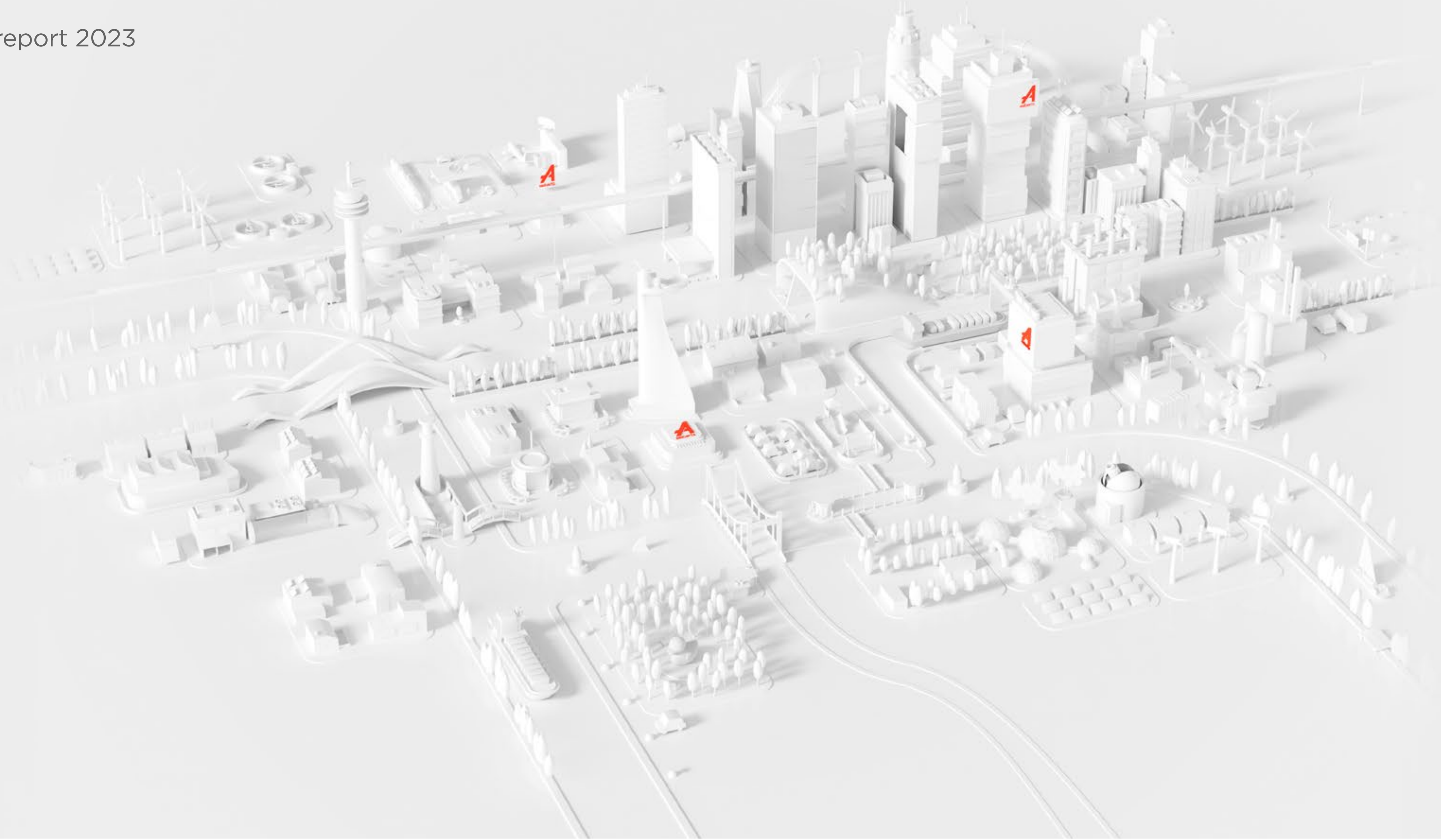
sustainable. performance.

annual report 2023



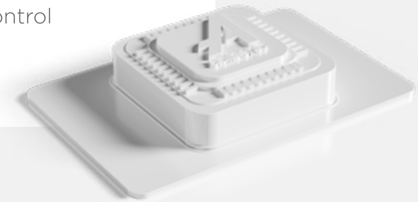
aalberts
mission critical technologies

the impact we are making

microchips

accelerating technological breakthroughs together with semicon OEMs, we engineer leading-edge and tailor-made technologies

how we serve our customers
- ultra-clean and ultra-precise
- enable accuracy and control
- increase durability



buildings

achieving energy and resource efficiency in buildings, we engineer integrated solutions for heating, cooling and sanitary systems

how we serve our customers
- enable energy efficiency
- realise safe and clean drinking water
- mitigate labour shortage

aerospace

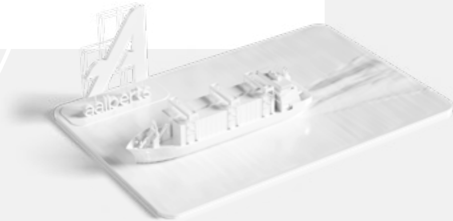
transforming aerospace through collaborative development, we engineer durable and lightweight solutions

how we serve our customers
- reduce CO_2 and increase fuel efficiency
- enhance product characteristics
- compliance on strict regulations

maritime

optimising vessel efficiency both at sea and in harbours, we engineer maritime control and performance solutions

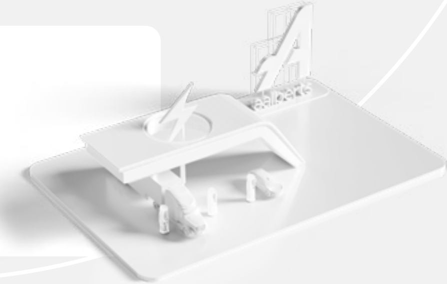
how we serve our customers
- enable GHG emission control
- reduce fuel consumption and emissions
- prevent energy loss in harbours



automotive

transforming sustainable mobility, we engineer innovative solutions and material processes

how we serve our customers
- reduce CO_2 emissions
- enhance product lifetime
- drive the shift towards sustainable technologies



we engineer mission-critical technologies enabling a clean, smart and responsible future

highlights 2023

Aalberts delivers record EBITA and free cash flow

revenue

(in EUR million)

3,324

2023	3,324
2018	2,759
2013	2,040

EBITA

(in EUR million)

521

2023	521
2018	366
2013	225

net profit before amortisation

(in EUR million)

373

2023	373
2018	275
2013	152

earnings per share before amortisation

(in EUR)

3.38

2023	3.38
2018	2.49
2013	1.38

free cash flow (before interest and tax)

(in EUR million)

423

2023	423
2018	312
2013	175

return on capital employed

(in %)

16.8

2023	16.8
2018	16.6
2013	14.6

all figures before exceptionals

explanation of non-GAAP measures used in this report ↗

Aalberts at a glance

Aalberts (AMS: AALB) engineers mission-critical technologies enabling a clean, smart and responsible future. Aalberts is where technology matters and real progress can be made. Humanly, environmentally and financially.

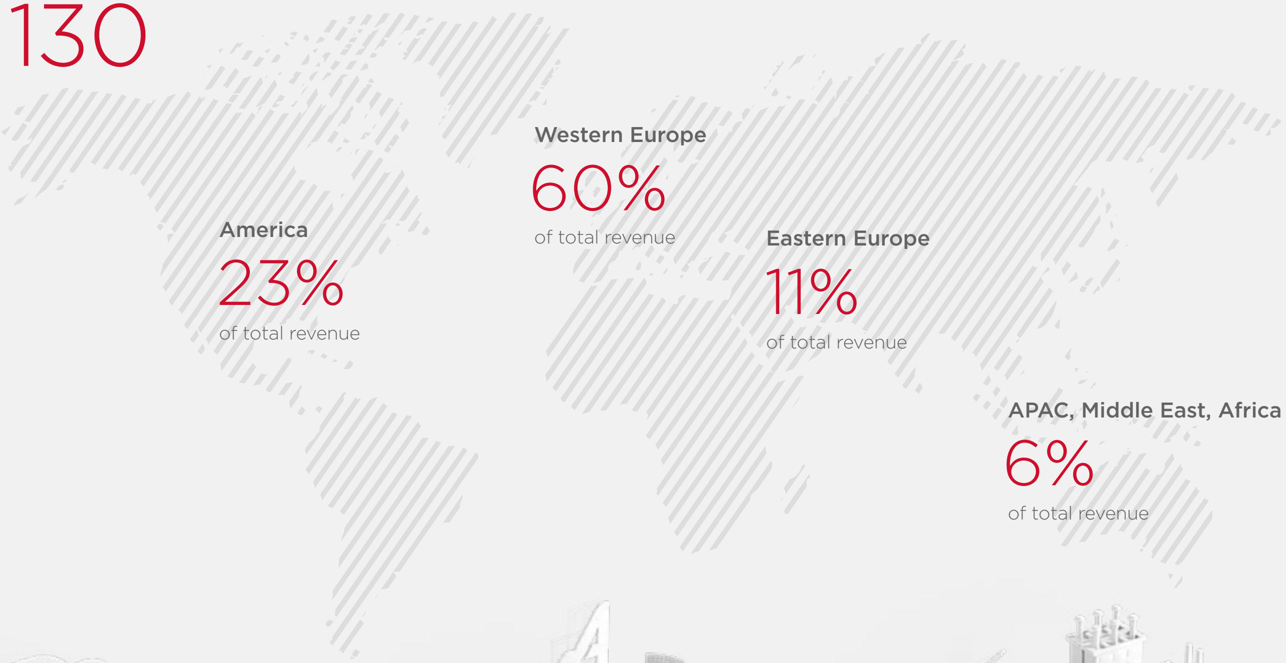
aalberts.com ↗

mission-critical people

14,055

locations worldwide

130



America

23%

of total revenue

Western Europe

60%

of total revenue

Eastern Europe

11%

of total revenue

APAC, Middle East, Africa

6%

of total revenue

shaping **eco-friendly buildings**

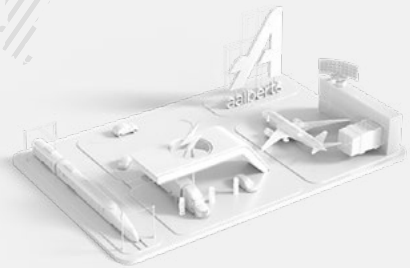
51%

of total revenue

increasing **semicon efficiency**

14%

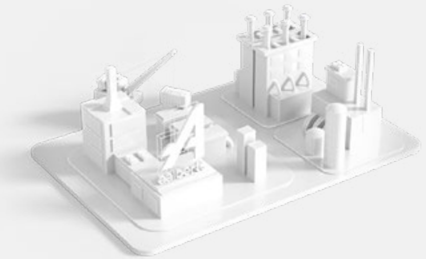
of total revenue



driving **sustainable transportation**

16%

of total revenue



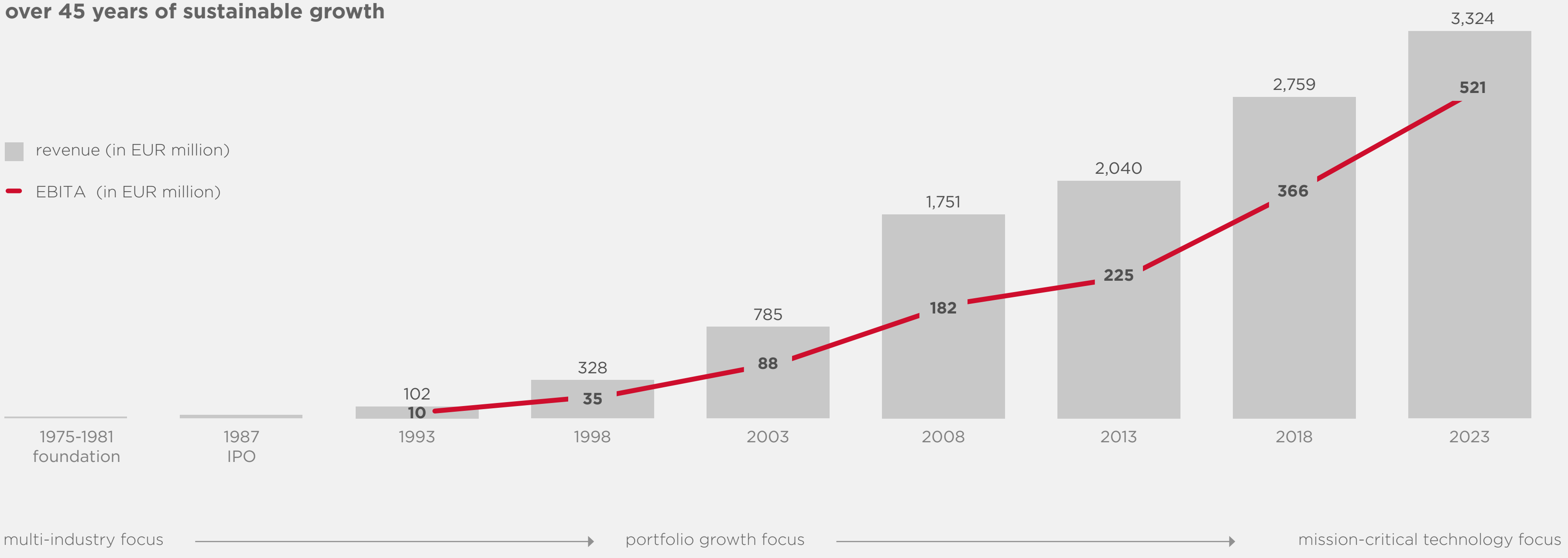
enhancing **industrial niches**

19%

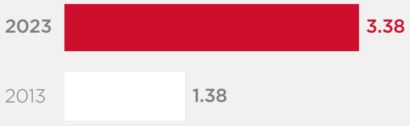
of total revenue

shareholder value creation

over 45 years of sustainable growth

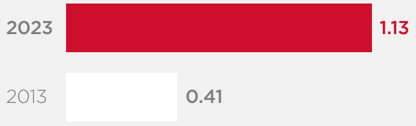


earnings per share
(in EUR)



