

**Looking ahead
with confidence**

The financial year at
a glance

**Focus on future
generations**

Sustainability at
Endress+Hauser

Annual report

2022



Financial highlights

	EUR in thousands			CHF in thousands		
	2022	2021	Change	2022	2021	Change
Net sales	3,350,542	2,879,104	16.4%	3,359,789	3,107,187	8.1%
Operating profit (EBIT)	473,704	434,003	9.1%	475,012	468,385	1.4%
Operating margin	14.1%	15.1%		14.1%	15.1%	
Profit before taxes (EBT)	408,144	463,775	-12.0%	409,271	500,515	-18.2%
Return on sales (ROS)	12.2%	16.1%		12.2%	16.1%	
Net income	303,514	356,795	-14.9%	304,352	385,060	-21.0%
Productivity factor	1.38	1.41		1.38	1.41	
Equity	3,338,345	2,915,890	14.5%	3,303,793	3,024,302	9.2%
Equity ratio	80.2%	79.1%		80.2%	79.1%	
Total assets	4,163,444	3,688,355	12.9%	4,120,352	3,825,488	7.7%
Capital expenditures	240,469	192,847	24.7%	241,133	208,124	15.9%
Cash flow from operating activities	414,018	374,674	10.5%	415,161	404,356	2.7%
Number of employees	15,817	15,117	4.6%			



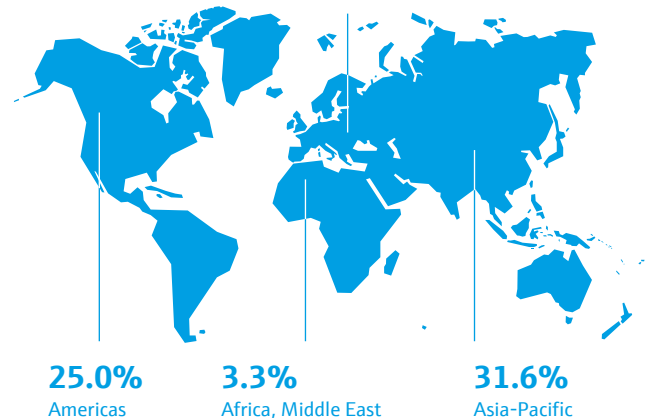
Operating margin
14.1%
(2021: 15.1%)

Employees
15,817
(+700)



Net sales
€3.35 bil.
(+16.4%)

Sales by
region



Investments
€240 mil.
(2021: €193 mil.)

Net income
€304 mil.
(-14.9%)



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2022

The year in review



January

Endress+Hauser merges its subsidiaries SpectraSensors Inc. and Kaiser Optical Systems Inc. into **Endress+Hauser Optical Analysis**. The new company bundles expertise in the field of laser-based analysis.

January

Endress+Hauser opens a new sales office in **Egypt**. The local market will continue to be developed in conjunction with sales representative Anasia. Another sales office starts operations in **Oman**, strengthening the Group's presence on the Arabian Peninsula.



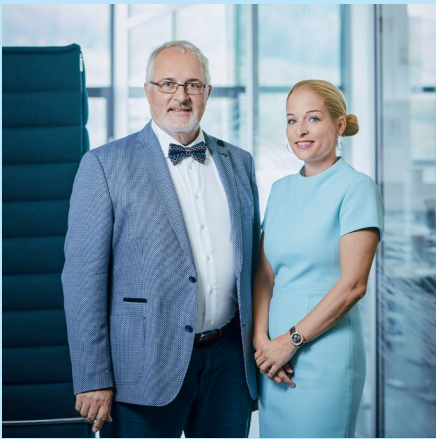
March

The new **Logistics Operations Center** in Ireland kicks off its activities. Staffed by 15 employees, the center manages the Group's worldwide logistics network with the aim of enabling faster decisions, increased sustainability and a higher degree of customer satisfaction.



March

Endress+Hauser joins the **European Clean Hydrogen Alliance**, thus lending its support to the development of a cleaner and more competitive hydrogen economy in Europe.



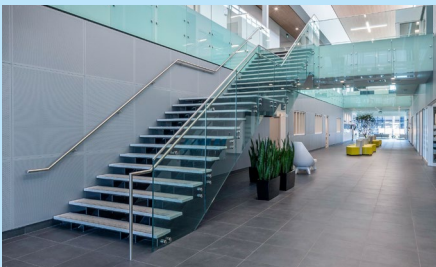
May

Generational change within the **Supervisory Board**: Hans-Peter Endress leaves the body after reaching the age limit of 75. Taking over his seat is Sandra Genge (born 1977), a granddaughter of the company founder.

July



After a two-year hiatus due to the coronavirus pandemic, more than 360 inventors came together at Europa-Park in Rust, Germany, to celebrate the 20th anniversary of the **Innovators' Meeting**. Since the year 2000, Endress+Hauser has invited all employees who are involved in patent applications to attend this annual get-together.



May

In **Canada**, one of the country's most climate-friendly commercial buildings goes into operation. The new customer experience center in Burlington, Ontario, with 4,400 square meters of space, is energy autonomous and carbon neutral.

July

Endress+Hauser opens a new facility for the production of flow technology and the development of IIoT solutions in **Reinach**, Switzerland. The expansion of the production site for silicon pressure sensors in **Stahnsdorf**, Germany, was previously dedicated in April. The enlargement of the flow measurement technology plant in **Cernay**, France, went into operation in June.



September

Endress+Hauser once again scores 76 out of a possible 100 points in the **EcoVadis** sustainability ranking to achieve platinum status for the second time. The Group continues to rank in the top percentile of the companies compared.

76/100

December



Change on the Executive Board: After nearly 35 years of service, Chief Sales Officer **Nikolaus Krüger** (63) retires at the end of the year. The new head of the global sales and service organization is **Laurent Mulley** (54), Managing Director of Endress+Hauser France.



Proud of the accomplishments, confident in the future:
Supervisory Board President Dr Klaus Endress (left) and
Chief Executive Officer Matthias Altendorf.

Looking ahead with confidence

Endress+Hauser can look back at another special year. Our company performed well, despite 2022 being a year of major contrasts. After a bright start, Russia's attack on Ukraine darkened the outlook. With the threat of energy shortages, high inflation in many countries and the resulting interest rate increases, growing political tensions, strained supply and logistics chains, plus renewed Covid lockdowns in China, rarely has our business environment been marked by so much uncertainty as in the past year.

However, our business was much more stable than we could expect under these conditions. Order income remained strong the entire year, with all industries and regions contributing. In the end this enabled us to enjoy double-digit growth, with exchange rates and price increases spurring sales. On the profit side we experienced the opposite effect. Because there was a time lag in adjusting prices to the rising costs, operating profit was unable to keep pace with sales. Losses on financial assets and currency hedging costs put further pressure on profits before taxes and net income, with the result that these figures are below the previous year's level.

We owe our solid business performance to customers all around the world, who once again put trust in us to provide the best possible support. That we were able to always serve the process industry as a reliable partner in 2022 is first and foremost due to our employees. In this situation they did everything possible to manage the growth and process all orders. Finally, we are grateful to our shareholders because they enable us to continue to develop the company with a long-term perspective. This is the foundation of our success.

In 2022, we invested more money worldwide than ever before in new buildings and plants, created a wealth of jobs and training positions and continued to improve our sustainability performance. We maintained our top position in the EcoVadis benchmark and laid the groundwork for the targeted reduction of our carbon footprint over the coming years. Our review is marred only by the withdrawal from Russia, a consequence of the war against Ukraine that has led to destruction and suffering for so many people.

In 2023 we are celebrating 70 years of Endress+Hauser. We can look back with pride at what we have achieved. And we can look ahead with confidence, even though the world around us continues to be characterized by much uncertainty. We have many excellent products in our portfolio. We support our customers in important tasks. And in recent years we have discovered just how much we can achieve when we work together toward a common goal. That is something that can inspire us. For 70 years we have done everything we can to ensure a good future – and we will continue to do so.



Dr Klaus Endress
President of the Supervisory Board



Matthias Altendorf
CEO of the Endress+Hauser Group

The Supervisory Board of the Endress+Hauser Group (from left):
Dr Hans Jakob Roth,
Mathis Büttiker, Sandra Genge,
Dr Klaus Endress (President),
Antonietta Pedrazzetti,
Dr Heiner Zehntner (Secretary),
Thomas Kraus and
Michael Zieseimer (Vice President).



Statement of the Supervisory Board

Endress+Hauser once again performed very well during the past year. If we disregard the book losses on our financial assets, we can even look back on another best year, one that saw new highs in order income, net sales, profit and employment. That we managed to do this in such a difficult environment is something for which I would like to express my thanks to our employees around the world and to the Group management, personally as well as on behalf of the Supervisory Board and the Endress family.

The Supervisory Board dealt with all significant business activities of the Group in 2022. Apart from the challenges arising from global political events, we were also concerned with various succession issues over the past year. Chief Sales Officer Nikolaus Krüger retired at the end of 2022 and was succeeded by Laurent Mulley, most recently Managing Director of Endress+Hauser France.

When, as announced, I will leave the Supervisory Board at the end of 2023, Matthias Altendorf is prepared to take over as President. At the same time, we have found a valid CEO for the Group in Dr Peter Selders, Managing Director of Endress+Hauser Level+Pressure. As the second representative of the family, Steven Endress, Managing Director of Endress+Hauser UK, will take a seat on the Supervisory Board in 2024. Shareholders, family and Supervisory Board took these decisions in best mutual agreement.



The board held four sessions, which were still conducted in a hybrid environment at the beginning of the year, and after that solely in-person. The specialist committees met as required and developed recommendations that were presented to the entire board. The President of the Supervisory Board worked closely with the Executive Board and met with the CEO on a regular basis to exchange views.

PricewaterhouseCoopers AG in Basel, Switzerland, completed its audit of the 2022 consolidated financial statements in February and March 2023 and granted an unqualified opinion. At the meeting on 13 March 2023, the Supervisory Board acknowledged the annual report and recommended acceptance to the Annual General Meeting. The consolidated financial statements were adopted by the Endress+Hauser AG Annual General Meeting on 3 April 2023.

Even though the outlook might be clouded by much uncertainty, we can still be confident in the future. From the smallest beginnings, Endress+Hauser grew over 70 years into perhaps the biggest, and certainly best, company in the process industry. We can build on a lot of things that we have done well in the past. As long as we maintain our focus on the market and customers, and continue to improve, we will still have plenty of work a hundred years from now!

A handwritten signature in black ink, appearing to read 'K. Endress'.

Dr Klaus Endress
President of the Supervisory Board

The Executive Board of the Endress+Hauser Group with (from left) Corporate Director of Analytical Business Dr Manfred Jagiella, Chief Sales Officer Laurent Mulley, Chief Financial Officer Dr Luc Schultheiss, Chief Executive Officer Matthias Altendorf, General Counsel Dr Heiner Zehntner, Chief Human Resources Officer Jörg Stegert, Chief Operating Officer Dr Andreas Mayr and Chief Information Officer Pieter de Koning.



Change at the top of the Group

Changes are taking place at the top of Endress+Hauser: Dr Klaus Endress will give up his responsibilities as President of the Supervisory Board at the end of 2023 when he reaches the age limit of 75, as previously announced. While he will continue to head up the Family Council, he will no longer take an active role in our company after almost 45 years. Shareholders, the family and the Supervisory Board have therefore mutually agreed on the succession plan. All decisions were preceded by considerable thought and extensive discussions.

Effective 1 January 2024, Matthias Altendorf (55) will move to the Supervisory Board as President. The shareholders view him as the person best suited for the job. He has known our company for 35 years and has led the Group with prudence and success for nearly a decade. Mr Altendorf furthermore embodies our corporate culture in an exemplary manner and stands for the values that define our company.



The Group's new CEO will be Dr Peter Selders (53). He holds a PhD in physics, joined Endress+Hauser Level+Pressure in 2004 and has led the product center since 2019. Mr Selders has demonstrated that he can lead and inspire people, that he lives and breathes our culture and is capable of successfully growing a large organization. He will be supported by Mr Altendorf, who will make his full experience and knowledge available, and the Executive Board, whose composition remains unchanged.

Additional representative of the family

As before, the shareholder family will be represented on the Supervisory Board by two members. As well as Sandra Genge, who became a member in 2022, Steven Endress (44) will have a seat on the board effective 1 January 2024. The grandson of the company founder has worked at Endress+Hauser since 2012 and took over as Managing Director of Endress+Hauser UK in 2016. He will hand over this responsibility as early as 1 May 2023.



Dr Klaus Endress



Matthias Altendorf



Dr Peter Selders

Group management report

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Endress+Hauser manufactures customer-specific products flexibly at locations all over the world – from the region, for the region.



Endress+Hauser Group Management Report

For Endress+Hauser, 2022 was characterized by strong growth worldwide. Despite strained procurement and logistics chains, the Group delivered more sensors and systems than ever before. Incoming orders, sales and employment reached new highs – only profit failed to keep pace due to a negative financial result.

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 help our customers design safe, reliable, efficient and eco-friendly processes across the entire life cycle. Our customers value our deep understanding of their applications and the special requirements of their industry.

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, raw materials, metals & mining and power & energy industries.

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. Physical and chemical sensors as well as biosensors from IST are being used within and beyond process automation.

Group structure

At the end of 2022, the Group comprised 134 companies in 55 countries. The parent company of the Group is Endress+Hauser AG in Reinach, Switzerland. Our product centers bundle the know-how 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.

Product 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 lab and process instrumentation 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.

