Annual report

2023

With a long-term perspective
The financial year at a glance

Permanent commitment
Sustainability at Endress+Hauser

Endress+Hauser

Financial highlights

	EUR in thousands			CHF in thousands		
	2023	2022*)	Change	2023	2022*)	Change
Net sales	3,718,829	3,350,542	11.0%	3,609,607	3,359,789	7.4%
Operating profit (EBIT)	573,048	476,404	20.3%	556,218	477,719	16.4%
Operating margin	15.4%	14.2%		15.4%	14.2%	
Profit before taxes (EBT)	537,178	461,573	16.4%	521,402	462,847	12.7%
Return on sales (ROS)	14.4%	13.8%		14.4%	13.8%	
Net income	408,739	356,952	14.5%	396,735	357,937	10.8%
Productivity ratio	1.42	1.38		1.42	1.38	
Equity	2,177,717	2,030,275	7.3%	2,021,683	2,009,262	0.6%
Equity ratio	55.1%	57.9%		55.1%	57.9%	
Total assets	3,952,257	3,509,032	12.6%	3,669,078	3,472,714	5.7%
Capital expenditures	260,591	240,469	8.4%	252,937	241,133	4.9%
Cash flow from operating activities	566,894	416,700	36.0%	550,244	417,850	31.7%
Number of employees	16,532	15,817	4.5%			

*) Prior-year figures adjusted, see note 1

Operating margin
15.4%
(2022: 14.2%)

Employees
16,532
(+715)

Net sales
€3.72 bil.
(+11.0%)

Investments
€261 mil.
(2022: €240 mil.)

Net income
€409 mil.
(+14.5%)

Sales by region

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2023
The year in review

January

Endress+Hauser **Mexico** moves into its own sales and service center in Mexico City. Built at a cost of 10 million euros, the new facility meets high standards for sustainability and provides 4,100 square meters for modern workspaces, a process training center and a calibration lab.

June

The highlight of the Group's 70th birthday is the **anniversary week** event in Switzerland. A third of all employees – 5,500 – gather together in Basel and look back at seven eventful decades during a colorful show. At the Endress+Hauser Global Forum, more than 800 customers discuss how the sustainable transformation of the process industry can be accomplished. Hundreds of employees participate in various internal conferences. At the Young Generation Networking Day alone, 600 young talents come together to share ideas and experiences.

February

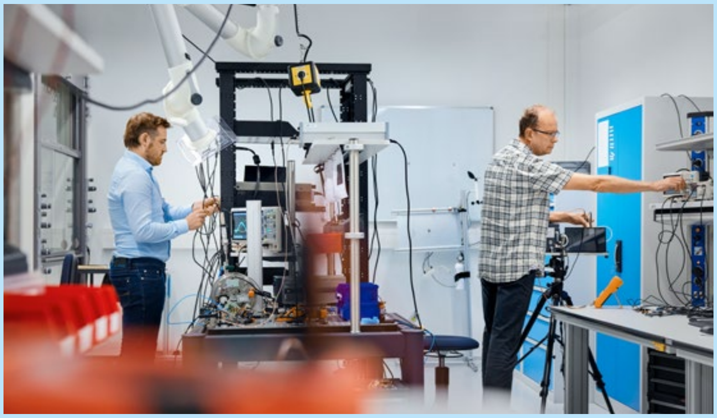
Endress+Hauser celebrates its **70th anniversary**. Georg H Endress and Ludwig Hauser registered their company on 1 February 1953. Begun as a twoman operation, the company has grown into a global leader in measurement and automation technology for the process and the lab.

March

The new regional **logistics hub** in Indianapolis, Indiana in the US goes into operation. The center is designed to help fulfill customer orders faster and with more flexibility. The Group operates other logistics hubs in Germany (for Europe) and China. A fourth hub is being established in India.

July

Endress+Hauser moves into offices and labs at the Freiburg **Innovation Center FRIZ,** where more than 70 employees work on new sensor and software solutions on the campus of the University of Freiburg, Germany. Endress+Hauser occupies 3,400 of the total 12,000 square meters of space.



At Endress+Hauser Liquid Analysis in **Gerlingen,** Germany, the Group invests 10 million euros in a new office building featuring 150 state-of-the-art workspaces.

August

Endress+Hauser invests 4.4 million euros in new manufacturing facilities for temperature measurement technology and system products in **Aurangabad,** India.

Endress+Hauser **Singapore** celebrates the renovation of its offices. The spaces offer 80 employees a highly modern environment tailored to a digital working world.

October

Swiss business magazines Bilanz and PME, together with market research company Statista, identified Switzerland's **most innovative companies.** Endress+Hauser placed fifth overall and second in the electronic and industrial technology category.

November

Endress+Hauser moves into a new sales and service building in **Sydney,** Australia. More than 11 million euros was invested in the acquisition, modification and renovation of the property, a commitment to the Australian market and its prospects.

Looking ahead together: chief executive officer Dr Peter Selders (left) and Supervisory Board president Matthias Altendorf.

With a long-term perspective

Lasty year was a special one for Endress+Hauser. We celebrated the 70th anniversary of our company worldwide. At the same time, we added another chapter to our success story. Our organic growth was so strong that we could offset the adverse effects of foreign currency and our withdrawal from the Russian market in the short term. Incoming orders, sales, profit and employment developed well. We would like to thank our customers for their trust, our employees for their commitment and our owner family for their support.

We started 2023 with a high volume of orders on hand. This supported our sales growth for most of the year. Although the slowdown in economic momentum was clearly noticeable in the second half of the year, our business performed better than expected. The Middle East developed particularly dynamically. However, we also achieved above-average growth in the Americas and Europe, with only Asia falling somewhat short of expectations.

Despite the high costs for foreign currency hedging, we significantly increased our results. For the first time, we are presenting our development at the level of Endress+Hauser Management AG in this annual report. In doing so, we disregard the effects of our family-owned company's extensive strategic financial resources, which in the past – depending on the development of the financial markets – have repeatedly had a strong influence on our results. This allows us to better focus on the development of the operating business.

The past year was also characterized by changes at the top of the Group and on the Supervisory Board. These changes were prepared well in advance and have been carefully implemented. This reflects a corporate culture that is characterized by sustainable thinking and cooperation based on trust. Our family shareholders provide us with a reliable framework based on their culture, values and dedication. That enables us to develop the company with future generations in mind.

Despite the economic and political uncertainties surrounding us, we have invested considerable resources in expanding our manufacturing, sales and product range. We created numerous jobs and added new places for apprentices and students worldwide. We are thus preparing ourselves for the future, because we are convinced that measurement technology and automation will play a key role in overcoming the major challenges of our time.

Although our order intake had softened since mid-2023, we started the year with significant orders on hand again. However, the slight growth in incoming orders and sales in the first few weeks has yet to be seen on a broader scale. Much will, therefore, depend on the economic development in the year's second half. If we achieve single-digit growth by the end of the year that proves to be sustainable, we will be satisfied.

Matthias Altendorf
President of the Supervisory Board

Dr Peter Selders
CEO of the Endress+Hauser Group

The Supervisory Board of the Endress+Hauser Group (from left): Dr Hans Jakob Roth, Steven Endress, Dr Heiner Zehntner (secretary), Mathis Büttiker (vice president), Antonietta Pedrazzetti, Matthias Altendorf (president), Sandra Genge, Thomas Kraus and Michael Ziesemer.

Statement of the Supervisory Board

Endress+Hauser once again performed very well last year. We closed the Group's anniversary year with new record figures for incoming orders, net sales, net income and employment. I would like to express my heartfelt thanks to our employees around the world and the Group's management, both personally and on behalf of the Supervisory Board and the Endress family.

The Supervisory Board of Endress+Hauser AG dealt with all of the Group's significant business activities in 2023. The board held a total of four meetings. The specialist committees met as required and developed recommendations that were presented to the entire board. The president of the Supervisory Board regularly exchanged with the CEO throughout the year and closely accompanied the work of the Executive Board.

In addition to the challenges arising from economic and global political events, we were concerned with personnel and organizational changes to the Supervisory Board, which came into effect on 1 January 2024.

After Dr Klaus Endress ended his active involvement in the company, I took over as president of the Supervisory Board at the beginning of the year. Steven Endress joined the Supervisory Board, where he represents the interests of the shareholder family together with Sandra Genge. At the same time, our long-standing Supervisory Board member Mathis Büttiker took over as vice president.

Because the sustainable development of Endress+Hauser is a core concern for us, we have redefined the responsibilities of the four specialist committees of our Supervisory Board. They now cover the areas of audit, risk & sustainability; nomination & compensation; innovation, digitalization & markets; and investments.

For the first time, we are publishing our financial statements at the level of Endress+Hauser Management AG. Because Endress+Hauser is a family-owned company with substantial strategic financial resources, these have always had a strong influence on our results in the past. These subgroup financial statements now only include the operating group of companies. They are included in the financial statements of Endress+Hauser AG as the ultimate parent company of the Group.

PricewaterhouseCoopers AG in Basel, Switzerland, audited the consolidated financial statements 2023 of Endress+Hauser Management AG in February and March 2024 and recommended them for approval. The consolidated financial statements of Endress+Hauser Management AG – like the consolidated financial statements of Endress+Hauser AG – were given final approval by the respective annual general meeting on 15 April 2024.

Matthias Altendorf
President of the Supervisory Board

The Executive Board of the Endress+Hauser Group (from left): corporate director of analytical business Dr Manfred Jagiella, chief human resources officer Jörg Stegert, chief financial officer Dr Luc Schultheiss, chief executive officer Dr Peter Selders, general counsel Dr Heiner Zehntner, chief sales officer Laurent Mulley, chief operating officer Dr Andreas Mayr and chief information officer Pieter de Koning.

Generational change

He has shaped the development of Endress+Hauser for almost 45 years: on 31 December 2023, Dr Klaus Endress (75) handed over his responsibilities as president of the Supervisory Board. He will remain chairman of the Family Council, the most important link between the family and the company – but he will no longer have an active role in the family-owned business. To this day, much of Endress+Hauser bears his signature. At the same time, Klaus Endress has been working towards a smooth generational transition in recent years.

The shareholder family continues to be represented by two members on the Supervisory Board. In addition to Sandra Genge, who has been a supervisory board member since 2022, Steven Endress took a seat on the board on 1 January 2024; both are grandchildren of the company founder. In addition, the family remains connected to the company in many ways. One important aspect of this is the Endress family charter, which strengthens family cohesion with clear principles and fixed institutions, regulates participation in the company and introduces young family members to the business.

New Group management
The former CEO Matthias Altendorf became the new president of the Supervisory Board on 1 January 2024. The 56-year-old has worked for Endress+Hauser for over 35 years and has been at the helm of the Group for 10 years. He has been succeeded as CEO by Dr Peter Selders. The 54-year-old, who holds a doctorate in physics, has worked at Endress+Hauser since 2004 and has headed the competence center for level and pressure measurement technology since 2019.

Representatives of the shareholder family (from left):
Steven Endress, Sandra Genge, Dr Klaus Endress

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Endress+Hauser has always been able to deliver in recent years and recorded strong growth in unit sales in 2023.

Management report of the operating Endress+Hauser Group

In the special anniversary year 2023, the Endress+Hauser Group's business once again experienced strong growth, which was largely driven by a record-high order backlog. In the second half of the year, market dynamics slowed down considerably. Nevertheless, and despite unfavorable exchange rate effects, incoming orders, sales, profits and employment reached new heights.

The Endress+Hauser Group

Corporate profile

Endress+Hauser supports customers in the process industry to improve their products and to manufacture them even more efficiently. Our core expertise lies in the fields of process and laboratory instrumentation. With our products, solutions and services, we enable our customers to design safe, reliable, efficient and eco-friendly processes across the entire life cycle.

Our offering for instrumentation and process automation includes products, solutions and services for flow, level, pressure, temperature and analytical measurements. Most of our commercial customers operate in the food & beverage, chemical, water & wastewater, oil & gas, life sciences, mining, minerals & metals, and power & energy industries. They value our deep understanding of their applications and the special requirements of their industry.

In laboratory measurement and automation, under the Analytik Jena brand we market analytical instruments and bioanalytical systems that we also supply to science and research customers.

Sensors and sensor modules are the domain of Innovative Sensor Technology IST. Their physical, chemical and biological sensors are being used within and beyond process automation.

Structure of the operating Group

These subgroup financial statements were prepared at the level of Endress+Hauser Management AG, thus comprising the entire operating group of companies, which consisted of 129 companies in 54 countries at the end of 2023. The Group's ultimate parent company, and also the parent company of Endress+Hauser Management AG, is Endress+Hauser AG. Both are located in Reinach, Switzerland.

Our production centers bundle the knowledge from research, development, production, product marketing, quality assurance and logistics. The Endress+Hauser sales centers act as the face of the company when it comes to the market and customers. In collaboration with our representatives they are responsible for worldwide sales, marketing and services.

Production centers and sales centers are legally independent business units, as are the support and holding companies that perform cross-corporate functions. Some of the recently acquired companies also have integrated structures for production, sales and support functions.

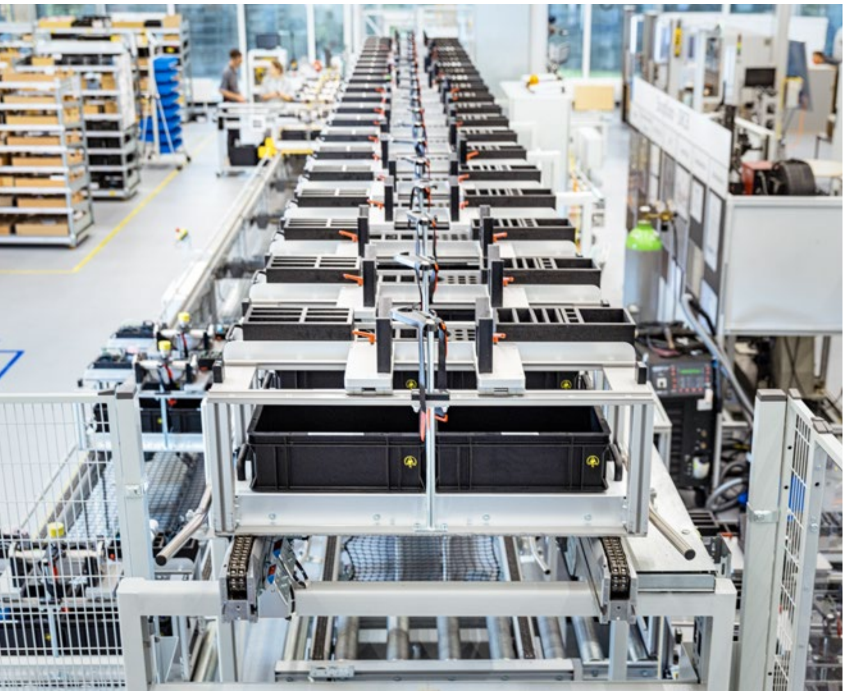
Group management lies in the hands of the Executive Board of Endress+Hauser AG, chaired by the CEO. Business and organizational regulations define the competencies and responsibilities of the Executive Board and the independent Supervisory Board.

Values and strategy

Our vision describes the high-level, long-term goal of the company: we strive to be a successful family company. Customers around the world trust and rely on our products, solutions and services to improve their processes and thus their products when it comes to laboratory and process measurement technology and automation. And from our mission we formulate a mandate: We support our customers to improve their products and to manufacture them even more efficiently.

2

1



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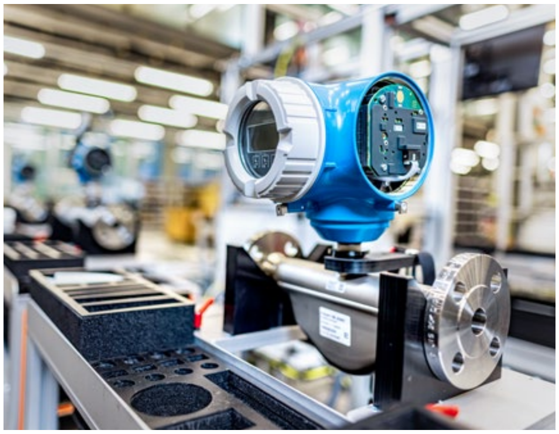
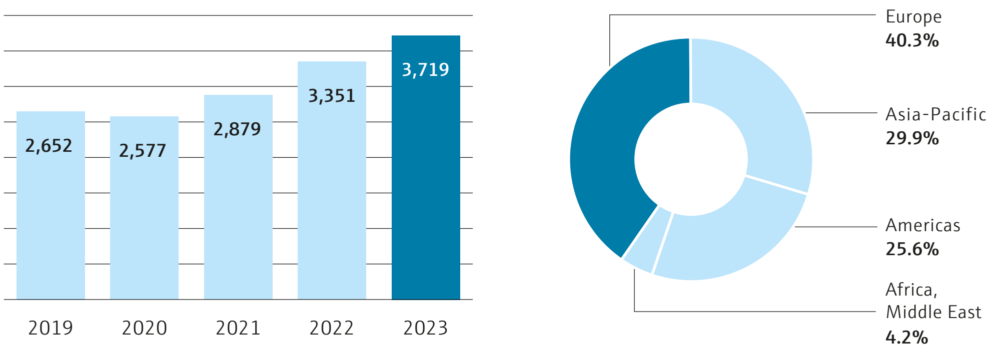


Net sales and net sales by region
(EUR in millions)



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1
Endress+Hauser manufactures customized products flexibly at locations all over the world – from the region, for the region.

2
Endress+Hauser created numerous jobs in production in 2023 to cope with the growth in unit numbers.

3
Endress+Hauser delivered almost three million sensors last year.

4
Automation in production helps to cope with the growing volume.

Guided by our vision and mission, our Strategy 2027+ gives us orientation as we head into the future. It outlines strategic approaches for seven fields of activity on which we intend to work intensively over the coming years to continue to meet our customers' expectations. In the meantime, our Group companies have adopted their own individual strategies from Strategy 2027+. These are implemented through initiatives and projects along our business processes, which we standardize and coordinate across the Group.

Endress+Hauser is founded on a corporate culture firmly rooted in the company. Fundamental principles and values have been recorded in the Spirit of Endress+Hauser. In addition, a binding Endress+Hauser Code of Conduct has been implemented across the Group. A Brand Guide raises our employees' awareness of the importance of the Endress+ Hauser brand and how to implement it correctly.

Technology and innovation

Last year we launched 20 new products and 1,100 device options among our markets and customers. We applied for 257 patents at patent offices around the world. This is clear evidence of Endress+ Hauser's strong focus on innovation. About 8,900 active patents and patent applications protect our intellectual property.

In 2023, we spent 267.6 million euros on research & development, an increase of 10.4 percent compared to 2022. As in the previous year, this corresponds to 7.2 percent of our net sales. More than 1,300 of our employees are working on the development of new products, solutions and services. What's more, process improvements in manufacturing, logistics, IT and administration also contribute significantly to our Group's success. We acknowledge these efforts through recognition and incentives across all areas of our business operations.

Following the digitalization of measurement technology, firmware, connectivity and the integration capability of our instruments today are crucial, as are software-based solutions and services. Cloud applications and artificial intelligence are also increasingly being used. Another focus of our innovation is the analysis and measurement of substance properties.

Market development

Business environment

According to the International Monetary Fund (IMF), the recovery of the global economy from the coronavirus pandemic, Russia's attack on Ukraine and the cost-of-living crisis is proving remarkably persistent. Experts state that the economy in the USA and in several large emerging and developing countries experienced stronger than expected growth in the second half of 2023. On the other hand, weak consumer sentiment, continued high energy prices and weakness in the manufacturing sector slowed dynamics in the eurozone. In its January update of the World Economic Outlook, the IMF puts the growth of global economic output in 2023 at 3.1 percent after 3.5 percent in the previous year.

According to the IMF, economic output in the industrialized nations rose by an average of 1.6 percent in 2023, compared to 2.6 percent in the previous year. The United States reported an increase of 2.5 percent and the eurozone of 0.5 percent. At −0.3 percent, Germany dropped into recession. In the emerging and developing countries, the economic output expanded on average by 4.1 percent in the same period, the rate thus remaining unchanged compared to 2022. According to the IMF, China recorded a growth rate of 5.2 percent and India a rate of 6.7 percent.

Market trends

The measurement technology and process automation division of the German Electro and Digital Industry Association ZVEI estimates that the sector managed to achieve a single-digit increase in sales in the first three quarters of 2023 and forecasts 4 percent growth for the entire year. According to a survey of member companies, incoming orders decreased in the same period. As the association reports, the instrumentation segment developed more strongly than the control technology segment. Regarding regions and customer sectors, the ZVEI sees a heterogeneous picture with growth drivers in the USA and Asia and a weaker economy in China and Germany, as well as in Europe in general.

Competition

The lines between factory and process automation are becoming less strict, a development driven in part by digitalization and modularization of production plants. Within our own closer market environment, the competitive situation has not changed significantly. Competition is especially strong in individual areas of activity; more local providers are becoming visible in emerging countries. In addition, suppliers in the field of factory automation are increasingly establishing themselves in the market for process sensor technology, particularly serving the lower-end product segments.

Endress+Hauser in the marketplace

We entered 2023 with record-high orders on hand which drove our strong sales growth for most of the year. Our organic growth proved robust so that neither the negative foreign currency effects nor the loss of our Russian business was felt. Although a slowdown in economic dynamics became noticeably apparent in the second half of the year, incoming orders and net sales ultimately developed more strongly than expected. Development across the various sectors and regions was inconsistent, however.

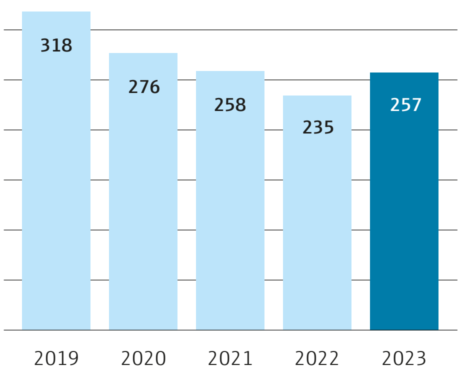
In Germany, our sales decreased. Overall, Europe performed strongly, with some significant growth in Northern and Eastern Europe, as well as double-digit rates in Italy and the United Kingdom. The USA replaced China as our largest market in terms of sales. Mexico suffered from currency effects; South America developed dynamically, and Brazil is on the way to becoming one of our top ten markets. China achieved growth under difficult conditions and is now our second-largest market, considerably ahead of Germany. India, South Korea, Malaysia and Indonesia continued to grow. Africa and the Middle East showed the most significant regional momentum, driven by exceptional growth in Saudi Arabia and good business development in the United Arab Emirates and Qatar.