CAGR ↗ 9%

dividend per share
(in EUR)



CAGR ↗ 11%

return on incremental capital employed (ROICE)

EBITA		capital employed
225	2013	1,535
521	2023	3,100
(2)	IFRS 16	(156)
294		1,409

20.9%

long-term shareholders
(>3% holdings)

~50%

in this report

follow our progress

aalberts.com/progress

linkedin.com/company/aalberts-

twitter.com/aalbertsnv

This document is the PDF version of the Aalberts N.V. annual report 2023. A European single electronic format (ESEF) reporting package is available at aalberts.com/investors

message of the CEO

Dear shareholders, customers, partners and colleagues,

In 2023, we delivered another strong and resilient performance with 4.5% organic revenue growth, a revenue of EUR 3,324 million, a record EBITA of EUR 521 million and free cash flow of EUR 423 million. We managed to sustain our added value margin with cost saving actions and robust price levels. Supply chain improvements enabled us to reduce inventories by 10%. Capital expenditure increased by 10% to support additional capacity, geographical expansions, innovation, and business development plans. We improved our return on capital employed. Our innovation rate increased to 20%. We are committed to accelerate investments in innovation and digitalisation to increase revenues and reduce operating costs. Our SDG rate increased to 70%. We have made great progress on CO_2 intensity reduction, waste management and circular economy.

Lost time injury frequency ratio reduced to 6.2, we will increase our focus on health and safety. Through our Aalberts development programmes we trained more than 950 talents of which 20% were promoted. Gender diversity remains our focus, we have 32% female leaders in our senior leadership. Employee net promoter score and employee motivation surveys have been done in 2023, providing insights where and how we can further improve. We will continue to invest in our people.

We are pleased to deliver an earnings per share of EUR 3.38. To the General Meeting we propose a cash dividend of EUR 1.13 per share (2022: EUR 1.11), an increase of 2%.

reflections on Aalberts' performance

Our Aalberts people did an excellent job in creating value for our customers, delivering operational performance and driving the long-term business development plans.

In **eco-friendly buildings** our price levels remained robust despite challenging market circumstances. We see the effects of additional sales initiatives to gain market share, supported by the innovations and capacity investments of the last years. Together with productivity and efficiency initiatives, the latter dampened the lower activity and further inventory reduction of our wholesale customers. It also helped to reduce the impact of decreasing end-user demand due to postponements of heating and cooling system projects in both new build as well as renovation. Energy efficiency in residential and commercial buildings remain long-term growth drivers.

In **semicon efficiency** strong growth continued and we improved our service with increased efficiency and fewer supply chain issues. Our order book remains on a high level. Further expansions of our footprint and manufacturing capacity are in progress, enabling the strategic growth and new business development plans of our customers.

In **sustainable transportation** we realised a strong performance in automotive, aerospace and marine. Supply chain disruptions at the facilities of our customers were reduced. The demand for precision manufactured parts and specialised surface technologies further continued, accelerated by new developments in e-mobility, lightweight materials, sustainability, and reshoring.

In **industrial niches** our activities performed very well in all regions. The demand for precision extrusion parts and specialised surface technologies continued on a high level. Our industrial valves business in North America continued to perform well.

the impact we are making

For many of our activities, 2023 was a challenging year with higher interest rates and inflation spread, having negative knock-on effects in many markets. Despite good intentions to reduce carbon emissions, it is clear that climate change is tangible and real. As an industrial company Aalberts has a responsibility to act. We prefer to do so pragmatically and effectively. Aalberts exists to impact the mission-critical technologies that actually make an impact. Our ambition is to focus on the walking instead of the talking. It's how we generate profits and how we will help the world to reduce emissions on a day-to-day basis.

In *buildings,* we are achieving energy and resource efficiency by engineering integrated solutions for heating, cooling, and sanitary systems. We help our customers to enable energy efficiency, to realise safe and clean drinking water, and to mitigate labour shortage.

"Aalberts proved yet again that we do what we say. Despite external pressures, we continue to deploy our Aalberts strategy and generate value for our shareholders, customers, partners and colleagues. The Aalberts way of engineering mission-critical technologies that enable a clean, smart and responsible future remains a winning formula."

For *microchips,* we engineer leading-edge and tailor-made technologies, accelerating technology breakthroughs together with semicon OEMs. We help our customers with ultra-clean and ultra-precise equipment, enabling accuracy and control, increasing durability.

In *automotive*, we are transforming sustainable mobility by engineering innovative solutions and material processes. We help our customers to reduce CO_2 emissions, enhance product lifetime, and drive the shift towards sustainable technologies.

In *aerospace*, we engineer durable and lightweight solutions, transforming the industry through collaborative development. We help customers reduce CO_2 emissions and increase fuel efficiency, we enhance product characteristics and ensure compliance on strict regulations.

In *maritime*, we engineer control and performance solutions, optimising vessel efficiency, both at sea and in harbours. We help our customers enable greenhouse gas emission control, reduce fuel consumption and emissions, prevent energy loss in harbours.

strategy in action

In 2023, we continued to deploy our Aalberts 'accelerates unique positioning' strategy and execute our four strategic actions. Our portfolio was further optimised with the divestment of Disptek. We have an active funnel of targets and will continue to do bolt-on acquisitions. We keep focusing on our four end markets with our business development plans. We are committed to accelerate investments in innovation and digitalisation to increase revenues and reduce operating costs. We are optimising our footprint and are on track to reach 108 sites by 2026. Our operations teams keep working on higher automation and lean activities in our locations to manage higher productivities, improve safety and manage labour or skills shortages. On sustainable entrepreneurship, we have made great progress on CO_2 intensity reduction, waste management and circular economy. CO_2 intensity was reduced with 33% (2026 target: 30% reduction). Overall, we are on track to reach our 2026 targets as shared in the 2021 Capital Markets Day.

looking forward to 2024

Our portfolio is diverse and well positioned. In the building sector, there are still many growth opportunities in the USA, Eastern Europe, and Asia, while Western Europe will likely plateau. On the industrial side, we are still confident with the long-term growth agenda of the semicon industry and are in pole position to further support the decarbonisation of transportation industries. We are executing our strategy Aalberts 'accelerates unique positioning', realising our objectives. We will stay disciplined with capital allocation and seek opportunities to do bolt-on acquisitions. We will continue to provide more transparency about our scope 3 emissions and remain committed to be carbon neutral by 2050 or earlier.

We thank our customers for their loyalty. A big thank you to all Aalberts people for the warm welcome during my onboarding as new CEO. We thank our shareholders for their loyalty and trust. We were again able to deliver great shareholder value, demonstrating that we are a sustainable and profitable growth company you can count on.

my commitment as new CEO

Under the leadership of Wim Pelsma, Aalberts has undergone a considerable transformation and realised sustainable profitable growth over many years. I am honoured and proud to be only the third CEO in Aalberts' history. Aalberts is an astonishing company with a brilliant track record and a strong culture.

I am excited to work with all that is good about Aalberts and to use my experience to add even more brilliant chapters to an already successful story.

The current 2026 strategy is all about execution. First, I want to ensure that we deliver our 2026 targets, as presented on the 2021 Capital Markets Day. I will also ensure our teams focus on deployment and execution of our four strategic actions, whilst closely monitoring all relevant market developments and technology trends. Secondly, I want to prepare the company for the future and its next growth phase. I will ensure that our actions and investments are closely linked to the Sustainable Development Goals and will prepare us to reach our net zero targets in a responsible way. My steadfast commitment to you is that Aalberts' excellent performance over last 10 years will be continued.

Sincerely,
Stéphane Simonetta

strategy

megatrends shaping our future

urbanisation

strong need for comfortable and healthy buildings and sustainable transportation

energy & resource scarcity

saving energy, lowering waste, reshoring and making materials lightweight and durable

internet of things

accelerating breakthroughs enabling autonomous driving, smart buildings, industry 4.0

shift towards co-development, connectivity and integration

our playing field

we engineer mission-critical technologies enabling a clean, smart and responsible future

strategy & objectives

strategy

accelerating unique positions with mission-critical technologies, high entry barriers and pricing power

creating sustainable profitable growth with high added-value margins, EBITA margins and innovation rates

driving operational excellence and portfolio optimisation converting into free cash flow, achieving world-class operations

allocating capital in a disciplined way strengthening our unique positions

realising sustainable entrepreneurship with clear impact and commitment

ensuring an open, pragmatic culture and lean structure, using the Aalberts strengths

objectives 2022-2026

organic revenue growth (% annually)
4-6%

EBITA margin (% of revenue)
16-18%

ROCE
18-20%

innovation rate (%)
>20%

SDG rate (%)
>70%

leverage ratio
<2.5

our lean and effective structure

With 14,055 employees, 130 locations and activities in over 50 countries, Aalberts operates four mission-critical technology clusters in four end markets with different developments and dynamics. This divergence contributes to long-term, balanced and sustainable profitable growth. It gives us the opportunity to accelerate and develop our mission-critical technologies, end markets and regions simultaneously.

The Executive Team is responsible for the day-to-day leadership of the business teams, driving our strategy, Aalberts 'accelerates unique positioning'. The business teams are end-to-end accountable for performance, customer centricity and innovation and business development. The head office functional teams are working closely together with the Executive Team and business teams and are driving the Aalberts fundamentals networks (people & culture, HSR & sustainability, legal & governance, finance and IT & cyber security) ensuring functional excellence, global scale and synergies while stimulating teamwork, fast-learning and entrepreneurship and improving the performance.

Through a multidisciplinary, integrated audit, we continuously improve our processes, including exchange of best practices between the business teams, countries and regions. A lean and effective structure with a continuous share and learn approach, guided by 'the Aalberts way – winning with people'.

Executive Team (fltr): Mattijs Planken, Stéphane Simonetta, Thijs van der Lugt, André in het Veld, Oliver Jäger, Anne-Lize van Dusseldorp, Arno Monincx, Patrick de Groot, Maarten van de Veen.

the Aalberts playbook

shareholders

"Aalberts is making great progress in sustainable entrepreneurship, **their track record is impressive**"

customers

"**Aalberts is focusing on technological innovation,** we collaborate to make lasting progress"

employees

"Aalberts is offering a secure and entrepreneurial environment, **the career opportunities are limitless**"

partners

"**Aalberts is aligning with our priorities,** their dedication to innovation and sustainable entrepreneurship enables us to act together"

society

"Aalberts is making impact and is contributing to a clean, smart and responsible future, **they enable real progress for all stakeholders**"

stakeholder engagement

We believe that long-term value creation can only be achieved by maintaining a company culture that embraces transparency and trust. By engaging with stakeholders, Aalberts is able to capture multiple perspectives, gain broader insight into value creation and ensure that business strategy and decision-making aligns with the needs, expectations and concerns of stakeholders to make a positive and lasting impact. In addition, it helps Aalberts to carefully balance the different interests of stakeholders. The topics on which Aalberts engages with its stakeholders include environmental, social and governance related topics, but are not limited thereto.

