

# Schneider Electric Danmark A/S

Lautrupvang 1  
DK-2750 Ballerup

CVR no. 70 69 87 14

## Annual report 2022

The annual report was presented and approved at the  
Company's annual general meeting on  
*Thomas Träger*  
07 July, 2023  
Thomas Träger  
CEO

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Schneider Electric Danmark A/S for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

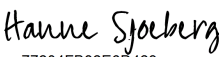
We recommend that the annual report be approved at the annual general meeting.

Ballerup, 7 July 2023

Executive Board:

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Thomas Träger

Board of Directors:

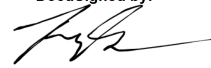
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Hanne Taarup Jensen

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Jesper Christensen

## Independent Auditor's Report

### To the Shareholders of Schneider Electric Danmark A/S

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Schneider Electric Danmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company 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.

#### Statement on Management's Review

Management is responsible for Management's Review. Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

#### 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.

## Independent auditor's report

In preparing the Financial Statements, Management 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Management's Responsibilities for 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 judgment and maintain professional skepticism 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## Independent auditor's report

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.

Hellerup, 7 July 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

**CVR No 33 77 12 31**

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**Bo Schou-Jacobsen**

State Authorised Public Accountant

mne28703

DocuSigned by:



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**Ming Thieu Son Tang**

State Authorised Public Accountant

mne49833

## Management's review

## Company details

**Schneider Electric Danmark A/S**  
**Lautrupvang 1**  
**DK-2750 Ballerup**

CVR no. 70 69 87 14  
Registered office: Ballerup  
Financial year: 1 January – 31 December 2022

## Board of Directors

Hanne Bækager Sjøberg, Chairman  
Benoit Merriault  
Thomas Träger  
Hanne Taarup Jensen  
Michael Christainsen, Employee elected  
Jesper Christensen, Employee elected

## Executive Board

Thomas Träger, CEO

## Auditor

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Annual general meeting

The annual general meeting will be held on 7 July 2023.

## Management's review

### Financial highlights

DKK'000	2022	2021	2020	2019*	2018*
<b>Key figures</b>					
Revenue	2,733,749	2,594,163	2,224,488	2,082,319	2,143,514
Operating profit	460,014	467,678	341,420	289,616	297,038
Net financials	789,128	68,031	61,813	-748	29,443
Profit/loss for the year	1,144,901	404,101	319,597	225,165	259,715
<b>Total assets</b>					
Total assets	4,676,912	3,924,229	4,104,850	895,632	895,632
Investment in property, plant and equipment	-5,463	-18,377	-12,625	-20,335	-16,880
Equity	4,044,076	3,303,277	3,218,773	337,165	373,112
<b>Ratios</b>					
Operating margin	16.8%	18.0%	15.3%	13.9%	13.9%
Return on assets	10.9%	15.8%	17.5%	32.5%	34.3%
Solvency ratio	86.5%	84.2%	78.4%	39.5%	41.7%
Return on equity	32.5%	17.7%	24.4%	62.8%	75.4%
Average number of full-time employees	665	647	653	689	702

\* Effective from 1 January 2020, Schneider Electric Danmark A/S and Schneider Nordic Baltic A/S have been merged, with Schneider Electric Danmark A/S as the succeeding company. The merger has been completed by applying the net book value method. Comparative figures for the years 2017 – 2019 have not been restated.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios. The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total liabilities}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$



## Management's review

### Operating review

#### Principal activities

Our purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. At Schneider, we call this Life Is On.

We embrace a customer-first, dare to disrupt, learn every day, and act like owner's culture.

We drive digital transformation by integrating world-leading process and energy technologies to realize the full efficiency and sustainability opportunities for businesses. Our integrated solutions are built with safety, reliability and cybersecurity for your homes, buildings data centers, infrastructure and industries. We privilege people, partners and open partnerships in everything we do.