In terms of industries, water & wastewater, oil & gas, mining, minerals & metals, and power & energy performed well. With regard to the chemical industry, the important German market weakened due to high energy costs, while investments continued on an international level. In the food & beverage industry, we noticed that some plant builders were reducing the stocks they had built up to cope with supply chain problems. In the life sciences, we recognized a significant slowdown in investment activity following the high growth rates during the pandemic.

Regarding our fields of activity, temperature measurement technology again stands out in a positive way. Pressure measurement technology made significant gains, while level measurement technology, liquid analysis and advanced analysis performed at a solid rate. Flow measurement technology remained in the lower single-digit range after two strong years. Service business, on the other hand, once again increased slightly above average. We have become firmly established as a player in the global project business, which now accounts for approximately one quarter of our sales.

While our process automation business developed strongly last year, we again recorded a downturn in sales in the laboratory automation business following the end of the pandemic-related surge in demand. Although our sensor business, which supplies many different industries, proved robust overall, it also declined. Nevertheless, we are continuing to pursue our strategic goal to assist customers from laboratory to process and to strengthen our offerings especially in the field of advanced analysis and quality measurements.

Patent applications of the Endress+Hauser Group



Innovation in all areas of the company is a driver of our growth; new office concepts therefore promote collaboration and creativity.

Corporate development

General development

In 2023, we continued to drive forward the Group's long-term development despite all uncertainties and pursued our investment projects as planned. We managed to create new jobs in all areas and have increased our commitment to training young people. Although supply chains sometimes remained strained, we were always able to deliver. Now it is paying off that we have been maintaining long-standing partnerships with our suppliers and built up a powerful global transportation network.

Despite cost increases, we were able to further strengthen operating profit at a high level. The operating Group's financial strength also remains unbroken. This reflects our goal of maintaining a balanced corporate development that equally serves the interests of our customers, employees and shareholders. At the same time, we uphold our responsibility towards the environment and society.

Establishment, acquisition and divestiture of companies

No companies were established or acquired in the 2023 financial year. In Switzerland, IST Manufacturing AG was merged into Innovative Sensor Technology IST AG on 1 January 2023. In France, we closed down Société Générale de Métrologie S.A.S. on 31 May 2023.

Following the sanctions introduced after the Russian attack on Ukraine, Endress+Hauser has completely ceased operations in Russia. The subsidiaries in Russia were dissolved in a structured way. LLC Endress+Hauser was deleted on 18 August 2023. Endress+Hauser Flowtec LLC was deconsolidated on 31 December 2023, and liquidation was completed on 26 January 2024. The Group sought to find responsible solutions for its employees in the country.

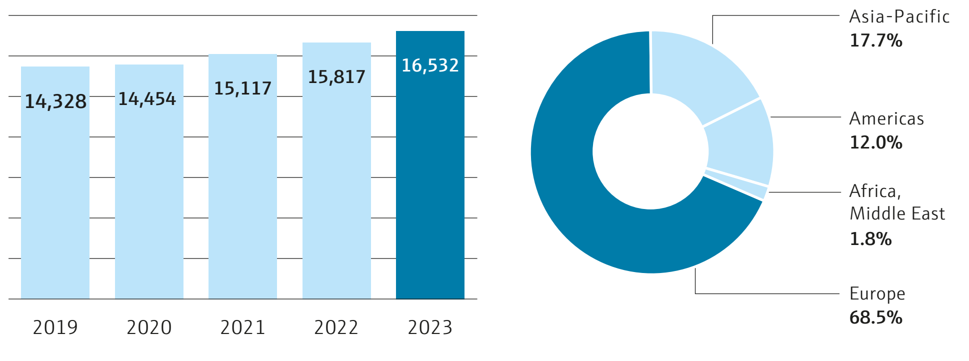
Strategic partnerships

In order to address the challenges of digitalization, we are increasingly seeking to strengthen relationships with partners. We are one of the founding members of the Open Industry 4.0 Alliance as well as the Industrial Digital Twin Association. Both organizations aim to advance digitalization in the industry. Meanwhile, 13 prominent manufacturers have joined our own Open Integration Partner Program. In collaboration with our partners, we strive to ensure the smooth interaction of different products in IIoT applications. Moreover, we joined the European Clean Hydrogen Alliance in 2022, thus supporting the development of a clean and competitive hydrogen economy in Europe.

Economic indicators

With an overall increase in net sales of 11.0 percent, we significantly exceeded our own expectations in 2023. The operating margin – the ratio of operating profit to sales – increased to 15.4 percent. Return on sales was 14.4 percent, above our strategic target of 13.0 percent. The productivity factor reached the very high figure of 1.42 and thus continues to exceed our target of 1.33. The equity ratio of the operating Group was 55.1 percent.

Employees of the Endress+Hauser Group



Social and environmental indicators

Endress+Hauser strives to equally meet its economic, social and ecological responsibilities. As a family-owned business, we think in generations, not fiscal quarters. We understand creation and preservation of secure jobs to be part of our corporate social responsibility. And as a company, we want to help combat climate change.

To cope with the significant growth in units produced we have created new jobs in 2023, mainly in manufacturing. Our global workforce increased by 715 to 16,532, a gain of 4.5 percent. As usual, we were in a position to offer virtually every apprentice a permanent position upon completion of their vocational training. 382 young people were undergoing vocational training with us in 2023, and we employed a further 170 as interns and students. This equates to a training ratio of 3.5 percent.

Well-trained professionals are key to the success of our company. At the same time, we also believe that our commitment to vocational training of young people is a way of demonstrating our social responsibility. In the long term Endress+Hauser therefore strives to reserve 5 percent of all positions worldwide for interns, apprentices and students. We are in the process of devising a concept to implement this project over the next few years. In 2023, for example, 100 talented young people commenced their occupational training or integrated study programs in six locations in Germany, Switzerland and France.

We offer vocational training programs in some European countries as well as India and the USA. We want to roll out the concept to China in the near future. In addition, we sponsor talented and keen people in their engineering and business administration studies and seek cooperation with colleges and universities around the world at many levels.

Income statement in brief (EUR in thousands)

	2023	2022	Change	
Net sales	3,718,829	3,350,542	368,287	11.0%
Total operating expenses	−3,200,387	−2,926,736	−273,651	9.4%
Operating profit (EBIT)	**573,048**	**476,404**	**96,644**	**20.3%**
Net financial result	−33,626	−12,998	−20,628	158.7%
Profit before taxes (EBT)	**537,178**	**461,573**	**75,605**	**16.4%**
Income taxes	−128,439	−104,621	−23,818	22.8%
Net income	**408,739**	**356,952**	**51,787**	**14.5%**

Balance sheet in brief (EUR in thousands)

	2023	2022	Change	
Non-current assets	1,673,130	1,620,092	53,038	3.3%
Inventories	619,861	585,480	34,381	5.9%
Accounts receivable	786,047	739,133	46,914	6.3%
Short-term financial assets	218,221	74,993	143,228	191.0%
Cash and cash equivalents	654,998	489,334	165,664	33.9%
Assets	**3,952,257**	**3,509,032**	**443,225**	**12.6%**
Equity	2,177,717	2,030,275	147,442	7.3%
Retirement benefit obligations	49,928	40,189	9,739	24.2%
Other non-current liabilities	146,572	134,610	11,962	8.9%
Trade accounts and notes payable	148,552	147,611	941	0.6%
Other current liabilities	1,429,488	1,156,347	273,141	23.6%
Equity and liabilities	**3,952,257**	**3,509,032**	**443,225**	**12.6%**

1
Our corporate culture puts people at the center of everything we do.

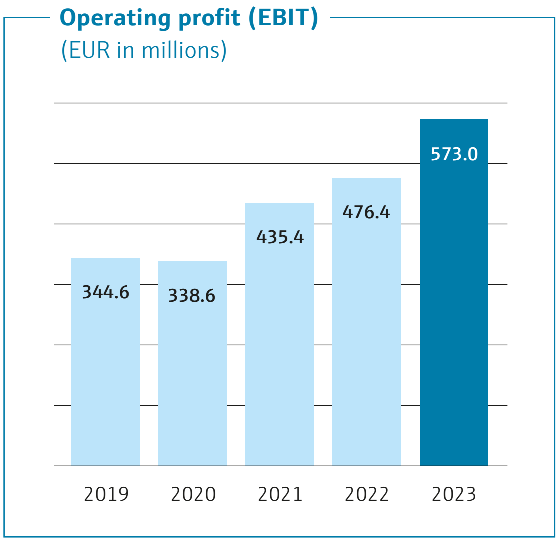
2
Endress+Hauser created 715 jobs worldwide last year.

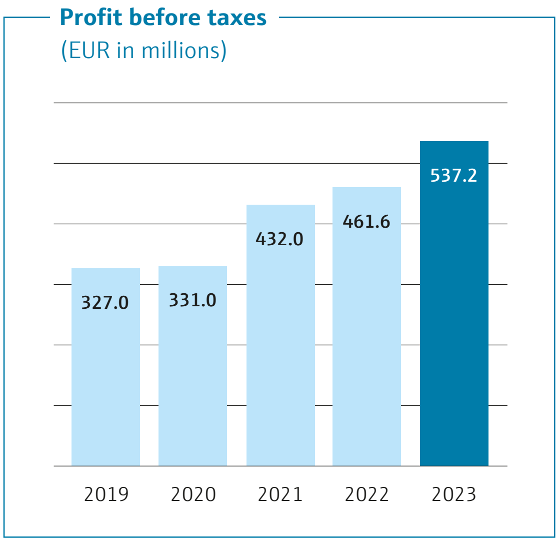
3
Our employees make the difference and enable our success as a company.

1

2

3





This year we submit our tenth sustainability report together with our operating Group management report (starting on page 75). We consider the EcoVadis benchmark a key indicator in this regard. In the past year, we achieved gold status in this audit. With a score of 71 out of 100 points, we are among the top 5 percent of the companies in our comparison group. Our strategic goal is to place in the top 25 percent.

After committing to the Science Based Targets initiative (SBTi) in March 2023, we are preparing our Group-wide near-team targets for scope 1, 2 and 3 emissions reductions. These will be submitted over the course of 2024. Our strong growth will make achieving these targets an even greater challenge. An important element in making good use of reduction potential is greater data transparency.

To further identify key sustainability issues, in 2023 we accelerated our double materiality assessment with the support of external experts. We also conducted an extensive supplier risk analysis last year. We continued to learn in terms of data collection and quality and several Group companies adapted their collection methodology with a view toward future reporting requirements.

Results of operation, financial position and net assets

Sales performance

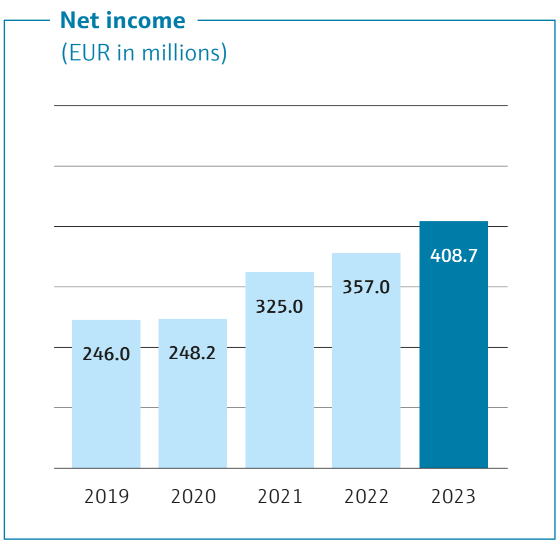
Net sales increased to 3.719 billion euros in 2023. Adjusted for exchange rate effects, growth would have been 3.9 percent higher. At constant currencies revenues would have been higher by some 145 million euros.

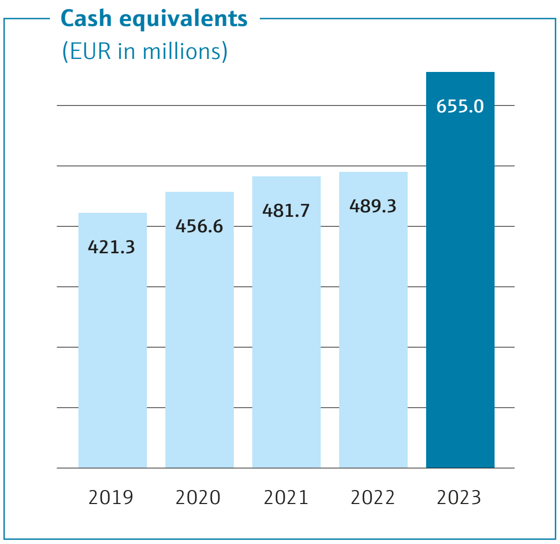
Our revenues increased in all regions in 2023. Our business grew by 11.5 percent in Europe, by 5.2 percent in Asia-Pacific, by 13.7 percent in the Americas, and by 39.0 percent in Africa and the Middle East. Sales in the process instrumentation sector increased by 13.5 percent. Sales in the sensors segment decreased by 31.2 percent, primarily due to customers reducing their inventories. In the laboratory instrumentation business, the end of the pandemic-related one-off effects resulted in a decline of 13.3 percent.

Consolidated income statement

Operating profit (EBIT) increased by 20.3 percent to 573.0 million euros. Operating expenses increased slightly below average compared with consolidated sales, rising by 9.4 percent to 3.200 billion euros.

Personnel expenses increased by 7.2 percent to 1.358 billion euros due to the increase in employment. Expenses for purchased goods and services rose by 7.8 percent to 1.031 billion euros. Other operating expenses grew by 14.6 percent to 630.7 million euros, in particular because of sales-related commissions for our representatives. In view of the strong investment activities and impairments on goodwill, depreciation and amortization increased by 18.0 percent to 180.3 million euros.





Profit before taxes (EBT) grew by 16.4 percent to 537.2 million euros. Mainly due to higher currency hedging costs, net foreign exchange losses of 29.8 million euros were considerably higher than in 2022 (12.8 million euros). Net interest income was negative at –3.6 million euros. Due to the transfer of strategic liquidity to a Group company outside the scope of consolidation of the operating Group, the result from financial assets is insignificant at –0.3 million euros.

As an effect of the decrease in the effective tax rate to 23.9 percent, our profit after tax improved by 14.5 percent to 408.7 million euros.

Consolidated balance sheet
Exchange rate effects are reflected in the consolidated balance sheet. Non-current assets increased by 3.3 percent to 1.673 billion euros in 2023. Tangible fixed assets reached 1.346 billion euros at the end of the year, 8.4 percent more than in 2022 – a consequence of extensive investment activities as well as exchange rate movements. Long-term financial assets decreased by 35.9 million euros to 3.7 million euros.

Current assets increased by 20.7 percent to 2.279 billion euros. Short-term financial assets rose by 191.0 percent to 218.2 million euros. Cash and cash equivalents increased by 33.9 percent to 655.0 million euros. To expand our safety stocks, we raised inventories by 5.9 percent to 619.9 million euros. Trade accounts receivable rose slightly by 3.3 percent to 638.3 million euros.

After dividend payments to the parent company, equity of the operating Group still grew by 7.3 percent to 2.178 billion euros. At the same time, total assets increased by 12.6 percent to 3.952 billion euros as a result of the rise in operational liquidity. As a consequence, the equity ratio fell by 2.8 points to 55.1 percent, a highly respectable figure for our industry.

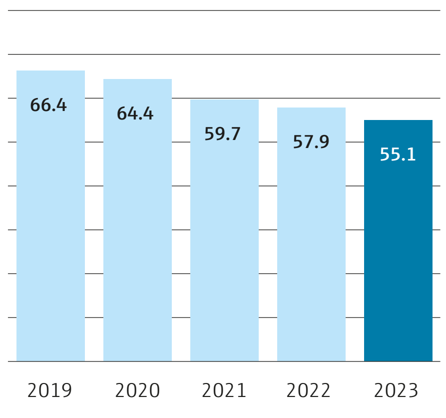
Pension obligations of the Group companies grew from 40.2 million euros to 49.9 million euros as a result of the decrease in discount rates. Long- and short-term provisions fell by 6.4 percent to 245.3 million euros. This includes long-term provisions for anniversaries, which we had to raise compared to 2022 due to new regulations.

We lowered bank loans to 0.2 million euros. We only use this instrument if internal funding is impossible or does not seem sensible. Short-term loans include loans from affiliated companies amounting to 917.6 million euros that Endress+Hauser AG granted to Endress+Hauser Management AG. Our total liabilities increased by 20.0 percent to 1.775 billion euros.

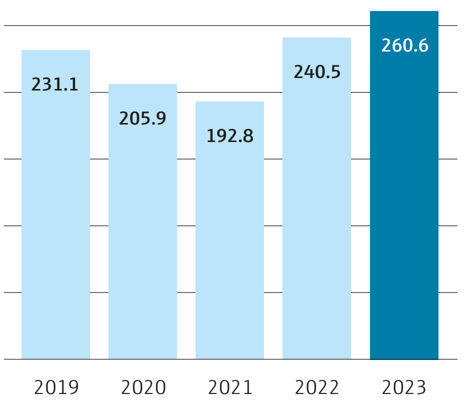
The healthy financial situation of the operating Group is also shown in a still strong cash flow from operating activities. Despite impacts from the build-up of additional inventories and the increase in short-term financial assets, the cash flow increased by 36.0 percent to 566.9 million euros.

Capital expenditure
Last year we invested 260.6 million euros in buildings, plant and machinery, software and information technology, 8.4 percent more than the previous year. In total, investments over the past five years amounted to 1.131 billion euros. Despite the prevailing economic and political uncertainties, we continued all major projects as intended. This allowed us to further strengthen our sales and production network throughout the world.

Equity ratio
(EUR in millions)



Capital expenditures
(EUR in millions)



1

1
Endress+Hauser was able to further increase the share of green electricity in 2023.

2
Electromobility is one way to reduce the company's carbon footprint.

3
Energy efficiency at our sites reduces cost, conserves the environment and protects the climate.

4
We recycle valuable waste materials such as metal chips.

2

3

4

We inaugurated five construction projects last year. In Sydney, our Australian sales center moved into its own building. In Aurangabad, India, a new production facility for temperature measurement technology and liquid analysis went into operation. In Gerlingen, Germany, our competence center for liquid analysis constructed an office building for collaboration and innovation. Our sales center in Singapore modernized its offices, and our sales center in Mexico inaugurated a new building in Mexico City.

Supplemental report

Events after the end of the financial year
There were no significant events after the end of the financial year.

Risk report

Risk management
On principle, Endress+Hauser takes only calculable risks when making business decisions. According to the principles of corporate governance, we established an Internal Control System (ICS), designed to meet the needs of our company.

The company attempts to reduce uncertainty resulting from economic and sector-related developments, fluctuations in exchange rates, political events of worldwide significance or natural disasters by means of broad-based support in the market in terms of industries, regions and customer segments as well as products, solutions and services.

The Supervisory Board plays an important role as a supervisory and advisory body and supports the work of the Executive Board constructively, thus increasing the quality of all fundamental business decisions.

Risks for the company
In accordance with its risk-management guidelines, we raise awareness of business risks at all levels and encourage all employees to avoid and minimize unnecessary risk. A Group standard for business continuity management has been introduced. The Group management regularly conducts risk assessments. Appropriate coverage is provided in terms of essential liability and claims risks. Beyond already posted provisions, there are currently no significant risks from legal cases.

We reduce financial risks from exchange and interest rates with the aid of derivative hedging instruments. Explanations of our financial risk management can be found in our Accounting Policies. Manufacturing close to customers in the various regions of the world reduces the impact of exchange rate fluctuations. These production sites mainly invoice in the respective local currencies.

A consistent IT security concept guarantees an exceptionally high level of protection from loss of data and cybercrime. Environmental and security risks connected with our activities and our production sites are negligible.

Report on opportunities

Opportunity management
Opportunities for the company arise from its strategic focus, economic development, the outcomes of its research & development work and the performance and achievements of the company’s employees. In all these areas Endress+Hauser pursues systematic approaches to safeguard sustained business success.

Opportunities for the company
Our broad-based focus allows us to partake in the growth of varied industries in the process industry. The worldwide presence of sales and production makes sure that we remain dynamic as a business, especially in emerging countries. Our independence as a family-owned business and our financial strength also allow us to consistently pursue the implementation of our strategic goals.

To ensure that enough suitable and dedicated employees, apprentices and trainees find their way to us, we rely on activities at many levels to make Endress+Hauser a more attractive employer, according to the needs of our respective locations. These activities include our Group-wide initiatives to more than double the training rate as well as continuous investments in up-to-date education and training programs, targeted measures for a better work–life balance and retirement models tailored to the needs of the employee.

Our close cooperation with selected universities, colleges and research facilities, as well as wide-ranging activities in research & development, keep our powers of technological innovation at a high level. Apart from our already established innovation management, this is supplemented by efforts to create new expertise and skills outside our established structures with the help of start-ups and corporate venturing. These new entities are designed to serve over time as a breeding ground for innovations across the entire company. In addition, we are looking for strategic partnerships to gain access to new technologies and expand our portfolio usefully.

Opportunities for our company in the medium and long term in particular lie in decarbonization and digitalization. To decarbonize the industry, production processes have to be optimized, adapted and newly implemented, which in turn requires an increased use of automation technology. Digitalization – in our devices, in collaboration with our customers and in our internal processes – unlocks efficiency potential along the entire value chain. We also aim to achieve above-average growth through an increased use of advanced analytical methods in process engineering applications.

Report on expected developments

Business environment

Given the decrease in inflation rates and steady growth rates, the International Monetary Fund (IMF) believes that a hard landing for the economy is less likely. Should inflation decline faster than expected, this could lead to further easing of fiscal policies. On the other hand, new commodity price peaks following geopolitical shocks and disrupted supply chains could possibly extend the phase of restrictive monetary policy.

Against this background, the IMF expects global growth to remain at 3.1 percent in 2024. This means an improvement of 0.2 percentage points compared to the forecast in the World Economic Outlook of October 2023. However, the projection for global growth is below the historical average of 3.8 percent (based on the years 2000 to 2019). For the advanced economies, experts forecast that growth will fall slightly to 1.5 percent in 2024. The eurozone is expected to recover slightly at 0.9 percent, Germany is anticipated to return from recession with growth of 0.5 percent and dynamics in the USA are set to slow down somewhat with a plus of 2.1 percent. For the emerging and developing countries, the IMF expects a stable increase in economic output of 4.1 percent. For China, the organization forecasts 4.6 percent growth, and the figure for India is 6.5 percent.

