

# Schneider Electric Danmark A/S

Lautrupvang 1  
DK-2750 Ballerup

CVR no. 70 69 87 14

## Annual report 2023

The annual report was presented and approved at the  
Company's annual general meeting on

\_\_\_\_\_ 1 July 2024

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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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, 1 July 2024

Executive Board:

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Thomas Träger

Board of Directors:

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Hanne Bækager  
Sjøberg  
Chair

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Gregoire Rougnon

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Thomas Träger

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Hanne Taarup Jensen

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Michael Christiansen

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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 2023 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 2023, 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, 1 July 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

**CVR No 33 77 12 31**

Bo Schou-Jacobsen  
State Authorised Public Accountant  
mne28703

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 2023

## Board of Directors

Hanne Bækager Sjøberg, Chair  
Gregoire Rougnon  
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 1 July 2024.

## Management's review

### Financial highlights

DKK'000	2023	2022	2021	2020	2019*
<b>Key figures</b>					
Revenue	2,283,330	2,733,749	2,594,163	2,224,488	2,082,319
Operating profit	237,650	460,014	467,678	341,420	289,616
Net financials	216,423	789,128	68,031	61,813	-748
Profit/loss for the year	396,163	1,144,901	404,101	319,597	225,165
<b>Total assets</b>					
Investment in property, plant and equipment					
	-21,818	-5,463	-18,377	-12,625	-20,335
Equity	3,295,415	4,044,076	3,303,277	3,218,773	337,165
<b>Ratios</b>					
Operating margin	10.4%	16.8%	18.0%	15.3%	13.9%
Return on assets	5.7%	10.9%	15.8%	17.5%	32.5%
Solvency ratio	82.8%	86.5%	84.2%	78.4%	39.5%
Return on equity	11.2%	32.5%	17.7%	24.4%	62.8%
<b>Average number of full-time employees</b>					
	660	665	647	653	689

\* 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 660 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

The company's revenue decreased by MDKK -450.4, with decline both in Energy Management and Industrial Automation divisions, following record high sales in 2022. The decline is mainly explained by the global divestment of two oil transformer factories in Poland and Turkey impacting Schneider Electric Danmark A/S FY revenue around MDKK -300.

Apart from the oil transformer divestment, Energy Management division was impacted by interim decline in our traditional product offer portfolio (electric outlets, wiring devices), not fully offset by strong growth in our system and service businesses, driven by investments in green transition and new energy landscape.

For Industrial Automation, 2023 decline follows general market trend for non-pharmaceutical industrial production, which has been declining since mid-2022. In addition, Schneider Electric Danmark A/S divested telemecanique sensor business, part of our non-core offers, with around 14 MDKK annual turnover.

The reduced volume in combination with slight negative margin mix led to decreased gross profit by MDKK 204.7.

The company's operating profit reached MDKK 237.7 which is below expectation.

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

The company outlook in 2023 was a decline in revenue between -8% and -12% driven by the global divestment of the two oil transformer factories. The final result of 2023 is a revenue decline of -16%, explained by abovementioned slowdown in Energy Management and Industrial Automation businesses. As a result, the operating profit of 10,4% for 2023 was below the expected level between 14-17%.

#### 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 2023, to be recognized in Corporate Knights' Global 100 for the 13<sup>th</sup> consecutive year. In 2023 Schneider Electric earned the #1 ranking among its peer group and came 7<sup>th</sup> in the Global 100 list. 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-continues-to-lead-the-way-in-external-esg-ratings-13th-year-in-a-row-in-djsi-and-global-100-65a6249241a94961a103f73f>

## 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

Schneider Electric continues to prioritize Diversity, Equity, and Inclusion (DEI) in everything we do. In fact, the company inclusion and care ambition is to be among the most inclusive and caring companies in the world, providing equitable opportunities to everyone, everywhere. We want our employees – no matter who they are – to feel uniquely valued and safe to contribute their best, free from harassment, victimization, and discrimination of any kind.

Schneider Electric's DEI policy recognizes that diversity comes in many forms; visible and non-visible, including cognition, experience, education, gender and gender identity, age, nationality, race and ethnicity, color, sexual orientation, disability status, religious, cultural, and socio-economic background, life experience, and location.