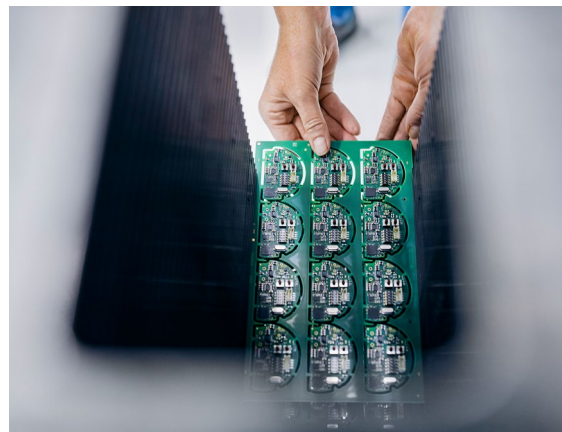
Guided by our vision and mission, our Strategy 2027+ program gives us orientation on our way into the future. It outlines seven strategic directions of impact on which we intend to work intensively over the next few years to continue to meet our customers' expectations in the future. In the meantime, 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.



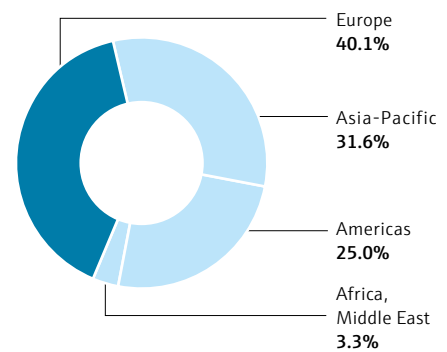
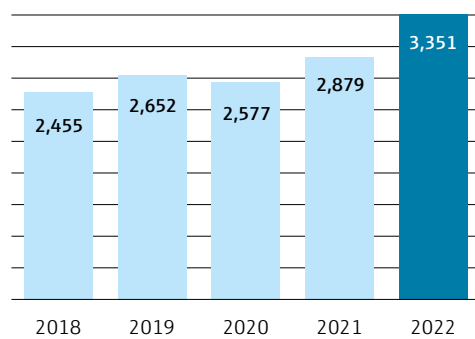
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3



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





4

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 43 new products and – due to the UKCA marking required for Great Britain – 3,100 device options among our markets and customers. We applied for 235 patents at patent offices around the world. This is clear evidence of Endress+Hauser's strong focus on innovation. About 8,700 active patents and patent applications protect our intellectual property.

In 2022, we spent 242.4 million euros on research & development, an increase of 13.6 percent compared to the previous year. This equates to 7.2 percent of our consolidated sales. More than 1,200 of our employees are working on the development of new products, solutions and services. Process improvements in production, logistics, IT and administration are also making a key contribution to the Group's success. We honor these efforts through recognition and incentives across all areas of our business operations.

Following the digitalization of industry, firmware, connectivity and the integration capability of our instruments are becoming increasingly important, as are software-based solutions and services. Another focus of our innovating activities is the analysis and measurement of substance properties.

- 1 Our employees in manufacturing had to cope with enormous unit growth in 2022.
- 2 2.9 million sensors were manufactured by Endress+Hauser last year.
- 3 Close supplier relationships helped to ensure material availability.
- 4 Despite challenges, Endress+Hauser always remained able to deliver.

Market development

Business environment

Central bank measures to address inflation, Russia's war against Ukraine and the recurrence of the coronavirus pandemic in China have weighed upon the global economy in 2022, according to the International Monetary Fund (IMF). Despite these headwinds, many economies – including the United States, the eurozone and major emerging and developing countries – performed surprisingly strongly, said the experts. The IMF therefore adjusted its January 2023 forecast upwards 0.2 points compared to the October 2022 World Economic Outlook, anticipating 3.4 percent growth in global economic output in 2022 (compared to 6.4 percent in the previous year).

According to the IMF, economic output in the industrialized nations rose by an average of 2.7 percent in 2022, compared to 5.4 percent in the previous year. The United States reported an increase of 2.0 percent, the eurozone 3.5 percent and Germany 1.9 percent. In the emerging and developing countries, the economic output expanded on average by 3.9 percent in the same period; China recorded a rate of 3.0 percent.

Market trends

The measurement technology and process automation section of the German association of the electro and digital industry (ZVEI) estimates that the industry has increased revenues nominally by 12 percent and production by about 4 percent in 2022. Business with customers in the chemical, pharmaceutical, oil & gas and water & wastewater industries performed particularly well. Strong growth momentum came from the USA. The Asian market also showed significant increases,

despite problems caused by the long lockdown in China. Business in Europe was stable, with Germany holding its position with projects launched before the pandemic. Business in Russia, on the other hand, came to a halt.

Competition

The lines between factory and process automation are becoming less strict, a development driven in part by digitalization and modularization of production plants. Major competitors are strengthening their efforts to position themselves accordingly. Within our own closer market environment, the competitive situation has not changed significantly. Competition is especially strong in individual product segments. 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.

Endress+Hauser in the marketplace

We had a dynamic start into 2022 and were able to maintain that momentum throughout the year. The Endress+Hauser Group's consolidated sales have grown substantially in 2022, due in part to exchange rate effects; incoming orders have increased even more strongly. This strong business performance continued until the end of the year. Sales were up considerably in virtually all regions and industries. According to our own calculations, our sales developed more dynamically than the market for process instrumentation as a whole, which enabled us to further strengthen our position.

Growth was dynamic in the Americas, strong in Asia and good in Europe as well as in Africa and the Middle East. As a result, our three largest markets, China, the USA and Germany, developed positively. Thirteen of our sales centers recorded an increase in turnover of more than 30 percent.

Once again, our business in Europe performed better than the economy in general. Alongside Germany, the other two major European markets, Italy and France, grew considerably. In North America, Canada and Mexico performed with similar dynamics as the USA. In South America, the growth in Argentina appeared outstanding.

In the Asia-Pacific region, China retained its position as our best-selling sales center. Our businesses in India, Japan and Australia also grew dynamically. We recorded good growth in the Middle East, while South Africa was unable to hold the good performance shown in the previous year.

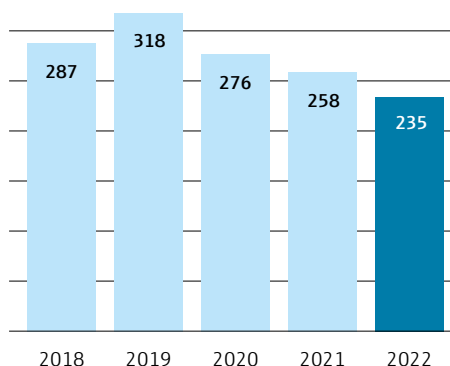
All our strategic industries contributed to the strong growth, this time the cyclical even more significantly than the non-cyclical sectors, with the chemical, oil & gas, mining, minerals & metals and food & beverage industries in the lead. The project business again reported above-average growth, while the service business performed solidly.

As concerns process instrumentation and automation, in 2022 our business was again partly driven by catch-up effects. Laboratory instrumentation and automation, which recorded considerable growth during the pandemic due to the demand for PCR diagnostics, was unable to hold up this good performance last year and experienced a slight decline. On the other hand, our sensor business grew significantly.

The advanced analysis segment also developed quite favorably. At the beginning of the year, we bundled our expertise in laser-based techniques under the roof of a joint product center based in Ann Arbor, Michigan, USA. A network of experts in our European sales centers offers extensive advice and support to customers in this field, assisted by our support center for optical analyzers in Lyon, France. We launched this successful model in the Asia-Pacific region as well.

This development encourages us in our goal to assist customers from lab to process and to strengthen our offerings especially in the field of advanced analysis and quality measurements. In 2022, evidence again highlighted the significance of digitalization. We are making ever-greater use of these opportunities in our products, in collaboration with our customers and in our internal processes.

**Patent applications
of the Endress+Hauser Group**



Decarbonization and digitalization of the process industry have become important drivers of our business.

People for
Process
Automation

Corporate development

General development

In 2022, we continued to drive forward the long-term development of the Group despite all uncertainties. We have continued our major investment projects as planned and expanded our sales, production and support network. We managed to create new jobs in all areas and have increased our commitment to training young people.

Our efforts over many years to strengthen our supply chains have been paying off. Dependable relationships with our suppliers and a capable transportation network have enabled us to continue supplying our customers reliably despite some constraints in procurement and logistics. This has contributed significantly to the good business performance in the past year.

Despite substantial cost increases, we were able to further strengthen operating profit at a high level. The 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.

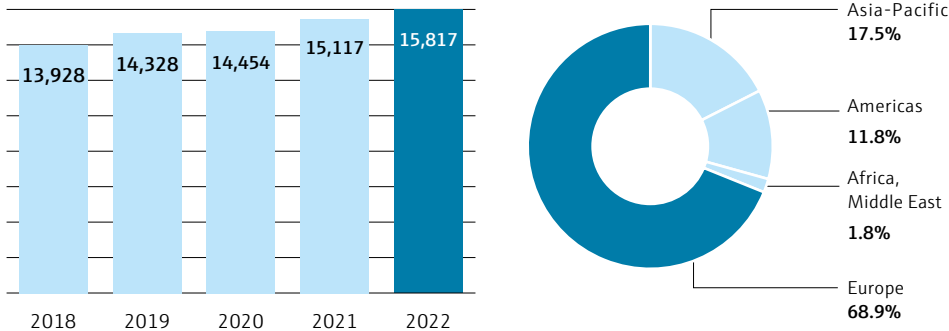
Establishment, acquisition and divestiture of companies

New companies strengthened our corporate network. In the USA, as of 1 January 2022, we merged SpectraSensors Inc. and Kaiser Optical Systems Inc. into Endress+Hauser Optical Analysis Inc. to bundle our expertise in laser-based measurement technology. In the past year, Senstech AG, a Swiss manufacturer of force, pressure, surface tension and torque sensors, and Infracolid GmbH, a German supplier of infrared emitters, were acquired. Both companies extend the portfolio of Innovative Sensor Technology IST AG, our subsidiary specializing in primary sensors. In Germany we established Analytik Jena Verwaltungs-GmbH in August 2022. For the manufacturing of analysis technology, Endress+Hauser Liquid Analysis (India) Pvt. Ltd was formed in India in October 2022.

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. In 2021, the two organizations entered into a strategic partnership with the mission of advancing the digitalization of the industry. Meanwhile, 13 prominent manufacturers have joined our own Open Integration Partner Program. In collaboration with our

Employees of the Endress+Hauser Group



partners, we strive to ensure the smooth interaction of different products in Industry 4.0 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 16.4 percent, we significantly exceeded our own expectations in 2022. For the first time, we are reporting the operating margin – the ratio of operating profit to sales – as a key indicator of our company's profitability. At 14.1 percent, it did not entirely achieve the previous year's figure, but it was still well above the industry average. Return on sales at 12.2 percent was below our strategic target of 13.0 percent, impacted by the financial result. The productivity factor reached the very high figure of 1.38 and thus continues to exceed our target of 1.33. The equity ratio increased by 1.1 points to 80.2 percent. Our strategy requires a minimum ratio of 70.0 percent.

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 2022, mainly in manufacturing. Our global workforce increased by 700 to 15,817, a gain of 4.6 percent. As usual, we were able to offer virtually every apprentice a permanent position upon completion of their vocational training. 353 young people were undergoing vocational training at Endress+Hauser in 2022; we employed a further 136 as interns, students and trainees. This corresponds to a training ratio of 3.2 percent.

Income statement in brief (EUR in thousands)

	2022	2021	Change	
Net sales	3,350,542	2,879,104	471,438	16.4%
Total operating expenses	-2,928,402	-2,504,871	-423,531	16.9%
Operating profit (EBIT)	473,704	434,003	39,701	9.1%
Net financial result	-63,727	31,978	-95,705	
Profit before taxes (EBT)	408,144	463,775	-55,631	-12.0%
Income taxes	-104,630	-106,980	2,350	-2.2%
Net income	303,514	356,795	-53,281	-14.9%

Balance sheet in brief (EUR in thousands)

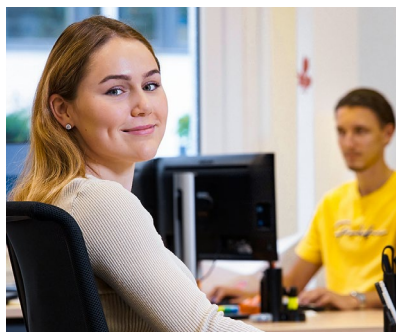
	2022	2021	Change	
Non-current assets	1,900,498	1,682,589	217,909	13.0%
Inventories	585,480	457,460	128,020	28.0%
Accounts receivable	782,931	668,084	114,847	17.2%
Short-term financial assets	399,014	398,473	541	0.1%
Cash and cash equivalents	495,521	481,749	13,772	2.9%
Assets	4,163,444	3,688,355	475,089	12.9%
Equity	3,338,345	2,915,890	422,455	14.5%
Retirement benefit obligations	40,189	89,212	-49,023	-55.0%
Other non-current liabilities	134,610	123,959	10,651	8.6%
Trade accounts and notes payable	147,611	116,086	31,525	27.2%
Other current liabilities	502,689	443,208	59,481	13.4%
Equity and liabilities	4,163,444	3,688,355	475,089	12.9%

- 1
Communication and interaction are key to an inspiring and attractive working environment.
- 2
Our working world is changing, and office landscapes have to adapt.
- 3
Endress+Hauser created 700 jobs worldwide last year.