Objectives of company development

According to the German Electro and Digital Industry Association ZVEI, the industry recorded a sharp decline in incoming orders at the start of 2024. However, companies in the measurement technology and process automation segment are more positive about their business situation and business expectations than the industry as a whole. They expect to see clearly positive impulses again beginning in spring and anticipate growth of around 2 percent in 2024. The association continues to see global trends such as electrification and digitalization, energy efficiency and sustainability as influential factors for the development of the business.

Despite the slowdown in economic dynamics in the second half of the previous year, Endress+Hauser entered 2024 with significant orders on hand. Incoming orders and net sales developed positively in the first nine weeks. However, growth is not broadly based across regions. While China is above the previous year, the USA and Germany are still below the comparative figures. Overall, we expect the first half of the year to be rather difficult before business accelerates in the second half of the year. Consolidated in euros, we expect growth in the mid-single-digit percentage range for the Group in 2024 and want to maintain our profitability at a high level.

Our expectations are based on positive signals from many sectors and a well-filled project pipeline. Last but not least, we consider innovation one of the most important drivers of our business. We intend to launch more than 70 product innovations during the year; the number of new device options will reach almost 1,000.

In general, Endress+Hauser is active in areas that are highly relevant to society, irrespective of economic developments and geopolitical influences. Our products, solutions and services contribute to ensuring the supply of water, food, medication, energy and everyday necessities to a growing world population. In doing so, we help to utilize resources carefully and to protect the climate and the environment. Against this backdrop, our Strategy 2027+ is aimed even more closely at the constantly changing needs of markets and customers. Digitalization and the decarbonization of industrial manufacturing continue to provide significant impetus for our business.

Important projects

Endress+Hauser is seeking a strategic partnership with the German sensor specialist SICK. Both companies signed a memorandum of understanding for SICK's process automation business division in October 2023. The intention is to expand the Endress+Hauser product range to include process analysis and gas flow measurement technology from SICK. To achieve this, the respective SICK sales and service teams are to be integrated into the Endress+Hauser sales organization; the companies intend to establish a joint venture for the production and development of SICK's process technology. The business division, which currently has 1,600 employees, generates annual sales of around 350 million euros.

This strategic partnership with SICK will allow us to find better answers to our customers' challenges. By joining forces, we can become an even more valuable partner for climate and environmental protection, resource and energy efficiency, energy transition and decarbonization. The plan is to sign a contract with SICK by mid-2024; closing of the transaction is scheduled for the end of the year.

We support customers around the world with challenges such as decarbonization and digitalization.

For the time being, 24 construction projects totaling investments of 573.5 million euros have been approved by the Supervisory Board, mainly owed to the expansion of our manufacturing facilities over the coming years. Major projects in this concern are the future development of our site in Maulburg, Germany, two additional factory buildings in Suzhou, China, our corporate campus in Jena, Germany, the expansion of our plant in Waldheim, Germany, a new production facility in Ilmenau, Germany, the next expansion stage in Cernay, France, and a building project in Aurangabad, India.

Regarding our sales organization, new buildings are under construction in Greenwood, Indiana/USA, Philadelphia, Pennsylvania/USA, Mumbai, India, and Vantaa, Finland; additional new buildings are to be constructed in Shanghai, China, Istanbul, Türkiye, Vienna, Austria, and Cali, Colombia. In Buenos Aires, Argentina, our sales center is planning to purchase a building. In addition, a Group guest house will open in Reinach, Switzerland, in 2024.

General statement on corporate development

Thanks to our broad support base in terms of products, regions and industries, and also owing to our sustainable strategic alignment, we see ourselves as well positioned even in an adverse environment. Our independence as a solidly financed family-owned company allows us to continue to guide the Group with a long-term perspective and further pursue key future projects. We are in a position to quickly make the necessary decisions.

We are responding to exceptional circumstances in the face of global crises, geopolitical tensions and political uncertainty with a high degree of flexibility and agility. We want to continue to make best use of our opportunities and to develop our company in a positive and successful way even in an ever-changing business environment.

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Consolidated balance sheet

Assets		EUR in thousands		CHF in thousands	
	Notes	Year ended 31 Dec 2023	Year ended 31 Dec 2022*)	Year ended 31 Dec 2023	Year ended 31 Dec 2022*)
Non-current assets					
Tangible fixed assets	11	1,346,013	1,241,902	1,249,571	1,229,048
Intangible assets	12	128,262	151,579	119,072	150,010
Investments in associated companies	13	29,909	32,321	27,766	31,986
Long-term financial assets	14	3,726	39,649	3,459	39,239
Deferred tax assets	21	102,279	84,047	94,951	83,177
Pension assets	22	62,941	70,594	58,431	69,863
Non-current assets		**1,673,130**	**1,620,092**	**1,553,250**	**1,603,323**
Current assets					
Inventories	15	619,861	585,480	575,448	579,420
Trade accounts receivable	16	638,312	617,740	592,577	611,346
Current income tax assets		13,726	5,321	12,743	5,266
Other accounts receivable	17	134,009	116,072	124,407	114,871
Short-term financial assets	14	218,221	74,993	202,585	74,217
Cash and cash equivalents	18	654,998	489,334	608,068	484,271
Current assets		**2,279,127**	**1,888,940**	**2,115,828**	**1,869,391**
Assets		**3,952,257**	**3,509,032**	**3,669,078**	**3,472,714**

*) Prior-year figures adjusted, see note 1

The notes are an integral part of these consolidated financial statements.

Equity and liabilities		EUR in thousands		CHF in thousands	
	Notes	Year ended 31 Dec 2023	Year ended 31 Dec 2022*)	Year ended 31 Dec 2023	Year ended 31 Dec 2022*)
Equity					
Share capital		14,842	14,842	22,000	22,000
Other reserves		336,590	330,273	312,473	326,855
Retained earnings		1,818,122	1,667,344	1,679,632	1,642,775
Capital and reserves attributable to shareholders		**2,169,554**	**2,012,459**	**2,014,105**	**1,991,630**
Non-controlling interest		8,163	17,816	7,578	17,632
Equity		**2,177,717**	**2,030,275**	**2,021,683**	**2,009,262**
Liabilities					
Long-term loans	19	51,338	51,782	47,660	51,246
Deferred tax liabilities	21	30,190	39,079	28,027	38,675
Retirement benefit obligations	22	49,928	40,189	46,351	39,773
Long-term provisions	23	64,840	43,531	60,194	43,080
Other long-term liabilities	24	204	218	189	216
Non-current liabilities		**196,500**	**174,799**	**182,421**	**172,990**
Short-term loans	19	939,810	680,079	872,473	673,040
Trade accounts and notes payable	19	148,552	147,611	137,908	146,083
Current income tax liabilities		77,107	54,495	71,583	53,932
Short-term provisions	23	180,468	187,007	167,537	185,071
Other short-term liabilities	24	232,103	234,766	215,473	232,336
Current liabilities		**1,578,040**	**1,303,958**	**1,464,974**	**1,290,462**
Liabilities		**1,774,540**	**1,478,757**	**1,647,395**	**1,463,452**
Equity and liabilities		**3,952,257**	**3,509,032**	**3,669,078**	**3,472,714**

*) Prior-year figures adjusted, see note 1

The notes are an integral part of these consolidated financial statements.

Consolidated income statement

		EUR in thousands		CHF in thousands	
	Notes	2023	2022*)	2023	2022*)
Net sales	6	**3,718,829**	**3,350,542**	**3,609,607**	**3,359,789**
Change in inventories		4,331	16,198	4,204	16,243
Own work capitalized		12,028	9,196	11,675	9,221
Other operating revenues		38,247	27,204	37,124	27,279
Purchased goods and services		−1,030,835	−956,278	−1,000,560	−958,916
Personnel expenses	7	−1,358,492	−1,267,021	−1,318,593	−1,270,518
Depreciation and amortization		−180,339	−152,837	−175,042	−153,259
Other operating expenses	8	−630,721	−550,600	−612,197	−552,120
Total operating expenses	9	**−3,200,387**	**−2,926,736**	**−3,106,392**	**−2,934,813**
Operating profit (EBIT)		**573,048**	**476,404**	**556,218**	**477,719**
Result from associated companies	13	−2,244	−1,833	−2,178	−1,838
Net financial result	10	−33,626	−12,998	−32,638	−13,034
Profit before taxes (EBT)		**537,178**	**461,573**	**521,402**	**462,847**
Income taxes	21	−128,439	−104,621	−124,667	−104,910
Net income		**408,739**	**356,952**	**396,735**	**357,937**
Attributable to					
Shareholders		409,354	355,277	397,332	356,257
Non-controlling interest		−615	1,675	−597	1,680
		408,739	**356,952**	**396,735**	**357,937**

*) Prior-year figures adjusted, see note 1

The notes are an integral part of these consolidated financial statements.

Consolidated comprehensive income

		EUR in thousands		CHF in thousands	
	Notes	2023	2022*)	2023	2022*)
Net income		**408,739**	**356,952**	**396,735**	**357,937**
Other comprehensive income					
Remeasurements of pension assets / defined benefit obligations	22	−26,634	124,293	−25,852	124,636
Income taxes thereon	21	5,537	−25,678	5,374	−25,749
Items that can not be reclassified to net income		**−21,097**	**98,615**	**−20,478**	**98,887**
Gains (+) or losses (−) from translating the financial statements of foreign subsidiaries	2.4	27,166	69,124	26,368	69,314
Items that can be reclassified to net income		**27,166**	**69,124**	**26,368**	**69,314**
Other comprehensive income		**6,069**	**167,739**	**5,890**	**168,201**
Comprehensive income		**414,808**	**524,691**	**402,625**	**526,138**
Attributable to					
Shareholders		415,671	522,834	403,463	524,276
Non-controlling interest		−863	1,857	−838	1,862
		414,808	**524,691**	**402,625**	**526,138**

*) Prior-year figures adjusted, see note 1

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

All amounts in EUR thousands	Share capital	Other reserves	Retained earnings	Capital and reserves attributable to shareholders	Non-controlling interest	Equity
Balance at 1 Jan 2022	**14,842**	**162,716**	**1,561,380**	**1,738,938**	**16,165**	**1,755,103**
Net profit for the period			355,277	355,277	1,675	356,952
Change in non-controlling interest			0	0	2,101	2,101
Dividend payments			−249,313	−249,313	−2,307	−251,620
Currency translation differences		68,942	0	68,942	182	69,124
Actuarial gains and losses		98,615		98,615		98,615
Balance at 31 Dec 2022	**14,842**	**330,273**	**1,667,344**	**2,012,459**	**17,816**	**2,030,275**
Net profit for the period			409,354	409,354	−615	408,739
Change in non-controlling interest			1,540	1,540	−8,666	−7,126
Dividend payments			−260,116	−260,116	−124	−260,240
Currency translation differences		27,414		27,414	−248	27,166
Actuarial gains and losses		−21,097		−21,097		−21,097
Balance at 31 Dec 2023	**14,842**	**336,590**	**1,818,122**	**2,169,554**	**8,163**	**2,177,717**

The share capital is fully paid and composed of 22,000 registered shares with a par value of 1,000 CHF per share.
During the business year 2023 dividends of 260.1 EUR millions have been paid to Endress+Hauser AG.
The notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement

All amounts in EUR thousands	Notes	2023	2022*)
Cash flow from operating activities			
Net income		408,739	356,952
Depreciation and amortization	11, 12	180,339	152,837
Income taxes	21	128,439	104,621
Result from associated companies	13	2,244	1,833
Net financial result net of foreign exchange gains (+) / losses (-)		3,871	180
Result on sale of assets and investments		3,737	−46
Change in provisions		14,906	23,869
Other non-cash items		70,240	33,459
Change in inventories, trade accounts receivable and other current assets		−90,020	−289,298
Change in trade payables und other liabilities		−14,360	147,852
Income taxes paid		−141,241	−115,559
Cash flow from operating activities		**566,894**	**416,700**
Cash used in investing activities			
Purchase of fixed assets		−233,518	−199,970
Purchase of subsidiaries net of cash acquired	30	0	−11,026
Investments in financial assets		−195,136	−218,654
Disposals of fixed assets		6,742	9,610
Disposals of financial assets		114,332	137,234
Interest received		8,095	3,546
Cash used in investing activities		**−299,485**	**−279,260**
Free cash flow		267,409	137,440
Cash flow from financing activities			
Acquisition of non-controlling interests		−7,126	63
Dividends paid		−260,240	−251,620
Proceeds from loans		277,467	254,188
Repayments of loans		−70,512	−110,077
Interest paid		−11,692	−3,938
Payments for the principal portion of lease liabilities		−26,674	−22,616
Cash flow from financing activities		**−98,777**	**−134,000**
Effects of exchange rate changes on cash and cash equivalents		**−2,967**	**4,181**
Changes in cash and cash equivalents		**165,665**	**7,621**
Cash and cash equivalents at beginning of year		489,333	481,712
Cash and cash equivalents at end of year		654,998	489,333

*) Prior-year figures adjusted, see note 1

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

This financial report is a translation from the original German version. In case of any inconsistency the German version shall prevail.

1. General information

The Endress+Hauser Group (the Group) is a global leader in measurement instrumentation, services and solutions for industrial process engineering.

The ultimate parent company of the Group is Endress+Hauser AG, which is a stock company and is incorporated and domiciled in Reinach, Switzerland. Endress+Hauser AG is the parent company of Endress+Hauser Management AG.

These subgroup financial statements (the Group) are prepared at the level of Endress+Hauser Management AG (the Company), which is also registered as a stock corporation with its registered office in Reinach, Switzerland.

2. Accounting policies

2.1 Accounting standards

The consolidated financial statements of the Group are prepared based on International Financial Reporting Standards (IFRS).

The spin-off of financial assets from Endress+Hauser Management AG to Endress Familien AG took place with economic effect from 1 January 2023. As a subsidiary of Endress+Hauser AG, Endress Familien AG is not included in the scope of consolidation of Endress+Hauser Management AG. The previous year's consolidated figures in the subgroup financial statements have been adjusted to improve comparability. The transferred balance sheet items (in total 653,952 EUR thousands) were treated as transferred at the end of 2022, see notes 14, 17 and 18. The profit 2022 was adjusted by 53,373 EUR thousands for the effects of the financial assets transferred, see notes 8 and 10.

As the Company is not publicly listed, the Group is not required to publish segment reporting.

The Group has adopted all standards and interpretations applicable as per 31 December 2023. There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year 2023 that have a material impact on the net assets, financial position and earnings performance of the Group.

No major impact is expected from application of other changed or new standards or interpretations that will apply in future on the net assets, financial position and earnings performance or cash flow statement. The Group has not early adopted any amendment or new standard or interpretation.

2.2 Principles and method of consolidation

Subsidiaries Subsidiaries are all companies over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases. Newly acquired companies are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured at the fair value of the assets and liabilities acquired. Acquisition-related costs are expensed as incurred. Identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The financial statements of the companies included in the consolidation have been prepared using the historical cost convention, with the exception of financial assets and financial liabilities (including derivative instruments), and applying uniform presentation and valuation principles. The financial statements of the subsidiaries and the Company are prepared as of the same reporting date. Financial assets and financial liabilities (including derivative instruments) have been recorded at fair value.

Intercompany liabilities, assets, revenues and expenses within the Group and all intercompany profits are eliminated.

Non-controlling interests of third parties are shown separately in the balance sheet, income statement and statement of comprehensive income.

Associated companies Associates are all entities over which the Group has significant influence but not control. Investments in associated companies and joint ventures are accounted for using the equity method. These investments are initially recognized at cost. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the associated company.

Other investments Other investments are reported as long-term financial assets.

2.3 Recognition of income and expenses

Revenues for goods and services are recognized in line with the requirements of IFRS 15 “Revenues from Contracts with Customers”, based on the consideration the Group expects to receive in exchange for the products or services. Revenue from sales of products is recognized in the income statement when control has been transferred to the buyer, which is usually upon delivery, at a fixed price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue from services is recognized when the respective services have been rendered. The regular case for solutions projects is that the products and services can be treated as separate performance obligations and the revenue is recognized at a point in time. Only as exception is the obligation satisfied over time and the revenue recognized according to the stage of completion. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are recognized in the same period that the related sales are recorded based on the contract terms.

Advance payments received on customer contracts are recorded as contract liabilities and presented as part of other short-term liabilities. Liabilities from advance payments are released and revenues associated with such advance payment transactions are recognized upon delivery and transfer of title, ownership and risk of loss of the related products to the customer. Rebates and discounts granted to customers are classified as a reduction of revenue.

Interest income and interest expense is recognized on a time proportion basis. Dividend income is recognized when the right to receive payment is established.

Dividend distributions to the company’s shareholders are recorded in the Group’s financial statement in the period in which the dividends are approved by the company’s shareholders.

2.4 Foreign currency translation

Presentation currency The consolidated financial statements are presented in euros. This currency has been selected due to the fact that the majority of the Group’s assets, liabilities, revenues and expenses are denominated in this currency.

For the convenience of the reader the consolidated income statement, comprehensive income and balance sheet are also presented in Swiss francs. The calculation is simplified based on consolidated Euro values using the relevant closing and average rates.

Transactions and balances Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Group companies The Group subsidiaries present their financial statements in local currency. Conversion of the profit and loss accounts into the Group presentation currency is done at the average annual rates, while the balance sheet is converted at the closing rate at the date of that balance sheet.

All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholder’s equity.

When a foreign entity is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the reporting entity and translated at the closing rate.

Consolidated comprehensive income In addition to the income statement, the comprehensive income comprises results recognized directly in equity, i.e. without affecting profit or loss. Relevant for the Group are actuarial gains or losses from defined benefit plans and currency differences from the translation of the financial statements of foreign subsidiaries. The translation differences result from the difference between historical exchange rates and closing rates on investments and equity in foreign currencies; there are no related tax effects.

2.5 Tangible fixed assets

Property, plant and equipment is valued at historical acquisition or production costs, less accumulated depreciation calculated on a straight-line basis over the useful life of the asset. Subsequent expenses that enhance the economic benefits associated with the item are capitalized. Land is reported at cost.

The estimated useful life to determine straight-line depreciation is as follows:

Land, assets under construction	none
Buildings (light construction)	10–20 years
Buildings (massive construction)	25–40 years
Plant, equipment and machinery	7–15 years
Production tools and other equipment	3–7 years
Office equipment and furniture	8–10 years
IT equipment (hardware)	3–5 years
Motor vehicles	4–6 years

Gains or losses on disposals are determined by comparing proceeds with book values and are included in operating profit. Interest costs on borrowings to finance the construction of property, plant and equipment are expensed in the period in which they are incurred if they are not directly attributable.

The property, plant and equipment financed by finance lease agreements are depreciated over the shorter of the duration of the lease agreement and its duration in use.

2.6 Intangible assets

Goodwill Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually or more frequently if there is an indication of impairment and carried at cost less accumulated impairment losses. The calculation of gains and losses on the disposal of an entity is based on the carrying amount of goodwill relating to the entity sold.

Research and development costs Research expenditure is recognized as an expense as incurred. Since the extent and timing of future economic benefits of development projects is difficult to assess, development costs are regularly recognized as expenses as incurred.

Other intangible assets Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Expenditure to acquire patents, trademarks and licences is capitalized. Intangible assets are amortized using the straight-line method over the following useful lives:

Concessions, rights and licences	3–15 years
Computer software	3–5 years
Technology and other intangible assets	3–15 years

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation or amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever an indication is given. Where the book value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.8 Financial assets

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss and financial assets at amortized cost.

A financial asset is classified in the category “at fair value through profit or loss” if the criteria for classification “at amortized cost” are not fulfilled. Investments in equity instruments are measured at fair value. The possibility to present subsequent changes in fair value in other comprehensive income is not applied. Investments in debt instruments are classified on the basis of the business model as determined by Group management. The majority of these instruments are held and managed on the basis of fair value considerations and therefore measured at fair value. Derivatives are also measured at fair value through profit or loss. Regular purchase and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Profits and losses arising from changes in market value are recorded in the net financial result.

2.9 Derivative financial instruments
Due to its international activities, the Endress+Hauser Group is particularly exposed to changes in interest and exchange rates. The companies of the Endress+Hauser Group use derivative financial instruments to limit these risks. The Endress+Hauser Group uses forward exchange contracts to hedge existing underlying transactions. On the interest rate side, risks are limited by interest rate derivatives in the form of interest rate options and interest rate swaps, with interest rate swaps being used specifically to reduce the interest rate risk from liabilities originally subject to variable interest rates. Derivatives are valued at market value. Changes in the market value are taken to the income statement (see note 26). Hedge accounting is not applied.

2.10 Leasing agreements
As a lessee the Group leases certain tangible fixed assets like land, buildings, offices, vehicles, machinery and IT equipment. Under the accounting model of IFRS 16, all leases are generally recognized in the balance sheet. The right-of-use asset, which represents the right to use the underlying asset, and the liability from the lease, which represents the obligation to make lease payments, are recognized.

The Group has made use of the practical expedients not to capitalize short-term leases with a term of less than 12 months and leases of low-value assets (less than EUR 5,000) as rights-of-use. These contractual relationships are recognized as expenses on a straight-line basis over the term of the lease. The Group has also decided not to treat software licenses under IFRS 16 as all other intangible assets.

A contract is classified as a lease under IFRS 16 if the Group has the right to obtain economic benefits from the use of an identified asset and has the right to decide whether to use the asset alone. Rights-of-use are recognized at cost and amortized on a straight-line basis over the lease term using the cost model or over the expected useful life if a purchase option exists. For the latter, the same depreciation periods are used as for purchased property, plant and equipment. The costs for the right of use consist of the present value of the leasing liability, the direct costs and the future dismantling costs. In addition, where necessary, rights of use are subject to extraordinary depreciation (impairment) and the lease liability is adjusted for certain revaluations. Lease and non-lease components of an agreement are not accounted for separately, but are treated as one lease. The exception here is non-leasing components for rentals and buildings (in particular ancillary costs). These are recognized separately as expenses on a straight-line basis over the term of the lease.

The lease liability is measured at the present value of the lease payments. The lease payments are discounted at the interest rate on which the lease is based, if this can be easily determined. Otherwise, the marginal borrowing rate is normally applied, which is centrally determined by the Group according to countries and currencies.

The Group does not have any material leases as lessor.