In line with the Danish Financial Statement Act section 99(b) – see below the current gender composition, as of 31 Dec. 2023 and future target:

	2023	2024
<b>Board of Directors</b>		
Total members of the Board of Directors	4	
Underrepresented gender in percentage	50%	
Target in percentage	50%	
Year for meeting targets	2020	
<b>Other Management</b>		
Total members of the Other Management	10	
Underrepresented gender in percentage	30%	
Target in percentage	50%	
Year for meeting targets	2025	

Source of data: Talent link data end December 2023, legal entity Schneider Electric A/S

We have accomplished the target of equal gender composition in the board of directors in 2020.

#### 2025 Gender Diversity Commitment

Schneider Electric began its journey to becoming a gender balanced organization more than 15 years ago and has identified increasing the share of women in its workforce and leadership as a business imperative. To support this aim, the Group has stated ambitions on increasing female representation in the overall workforce and seeks to engage all genders in the journey. In 2021, Schneider Electric renewed its commitment to gender balance with the 2021 – 2025 SSI gender balance ambition, SSI #8, 50/40/30 – with women representing 50% of all new hires, 40% of frontline managers, and 30% of senior leadership by 2025. This commitment is a testament to the progress the Group has made, and a clear signal that it intends to double-down on its efforts to achieve more gender balance across all levels of the organization.

Since 2016, we have enriched our strategy beyond a gender focus to better address inclusion and psychological safety for all diversities. This include developing and implementing global polices that empower our employees to manage their unique life and work as well as ensure our employees feel valued and safe (Global Family Policy Leave, Flexibility at Work Policy, Global Anti-Harassment Policy, and DE&I Policy). While we have made significant progress in the representation on the Board and on Country Management level, we still have a way to go and room for improvement at lower levels in

the organization. In order to continue our work, we have during the last year focused on several initiatives:

- We support communities initiated and run by our employees. Our Women in Growth Community is one of these communities, where female employees network, connect and inspire each other to grow personally, professionally, and collectively. The purpose of this network is to foster a greater pipeline of female leaders and to retain current female leaders.
- In Talent Acquisition we have continued our focus on a gender-neutral recruitment process supported by non-bias training and a gender neutral wording in job announcements. We have made specific employer branding campaigns to attract female leaders. Furthermore, managers and Talent Acquisition have specific, individual performance goals linked to our gender diversity commitments.
- In 2023 we signed the Danish Gender Diversity Pledge, initiated by the Confederation of Danish Industry, for greater gender diversity. We commit to the 16 principles of the pledge to promote gender diversity, and we will work actively to set targets for our work and contribution to the development.
- Our inclusive rules on parental leave aim at accommodating different family patterns, such as LGBT+ families and solo parents, as well as equal treatment for parents regardless of gender. As a part of the Danish policy, we offer to both the mother and the father/co-parent after 9 months' seniority a total of 24 weeks with full pay.
- We support a "speak-up culture" where employees can feel free to share their ideas, opinions, and concerns, without fear of retaliation or penalty. Ensuring a Speak Up mindset means building a system and atmosphere that allows and encourages people to do so. This is done in different ways: through managers, HR, compliance teams, and through our whistleblowing tool, the Trust Line.
- We have completed specific training for all managers on psychological safety, inclusion, and DE&I to emphasize this important part of the management responsibilities.
- We closely follow the evolution of female Front Line Managers, where end Dec 2023, we were 19.5% vs target of 40% in 2025. Our total workforce, holds 30.5% females, end December. The purpose of putting in place a specific gender dashboard is to monitor and promote equal opportunities in recruitment and promotions in leadership positions.

### **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

Our expectation for 2024 is recovery of product business as well as continuous ongoing growth of systems, service, and software businesses, leading to 8-12% sales increase vs 2023 (around MDKK 200).