Aalberts identifies its key stakeholders as parties directly or indirectly affected by our activities or those who have a direct interest in or who can have an impact on our long-term business success. Through stakeholder mapping, Aalberts has identified five main stakeholder groups with highest impact and/or influence: (i) shareholders covering investors, financial analysts and other financial stakeholders; (ii) customers; (iii) employees; (iv) suppliers and partners and (v) society covering regulatory bodies, governmental agencies, local communities and other organisations.

Aalberts engages with its stakeholders on a daily basis, creating dialogues to share the Aalberts vision and strategy and learn about their interests and views on Aalberts. The frequency, level and method of engagement is tailored to the goal of the dialogue and the relationship with the stakeholder. Aalberts may decide not to accommodate or accept any request or invitations to enter into a dialogue with stakeholders, or not to accommodate or accept such requests or invitation under certain conditions. For more information on Aalberts stakeholder engagement, see our **stakeholder engagement policy ↗**

The results of stakeholder engagement are, as appropriate: (i) communicated to and discussed by the Management Board and Supervisory Board; (ii) used to identify possible impacts, risks and opportunities that could impact Aalberts' ability to create value in the long-term and respond to these in a timely manner; (iii) used to determine the materiality of ESG topics for the Aalberts sustainable entrepreneurship strategy and reporting and (iv) used to conduct and improve sustainability due diligence.

double materiality assessment

In 2023 Aalberts performed a double materiality assessment in accordance with the European Sustainability Reporting Standards (ESRS) 1 of the Corporate Sustainability Reporting Directive (CSRD), as published in July 2023. Amongst other preparations for the CSRD, we engaged stakeholders on the impact- and financial materiality of Environmental, Social and Governance (ESG) topics. The materiality assessment resulted in the most material impacts, risks and opportunities for Aalberts.

The process consisted of identifying the baseline ESG-topic list through internal and external analysis, such as ESG benchmarks, sector development, customer and peer analysis. The ESG-topics were then validated and prioritised by engaging with stakeholders and assessing the topics on impact and financial materiality.

Multiple stakeholders, such as shareholders, customers, employees and suppliers, were engaged through online interviews and in-person workshops. The purpose of engaging stakeholders was to:

- reflect on the outcomes of last year's materiality assessment, particularly focusing on the definitions and assessment of topics;
- reflect on the list of topics included in last year's assessment and discussing potential changes to be incorporated in the new longlist;
- explore negative and positive impacts of Aalberts' own operations and its value chains;
- explore stakeholder interests of stakeholder groups by investigating perceived relevance.

The materiality assessment covered all Aalberts business activities and included multiple geographical perspectives. Positive and negative impacts were considered as equally important. Impact materiality was assessed on severity and likelihood, where severity was measured in scale, scope and remediability. Financial materiality was assessed on financial magnitude and likelihood.

The results of the materiality assessment have been reviewed and validated by the Management Board. The outcome is presented in the materiality matrix on this page.

For each material topic in the materiality matrix, the impacts, risks and opportunities were identified. For instance, for the topic ‘solutions for energy efficiency’ the risks and opportunities identified relate to climate change induced physical and transition risks and the opportunities that come with shifting to a carbon neutral economy. The ESG-related risks and opportunities are incorporated in our overall risk management process on page 67.

The materiality assessment differs from previous years as we have excluded financial topics from the materiality matrix. Topics in the bottom-left corner are considered important for Aalberts, but not material. Finally, names and definitions have been adjusted to enable alignment with the CSRD.

As a result of the materiality assessment performed, as of 2024, Aalberts will report on (parts of) ESRS E1 Climate Change, E5 Resource Use and Circular Economy and S1 Own Workforce. As we are disclosing on several ESG topics for multiple years, ESRS E1, E5 and S1 are already partially covered. Beginning of 2024 we will perform a gap-analysis to investigate which disclosures we have to add to our annual report to comply with the CSRD.

materiality matrix

sustainable entrepreneurship

sustainable entrepreneurship

At Aalberts, we are passionate people, who engineer mission-critical technologies for a clean, smart and responsible future. So it should be no surprise that sustainability has been a concern of ours since 1975.

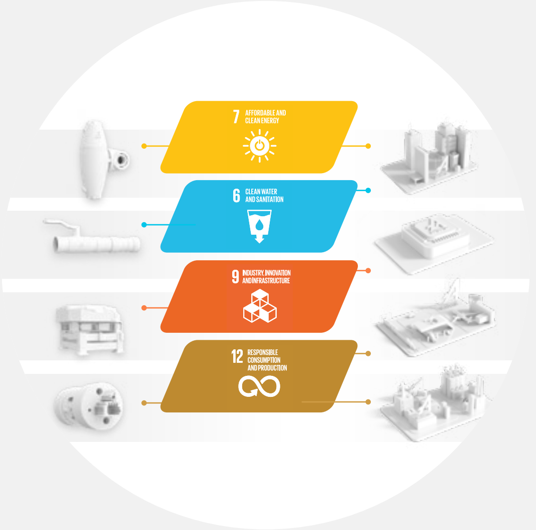
Day in, day out, our strong team of entrepreneurs is focused on achieving our objectives as sustainably as possible. From creating technologies that enable our customers to enhance their own businesses and get the planet back into good shape, to ensuring our own operations are as clean, green, and waste-free as possible. We are there, relentlessly doing our bit. Because that's 'the Aalberts way'.

We believe there is no magic technology or machine that will save the planet overnight. But there are many inventions that are being made or have yet to be even imagined that can cut down waste, introduce efficiencies, and contribute to a greener society.

We have been on this pathway since day one and are pretty sure that, working with our customers and partners, we will continue to break new ground. And every step forward we take, we get more efficient ourselves and share this knowledge and practices throughout the entire organisation. Our partners and customers know that the mission-critical technologies we develop are clean, green and non-polluting throughout their lifecycle.

The climate agenda needs a company that just gets on with it and gets things done. The trust in us from our stakeholders deserves nothing less.

our impact



Aalberts embraces the principles of ESG, reflecting a commitment to minimising our environmental footprint, taking social responsibility by fostering a workplace culture that promotes talent development, diversity & inclusion (see page 36) and upholding a high standard of governance and business integrity (see page 63). We have strategically aligned our operations with ESG principles, embedding them in decision-making processes, risk management and innovation.

our commitment

our impact

To create shared value for all our stakeholders, sustainable entrepreneurship is fully embedded in our strategy, accelerating our unique positions with high growth potential and sustainable impact.

We identify three megatrends that are shaping our future: urbanisation, energy & resource scarcity and internet of things (see page 11). These megatrends are bringing a shift towards co-development, connectivity and integration in the Aalberts playing field, providing opportunities for growth, while they may also pose transition risks to our business (see our risk paragraph on page 67).

In our end markets eco-friendly buildings and sustainable transportation for example, the EU Green Deal with the expected renovation wave and the focus on a carbon neutral economy in 2050 and the US Inflation Reduction Act with the focus on reducing carbon emissions by roughly 40% in 2030, offer us many opportunities.

Our sustainable entrepreneurship strategy focuses on realising social and environmental impact in all four end markets and demonstrates our commitment to take responsibility. Our social and environmental impact is reflected in our SDG rate: already 70% of our revenue contributes to those subgoals of the Sustainable Development Goals that are material to us.

SDG impact 70% of revenue

we engineer mission-critical technologies enabling a clean, smart and responsible future

hygienic distribution of water

6 CLEAN WATER AND SANITATION

more efficient use and sustainable water management are critical in addressing the growing demand for water, threats to water security and the increasing frequency and severity of droughts and floods resulting from climate change. Currently, 2.2 billion people lack safely managed drinking water. Aalberts contributes to the hygienic distribution of water in eco-friendly buildings, as we engineer solutions for safe drinking water, water quality improvement and water efficiency.

impact 16% of total revenue
contributes to SDG6 and its relevant subgoals: clean water and sanitation

SDG 6.1: we engineer solutions for safe drinking water.
Each year, Aalberts integrated piping systems delivers millions meters of pipes and connections for the hygienic distribution of drinking, potable and wastewater in eco-friendly buildings. We offer customers a single sourced and complete integrated piping solution. This is how we contribute to the access to safe drinking water for all.

SDG 6.3: we improve water quality with our technologies.
A high potable water quality begins with the planning and selection of the right material. Chemical substances must not be present in concentrations that are harmful for human health. We address such topics by offering lead-free piping systems, for example using lead-free alloy or by using other materials such as composite. We engineer our valves to be cavity free: they are continuously flushed to avoid stagnant water in valve and growth of bacteria. Our piping systems have all major national and international quality certifications, approvals (e.g, NSF/ANSI, KIWA, DVGW) and quality for green building rating systems (e.g., LEED, DGNB and BREEAM). Also, we offer technologies to protect and improve water quality including filtration, purification and softening.

SDG 6.4: we create water efficiency in eco-friendly buildings.
Our solutions ensure clean water and sanitation for millions of households worldwide and focus on efficient water use and water savings. For example, the Airfix vessel, an expansion vessel for domestic hot water saves up to 1,200 litres of drinking water per household per year when installed.

creating energy savings

7 AFFORDABLE AND CLEAN ENERGY

climate change and urbanisation reinforce the need for more energy efficient, comfortable and healthy buildings and smart, sustainable transportation. Roughly half of the energy use in buildings globally is used for space heating installations. Aalberts contributes to the creation of energy savings in eco-friendly buildings and sustainable transportation, as we engineer technologies for heating and cooling systems, facilitate renewable energy installations and provide improved energy efficiency.

impact 32% of total revenue
contributes to SDG7 and its relevant subgoals: affordable and clean energy

SDG 7.1: we engineer technologies for heating and cooling systems.
Aalberts hydronic flow control and Aalberts integrated piping systems engineer a wide range of mission-critical building technologies that can be combined with heat pumps. When installed, our tailor-made solutions enable the transition to low carbon energy systems (e.g., valve, connection, fastening and piping technology) and provide improved energy efficiency (e.g., pump groups, buffer tanks and underfloor heating) in heating and cooling systems in residential, commercial and industrial buildings.

SDG 7.2: we make renewable energy installations possible.
Aalberts empowers the energy transition by providing solutions needed for renewable energy systems, such as solar panels and hydrogen installations. Aalberts manufactures expansion vessels for solar powered installations and thermal batteries for domestic water, powered by solar. Also, our fittings and piping systems have a very high temperature resistance and are therefore suitable for use in solar installations.

SDG 7.3: we provide improved energy efficiency.
Aalberts hydronic flow control provides improved energy efficiency in eco-friendly buildings through hardware and digital products and services. Our VacuStream for example, is a pumpless degasser that protects sealed water systems from corrosion, dirt and failure and removes gases from the system with expected energy savings up to 15%. Also, digital products and services such as intelligent thermostats, smart radiator heads and remote services can make heating and cooling in eco-friendly buildings more energy efficient by up to 15%. Lastly, we engineer products that enable e-mobility and provide energy efficiency in maritime transport.

acceleration of technological breakthroughs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

With the advent of super-fast 5G networks, internet of things will further accelerate technological breakthroughs for smart homes, autonomous driving and industry 4.0. Breakthrough innovation is necessary to address large-scale challenges and embrace digital solutions. Aalberts contributes to the acceleration of technological breakthroughs in semicon efficiency, as we facilitate the growth of sustainable industries and accelerate technological breakthroughs.

impact 13% of total revenue
contributes to SDG9 and its relevant subgoals: industry, innovation and infrastructure

SDG 9.4: we facilitate the growth of sustainable industries.
Aalberts advanced mechatronics delivers leading-edge innovative, tailor-made and future-proof technologies, enabling the roadmaps and manufacturing challenges of high-end customers. With our technologies and innovations, we are part of the high-tech infrastructure needed for technological breakthroughs. These breakthroughs enable the manufacturing of low-carbon technologies and the world's shift towards decarbonisation.