2.11 Inventories
Inventories are stated at the lower of cost and net realizable value. The cost of purchased inventory is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The value adjustments are calculated on a line-by-line basis using the stock reach criterion and take also slow-moving items and specific cases into consideration.

2.12 Trade accounts receivables, income tax receivables and other receivables
Trade receivables are valued and recognized in the balance sheet at original invoice amount, which equals their fair value. Provisions for impairment of these receivables have been made for doubtful and overdue debts. The impairment model of IFRS 9 requires the recognition of expected losses. For the measurement of impairment on trade receivables, the simplified approach was chosen, which allows for the consideration of impairments expected to occur over the total term. The amount of the expected loss is recognized in the income statement within other operating expenses.

Other receivables also include other assets (precious metals). Due to an existing regulatory gap in IFRS on the accounting for such precious metals, which are neither held for trading nor for consumption in production, a separate accounting policy has been formed taking into account the IFRS framework. The Group measures precious metals in tangible ownership at fair value and recognizes their change in value in the income statement.

Notes to the consolidated financial statements

2.13 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and are carried at nominal value.

2.14 Trade accounts payable and other liabilities
Trade accounts payable represent liabilities for goods and services purchased in the ordinary course of business. They are presented as current liabilities if payment is due within one year or less than one year. Otherwise they are reported under non-current liabilities.

They are measured at the originally invoiced amount which equals fair value.

2.15 Loans
Loans are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any discount, which corresponds to the difference between the proceeds (net of transaction costs) and the redemption amount is amortized over the term of the loan and is recognized in the income statement using the effective interest method. Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the expected future outflow of resources.

2.17 Current and deferred income tax
Provisions are made for all tax obligations at the balance sheet date, regardless of their payment date.

The impact of the OECD minimum taxation on the Group's current tax charge is not material. Top-up taxes on income for current reporting periods are disclosed in note 21, where relevant. The Group has applied the exception for the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes. If further national tax laws already adopted become effective in the future, this is also not expected to have a material impact on the Group.

In addition, provisions are made for deferred taxes at the anticipated local tax rate on the difference between the values in the consolidated balance sheet and the values in the tax balance sheets of the individual companies. Deferred taxes resulting from temporary differences relating to investments in subsidiaries or associated companies are not recognized as the Group can control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Tax relevant losses carried forward and temporary differences are capitalized only to the extent that it is likely that sufficient taxable profit will be generated in the future to offset them.

2.18 Employee benefits
The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Retirement benefit obligations – Defined benefit plans
The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The assets recognized are limited to the present value of the future economic benefits available to the Group (asset ceiling).

The pension obligation under all major defined benefit plans is determined yearly by independent qualified actuaries based on the Projected Unit Credit Method.

The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows using interest rates for government bonds plus a premium of 0.5 to 2% or for high-quality corporate bonds. The government bonds or corporate bonds are denominated in the currency in which the benefits will be paid and have terms to maturity approximating to the terms of the related pension liability of 15 to 20 years.

Actuarial gains and losses due to changes in actuarial assumptions and experience adjustments as well as effects from the asset ceiling are recognized in other comprehensive income in the current period. Pension costs from defined benefit plans include service cost, interest expense and past service cost of the current period and are shown separately in note 7 (personnel expenses).

Retirement benefit obligations – Defined contribution plans
Defined contribution plans are saving plans which do not include future benefit commitments. The contributions, which the Group is called upon to pay in respect of a particular period, are recorded as personnel expenses in that period and separately shown in note 7.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Profit-sharing and bonus plans
The Group recognizes a provision for bonuses and profit-sharing where contractually obliged or where there is a past practice that has created a constructive obligation.

3. Management of financial risks

3.1 Financial and exchange risks
In view of the Group's worldwide activities and locations in a variety of countries, the local entities are actively engaged in managing exchange risks. Risk management is concentrated on monitoring and analyzing exchange risks, with the aim of limiting their effects on the Group's results. The risks are assessed mainly by the local Group companies, whereby the Group's treasury supports the units.

The Group uses derivative financial instruments like forex forward contracts, options or interest rate derivatives to hedge exchange and interest rate risks.

Financial instruments, exposed to foreign exchange risks are primarily trade accounts receivable, cash and cash equivalents, financial assets, loans and trade accounts payable. This comprises transactions with third parties and internal Group transactions. Relevant net foreign currency exposures exist in CHF and USD. Assuming for the purpose of a sensitivity analysis a change of ±5% of these currencies against the euro, this would result in a possible change of the net income of ±3.3 EUR millions (prior year ±5.5 EUR millions).

As the Group is almost debt-free, changes in interest rates have an insignificant impact on the Group's financial result.

3.2 Credit risks
Credit risk arises from cash and cash equivalents, derivative financial instruments and financial assets, as well as receivables from customers. For banks and financial institutions, only first-class institutions are accepted.

For other business partners, the Group's policy on customer credits specifies that a periodic credit-worthiness check is required and performed under the supervision of the controller of the respective Group company. The Group has no significant concentration of credit risks. The maximum exposure is the book value of the receivables.

3.3 Liquidity risks
Group companies maintain a certain amount of cash in order to secure their normal business activities. They can adjust their cash balance by usage or repayment of intercompany loans.
A significant portion of cash and cash equivalents is managed by Corporate Treasury. The investment regulations define a minimum operational liquidity. Amounts above the minimum liquidity are generally transferred to strategic liquidity. Besides the liquid funds the Group can revert to secured credit lines with major international banks. These credit lines can be utilized by the Group or its entities to fund cash loans or trade financing and to secure exchange rate margins.

The forecasted liquidity reserve per 31 December 2024 is as follows (EUR in millions):

Cash and cash equivalents at 31 December 2024:	568
Short-term financial assets:	343
Unused credit lines:	66
Total available liquidity reserve:	977

Credit lines with banks are unchanged from the previous year.

For details on the remaining terms of the liabilities, please refer to note 19.

3.4 Capital risk management
The Group wants to stay autonomous and independent and strives for a healthy debt to equity ratio, which should exceed the industry average.

3.5 Fair value estimation
The following fair value measurement hierarchy levels have been defined for financial instruments carried at fair value:

- Level 1: Valuation based on quoted prices in active markets
- Level 2: Valuation based on quoted prices in inactive markets or according to the discounted cash flow method based on observable market data
- Level 3: Valuation based on unobservable inputs

For details of the Group's assets and liabilities measured at fair value, please refer to notes 14 and 26.

4. Critical accounting estimates and assumptions

When drawing up the consolidated financial statements, the Group makes estimates and takes assumptions concerning the future. The actual values can deviate from the assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the requirements of IAS 36 "Impairment of Assets". The recoverable amounts of all cash-generating units are determined based on value-in-use calculations or as exception based on calculation of the fair value less costs of disposal.

4.2 Estimates for the accounting for employee benefits
IAS 19 "Employee Benefits" requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected future inflation rates, average life expectancy and expected rates of returns on pension plan assets as well as discount factors. Substantial changes in the assumed development of any of these variables may significantly change the Group's retirement benefit obligation and pension assets.

5. Key figures not defined under IFRS

By stating its free cash flow in the cash flow statement, the Group is reporting an item that is not defined in IFRS but is being widely used and recognized in the financial sector. This key figure is the total cash flow from operating and from investing activities.

6. Net sales by region (all amounts in EUR thousands)

	Notes	2023	2022
Europe		1,497,439	1,342,566
Asia-Pacific		1,113,702	1,058,829
Americas		953,164	838,003
Africa, Middle East		154,524	111,144
		3,718,829	**3,350,542**
Net sales by products (all amounts in EUR thousands)			
Process instrumentation and automation		3,515,561	3,098,165
Laboratory instrumentation and automation		143,300	165,257
Sensors		59,968	87,120
		3,718,829	**3,350,542**

7. Personnel expenses (all amounts in EUR thousands)

	Notes	2023	2022
Wages and salaries		1,104,021	1,037,538
Social securities		173,341	160,472
Pension costs – defined benefit plan	22	21,776	29,687
Pension costs – defined contribution plan		25,143	21,458
Other employee benefit expenses		34,211	17,866
		1,358,492	**1,267,021**
Number of employees by region (at balance sheet date)			
Europe		11,322	10,903
Asia-Pacific		2,924	2,763
Americas		1,992	1,873
Africa, Middle East		294	278
		16,532	**15,817**

8. Other operating expenses (all amounts in EUR thousands)

	Notes	2023	2022*)
Other personnel related costs		112,518	91,693
Customer related costs		164,723	130,040
IT (EDP) related costs		75,430	73,916
Building maintenance, furniture and fixtures		106,457	86,969
Lease expenses short-term	20	28,159	33,266
Expenses for rights and other services		106,075	97,205
Other operating expenses		19,686	16,496
Non-income taxes		15,675	15,434
Loss from sale of fixed assets		1,998	5,581
		630,721	**550,600**

*) 2022: Expenses for rights and other services adjusted by +627 EUR thousands

9. Research and development (all amounts in EUR thousands)

	Notes	2023	2022
Part of total operating expenses is the following expenditure for research and development		267,562	242,418
In % of net sales		**7.2%**	**7.2%**

10. Net financial result (all amounts in EUR thousands)

	Notes	2023	2022*)
Interest expense – loans		−10,232	−2,908
Interest expense – lease liabilities	20	−1,460	−1,030
Interest expenses		**−11,692**	**−3,938**
Interest income		8,095	3,546
Interest result		**−3,597**	**−392**
Various foreign exchange gains (+) / losses (−)		−67,580	−30,254
Foreign exchange gains (+) / losses (−) from derivative financial instruments	26	37,825	17,436
Net foreign exchange gains / losses		**−29,755**	**−12,818**
Result from financial assets (at fair value)		−268	69
Result from derivative financial instruments	26	−6	143
Result from financial assets		**−274**	**212**
Net financial result		**−33,626**	**−12,998**

*) 2022: Net financial result adjusted by +52,746 EUR thousands.

Notes to the consolidated financial statements

11. Tangible fixed assets 2023 (all amounts in EUR thousands)

	Land and buildings	Plant, equipment and machinery	Office equipment and furniture	Advance payments & assets under construction	2023 total
Acquisition value					
Value as at 1 Jan 2023	**1,148,951**	**854,153**	**282,342**	**132,239**	**2,417,685**
Additions	41,485	52,972	42,858	112,829	250,144
Disposals	−10,676	−25,906	−24,126	−385	−61,093
Transfers	30,778	40,005	8,360	−81,535	−2,392
Exchange differences	6,252	7,027	−199	3,135	16,215
Value as at 31 Dec 2023	**1,216,790**	**928,251**	**309,235**	**166,283**	**2,620,559**
Accumulated depreciation					
Value as at 1 Jan 2023	**−402,720**	**−576,320**	**−196,743**		**−1,175,783**
Depreciation	−47,121	−60,963	−35,883		−143,967
Disposals	8,048	24,111	22,296		54,455
Transfers	0	−566	−156		−722
Exchange differences	−5,268	−3,803	542		−8,529
Value as at 31 Dec 2023	**−447,061**	**−617,541**	**−209,944**		**−1,274,546**
Net book value as at 1 Jan 2023	**746,231**	**277,833**	**85,599**	**132,239**	**1,241,902**
Net book value as at 31 Dec 2023	**769,729**	**310,710**	**99,291**	**166,283**	**1,346,013**
Information on leases included above					
Additions to right-of-use assets	10,908	176	15,989		27,073
Depreciation	−12,919	−130	−11,887		−24,936
Net book value of right-of-use assets as at 31 Dec 2023	49,154	137	24,366		73,657
					2023
Fixed assets pledged as security					3,384

11. Tangible fixed assets 2022 (all amounts in EUR thousands)

	Land and buildings	Plant, equipment and machinery	Office equipment and furniture	Advance payments & assets under construction	2022 total
Acquisition value					
Value as at 1 Jan 2022	**1,065,703**	**797,933**	**272,192**	**95,871**	**2,231,699**
Changes in the scope of consolidation	700	2,518	169	0	3,387
Additions	71,887	34,859	36,083	86,919	229,748
Disposals	−16,537	−24,904	−32,444	−1,640	−75,525
Transfers	10,903	32,942	4,429	−52,153	−3,879
Exchange differences	16,295	10,805	1,913	3,242	32,255
Value as at 31 Dec 2022	**1,148,951**	**854,153**	**282,342**	**132,239**	**2,417,685**
Accumulated depreciation					
Value as at 1 Jan 2022	**−365,671**	**−537,835**	**−191,702**		**−1,095,208**
Depreciation	−44,024	−57,630	−34,026		−135,680
Disposals	13,341	23,592	29,907		66,840
Transfers	−37	2,155	359		2,477
Exchange differences	−6,329	−6,602	−1,281		−14,212
Value as at 31 Dec 2022	**−402,720**	**−576,320**	**−196,743**		**−1,175,783**
Net book value as at 1 Jan 2022	**700,032**	**260,098**	**80,490**	**95,871**	**1,136,491**
Net book value as at 31 Dec 2022	**746,231**	**277,833**	**85,599**	**132,239**	**1,241,902**
Information on leases included above					
Additions to right-of-use assets	29,830	43	9,767		39,640
Depreciation	−11,809	−172	−11,498		−23,479
Net book value of right-of-use assets as at 31 Dec 2022	53,693	92	20,860		74,645
					2022
Fixed assets pledged as security					3,104

12. Intangible assets 2023 (all amounts in EUR thousands)

	Goodwill	Concessions, rights and licences	IT software	Technology and other intangible assets	2023 total
Acquisition value					
Value as at 1 Jan 2023	**118,542**	**63,709**	**121,702**	**51,270**	**355,223**
Additions	250	203	4,520	5,474	10,447
Disposals	–322	–18,384	–2,567	–9,069	–30,342
Transfers	0	31	5,630	–2,519	3,142
Exchange differences	–1,794	–557	1,646	718	13
Value as at 31 Dec 2023	**116,676**	**45,002**	**130,931**	**45,874**	**338,483**
Accumulated amortization					
Value as at 1 Jan 2023	**–31,582**	**–49,922**	**–94,711**	**–27,429**	**–203,644**
Amortization	0	–2,513	–11,024	–4,013	–17,550
Impairment	–18,822	0	0	0	–18,822
Disposals	322	18,390	2,484	9,069	30,265
Transfers	0	–31	–4	7	–28
Exchange differences	339	358	–926	–213	–442
Value as at 31 Dec 2023	**–49,743**	**–33,719**	**–104,181**	**–22,579**	**–210,221**
Net book value as at 1 Jan 2023	**86,960**	**13,787**	**26,991**	**23,841**	**151,579**
Net book value as at 31 Dec 2023	**66,933**	**11,283**	**26,750**	**23,295**	**128,262**

Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to reporting entities (group companies or sub-groups). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections over a four-year period.

The calculations did result to an impairment charge of EUR 18,822 thousands, which arose at the subgroup Analytik Jena GmbH+Co. KG due to lower sales and earnings expectations and an increased discount rate.

The significant assumptions regarding goodwill were as follows:

Sub-groups	Goodwill in EUR thousands	Goodwill from year	WACC	Long-term sales growth rate	Average return on sales
Endress+Hauser Optical Analysis Inc.	20,177	2012/2013	8.6%	2.0%	7.0%

The further goodwill of 46,756 EUR thousands is distributed among 11 subsidiaries or sub-groups.

12. Intangible assets 2022 (all amounts in EUR thousands)

	Goodwill	Concessions, rights and licences	IT software	Technology and other intangible assets	2022 total
Acquisition value					
Value as at 1 Jan 2022	**113,806**	**61,247**	**122,088**	**40,528**	**337,669**
Changes in the scope of consolidation	1,816	98	4	12,773	14,691
Additions	0	54	4,992	5,675	10,721
Disposals	0	−1,028	−10,825	−4,251	−16,104
Transfers	0	805	4,055	−3,458	1,402
Exchange differences	2,920	2,533	1,388	3	6,844
Value as at 31 Dec 2022	**118,542**	**63,709**	**121,702**	**51,270**	**355,223**
Accumulated amortization					
Value as at 1 Jan 2022	**−30,892**	**−46,364**	**−93,385**	**−27,808**	**−198,449**
Amortization	0	−2,634	−10,347	−4,176	−17,157
Disposals	0	1,026	9,950	4,248	15,224
Transfers	0	0	−4	4	0
Exchange differences	−690	−1,950	−925	303	−3,262
Value as at 31 Dec 2022	**−31,582**	**−49,922**	**−94,711**	**−27,429**	**−203,644**
Net book value as at 1 Jan 2022	**82,914**	**14,883**	**28,703**	**12,720**	**139,220**
Net book value as at 31 Dec 2022	**86,960**	**13,787**	**26,991**	**23,841**	**151,579**

Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to reporting entities (group companies or sub-groups). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections over a four-year period and do not result in any impairment charge.

The significant assumptions regarding goodwill were as follows:

Sub-groups	Goodwill in EUR thousands	Goodwill from year	WACC	Long-term sales growth rate	Average return on sales
Endress+Hauser Optical Analysis Inc.	20,526	2012/2013	6.5%	2.0%	3.9%
Subgroup Analytik Jena GmbH	18,822	2013/2014	6.5%	2.0%	4.0%

The further goodwill of 47,612 EUR thousands is distributed among 11 subsidiaries or sub-groups.

Notes to the consolidated financial statements

13. Investments in associated companies (all amounts in EUR thousands)

	Notes	2023	2022
Change in investments in associated companies:			
Value as at 1 Jan		**32,321**	**34,021**
Group's share of profit		−2,244	−1,833
Exchange differences		−168	133
Value as at 31 Dec		**29,909**	**32,321**

Joint ventures are accounted for using the equity method and listed under investments in associates (see scope of consolidation in note 31).

The summarized financial information for associated companies are as follows:		2023	2022
Non-current assets		1,085	798
Current assets		16,250	22,116
Non-current liabilities		147	169
Current liabilities		2,688	3,422
Net sales		32,430	29,982

14. Financial assets (all amounts in EUR thousands)

	Notes	2023	2022*)
Long-term financial assets (at fair value)		1,144	2,015
Long-term loans to third parties (amortized cost)		1,565	1,567
Long-term financial assets (amortized cost)		1,017	36,067
Long-term financial assets		**3,726**	**39,649**
Short-term financial assets (at fair value)		3,889	2
Short-term financial assets (amortized cost)		190,738	68,503
Derivative financial instruments – assets	26	23,594	6,488
Short-term financial assets		**218,221**	**74,993**
Financial assets		**221,947**	**114,642**
The financial assets (at fair value) are included in the fair value hierarchy levels as follows:	3.5		
Level 1		3,902	14
Level 2		24,034	7,840
Level 3		691	651
Financial assets (at fair value)		**28,627**	**8,505**
Financial assets (amortized cost)		**193,320**	**106,137**
Financial assets		**221,947**	**114,642**

*) Adjustments 2022: Long-term financial assets (at fair value) −280,156 EUR thousands, Short-term financial assets (at fair value) −324,021 EUR thousands

Level 1 mainly contains short-term financial assets (at fair value) such as share funds and bonds with quoted marked prices.
Level 2 mainly contains derivative financial instruments.

15. Inventories (all amounts in EUR thousands)

	Notes	2023	2022
Raw materials and supplies		258,640	248,247
Work in progress and semi-finished goods		186,480	178,726
Finished goods and merchandise		165,901	152,002
Advance payments for inventory		8,840	6,505
		619,861	**585,480**
As in the previous year, no inventories were pledged as security for borrowings.			
Change in stock provision based on the stock-reach analysis:			
Value as at 1 Jan		**−62,966**	**−60,917**
Additions (via income statement)		−12,406	−14,563
Amounts used		4,938	4,279
Reversal (via income statement)		5,269	9,363
Exchange differences		−706	−1,128
Value as at 31 Dec		**−65,871**	**−62,966**

Notes to the consolidated financial statements

16. Trade accounts receivable (all amounts in EUR thousands)

	Notes	2023	2022
Trade accounts receivable from third parties		655,335	635,444
Trade accounts receivable – cons. group companies	28	25	5
Total trade accounts receivable – gross		**655,360**	**635,449**
Bad debt valuation allowance		−17,048	−17,709
Total trade accounts receivable		**638,312**	**617,740**
Movements on the provision for impairment of trade receivables:			
Value as at 1 Jan		**−17,709**	**−18,946**
Provision for receivables impairment		−4,577	−3,296
Utilization of provision for receivables written off		1,377	2,416
Reversal of unused provision		3,627	2,354
Exchange differences		234	−237
Value as at 31 Dec		**−17,048**	**−17,709**
At reporting date provisions for doubtful and overdue debts have been made. The aging analysis of the receivables is as follows:			
Aging analysis			
Not due or overdue under 2 months		583,870	570,444
2 to 6 months overdue		36,585	32,335
6 to 12 months overdue		15,701	12,467
Over 12 months overdue		19,204	20,203
Total trade accounts receivable – gross		**655,360**	**635,449**
Trade accounts receivable include amounts denominated in the following major currencies:			
Functional currencies of subsidiaries		574,246	548,625
Euro		43,385	42,930
US dollar		37,138	37,898
Other currencies		591	5,996
Total trade accounts receivable – gross		**655,360**	**635,449**

17. Other accounts receivable (all amounts in EUR thousands)

	Notes	2023	2022*)
Other tax receivables		43,799	41,719
Accounts receivable from social benefits institutions		2,906	656
Accounts receivable from employees		1,335	1,183
Contract assets (IFRS 15)	25	34,004	20,565
Prepayments and accruals		33,055	31,773
Other accounts receivable from third parties		18,910	19,961
Other accounts receivable – cons. group companies	28	0	215
		134,009	**116,072**

*) Adjustments 2022: Other assets (precious metals) −43,708 EUR thousands

Other receivables do not contain impaired assets.