2

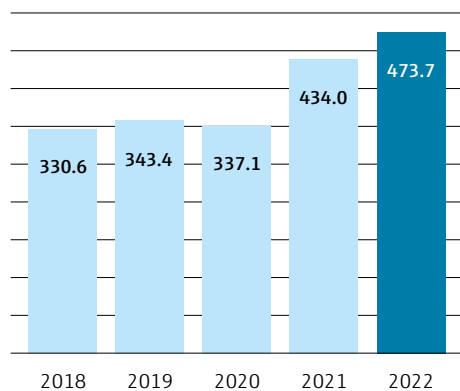


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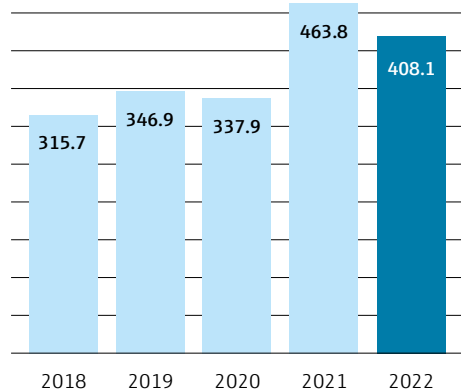


3

Operating profit (EBIT)
(EUR in millions)



Profit before taxes
(EUR in millions)



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 corporate social responsibility. In the long term Endress+Hauser therefore strives to significantly increase the training ratio. Five percent of all positions worldwide will be reserved for interns, apprentices, trainees and students. We are in the process of devising a concept to implement this project over the next few years. In 2022, for example, 100 talented young people – more than ever before – commenced their vocational training or integrated study programs in six locations in Germany, Switzerland and France.

We offer vocational training programs in some European countries and now also in India, the USA and Mexico. 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.

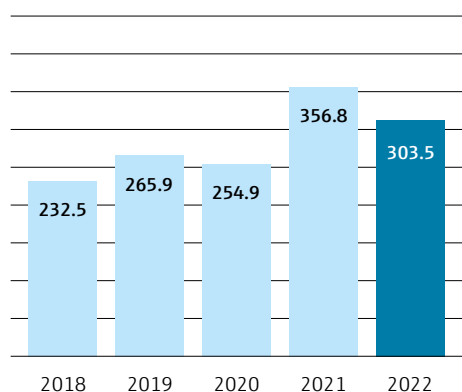
This year we submit our ninth sustainability report together with our Group management report (starting on page 71). We consider the EcoVadis benchmark a key indicator in this regard.

In the past year, we achieved platinum level in this audit for the second time. With an unchanged score of 76 out of 100 points, we are among the top percentile of companies in our comparison group. Our strategic goal is to place in the top 25 percent.

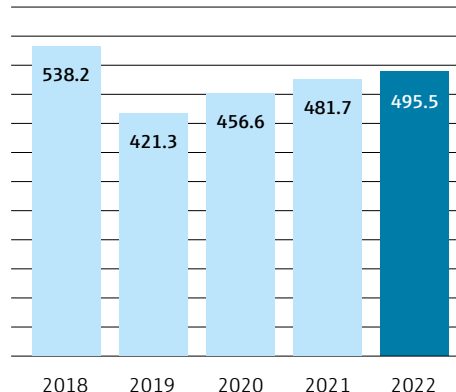
To make further progress in the area of sustainability, we have created the new position of a Corporate Social Responsibility Officer at Group level. The holder of the position also acts as Human Rights Officer and promotes efforts towards a Group-wide sustainability strategy and improvements in environmental, ethical and social subjects.

One of the key areas of work is climate protection. In 2022, for example, we improved and standardized the acquisition of data on energy usage and greenhouse gas emissions across all our Group companies in order to meet the conditions for the Group to join the Science Based Target initiative. In addition, we joined the Carbon Disclosure Project.

Net income
(EUR in millions)



Cash equivalents
(EUR in millions)



Results of operation, financial position and net assets

Sales performance

Net sales increased to 3.351 billion euros in 2022. Adjusted for exchange rate effects, growth would have been 4.7 percent lower. At constant currencies revenues would have been lower by some 135 million euros.

Our revenues increased in almost all regions in 2022. Our business grew by 6.8 percent in Europe, by 18.2 percent in Asia-Pacific, by 34.3 percent in the Americas, and by 9.0 percent in Africa and the Middle East. We expanded the process technology segment by 17.6 percent and the sensor technology segment by 21.7 percent. As expected, in the laboratory business sales decreased by 4.9 percent after the end of the pandemic-related non-recurring effects.

Consolidated income statement

Operating profit (EBIT) increased by 9.1 percent to 473.7 billion euros. Operating expenses increased slightly above average compared with consolidated sales, rising by 16.9 percent to 2.928 billion euros.

Due to hiring and effects resulting from variable remuneration components, personnel expenses rose by 15.3 percent to 1.268 billion euros. Expenses for purchased goods and services increased, caused among other things by higher purchase prices and freight rates, by 16.1 percent to 956.3 million euros. Other operating expenses grew by 24.9 percent to 551.8 million euros, due in particular to sales-related commissions for our representatives. In view of the strong investment activities, depreciation and amortization increased by 9.3 percent to 152.8 million euros.

Profit before taxes (EBT) decreased by 12.0 percent to 408.1 million euros, mainly because the financial result came in 95.7 million euros lower compared to the previous year. Mainly due to higher currency hedging costs, net foreign exchange losses of 13.5 million euros were considerably higher than in 2021 (1.3 million euros). Net interest income was positive at 1.7 million euros. Following the downturn on the stock and bond markets, our result from financial investments was negative and, at -51.9 million euros, came in 83.9 million euros below the previous year's result (31.9 million euros).

As an effect of the increase in the effective tax rate to 25.6 percent, our profit after tax decreased by 14.9 percent to 303.5 million euros.

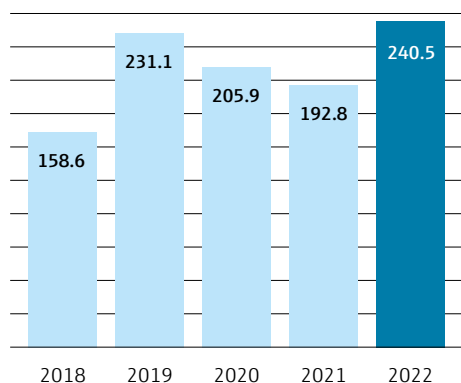
Consolidated balance sheet

Exchange rate effects are also reflected in the consolidated balance sheet. Non-current assets increased by 13.0 percent to 1.900 billion euros in 2022. Tangible fixed assets reached 1.242 billion euros at the end of the year, 9.3 percent more than in 2021 – a consequence of extensive investment activities as well as exchange rate movements. Long-term financial assets increased by 47.7 million euros to 319.8 million euros owing to reallocations of funds and the appreciation of the Swiss franc.

Current assets increased by 12.8 percent to 2.263 billion euros. Short-term financial assets rose very slightly by 0.1 percent to 399.0 million euros. Cash and cash equivalents increased by 2.9 percent to 495.5 million euros. To increase our safety stocks, we raised inventories by 28.0 percent to 585.5 million euros. Trade accounts receivable rose by 18.3 percent to 617.7 million euros due to sales-related effects.

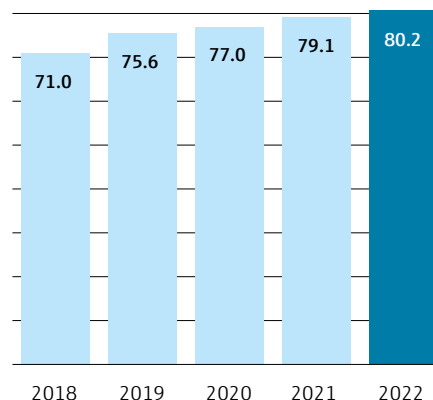
Capital expenditures

(EUR in millions)



Equity ratio

(in percent)



Relaxed atmosphere: employees at Endress+Hauser enjoy plenty of freedom for personal growth and development.



Equity increased by 14.5 percent to 3.338 billion euros. At the same time, total assets climbed by 12.9 percent to 4.163 billion euros on account of exchange rate effects and the appreciation of our assets. As a consequence, the equity ratio further grew by 1.1 points to 80.2 percent, a highly respectable figure for our industry.

Pension obligations of the Group companies fell by 95.7 million euros to 40.2 million euros as a result of the increase in discount rates. Long- and short-term provisions increased by 13.9 percent to 230.5 million euros. This includes provisions for variable and performance-based salary components, which we had to raise compared to 2021.

We lowered bank loans to 0.7 million euros. We only use this instrument if internal funding is impossible or does not seem sensible. Our total liabilities increased by 6.8 percent to 825.1 million euros. The Group's healthy financial situation is also shown in a still strong cash flow from operating activities. Despite impacts from the build-up of inventories and the increase of current receivables, the cash flow increased by 10.5 percent to 414.0 million euros.

Capital expenditures

Last year we invested 240.5 million euros in buildings, plant and machinery, software and information technology, 24.7 percent more than the previous year. Despite the prevailing economic and political uncertainties, we continued all major investment projects as planned. This allowed us to further strengthen our sales and production network throughout the world.

Last year, we opened the new 57.0-million-euro building of our competence center for flow measurement technology in Reinach, Switzerland. Our product center for liquid analysis expanded its site in Gerlingen, Germany, at a cost of 11.8 million euros. Our Canadian sales organization opened a new 12.7-million-euro customer and training center in Burlington, Ontario, and our sales center in Mexico moved into its own 7.5-million-euro building in Mexico City.

Supplemental report

Events after the end of the financial year

The eighth sanctions package of the European Union, which was adopted in October 2022, bans the export of measurement technology equipment to Russia, which effectively deprives our Russian sales and service company of the basis for further business activity. Endress+Hauser will therefore completely terminate its operations in Russia and systematically liquidate the sales center over the coming months while looking for responsible solutions for our employees in the country.

In February 2023, Endress+Hauser announced a change at the top of the Group. Dr Klaus Endress, President of the Supervisory Board, will retire from the company when he reaches the age limit of 75 at the end of 2023. He is to be succeeded in this position by the current CEO, Matthias Altendorf. The new CEO of the Group will be Dr Peter Selders, the present head of the center of competence for level and pressure measurement technology. Steven Endress will become the second member of the family to sit on the Supervisory Board.

Risk report

Risk management

On principle, Endress+Hauser takes only calculable risks when making business decisions. According to the principles of corporate governance, we introduced 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 associates to avoid and minimize unnecessary risk. A Group standard for business continuity management has been introduced. 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. 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. Additionally, our independence as a family business and our financial strength 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 initiative to increase 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 increased 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.

Digitalization, which offers the potential for driving efficiency across the entire value chain, is currently providing additional opportunities for the Group companies. We want to grow above average in the mid to long term by employing advanced analytical engineering to a greater degree in process technology applications, as well as by developing the market for laboratory analysis.

Report on expected developments

Business environment

According to the International Monetary Fund (IMF), the central banks' efforts against inflation as well as Russia's war in Ukraine continue to weigh upon economic performance. Experts forecast global growth to fall to 2.9 percent in 2023 and to rise again to 3.1 percent not before 2024. Although the January 2023 forecast is 0.2 percentage points higher than in the October 2022 World Economic Outlook, it is below the historical average of 3.8 percent (based on the years 2000 to 2019).

According to the IMF, the decline in growth compared with 2022 is mainly attributable to the advanced economies, for which the experts expect a rate of 1.2 percent in 2023. Economic output is expected to increase by 1.4 percent in the USA, 0.7 percent in the eurozone and 0.1 percent in Germany. As concerns the emerging and developing countries, the IMF expects growth to have bottomed out in 2022 and to return to 4.0 percent in the current year. China's economy is expected to grow by 5.4 percent.

On the whole, the IMF continues to see more downside risks than upside opportunities to this development. For example, problems caused by the pandemic in China could slow down an economic upturn; the same applies to an escalation of Russia's war in Ukraine or a worsening of the debt problems caused by high interest rates. The experts have also identified risks in the financial markets and arising from the geopolitical situation. However, in many economies, stronger impulses from accumulated demand or a faster decline in inflation are also possible scenarios.

Objectives of company development

The measurement technology and process automation section of the German electro and digital industry association ZVEI expects lower growth rates in 2023 than in the previous year and, in comparison, lower order intake in the mid or low single digits range. The outlook is clouded in particular by the energy crisis, uncertainties concerning supply chains, material cost increases and a shortage of skilled labor. However, according to the ZVEI, the long-term outlook for the industry remains promising thanks to the topics of energy efficiency, sustainability and digitalization.

Endress+Hauser has started 2023 with a record volume of orders on hand. In the first nine weeks, both incoming orders and net sales continued to develop strongly. Despite our retreat from the Russian market, we are significantly above the figures for the same period in 2022. We have set ourselves the target of achieving double-digit percentage growth for the Group in 2023, consolidated in euros, and supported by reducing the high order volume. At the same time, we expect incoming orders to grow less dynamically. With regard to earnings, we want to improve our profitability again.



Training initiative: in the future, 5 percent of all jobs at Endress+Hauser worldwide will be reserved for interns, apprentices, students and trainees.

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 environment.

Against this backdrop, Strategy 2027+ is aimed even more closely at the constantly changing needs of markets and customers. The digitalization of industrial manufacturing continues to offer significant momentum for our business; we also expect process and laboratory analysis to continue to develop above average.

Last but not least, we consider innovation one of the most important drivers of our business. We are planning to launch over 50 product innovations in the course of the year; the number of new device options will exceed 1,000, partly driven by the UKCA marking required in the United Kingdom.

Important projects

For the time being, investment projects totaling over 500 million euros have been approved by the Supervisory Board, mainly to be invested in 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, an additional factory building in Suzhou, China, our corporate campus in Jena, Germany, the expansion of our plant in

Waldheim, Germany, a new production facility in Ilmenau, Germany, and the next extension in Cernay, France. In addition, new manufacturing premises are nearing completion in Aurangabad, India, while work on another building is planned to start in the course of the year.

Regarding our sales organization, new buildings are under construction in Mumbai, India, and Vantaa, Finland; additional new buildings are to be constructed in the United States in Greenwood, Indiana, and Philadelphia, Pennsylvania. In Sydney, Australia, and Buenos Aires, Argentina, our sales centers are planning to purchase buildings.