Our mission is to be the digital partner for Sustainability and Efficiency. We create impact through innovation and our people. We are the most local of the global companies, serving our customers with the largest portfolio of connected products, software and services of our industry, bringing expertise to our segments, customers and partners.

Schneider Electric Danmark A/S is located in Ballerup in the GreenHouse, a showcase for our latest technologies and solutions notably in terms of energy efficiency and cost reduction.

The company has approximately 665 employees and is among others responsible for the Lauritz Knudsen brand, which is the oldest supplier of electrical materials for the Danish market. The manufacturing of Lauritz Knudsen products is primarily taking place in Schneider Electric's highly automated and energy efficient factory in Ringsted, which also manufactures products to other European and Asian markets. Schneider Electric Danmark A/S is owned by Schneider Electric Industries SAS (France), which is the ultimate parent company in the Group.

Schneider Electric Danmark A/S' principal activities also include holding the majority of the shares of Schneider Electric Industries SAS's operations in the Nordic and Baltic countries.

## Management's review

### Operating review (continued)

#### Development in activities and financial position

Despite impact from Covid-19 pandemic in beginning of the year, global supply constraints and a slow-down in the residential building market, 2022 was a record year for Schneider Electric Danmark A/S. Our unique solutions - Digital for efficiency and Electrification for decarbonization - met a very strong demand in our four end-markets.

The company's revenue increased by MDKK 139.6 and reached all time high level, driven by growth in both Energy Management and Industrial Automation. The extra volume compensated for a slight negative margin mix and led to increased gross profit by MDKK 38.6.

The company's ordinary operating profit reached MDKK 463.1 which is satisfactory.

In 2022 the company realized a non-recurring income from equity investments in group entities worth MDKK 783.0. This, mainly from the Swedish subsidiary as a result of the divestment of Wibe AB in 2021.

#### Profit/loss for the year compared to previous stated expectations

The company aimed in the financial year for revenue growth of 8-12% and operating profit of 14-18%. The final result of 2022 is a revenue growth of +5,4% and an operating profit on 16,9%. The slightly lower than expected revenue is a result of slow down in the residential market. The result is seen as satisfactory.

#### Corporate social responsibility

In accordance with the Danish Financial Statements Act section 99(a), we refer to our parent company's, Schneider Electric Industries SAS, Sustainable Development Annual Report for a description of the Company's engagement in corporate social responsibility, including human rights, environmental and climate issues, social and employee conditions and anti-corruption, See link: <https://www.se.com/ww/en/about-us/sustainability/sustainability-reports/>

We were honored, in 2022, to be recognized in Corporate Knights' Global 100 for the 11<sup>th</sup> year in a row. In 2022 Schneider Electric was positioned as fourth in the list of corporate sustainability leaders. This reflects Schneider Electric's consistent progress towards commitment to sustainable excellence. See link: <https://www.se.com/ww/en/about-us/newsroom/news/press-releases/schneider-electric-recognized-in-corporate-knights%E2%80%99-global-100-for-the-11th-year-in-a-row-61e685277610392f04709a74>

## Management's review

### Operating review (continued)

#### Data ethics

We recognize the right to privacy and protection of personal information as a fundamental human right. We consider fairness, transparency, data integrity, quality, security, and trust as core principles of how we handle data and use it in the products, systems and services we deliver.

We are constantly working to create a strong and coherent processing of data, where our policy for data is an integral part of our workflows and processes throughout the company and anchored in all parts of the organization.

By promoting a data protection culture, we are committed to spreading these principles throughout our organization, in our R&D processes and to continuously improve our products and customers' experience. We are set up to ensure resilient data handling and storage processes and comply with relevant regulations. We make it a point to responsibly source, process and share data.