18. Cash and cash equivalents (all amounts in EUR thousands)

	Notes	2023	2022*)
Cash and cash deposits		647,962	485,023
Short-term interest bearing deposits		7,036	4,311
		654,998	**489,334**

*) Adjustments 2022: Cash deposits −6,067 EUR thousands

Notes to the consolidated financial statements

19. Loans and other liabilities with residual maturity (all amounts in EUR thousands)

	Notes	2023	2022
The carrying amounts of loans (at amortized cost) are as follows:			
Long-term loans from banks		176	668
Long-term loans from third parties		1,744	1,403
Long-term lease liabilities	20	49,418	49,711
Total long-term loans		**51,338**	**51,782**
Short-term loans from banks		0	51
Short-term loans from third parties		0	58
Short-term loans from associated companies	28	2,000	5,500
Short-term loans from cons. group companies	28	917,640	654,128
Short-term lease liabilities	20	20,170	20,342
Total short-term loans		**939,810**	**680,079**
Total loans		**991,148**	**731,861**
Changes in liabilities arising from financing activities are as follows:			
Total loans as at 1 Jan		**731,861**	**539,075**
Changes in the scope of consolidation	30	0	596
Financing cash flows		180,281	127,562
New leases		27,073	39,640
Exchange differences		52,029	25,083
Other changes		–96	–95
Total loans as at 31 Dec		**991,148**	**731,861**
Trade accounts payable to third parties		148,552	147,611
Trade accounts and notes payable		**148,552**	**147,611**
Other liabilities with residual maturity	24	**86,350**	**95,584**
Breakdown by maturity			
Under 1 year		1,174,508	923,056
1 to 5 years		39,648	38,567
Over 5 years		11,894	13,433
Total liabilities with residual maturity		**1,226,050**	**975,056**

Bank loans are mainly secured by the land and buildings of the Group (see note 11). The short-term loans from consolidated group companies are granted by Endress+Hauser AG to Endress+Hauser Management AG.

All loans are in functional currencies of subsidiaries. The fair value of the loans equal their carrying amount, as the impact of discounting is not significant.

20. Leasing (all amounts in EUR thousands)

	Notes	2023	2022
As a lessee the Group has recognized the following amounts in the balance sheet:			
Net book value of right-of-use assets	11	**73,657**	**74,645**
Short-term lease liabilities		20,170	20,342
Long-term lease liabilities 1 to 5 years		37,524	36,278
Long-term lease liabilities over 5 years		11,894	13,433
Present value of lease liabilities	19	**69,588**	**70,053**
The income statement shows the following amounts relating to leases:			
Depreciation	11	24,936	23,479
Interest expense – lease liabilities	10	1,460	1,030
Lease expenses short-term	8	13,818	13,724
Lease expenses low-value leases	8	2,663	3,550
Expenses for additional charges for lease contracts	8	11,678	15,992
Total cash outflows for leases		56,524	57,640

The Group does not generate any income from subleasing right-of-use assets and no gains or losses from sale and leaseback transactions.

There are no significant cash outflows that have not been taken into account in the measurement of lease liabilities.

The Group's right-of-use assets shown in the balance sheet are spread over a large number of different contracts. The leasing agreements are concluded directly by the respective Group companies in accordance with local laws, rules and customs. The majority of lease payments are fixed but include index-linked rents. The restrictions and undertakings on the right-of-use assets are customary conditions in the industry.

Notes to the consolidated financial statements

21. Income taxes (all amounts in EUR thousands)

	Notes	2023	2022
Income tax expenses			
Current income tax charge		153,133	121,771
Top-up tax on current income tax		0	0
Deferred income tax charge (+) / benefit (−)		−24,694	−17,150
Total charge for income taxes		**128,439**	**104,621**
Analysis of tax rate			
The income tax expense on the consolidated profit before taxes differs from the expected tax rate (the weighted average of the local tax rates of the Group companies) as follows:			
Average expected tax rate		**24.7%**	**24.3%**
Tax effect of			
– Different tax rates in other countries		0.0%	0.3%
– Changes in tax rates		0.2%	0.4%
– Additional tax (+) or tax refunds (−) from previous years		−0.1%	1.1%
– Income not subject to tax		−3.0%	−2.9%
– Expenses not deductible for tax purposes or reduced rate		3.3%	2.0%
– Current year change in unrecognized tax losses		−1.1%	0.2%
– Other items		−0.1%	0.2%
Effective tax rate		**23.9%**	**25.6%**
Changes in deferred taxes (assets and liabilities) recorded in the balance sheet:			
Balance as at 1 Jan		**44,969**	**58,202**
Changes in the scope of consolidation		0	−3,439
Income statement charge / credit		24,694	17,150
Tax debited (−) / credited (+) to equity		5,537	−25,678
Exchange differences		−3,111	−1,266
Net balance as at 31 Dec		**72,089**	**44,969**
Tax losses on which no deferred tax was calculated			
Expiry			
Within 5 years		6,701	6,482
Within 6 to 10 years		12,872	24,982
Over 10 years		55,071	55,708
Unrecognized tax losses as at 31 Dec		**74,644**	**87,172**

21. Income taxes (all amounts in EUR thousands)

	Notes	2023	2022
Source of deferred tax			
Deferred tax assets and liabilities relate to the following items on the consolidated balance sheet:			
Tangible fixed assets		−34,637	−47,739
Intangible assets		9,419	10,476
Capitalized tax losses		33,754	31,162
Inventories		31,902	24,229
Other assets		2,688	−6,653
Pension assets / retirement benefit obligations		5,062	−541
Loans		12,250	12,986
Other liabilities		11,651	21,049
Net deferred tax balance recognized as at 31 Dec		**72,089**	**44,969**

The partial outsourcing of the German pension scheme done in 2019 results in tax losses that are part of capitalized tax losses.

22. Retirement benefit obligations (all amounts in EUR thousands)

	Notes	2023	2022
The defined benefit obligations are composed as follows:			
Group companies in Germany		49,928	40,189
Group companies in Switzerland		−62,941	−70,594
Pension assets (−) / defined benefit obligations (+) recognized in the balance sheet		**−13,013**	**−30,405**
Defined benefit obligations – Group companies in Germany			
The defined benefit obligations of the Group companies in Germany refer particularly to the pension scheme of 1993 and individual obligations to directors and senior staff. The pension scheme provides benefits to employees of the Group in the form of a guaranteed level of pension payable for life, depending on the final salary. Effective 1 August 2019, the transferable parts of the pension scheme of 1993 were transferred to Allianz Pensionsfonds AG, Stuttgart, and deducted from the defined benefit obligation in the balance sheet. Due to the obligation to make additional contributions, as set out in the agreement with Allianz, full derecognition of the corresponding pension liabilities is not permitted according to IAS 19.			
The obligations are as follows:			
Present value of obligations		252,551	233,615
Fair value of plan assets		−202,623	−193,426
Defined benefit obligations recognized in the balance sheet		**49,928**	**40,189**

22. Retirement benefit obligations (all amounts in EUR thousands)

	Notes	2023	2022
Movement in the defined benefit obligation			
Value as at 1 Jan		**233,615**	**336,767**
Current service cost		3,334	5,679
Interest cost		8,492	3,334
Total defined benefit plan costs, included in personnel expenses	7	**11,826**	**9,013**
Remeasurement resulting from actuarial gains (–) / losses (+) recognized in year from			
Change in financial assumptions		14,628	–108,128
Change in experience adjustments		2,424	4,894
Total remeasurement, included in other comprehensive income		**17,052**	**–103,234**
Benefits paid		–9,942	–8,931
Value as at 31 Dec		**252,551**	**233,615**
Movement in the fair value of the plan assets			
Value as at 1 Jan		**193,426**	**241,083**
Interest income		7,026	2,379
Total defined benefit plan costs, included in personnel expenses	7	**7,026**	**2,379**
Remeasurement: return on plan assets		10,538	–42,605
Effect of asset ceiling		3	–9
Total remeasurement, included in other comprehensive income		**10,541**	**–42,614**
Benefits paid		–8,370	–7,422
Value as at 31 Dec		**202,623**	**193,426**

Plan assets contain investments with quoted market prices (thereof 53% bonds and 30.1% shares), 16.2% real estate and 0.7% investments without quoted market price (cash and pledged liability insurances).

The significant actuarial assumptions (weighted averages) were as follows:

		2023	2022
Discount rate		3.20%	3.70%
Future salary increase		2.60%	2.70%
Future pension increase		2.00%	2.10%

Sensitivity analysis
Changes in the weighted principal assumptions have the following impact on the defined benefit obligation:

		2023	
		Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate: change in assumption by 0.1%		–1.5%	+1.5%
Future salary increase: change in assumption by 0.1%		+0.3%	–0.3%
Future pension increase: change in assumption by 0.1%		+1.2%	–1.2%
Life expectancy: change in assumption by +1 year		+3.1%	

The weighted average duration of the defined benefit obligation is 15.5 years.

22. Retirement benefit obligations (all amounts in EUR thousands)

	Notes	2023	2022
Defined benefit obligations – Group companies in Switzerland			
Retirement benefit obligations of the companies in Switzerland compound of plans regulated by the Federal Law on Occupational Old-Age, Survivors' and Disability Insurance (BVG). The pension plans of the Group are managed by a reputable insurance company and are financed by regular employee and employer contributions. The final pension benefits are dependent on contributions and involve specified minimum guarantees.			
The obligations are as follows:			
Present value of obligations		566,699	457,596
Fair value of plan assets		–629,640	–528,190
Pension assets (–) recognized in the balance sheet		**–62,941**	**–70,594**
Movement in the defined benefit obligation			
Value as at 1 Jan		**457,596**	**499,325**
Current service cost		18,631	23,076
Interest cost		10,731	1,808
Total defined benefit plan costs, included in personnel expenses	7	**29,362**	**24,884**
Remeasurement resulting from actuarial gains (–) / losses (+) recognized in year from			
Change in financial assumptions		37,279	–100,170
Change in experience adjustments		531	9,438
Total remeasurement, included in other comprehensive income		**37,810**	**–90,732**
Contributions by plan participants		40,719	32,394
Benefits paid		–32,438	–31,398
Exchange differences		33,650	23,123
Value as at 31 Dec		**566,699**	**457,596**
Movement in the fair value of the plan assets			
Value as at 1 Jan		**528,190**	**505,797**
Interest income		12,386	1,831
Total defined benefit plan costs, included in personnel expenses	7	**12,386**	**1,831**
Remeasurement: return on plan assets		5,169	–15,214
Effect of asset ceiling		12,518	–11,845
Total remeasurement, included in other comprehensive income		**17,687**	**–27,059**
Contributions by plan participants		40,719	32,394
Employer contributions		25,320	22,356
Benefits paid		–32,438	–31,398
Exchange differences		37,776	24,269
Value as at 31 Dec		**629,640**	**528,190**

22. Retirement benefit obligations (all amounts in EUR thousands)

	Notes	2023	2022
Assets of the old-age and surviving dependants' pensions correspond to the present value of the related obligations as follows:		82,576	68,631
The difference to assets from insurance contracts is:		−11,284	−15,625

Plan assets contain 16.2% securities with quoted market prices and 83.8% investments without quoted market price (insurance contracts, loans and real estate).

Due to the existing employer contribution reserves an economic benefit is given. Up to this upper limit (asset ceiling), the asset surplus can be presented as an asset.

The significant actuarial assumptions (weighted averages) were as follows:

		2023	2022
Discount rate		1.50%	2.30%
Future salary increase		1.70%	1.70%
Future pension increase		0.00%	0.00%

Sensitivity analysis
Changes in the principal actuarial assumptions have the following impact on the defined benefit obligation:

		2023	
		Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate: change in assumption by 0.1%		−1.3%	+1.5%
Future salary increase: change in assumption by 0.1%		+0.1%	−0.1%
Life expectancy: change in assumption by 1 year		+1.6%	−1.7%

The weighted average duration of the defined benefit obligation is 13.8 years.

23. Provisions (all amounts in EUR thousands)

	Other employee benefit obligations	Warranty provisions	Provisions for legal claims	Other provisions	2023 total	2022 total
Long-term provisions						
Value as at 1 Jan	**39,465**	**1,224**	**108**	**2,734**	**43,531**	**44,408**
Changes in the scope of consolidation	0	0	0	0	0	2,007
Additions (via income statement)	21,632	482	100	1,855	24,069	6,442
Amounts used	−2,978	0	0	−427	−3,405	−5,985
Amounts released (via income statement)	−998	−200	0	−1,315	−2,513	−3,554
Transfers	3,017	−154	0	249	3,112	−101
Exchange differences	161	−27	0	−88	46	314
Value as at 31 Dec	**60,299**	**1,325**	**208**	**3,008**	**64,840**	**43,531**
Short-term provisions						
Value as at 1 Jan	**145,468**	**16,432**	**9,054**	**16,053**	**187,007**	**158,072**
Changes in the scope of consolidation	0	0	0	0	0	7
Additions (via income statement)	156,136	12,916	8	12,456	181,516	128,094
Amounts used	−149,251	−5,141	−47	−13,475	−167,914	−93,167
Amounts released (via income statement)	−4,406	−2,465	−8,898	−1,072	−16,841	−7,961
Transfers	−3,017	154	0	−249	−3,112	101
Exchange differences	−75	−217	0	104	−188	1,861
Value as at 31 Dec	**144,855**	**21,679**	**117**	**13,817**	**180,468**	**187,007**
Total provisions						
Value as at 31 Dec	**205,154**	**23,004**	**325**	**16,825**	**245,308**	**230,538**

Other employee benefit obligations
Other long-term employee benefit obligations include obligations from contribution plans and provisions for jubilee/anniversary benefits. Short-term employee benefit obligations mainly refer to holiday, vacation and flexible work time balances of employees, liabilities from management bonuses and severance payments.

Warranty provisions
The Group offers warranties on certain products and repairs or replaces those products which do not work to satisfaction. The provision set up at the end of the year to cover future warranty costs is based on historic experience with respect to the volume of repairs and returns.

Provisions for legal claims
The amounts shown include provisions for some legal proceedings instituted against the Group. It is the Supervisory Board's and Executive Board's opinion, which is backed up by the appropriate legal advice, that these proceedings will not result in any significant loss beyond the amounts set aside at year end.

Other provisions
Other provisions relate to various commitments to third parties, as entered into by the companies of the Group. These are, for example, accounting and audit costs, consulting fees, outstanding invoices and further commitments where the expiry date and amount are not definitively specified.

24. Other liabilities (all amounts in EUR thousands)

	Notes	2023	2022
Other long-term liabilities to third parties		204	218
Total other long-term liabilities		**204**	**218**
Other tax liabilities		51,778	37,883
Accounts payable to social benefits institutions		19,513	18,134
Accounts payable to employees		16,286	18,755
Other accounts payable to third parties		15,123	15,264
Derivative financial instruments – liabilities	26	2,336	7,101
Advance payments received	25	86,951	95,532
Accrued revenues from customer contracts (IFRS 15)	25	7,228	5,985
Accruals and deferrals		32,888	36,112
Total other short-term liabilities		**232,103**	**234,766**
Total other liabilities		**232,307**	**234,984**

25. Balances from customer contracts (all amounts in EUR thousands)

Trade accounts receivable are outlined in note 16. Contract liabilities are composed of advance payments received and accrued revenues from customer contracts (see note 24).

	2023		2022	
The development of contract assets and contract liabilities is as follows:	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Value as at 1 Jan	**20,565**	**101,517**	**13,450**	**74,780**
Excess of performance over payments received	12,920		10,834	
Cumulative adjustments of revenues from previous periods	3,757	−1,008	−39	0
Impairment of contract assets	−151		561	
Transfer to trade accounts receivable	−3,250		−4,402	
Excess of payments received over performance		32,381		85,420
Revenue recognized from contract liabilities		−35,691		−58,521
Exchange differences	163	−3,020	161	−162
Value as at 31 Dec	**34,004**	**94,179**	**20,565**	**101,517**

26. Derivative financial instruments (all amounts in EUR thousands)

Derivative financial instruments held at year end are used primarily to hedge currency and interest rate risks for the Group. Contracts are concluded only with first-class institutions.

	Notes	2023	2022
Trading derivatives are classified as a current asset or liability:			
Derivative financial instruments – assets	14	23,594	6,488
Derivative financial instruments – liabilities	24	−2,336	−7,101
		21,258	**−613**
The assignment to fair value hierarchy levels of trading derivatives is as follows:	3.5		
Level 2		21,258	−613
		21,258	**−613**
Gain (or loss) recognized			
Foreign currency hedging instruments	10	37,825	17,436
Interest rate hedging instruments	10	−6	143
		37,819	**17,579**
The notional principal amounts and fair values of the foreign currency and interest rate derivatives are composed as follows:		**31 Dec 2023**	**31 Dec 2022**
Notional principal amounts			
Foreign currency hedging instruments		924,684	820,565
Interest rate hedging instruments		1,952	1,909
Total notional principal amounts		**926,636**	**822,474**
Fair values			
Foreign currency hedging instruments		21,209	−709
Interest rate hedging instruments		49	96
Total fair values		**21,258**	**−613**

27. Commitments and contingent liabilities (all amounts in EUR thousands)

	Notes	2023	2022
Capital expenditure contracted for at the balance sheet date but not recognized in the financial statements is as follows:			
Capital commitments			
Open obligations for the acquisition of tangible fixed assets and intangible assets in the following year:		60,301	45,592

As in the previous year, there are no contingent liabilities towards third parties as at 31 December 2023.

28. Related party transactions (all amounts in EUR thousands)

Details to associates including proportion of ownership and consolidation method are given in the scope of consolidation (see note 31).
Further information on loans from consolidated group companies can be found in note 19.

	Notes	2023	2022
Transactions			
Sales of goods and services to associated companies		1,200	1,113
As in the previous year, no major business transactions were effected with closely associated individuals.			
Key management compensation			
Salaries and social securities		7,924	7,998
Pension costs		641	669
		8,565	**8,667**
Receivables or liabilities with related parties			
Receivables from consolidated group companies	16, 17	25	220
Loans from consolidated group companies	19	917,640	654,128
Loans from associated companies	19	2,000	5,500

29. Exchange rates

The main exchange rates used are:	Average rate		Closing rate	
To EUR	**2023**	**2022**	**31 Dec 2023**	**31 Dec 2022**
1 CHF	1.03026	0.99725	1.07718	1.01046
1 CNY	0.13069	0.14088	0.12795	0.13544
1 INR	0.01119	0.01205	0.01089	0.01129
1 JPY	0.00654	0.00723	0.00642	0.00712
1 USD	0.92437	0.94969	0.90593	0.93423
To CHF				
1 CNY	0.12685	0.14127	0.11878	0.13403
1 EUR	0.97063	1.00276	0.92835	0.98965
1 INR	0.01087	0.01209	0.01011	0.01118
1 JPY	0.00635	0.00725	0.00596	0.00705
1 USD	0.89722	0.95232	0.84102	0.92456

30. Changes in the scope of consolidation (all amounts in EUR thousands)

Establishment and renaming of subsidiaries 2023
In Germany, the legal form at Analytik Jena was changed to a GmbH+Co. KG as of 31 March 2023.

Acquisitions of subsidiaries 2023
No companies have been purchased during 2023.
All minority interests of Endress+Hauser AG, mainly in Endress+Hauser S.A.S.U., France, Endress+Hauser GmbH, Austria, and Endress+Hauser (Peru) S.A.C., Peru, were transferred to companies within the subgroup.

Divestments of subsidiaries 2023
In Switzerland, IST Manufacturing AG was merged into Innovative Sensor Technology IST AG as of 1 January 2023. In France, Société Générale de Métrologie S.A.S. was closed on 31 May 2023.

Endress+Hauser has discontinued operations in Russia. The subsidiaries in Russia were systematically liquidated: LLC Endress+Hauser was canceled on 18 August 2023. The Endress+Hauser Flowtec LLC was deconsolidated as at 31 December 2023 and liquidation was completed on 21 January 2024. The Group has been seeking responsible solutions for the employees in the country.

30. Changes in the scope of consolidation (all amounts in EUR thousands)

Acquisitions of subsidiaries 2022
In order to further expand its portfolio of products, solutions and services, Endress+Hauser Group acquired Senstech AG (Switzerland) and Infrasolid GmbH (Germany) during 2022, both with economic effect from 1 January 2022.

The goodwill arising from the acquisitions is attributable to the expected synergies in sales and services.

	Notes	2022
The purchase consideration and the fair values of the assets and liabilities arising from the acquisition are as follows:		
Purchase consideration		
Cash paid		13,987
Fair value of net assets acquired (–)		–14,208
Non-controlling interest		2,037
Goodwill	12	**1,816**
Recognized amounts of assets and liabilities acquired		
Cash and cash equivalents		2,961
Tangible fixed assets	11	3,387
Intangible assets	12	12,875
Inventories		1,053
Receivables		338
Other assets		239
Payables (–)		–596
Provisions (–)	23	–2,014
Loans (–)		–596
Net deferred taxes	21	–3,439
Fair value of net assets acquired		**14,208**
Goodwill	12	1,816
Non-controlling interest		–2,037
Total purchase consideration		**13,987**
Cash and cash equivalents acquired		–2,961
Cash outflow on acquisition		**11,026**

The acquired business contributed revenues of EUR 3,526 thousands and operating profit of EUR –1,847 thousands to the results of the Group.