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 a still challenging environment. Our independence as a solidly financed family-owned company allows us to continue to guide the Group through difficult times with a long-term perspective and further pursue key future projects. We are in a position to quickly make all necessary decisions.

We continue to address the exceptional situation caused by the effects of the interest rate policy and the war in Ukraine as well as the associated economic consequences with 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.

Consolidated financial statements

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Consolidated balance sheet

Assets		EUR in thousands		CHF in thousands	
	Notes	Year ended 31 Dec 2022	Year ended 31 Dec 2021	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Non-current assets					
Tangible fixed assets	11	1,241,902	1,136,491	1,229,048	1,178,746
Intangible assets	12	151,829	139,470	150,258	144,655
Investments in associated companies	13	32,321	34,021	31,986	35,286
Long-term financial assets	14	319,805	272,070	316,495	282,186
Deferred tax assets	21	84,047	100,537	83,177	104,275
Pension assets	22	70,594	0	69,863	0
Non-current assets		1,900,498	1,682,589	1,880,827	1,745,148
Current assets					
Inventories	15	585,480	457,460	579,420	474,468
Trade accounts receivable	16	617,735	521,984	611,341	541,391
Current income tax assets		5,321	5,294	5,266	5,491
Other accounts receivable	17	159,875	140,806	158,220	146,041
Short-term financial assets	14	399,014	398,473	394,884	413,288
Cash and cash equivalents	18	495,521	481,749	490,394	499,661
Current assets		2,262,946	2,005,766	2,239,525	2,080,340
Assets		4,163,444	3,688,355	4,120,352	3,825,488

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 2022	Year ended 31 Dec 2021	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Equity					
Share capital		14,842	14,842	22,000	22,000
Other reserves		395,814	204,148	391,717	211,738
Retained earnings		2,919,126	2,689,441	2,881,602	2,782,828
Capital and reserves attributable to shareholders		3,329,782	2,908,431	3,295,319	3,016,566
Non-controlling interest		8,563	7,459	8,474	7,736
Equity		3,338,345	2,915,890	3,303,793	3,024,302
Liabilities					
Long-term loans	19, 20	51,782	36,983	51,246	38,358
Deferred tax liabilities	21	39,079	42,335	38,675	43,909
Retirement benefit obligations	22	40,189	89,212	39,773	92,529
Long-term provisions	23	43,531	44,408	43,080	46,059
Other long-term liabilities	24	218	233	216	242
Non-current liabilities		174,799	213,171	172,990	221,097
Short-term loans	19, 20	25,951	48,018	25,682	49,803
Trade accounts and notes payable	19	147,611	116,086	146,083	120,402
Current income tax liabilities		54,495	46,566	53,932	48,298
Short-term provisions	23	187,007	158,072	185,071	163,949
Other short-term liabilities	24	235,236	190,552	232,801	197,637
Current liabilities		650,300	559,294	643,569	580,089
Liabilities		825,099	772,465	816,559	801,186
Equity and liabilities		4,163,444	3,688,355	4,120,352	3,825,488

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

Consolidated income statement

	Notes	EUR in thousands		CHF in thousands	
		2022	2021	2022	2021
Net sales	6	3,350,542	2,879,104	3,359,789	3,107,187
Change in inventories		16,198	27,869	16,243	30,077
Own work capitalized		9,196	7,015	9,221	7,571
Other operating revenues		26,170	24,886	26,242	26,857
Purchased goods and services		-956,278	-823,524	-958,916	-888,764
Personnel expenses	7	-1,267,526	-1,099,615	-1,271,024	-1,186,727
Depreciation and amortization		-152,837	-139,818	-153,259	-150,894
Other operating expenses	8	-551,761	-441,914	-553,284	-476,922
Total operating expenses	9	-2,928,402	-2,504,871	-2,936,483	-2,703,307
Operating profit (EBIT)		473,704	434,003	475,012	468,385
Result from associated companies	13	-1,833	-2,206	-1,838	-2,381
Net financial result	10	-63,727	31,978	-63,903	34,511
Profit before taxes (EBT)		408,144	463,775	409,271	500,515
Income taxes	21	-104,630	-106,980	-104,919	-115,455
Net income		303,514	356,795	304,352	385,060
Attributable to					
Shareholders		304,500	356,410	305,341	384,645
Non-controlling interest		-986	385	-989	415
		303,514	356,795	304,352	385,060

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

Consolidated comprehensive income

	Notes	EUR in thousands		CHF in thousands	
		2022	2021	2022	2021
Net income		303,514	356,795	304,352	385,060
Other comprehensive income					
Remeasurements of the net defined benefit liability	22	124,293	83,257	124,636	89,853
Income taxes thereon	21	-25,678	-17,475	-25,749	-18,859
Items that can not be reclassified to net income		98,615	65,782	98,887	70,994
Gains (+) or losses (-) from translating the financial statements of foreign subsidiaries	2.4	93,233	115,029	93,490	124,142
Items that can be reclassified to net income		93,233	115,029	93,490	124,142
Other comprehensive income		191,848	180,811	192,377	195,136
Comprehensive income		495,362	537,606	496,729	580,196
Attributable to					
Shareholders		496,166	537,019	497,535	579,562
Non-controlling interest		-804	587	-806	634
		495,362	537,606	496,729	580,196

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 31 Dec 2020	14,842	23,542	2,381,166	2,419,550	5,568	2,425,118
Net profit for the period			356,410	356,410	385	356,795
Change in non-controlling interest			-29	-29	1,379	1,350
Dividend payments			-48,109	-48,109	-75	-48,184
Currency translation differences		114,824	3	114,827	202	115,029
Actuarial gains and losses		65,782		65,782		65,782
Balance at 31 Dec 2021	14,842	204,148	2,689,441	2,908,431	7,459	2,915,890
Net profit for the period			304,500	304,500	-986	303,514
Change in non-controlling interest			0	0	2,101	2,101
Dividend payments			-74,815	-74,815	-193	-75,008
Currency translation differences		93,051	0	93,051	182	93,233
Actuarial gains and losses		98,615		98,615		98,615
Balance at 31 Dec 2022	14,842	395,814	2,919,126	3,329,782	8,563	3,338,345

The share capital is fully paid and composed of 2.2 million registered shares with a par value of 10.00 CHF per share.
During the business year 2022 dividends of 34.10 CHF per ordinary share have been paid (in total 75.02 CHF millions or 74.8 EUR millions).
The notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement

All amounts in EUR thousands	Notes	2022	2021
Cash flow from operating activities			
Net income		303,514	356,795
Depreciation and amortization	11, 12	152,837	139,818
Income taxes	21	104,630	106,980
Result from associated companies	13	1,833	2,109
Net financial result net of foreign exchange gains (+) / losses (-)		50,239	-33,240
Result on sale of assets and investments		-46	-3,758
Change in provisions		23,869	64,643
Other non-cash items		34,708	25,358
Change in inventories, trade accounts receivable and other current assets		-289,863	-215,110
Change in trade payables and other liabilities		147,865	22,977
Income taxes paid		-115,568	-91,898
Cash flow from operating activities		414,018	374,674
Cash used in investing activities			
Purchase of fixed assets		-199,970	-172,368
Purchase of subsidiaries net of cash acquired		-11,026	0
Investments in associated companies		0	-36,000
Investments in financial assets		-218,654	-186,689
Disposals of fixed assets		9,610	12,883
Disposal of subsidiaries net of cash disposed		0	389
Disposals of financial assets		137,234	72,202
Interest received		3,546	3,004
Cash used in investing activities		-279,260	-306,579
Free cash flow		134,758	68,095
Cash flow from financing activities			
Acquisition of non-controlling interests		63	-150
Dividends paid		-75,008	-48,184
Proceeds from loans		749	13,590
Repayments of loans		-26,483	-2,595
Interest paid		-1,875	-1,704
Payments for the principal portion of lease liabilities		-22,616	-24,855
Cash flow from financing activities		-125,170	-63,898
Effects of exchange rate changes on cash and cash equivalents		4,184	20,922
Changes in cash and cash equivalents		13,772	25,119
Cash and cash equivalents at beginning of year		481,749	456,630
Cash and cash equivalents at end of year		495,521	481,749

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

2. Accounting policies

2.1 Accounting standards

The consolidated financial statements of the Endress+Hauser Group are prepared in accordance with International Financial Reporting Standards (IFRS). 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 2022. There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year 2022 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.

On 13 March 2023 the Supervisory Board recommended these consolidated financial statements for approval by the Annual General Meeting.

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 the obligation is 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 constructions)	10–20 years
Buildings (massive constructions)	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.

Notes to the consolidated financial statements

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 amortised cost.

A financial asset is classified in the category „at fair value through profit or loss“ if the criteria for classification „at

amortised 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 recognised 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 option for simplified accounting for certain corona-related changes to leasing contracts was not exercised.

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.

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.

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

Notes to the consolidated financial statements

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 recognised 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 asset ceiling are recognised 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 world-wide 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. Risk management is ensured by the central treasury of the Group, which acts in accordance with the directives of the Group's corporate management. The risks are assessed mainly by the local Group companies, whereby the Group's treasury is supporting 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 Group-internal transactions. Relevant net foreign currency exposures exist in CHF and USD. Assuming for the purpose of a sensitivity analysis a change of $\pm 5\%$ of these currencies against the euro, this would result in a possible change of the net income of ± 5.5 EUR millions (prior year ± 3.9 EUR millions).

As the Group is almost debt-free, changes in interest rates have only 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. The majority of the cash is managed by Corporate Treasury. The amount of deposits on bank accounts (= operational liquidity) considers the thresholds up to which no negative interest or deposit fee is charged. The investment regulations define a minimum operational liquidity. Amounts above these thresholds are generally assigned to strategic liquidity, which is invested in various asset classes (e.g. money market investments, bonds, mortgage funds, shares or precious metals). The Investment Committee decides on the investment of strategic liquidity every six months. 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 2023 is as follows (EUR in millions):

Cash and cash equivalents at 31 December 2023	496
Short-term financial assets	443
Not used credit lines	64
Total available liquidity reserve	1,003

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. The strategic objective is an equity capital ratio (equity in relation to total assets) of over 70%.

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, 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.

Notes to the consolidated financial statements

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

	Notes	2022	2021
Europe		1,342,566	1,257,002
Asia-Pacific		1,058,829	896,170
Americas		838,003	623,961
Africa, Middle East		111,144	101,971
		3,350,542	2,879,104
Net sales by products (all amounts in EUR thousands)			
Process instrumentation and automation		3,098,165	2,633,778
Laboratory instrumentation and automation		165,257	173,758
Sensors		87,120	71,568
		3,350,542	2,879,104

7. Personnel expenses (all amounts in EUR thousands)

	Notes	2022	2021
Wages and salaries		1,038,014	908,521
Social securities		160,501	143,044
Pension costs – defined benefit plan	22	29,687	12,492
Pension costs – defined contribution plan		21,458	20,508
Other employee benefit expenses		17,866	15,050
		1,267,526	1,099,615
Number of employees by region (at balance sheet date)			
Europe		10,903	10,517
Asia-Pacific		2,763	2,568
Americas		1,873	1,766
Africa, Middle East		278	266
		15,817	15,117

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

	Notes	2022	2021
Other personnel related costs		91,778	59,326
Customer related costs		130,040	96,112
IT (EDP) related costs		73,916	58,575
Building maintenance, furniture and fixtures		86,969	75,689
Lease expenses short-term	20	33,266	26,261
Expenses for rights and other services		98,202	88,994
Other operating expenses		16,387	22,139
Non-income taxes		15,622	13,581
Loss from sale of fixed assets		5,581	1,237
		551,761	441,914

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

	Notes	2022	2021
Part of total operating expenses is the following expenditure for research and development		242,418	213,418
In % of net sales		7.2%	7.4%

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

	Notes	2022	2021
Interest expense – loans		-845	-685
Interest expense – lease liabilities		-1,030	-1,019
Interest expenses		-1,875	-1,704
Interest income		3,546	3,004
Interest result		1,671	1,300
Various foreign exchange gains (+) / losses (-)		-31,786	-18,951
Foreign exchange gains (+) / losses (-) from derivative financial instruments	26	18,298	17,689
Net foreign exchange gains / losses		-13,488	-1,262
Result from financial assets (at fair value)		-50,312	37,008
Result from derivative financial instruments	26	-1,598	-5,068
Result from financial assets		-51,910	31,940
Net financial result		-63,727	31,978

Notes to the consolidated financial statements

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
Informationen 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

11. Tangible fixed assets 2021 (all amounts in EUR thousands)

	Land and buildings	Plant, equipment and machinery	Office equipment and furniture	Advance payments & assets under construction	2021 total
Acquisition value					
Value as at 1 Jan 2021	932,742	724,655	252,840	128,525	2,038,762
Additions	67,575	32,398	29,234	48,829	178,036
Disposals	-10,223	-9,648	-17,373	-3,963	-41,207
Transfers	45,451	30,702	3,612	-80,697	-932
Exchange differences	30,158	19,826	3,879	3,177	57,040
Value as at 31 Dec 2021	1,065,703	797,933	272,192	95,871	2,231,699
Accumulated depreciation					
Value as at 1 Jan 2021	-323,468	-481,803	-172,931		-978,202
Depreciation	-39,286	-52,595	-32,392		-124,273
Impairment	0	-442	0		-442
Disposals	6,687	8,750	16,501		31,938
Transfers	7	527	-35		499
Exchange differences	-9,611	-12,272	-2,845		-24,728
Value as at 31 Dec 2021	-365,671	-537,835	-191,702		-1,095,208
Net book value as at 1 Jan 2021	609,274	242,852	79,909	128,525	1,060,560
Net book value as at 31 Dec 2021	700,032	260,098	80,490	95,871	1,136,491
Informationen on leases included above					
Additions to right-of-use assets	10,616	52	9,799		20,467
Depreciation	-10,877	-168	-11,819		-22,864
Net book value of right-of-use assets as at 31 Dec 2021	36,119	218	22,414		58,751
					2022
Fixed assets pledged as security					1,549

Notes to the consolidated financial statements

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	114,056	61,247	122,088	40,528	337,919
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	118,792	63,709	121,702	51,270	355,473
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	-49,923	-94,711	-27,429	-203,644
Net book value as at 1 Jan 2022	83,164	14,883	28,703	12,720	139,470
Net book value as at 31 Dec 2022	87,210	13,786	26,991	23,841	151,829

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 47,862 EUR thousands distributed among 11 subsidiaries or sub-groups.

