

**PFEIFFER VACUUM GROUP**

# **Fiscal Transparency Reporting**

**Pfeiffer Vacuum Technology AG  
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**In recent years, the issue of taxing internationally active corporations in countries in which their companies are domiciled has increasingly come to the forefront of public debate. Pfeiffer Vacuum sees itself as a responsible company and taxpayer acting in accordance with the general compliance requirements of the corporate Group. In view of the company's international business operations and presence, we find ourselves subject to highly differentiated tax legislation. In both the national and international arena, Pfeiffer Vacuum abides by the spirit, not just the letter, of tax law. Taxing the profits from our business operations in line with applicable tax laws is not just an essential legal obligation on our part but a social responsibility as well.**

**After all, we benefit in many countries from things like public transport infrastructure, the education system, a functioning legal system and other vital resources that go to make up the common good. Tax revenues are essential when it comes to financing these things. We contribute our share by paying our taxes.**

## **Fiscal governance and managing our tax obligations**

### **Compliance and tax compliance**

Adherence to applicable laws and Group company rules and principles (compliance) is a binding requirement for all Pfeiffer Vacuum employees. Compliance in general, as well as tax compliance in particular, are core elements of our business processes. We have laid down the ethical principles and convictions of the Group in a Code of Conduct, which forms the binding framework for all our activities (please also refer to the explanations given in the section entitled "Business Ethics & Code of Conduct").

Pfeiffer Vacuum sees itself as a transparent, responsible and law-abiding taxpayer. This means it is of utmost importance for us to comply with any obligations we are liable to when it comes to paying taxes and duties. Pfeiffer Vacuum complies, both to the letter and spirit, with the legal regulations of every country in which we operate.

### **Basic principles of tax compliance**

The Company supports the idea of a global solution to attain fair tax policies and systems. Thus, Pfeiffer Vacuum closely follows the OECD initiative on Base Erosion & Profit Shifting (BEPS), including issues such as country-by-country reporting.

Pfeiffer Vacuum's tax position is in line with the normal course of business and reflects the geographical distribution, taking into account the local opportunity and risk profile of its activities. Accordingly, intercompany supply and service relationships are also aligned with the "arm's length principle".

There are no aggressive tax schemes in place, and we do not use tax havens – states or territories which levy particularly low taxes or duties.

### **Tax reporting requirements**

As with any internationally operating company, Pfeiffer Vacuum is subject to a variety of tax disclosure and reporting obligations. The Consolidated Financial Statements, for example, which are prepared in accordance with IFRS, contain the relevant mandatory disclosures related to income tax. In addition, the Annual Financial Statements of Pfeiffer Vacuum Technology AG contain the information on income tax required by the German Commercial Code (HGB). Our auditors examines whether the Annual Financial Statements and Consolidated Financial Statements prepared represent a true and fair view of the Company's financial position. As part of the audit of the Annual Financial Statements, major business transactions that are relevant for tax purposes are discussed with the auditors. The tax-relevant items in the figures of all Group companies are analyzed at least annually as part of the preparation of the Annual Financial Statements or whenever a need to do so is identified. This ensures that tax issues are taken into account appropriately in our Consolidated Financial Statements. Tax risks and incidents are also reported within the risk management process.

Tax returns are filed by all Group companies in compliance with the regulations. In view of being jointly considered together with the group of the majority shareholder, the Busch Group, Pfeiffer Vacuum is also implicitly subject to the regulations of country-by-country reporting. Information in this respect was reported for the first time for the year 2020 and was submitted by the Busch Group since then.

In the interests of keeping taxation procedures as straightforward and efficient as possible, we communicate openly and transparently with the tax authorities. We are currently not, and never have been, involved in any fiscal court proceedings. We comply with the mandatory disclosure rules for tax arrangements (DAC 6), which have been in place in the EU since July 1, 2020. With respect to discharging our tax obligations, we apply high standards when selecting qualified employees and consultants.

### **Tax planning and tax structuring**

The legal structure of the Group is not defined by tax considerations but is based first and foremost on business requirements. We cover our most important sales regions worldwide through our subsidiaries. Our main sales regions are in Asia, Europe, and the Americas. The structure of the Group thus also follows this pattern. Nevertheless, tax rates at the Group's foreign locations are regularly lower than in Germany, the headquarter of Pfeiffer Vacuum. We do not utilize tax havens to save taxes, nor do we conduct any business exclusively for tax-motivated reasons. Pfeiffer Vacuum does not help its customers to obtain unjustified tax advantages or to evade their tax obligations.

### **Intra-Group transactions**

With a production network comprising ten locations and a global sales and service organization, there are numerous supply relationships in existence within the Pfeiffer Vacuum Group. One of the main focal points is on deliveries from the two main plants in Annecy, France, and Asslar, Germany. The transfer prices underlying these transactions are based on international guidelines and standards (in particular the OECD Transfer Pricing Principles) and also, where necessary, take into account the national regulations of the Group companies involved. All transactions are therefore conducted on an arm's length basis, and transfer prices are not used to move profits to countries with lower taxation.

### **Distribution of worldwide tax revenues**

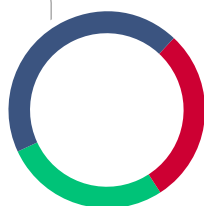
The following overview shows the global distribution of consolidated sales revenues, employees, IFRS earnings before taxes and income tax recognized as expenses in the Consolidated Financial Statements in accordance with IFRS, in each case for the fiscal year 2022, broken down according to Pfeiffer Vacuum's western regions.

**SALES**

on segment base in %

**44**

Europe

**29**

Asia

**27**

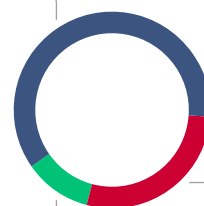
The Americas

**EMPLOYEES**

in %

**61**

Europe

**28**

Asia

**11**

The Americas

In total, the Group incurred income tax amounting to € 32.5 million in 2022 on earnings before taxes of € 118.9 million. This results in a Group tax ratio of 27.3 %. Global tax paid in the 2022 fiscal year amounted to € 30.1 million. The difference between the income tax paid and that reported in the IFRS Consolidated Financial Statements is essentially due to the recording of tax expenses according to the accruals principle and the recognition of deferred taxes.

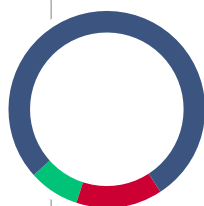
In addition to income tax, the Pfeiffer Vacuum Group pays significant amounts of indirect taxes. These principally include value added tax and economically comparable types of foreign tax, as well as payroll tax for its global workforce.

**EARNINGS BEFORE TAXES**

in %

**77.6**

Europe

**14.3**

Asia

**8.1**

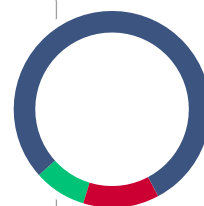
The Americas

**INCOME TAXES**

in %

**78.9**

Europe

**12.5**

Asia

**8.6**

The Americas