31. Endress+Hauser Group – Scope of consolidation as at 31 Dec 2023

	Company name, Registered office	Field of activity	Share	Consolidation
Europe				
Switzerland	Endress+Hauser Beteiligungs AG, Reinach	Support	100%	Full
	Endress+Hauser Flowtec AG, Reinach	Production	100%	Full
	Endress+Hauser Group Services AG, Reinach	Support	100%	Full
	Endress+Hauser International AG, Reinach	Sales	100%	Full
	Endress+Hauser Management AG, Reinach	Support	100%	Full
	Endress+Hauser Process Solutions AG, Reinach	Engineering/Development	100%	Full
	Endress+Hauser (Schweiz) AG, Reinach	Sales	100%	Full
	Innovative Sensor Technology IST AG, Ebnat-Kappel	Production	100%	Full
	Senstech AG, Fehraltorf	Production	100%	Full
	TrueDyne Sensors AG, Reinach	Production	100%	Full
Belgium	Endress+Hauser S.A.-N.V., Bruxelles	Sales	100%	Full
Bulgaria	Endress+Hauser (Bulgaria) LLC, Sofia	Sales	100%	Full
Denmark	Endress+Hauser A/S, Søborg	Sales	100%	Full
Germany	Analytik Jena GmbH+Co. KG, Jena	Production	100%	Full
	Analytik Jena Verwaltungs-GmbH, Jena	Administration	100%	Full
	Automation24 GmbH, Essen	Sales	50%	At equity
	Biometra GmbH, Göttingen	Production	100%	Full
	CodeWrights GmbH, Karlsruhe	Development	66.7%	Full
	Endress+Hauser Administration SE, Maulburg	Administration	100%	Full
	Endress+Hauser BioSense GmbH, Freiburg	Development	75%	Full
	Endress+Hauser Conducta GmbH+Co. KG, Gerlingen	Production	100%	Full
	Endress+Hauser Conducta Verwaltungs-GmbH, Gerlingen	Administration	100%	Full
	Endress+Hauser (Deutschland) GmbH+Co. KG, Weil am Rhein	Sales	100%	Full
	Endress+Hauser Digital Solutions (Deutschland) GmbH, Freiburg	Engineering/Development	100%	Full
	Endress+Hauser Flow Deutschland AG, Coburg	Production	100%	Full
	Endress+Hauser Group Services (Deutschland) AG+Co. KG, Weil am Rhein	Support	100%	Full
	Endress+Hauser InfoServe GmbH+Co. KG, Weil am Rhein	Support	100%	Full
	Endress+Hauser InfoServe Verwaltungs-GmbH, Weil am Rhein	Administration	100%	Full
	Endress+Hauser Logistik GmbH+Co. KG, Weil am Rhein	Support	100%	Full
	Endress+Hauser Messtechnik Verwaltungs-GmbH, Weil am Rhein	Administration	100%	Full
	Endress+Hauser SE+Co. KG, Maulburg	Production	100%	Full
	Endress+Hauser Wetzer GmbH+Co. KG, Nesselwang	Production	100%	Full
	Endress+Hauser Wetzer Verwaltungs-GmbH, Nesselwang	Administration	100%	Full
	ETG Entwicklungs- und Technologie Gesellschaft-mbH Ilmenau, Ilmenau	Production	90%	Full
	IMKO Micromodultechnik GmbH, Ettlingen	Production	100%	Full
	Infrasolid GmbH, Dresden	Production	54.2%	Full
	IST Innuscreen GmbH, Berlin	Production	100%	Full
	Jobst Technologies GmbH, Freiburg	Development	100%	Full

Notes to the consolidated financial statements

31. Endress+Hauser Group – Scope of consolidation as at 31 Dec 2023

	Company name, Registered office	Field of activity	Share	Consolidation
Europe				
Finland	Endress+Hauser Oy, Helsinki	Sales	100%	Full
France	Analytik Jena France SARL, Saint-Aubin	Sales	100%	Full
	Endress+Hauser Process Analysis Support SARL, Saint-Priest	Sales	100%	Full
	Endress+Hauser S.A.S.U., Huningue	Sales	100%	Full
Greece	Endress+Hauser (Hellas) Single Member S.A., Marousi, Athens	Sales	100%	Full
Ireland	Endress+Hauser (Ireland) Ltd., Kill, Dublin	Sales	100%	Full
Italy	Endress+Hauser Italia S.p.a., Cernusco s/Naviglio	Sales	100%	Full
	Endress+Hauser Sicestherm S.r.L., Pessano	Production	100%	Full
Croatia	Endress+Hauser d.o.o., Zagreb	Sales	100%	Full
Lithuania	Endress+Hauser (Baltic) UAB, Kaunas	Sales	100%	Full
Netherlands	Endress+Hauser BV, Naarden	Sales	100%	Full
Norway	Endress+Hauser AS, Lierskogen	Sales	100%	Full
Austria	Endress+Hauser GmbH, Wien	Sales	100%	Full
Poland	Endress+Hauser Polska Sp.z.o.o., Wroclaw	Sales	100%	Full
Portugal	Endress+Hauser Portugal S.A., Palmela	Sales	100%	Full
Romania	Analytik Jena Romania srl., Bucharest	Sales	70%	Full
	Endress+Hauser Romania SRL, Bucharest	Sales	100%	Full
Sweden	Endress+Hauser AB, Solna	Sales	100%	Full
Slovenia	Endress+Hauser d.o.o. Slovenija, Ljubljana	Sales	100%	Full
Spain	Endress+Hauser S.A., Sant Cugat del Vallès	Sales	100%	Full
Czech Republic	Endress+Hauser Czech s.r.o., Praha	Sales	100%	Full
	Innovative Sensor Technology s.r.o., Roznov	Production	100%	Full
Türkiye	Endress Hauser Elektronik Sanayi ve Ticaret A.Ş., Istanbul	Sales	100%	Full
Hungary	Endress+Hauser (Magyarország) Kft., Budapest	Sales	100%	Full
United Kingdom	Analytik Jena UK Ltd., London	Sales	100%	Full
	Endress+Hauser Ltd., Manchester	Sales	100%	Full
	MHT Technology Ltd., Richmond	Production	100%	Full
Americas				
Argentina	Endress+Hauser Argentina S.A., Buenos Aires	Sales	100%	Full
Brazil	Endress+Hauser (Brasil) Instrumentação e Automação Ltda., Itatiba	Production	100%	Full
	Endress+Hauser Controle e Automação Ltda., São Paulo	Sales	100%	Full
	Endress+Hauser Flowtec (Brasil) Fluxômetros Ltda., Itatiba	Production	100%	Full
Chile	Endress+Hauser (Chile) Ltda., Santiago de Chile	Sales	100%	Full
Canada	Endress+Hauser (Canada) Ltd., Burlington	Sales	100%	Full
Colombia	Endress+Hauser (Colombia) S A S, Bogotá	Sales	100%	Full
Mexico	Endress+Hauser (México) S.A. de C.V., Naucalpan de Juarez	Sales	100%	Full
Panama	Endress+Hauser Panama, Inc., Panama City	Sales	100%	Full
Peru	Endress+Hauser (Peru) S.A.C., Lima	Sales	100%	Full

31. Endress+Hauser Group – Scope of consolidation as at 31 Dec 2023

	Company name, Registered office	Field of activity	Share	Consolidation
Americas				
United States of America	Analytik Jena US LLC, Tewksbury (Massachusetts)	Production	100%	Full
	Automation24 Inc., King of Prussia (Pennsylvania)	Sales	50%	At equity
	Endress+Hauser Conducta Inc., Anaheim (California)	Production	100%	Full
	Endress+Hauser DISC Inc., Greenwood (Indiana)	Sales	100%	Full
	Endress+Hauser Flow (USA), Inc., Greenwood (Indiana)	Production	100%	Full
	Endress+Hauser Inc., Greenwood (Indiana)	Sales	100%	Full
	Endress+Hauser InfoServe Inc., Greenwood (Indiana)	Support	100%	Full
	Endress+Hauser Optical Analysis Inc., Ann Arbor (Michigan)	Production	100%	Full
	Endress+Hauser (USA) Automation Instrumentation Inc., Greenwood (Indiana)	Production	100%	Full
	Endress+Hauser (USA) Holding Inc., Greenwood (Indiana)	Support	100%	Full
	Endress+Hauser Wetzer (USA), Inc., Greenwood (Indiana)	Production	100%	Full
	Innovative Sensor Technology USA Division, Las Vegas (Nevada)	Sales	100%	Full

Asia-Pacific				
Australia	Endress & Hauser Australia Pty. Ltd., North Ryde NSW	Sales	100%	Full
China	Analytik Jena (Beijing) Instruments Co. Ltd., Beijing	Sales	100%	Full
	Analytik Jena Shanghai Instruments Ltd. Co., Shanghai	Sales	100%	Full
	Endress+Hauser Analytical Instruments (Suzhou) Co. Ltd., Suzhou	Production	100%	Full
	Endress+Hauser (China) Automation Co. Ltd., Shanghai	Sales	100%	Full
	Endress+Hauser Flowtec (China) Co. Ltd., Suzhou	Production	100%	Full
	Endress+Hauser InfoServe (Shanghai) Co. Ltd., Shanghai	Support	100%	Full
	Endress+Hauser Shanghai International Trading Co. Ltd., Shanghai	Sales	100%	Full
	Endress+Hauser (Suzhou) Automation Instrumentation Co. Ltd., Suzhou	Production	100%	Full
	Endress+Hauser Wetzer (Suzhou) Co. Ltd., Suzhou	Production	100%	Full
Hong Kong	Analytik Jena (Hong Kong) Ltd., Hong Kong	Sales	90%	Full
	Endress+Hauser (HK) Ltd., Hong Kong	Sales	100%	Full
India	Analytik Jena India Pvt. Ltd., Delhi	Sales	99.7%	Full
	Endress+Hauser Flowtec (India) Pvt. Ltd., Aurangabad	Production	100%	Full
	Endress+Hauser (India) Automation Instrumentation Pvt. Ltd., Aurangabad	Production	100%	Full
	Endress+Hauser (India) Pvt. Ltd., Mumbai	Sales	100%	Full
	Endress+Hauser InfoServe (India) Pvt. Ltd., Aurangabad	Support	100%	Full
	Endress+Hauser Liquid Analysis (India) Pvt. Ltd., Aurangabad	Production	100%	Full
	Endress+Hauser Wetzer (India) Pvt. Ltd., Aurangabad	Production	100%	Full
Indonesia	PT. Endress+Hauser Indonesia, Jakarta	Sales	100%	Full
Japan	Analytik Jena Japan Co., Ltd., Yokohama	Sales	100%	Full
	Endress+Hauser Japan Co. Ltd., Tokyo	Sales	100%	Full
	Endress+Hauser Yamanashi Co. Ltd., Yamanashi	Production	100%	Full
Kazakhstan	Endress+Hauser (Kazakhstan) LLP, Almaty	Sales	100%	Full
Malaysia	Endress+Hauser (M) Sdn. Bhd., Shah Alam Selangor	Sales	100%	Full
	Endress+Hauser (Tenaga) Sdn. Bhd., Shah Alam Selangor	Sales	30%[1]	Full

Notes to the consolidated financial statements

31. Endress+Hauser Group – Scope of consolidation as at 31 Dec 2023

	Company name, Registered office	Field of activity	Share	Consolidation
Asia-Pacific				
Philippines	Endress+Hauser Philippines Inc., Manila	Sales	100%	Full
Singapore	Endress+Hauser (S.E.A.) Pte. Ltd., Singapore	Sales	100%	Full
South Korea	Analytik Jena Korea Ltd., Seoul	Sales	100%	Full
	Endress+Hauser (Korea) Ltd., Seoul	Sales	100%	Full
Thailand	Analytik Jena Instruments (Thailand) Ltd., Nonthaburi	Sales	100%	Full
	Analytik Jena Far East (Thailand) Ltd., Nonthaburi	Sales	49%[1]	Full
	Endress+Hauser (Thailand) Ltd., Nonthaburi	Sales	100%	Full
Vietnam	Endress+Hauser Vietnam Co. Ltd., Ho Chi Minh City	Sales	100%	Full
Africa, Middle East				
Egypt	Endress+Hauser (Egypt) LLC, Cairo	Sales	100%	Full
Algeria	Endress+Hauser Algérie SARL, Algier	Sales	49%[1]	Full
Qatar	Endress+Hauser (Qatar) L.L.C., Doha	Sales	49%[1]	Full
Oman	Endress and Hauser Muscat SPC, Muscat	Sales	100%	Full
Saudi Arabia	Endress and Hauser (Arabia) LLC, Al-Khobar	Sales	75%	Full
South Africa	Endress+Hauser Investments (Pty.) Ltd., Sandton	Support	100%	Full
	Endress+Hauser (Pty.) Ltd., Sandton	Sales	66.7%	Full
United Arab Emirates	Endress & Hauser Process Automation (UAE) Trading LLC, Dubai	Sales	49%[1]	Full

The scope of consolidation includes 129 companies in total in 54 countries, 10 of them registered in Switzerland and 119 abroad.

[1] The company is fully consolidated. Control according to IFRS 10 results from contractual agreements.

32. Post balance sheet events

The Supervisory Board is not aware of any significant post-closing events that would justify an adjustment to the consolidated financial statements at the time of finalizing this report.

Endress+Hauser Management AG
Reinach

Independent auditor's report to the Board of Directors

on the consolidated financial statements 2023

Independent auditor's report

to the Board of Directors of Endress+Hauser Management AG

Reinach

Opinion

On your instructions, we have audited the consolidated financial statements of Endress+Hauser Management AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated income statement, consolidated comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of Endress+Hauser Management AG (pages 30 to 70) for the year ended 2023 are prepared, in all material respects, in accordance with the accounting policies described in note 2 – Accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Swiss Standards on Auditing. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the requirements of the Swiss audit profession and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on distribution and use

We draw attention to note 2 – Accounting standards to the consolidated financial statements, which describes the basis of accounting. As a result, the consolidated financial statements may not be suitable for another purpose.

Responsibilities of Management and the Board of Directors for the consolidated financial statements

Management and the Board of Directors are responsible for the preparation of the consolidated financial statements in accordance with the basis of preparation described in note 2 – Accounting standards, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as Management and the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Swiss Standards on Auditing will always detect a material misstatement when it exists. Misstatements can

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

As part of an audit in accordance with ISAs and Swiss Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee 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.

PricewaterhouseCoopers AG

Bruno Rossi | Korbinian Petzi

Basel, 27 March 2024

Group sustainability report

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2023

Permanent commitment

Commuting together

Numerous people drive to work every day. Endress+Hauser uses Comovee software at several locations in Switzerland and Germany to connect employees who have similar commutes. The app displays a map showing the routes driven by coworkers and allows them to get in contact. Carpooling saves fuel, reduces greenhouse gas emissions and also fosters social connections.

Sustainable event

Customers from around the world discussed the topic of sustainability in the process industry at the 2023 Endress+Hauser Global Forum in Basel, Switzerland. To ensure the event was as sustainable as possible, typical promotional gifts or materials were not handed out. Meals were served using primarily regional and seasonal products and guests received drinking bottles made out of organic rigid polyethylene that is manufactured from sugar cane waste. All of the plants and furniture were rented and individual forums were held in inflatable meeting spaces. Where possible, any materials were either recycled or upcycled. After two inspiring days under the theme of insights for sustainable decisions, a tree was planted for each of the 800-plus participating customers.

Awards for sales partners

Endress+Hauser International recognized various sustainability initiatives by sales representatives with two newly created awards in 2023. These sales partners supplement the company's own sales offices and support centers in regions managed by Endress+Hauser International. The Sustainability Award was presented for innovative ecological customer projects and went to a project in Ghana for the detection of toxic wastewater. The Corporate Social Responsibility Award, which honors social and ecological projects undertaken by the sales partners, recognized an initiative in Vietnam that grants educational scholarships to children from disadvantaged homes, as well as an orphanage project in Myanmar.

Three times around the globe

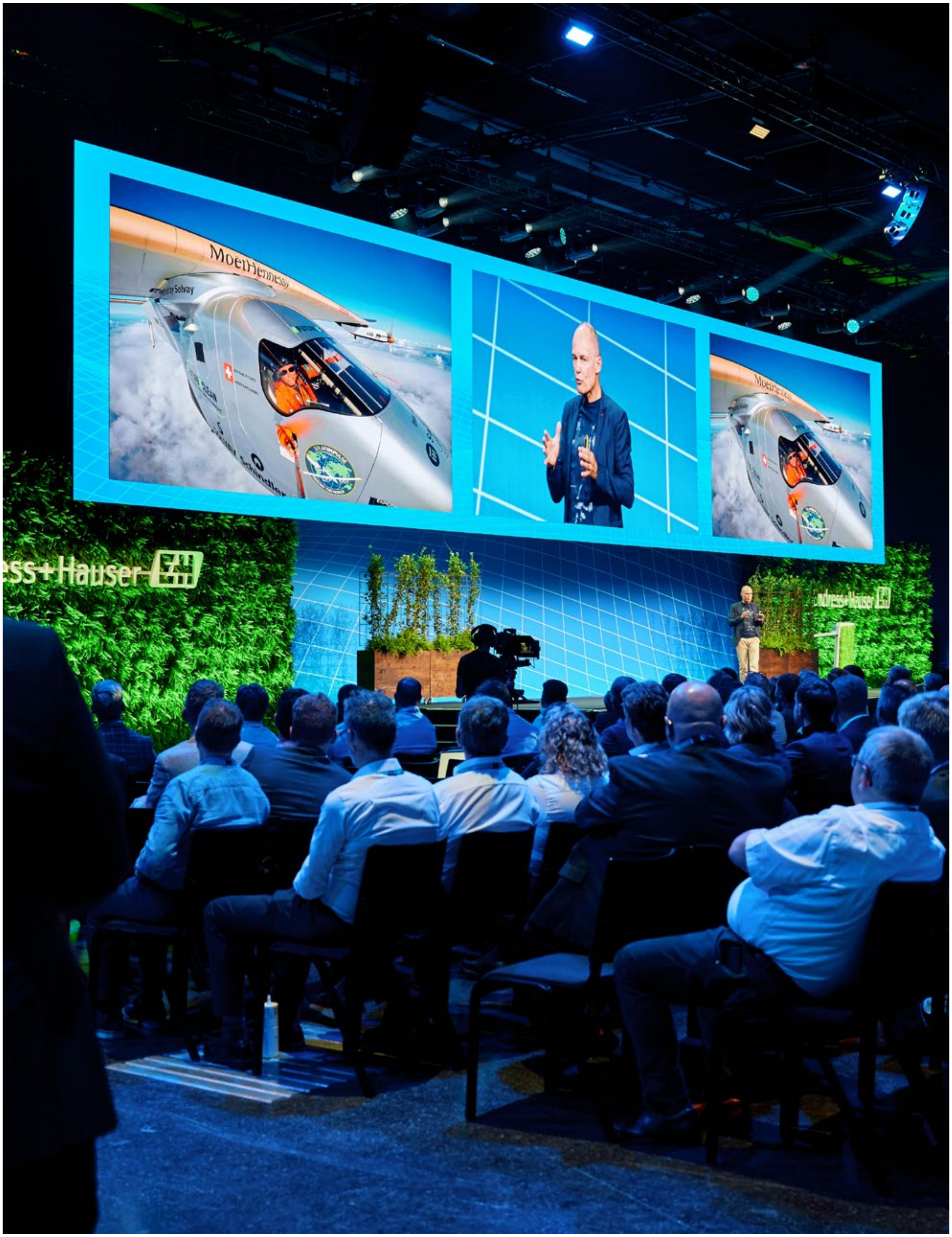
Seventy days around the world, on foot, by bike or by swimming: this was the participants' goal in the Endress+Hauser Water Challenge on the occasion of the company's 70th anniversary. The challenge involved completing a predefined route and collecting donations in return. Endress+Hauser doubled the sum, which then went to projects that provide people with access to clean water. The result of the anniversary challenge exceeded all expectations, with 622 participants from 20 countries in 84 teams completing a total of 133,049 kilometers – even including sack races – in effect circumnavigating the Earth three times. The proceeds from the challenge were used to build two additional water houses in the rural highlands of Vietnam, thus ensuring a water supply for more than 1,000 people.

Fairness in recruiting

Unconscious patterns of thought can negatively affect the recruitment process, with managers instinctively choosing candidates similar to themselves, for instance. Or they might pigeonhole an applicant based on an external characteristic and in the process overlook the person's real skills. Known as unconscious bias, this causes errors in judgment and can lead to a less diverse workforce. To help address the issue, Endress+Hauser conducted a special training course for 500 managers, heads of HR and HR business partners. "We reflected on our mindsets and scrutinized our behavior patterns," reports Sandra Rubart, corporate director for brand management & communication at Endress+Hauser.

> *"The process industry has the potential to be a driving force for positive change through its efforts in the areas of energy transformation, sustainability and resource consumption."*
>
> **Matthias Altendorf,** president of the Supervisory Board of the Endress+Hauser Group, at the 2023 Global Forum in Basel

How can the sustainable transformation of the process industry succeed? More than 800 customers were occupied with this question during the 2023 Endress+Hauser Global Forum in Basel.



Endress+Hauser Group sustainability report

In 2023 we further integrated sustainability into our core processes and strengthened networking within the Group. We are also working with all our stakeholder groups to accelerate the transformation to a sustainable economy.

Introduction

As a family company our mindset extends beyond our daily activities. We want to contribute to a sustainable world by balancing our economic success with protection of the environment and social responsibility. For this reason, the 70th anniversary of our company was marked by the question of how to sustainably transform the process industry. Under the theme of Insights for Sustainable Decisions, more than 800 customers gathered in Basel in June 2023 for the inaugural Endress+Hauser Global Forum to share ideas regarding issues such as the energy transition, the circular economy and energy and resource efficiency, as well as to hear suggestions from experts.

The Endress+Hauser Global Forum provided our customers and us with a lot of impetus. Last year our path to sustainability was highlighted along with nine other companies in the book *ESG made in Germany – sustainability as a corporate strategy for family companies*. We were also nominated for the German Sustainability Award in the category of measurement and control technology and optical systems. In the EcoVadis sustainability rating we scored 71 out of a possible 100 points to achieve gold status, thus placing us in the top 5 percent of companies in our comparison group.

After committing to the Science Based Targets initiative (SBTi) in March 2023, we are preparing our Group-wide near-team targets for scope 1, 2 and 3 emissions reductions. These will be submitted over the course of 2024. Our strong growth will make achieving these targets an even greater challenge. An important element in making good use of reduction potential is greater data transparency.

To further identify key sustainability issues, in 2023 we accelerated our double materiality assessment with the support of external experts. We also conducted an extensive supplier risk analysis last year. We continued to learn in terms of data collection and quality and several Group companies adapted their collection methodology with a view toward future reporting requirements. Beginning in 2026, we will submit reports in accordance with the European Corporate Sustainability Reporting Directive (CSRD) and have created the necessary IT frameworks. At the same time, we are preparing to comply with other foreseeable and potential legislation such as the Corporate Sustainability Due Diligence Directive (CSDDD), Carbon Border Adjustment Mechanism (CBAM), EU Taxonomy and a potential regulation covering per- and polyfluoroalkyl substances (PFAS).

This sustainability report demonstrates how we have developed with respect to environmental, social and corporate governance (ESG) and outlines the approaches we are pursuing to improve further.

“Our Group companies have considerable leeway in carrying out their activities. This resulted in the creation of numerous sustainability initiatives, including self-generated green electricity, sustainable buildings, low-emission vehicle fleets, energy efficiency measures and much more. With a sustainability manager circle, we bring together the experience and knowledge from our network of companies and bundle our strengths for sustainable success.”

Julia Schempp, corporate sustainability officer

Corporate governance

About Endress+Hauser

Endress+Hauser is a global leader in measurement instrumentation and automation solutions. We help customers in the process industry to manufacture their products in an efficient, environmentally friendly and resource-efficient manner. Our core industries are chemical, food & beverage, water & wastewater, oil & gas, life sciences, mining, minerals & metals, and power & energy. Our offering includes flow, level, pressure and temperature measurement, as well as the analysis of liquids, gases and solids. We provide industry expertise, application knowledge and digital competence, and as a company we stand for longevity and stability. This combination makes us unique. For our customers, this makes us a partner for the sustainable improvement of their processes and products.