SDG 9.5: we accelerate technological breakthroughs.
Aalberts accelerates technological breakthroughs. From mechatronic systems, to motion and fluid control in high-end machines and process installations, environmental control solutions, ultra-high purity liquid and gas supply systems and ultra large and accurate machining. We continuously focus on long-term innovation and disciplined investments in R&D. Also, R&D enables us to reuse the installed base end-of-life modules and support responsible usage of materials for the semiconductor industry.

lifetime extension and lightweight materials

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

climate change and resource scarcity reinforce the need for solutions that improve energy efficiency, lower waste and make materials more lightweight and durable. These solutions are crucial for the transition to more sustainable transport by land, sea or air. Aalberts contributes to the lifetime extension and lightweight materials in sustainable transportation and industrial niches, as we extend material lifetime and minimise (hazardous) waste.

impact 9% of total revenue
contributes to SDG12 and its relevant subgoals: sustainable consumption and production

SDG 12.2: we extend material lifetime and engineer solutions for lightweight materials.
Aalberts surface technologies partners with leading industrial customers in sustainable transportation worldwide to develop, produce and finish functional and highly durable surface designs of metals through sophisticated heat and surface treatments. We also develop and produce high-tech, lightweight aluminium and magnesium components that are both strong and light. The improved strength and stiffness of the materials improves product quality and reliability, while extending the lifetime of the manufactured parts (due to increased corrosion protection) and reducing the material footprint. They are of great importance for sustainable transportation in the automotive, e-mobility and aerospace industries.

SDG 12.4: we minimise hazardous waste.
Aalberts surface technologies develops and applies alternatives for hazardous substances, for example IVD coatings as substitute for chrome and cadmium coatings.

SDG 12.5: we minimise waste with our solutions.
Aalberts engineers a 'fit to last' strategy and applies lifetime, quality and reliability improvements to our products. By extending the lifetime of materials, Aalberts reduces the need to replace products. Also, we aim to prevent the use of natural resources. Thanks to Aalberts' sophisticated heat and surface treatments, coatings enable lightweight products to be as strong as untreated material-intensive products. Lightweight materials require less natural resources and result in less waste.

hygienic distribution of water by developing composite fittings with a corrosion resistance like plastics and the mechanical strength comparable to metals

aalberts.com/SDG6 ↗

creating energy savings with our balancing valves which are used for balancing the heating and cooling systems, resulting in reduction of energy costs

aalberts.com/SDG7 ↗

acceleration of technological breakthroughs by enabling reuse of end-of-life modules and upgrading them to the latest standards, leading to an even better sub-module than what was delivered in the first place

aalberts.com/SDG9 ↗

lifetime extension and lightweight materials through developing coating services which provides an environmentally friendly solution to minimise fine-dust pollution for the e-mobility market

aalberts.com/SDG12 ↗

follow our progress

aalberts.com/progress
linkedin.com/company/aalberts-
twitter.com/aalbertsnv

our own commitment

At Aalberts, engineering solutions enabling a clean, smart and responsible future, goes hand in hand with a responsible way of doing business and addressing the risk of climate change. We nurture sustainable entrepreneurship in a safe and clean working environment with room for personal growth, enhancing our strong reputation and track record of sustainable, profitable growth.

net zero carbon roadmap

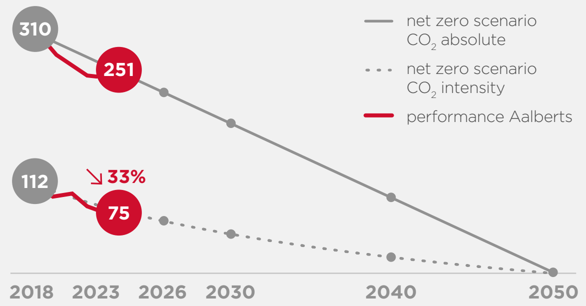
Aalberts is committed to be net zero carbon by 2050, or earlier. In line with our material topics presented in our materiality matrix on page 19 we report on emissions from our own operations and our supply chain. We measure, manage and monitor energy use, CO_2 emissions and energy and CO_2 intensity. In 2023 Aalberts has reached its target to decrease its CO_2 intensity with 30% by 2026, taking 2018 as a base year. In 2023 Aalberts performed a spend-based analysis of scope 3 emissions to gain insights into the carbon footprint of the organisation. The spend-based analysis shows the most important scope 3 upstream categories for Aalberts, such as purchased goods and waste. Aalberts started to measure, manage and monitor raw materials and waste in detail. For more information on our scope 3 emissions, please see page 53.

Sustainable entrepreneurship and the opportunities and risks of climate change are regularly on the agenda of the Executive Team and the business teams leadership. Opportunities and risks are included in the innovation roadmaps of the various business teams to create technological innovation with sustainable impact. Sustainable entrepreneurship plays a role in co-development with customers and adaptation to fast-changing circumstances and addresses the transitional risks of climate change. Environmental, social and governance topics are recurring items on the agenda for the annual strategy meetings of the business teams.

The strategic long-term improvement plans related to these topics are discussed with the Management Board and Executive Team. Sustainable entrepreneurship, including the Aalberts commitments and objectives, is integrated in the strategy Aalberts 'accelerates unique positioning'.

Sustainable entrepreneurship and social and environmental performance are embedded and executed by our HSR & sustainability network, driving health & safety, risk and sustainability performance. This network is chaired by the CEO and the director sustainable entrepreneurship. Each business team is represented by its COO or an equivalent position.

All business teams have developed a long-term strategic HSR & sustainability improvement plan, including clear targets per business team. The improvement plans must cover the social and environmental Aalberts KPIs. Performance and progress of the sustainability improvement plans are monitored via quarterly HSR & sustainability meetings throughout the year and more frequently where necessary. Best practices, such as performing Life Cycle Assessments (LCAs) and creating Environmental Product Declarations (EPDs) are shared throughout the businesses via webinars and through other means. Ongoing interactions with and between the group companies enable fast-learning and adaptation.



2018
- start measurement scope 1+2 emissions (base year)
- focus on energy efficiency and renewable energy use

2021
- target setting CO_2 intensity -30% by 2026 (scope 1+2)
- commit to be net zero by 2050 or earlier

2023
- on target: CO_2 intensity realised -33% (scope 1+2)
- start disclosure scope 3 emissions (partly)

2023-2026
- continue efforts on CO_2 intensity reduction (scope 1+2)
- extend disclosure scope 3 emissions, including target setting

2026-2050
- continue efforts on reduction scope 1+2 emissions
- continue disclosure and reduction scope 3 emissions

Risk management is included in the HSR & sustainability improvement plans. Besides property and safety risks, physical climate risks related to extreme weather conditions to our operations are addressed. Aalberts recognises that increased severity and frequency of extreme weather events such as extreme precipitation or hurricanes can affect our operations and supply chain. Therefore, a climate risk and vulnerability assessment was carried out for the majority of our sites, assessing the acute and chronic physical risks and their potential financial implications using three climate scenarios over the short-term (2030) and the long-term (2050). The Intergovernmental Panel on Climate Change (IPCCC) warming scenarios RPC 2.6, RPC 6.0 and RPC 8.5 were utilised. The acute physical risks analysed were extreme precipitation and wind & the chronic physical risks analysed were temperature rise, drought and sea level rise. Financial implications relate to direct damage to property value and business interruption. The results show that climate risks such as extreme precipitation and sea-level rise that can cause flooding pose the biggest risk for our locations. The assessment enables us to strengthen our climate resilience. Our business teams evaluate these risks regularly in cooperation with our property risk insurer and follow up physical and human element climate-related recommendations. These consist of engineering and technological solutions, such as implementing flood emergency plans or physical flood protection in areas with flooding or heavy rainfall risk or roof securement in hurricane zones. In addition to climate change adaptation policies (e.g., flood emergency plans), physical climate change risks and climate adaptation measures are integrated in the business continuity plans of our business teams.

Many of our group companies have their environmental management systems certified in accordance with the ISO 14001 standard, while our German companies also have certification in accordance with the ISO 50001 standard. A few of our group companies conform their sustainable management behaviours to the ISO 26000 standard.

energy efficiency and CO_2 reduction

Energy use, energy intensity, CO_2 emissions and CO_2 intensity are KPIs for all our sites and locations. Energy and CO_2 efficiency action plans are integrated in the sustainability improvement plans of the business teams covering all locations of Aalberts. Where applicable, those energy efficiency plans are in line with the energy efficiency directive and requirements of ISO 14001 and ISO 50001 certifications. Action plans contain activities such as the use of excess heat for the heating or cooling of buildings, monitoring and reducing energy peaks and motion detector lights and reducing air leakages in CNC machines. As a result, increased energy efficiency has been realised at various group companies in 2023 and CO_2 intensity reduced.

Following our strategy, energy use and CO_2 emissions are part of our business decisions. This applies to medium-term investments, such as LED lightning and for long-term investments, such as equipment, solar panels or new sustainable buildings. For example, we build a DGNB certified factory with a future-proof design, including solar panels, charging stations for electrical vehicles and the use of excess heat from machining in the final surface treatment processes, in Assens, Denmark. This approach reduces both emissions and energy costs. Considering the worldwide transition to a carbon neutral economy, related legislation and (future) CO_2 taxes in the countries we operate, reducing CO_2 is also important from an opportunity and risk perspective.

We stimulate increasing the use and own generation of renewable energy, but believe that the most sustainable long-term solution for the planet and our company is energy efficiency. We focus on working as energy efficient as possible, by improving processes and looking for new energy efficient solutions. The group companies work towards targets set for their business team, enabling us to reduce our CO_2 emissions in line with the Paris Agreement.

reduce water use

Due to climate change, droughts have become more extreme and unpredictable, which may lead to water becoming a scarce resource in certain areas causing risk for society. Although Aalberts' operations do not require significant amounts of water for production or processes, we can play a role in mitigating this risk by optimising water management in such areas. With help of the WRI Aqueduct tool, we have assessed our operational sites on water withdrawal availability. The assessment performed in 2022 shows that approximately 20% of our operational sites is either located in 'high' or 'extremely high' water stressed regions. The analysis enables Aalberts to proactively act on the risks related to water-stressed areas which is part of business continuity management.

Aalberts seeks to promote responsible use of water throughout the company. Efficient water management is a KPI for all our operational locations. Our water management policy focuses on reducing water withdrawal and increasing water recycling. These measures contribute to reducing our water use intensity.

For instance, one way to increase our water recycling is through the installation of closed-loop water systems for cooling processes. This also prevents the discharge of legionella and avoids treatment of water with chemicals. These closed water circuits save up to 80% of water use. Another example is the use and recycling of rainwater for use in CNC production and other internal processes.

To minimise our impact, we remove solids, pollutants and organic matter from the water before it is discharged back to the source. This way, the water withdrawn holds the same or a higher level of water quality before it enters back into the water cycle. Particularly in water-stressed regions, there is a high focus on responsible use of water and there are many initiatives in place for water recycling and treatment to mitigate risks, like own water treatments stations.

resource use and circular economy

As a manufacturing company we are aware of our responsibility to use natural resources as efficient as possible. We see the circular economy as an opportunity, and we strive to make a material difference by looking at material differently. Our aim is to provide high-quality technologies while minimising the use of natural resources and maximising the value of the resources we do use. Through responsible material use at the design phase, prolonging the lifespan of materials during product use and meaningful recovery of materials at the end of life, our circular economy strategy covers the entire value chain.

responsible material use

Aalberts acknowledges that circularity starts with reducing the use of natural resources. Through performing LCAs and innovating product design, we seek to eliminate redundant materials and reduce the weight of our products. LCAs are performed for many of our products and processes, in accordance with standardised and internationally recognised methods (ISO 14040 and ISO 14044 standards), resulting in EPDs. Where possible, we work with our suppliers to improve our data. If we cannot reduce our absolute natural resource use, we use LCAs to determine whether we can substitute materials with environmentally-friendly alternatives, such as recycled materials or materials with an environmentally-friendly production process, such as green steel. We use data to innovate and realise further (environmental) savings. Responsible material use has a large impact on our scope 3 CO_2 footprint (category 1: purchased goods and services). In order to monitor and manage the responsible use of materials, we started measuring raw materials and waste data for our locations on Aalberts level in 2023, reference is made to page 54.

prolonged lifespan of materials

Aalberts engineers technologies that are made to last. We maximise the value of the resources by prolonging the lifespan of materials. We anticipate on lifetime extension by integrating circular principles in product design and reducing the need for replacements. By designing our products for durability, reusability and recycling, we ensure that materials are used as long as possible. For instance, in eco-friendly buildings, the Flexcon Premium expansion vessel is designed for durability ensuring an extremely long service life of 15 years and our metering products include components that are reusable. Besides product design, we extend lifetime of materials during the use phase. In semicon efficiency, we collaborate with our customers to repair, refurbish and remanufacture our products to prevent materials from becoming waste.