We do this by:

- Process personal information fairly and transparently with appropriate security safeguards
- Adopt a 'privacy by design' approach in our R&D processes
- Work with suppliers or vendors that comply with data protection requirements
- Protect personal information and respect individuals' rights
- Run compliance controls and implementation programs

See link: <https://www.se.com/dk/da/about-us/sustainability/responsibility-ethics/>

## Management's review

### Operating review (continued)

#### Gender composition

In line with the Danish Financial Statement Act section 99(b), we meet the requirement of board gender composition, as the Board consists of 6 members, 2 men and 2 women elected by the General Assembly, and 2 men elected by the employees. Hanne Bækager Sjøberg, VP CS&Q Europe, has been appointed as Chairman in June 2019 and Hanne Taarup Jensen, Transformation Lead, was elected as board member in 2014.

Schneider Electric became in March 2019 the first multi-national company to achieve 100% commitment to UN Women's Empowerment Principles. This was after the United Nations Women and Global Compact in 2015 conferred the group CEO Jean Pascal Tricoire with the 2015 CEO Leadership Award in recognition of his demonstrated commitment to - and implementation of - policies, that advances and empower women in the workplace, marketplace and community.

At management level, the country MD has set a goal to ensure more women at the management team level. The global target to reach in 2025 is set to 30%, however our local ambition is still to achieve a minimum of 40%. By end of 2022 we had 33% women in the country management team.

In addition, we continue to focus on our 2 major females initiatives. One is to ensure female candidates in all recruitments. Currently we are at 31.0% female out of the total workforce, and the target is to have a more balanced split, which varies considerably from department to department.

Therefore, we set a target of 50% for new hires to be women. In 2020 we were at 21,4%, in 2021 30,0% and in 2022 we reached 33,7%.

Secondly, we are focusing on increasing the women in sales roles with a target of 20% women in Sales. In 2021 we reached 17.1% and in 2022 18,2%

#### Intellectual capital

Schneider Electric's ambition is to be the global specialist in energy management and hereby help to solve the energy dilemma in the world. At Schneider Electric we think it's a human right to have access to energy. At the same time, we need to increase the energy efficiency since the use of energy is increasing.

In Denmark, this implies that we continue to play a central role in the Danish electrical industry and that we are contributing to the development of the industry and the market in general. We are focusing on a high degree of delivery reliability, high quality products and product functionality and to give our customers an extraordinary experience in their interface with us. The Company also strives to be a great place to work for skilled and committed employees. We strongly believe that you bring the best performance to the company by bringing the best of our people. It's key that we continue to attract the best talents and at the same time to develop our employees.

To achieve these objectives, the Company highly emphasizes building the right competences within the selected business areas, partly through own staff and partly through a comprehensive educational program with business partners in the industry.

## **Management's review**

### **Operating review (continued)**

#### **Outlook**

A decline in revenue between -8% and -12% is expected in 2023, mainly driven by the global divestment of two oil transformer factories. The overall objective remains organically to grow more than the market – this through targeted segments such as Data Centers, Renewables and Buildings. Operating profit is expected between 14% and 17%

#### **Post balance sheet events**

Schneider Electric decided to divest two oil transformer factories in Poland and Turkey which will impact Schneider Electric Danmark A/S FY revenue around MDKK -300. No other specific events have occurred after the financial year-end, which could significantly affect the Company's financial position.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2022	2021
Revenue	2	2,733,749	2,594,163
Production costs	3	-1,758,056	-1,657,118
<b>Gross profit</b>		975,693	937,045
Distribution costs	3	-244,731	-257,779
Administrative expenses	3	-269,144	-244,989
<b>Ordinary operating profit</b>		461,818	434,277
Other operating income		24,228	50,105
Other operating expenses		-26,032	-16,704
<b>Operating profit</b>		460,014	467,678
Income from equity investments in group entities		782,959	73,241
Financial income	4	11,620	2,266
Financial expenses	5	-5,451	-7,476
<b>Profit before tax</b>		1,249,142	535,709
Tax for the year	6	-104,241	-131,608
<b>Profit for the year</b>	7	1,144,901	404,101