The overall objective remains organically to grow more than the market – this through targeted segments such as Data Centers, Renewables, Healthcare and Life Science. Operating profit is expected between 14% and 17%

#### Post balance sheet events

No specific other 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	2023	2022
Revenue	3	2,283,330	2,733,749
Production costs	4	-1,512,380	-1,758,056
<b>Gross profit</b>		770,950	975,693
Distribution costs	4	-268,406	-244,731
Administrative expenses	4	-264,811	-269,144
<b>Ordinary operating profit</b>		237,733	461,818
Other operating income		20,810	24,228
Other operating expenses		-20,893	-26,032
<b>Operating profit</b>		237,650	460,014
Income from equity investments in group entities		182,617	782,959
Financial income	5	42,463	11,620
Financial expenses	6	-8,657	-5,451
<b>Profit before tax</b>		454,073	1,249,142
Tax for the year	7	-57,910	-104,241
<b>Profit for the year</b>	8	396,163	1,144,901

## Financial Statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2023	2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software	9	13,834	1,021
Prepayments		0	1,181
		<u>13,834</u>	<u>2,202</u>
<b>Property, plant and equipment</b>			
Land and buildings	10	28,972	25,896
Plant and machinery		36,110	39,790
Other fixtures and fittings, tools and equipment		4,744	5,202
Property, plant and equipment in progress		11,536	24,118
		<u>81,362</u>	<u>95,006</u>
<b>Investments</b>			
Investments in subsidiaries	11	2,555,952	2,555,992
Other securities and investments		28	28
		<u>2,555,980</u>	<u>2,556,020</u>
<b>Total fixed assets</b>		<u>2,651,176</u>	<u>2,653,228</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		13,140	24,022
Work in progress		11,423	20,828
Finished goods and goods for resale		35,951	68,516
		<u>60,514</u>	<u>113,366</u>
<b>Receivables</b>			
Trade receivables		496,381	484,985
Work in progress for third parties	12	76,033	54,294
Receivables from group entities		633,241	1,333,104
Income taxes receivables		104	0
Other receivables		56,480	37,935
Prepayments		5,627	0
		<u>1,267,866</u>	<u>1,910,318</u>
<b>Cash</b>		<u>1,933</u>	<u>0</u>
<b>Total current assets</b>		<u>1,330,313</u>	<u>2,023,684</u>
<b>TOTAL ASSETS</b>		<u>3,981,489</u>	<u>4,676,912</u>



## Financial Statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2023	2022
<b>Equity</b>	13		
Share capital		114,000	114,000
Retained earnings		2,785,176	2,785,176
Reserve for hedges		76	0
Proposed dividend for the year		396,163	1,144,901
<b>Total equity</b>		<b>3,295,415</b>	<b>4,044,077</b>
<b>Provisions</b>	14		
Deferred tax		4,173	7,415
Other provisions		45,598	37,746
<b>Total provisions</b>		<b>49,771</b>	<b>45,161</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities</b>			
Bank overdraft		0	140
Prepayments on work in progress	12	129,820	118,276
Trade payables		100,869	89,489
Payables to group entities		222,000	197,653
Other payables	15	146,906	149,043
Deferred income	16	36,708	32,322
Income tax payable		0	751
<b>Total current liabilities other than provisions</b>		<b>636,303</b>	<b>587,674</b>
<b>Total liabilities</b>		<b>686,074</b>	<b>632,835</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,981,489</b>	<b>4,676,912</b>
Accounting policies	1		
Special items	2		
Collateral	17		
Contractual obligations, contingencies, etc.	18		
Financial instruments	19		
Related parties	20		
Fees to the auditor appointed at the Company in the general meeting	21		
Post balance sheet events	22		

## Financial Statements 1 January – 31 December

### Statement of changes in equity

DKK,'000

	Share capital	Retained earnings	Reserve for hedges	Dividend proposed for the year	Total
<b>Equity at 1 January 2022</b>	114,000	2,785,176	0	404,101	3,303,277
Profit/loss for the year	0	0	0	1,144,901	1,144,901
Distributed dividends	0	0	0	-404,101	-404,101
<b>Equity at 1 January 2023</b>	114,000	2,785,176	0	1,144,901	4,044,077
Profit/loss for the year	0	0	0	396,163	396,163
Fair value adjustments for hedging instruments	0	0	98	0	98
Income tax on equity transactions	0	0	-22	0	-22
Distributed dividends	0	0	0	-1,144,901	-1,144,901
<b>Equity at 31 December 2023</b>	114,000	2,785,176	76	396,163	3,295,415

# Financial Statements 1 January – 31 December

## Notes

### 1 Accounting policies

The annual report of Schneider Electric Danmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Due to changes in the Company's classification of financial flows, reclassifications have been made in the 2022 figures to keep the figures comparable. DKK 25,115 thousand have been reclassified from Other payables to Other provisions and DKK 36,119 thousand have been reclassified from Other payables to Trade payables.