meaningful material recovery

Aalberts is committed to improve its waste management and recover the materials as meaningful as possible. Monitoring the generation of waste by following the flow of materials and products throughout the production process helps to understand the flow of waste within the organisation. An overview of this waste flow and its causes, helps identifying opportunities for waste prevention and for adopting circularity measures. Waste flows are mapped at production and service locations and waste reduction programmes are in place and addressed in the sustainability improvement plans prepared by the business teams. Aalberts' focus is to reduce waste and to reuse and recycle as much as possible, so minimum waste ends up in incineration or landfill. At our production locations scrap, for example brass, is separated and sent to a recycling company or melted down in our own foundries as a raw material for reuse in our production process. For some of our processes chemical use is unavoidable. Where applicable, action plans for reduction or elimination of hazardous substances, such as CMR substances are in place. We develop and apply alternatives for hazardous substances, for example IVD coatings as substitute for chrome and cadmium coatings.

reduce packaging

Packaging is part of the LCAs performed and a focus point in the sustainability improvement plans of the business teams where it is a material topic. Business teams have joined sector initiatives to learn from peers and accelerate progress in the supply chain. Many projects are initiated to reduce, replace or eliminate packaging. Think of more eco-friendly packaging such as cardboard, biodegradable foil and plastics, carton & pet tape, removing or using a smaller foil or bag, or the replacement of user manuals by QR codes. Reducing packaging is part of our circular design strategy to responsibly use natural resources.

biodiversity

A responsible way of doing business includes an awareness of our surroundings. Healthy ecosystems and biodiversity are a prerequisite for a clean future. The Integrated Biodiversity Assessment Tool (IBAT) as performed in 2022, shows that approximately 10% of our operational sites are in a 1-kilometer radius proximity of a Key Biodiversity Area. Although the biodiversity impact of our sites is limited, Aalberts seeks to mitigate the risk of biodiversity loss by reducing energy and CO_2 emissions and the use of natural resources. For new locations we strive to actively work with the natural environment around the buildings to create space around the buildings where the local plant and animal could thrive. For example at our location in Almere where we have several green spaces and biodiversity friendly initiatives like a sedum roof, insect hotels and kestrel boxes. Aalberts did not receive any fines or sanctions related to environmental issues in 2023.

our recognition

ESG rating	2018	2023	Δ
CDP	B-	B	↗
MSCI	BBB	A	↗
CSA (S&P)[1]	86%	93%	↗
Sustainalytics[2]	21.13	23.15	↗

[1] percentile
[2] medium risk as of 2019

people & culture

Our key strength is not the technology we produce, but the mission-critical people who create it. For the best ideas, processes and vital innovations it is a necessity to nurture a future-proof workforce: attracting, developing and retaining the best people, empowering them to be an entrepreneur and take ownership. Every person in our company believes that their efforts enable a clean, smart and responsible future.

mission-critical people

14,055

the Aalberts way

We are straight-talking, can-do, no-nonsense pragmatists. We win with people. It's that simple. We want to get the most out of ourselves, every day. We blend boundary pushing engineering with silo-breaking entrepreneurial business sense.

This is how we keep our eyes open for technological opportunities and how we manage to capitalise on them in a profitable way. Whatever the situation or request is, we put together the right team to change the game. That is how we deliver vital innovation to ground-breaking industries. Working as one, we improve the world of today and invent it for tomorrow.

'The Aalberts way' reflects the DNA of our company, it is what we stand for and what we practice and deliver every day. It is the common language in our organisation. It has been our strength since day one. It is the foundation for an even greater future that will lead to new growth paths. And it provides us with a focus when we review, recruit, coach and develop our talents.

We believe that greatness demands more than ingenuity and that failure is a valuable stop on the way to success. Sharing and discussing 'bad' gets us to 'brilliant'. No matter how big the problem or opportunity is, when we say "we got this", we won't let go until there is nothing left to learn. This is how we deliver excellence.

Long-term value creation can only be achieved by maintaining a company culture that embraces transparency and trust. We stimulate and protect a culture where people feel the need – and feel safe – to speak up and act with integrity. For us, this is real governance.

greatness is made of shared knowledge

Aalberts recognition programme
Introducing our employee recognition programme, a cornerstone initiative designed to celebrate the exceptional contributions of Aalberts employees. This biannual programme is a testament of our commitment to fostering a culture of appreciation and acknowledgment within our organisation.

The programme operates on a comprehensive biannual cadence, ensuring a regular and timely recognition of outstanding achievements. Employees across all levels and departments are eligible to participate, creating an inclusive environment that values contributions from every corner of the organisation.

To make the programme truly democratic, we have implemented a nomination system where employees can put forward their colleagues for recognition. This cross-functional and cross-locational approach allows for a diverse range of accomplishments to be celebrated, fostering collaboration and unity across the organisation.

Our programme embraces a multi-level recognition approach, acknowledging achievements at various organisational tiers. Leadership representation is a key component, ensuring that high-performing individuals receive visibility and acknowledgment from top management.

In essence, our all employee recognition programme is more than just a campaign – it is a commitment to appreciating the diverse talents and contributions that make Aalberts integrated piping systems a thriving community. Through this initiative, we aim to inspire a culture where everyone feels valued and recognised for their dedication and hard work.

attract

In a dynamic marketplace and uncertain global macro-economic environment, being able to continuously professionalise and improve is vital. The Aalberts company passport accelerates that process, creating awareness of our unique brand culture, which we continue to strengthen within an increasingly competitive marketplace. To keep us ahead of the game, we are fostering our pragmatic entrepreneurial culture and lean structure. We continue to make real progress providing potential employees with a better understanding of who we are and what we are about. Employer branding continues to be a key focus area and therefore we laid the foundation for our employer value proposition and intend to kick-off an employer branding campaign in 2024.

The people & culture network met on regular basis and made strong progress setting priorities and responsibilities, combining our Aalberts company passport and unique culture, human resource and marketing & communications initiatives throughout the group, aligning the business teams and regions. Activity and engagement on our digital and social channels are again increasing.

Awareness of the Aalberts brand, entrepreneurial culture and lean structure is increasing amongst our stakeholders, which is again reflected by the calibre of talent that joined us this year. The winning entrepreneurial voice, the resilience demonstrated in our hard-earned results and the continuation of investments play an important role. In this fast-changing world of technological innovations and increasing demands, Aalberts focuses on building a diversified future-proof workforce, attracting a blend of experienced leaders and young talents, who will continue to move the world forward through sustainable innovations.

With gender diversity high on Aalberts' agenda, the people & culture network and Executive Team are putting strong emphasis on connecting with female candidates in all recruitment activities.

Meta Cunder - sustainability officer Aalberts integrated piping systems

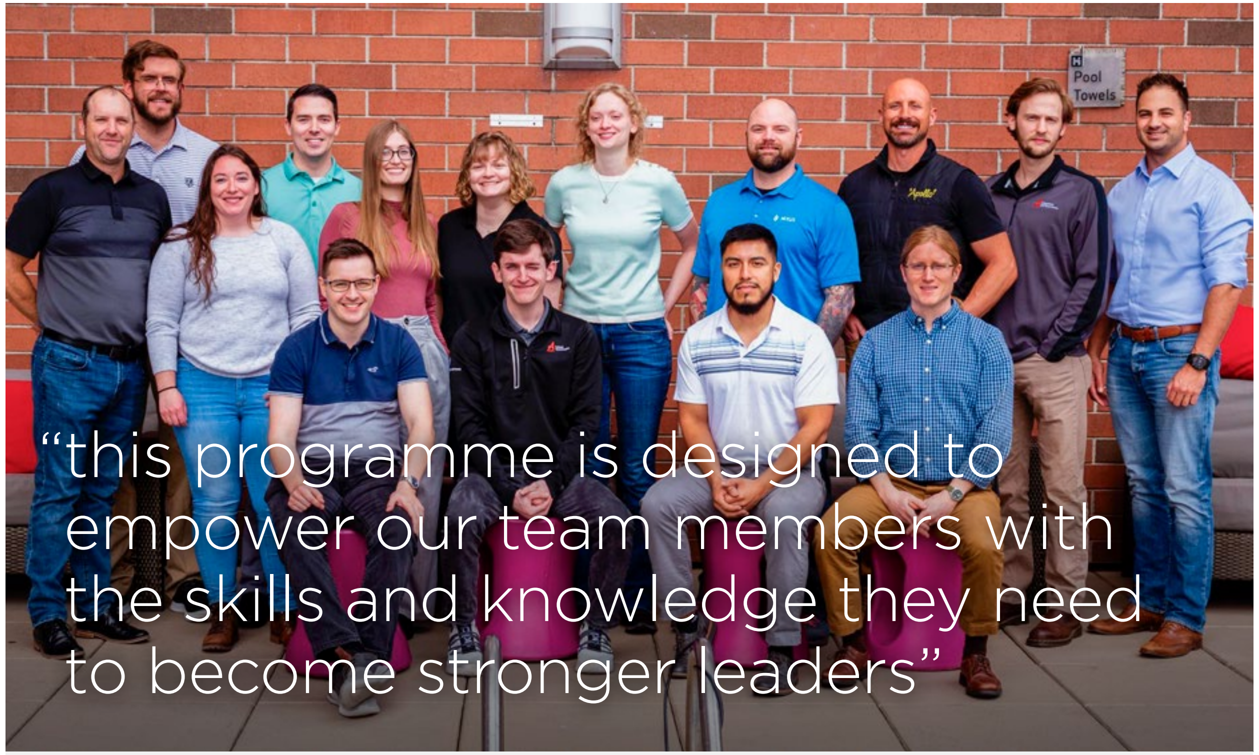
"I moved to the UK when I was 18, to study shoe design at London College of Fashion. While I was there, I won a design competition and was offered a post graduate traineeship with a luxury shoe brand. Sustainable materials have always been a strong theme in my design thinking and after only a short time sustainability became my primary responsibility. Learning about the severity of the climate crisis compelled me to do more; applying for the role of sustainability officer at Aalberts integrated piping systems was a good way to become part of the solution. My manager's only requirement was that I be available for everyone and use entrepreneurial thinking to put sustainability into practice. One aspect of my role is to produce Environmental Declarations for our products. These are quite complex, containing comprehensive information about the materials used in them and their carbon footprint. I have had the opportunity to develop myself in a professional environment and experience a new role."

Partnerships with entrepreneurial student teams enable us to learn from the next generation, to connect with key universities and to create exposure for the Aalberts brand.

develop

We empower our people to solve problems. We support and develop them. We challenge them to get the best out of themselves. Always working together, because we believe that greatness depends on shared knowledge and shared skills. We also believe that diverse teams led by inclusive leaders are more engaged, and therefore deliver better governance and business performance.

At Aalberts, training and development never stops. Our personal and leadership development programmes are designed to drive, shape and influence Aalberts and are tailored around seniority level - for those who recently embarked upon a career at Aalberts and for more experienced employees.



Sarah Satkus, HR director Aalberts integrated piping systems Americas
The North American iteration of Fit, Aalberts' leadership development programme for experienced, high potential leaders kicked off. Talent from across the business, gathered in Charlotte, North Carolina, North America, for a week of learning, networking and collaboration.

"This programme is designed to empower our team members with the skills and knowledge they need to become stronger leaders and make a positive impact on our organisation" says Sarah Satkus, human resources director at Aalberts integrated piping systems.

"The cohorts, which focuses on personal development, and leadership development, comprises of members from various Aalberts technologies in North America. This provides the participants the opportunity to develop individually, and to network within the larger Aalberts companies based in North America", says Sarah. "We are thrilled about this investment in our most critical resource: our people. The launch is the first step in a broader talent development and organisational journey in North America."

In 2023, tailored development programmes for our American colleagues were launched and were received positively.

Our international and personal development programmes help us develop our people, both as professionals as well as leaders.

In total, more than 950 people participated in our development programmes, enabling them to learn the unique Aalberts culture and to connect with colleagues from different Aalberts businesses.

Our development strategy for global trainees has been redesigned and in 2023 a campaign was launched via social media to gain new trainees for the coming year.

retain

All activities and investments to attract and develop people are aimed at challenging them to convey the Aalberts strategy into everyday practice. Obviously, retaining our mission-critical people is as crucial.

Our results speak to how we have leveraged our strong business teams and entrepreneurial culture in 2023. Increased engagement creates brand ambassadors and contributes to a better understanding of the overall mission and journey and how everyone is connected. We have introduced and executed several employee net promoters score (eNPS) and motivation surveys in 2023 to learn and help improve our culture, retention rates and employee engagement.

