Tax on profit/loss for the year | 4 | (486,536) | (531,883) |
| Profit/loss for the year | | 1,717,971 | 1,882,441 |
| Proposed distribution of profit and loss | | | |
| Retained earnings | | 1,717,971 | 1,882,441 |
| Proposed distribution of profit and loss | | 1,717,971 | 1,882,441 |

Balance sheet at 31.12.2023

Assets

| | Notes | 2023 DKK | 2022 DKK |
|--|-------|-------------------|-------------------|
| Other fixtures and fittings, tools and equipment | | 69,948 | 72,213 |
| Property, plant and equipment | 5 | 69,948 | 72,213 |
| Deposits | | 195,600 | 189,900 |
| Financial assets | 6 | 195,600 | 189,900 |
| Fixed assets | | 265,548 | 262,113 |
| Trade receivables | | 8,393,178 | 9,758,881 |
| Receivables from group enterprises | | 1,906,762 | 6,723,296 |
| Deferred tax | 7 | 22,104 | 24,987 |
| Prepayments | | 20,953 | 24,305 |
| Receivables | | 10,342,997 | 16,531,469 |
| Cash | | 770,660 | 641,521 |
| Current assets | | 11,113,657 | 17,172,990 |
| Assets | | 11,379,205 | 17,435,103 |

Equity and liabilities

| | Notes | 2023 DKK | 2022 DKK |
|--|--------------|---------------------------|---------------------------|
| Contributed capital | | 600,000 | 600,000 |
| Retained earnings | | 7,682,471 | 11,164,500 |
| Equity | | 8,282,471 | 11,764,500 |
| Trade payables | | 125,001 | 94,540 |
| Payables to group enterprises | | 1,244,815 | 2,918,719 |
| Income tax payable | | 349,662 | 395,287 |
| Other payables | 8 | 1,377,256 | 2,262,057 |
| Current liabilities other than provisions | | 3,096,734 | 5,670,603 |
| Liabilities other than provisions | | 3,096,734 | 5,670,603 |
| Equity and liabilities | | 11,379,205 | 17,435,103 |
| Staff costs | 1 | | |
| Unrecognised rental and lease commitments | 9 | | |
| Contingent liabilities | 10 | | |
| Group relations | 11 | | |

Statement of changes in equity for 2023

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|-----------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year | 600,000 | 11,164,500 | 11,764,500 |
| Extraordinary dividend paid | 0 | (5,200,000) | (5,200,000) |
| Profit/loss for the year | 0 | 1,717,971 | 1,717,971 |
| Equity end of year | 600,000 | 7,682,471 | 8,282,471 |

Notes

1 Staff costs

| | 2023 | 2022 |
|---------------------------------------|------------------|------------------|
| | DKK | DKK |
| Wages and salaries | 7,058,098 | 7,142,600 |
| Pension costs | 465,548 | 416,183 |
| Other social security costs | 75,400 | 72,394 |
| Other staff costs | 311,576 | 233,577 |
| | 7,910,622 | 7,864,754 |
| Average number of full-time employees | 11 | 11 |

2 Other financial income

| | 2023 | 2022 |
|---|----------------|---------------|
| | DKK | DKK |
| Financial income from group enterprises | 153,662 | 16,443 |
| Exchange rate adjustments | 0 | 166 |
| | 153,662 | 16,609 |

3 Other financial expenses

| | 2023 | 2022 |
|--------------------------|--------------|---------------|
| | DKK | DKK |
| Other interest expenses | 3,589 | 11,502 |
| Other financial expenses | 3,265 | 9,423 |
| | 6,854 | 20,925 |

4 Tax on profit/loss for the year

| | 2023 | 2022 |
|--------------------------------------|----------------|----------------|
| | DKK | DKK |
| Current tax | 483,662 | 531,287 |
| Change in deferred tax | 2,883 | 596 |
| Adjustment concerning previous years | (9) | 0 |
| | 486,536 | 531,883 |

5 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK |
|---|---|
| Cost beginning of year | 694,650 |
| Additions | 38,439 |
| Disposals | (44,008) |
| Cost end of year | 689,081 |
| Depreciation and impairment losses beginning of year | (622,437) |
| Depreciation for the year | (40,704) |
| Reversal regarding disposals | 44,008 |
| Depreciation and impairment losses end of year | (619,133) |
| Carrying amount end of year | 69,948 |

6 Financial assets

| | Deposits DKK |
|------------------------------------|-------------------------|
| Cost beginning of year | 189,900 |
| Additions | 5,700 |
| Cost end of year | 195,600 |
| Carrying amount end of year | 195,600 |

7 Deferred tax

| | 2023 DKK | 2022 DKK |
|-------------------------------|---------------------|---------------------|
| Property, plant and equipment | 22,104 | 24,987 |
| Deferred tax | 22,104 | 24,987 |

8 Other payables

| | 2023 DKK | 2022 DKK |
|--|---------------------|---------------------|
| VAT and duties | 612,720 | 1,026,483 |
| Wages and salaries, personal income taxes, social security costs, etc. payable | 670,536 | 1,123,074 |
| Other costs payable | 94,000 | 112,500 |
| | 1,377,256 | 2,262,057 |

9 Unrecognised rental and lease commitments

| | 2023 DKK | 2022 DKK |
|--|---------------------|---------------------|
| Liabilities under rental or lease agreements until maturity in total | 872,771 | 1,333,503 |

10 Contingent liabilities

The Company has undertaken lease commitments (1 to 31 months) of DKK 427,123 and rental obligations (6 months) of DKK 195.648. In addition, the Company has undertaken a penalty commitment of DKK 250,000 if the Company terminates the tenancy before the end of June 2025, and a penalty commitment of DKK 125,000 if the Company terminates the tenancy before the end of June 2026.

11 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Pepperl + Fuchs SE, Lilienthalstraße 200, 68307 Mannheim, Germany.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other operating income.

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods for resale incurred to achieve revenue for the year. Cost of sales is measured at cost.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of goods sold during the year, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, as well as depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | Useful life |
|--|--------------------|
| Other fixtures and fittings, tools and equipment | 3-5 years |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.