12. Intangible assets 2021 (all amounts in EUR thousands)

	Goodwill	Concessions, rights and licences	IT software	Technology and other intangible assets	2021 total
Acquisition value					
Value as at 1 Jan 2021	109,904	57,729	112,381	39,220	319,234
Additions	0	1,587	9,374	3,850	14,811
Disposals	0	-851	-3,285	-1,809	-5,945
Transfers	0	0	2,248	-1,818	430
Exchange differences	4,152	2,782	1,370	1,085	9,389
Value as at 31 Dec 2021	114,056	61,247	122,088	40,528	337,919
Accumulated amortization					
Value as at 1 Jan 2021	-30,160	-42,209	-85,778	-26,423	-184,570
Amortization	0	-2,519	-9,923	-2,270	-14,712
Impairment	0	-391	0	0	-391
Disposals	0	851	3,285	1,787	5,923
Transfers	0	0	3	0	3
Exchange differences	-732	-2,096	-972	-902	-4,702
Value as at 31 Dec 2021	-30,892	-46,364	-93,385	-27,808	-198,449
Net book value as at 1 Jan 2021	79,744	15,520	26,603	12,797	134,664
Net book value as at 31 Dec 2021	83,164	14,883	28,703	12,720	139,470

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.	19,322	2012/2013	6.2%	2.0%	-2.6%
Subgroup Analytik Jena GmbH	18,822	2013/2014	6.2%	2.0%	2.7%

The further goodwill of 45,020 EUR thousands distributed among 10 subsidiaries or sub-groups.

SpectraSensors Inc. and Kaiser Optical Systems Inc. will be merged into Endress+Hauser Optical Analysis Inc. as of 1 January 2022. Therefore, they are now considered as one CGU and a joint impairment test has been performed.

Notes to the consolidated financial statements

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

	Notes	2022	2021
Change in investments in associated companies:			
Value as at 1 Jan		34,021	0
Additions		0	36,000
Group's share of profit		-1,833	-2,206
Exchange differences		133	227
Value as at 31 Dec		32,321	34,021

Joint ventures are accounted for using the equity method and listed under investments in associates (see scope of consolidation in note 33).

The summarised financial information for associated companies are as follows:		2022	2021
Non-current assets		798	723
Current assets		22,116	24,637
Non-current liabilities		169	146
Current liabilities		3,422	2,489
Net sales		29,982	20,819

14. Financial assets (all amounts in EUR thousands)

	Notes	2022	2021
Long-term financial assets (at fair value)		282,171	269,795
Long-term investments in non-consolidated companies		3	3
Long-term loans to third parties (amortised cost)		1,564	1,527
Long-term financial assets (amortised cost)		36,067	745
Long-term financial assets		319,805	272,070
Short-term financial assets (at fair value)		324,023	338,826
Short-term financial assets (amortised cost)		68,503	46,015
Derivative financial instruments – assets	26	6,488	13,632
Short-term financial assets		399,014	398,473
Financial assets		718,819	670,543
The financial assets (at fair value) are included in the fair value hierarchy levels as follows:	3.5		
Level 1		324,035	338,837
Level 2		287,996	282,789
Level 3		651	627
Financial assets (at fair value)		612,682	622,253
Financial assets (amortised cost)		106,137	48,290
Financial assets		718,819	670,543

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 a real estate fund as well as derivative financial instruments.

15. Inventories (all amounts in EUR thousands)

	Notes	2022	2021
Raw materials and supplies		248,247	179,180
Work in progress and semi-finished goods		178,726	141,132
Finished goods and merchandise		152,002	132,979
Advance payments for inventory		6,505	4,169
		585,480	457,460
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		-60,917	-56,792
Additions (via income statement)		-14,563	-9,293
Amounts used		4,279	4,101
Reversal (via income statement)		9,363	2,505
Exchange differences		-1,128	-1,438
Value as at 31 Dec		-62,966	-60,917

Notes to the consolidated financial statements

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

	Notes	2022	2021
Trade accounts receivable from third parties		635,320	540,766
Trade accounts receivable – associated companies	29	124	164
Bad debt valuation allowance		-17,709	-18,946
Total trade accounts receivable		617,735	521,984
Movements on the provision for impairment of trade receivables:			
Value as at 1 Jan		-18,946	-17,169
Provision for receivables impairment		-3,296	-5,906
Utilization of provision for receivables written off		2,416	2,878
Reversal of unused provision		2,354	1,840
Exchange differences		-237	-589
Value as at 31 Dec		-17,709	-18,946
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		570,439	477,117
2 to 6 months overdue		32,335	30,234
6 to 12 months overdue		12,467	12,587
Over 12 months overdue		20,203	20,992
Total trade accounts receivable – gross		635,444	540,930
Trade accounts receivable include amounts denominated in the following major currencies:			
Functional currencies of subsidiaries		548,625	465,215
Euro		42,930	44,876
US dollar		37,898	29,751
Other currencies		5,991	1,088
Total trade accounts receivable – gross		635,444	540,930

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

	Notes	2022	2021
Other tax receivables		42,018	35,681
Accounts receivable from social benefits institutions		656	424
Accounts receivable from employees		1,183	971
Other assets (precious metals)		43,708	41,179
Contract assets (IFRS 15)	25	20,565	13,450
Prepayments and accruals		31,784	30,674
Other accounts receivable from third parties		19,961	18,427
		159,875	140,806

Other receivables do not contain impaired assets.

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

	Notes	2022	2021
Cash and cash deposits		491,209	470,234
Short-term interest bearing deposits		4,312	11,515
		495,521	481,749

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

	Notes	2022	2021
The carrying amounts of loans (at amortised cost) are as follows:			
Long-term loans from banks		668	1,241
Long-term loans from third parties		1,403	1,099
Long-term lease liabilities	20	49,711	34,643
Total long-term loans		51,782	36,983
Short-term loans from banks		51	95
Short-term loans from third parties		58	20,850
Short-term loans from associated companies	29	5,500	8,400
Short-term lease liabilities	20	20,342	18,673
Total short-term loans		25,951	48,018
Total loans		77,733	85,001
Changes in liabilities arising from financing activities are as follows:			
Total loans as at 1 Jan		85,001	76,872
Changes in the scope of consolidation	28	596	0
Financing cash flows		-48,350	-13,860
New leases		39,640	20,467
Exchange differences		941	1,369
Other changes		-95	153
Total loans as at 31 Dec		77,733	85,001
Trade accounts payable to third parties		147,584	116,047
Trade accounts payable to associated companies	29	27	39
Trade accounts and notes payable		147,611	116,086
Other liabilities with residual maturity	24	96,054	81,700
Breakdown by maturity			
Under 1 year		269,398	245,571
1 to 5 years		38,567	35,211
Over 5 years		13,433	2,005
Total liabilities with residual maturity		321,398	282,787

Bank loans are mainly secured by the land and buildings of the Group (see note 11).

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.

Notes to the consolidated financial statements

20. Leasing (all amounts in EUR thousands)

	Notes	2022	2021
As a lessee the Group has recognized the following amounts in the balance sheet:			
Net book value of right-of-use assets	11	74,645	58,751
Short-term lease liabilities		20,342	18,673
Long-term lease liabilities 1 to 5 years		36,278	32,895
Long-term lease liabilities over 5 years		13,433	1,748
Present value of lease liabilities	19	70,053	53,316
The income statement shows the following amounts relating to leases:			
Depreciation	11	23,479	22,864
Interest expense - lease liabilities	10	1,030	1,019
Lease expenses short-term	8	13,724	11,414
Lease expenses low-value leases	8	3,550	2,346
Expenses for additional charges for lease contracts	8	15,992	12,501
Total cash outflows for leases		57,640	52,345

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.

21. Income taxes (all amounts in EUR thousands)

	Notes	2022	2021
Income tax expenses			
Current income tax charge		121,780	125,348
Deferred income tax charge (+) / benefit (-)		-17,150	-18,368
Total charge for income taxes		104,630	106,980
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		24.3%	23.0%
Tax effect of			
- Different tax rates in other countries		0.8%	-0.7%
- Changes in tax rates		0.4%	0.0%
- Additional tax (+) or tax refunds (-) from previous years		1.1%	2.2%
- Income not subject to tax		-3.4%	-2.1%
- Expenses not deductible for tax purposes or reduced rate		2.0%	1.9%
- Current year change in unrecognized tax losses		0.2%	-1.1%
- Other items		0.2%	-0.1%
Effective tax rate		25.6%	23.1%
Changes in deferred taxes (assets and liabilities) recorded in the balance sheet:			
Balance as at 1 Jan		58,202	58,274
Changes in the scope of consolidation		-3,439	0
Income statement charge / credit		17,150	18,368
Tax debited (-) / credited (+) to equity		-25,678	-17,475
Exchange differences		-1,266	-965
Net balance as at 31 Dec		44,969	58,202
Tax losses on which no deferred tax was calculated			
Expiry			
Within 5 years		6,482	14,260
Within 6 to 10 years		24,982	16,640
Over 10 years		55,708	41,013
Unrecognized tax losses as at 31 Dec		87,172	71,913

Notes to the consolidated financial statements

21. Income taxes (all amounts in EUR thousands)

	Notes	2022	2021
Source of deferred tax			
Deferred tax assets and liabilities relate to the following items on the consolidated balance sheet:			
Tangible fixed assets		-47,739	-38,492
Intangible assets		10,476	15,272
Capitalized tax losses		31,162	28,996
Inventories		24,229	15,184
Other assets		-6,653	-6,084
Pension assets / retirement benefit obligations		-541	24,686
Loans		12,986	11,141
Other liabilities		21,049	7,499
Net deferred tax balance recognized as at 31 Dec		44,969	58,202

The partial outsourcing of the German pension scheme done in 2019 results in tax losses that have to be shown off balance sheet and that are part of capitalized tax losses.

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

	Notes	2022	2021
The defined benefit obligations are composed of as follows:			
Group companies in Germany		40,189	95,684
Group companies in Switzerland		-70,594	-6,472
Pension assets (-) / defined benefit obligations (+) recognized in the balance sheet		-30,405	89,212
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		233,615	336,767
Fair value of plan assets		-193,426	-241,083
Defined benefit obligations recognized in the balance sheet		40,189	95,684

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

	Notes	2022	2021
Movement in the defined benefit obligation			
Value as at 1 Jan		336,767	359,437
Current service cost		5,679	6,493
Interest cost		3,334	1,780
Total defined benefit plan costs, included in personnel expenses	7	9,013	8,273
Remeasurement resulting from actuarial gains (-) / losses (+) recognized in year from			
Change in financial assumptions		-108,128	-24,077
Change in experience adjustments		4,894	2,475
Total Remeasurement, included in other comprehensive income		-103,234	-21,602
Benefits paid		-8,931	-9,341
Value as at 31 Dec		233,615	336,767
Movement in the fair value of the plan assets			
Value as at 1 Jan		241,083	230,057
Interest income		2,379	1,135
Total defined benefit plan costs, included in personnel expenses	7	2,379	1,135
Remeasurement: return on plan assets		-42,605	18,169
Effect of asset ceiling		-9	0
Total remeasurement, included in other comprehensive income		-42,614	18,169
Benefits paid		-7,422	-8,278
Value as at 31 Dec		193,426	241,083

Plan assets contain investments with quoted market prices (thereof 53.8% bonds and 29.9% shares), 14.8% real estate and 1.5% investments without quoted market price (cash and pledged liability insurances).

	2022	2021
The significant actuarial assumptions (weighted averages) were as follows:		
Discount rate	3.70%	1.00%
Future salary increase	2.70%	2.30%
Future pension increase	2.10%	1.70%

Sensitivity analysis:

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

	2022	
	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%	+1.1%	-1.2%
Life expectancy: change in assumption by +1 year	+2.9%	

The weighted average duration of the defined benefit obligation is 15.4 years.

Notes to the consolidated financial statements

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

	Notes	2022	2021
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		457,596	499,325
Fair value of plan assets		-528,190	-505,797
Pension assets (-) recognized in the balance sheet		-70,594	-6,472
Movement in the defined benefit obligation			
Value as at 1 Jan		499,325	502,272
Current service cost		23,076	23,626
Past service cost		0	-18,346
Interest cost		1,808	755
Total defined benefit plan costs, included in personnel expenses	7	24,884	6,035
Remeasurement resulting from actuarial gains (-) / losses (+) recognized in year from			
Change in financial assumptions		-100,170	-11,763
Change in experience adjustments		9,438	9,493
Change in demographic assumptions		0	-22,715
Total Remeasurement, included in other comprehensive income		-90,732	-24,985
Contributions by plan participants		32,394	24,616
Benefits paid		-31,398	-29,103
Exchange differences		23,123	20,490
Value as at 31 Dec		457,596	499,325
Movement in the fair value of the plan assets			
Value as at 1 Jan		505,797	452,800
Interest income		1,831	681
Total defined benefit plan costs, included in personnel expenses	7	1,831	681
Remeasurement: return on plan assets		-15,214	18,501
Effect of asset ceiling		-11,845	0
Total remeasurement, included in other comprehensive income		-27,059	18,501
Contributions by plan participants		32,394	24,616
Employer contributions		22,356	17,663
Benefits paid		-31,398	-29,103
Exchange differences		24,269	20,639
Value as at 31 Dec		528,190	505,797

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

	Notes	2022	2021
Assets of the old-age and surviving dependants' pensions correspond to the present value of the related obligations as follows:		68,631	76,477
The difference to assets from insurance contracts is:		-15,625	2,854

Plan assets contain 16.3% securities with quoted market prices and 83.7% 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:		2022	2021
Discount rate		2.30%	0.35%
Future salary increase		1.70%	1.00%
Future pension increase		0.00%	0.00%

Sensitivity analysis:

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

	2022	
	Impact on defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate: change in assumption by 0.1%	-1.2%	+1.4%
Future salary increase: change in assumption by 0.1%	+0.0%	-0.0%
Life expectancy: change in assumption by 1 year	+1.4%	-1.5%

The weighted average duration of the defined benefit obligation is 13.2 years.