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2022	2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
	8		
Goodwill		0	0
Software		1,021	1,205
Prepayments		1,181	1,181
		<u>2,202</u>	<u>2,386</u>
<b>Property, plant and equipment</b>			
	9		
Land and buildings		25,896	31,900
Plant and machinery		39,790	51,290
Other fixtures and fittings, tools and equipment		5,202	6,238
Property, plant and equipment in progress		24,118	22,575
		<u>95,006</u>	<u>112,003</u>
<b>Investments</b>			
	10		
Investments in subsidiaries		2,555,992	2,501,590
Other securities and investments		28	28
		<u>2,556,020</u>	<u>2,501,618</u>
<b>Total fixed assets</b>			
		<u>2,653,228</u>	<u>2,616,007</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		24,022	23,340
Work in progress		20,828	14,822
Finished goods and goods for resale		68,516	57,833
		<u>113,366</u>	<u>95,995</u>
<b>Receivables</b>			
Trade receivables		484,985	381,005
Work in progress for third parties	11	54,294	24,930
Receivables from group entities		1,333,104	750,028
Income taxes receivables		0	3,772
Other receivables		37,934	45,555
Prepayments		0	6,937
		<u>1,910,317</u>	<u>1,212,227</u>
<b>Total current assets</b>			
		<u>2,023,683</u>	<u>1,308,222</u>
<b>TOTAL ASSETS</b>			
		<u>4,676,912</u>	<u>3,924,229</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2022	2021
<b>Equity</b>	12		
Share capital		114,000	114,000
Retained earnings		2,785,176	2,785,176
Proposed dividend for the year		1,144,901	404,101
<b>Total equity</b>		<b>4,044,077</b>	<b>3,303,277</b>
<b>Provisions</b>	13		
Deferred tax		7,415	9,286
Other provisions		12,631	10,945
<b>Total provisions</b>		<b>20,046</b>	<b>20,231</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities</b>			
Bank overdraft		140	2,372
Prepayments on work in progress	11	118,276	38,309
Trade payables		53,370	97,390
Payables to group entities		197,653	182,753
Other payables	14	210,277	251,444
Deferred income	15	32,322	28,453
Income tax payable		751	0
<b>Total current liabilities other than provisions</b>		<b>612,789</b>	<b>600,721</b>
<b>Total liabilities</b>		<b>632,835</b>	<b>620,952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,676,912</b>	<b>3,924,229</b>
Accounting policies	1		
Collateral	16		
Contractual obligations, contingencies, etc.	17		
Related parties	18		
Fees to the auditor appointed at the Company in the general meeting	19		
Post balance sheet events	20		



## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
<b>Equity at 1 January 2021</b>	114,000	2,785,176	319,597	3,218,773
Addition from merger	0	0	0	0
Profit/loss for the year	0	0	404,101	404,101
Distributed dividends	0	0	-319,597	-319,597
<b>Equity at 1 January 2022</b>	114,000	2,785,176	404,101	3,303,277
Profit/loss for the year	0	0	1,144,901	1,144,901
Distributed dividends	0	0	-404,101	-404,101
<b>Equity at 31 December 2022</b>	114,000	2,785,176	1,144,901	4,044,077

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies

The annual report of Schneider Electric Danmark A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Schneider Electric Industries SAS.

#### Consolidated financial statements

In accordance with section 112 (1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Schneider Electric Danmark A/S and subsidiaries are included in the consolidated financial statements of Schneider Electric SA, France.

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided, that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquire are taken directly to equity.

#### Reporting currency

The financial statements are presented in Danish kroner thousands (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Income statement

##### Revenue

Revenue is recognized based on the provisions in IAS 18. Income from the sale of goods for resale and finished goods is recognized in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be reliably measured, and payment is expected to be received.

Income from the rendering of services, is recognized as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognized as revenue as the production activities are carried on, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognized only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including re-invoicing of costs from/to other Schneider Electric group entities, gains or losses on the sale of fixed assets.