Shareholder structure

The shareholder family’s role in the company is described in the Family Charter. In this charter the shareholders state that Endress+Hauser should remain a successful family-owned company. The aim of the charter is to strengthen cohesion within the family over the long term and consistently isolate the company from family issues. Various institutions foster the family members’ relationships with the company and introduce younger generations in particular to the company. The success of these efforts is reflected in the Family Council, which decides on important issues regarding the relationship between the family and the company. Here, the younger generation provides five of the nine members. The Family Council is made up of five women and four men. Sandra Genge and Steven Endress, two members of the third generation, have seats on the Supervisory Board of Endress+Hauser AG. The family shareholders also exert influence on Endress+Hauser AG at the company’s annual general meeting.

Corporate governance

The Endress+Hauser Group comprises a network of 131 legally independent companies managed and coordinated by Endress+Hauser AG. Management is in the hands of the Executive Board of Endress+Hauser AG, chaired by the CEO. Business and organizational regulations define the competencies and responsibilities of the Executive Board and the independent Supervisory Board. As a supervisory and advisory body, the Supervisory Board oversees the work of the Executive Board by providing constructive feedback. Fundamental and far-reaching decisions are taken with the approval of the Supervisory Board, whose members are appointed at the shareholders’ general meeting.

Supervisory Board president Dr Klaus Endress retired from active involvement in the company at the end of 2023. He was succeeded by former CEO Matthias Altendorf. Dr Peter Selders, previously head of the product center for level and pressure measurement in Maulburg, Germany, took over as CEO of the Group at the beginning of 2024.

Strategic anchoring of sustainability

Sustainability is one of Endress+Hauser's four brand values alongside commitment, excellence and friendliness. In addition, we created further Group-wide structures for managing sustainability issues in 2022. One member represents the topic on the Executive Board. A steering committee governs the issue across the Group. A corporate sustainability officer drives the Group-wide harmonization of sustainability issues together with the sustainability office and in close cooperation with local sustainability managers. Other cross-departmental, cross-divisional and cross-company working groups have also been formed. In 2023 we created the new Committee for Audits, Risk and Sustainability (CARS) at the Supervisory Board level, which began its activities in January 2024. Our long-term goal is to incorporate sustainability into every corporate process.

Reporting mechanisms

To report our sustainability performance in a consistent and comparable manner, in addition to future mandatory reporting mechanisms such as the CSRD, we voluntarily participate in reports and ratings such as the Carbon Disclosure Project (CDP) and the EcoVadis sustainability rating. The latter has evaluated our sustainability performance with respect to the environment, labor and human rights, fair business practices and sustainable procurement since 2015.

Double materiality assessment

In 2023 we accelerated our double materiality assessment in line with the CSRD with the involvement of our stakeholders. The analysis will be given more depth and then evaluated over the course of 2024. External experts are involved in this process in order to identify issues for our sustainability management and reporting. We are also preparing for the EU Taxonomy as part of the CSRD and are currently drafting our own handbook in order to eventually categorize all of our sustainable activities in a uniform manner and link them to our sustainability goals.

Corporate culture

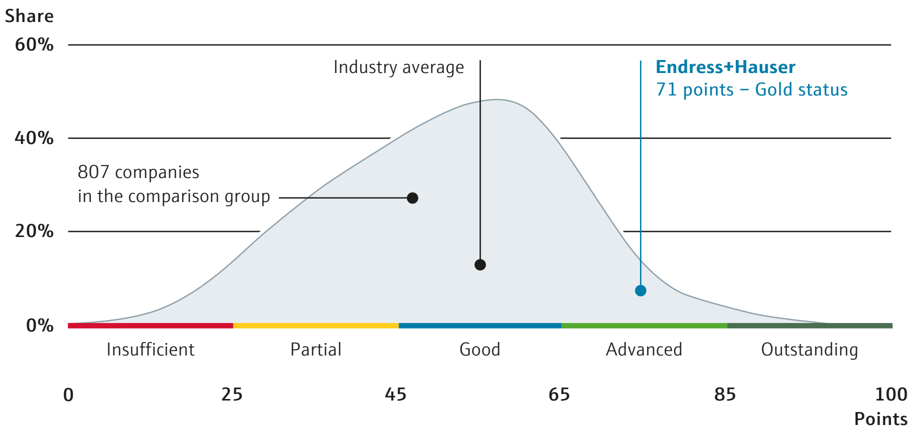
The Endress+Hauser Group's corporate culture is still heavily influenced by the shareholder family and their representatives in the company. Our culture is formulated within the "Spirit" of Endress+Hauser and relies on numerous aspects of sustainable corporate management. Key elements include comprehensive responsibility for the company, a commitment to ethical behavior and a management principle that de-emphasizes profit maximization. The Spirit of Endress+Hauser furthermore contains statements regarding customer relationships, the employees, quality culture and communications.

Ethics and compliance

As an internationally successful company, we operate in many different jurisdictions. The Endress+Hauser Code of Conduct provides a binding, Group-wide guideline for dealing with customers, coworkers, partners and suppliers. It encompasses guidance on products and services, personal integrity, corporate integrity, personnel policies, company assets and corporate responsibility. All employees undergo training in this area at least once every three years. They also receive anti-corruption training. Employees with online access within the EU are also trained to comply with the General Data Protection Regulation (GDPR).

2023 EcoVadis rating in comparison

Distribution of overall results



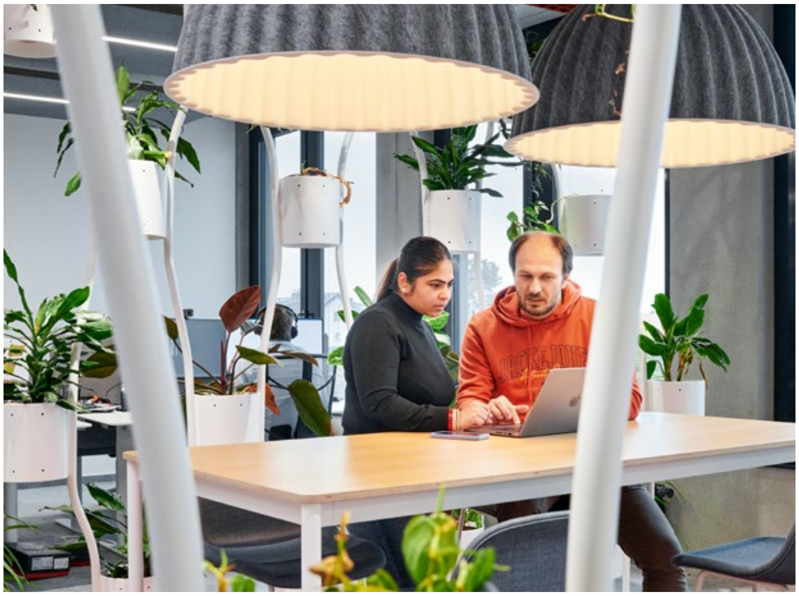
1
Endress+Hauser combines first-class measurement technology with industry expertise, application knowledge and digital competence.

2
More than 1,300 of the more than 16,000 employees worldwide are involved in the development of new products, solutions and services.

3
We produce sensors, devices and systems for customers in different industries around the world.

1

2



3

Whistleblower system
Endress+Hauser employees around the world can use a whistleblower system to report possible violations of the Endress+Hauser Code of Conduct. An independent complaints team carefully processes all tips and initiates appropriate measures. This system ensures protection for whistleblowers and affected parties who contribute to the investigation of a possible violation. The information is handled within the framework of a confidential and fair process.

In addition, the Endress+Hauser Group has maintained a publicly accessible whistleblower system – "People and the environment" – since 2023. Employees, business partners such as suppliers, and third parties can confidentially report or anonymously submit information regarding potential human rights violations or environmental issues. We therefore comply with the recommendations of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and the Swiss Ordinance on Due Diligence and Transparency with regard to Minerals and Metals from Conflict-Affected Areas and Child Labor (VSoTr), among others.

Tax strategy
Through our tax payments at our locations and in the countries in which we operate, we contribute to the well-being of society. We want to follow not only the letter of the law but the spirit of it. For this reason, we reject any business structures designed to avoid taxes. We utilize tax advantages and tax relief only to the extent they accrue in the course of normal business operations and only if we are legally entitled to them. We strive at all locations to maintain a transparent, professional and constructive working relationship with the tax authorities. This includes providing correct and timely information. In 2023 we paid a total of 128.4 million euros in income taxes worldwide. This equates to an effective tax rate of 23.9 percent. (All figures refer to the Group's operating business at the level of Endress+Hauser Management AG.)

Economic sustainability
We concentrate only on businesses we understand and which are a good fit for us. We believe profit is not the goal but the result of good management. The vast majority of our earnings remain in the company. With an equity ratio of 55.1 percent, plus cash, cash equivalents and financial assets totaling 876.9 million euros (2023 fiscal year figures), we are well positioned to make the investments needed to ensure a solid and successful future, without relying on external sources, and to grow our Group organically. We essentially operate without bank loans and use these instruments only if internal financing is not possible or is unfeasible.

We attempt to reduce uncertainties caused by economic and sectoral developments, foreign exchange rate fluctuations, global political events or natural catastrophes by establishing a broad market base in terms of industries, customer segments and regions, as well as products, solutions and services. The largest customers account for less than 1.5 percent of our net sales. Financial risks due to exchange and interest rate changes are reduced through corresponding hedging instruments. Regional production facilities situated close to our customers lessen the impact of exchange rate fluctuations.

Product security
Cybersecurity is an indispensable component of industrial plants and Industrial Internet of Things (IIoT) applications. With certification in line with IEC 62443-4-1, Endress+Hauser meets the highest industry standard for information security for measurement instruments and components. In concrete terms, this means products are developed from the start by taking into account the relevant security requirements. This is in addition to code analyses and reviews, as well as penetration tests and security updates. Endress+Hauser Digital Solutions, our product center for IIoT and digitalization, is certified in accordance with ISO 27001 for information security. Furthermore, external auditors have confirmed that our Netilion IIoT ecosystem meets the requirements outlined in ISO 27017.

Innovation
In 2023, we spent 267.6 million euros on research and development. That equates to 7.2 percent of net sales. We applied for 257 patents for the first time at patent offices around the world, a testament to the Group's strong focus on innovation. In 2023 we launched 20 new products and added more than 1,100 product options. The intellectual property portfolio grew compared to last year and now comprises almost 8,900 active patents and patent applications.

More than 1,300 employees are involved in the development of new products, solutions and services. Process improvements in production, logistics, IT and administration also make a significant contribution to our success as a Group. We honor these efforts through recognition and incentives across all areas of the company. Among other things, we are currently working to determine how constructive modifications can help our instruments better meet important sustainability standards. Examples include looking at how electricity consumption can be reduced during product utilization, how to make instruments easier to disassemble and how to incorporate them into a circular economy. These efforts are being undertaken in close collaboration with external partners.

> *"We are looking at how much leeway we have to reduce the carbon footprint of our measuring devices. This involves material savings, as well as reduced-emissions materials. We are examining how we can systematically exploit the longevity of our instrument designs and components through retrofitting concepts. And we are taking a look at the possibilities that the circular economy offers."*

Hans-Joachim Fröhlich,
director of technology and portfolio

Environmental

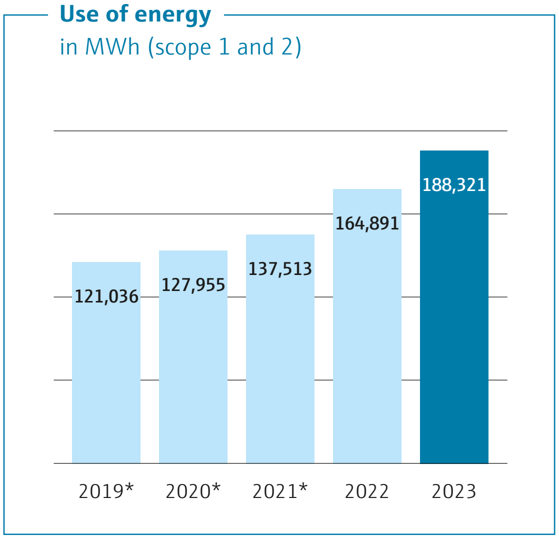
Climate transition plan

With the commitment to the Science Based Targets initiative (SBTi) in March 2023, we have expressly backed the 1.5 degree goal of the Paris Climate Agreement with the aim of achieving net zero by 2050 at the latest. This more stringent path within the SBTi means that we must decarbonize all of our business activities, including supply chains, by 2050. As the SBTi does not allow CO_2 compensation, greenhouse gas emissions must essentially be avoided. CO_2 sinks such as carbon capture and storage can be used and applied to only 10 percent of the total amount. In 2024 we will submit our near-term targets for scope 1, 2 and 3, which we must achieve in parallel with strong growth. The climate transition plan, which is currently under development, will describe the leverage we want to use to achieve net zero along with this growth path.

Energy demand and energy mix

The total energy demand of the Endress+Hauser Group in 2023 was 188,321 MWh. It rose by 14 percent compared to the prior year, which was partly due to changes in data collection and quality (see introduction).

Electricity (94,938 MWh) accounted for 49 percent of the energy demand in 2023, nearly half of which originated from renewable sources (43,371 MWh). Eleven percent of this green electricity was autonomously generated at our sites, while the rest was purchased. Our subsidiaries in Germany



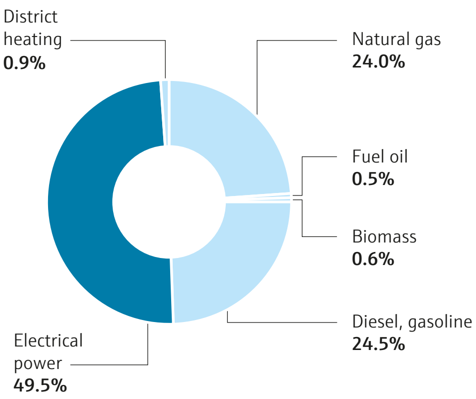
*) Limited comparability due to change in methodology

and Switzerland relied to a large extent on green electricity (Germany 95 percent, Switzerland 99 percent). In some countries, including Austria, Denmark, Finland, Norway and Sweden, we have already converted to 100 percent renewable sources. Other countries have started to expand to renewable sources of energy. These include Canada (22 percent), South Africa (14 percent) and Italy (8 percent).

Twenty-four percent of our global energy requirement was covered by natural gas in 2023 (45,262 MWh). Diesel and gasoline accounted for more than 24 percent, which is mainly tied to our vehicle fleet (45,344 MWh). Here too we are striving to reduce our greenhouse gas emissions, for example by gradually switching to electric vehicles where possible.

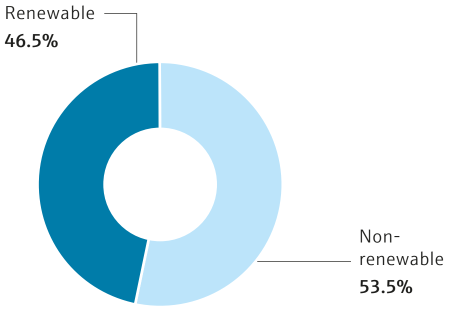
Energy demand

in MWh	2023
Natural gas	45,262
Fuel oil	902
Biomass	1,072
Diesel, gasoline	46,147
Electrical power	93,191
District heating	1,747
Total	**188,321**



Electrical power demand

in MWh	2023
Non-renewable	49,821
Renewable	43,370
– Own generation	4,657
– External supply	38,713
Total	**93,191**



Greenhouse gas emissions

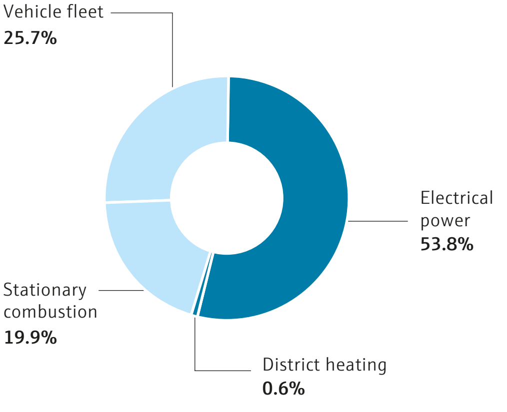
We tracked the Group-wide carbon footprint in accordance with the Greenhouse Gas (GHG) Protocol and for better comparability converted emissions of greenhouse gases other than carbon dioxide into CO_2 equivalents (CO_2e) according to their global warming potential.

In 2023 greenhouse gas emissions amounted to 1.274 million tonnes CO_2e. 41,598 tonnes CO_2e was generated within the Group's own area of responsibility, 46 percent of which is tied to scope 1 – in other words emissions from stationary combustion (8,270 tonnes CO_2e) and our own vehicle fleet (10,700 tonnes CO_2e). The remaining 54 percent stems from energy that we purchased, such as electricity and local and district heating, and is thus allocated to scope 2 (22,628 tonnes CO_2e). With a total of 1.232 million tonnes CO_2e, scope 3 emissions are the most significant.

This resulted first and foremost from the utilization of our durable instruments (629,338 tonnes CO_2e). Purchased products and services and capital goods also had a significant impact (450,967 tonnes CO_2e). The transport of purchased goods and components to our production facilities, as well as the transport of our products to customers, also contributed with 77,485 tonnes CO_2e to our scope 3 emissions. The remainder of the scope 3 emissions (74,869 tonnes CO_2e) is spread across fuel and energy related emissions, waste, business travel, employee commutes, products at the end of their life cycle and investments.

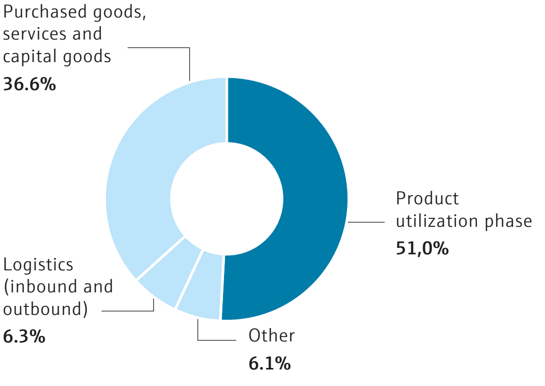
Greenhouse gas emissions scope 1 and 2

in tonnes CO_2e	2023
Scope 1	18,970
– Stationary combustion	8,270
– Vehicle fleet	10,700
Scope 2	22,628
– Electrical power	22,379
– District heating	249
Total scope 1 and 2	**41,598**



Greenhouse gas emissions scope 3

in tonnes CO_2e	2023
Product utilization phase	629,338
Purchased goods, services and capital goods	450,967
Logistics (inbound and outbound)	77,485
Other	74,869
– Fuel- and energy-related emissions	
– Waste	
– Business travel	
– Employee commutes	
– End of product life cycle	
– Investments	
Total scope 3	**1,232,659**



Product carbon footprint
In the future we want to provide product-specific information regarding the carbon footprint of our measurement instruments. In light of the roughly 3 million units sold each year, most of which are tailored to the needs of the customer, this is a complex task. Among other things, the CO_2 footprint of all associated materials must be tracked and included in the calculations. As a first step we are working on GHG Protocol-compliant declarations for the carbon footprint of instruments in our flagship line of products.

Scope 1 and scope 2 measures
Our scope 1 and scope 2 measures for reducing emissions can be implemented relatively quickly. For the purposes of systematic planning, we have created extensive transparency with a CO_2 dashboard that was introduced in 2023. This tool shows the individual Group companies the extent of their emissions through the use of fuels (scope 1), as well as the external procurement of electricity and heat (scope 2), and also indicates the share of green energy. Emissions from our vehicle fleet are also transparently represented. The dashboard is designed to help the entities identify approaches for reducing emissions. In the future it will also show how high the annual emissions reduction must be in order to meet the SBTi targets.

We furthermore launched a comprehensive potential analysis in 2023 to determine which concrete measures can be used to further reduce the scope 1 and scope 2 CO_2 emissions. Apart from increasing the share of renewable energy, the activities will also include the expansion of electromobility and efficiency measures. For example, we monitor the energy consumption of our production processes by merging the data streams from our machines and systems in a central data science workbench with a standardized (smart machine) interface. Our product centers can tap this data lake to monitor, control and, where necessary, optimize the energy consumption of their plants.

Scope 3 measures
Scope 3 requires our most extensive efforts. More than one-third of our total greenhouse gas emissions stem from the procurement side of the business. The greatest impact here is the steel and aluminum that goes into manufacturing our measurement instruments. Roughly half of our CO_2 footprint is tied to the utilization phase of our durable instruments in our customers' plants – in other words through their electricity consumption and methane emissions. Taken together, these factors contribute 1.080 million tonnes CO_2e annually.

Product center procurement and product design thus offer strong leverage for reducing the amount of emissions tied to our instruments.

We make short-term impacts through measures such as sourcing low-emission primary products from suppliers who utilize green electricity and low-emission raw materials. We are also looking for ways to partially retrofit our hardware to further extend their life cycle. In many instances, measurement devices are swapped out after 15 to 20 years because of their electronics. We are therefore working on approaches for the replacement of individual components. Beyond that, we are examining how to bring our measurement instruments into the circular economy after they have been used.

We achieve long-term impacts through design changes. In this area we are examining to what extent material requirements can be further reduced by design and whether our customers would support such measures. Individual product centers are furthermore looking at ways to reduce the electricity consumption of individual products.

Looking ahead, we are working intensively on the use of green steel and green aluminum. We are currently calculating the benefits in terms of sustainability and the economic impacts and opportunities.

Substance and materials handling
Endress+Hauser is committed to complying with all relevant laws and regulations regarding the handling of materials and substances. We provide a wide range of declarations of conformity for various materials and substances. These include the European and Chinese RoHS guidelines (restriction of hazardous substances) and the EU regulation REACH (registration, evaluation, authorization and restriction of chemicals), as well as declarations regarding conflict materials and drinking water. These declarations can be downloaded from our website.