Notes to the consolidated financial statements

23. Provisions (all amounts in EUR thousands)

	Other employee benefit obligations	Warranty provisions	Provisions for legal claims	Other provisions	2022 total	2021 total
Long-term provisions						
Value as at 1 Jan	40,738	1,295	109	2,266	44,408	43,919
Changes in the scope of consolidation	0	0	0	2,007	2,007	0
Additions (via income statement)	5,476	175	0	791	6,442	4,948
Amounts used	-3,739	-25	-1	-2,220	-5,985	-4,916
Amounts released (via income statement)	-3,420	-133	0	-1	-3,554	-1,687
Transfers	0	-101	0	0	-101	1,353
Exchange differences	410	13	0	-109	314	791
Value as at 31 Dec	39,465	1,224	108	2,734	43,531	44,408
Short-term provisions						
Value as at 1 Jan	120,520	15,009	8,897	13,646	158,072	89,218
Changes in the scope of consolidation	0	3	0	4	7	0
Additions (via income statement)	111,687	5,282	157	10,968	128,094	138,415
Amounts used	-84,074	-2,137	0	-6,956	-93,167	-67,386
Amounts released (via income statement)	-4,088	-1,935	0	-1,938	-7,961	-4,869
Transfers	0	181	0	-80	101	-1,353
Exchange differences	1,423	29	0	409	1,861	4,047
Value as at 31 Dec	145,468	16,432	9,054	16,053	187,007	158,072
Total provisions						
Value as at 31 Dec	184,933	17,656	9,162	18,787	230,538	202,480

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	2022	2021
Other long-term liabilities to third parties		218	233
Total other long-term liabilities		218	233
Other tax liabilities		37,883	34,305
Accounts payable to social benefits institutions		18,134	11,733
Accounts payable to employees		18,755	22,968
Other accounts payable to third parties		15,264	14,680
Derivative financial instruments – liabilities	26	7,101	166
Advance payments received	25	95,532	71,397
Accrued revenues from customer contracts (IFRS 15)	25	5,985	3,383
Accruals and deferrals		36,582	31,920
Total other short-term liabilities		235,236	190,552
Total other liabilities		235,454	190,785

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

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

	2022		2021	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
The development of contract assets and contract liabilities is as follows:				
Value as at 1 Jan	13,450	74,780	9,612	63,833
Excess of performance over payments received	10,834		5,641	
Cumulative adjustments of revenues from previous periods	-39	0	-155	1,058
Impairment of contract assets	561		-813	
Transfer to trade accounts receivable	-4,402		-1,137	
Excess of payments received over performance		85,420		63,485
Revenue recognized from contract liabilities		-58,521		-57,867
Exchange differences	161	-162	302	4,271
Value as at 31 Dec	20,565	101,517	13,450	74,780

Notes to the consolidated financial statements

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	2022	2021
Trading derivatives are classified as a current asset or liability:			
Derivative financial instruments – assets	14	6,488	13,632
Derivative financial instruments – liabilities	24	-7,101	-166
		-613	13,466
The assignment to fair value hierarchy levels of trading derivatives is as follows:	3.5		
Level 2		-613	13,466
		-613	13,466
Gain (or loss) recognized			
Foreign currency hedging instruments	10	18,298	17,689
Interest rate hedging instruments	10	-1,598	-5,068
		16,700	12,621
The notional principal amounts and fair values of the foreign currency and interest rate derivatives are composed as follows:		31 Dec 2022	31 Dec 2021
Notional principal amounts			
Foreign currency hedging instruments		820,565	659,945
Interest rate hedging instruments		1,909	6,462
Total notional principal amounts		822,474	666,407
Fair values			
Foreign currency hedging instruments		-709	11,866
Interest rate hedging instruments		96	1,600
Total fair values		-613	13,466

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

	Notes	2022	2021
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:		45,592	41,935

As in the previous year, there are no contingent liabilities towards third parties as at 31 December 2022.

28. Acquisitions of subsidiaries (all amounts in EUR thousands)

In order to further expand its portfolio of products, solutions and services, Endress+Hauser Group acquired Senstech AG (Switzerland) and Infracore 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.

No companies have been purchased during 2021.

	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.

Notes to the consolidated financial statements

29. 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 33).

	Notes	2022	2021
Transactions			
Sales of goods and services to associated companies		1,113	897
As in the previous year, no major business transactions were effected with closely associated individuals.			
Key management compensation			
Salaries and social securities		8,587	5,832
Pension costs		669	461
		9,256	6,293
Receivables or liabilities with associated companies			
Receivables from associated companies	16	124	164
Loans from associated companies	19	5,500	8,400
Liabilities to associated companies	19	27	39

30. Exchange rates

The main exchange rates used are:

	Average rate		Closing rate	
To EUR	2022	2021	31 Dec 2022	31 Dec 2021
1 CHF	0.99725	0.92660	1.01046	0.96415
1 CNY	0.14088	0.13166	0.13544	0.13834
1 INR	0.01205	0.01147	0.01129	0.01181
1 JPY	0.00723	0.00768	0.00712	0.00764
1 USD	0.94969	0.84758	0.93423	0.87944
To CHF				
1 CNY	0.14127	0.14209	0.13403	0.14348
1 EUR	1.00276	1.07922	0.98965	1.03718
1 INR	0.01209	0.01238	0.01118	0.01225
1 JPY	0.00725	0.00829	0.00705	0.00792
1 USD	0.95232	0.91473	0.92456	0.91214

31. Impact of the war in Ukraine on Endress+Hauser's economic situation

Endress+Hauser will terminate activities in Russia. The European Union's eighth sanctions package prohibits the export of measurement technology to Russia in the future. As a result, the Russian sales and service organization lacks the basis for further business activity. Endress+Hauser will therefore discontinue operations in Russia and systematically liquidate its sales center over the next months. The Group is seeking responsible solutions for the employees in the country.

32. Post balance sheet events

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

33. Endress+Hauser Group – Scope of consolidation as at 31 Dec 2022

	Company name, registered office	Field of activity	Share	Consolidation
Europe				
Switzerland	Endress+Hauser AG, Reinach	Holding	100%	Full
	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
	IST Manufacturing 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, 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	Engineering/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	Sales	100%	Full
	Endress+Hauser Digital Solutions (Deutschland) GmbH, Freiburg	Development	100%	Full
	Endress+Hauser Flow Deutschland AG, Coburg	Production	100%	Full
	Endress+Hauser Group Services (Deutschland) AG+Co. KG, Weil	Support	100%	Full
	Endress+Hauser InfoServe GmbH+Co. KG, Weil	Support	100%	Full
	Endress+Hauser InfoServe Verwaltungs-GmbH, Weil	Administration	100%	Full
	Endress+Hauser Logistik GmbH+Co. KG, Weil	Support	100%	Full
	Endress+Hauser Messtechnik Verwaltungs-GmbH, Weil	Administration	100%	Full
	Endress+Hauser SE+Co. KG, Maulburg	Production	100%	Full
	Endress+Hauser Wetzler GmbH+Co. KG, Nesselwang	Production	100%	Full
	Endress+Hauser Wetzler Verwaltungs-GmbH, Nesselwang	Administration	100%	Full
	ETG Entwicklungs- und Technologie Gesellschaft-mbH 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
Finland	Endress+Hauser Oy, Helsinki	Sales	100%	Full

Notes to the consolidated financial statements

Endress+Hauser Group – Scope of consolidation as at 31 Dec 2022

	Company name, registered office	Field of activity	Share	Consolidation
Europe				
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., Huningue	Sales	100%	full
	Société Générale de Métrologie S.A.S., Vitrolles	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, Vienna	Sales	100%	Full
Poland	Endress+Hauser Polska Sp.z.o.o., Wrocław	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
Russia	LLC Endress+Hauser, Moscow	Sales	100%	Full
	Endress+Hauser Flowtec LLC, Moscow	Production	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
Turkey	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., Maidstone	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

Endress+Hauser Group – Scope of consolidation as at 31 Dec 2022

	Company name, registered office	Field of activity	Share	Consolidation
Americas				
United States of America	Analytik Jena US LLC, Upland (California)	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 Wetzler (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 Wetzler (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 Wetzler (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

Endress+Hauser Group – Scope of consolidation as at 31 Dec 2022

	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 134 companies in total in 55 countries, 12 of them registered in Switzerland and 122 abroad.

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

Changes in scope of consolidation 2022

In addition to the acquisitions mentioned in note 28, the following changes in the scope of consolidation were effective in 2022: In Germany, Analytik Jena Verwaltungs-GmbH has been incorporated in August 2022. In the United States of America, SpectraSensors Inc. and Kaiser Optical Systems Inc. were merged into Endress+Hauser Optical Analysis Inc. as of 1 January 2022. In India, Endress+Hauser Liquid Analysis (India) Pvt. Ltd. was established in October 2022.

Endress+Hauser AG

Reinach

Report of the statutory auditor
to the General Meeting
on the consolidated financial statements 2022



Report of the statutory auditor

to the General Meeting of Endress+Hauser AG

Reinach

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Endress+Hauser AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 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 (pages 30 to 66) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by 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.

Other information

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

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

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

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

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

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

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

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG



Bruno Rossi
Licensed audit expert
Auditor in charge



Korbinian Petzi
Licensed audit expert

Basel, 13 March 2023

Group sustainability report

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2022

Sustainable success

Fundraisers on a roll

230 employees got moving for a good cause and collected donations by running as part of the Endress+Hauser Water Challenge. The company matched the donations and used the proceeds to purchase 60 hippo rollers for South African families. Hippo rollers are barrel-shaped vessels to easily transport up to 90 liters of drinking water at a time, a task often carried out by women and children. The runs were organized by the Endress+Hauser Women's Integrated Network, a global networking initiative that promotes women within the Group.



Renewable energy

Endress+Hauser places great value on sustainability and energy efficiency in construction projects all over the world. In Burlington, Ontario, the customer experience center opened in 2022 is one of Canada's 'greenest' commercial buildings. Thanks to 800 photovoltaic modules and a geothermal system, the building is energy autonomous and carbon neutral. Also setting standards is a new building in Reinach, Switzerland, where flow measurement technology is manufactured and IIoT solutions are developed. A heat storage vessel utilizes operational waste heat to heat the building. The solar plant extends the site's installed capacity to 1 megawatt peak. A new photovoltaic system in Greenwood, Indiana, in the US can generate more than 1.6 million kilowatt hours of electrical energy a year, covering half of the electricity needs in the production building and saving 1,100 tons of CO₂ annually.



Managing the energy transition

Operators of gas-fired power plants want to get their facilities ready for energy transition. To reduce the total carbon content of the fuel, and thus cut down on CO₂ emissions, hydrogen is to be blended into the natural gas in ever-greater quantities. This mixture must be precisely controlled, however. To address this issue, Endress+Hauser developed a solution based on two innovative technologies. The Coriolis-based Promass Q flowmeter provides highly precise measurements of mass flow, density and flow rate even under difficult conditions. And an Rxn5 Raman-based analyzer determines the composition and energy content of the gas blend inline. Operators can thus validate the integrity of the fuel blending system almost in real time.

100

young people – more than ever before – began an apprenticeship or work-study program during 2022 at six Endress+Hauser locations in Germany, Switzerland and France. This represents an increase of more than 30 compared to 2021. Endress+Hauser is currently training a total of 343 young people and aims to double the number of apprenticeship and internship spots worldwide in the coming years. The company offers virtually all trainees a permanent position once they complete their apprenticeship or studies.



Young researchers

Endress+Hauser has opened a design and innovation studio on the company's US campus in Greenwood, Indiana. Teachers from two school districts can bring their students, aged 5 to 14, to the lab to try out new technologies as a supplement to classroom instruction. Endress+Hauser employees at the Innovation Studio provide entertaining insights into robotics, 3D printing, programming, electronics and other topics. The youngsters can perform tasks such as programming a robot to throw dice or building their own circuits from snap-together electronic components. A similar educational center has been opened in Maulburg in southwestern Germany.

“At Endress+Hauser, training and education opens up future opportunities for young people. Our goal is to develop and retain employees.”

Jörg Stegert, Chief Human Resources Officer at the Endress+Hauser Group

Sustainability is an important issue for our employees. They challenge their own actions and drive improvements in this area.



Endress+Hauser Group Sustainability Report

Sustainability was rooted even more firmly in the Endress+Hauser Group during 2022. We paved the way for joining the Science Based Targets initiative and for the first time determined the Group's carbon footprint in accordance with the Greenhouse Gas Protocol.

Introduction

Corporate social responsibility at Endress+Hauser

Climate change poses significant environmental, social and economic challenges to the world and our company. Within a short period of time, it will be determined to what extent global warming will impact humanity and the environment. For those who are in a position to exert influence, the goal must be to minimize the repercussions of this development. As a family-owned company with global operations, we are keenly aware of this responsibility. We have always strived to link economic, ecological and social issues in such a way that our company will last for many generations. Sustainability is one of our four brand values, in addition to commitment, excellence and friendliness.