Besides from the before-mentioned, 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

##### Special items

Special items include income and costs which are special due to their size or nature, e.g. severance costs, loss from impairment, gain or loss from the sale of assets, etc.

##### Revenue

Revenue is recognized based on the provisions in IFRS 15. 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.

#### 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.

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

# Financial Statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

#### 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.

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.



## Financial Statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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.

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'.

# Financial Statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### 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.

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.

## Financial Statements 1 January – 31 December

### Notes

#### 2 Special items

Other operating income includes profit from the sale of the share capital in TESE Denmark ApS, DKK 16,333 thousand. The sale is considered as a special item due to the size and nature of the transaction. According to management's assessment, it's non-recurring and not a part of the Company's operating activities.

DKK '000	2023	2022
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#### 3 Revenue

Business segmentation of revenue:

Sale of goods	1,663,106	2,225,946
Sale of projects	620,224	507,803
	2,283,330	2,733,749

Geographical segmentation of revenue:

Denmark	1,980,173	2,450,401
International markets	303,157	283,348
	2,283,330	2,733,749

## Financial Statements 1 January – 31 December

### Notes

DKK'000

	2023	2022
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#### 4 Staff costs

Wages and salaries	412,659	362,960
Pension	44,999	43,367
Other social and security costs	4,712	3,032
Other employee-related expenses	20,603	17,914
	482,973	427,273

Average number of full-time employees	660	665
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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 2023 and 2022.

#### 5 Financial income

Interest income, group entities	38,636	6,563
Exchange gain	3,745	4,990
Other financial income	82	67
	42,463	11,620

#### 6 Financial expenses

Interest expenses, group entities	3,556	1,133
Exchange losses	3,248	3,979
Other financial expenses	1,853	339
	8,657	5,451

## Financial Statements 1 January – 31 December

### Notes

DKK'000	2023	2022
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	53,023	105,977
Deferred tax for the year	-3,264	-1,871
Adjustment of tax concerning previous years	7,818	0
Withholding tax	333	135
	57,910	104,241
<b>8 Proposed profit appropriation</b>		
Proposed dividends for the year	396,163	1,144,901
	396,163	1,144,901
<b>9 Intangible assets</b>		
DKK'000	Software Prepayments	Total
Cost at 1 January 2023	36,609	1,181
Additions	4,720	0
Transferred	12,805	-1,181
Cost at 31 December 2023	54,134	0
Amortization and impairment losses at 1 January 2023	-35,588	0
Amortizations	-4,712	0
Impairment losses and amortization at 31 December 2023	-40,300	0
<b>Carrying amount at 31 December 2023</b>	13,834	0

## Financial Statements 1 January – 31 December

### Notes

#### 10 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 2023	164,599	624,000	50,567	24,118	863,284
Additions	9,350	4,130	804	7,534	21,818
Transferred	176	6,795	1,521	-20,116	-11,624
Disposals	-417	-4740	-3,730	0	-8,887
Cost at 31 December 2023	173,708	630,185	49,162	11,536	864,591
Depreciation and impairment at 1 January 2023	-138,703	-584,210	-45,365	0	-768,278
Depreciations	-6,412	-14,605	-2,783	0	-23,800
Reversed depreciation and impairment losses on assets sold	379	4,740	3,730	0	8,849
Revaluations at 31 December 2023	-144,736	-594,075	-44,418	0	-783,229
Carrying amount at 31 December 2023	28,972	36,110	4,744	11,536	81,362

#### 11 Investments

DKK'000	Investment in subsidiaries	Other securities and investments	Total
Cost at 1 January 2023	3,000,992	28	3,001,020
Disposals	-40	0	-40
Cost at 31 December 2023	3,000,952	28	3,000,980
Impairment losses at 1 January 2023	-445,000	0	-445,000
Reversal of impairment losses on assets disposed	0	0	0
Impairment losses at 31 December 2023	-445,000	0	-445,000
Carrying amount at 31 December 2023	2,555,952	28	2,555,980