##### Income from investment in group entities

The item includes dividends from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

##### Production costs

Production costs include expenses incurred to generate the year's revenue. The item includes direct and indirect expenses relating to raw materials, consumables, labor, rent and leasing as well as depreciation of productive equipment.

Provisions for losses on construction contracts are recognized in production costs.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Distribution costs

Distribution costs include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising, exhibitions and amortization/depreciation of assets that are related to sale and distribution of the company's products.

#### Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as amortization/depreciation of assets used for administrative purposes.

#### Leasing costs

Leasing agreement relating to property, plant and equipment, where the company has all significant risks and benefits associated with ownership are booked in accordance with IAS 17.

#### Development costs

The item includes research costs, development costs not satisfying the criteria for capitalization and amortization/depreciation.

#### Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance payment of tax scheme, etc. Further, gains and losses on disposal of subsidiaries are recognized as financial income and expenses.

#### Tax

Tax for the year comprises current corporation tax, joint taxation contributions for the year and changes in deferred tax for the year – including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

The company acts as management company for the joint taxation group in Denmark, and consequently settles all corporate income tax payments with the Danish Tax Authorities. The Danish income tax charge is allocated between profit making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Balance sheet

##### Intangible assets

Goodwill is amortized over expected economic life of the asset, measured by reference to Management's experience in the individual business segments, Goodwill is amortized on a straight-line basis over the amortization period, which is between 5 and 10 years. The amortization period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprise with strong market positions and long-term earnings profiles.

Other intangible assets include development projects and other acquired intangible rights, including software licenses, distribution rights and development projects.

On initial recognition, intangible assets are measured at cost.

Development projects are capitalized if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

- the technical feasibility of completing the project can be demonstrated,
- plans are to produce and market the product or to use the product or the process,
- sufficient technical and financial resources to complete and use or sell the project are available.
- it is probable that the project will generate future economic benefits and that a potential, future market or possibility of internal use in the entity exists.

The cost of development projects is measured at direct costs incurred as well as a portion of costs indirectly attributable to the individual development projects.

Software is measured at cost less accumulated amortization and impairment losses. Software is amortized over 5 years.

Gains and losses on the sale of intangible assets are recognized in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price fewer selling expenses and the carrying amount at the time of sale.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, no scrap value is expected. Land is not depreciated. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The amortization periods are:

Buildings	25 years
Buildings installations	10 years
Plant and machinery	8 years
Tools	4 years
Fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	10 years

Gains or losses are made up as the difference between the selling price the less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating costs.

Depreciation is recognized in the income statement as production costs, distribution costs and administrative expenses, respectively.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses. If any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year.

##### Investments in subsidiaries

Investments in subsidiaries are measured at cost. The cost is reduced by received dividends exceeding the accumulated earnings after the acquisition date.

##### Other securities and investments

Other securities and investments are measured at cost or a lower recoverable amount.

##### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortization/depreciation. Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flow from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labor and indirect production overheads.

Production overheads include the indirect cost of material and labor as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognized in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

#### Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognized as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

#### Prepayments

Prepayments recognized under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

#### Equity

##### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

#### Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognized when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realizable value or at fair value if the obligation concerned is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realizable value and recognized based on past experiences.

Provisions are measured at net realizable value.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

#### Other payables

Other payables are measured at net realizable value.

#### Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

#### Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

DKK '000	2022	2021
<b>2 Revenue</b>		
Business segmentation of revenue:		
Sale of goods	2,225,946	2,050,430
Sale of projects	507,803	543,733
	<u>2,733,749</u>	<u>2,594,163</u>
Geographical segmentation of revenue:		
Denmark	2,450,401	2,267,358
International markets	283,348	326,805
	<u>2,733,749</u>	<u>2,594,163</u>

## Financial statements 1 January – 31 December

### Notes

DKK'000

	2022	2021
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#### 3 Staff costs

Wages and salaries	362,960	400,794
Pension	43,367	38,914
Other social and security costs	2,000	2,000
Other employee-related expenses	18,947	15,768
	427,274	457,476

Average number of full-time employees	665	647
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With reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed.