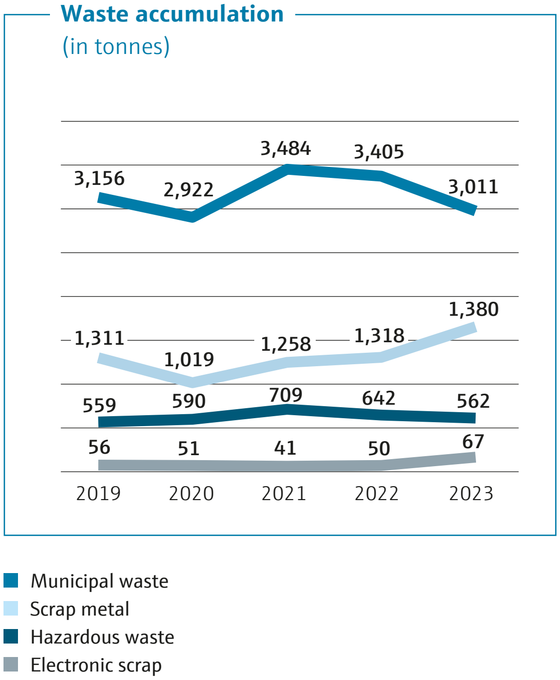
Given that our customers can individually configure the vast majority of the products in the Endress+Hauser portfolio when ordering, device-specific information related to material compliance is highly complex. We are already working on software solutions to provide even more detailed information in the future.

Product safety and recalls
Endress+Hauser measurement instruments are sold through our own sales centers or select partners in more than 125 countries around the world. Our central device database contains data related to 64 million instruments, sensors and components. In the case of service, this allows us to contact and provide targeted and proactive assistance to customers with a potentially malfunctioning instrument. We can use a dashboard to monitor and ensure that this occurs within a specific period of time.

Water consumption
Endress+Hauser does not operate any water-intensive production processes. Water is mainly used in sanitary facilities and for cleaning buildings. We also need water for certain sensor tests. In most cases our units are located in industrial areas with connections to the public water system. In 2023 our water consumption amounted to roughly 322,703 cubic meters, an increase of 11 percent from the prior year. This increase is partly due to methodology reasons given that some units have improved transparency of the way water consumption is measured.

Waste and recycling
Waste accumulation within the Endress+Hauser Group is strongly influenced by factors such as growth in units produced, demand-driven changes in the product mix or special effects such as construction work or inventory adjustments. In the past financial year, we accumulated 3,011 tonnes of municipal waste worldwide, 11 percent less than the prior year. The volume of hazardous waste fell by 14 percent to 562 tonnes, while the amount of scrap metal rose 5 percent to 1,380 tonnes. The volume of electronic scrap increased 25 percent during the reporting period to 67 tonnes.

Individual locations reduce waste and conserve resources through recycling. To further reduce the footprint of our instruments used by our customers, we are looking at measures such as the circular economy and for ways to extend the useful life of our already durable products.

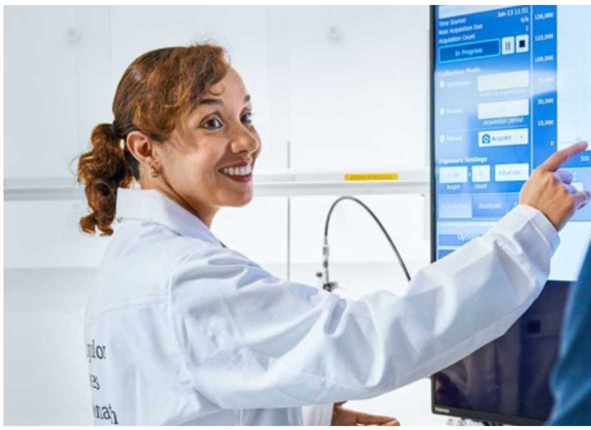


Certification and auditing
Social and environmental standards are an integral part of many procurement processes. Our product centers are certified in accordance with ISO 9001 (quality management). More than four-fifths of our production sites are certified in line with ISO 14001 (environmental management) and ISO 45001 (occupational health and safety). Some are also ISO 50001 certified (energy management).

Products and solutions for sustainability
Measurement technology enables the safe, economic and resource-conserving operation of process engineering plants. Furthermore, the digital connectivity of measurement instruments leads to transparency and allows for the improvement of production processes. Numerous production processes will need to be adapted, optimized or re-established over the course of decarbonization. One of the most powerful levers on the path to net zero is improving the energy efficiency of core processes and auxiliary systems. The auxiliary systems for steam, air pressure, heating, cooling and industrial gases alone offer many starting points for reducing greenhouse gas emissions.

Our aim is to provide customers with the best possible support in their efforts to achieve a sustainable transformation. We already offer a wide range of measurement solutions and are simultaneously working on new developments. Key topics include the production, transport and utilization of hydrogen, particularly green hydrogen, filtering CO_2 from the air (direct air capture) and carbon capture, usage and storage at the emissions site. Also worth mentioning is the use of raw materials with an increasing share of recycled or renewable raw materials that are less consistent regarding their quality than industrially produced materials.

1



1
The digitalization of measurement technology creates transparency, thus enabling new approaches for improving production processes.

2
We are looking at how we can further optimize the design of our instruments to reduce the products’ carbon footprint.

3
Our measurement technology allows process plants to operate in a safe, reliable, efficient and eco-friendly manner.

2

3

“We use artificial intelligence, among other tools, to monitor our globally dispersed supply chains. It provides us with real-time and predictive risk warnings regarding potential human rights violations, environmental damage, supply chain disruptions, financial and legal risks and other issues. We also use AI technology to screen suppliers further down the supply chain.”

Catharina Masing, sustainability manager, corporate supply chain

Social

Human rights

We firmly believe that integrity and ethical behavior are among the most important pillars of a sustainably successful company. We are therefore committed to respecting and safeguarding human rights as outlined in internationally recognized human rights principles and the United Nations Guiding Principles on Business and Human Rights.

Overall responsibility for respecting and safeguarding human rights lies with the Executive Board of the Endress+Hauser Group. Monitoring and control of human rights-related activities is delegated to the Group’s human rights officer, a position that reports to the Executive Board. Endress+Hauser wants to ensure adherence to human rights and environmental obligations and minimize the risk of violations. To ensure due diligence, we maintain a human rights and environmental risk management system for our own business area and supply chains.

Responsible supply chain management

We rely on a wealth of preventive measures within the framework of our risk management system to ensure that our suppliers adhere to human rights and environmental standards. We expect our suppliers to sign the ZVEI (German Electro and Digital Industry Association) code of conduct or comparable common industry CoCs. In addition, we carry out general preventive measures such as online training programs, supplier days and on-site visits. We also use risk analysis software that monitors suppliers for potential violations by screening online media. This risk management system allows us to meet the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), as well as the Swiss Ordinance on Due Diligence and Transparency regarding Minerals and Metals from Conflict-Affected Areas and Child Labor (VSoTR).

Employees

We view the creation, development and preservation of secure jobs as an important part of our corporate social responsibility. To create a good working environment for our employees, we offer performance-based compensation, above-average social benefits, attractive opportunities for career development and a comprehensive program that allows them to strike an effective work-life balance, including access to childcare services and flexible work models. We furthermore invest in the health of our employees and promote their growth through targeted personnel development and training programs.

Workforce in numbers

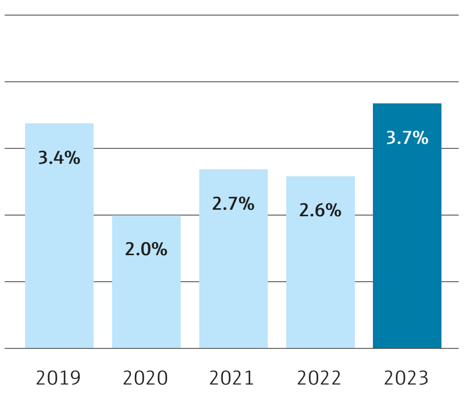
On a global basis, the average years of service for Endress+Hauser employees is 9.8. The Group-wide turnover rate (excluding internal job transfers) is 3.7 percent, and thus higher than in the previous year (2022: 2.6 percent). At the end of 2023, a total of 16,532 people (including temporary contracts) were employed by the Endress+Hauser Group, 715 more than the previous year. The creation of new jobs was once again especially strong in production.

At the end of 2023, people from 112 nations worked for the Endress+Hauser Group. The percentage of women represented in the workforce remained virtually unchanged at 30.1 (2022: 30.2), which is high compared to other companies in the industrial sector. The age groups are equally distributed across the Group, with little change compared to 2022.

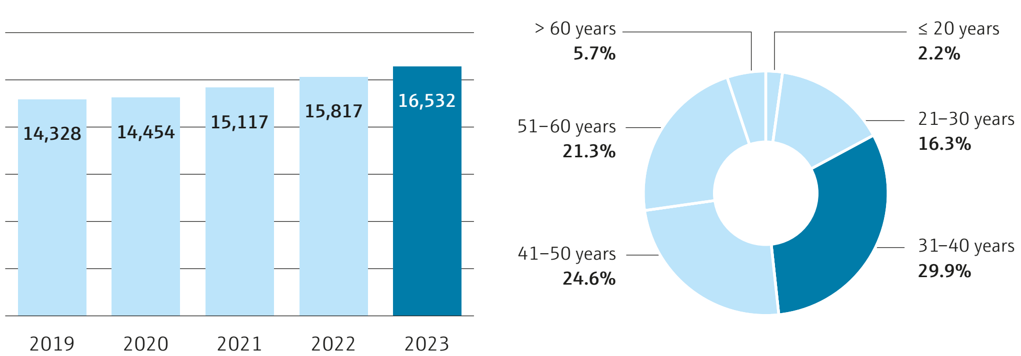
Employer attractiveness

We strive to continually improve our attractiveness as an employer. We monitor the satisfaction of our employees with regular surveys based on a Group-wide standard to ensure the results can be compared. A current evaluation of the data derived from the employee engagement and customer retention surveys of recent years illustrates that employee commitment and customer loyalty are directly related. This reflects our belief that only motivated employees deliver outstanding performance for our customers.

Employee turnover
excluding internal job transfers (in percent)



Employees of the Endress+Hauser Group and demographics structure*



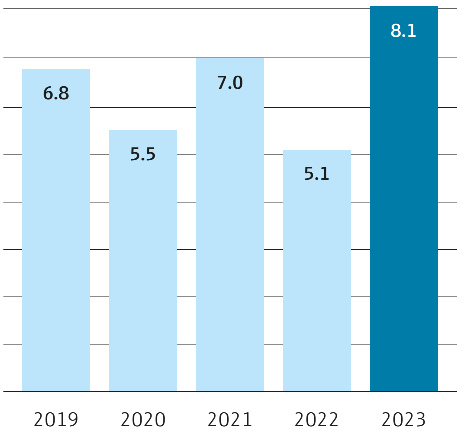
* Demographics excluding temporary contracts

Occupational health and safety
With respect to Group-wide occupational health and safety, we put significant effort into ensuring our employees enjoy a safe, pleasant and productive work environment. In 2023, the rate of occupational accidents with lost time rose to 8.1 per 1,000 employees (previous year: 5.1).

We initiate accident prevention, risk awareness and work safety measures at our locations. Our occupational health and safety specialists are involved in workplace-related decisions at a very early stage. Company restaurants at numerous locations all around the world offer our employees a varied and well-balanced selection of nutritional meals. Added to that are numerous campaigns and activities related to health promotion and prevention. The guiding principles of our occupational health and safety program, which are defined in a health and safety policy, are monitored on a regular basis.

Young talent and personnel development
As a technology company, we depend on qualified professionals and committed young talent. To attract new employees who are a good fit, the Endress+Hauser Group strives to continuously improve the working conditions and strengthen its internal and external image with targeted employer branding.

Lost-time accidents at work
(per 1,000 employees)



Endress+Hauser wants to attract the best employees, independent of gender, age, ethnic origin, religious or philosophical convictions or sexual orientation. A diverse workforce not only reduces risks but also makes us more resilient against crises. It also increases productivity, fosters innovation, improves customer loyalty, reinforces the feeling of solidarity and helps us compete for talent.

In order to specifically strengthen diversity, we have placed a focus on promoting women. By 2030, Endress+Hauser wants to increase the share of women in management positions to around 30 percent and for the workforce as a whole to 40 percent. To reach these goals, our global initiative the Women's Integrated Network (WIN) has defined several areas of focus: an employer brand that appeals to women, a career development program geared toward women as well as men, flexible work models, measures to address unconscious bias in recruitment and the use of networks to draw the attention of female professionals to Endress+Hauser. Apart from that, we want to raise the visibility of female role models within the company.

Within the framework of the WIN initiative, Group companies around the world develop and implement concepts that are adapted to their environments. Added to that are Group-wide programs that support the goals of the initiative. We advertise jobs in a way that appeals to a diverse target group. More than 500 HR employees and managers have now been made aware of unconscious bias as part of the License to Hire program. Forty percent of the participants in our global mentoring program are women. And in the Next Generation Senior Leaders program, the share of women is 25 percent.

Fair and gender-neutral pay based on understandable criteria such as skills, experience, performance and responsibility is another important aspect for us. A Group-wide job-grading assessment is designed to improve comparability and increase transparency in the future.

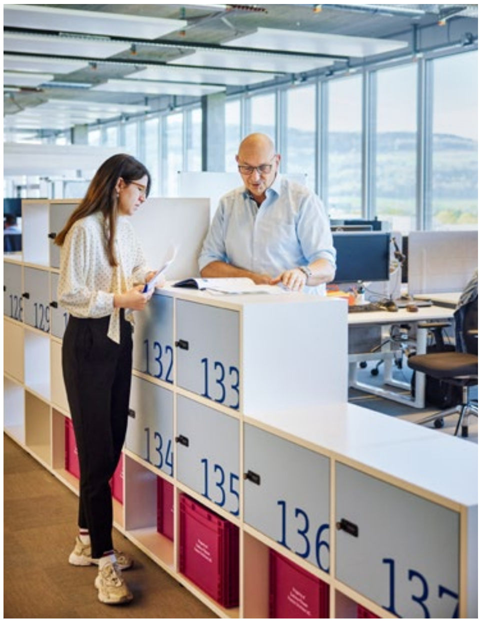
Well-trained specialists are key to the success of our company. At the same time, we believe that our commitment to vocational training of young people is a way of demonstrating our social responsibility. Particularly in Germany and Switzerland, we train the majority of our specialists internally. 382 young people were undertaking vocational training in 2023, and another 170 were pursuing studies. This corresponds to a training ratio of 3.5 percent annually. To develop young talent in a targeted manner, our long-term goal is to reserve 5 percent of all positions for interns, apprentices and students.

1
We are proud of our diverse and international workforce.

2
Endress+Hauser wants to increase the share of women and the number of female managers and specialists.

3
Training and education is firmly rooted in the company.

1



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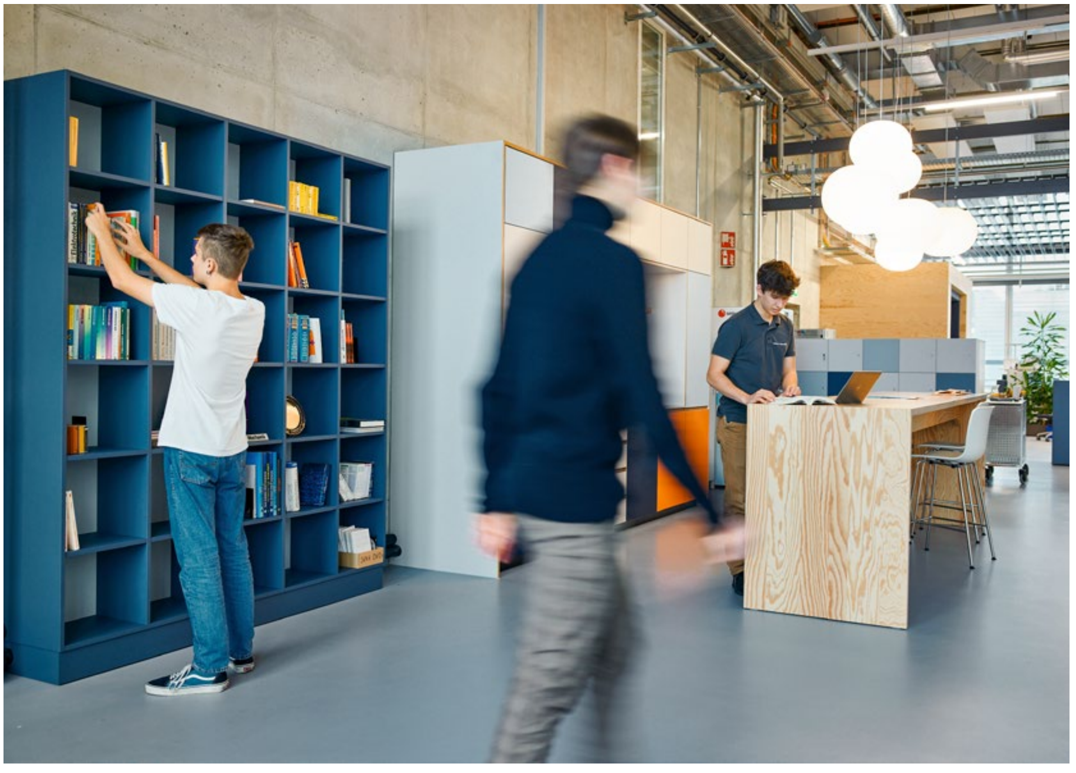

Over the long term Endress+Hauser intends to set aside 5 percent of all positions for interns, apprentices and students.

Social engagement
Endress+Hauser is engaged in volunteer activities wherever the company has a local presence. This allows us to sponsor select projects involving social, cultural, educational, scientific and sports activities, as well as the promotion of young talent. In the area of charitable contributions, we focus our assistance mainly on non-profit initiatives and social institutions.

Our employees are also willing to be active for a good cause. In the Endress+Hauser Water Challenge, employees raise funds through charity runs to give people worldwide access to clean drinking water, with the company doubling the amount donated. The proceeds go to select aid projects in Asia, South America or Africa. We have thus taken our business commitment to a safe, efficient and eco-friendly water supply and transferred it to the non-profit sector.

Endress+Hauser also maintains research and educational partnerships with scientific institutions and training centers around the globe. Contributions for our donation and sponsorship activities, as well as for research and education partnerships in the form of financial aid, contributions in kind or personnel deployment, are so far not recorded centrally. The respective activities are the responsibility of the Group companies.

Customer, partner and supplier relationships
Long-term success is possible only by sharing ideas and maintaining a constant dialogue. We are convinced that combined strengths make us more successful. This philosophy is reflected in the way we manage our relationships with customers, business partners and suppliers around the world, which calls for maintaining an open and constructive dialogue with all our stakeholders.

Customers around the world place their trust in us. We try to earn this trust by regularly measuring their level of satisfaction. We systematically analyze those aspects that can be optimized and address them with individual measures to continually improve. Regular survey cycles reveal long-term developments and make the success of the various actions visible and measurable. Loyal relationships show that trust-based collaboration and learning from one another is beneficial to all parties involved. As all of us are striving to sustainably transform the economy, now is the time for us to work even closer together.

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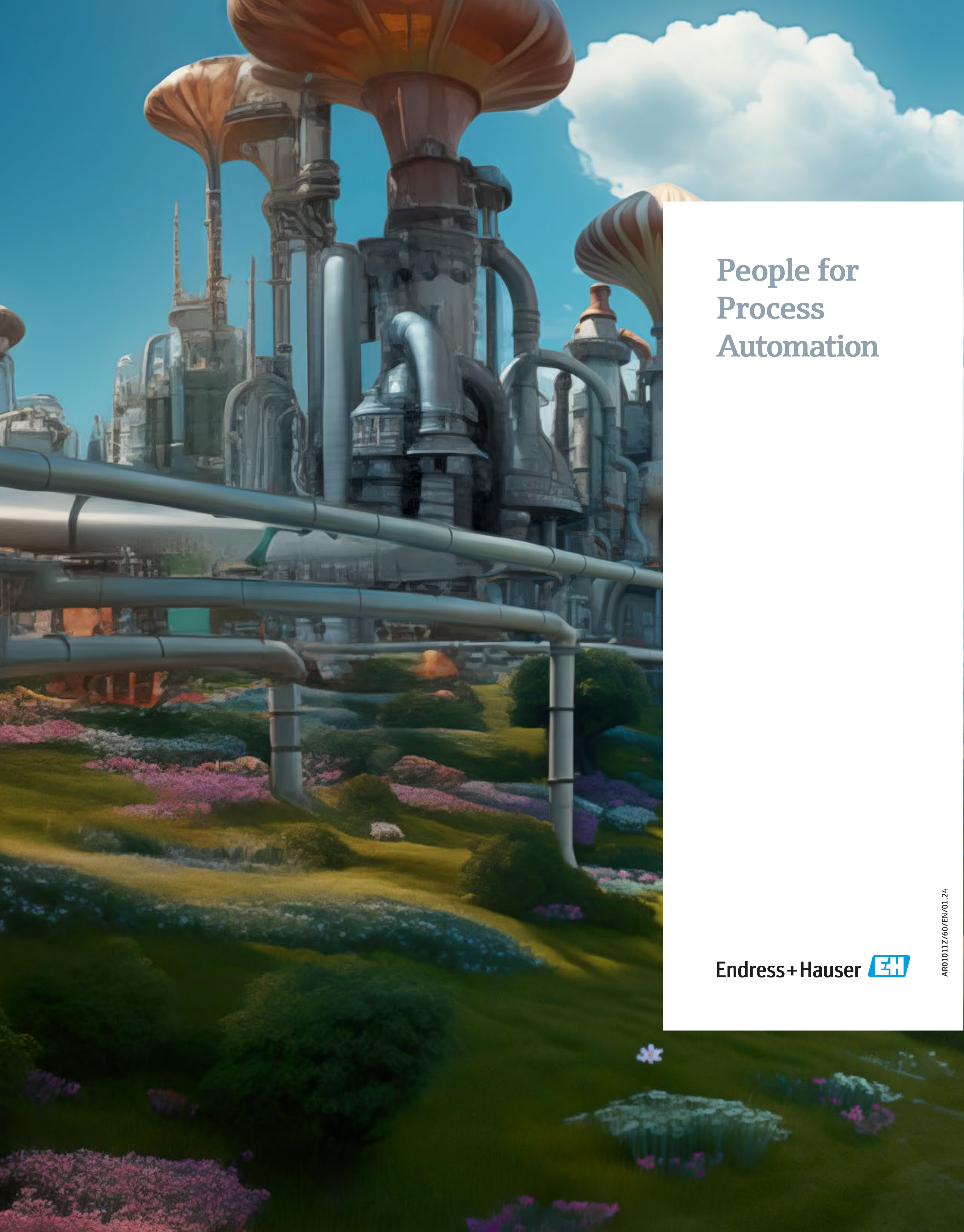

People for
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Automation

Endress+Hauser

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