We managed to successfully retain our talents and experienced leaders by promoting them to challenging positions in our company. Moves of people between different technology clusters is generating energy and motivation in the organisation and utilising the knowledge within the group.

As an important part of retention, this process underlines the effectiveness of the Aalberts networks and our share and learn culture. The people & culture network exchanges open key positions throughout the Aalberts organisation and is becoming increasingly successful in finding the right match together with local management.

When recruiting, internal candidates are given priority to retain and nurture internal talent. For management, this requires a strong commitment to facilitate internal moves and to set people up for success. All these efforts contribute to building a sustainable people organisation.

Nikolina Miletic, quality manager Aalberts surface technologies
Nikolina Miletic joining Aalberts in 2020 with a master’s degree in engineering, navigated the 18-month trainee programme during COVID restrictions, contributing to five projects in Germany and France. Passionate about quality management, she transitioned into a project manager role post-trainee programme.

Seeking diverse experiences, Nikolina briefly left Aalberts but, missing ‘the Aalberts way’ returned after a year to pursue her dream role. She applied for and secured the position of quality manager at our Solingen, Germany facility.

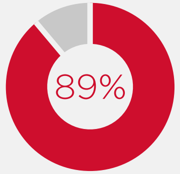
Nikolina reflects on her journey “the trainee programme served as an excellent entry point, providing me with a solid foundation for understanding different aspects of the business. I am enthusiastic about the daily learning experiences and eager to apply my evolving skill set for excellence.”

Julia Brey, human resource director Aalberts surface technologies says “Nikolina is an example of successful internal development. We are delighted that she, representing the strong will of Gen Z to gain diverse experiences, chose our culture and way of working for her professional growth. Nikolina’s commitment led her to be included in this year’s leadership development programme, ‘Aalberts people empowerment’ where she can focus on leadership abilities.”

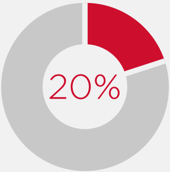
developed

983

retained



promoted



diversity and inclusion

As employees are key for our success, Aalberts recognises and respects the differences between individuals and understands that these differences can include ethnicity, religion, nationality, age, gender, sexual orientation, physical ability, experience and perspective. Diversity ensures that we reinforce each other, bring out the best in each other and cooperate optimally. Providing an inclusive workplace makes diversity work. In 2023, we launched our diversity, equity and inclusion policy covering the entire workforce to express Aalberts' commitment to an open, pragmatic culture that focuses on entrepreneurship and personal growth, enabling us to attract, develop and retain a diverse, inclusive workforce.

Recruiting and developing a diverse and inclusive workforce gives us a wide range of perspectives and allows us to explore and adopt fresh ideas and technological innovations. It also allows us to better understand and meet the needs of our diverse customer base and communities. At all levels of our organisation, we encourage diversity by recruiting people with different backgrounds and genders. We believe that diversity drives better performance.

It's widely acknowledged that gender imbalance is more common in operational industries. At year-end, 23% of our total workforce are women. The Aalberts approach is to focus our efforts on improving gender balance within the senior leadership of the company (top 100+) by putting gender diversity on top of all conversations related to attracting, developing and retaining talents. As a key priority, gender diversity is driven by our people & culture network and in 2023 gender diversity improved towards 32% women at senior leadership level. We already see more women entering various management levels, through attraction and retention of employees, job rotation, mentoring and coaching programmes, personal development and leadership programmes and succession planning.

A target has been set to achieve more than 30% women in senior leadership by 2026. Through educating, coaching and building leadership in the business teams, head office and functional networks Aalberts aims for creating talents who are eventually able to make the step towards an Executive Team leadership role.

In parallel, we continue to enhance our brand and unique culture, as this greatly contributes. This is a long-term approach, and we believe that this is what makes us so special: Aalberts is a company that truly wins with people 'the Aalberts way'.

community engagement and partnerships

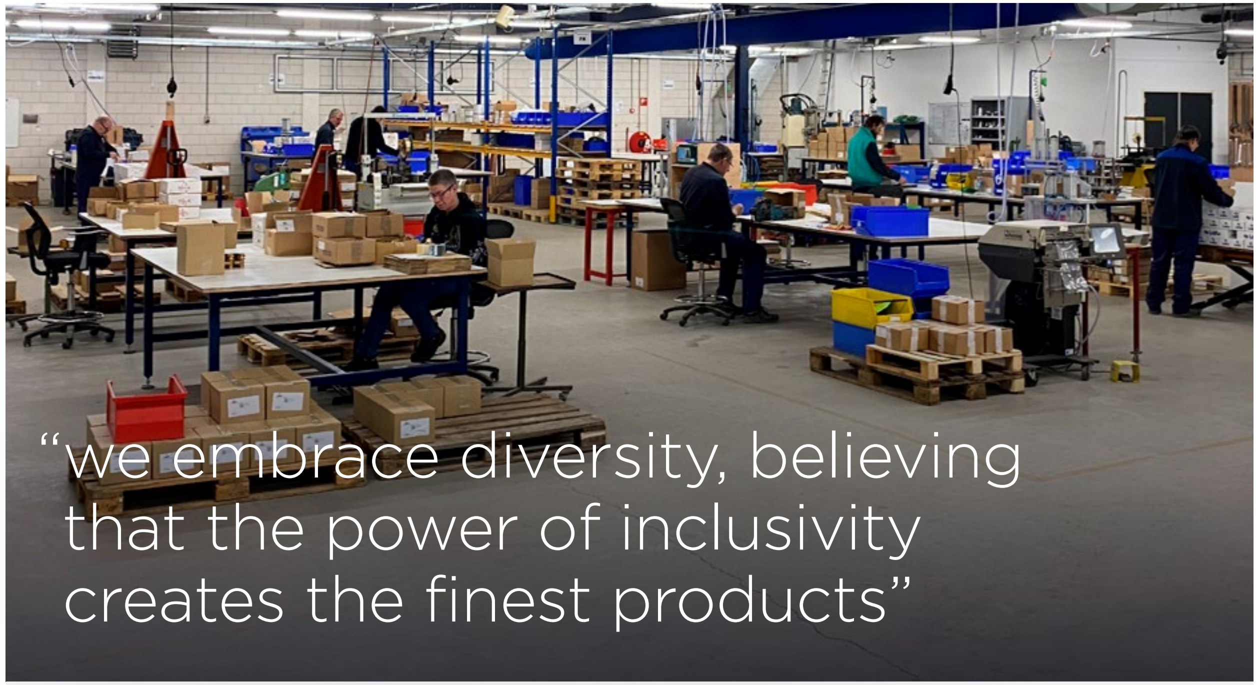
We believe in creating shared value for our stakeholders by supporting progress in society in various manners. That is why we engage in partnerships at head office level with a focus on technological progress and sustainable entrepreneurship. Besides this, we are involved in countless regional and local philanthropic and community engagement initiatives, such as donations to charities and partnering with schools and universities to share knowledge.

community engagement

As entrepreneurs, we see a shared value proposition in working with people with disabilities, refugees or un (and under)-employed people. Assembly of part of our products takes place in sheltered workshops at multiple locations in France, Germany and the Netherlands and at some locations people from sheltered workshops work in-house. We have several business locations that integrate refugees into their workforce to increase capacity, for example a refugee project in Germany and the labour training centre in Norway. They receive language training combined with other education. For more information on diversity, equity and inclusion at Aalberts, please see our **diversity, equity & inclusion policy ↗**

partnerships

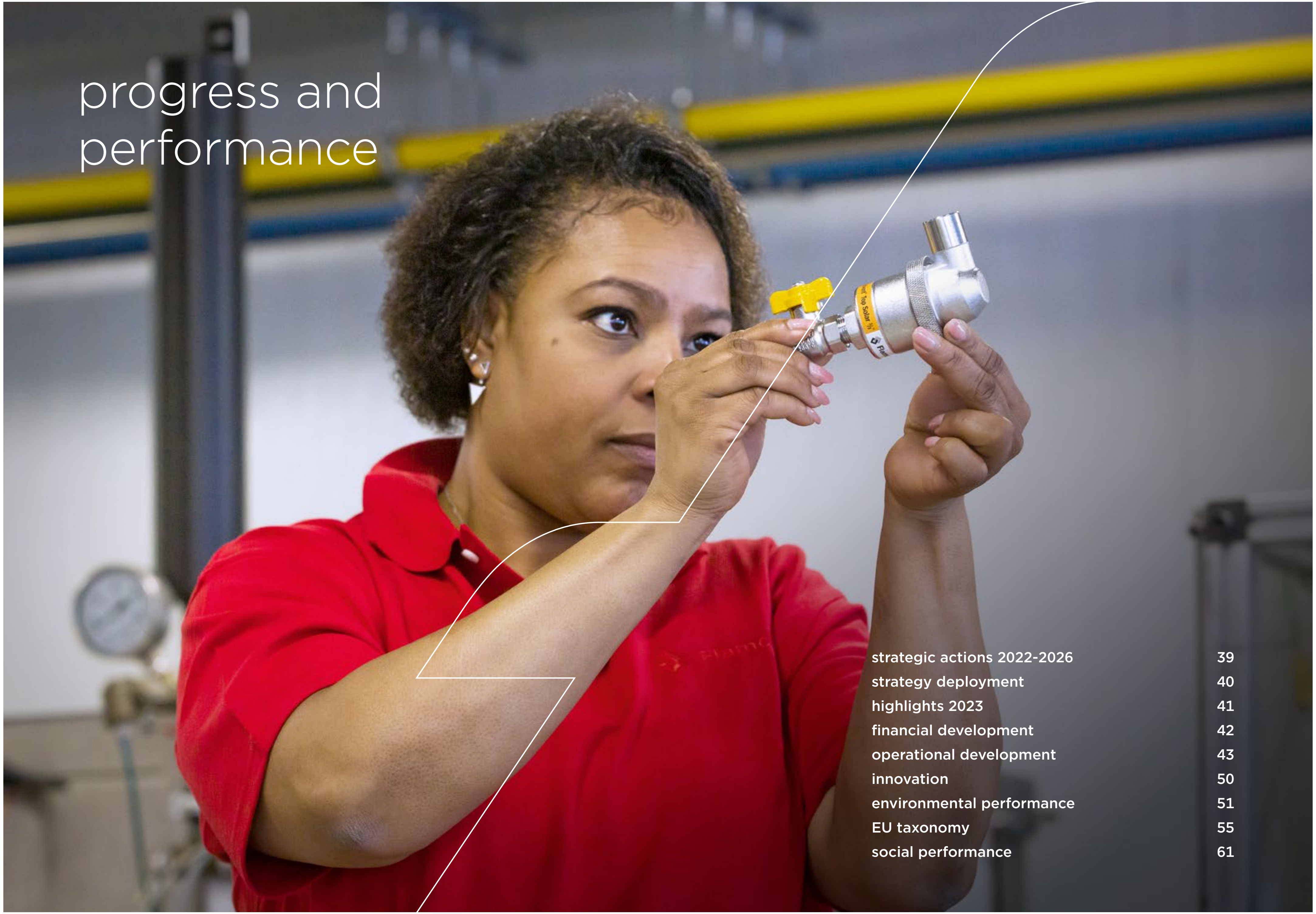
With our partnership projects we aim to support sustainable progress in society. Based on our policy, projects should match our strategy and values, focus on technology and sustainability and impact the SDGs that are material for Aalberts. Alongside our financial backing, we offer our knowledge and technologies to the respective projects. Amongst other initiatives, we supported the electric superbike student team of the University of Twente and the Forze hydrogen racing team from the Delft University of Technology in 2023. We are also a solid partner of the Delft University of Technology to explore hydrogen opportunities at the Green Village.



the power of inclusivity

Aalberts is a diverse group of mission-critical people with many perspectives, skills and experiences. We are committed to building a diverse workforce that reflects the communities we serve.