From a strategic standpoint, the principle of sustainability was rooted even more firmly within the company during 2022. We filled the new position of corporate social responsibility (CSR) officer, who also acts as human rights officer. One member of the Executive Board is now responsible for the topic of sustainability within this body. A newly established CSR steering committee with members from the Executive Board, the Supervisory Board, quality management, and brand management and communication governs this issue across the Group. In addition, Group-wide CSR networks were formed as a way to further harmonize processes and to learn from one another.

Science-based climate strategy

In order to be able to measure where we stand based on robust criteria, we calculated our 2022 carbon footprint in accordance with the Greenhouse Gas (GHG) Protocol, the international standard for GHG accounting. This effort involved collecting and evaluating key metrics across the entire Group related to various direct and indirect emissions from scope 1 (direct emissions from in-house or company-controlled sources) and scope 2 (indirect emissions from purchased energy) sources. Scope 3 sources (emissions along the value chain) are currently undergoing evaluation. We also participated for the second time in the Carbon Disclosure Project (CDP), the world's largest disclosure system for corporate environmental strategies. We are working vigorously to increase transparency across the Group regarding the drivers of our GHG emissions.

To expand our Group-wide climate strategy, we prepared in the 2022 fiscal year to join the Science Based Target initiative (SBTi), which finally became effective in March 2023. SBTi created one of the most ambitious programs for determining corporate climate protection targets. It helps companies base their reduction targets on scientific findings to reach the 1.5-degree target stipulated in the Paris Climate Agreement. We are currently developing a Group-wide, uniform data basis that allows us to set interim targets on the path to consistent decarbonization of our value chain.

Apart from extensively addressing our carbon footprint, we have started to update our materiality analysis. The idea is to track the issue of sustainability from two perspectives (double materiality analysis). The first step involves an impact analysis to examine what effect our business activities have on people and nature (inside-out perspective). In a second step we will analyze how sustainability issues impact the business activities of our company (outside-in perspective). The key issues derived from these analyses will form the basis of our future sustainability strategy.

Our 2022 sustainability report offers a detailed overview of what we are working on and how we want to meet our responsibility. The fact that we are on the right track is illustrated by our ranking in the EcoVadis sustainability audit. With 76 out of a possible 100 points, we achieved the highest

recognition level of platinum for the second time in 2022, placing us once again in the top percentile of companies in our comparison group. The EcoVadis report highlighted our sustainability performance in the areas of the environment, labor standards and human rights as particularly positive.

Corporate governance

Corporate strategy

Endress+Hauser enjoys an excellent reputation as a leading global provider of products, solutions and services for process and laboratory automation. In line with our mission, we support customers around the world in improving their products and manufacturing them even more efficiently. In order to further expand this position, our Strategy 2027+ defines seven strategic directions of impact that we want to diligently work on over the next few years, including the future of customer interaction, the future of the people in our company, the further development of our core industries, laboratory and process analysis, the strengthening of the Endress+Hauser brand, digitalization and the targeting of markets beyond Europe.

Sustainability, as one of our four brand values, shapes the implementation of this strategy. We conduct our business responsibly and ethically and with the well-being of individuals, society and the environment in mind. Our customers, employees and shareholders rightly expect us to live up to our values and thus to protect the Endress+Hauser brand.

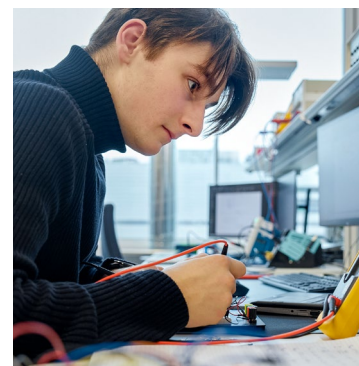
Shareholder structure

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 following 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 six women and three men.

In 2022, Sandra Genge, a granddaughter of company founder Georg H Endress, became a member of the Endress+Hauser Supervisory Board and the first representative of the younger generation on this body. She will represent the interests of the family together with Klaus Endress, who will continue to serve as President of the Supervisory Board until the end of 2023. The family shareholders also exert influence on Endress+Hauser AG at the company's Annual General Meeting.



1



2

Corporate governance

The Endress+Hauser Group comprises a network of 134 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 by the General Meeting of the shareholders. The Family Charter states that the family should be represented by two members on the Supervisory Board.

Corporate culture

The Endress+Hauser Group's corporate culture is still heavily influenced by the shareholder family and their representatives in the company. The Spirit of Endress+Hauser puts into words what distinguishes this culture and captures important values

1

One of the ways we attract young people to work at Endress+Hauser is through appealing in-company training programs.

2

For some years now, we have also been offering vocational training programs outside Europe.

3

In the future, Endress+Hauser intends to set aside 5 percent of all positions for interns, apprentices, trainees and students.

3



and principles. Without specifically referring to the principle of sustainability, the Spirit of Endress+Hauser relies on numerous aspects of sustainable corporate management.

Key elements of our corporate culture include comprehensive responsibility of 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. Our four brand values, which include sustainability, put this corporate culture in a nutshell.

Ethical behavior 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 must be accordingly trained and are required to comply with it. 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).

We also expect our suppliers to act ethically and to adhere to ethical and social standards. This includes the obligation to comply with the Code of Conduct (CoC) of the German Electro and Digital Industry Association, ZVEI. We verify compliance by means of regular on-site audits. In addition, more and more of our key suppliers are participating in the independent EcoVadis sustainability audit, which also reviews sustainability performance.

Strategic anchoring of CSR

With 134 legally independent Group companies in 55 countries, our entities have launched a large number of local sustainability initiatives. For example, many Endress+Hauser sites are already relying on renewable energy, changing their approach to transportation or taking into account high energy efficiency standards in new buildings. We intend on further harmonizing these initiatives through our core processes. To do that we created the new position of CSR officer, a role that is tasked with improving sustainability processes across the Group.

To ensure close integration throughout the company, additional sustainability officers have been appointed and positions created for CSR managers within our sales and product centers as well as within the Group's functions. The topic was also anchored within the Group's top management (see introduction). Around the world, regional CSR networks were established for the purpose of learning from one another about good and best practices.

Tax strategy

Responsible corporate governance means operating a successful business. This allows Endress+Hauser to contribute to the well-being of society at its worldwide locations through tax payments. 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 evade 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 2022 we paid a total of 104.6 million euros in income taxes worldwide. This equates to an effective tax rate of 25.6 percent.

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 to develop better products, open up new markets, construct more efficient operating facilities, erect modern buildings, create more future-oriented jobs, promote people in the company, train young people, further develop our employees, collaborate with universities and scientific institutes and support the Group's CSR activities. By doing this, we reinforce the company's future sustainability and resilience in times of crisis.

With an equity ratio of 80.2 percent, a cash flow from operating activities of 414.0 million euros, plus cash, cash equivalents and financial assets totaling 1.285 billion euros (2022 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. This guarantees the independence and autonomy of our company and our ability to shape it.

We serve customers in various industries and have sales and production centers around the world. Even our largest key accounts represent less than 1.5 percent of our net sales, which minimizes the impact of individual customers, economic cycles, regional or sectoral business developments, currency fluctuations, political crises or natural disasters.

Innovation

In 2022, we spent 242.4 million euros on research and development. That equates to 7.2 percent of our net sales. We applied for 235 patents for the first time at patent offices around the world, clear evidence of the Group's strong focus on innovation. In 2022 we launched 43 new products, and due to the UKCA labeling requirement, added more than 3,100 product options. The intellectual property portfolio grew compared to last year and now comprises more than 8,700 active patents and patent applications.

More than 1,200 employees who are entrusted with the development of new products, solutions and services ensure the innovation engine continues to run at full speed. Process improvements in production, logistics, IT and administration are also making a key contribution to the Group's success. We honor these efforts through recognition and incentives across all areas of our business operations.

We cooperate closely with universities and scientific institutes, customers and other suppliers. And, complementing our conventional innovation management, we invest in start-ups as well as joint ventures that are capable of accelerating new developments with a great deal of freedom. Endress+Hauser also acquires targeted cutting-edge technologies and expertise through company takeovers on a regular basis.

Environmental

Energy

The total energy need of the Endress+Hauser Group in 2022 was just under 165,000 MWh. Energy consumption rose nearly 20 percent compared to the prior year because we now apply the GHG Protocol. This change expanded the basis of our calculations so that we are reporting a greater amount of energy. Added to that is an increase in the number of units produced against the backdrop of strong business performance.

Electricity (98,147 MWh) accounted for 60 percent of the energy consumption in 2022, half of which originated from green sources (50,490 MWh). Nearly a quarter of this green electricity was autonomously generated at our sites, while a good three-quarters was purchased. Our subsidiaries in Germany and Switzerland relied to a large extent on green electricity. In some countries, including Austria, Denmark, Norway and Sweden, we have already converted to 100 percent renewable sources.

28 percent of our global energy requirement was covered by natural gas (45,509 MWh). Diesel and gasoline accounted for just under 12 percent, which is mainly tied to our vehicle fleet (19,377 MWh). Here too we are striving to reduce our GHG emissions, for example by switching to electric vehicles.

As part of the ongoing development of a Group-wide climate strategy, we have set ourselves the target of further increasing the share of renewable energy sources via concrete measures, and thus further reducing carbon emissions.

Carbon emissions

For better comparison, GHG emissions other than carbon dioxide (CO₂) are converted into CO₂ equivalents (CO₂e) according to their global warming potential (CO₂ = 1). In 2022 our Group-wide carbon footprint amounted to just under 45,000 tCO₂e. 47 percent of this is tied to scope 1 – in other words emissions from stationary combustion (9,494 tCO₂e) and our



Creating and retaining secure jobs is an integral part of our corporate social responsibility.

1

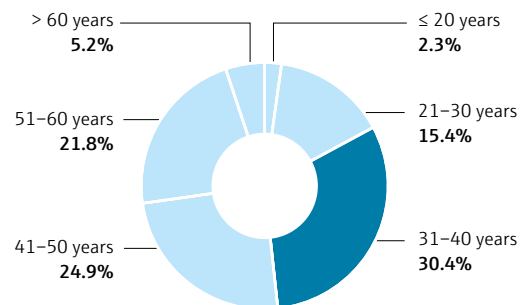
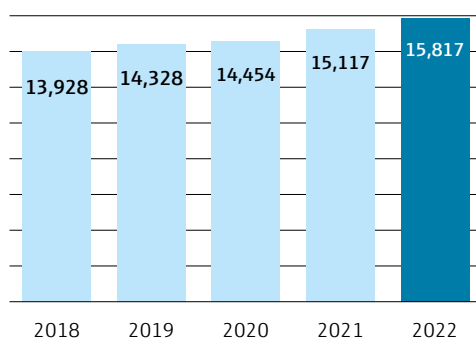


2

1
Several bee colonies live on the rooftop of our flow measurement engineering plant in Reinach, Switzerland – an idea that came from our employees.

2
In nature, bees perform an important function by pollinating plants; humans enjoy their honey.

Endress+Hauser Group employee headcount and demographics



* Temporary employees not included

vehicle fleet (11,825 tCO₂e). The remaining 53 percent stems from energy that we purchased, such as electricity, and is thus allocated to scope 2 (23,679 tCO₂e).

We have also offset our emissions from natural gas by more than half through the use of CO₂ certificates. This reduces our footprint by roughly 10 percent (4,848 tCO₂e).

Substance and materials handling

Endress+Hauser is committed to complying with all relevant laws and regulations related to 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 minerals or 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 and fully comply with the respective legal requirements.

Water consumption

Endress+Hauser uses water primarily for sanitary installations and for cleaning buildings. We also require water for certain sensor tests. In 2022 our water consumption amounted to roughly 291,000 cubic meters, a decrease of 11 percent from the prior year.

We are keenly aware that drinking water is not readily available in many countries. Through the Endress+Hauser Water Challenge, a worldwide employee initiative, we enable people in some countries to enjoy access to clean drinking water (see social engagement).

Waste

Waste accumulation within the Endress+Hauser Group is 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 3,405 tonnes of municipal waste worldwide, 2 percent less than the prior year. The volume of hazardous waste fell by 9 percent to 642 tonnes, while the amount of scrap metal rose 5 percent to 1,318 tonnes. The volume of electronic scrap increased 20 percent during the reporting period to 50 tonnes.

Individual locations reduce waste and conserve resources through recycling. At Endress+Hauser Liquid Analysis in Gerlingen, Germany, for example, soldering paste and soldering residue from tin, copper and silver oxide are given to a company that recycles the metals.

Certification and auditing

Social and environmental standards are an integral part of many procurement processes. Our product centers are certified in accordance with ISO 9001/14001 (quality and environmental management) and OHSAS 18001/ISO 45001 (occupational health and safety) as well as, in some instances, with ISO 50001 (energy management).

Products and solutions for sustainability

Our products, solutions and services contribute to better processes in terms of quality, safety, efficiency and environmental protection. They can also support our customers in achieving their sustainability targets, thus providing powerful leverage in plants and applications of the process industry. That means our worldwide business activities help increase product quality and production safety, conserve raw materials and energy and protect the environment and climate. In addition, the digital networking of measurement technology makes the data transparent, thus enabling optimized processes and information flows.

In the area of new product development, a guideline for eco-design helps our employees create a design that is as sustainable as possible. This includes special material requirements, designs focused on durability or disposability at the end of the life cycle. We also apply the European and Chinese RoHS guidelines in order to satisfy the requirements for bringing hazardous substances into circulation in electronic devices and modules, in addition to the provisions in the REACH regulation for the registration, evaluation, authorization and restriction of chemicals.

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.