No remuneration to the Board of Directors has been paid in 2022 and 2021.

#### 4 Financial income

Interest income, group entities	6,563	16
Other financial income	4,990	2,166
Exchange gain	67	84
	11,620	2,266

#### 5 Financial expenses

Interest expenses, group entities	1,133	1,364
Exchange losses	3,979	2,206
Other financial expenses	339	3,906
	5,451	7,476

## Financial statements 1 January – 31 December

### Notes

DKK'000	2022	2021
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	105,977	98,858
Deferred tax for the year	-1,871	-1,074
Adjustment of tax concerning previous years	0	33,750
Withholding tax	135	74
	<u>104,241</u>	<u>131,608</u>
<b>7 Proposed profit appropriation</b>		
Proposed dividends for the year	<u>1,144,901</u>	<u>404,101</u>
	<u>1,144,901</u>	<u>404,101</u>

### 8 Intangible assets

DKK'000	Goodwill	Software	Prepayments	Total
Cost at 1 January 2022	6,287	36,609	1,181	44,077
Additions for the year	0	0	0	0
Cost at 31 December 2022	<u>6,287</u>	<u>36,609</u>	<u>1,181</u>	<u>44,077</u>
Amortization and impairment losses at 1 January 2022	-6,287	-35,404	0	-41,691
Amortization for the year	0	-184	0	-183
Impairment losses and amortization at 31 December 2022	<u>-6,287</u>	<u>-35,588</u>	<u>0</u>	<u>-41,874</u>
<b>Carrying amount at 31 December 2022</b>	<u>0</u>	<u>1,021</u>	<u>1,181</u>	<u>2,202</u>

## Financial statements 1 January – 31 December

### Notes

#### 9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2022	164,174	617,308	49,425	22,575	853,482
Additions for the year	0	762	387	8,678	9,827
Disposal for the year	0	-25	0	0	-25
Reclassification	425	5,955	755	-7,135	0
Cost at 31 December 2022	164,599	624,000	50,567	24,118	863,284
Depreciation and impairment at 1 January 2022	-132,274	-566,017	-43,187	0	-741,478
Depreciation for the year	-6,429	-18,218	-2,178	0	-26,825
Reversed depreciation and impairment losses on assets sold	0	25	0	0	25
Revaluations at 31 December 2022	-138,703	-584,210	-45,365	0	-768,278
Carrying amount at 31 December 2022	25,896	39,790	5,202	24,118	95,006

#### 10 Investments

DKK'000	Investment in subsidiaries	Other securities and investments	Total
Cost at 1 January 2022	2,946,590	28	2,946,618
Additions	54,402	0	54,402
Cost at 31 December 2022	3,000,992	28	3,001,020
Impairment losses at 1 January 2022	-445,000	0	-445,000
Reversal of impairment losses on assets disposed	0	0	0
Impairment losses at 31 December 2022	-445,000	0	-445,000
Carrying amount at 31 December 2022	2,555,992	28	2,556,020

	Legal form	Domicile
Other investments in limited partnerships or partnerships		
Nordfyns Erhvervsselskab	A/S	Denmark

## Financial statements 1 January – 31 December

### Notes

#### Investments (continued)

Name/legal form, registered office	Equity DKK'000	Profit/loss DKK'000	Voting rights and ownership
Lexel AB, Sweden	149,086	207	100%
(1) Schneider Electric Fire & Security OY, Finland	182,239	0	100%
Schneider Electric Buildings AB, Sweden	218,210	16,508	100%
(1) AB Craftere 1, Sweden	8,577	28	100%
SIA Lexel Fabrika, Latvia	207,898	27,194	100%
SIA Schneider Electric Baltic Distribution Centre, Latvia	12,499	9,325	100%
SIA Schneider Electric Latvija, Latvia	19,750	5,530	100%
UAB Schneider Electric Lietuva, Lietuva	22,272	3,986	100%
(2) Schneider Electric Eesti AS, Estonia	11,356	3,659	100%
(2) Lexel Holding Norge AS, Norway:	285,550	23	100%
ELKO AS, Norway	299,267	107,828	100%
Ørbækvej 280 A/S, Denmark	14,010	2,756	100%
Schneider Electric Distributionscentre AB, Sweden	17,167	1,453	100%
Tese Denmark ApS	40	0	100%
Xcelgo A/S	1,460	-2,903	100%