In France, Germany and the Netherlands, assembly of technologies for clean drinking water is performed by people with a distance to the labour market. This takes place in-house and at sheltered workshops. For example, at our location in Duiven, we have approximately ten colleagues with a certain disability working in sub-assembly and end-assembly of brass and composite couples in water, sewage and gas distribution networks. Over the years, they have become a fundamental part of the team and their unique skills are valued strongly. Josip Lukić, managing director of this location emphasises: “We embrace diversity, believing that the power of inclusivity creates the finest products, where every individual contribution matters, regardless of their distance to the market.”



progress and performance

strategic actions 2022-2026

1 continue portfolio optimisation

- further optimise existing portfolio
- finalise existing divestment programme
- additional divestment programme EUR 250-300 million revenue
- strengthen positions through bolt-on acquisitions and divestments, EUR 250-500 million revenue

2 increase organic revenue growth

- focus on 4 technology clusters and 4 end markets
- drive business plans, allocate capital and management accordingly
- increase innovation expenditure to >5% of revenue
- increase capital expenditure to EUR 200-250 million per year

3 relentless pursuit of operational excellence

- additional operational excellence programme
- further consolidate | reduce locations from 135 (end of 2021) to 108 (end of 2026)
- realise 'world class' operations: highly automated, efficient, excellent service
- drive pricing excellence continuously

4 drive sustainable entrepreneurship

- accelerate unique positions, capitalise market opportunities
- increase SDG impact to >70% of total revenue in 2026
- commit to net zero carbon in 2050 or earlier
- execute sustainability improvement plans

Aalberts 'accelerates unique positioning'

strategy deployment

organic revenue growth (% annually)

4-6%

2026	4-6%
2023	**4.5%**
2022	8.7%

EBITA margin (% of revenue)

16-18%

2026	16-18%
2023	**15.7%**
2022	15.5%

ROCE

18-20%

2026	18-20%
2023	**16.8%**
2022	16.1%

innovation rate (%)

>20%

2026	>20%
2023	**20%**
2022	17%

SDG rate (%)

>70%

2026	>70%
2023	**70%**
2022	68%

leverage ratio

<2.5

2026	<2.5
2023	**0.9**
2022	1.3

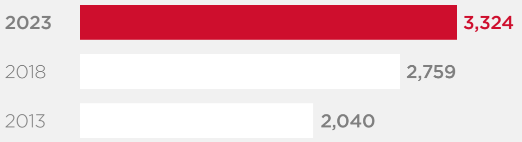
highlights 2023

Aalberts delivers record EBITA and free cash flow

revenue

(in EUR million)

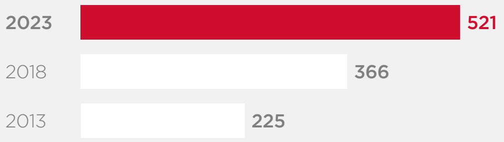
3,324



EBITA

(in EUR million)

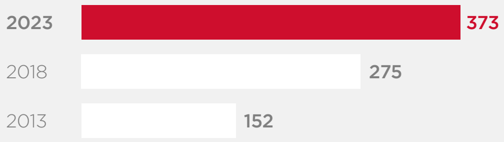
521



net profit before amortisation

(in EUR million)

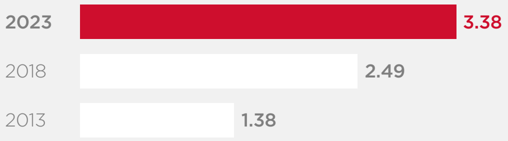
373



earnings per share before amortisation

(in EUR)

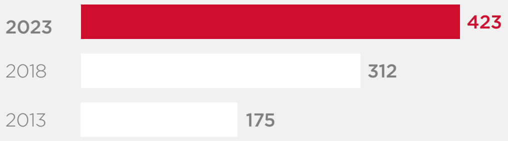
3.38



free cash flow (before interest and tax)

(in EUR million)

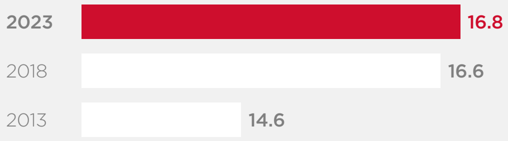
423



return on capital employed

(in %)

16.8



all figures before exceptionals

explanation of non-GAAP measures used in this report ↗

financial development

Revenue increased by EUR 94.0 million to EUR 3,324.0 million. The acquisitions in 2022 (ISEL, UWS and KML) caused a positive effect of EUR 39.8 million. Divestments in 2022 (ETI and VTI) and 2023 (Disptek) caused a negative effect of EUR 46.1 million. Currency translation impact amounted to EUR 36.7 million negative (last year: EUR 86.1 million positive), mainly USD. Overall, we realised an organic revenue growth of EUR 137.0 million or 4.5%.

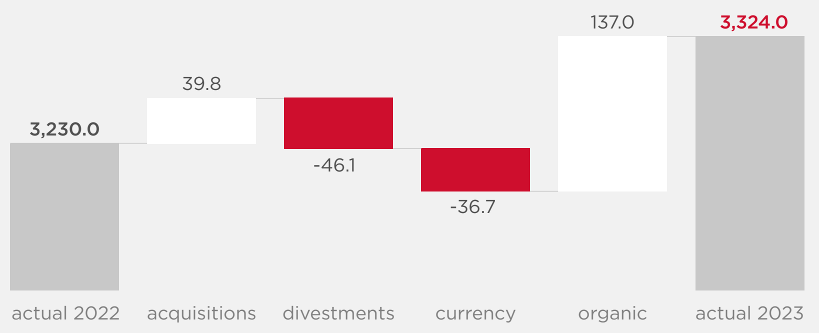
EBITA increased by EUR 20.7 million to EUR 521.0 million or 15.7% of the revenue (2022: 15.5%). There was a positive effect of EUR 7.1 million from the acquisitions in 2022 (ISEL, UWS and KML). Divestments in 2022 (ETI and VTI) and 2023 (Disptek) caused a negative effect of EUR 6.7 million. Currency translation impact amounted to EUR 5.5 million negative (last year: EUR 10.0 million positive), mainly USD, resulting into an organic EBITA growth of EUR 25.8 million. Disposal benefits were allocated to our operational excellence initiatives. As a result, holding/eliminations is reported EUR 5.1 million negative (2022: EUR 2.9 million negative).

Free cash flow increased to a record level of EUR 423 million (2022: EUR 168 million), driven by positive changes in net working capital. Net working capital lowered to EUR 675 million or 74 days (2022: EUR 721 million or 80 days). Inventories finished EUR 88 million lower at EUR 823 million or 90 days (2022: EUR 911 million or 101 days).

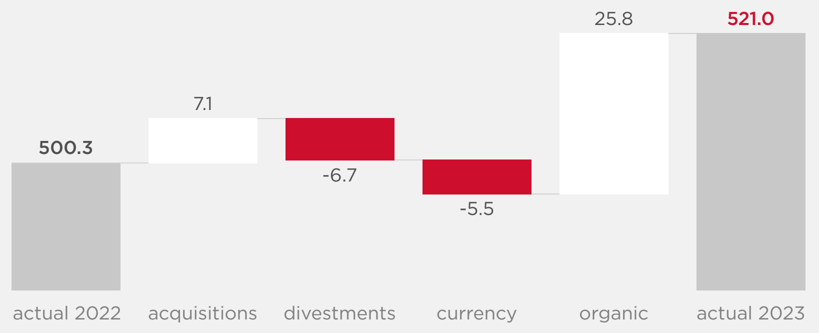
Net debt decreased to EUR 583 million (2022: EUR 794 million) with a leverage ratio of 0.9 (2022: 1.3). Our net finance costs increased with EUR 18.6 million due to higher interest rates for current borrowings. Effective tax rate was 24.4% against 24.1% last year. Net profit before amortisation increased by EUR 1.2 million to EUR 373.4 million, per share to EUR 3.38 (2022: EUR 3.37).

Return on capital employed increased from 16.1% to 16.8%. Capital employed decreased with EUR 56 million to EUR 3,100 million. Solvability (total equity as a % of total assets) increased to 60.8% of the balance sheet total (2022: 56.1%).

revenue bridge



EBITA bridge



operational development

Aalberts realised an organic revenue growth of 4.5% compared to last year, for building technology segment -1.2% and industrial technology segment +12.4%. The added value margin of 62.4% was on a good level due to our unique positioning, cost saving actions and robust price levels.

Supply chain improvements enabled us to reduce inventories by 10%. Capital expenditure increased by 10% to support additional capacity, geographical expansions, innovation, and business development plans. We improved our return on capital employed.

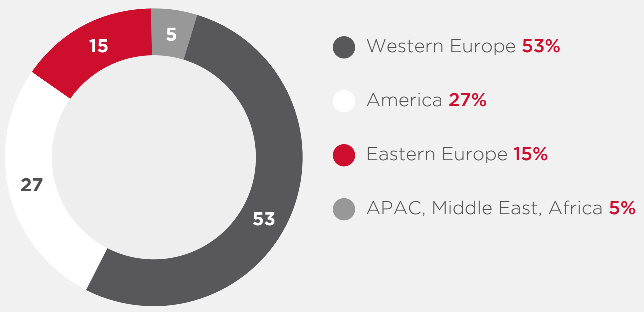
We managed the headwinds in eco-friendly buildings well and our growth agenda continued for semicon efficiency, sustainable transportation, and industrial niches. Fewer supply chain issues resulted in improved customer satisfaction and our operational excellence initiatives drove further efficiency improvement and footprint optimisation.

Our innovation rate increased to 20%. We are committed to accelerate investments in innovation and digitalisation to increase revenues and reduce operating costs. Our SDG rate increased to 70%. We have made great progress on CO_2 intensity reduction, waste management and circular economy.

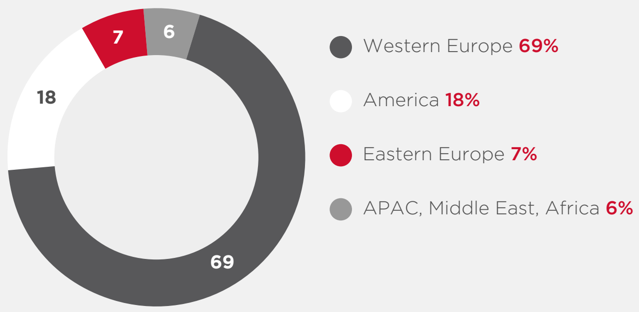
Our Aalberts people did an excellent job in creating value for our customers, delivering operational performance and driving the long-term business development plans. Lost time injury frequency ratio reduced to 6.2, we will increase our focus on health and safety. Through our Aalberts development programmes we trained more than 950 talents of which 20% were promoted. Gender diversity remains our focus, we have 32% female leaders in our senior leadership. Employee net promoter score and employee motivation surveys have been done in 2023, providing insights where and how we can further improve. We will continue to invest in our people.

We are executing our strategy Aalberts 'accelerates unique positioning', realising our objectives. We will continue to focus on organic revenue growth, operational excellence, portfolio optimisation and sustainable entrepreneurship to enable a clean, smart and responsible future.

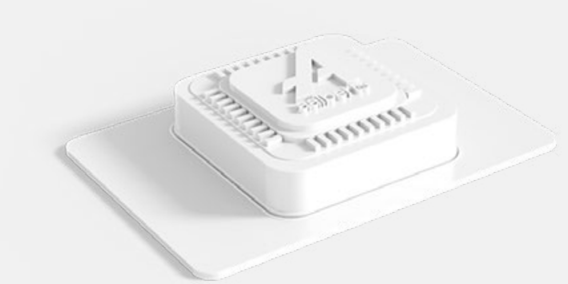
building technology - revenue per region
in %



industrial technology - revenue per region
in %



In **eco-friendly buildings** our price levels remained robust despite challenging market circumstances. We see the effects of additional sales initiatives to gain market share, supported by the innovations and capacity investments of the last years. Together with productivity and efficiency initiatives, the latter dampened the lower activity and further inventory reduction of our wholesale customers. It also helped to reduce the impact of decreasing end-user demand due to postponements of heating and cooling system projects in both new build as well as renovation. Our innovative piping systems and valves are easy to specify and install, saving important preparation and installation time. Our hydronic systems are making buildings more energy efficient, more sustainable and more comfortable. Our water treatment offering for heating systems is growing faster than expected. Energy efficiency in residential and commercial buildings remain long-term growth drivers.