	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	279,781	125,684	100%
(1) Schneider Electric Fire & Security OY, Finland	68,298	12,428	100%
Schneider Electric Buildings AB, Sweden	45,589	975	100%
(1) AB Craftere 1, Sweden	8,645	28	100%
SIA Lexel Fabrika, Latvia	227,090	18,680	100%
SIA Schneider Electric Baltic Distribution Centre, Latvia	19,303	6,773	100%
SIA Schneider Electric Latvija, Latvia	32,569	11,877	100%
UAB Schneider Electric Lietuva, Lietuva	28,716	7,824	100%
Schneider Electric Eesti AS, Estonia	13,900	6,609	100%
Lexel Holding Norge AS, Norway:	275,411	5,260	100%
ELKO AS, Norway	288,792	75,766	100%
Ørbækvej 280 A/S, Denmark	42,509	31,199	100%
Schneider Electric Distributionscentre AB, Sweden	19,430	2,110	100%
Xcelgo A/S	-2,865	-2,478	100%

(1) All subsidiaries are wholly owned sub-subsidiaries

#### 12 Work in progress for third parties

DKK'000	2023	2022
On-account invoicing, work in progress	-53,787	-63,982

#### recognized as follows:

Work in progress for third parties (assets)	76,033	54,294
Work in progress for third parties (liabilities)	-129,820	-118,276
	-53,787	-63,982

Selling price	971,124	629,166
Invoiced	-1,024,911	-693,148
	-53,787	-63,982

## Financial Statements 1 January – 31 December

### Notes

#### 13 Share capital

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

All shares rank equally.

#### 14 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 39,840 thousand (2022 DKK 33,753 thousand) and restructuring provisions of DKK 5,758 thousand (2022 DKK 3,993 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

##### Deferred tax

DKK'000	2023	2022
Deferred tax at 1 January	7,415	9,286
Adjustments to previous periods	-5,929	0
Change in the year	2,665	-1,871
Equity transactions	22	0
Deferred tax at 31 December	4,173	7,415

##### Deferred tax relates to:

Tangible Fixed Assets	1,988	179
Current Assets	5,053	13,177
Liabilities	-2,890	-5,941
Hedging instruments	22	0
	4,173	7,415



## Financial Statements 1 January – 31 December

### Notes

#### 15 Other Payables

DKK'000	2023	2022
VAT and other indirect taxes	69,212	67,559
Wages/Salaries, salary taxes, social security contribution, etc.	77,694	81,484
	146,906	149,043

#### 16 Deferred income

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.

#### 17 Collateral

The Company has not pledged any assets or other as security for loans at 31 December 2023.

#### 18 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	2023	2022
<b>Other financial obligations</b>		
Rent and lease liabilities	77,435	80,188
Performance Bonds	118,742	45,281
Other obligations	11,406	11,220

## Financial Statements 1 January – 31 December

### Notes

#### 19 Financial instruments

The Company has entered into forward exchange contracts to mitigate foreign exchange impact on purchase orders in EUR and SEK.

DKK'000				2023	2022	
Assets				98	0	
Liabilities				0	0	
Change in fair value, equity				98	0	
Change in fair value, income statement				0	0	
						Fair value adjustments in equity
		Contract value				
Currency	Period	2023	2022	2023	2022	
SEK	0 - 12 months	400	0	5	0	
EUR	0 - 12 months	11,129	0	77	0	
EUR	12 - 24 months	296	0	16	0	
		11,825	0	98	0	

Since a significant proportion of the Company's transactions are denominated in currencies other than its functional currency, the Company is exposed to currency risks. If the Company is not able to hedge these risks, fluctuations in exchange rates between the functional currency and other currencies can have a significant impact on the cash flow and can distort year-on-year performance comparisons. The same applies to the fluctuations between EUR and DKK in a more significant proportion. As a result, the Company uses derivative instruments to hedge its exposure to exchange rates mainly through FX forwards.

Depending on market conditions, risks in the main currencies may be hedged based on cash flow forecasting using contracts that expire in 12 months or less. The Company is also carefully monitoring the exchange rate evolutions in countries with high inflation situation and where it has a presence.

The Company is also exposed to counterparty risks coming from financial operations with financial institutions such as transactions implying flows in future value dates.

Financial transactions are entered into with carefully selected counterparties and adapted terms and conditions are included in the contracts. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency. Group policy consists of diversifying counterparty risks and ensuring the Company act within the legal and compliance framework set up by the Group.

## Financial Statements 1 January – 31 December

### Notes

#### 20 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.

#### 21 Fees to the auditor appointed at the Company in the general meeting

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.

#### 22 Post balance sheet events

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