(1) All subsidiaries are wholly owned sub-subsidiaries

(2) 2021 Annual Accounts numbers

#### 11 Work in progress for third parties

DKK'000	2022	2021
On-account invoicing, work in progress	-63,982	-13,379
<b>recognized as follows:</b>		
Work in progress for third parties (assets)	54,294	24,930
	-	
Work in progress for third parties (liabilities)	118,276	-38,309
	-63,982	-13,379
Selling price	629,166	454,067
Invoiced	-693,148	-467,446
	-63,982	-13,379

## Financial statements 1 January – 31 December

### Notes

#### 12 Share capital

The share capital consists of 6 shares of a total nominal value of DKK 114,000 thousand.

All shares rank equally.

#### 13 Provisions

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, liabilities and property, plant and equipment.

Other provisions comprise provisions for warranty commitments, totaling DKK 8,638 thousand (2021 DKK 10,945 thousand) and restructuring provisions of DKK 3,993 (2021 DKK 0). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

#### Deferred tax

DKK'000	2022	2021
Deferred tax at 1 January	9,286	10,360
Addition from merger	0	0
Change in the year	-1,871	-1,074
Deferred tax at 31 December	<u>7,415</u>	<u>9,286</u>

#### Deferred tax relates to:

Intangible Fixed Assets	0	-197
Tangible Fixed Assets	179	1,938
Current Assets	13,177	13,993
Liabilities	-5,941	-6,448
	<u>7,415</u>	<u>9,286</u>

## Financial statements 1 January – 31 December

### Notes

#### 14 Other Payables

DKK'000	2022	2021
VAT and other indirect taxes	67,559	48,233
Wages/Salaries, salary taxes, social security contribution, etc.	81,484	107,598
Other accrued expenses	61,234	95,613
	<u>210,277</u>	<u>251,444</u>

#### 15 Deferred

Deferred income comprises payments relating to the sale of services, which will not be recognized as income until in the subsequent financial year once the recognition criteria are satisfied.

#### 16 Collateral

The Company has not pledged any assets or other as security for loans at 31 December 2022.

#### 17 Contractual obligations, contingencies, etc.

##### Other contingent liabilities

As management company, the Company is jointly taxed with other Danish Schneider Electric group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

The Company is currently involved in tax dispute with the Danish Tax Authorities regarding with-holding tax on Royalty paid to Schneider Electric Industries SAS. Management assess that the Company is compliant with current legislation. The final outcome of the dispute is related to uncertainties.

DKK'000	2022	2021
<b>Other financial obligations</b>		
Rent and lease liabilities	80,188	97,112
Performance Bonds	45,281	62,854
Other obligations	11,220	11,250

# Financial statements 1

## January – 31 December

### Notes

#### 18 Related party disclosures

Schneider Electric Danmark A/S' related parties comprise the following:

##### **Parties exercising control**

Related party: Schneider Electric Industries SAS

Domicile: Paris, France

Basis for control: Share capital

##### **Information about consolidated financial statements**

Parent: Schneider Electric Industries SAS

Domicile: Paris, France

Requisitioning of the parent's consolidated financial statements

<http://www.se.com/ww/en/about-us/investor-relations/regulatory-information/annual-reports.jsp>

Related party transactions: The Company's intercompany transactions have been entered into at arm's length.

#### 19

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Schneider Electric Industries SAS.

#### 20 Post balance sheet events

Reference is made to the description in Management's Review.