We support our understanding of responsibility for human rights by recognizing various international guidelines and standards, including:

- United Nations Universal Declaration of Human Rights (UDHR)
- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Economic, Social and Cultural Rights
- Conventions and recommendations of the International Labour Organization (ILO) regarding labor and social standards
- International Labour Organization (ILO) declaration of principles concerning multinational enterprises and social policy (MNE Declaration)
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- Charter of Fundamental Rights of the European Union (EU)
- Minamata Convention
- Stockholm Convention
- Basel Convention

We are currently developing a declaration of principles in order to more forcefully express our recognition of the importance of human rights and the significance they have for our company.

Human rights in the supply chain

Our corporate culture requires that we conduct our business responsibly and ethically. In order to adhere to our due diligence obligations in the supply chain, for the 2022 fiscal year we created tools for greater transparency regarding risks in our supply chain. Based on the risk weighting, we are addressing further improvements in the area of prevention and corrective measures.

We also expect our suppliers to adhere to the fundamental rules of our Code of Conduct. Accordingly, we ask for confirmation that they recognize a code of conduct for business partners that is common in the industry. If increased risks or concrete suspicions of human rights violations are uncovered, whether through our own monitoring activities or complaint mechanisms, we carefully investigate the situation and initiate all necessary prevention and/or corrective measures to avert, stop or minimize these violations.

Whistleblower system

In order to be able to identify and penalize human rights and environmental misconduct at an early stage, we created a whistleblower system during this reporting period. The system went online on 1 January 2023 and is accessible through our website. Employees, business partners and third parties can report potential misconduct and also provide information anonymously. An independent complaints team carefully processes all tips and initiates appropriate measures.

Employees

We view the creation, development and preservation of secure jobs as an important part of our CSR. 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.

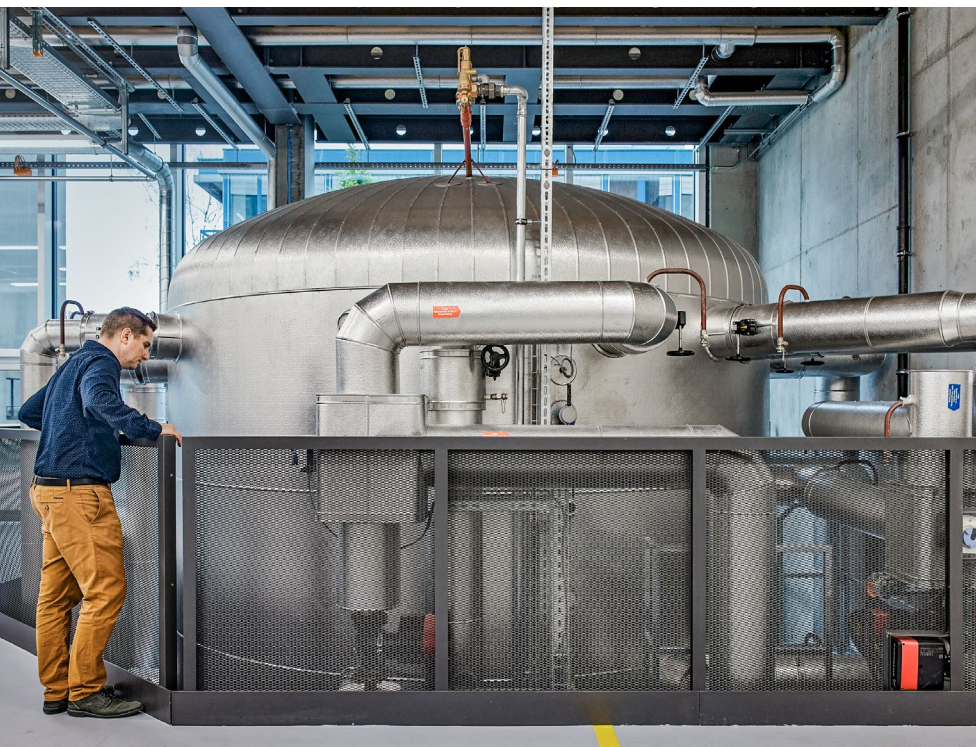


1

1
We have multiplied the number of charging stations at our sites.

2
A storage vessel at our plant for flow measurement engineering in Reinach, Switzerland, allows operational waste heat to be stored for heating the premises.

3
In recent years, we have further increased energy efficiency at our sites.

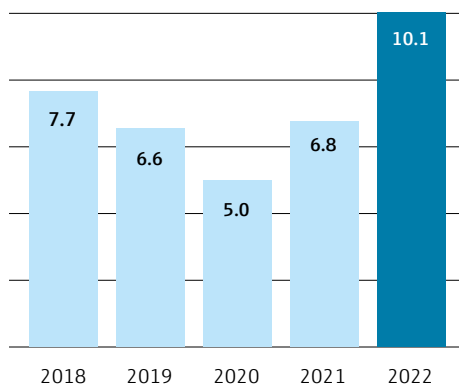


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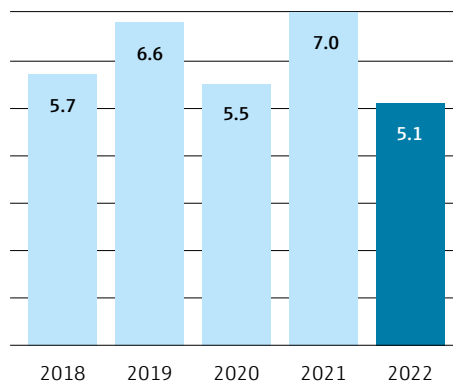


3

Employee turnover
(in percent)



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



Modern working environments allow our employees to meet and exchange ideas in a pleasant atmosphere.



Workforce in numbers

On a global basis, the average years of service for Endress+Hauser employees is 10.2. The Group-wide turnover rate is 10.1 percent, and thus higher than in the previous year (2021: 6.8 percent). At the end of 2022, a total of 15,817 people (including temporary contracts) were employed by the Endress+Hauser Group, 700 more than the previous year. To cope with the significant growth in units produced, we have created new jobs across all areas of our business.

Diversity is a key principle with respect to our employees as well, which reduces risks and makes us more resilient in times of crisis. A diverse workforce increases productivity, encourages innovation, creates a sense of solidarity, strengthens customer loyalty and helps us compete for talent.

At the end of 2022, people from 115 nations worked for the Endress+Hauser Group. Women represent 30.2 percent of the workforce, a slight increase over the prior year (30.0 percent) and a high figure compared to other companies in the industrial sector. The age groups are equally distributed across the Group, with little change experienced compared to 2021.

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 comparability of the results. A current evaluation of the data derived from the employee and customer 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.

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 2022, the rate of occupational accidents with lost time fell to 5.1 per 1,000 employees (previous year: 7.0), thus reverting to pre-pandemic levels.

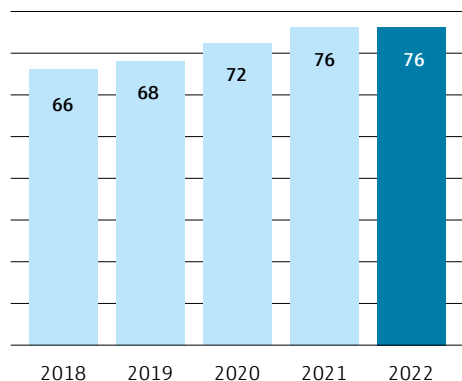
We initiate accident prevention, risk awareness and work safety measures at our locations. Our occupational health and safety specialists are involved in workplace-related decisions at a very early stage. Company restaurants at numerous locations all around the world offer our employees a varied and well-balanced selection of nutritional meals. In the course of the previous year, we conducted several campaigns and activities on health promotion and prevention, both in person and virtually.

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.

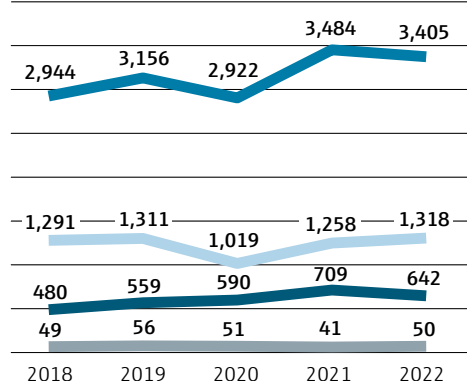
One of our objectives is to achieve more diversity, since diverse teams are better at dealing with unknown challenges. This is why Endress+Hauser makes an effort to attract the best employees, independent of gender, age, ethnic origin, religious or philosophical convictions and sexual orientation. A special focus is on the promotion of women. By 2030, Endress+Hauser wants to increase the share of women in management positions to around 30 percent and on the whole attract more women so that they represent 40 percent of the workforce.

EcoVadis sustainability score



Waste accumulation

(in tonnes)



■ Municipal waste
■ Scrap metal
■ Hazardous waste
■ Scrap electronics

To reach these goals, our global initiative Women's Integrated Network (WIN) has defined five 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.

For this initiative, Group companies around the world develop and implement concepts that are adapted to their environments. We have also taken measures to advertise jobs in a way that appeals to a diverse target group. 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 professionals 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 vast majority of our specialists internally. 353 young people were undergoing vocational training at Endress+Hauser in 2022; we employed a further 136 as interns, students and trainees. This corresponds to a training ratio of 3.2 percent. In the longer term, we would like to expand this share through a global training initiative and intend to

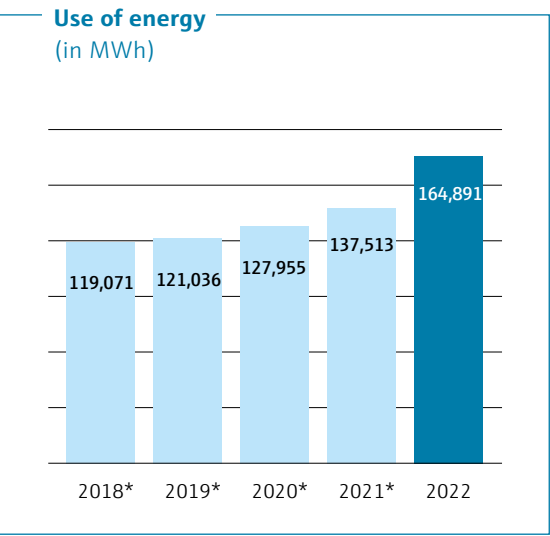
reserve 5 percent of all positions for interns, apprentices, trainees and students.

Social engagement

Endress+Hauser is engaged in volunteer activities wherever the company has a local presence. We 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 of the donations. 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. Our contributions for our donation and sponsorship activities as well as for research and education partnerships in the form of monetary contributions, contributions in kind or personnel deployment are not recorded centrally. The respective activities are the responsibility of the Group companies.

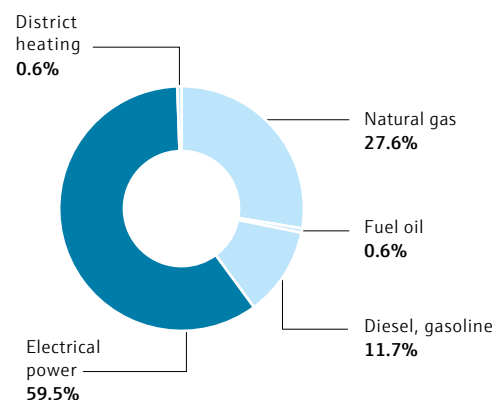


* Limited comparability;
change in methodology

Energy demand

in MWh

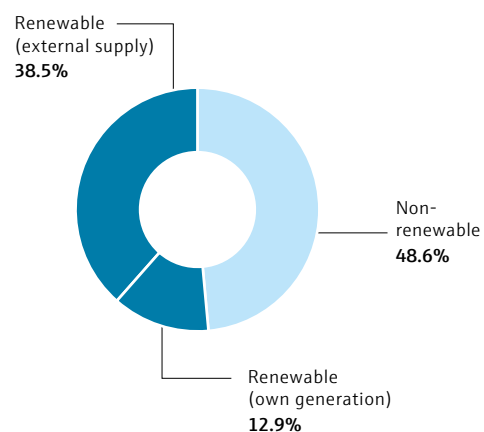
	2022
Natural gas	45,509
Fuel oil	948
Diesel, gasoline	19,377
Electrical power	98,147
District heating	911
Energy demand	164,891



Electrical power demand

in MWh

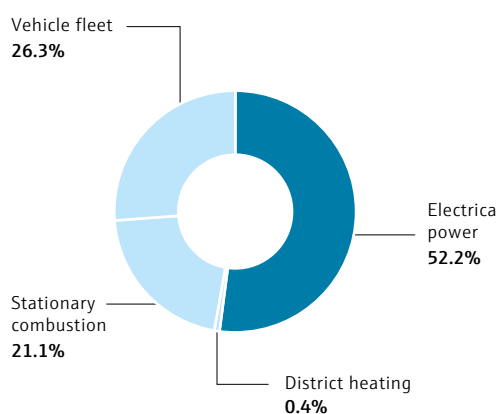
	2022
Non-renewable	47,657
Renewable	50,490
– Renewable (own generation)	12,709
– Renewable (external supply)	37,782
Electrical power demand	98,147



Greenhouse gas emissions

in tonnes CO₂e

	2022
Scope 1	21,319
– Stationary combustion	9,494
– Vehicle fleet	11,825
Scope 2	23,679
– Electrical power	23,478
– District heating	201
Greenhouse gas emissions	44,998
Compensation	–4,848
Greenhouse gas emissions including compensation	40,150



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 customer and partner relationships. Loyal relationships illustrate that an open exchange, trust-based collaboration and mutual learning bring benefits to all parties involved.

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.

We maintain an open and constructive dialogue with our customers, partners and other stakeholders. In view of the forthcoming challenges created by global warming, this is one of the most important prerequisites of all. Tackling climate change decisively and wisely is a task for humanity – and progress will be possible only by joining forces.

1



2



1

Many steps in our manufacturing processes require a high degree of attention and precision.

2

Our production teams organize their work themselves to a large extent.

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People for Process Automation

Endress+Hauser 