In **semicon efficiency** strong growth continued and we improved our service with increased efficiency and fewer supply chain issues. Our order book remains on a high level. Further expansions of our footprint and manufacturing capacity are in progress, enabling the strategic growth and new business development plans of our customers. Innovation remains high as we continue co-development together with our customers. Long-term growth drivers in semicon efficiency continue to be strong: microchip demand for computer logic, e-mobility developments, connectivity and IoT, investments in new fabs and 5G roll-out. Aalberts is a key enabler to realise capacity growth and new developments for customers in the semicon efficiency end market.

message of the CEO

strategy

sustainable entrepreneurship

people & culture

progress and performance
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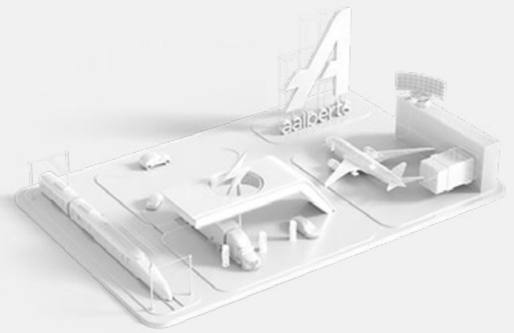
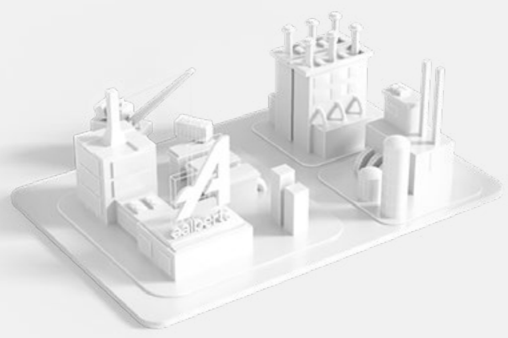


In **sustainable transportation** we realised a strong performance in automotive, aerospace and marine. Supply chain disruptions at the facilities of our customers were reduced. New technologies are being introduced to reduce fuel consumption, manufacturing cost and improve safety. The demand for precision manufactured parts and specialised surface technologies further continued, accelerated by new developments in e-mobility, lightweight materials, sustainability, and reshoring. The need for lightweight materials is leading to an increase of precision manufactured aluminium parts with additional surface technologies. Connectors are also growing fast with high-specified precision manufactured parts in combination with metal strip coatings.



In **industrial niches** our activities performed very well in all regions. The demand for precision extrusion parts and specialised surface technologies continued on a high level. Our industrial valves business in North America continued to perform well. In Eastern Europe, we continued the expansion of our activities by adding floor space and additional equipment to facilitate the growth. In North America, we are in the process to add manufacturing capacity to facilitate the growth and increase manufacturing efficiency.

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Aalberts hydronic flow control showcased their newest innovations on building, climate and excellence and shared thoughts with customers on the latest trends during the ISH fair

aalberts.com/ISHfair ↗

Aalberts advanced mechatronics was honoured with an award for Excellent Cost Performance, during the annual ASML Suppliers' Day event

aalberts.com/awardwinner ↗

Aalberts integrated piping systems developed the VSH powerPress system, which are equipped with the Leak Before Press (LBP) function, which further reduces the risk of installation errors

aalberts.com/powerpress ↗

Aalberts surface technologies has developed a highly advanced process to harden the surface of stainless steel while maintaining corrosion resistance the process, called Stainihard®, is currently in use across a range of industries

aalberts.com/stainihard ↗

follow our progress

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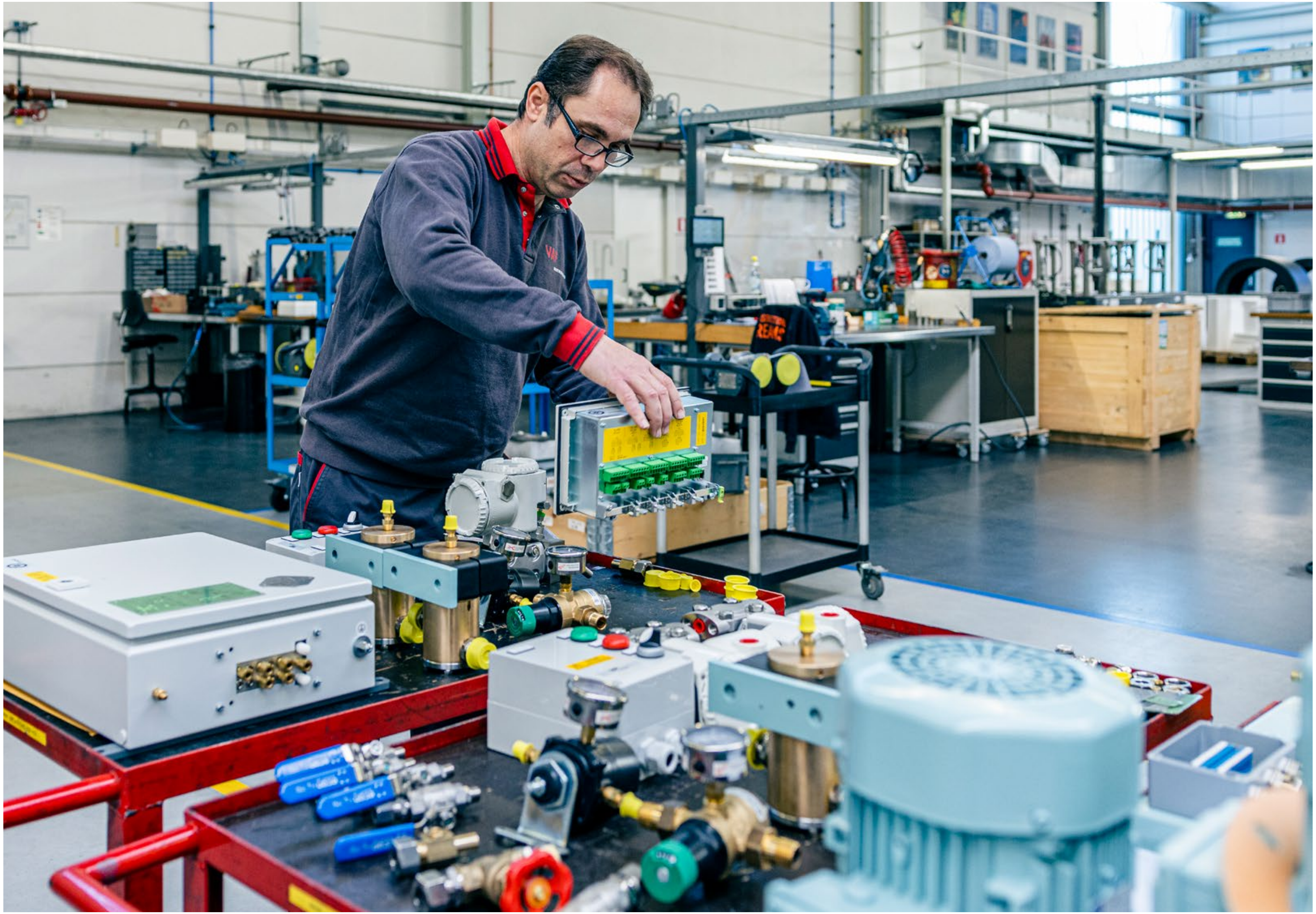


innovation

To catalyse breakthrough innovation, we set bold aspirations, act swiftly, and mobilise resources at scale to make a positive and lasting impact.

innovation drives organic growth

Aalberts delivers vital innovation to ground-breaking industries and everyday life. So it should be no surprise that innovation is at the centre of everything we do, serving as a catalyst for organic growth to create long-term stakeholder value and help our customers solve their problems.

To secure our leading and sustainable technology portfolio, we drive long-term innovation roadmaps and commit to continuous investments in R&D and innovation. In this pursuit, our lean organisational structure is a great asset. As customers are central to our innovation efforts, our business teams who interact with our customers on a daily basis, are driving innovations with maximum autonomy. In this fast-changing world of technological innovations and increasing demands, this setup enables us to act quickly on new opportunities and keep our differentiation.

In the face of global challenges, we are actively aligning our innovation efforts to address environmental concerns. We encourage the reuse and retrofitting of solutions, and promote a sustainable material- and design approach across our product portfolio. We actively engage with innovation partners and drive co-development initiatives with our customers. This collaborative approach not only enriches our innovation pipeline, it also ensures that our solutions resonate with the evolving needs of our customers.

innovation rate

LTM revenue from products launched in the last 48 months / LTM total revenue

discipline & priorities

In selecting and executing the many ideas for future growth, we follow a disciplined approach of prioritising projects across our technology clusters. On group level we weigh expected returns on investments, and allocate capital and management efforts accordingly. We strongly believe that prioritising innovation and timely investing in new opportunities is vital for unlocking future growth. Building on last year's achievements, we have further strengthened our focus on sharing and learning between business teams, recognising that collaboration is the cornerstone of breakthrough ideas.

end market focus

In our relentless pursuit of excellence, we engineer integrated solutions for heating, cooling and sanitary systems, emphasising incremental advancements in sustainable material designs, and ease of installation combined with breakthrough portfolio introductions to facilitate the transition to low temperature heating at scale. Fuelled by our long-term innovation roadmaps, we have the stamina to persist in investments through economic cycles. Within our niche industry positions, our passionate team develops custom material processes and pioneers applications that significantly contribute to the shift towards sustainable mobility. In the rapidly advancing semicon industry, we stand out as a strong and solid innovation partner, actively co-developing solutions and offering proprietary technology.

We closely monitor our annual investments in innovation (innovation expenditure is more than 5% of total revenue) and our diligent project execution ensures investments to materialise in a profitable way (innovation rate). In 2023, we continued our high investments in innovation and R&D and our total capital expenditure increased to EUR 224 million. We focus on the innovation rate to measure and continuously improve our performance. The diligent execution of our innovation projects, coupled with successful product launches and technology developments improved our innovation rate to 20%, and reaffirmed our commitment to staying ahead in the ever-evolving technological landscape.

As we look to the future, we keep prioritising innovation, making timely investments in new opportunities, and unlocking sustainable growth.

saving up to 15% energy

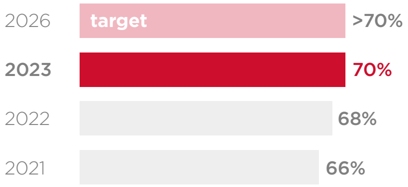
Due to the energy transition, low-temperature systems are increasingly being used. A negative aspect of low-temperature systems is their vulnerability: over time, air bubbles cause corrosion and biofilm forms, causing obstruction and blockages. Aalberts hydronic flow control invented the VacuStream, a vacuum degasser for low-temperature systems in homes and small buildings, saving up to 15% energy.

environmental performance

Emissions reduction from own operations and supply chain, reflected in energy use & CO_2 emissions and natural resource efficiency are material to us. The main Aalberts KPIs to measure our environmental performance are SDG rate, CO_2 and energy intensity, our renewable share and water use intensity. **The SDG rate, carbon emissions related to scope 1 & 2, (renewable) energy use and water use of 100% of our locations is reflected in the data on this and the following page.**

SDG rate
(in %)

70%

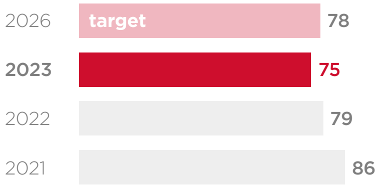


SDG impact further increased to 70% of total revenue

in 2023 we reached our commitment of at least 70% of total revenue and will continue to realise more SDG impact.

CO_2 intensity
(tonnes of CO_2/EUR million revenue)

75

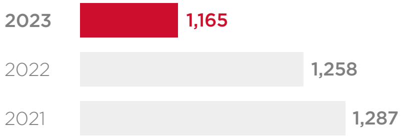


the CO_2 intensity decreased with 33% versus base year 2018

in 2023 we have exceeded our commitment of a 30% decrease in 2026 and will continue to execute our net zero carbon roadmap by reducing the CO_2 intensity.

energy intensity
(GJ/EUR million revenue)

1,165

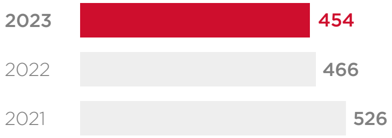


the energy intensity decreased with 17% versus base year 2018

approximately 50 of our locations are using 100% renewable electricity. Our renewable electricity share remained stable at 36% (2022: 37%).

water intensity
(m^3/EUR million revenue)

454



the water intensity decreased with 3% versus 2022

as described in our water management policy we commit to annually decrease our water use.

To understand our figures, see a trend, follow our progress and look for options to improve, we report the environmental figures within Aalberts on a quarterly base. We use accepted standards and protocols to compile, measure and disclose our greenhouse gas (GHG) emissions related to our entire company using the operational control approach. In doing so, we aim to ensure the reliability of our reported data by performing internal audits and thoroughly checking our data before we disclose it. Our GHG emissions are calculated and disclosed in line with the guidance set out in the GHG Protocol. The main KPIs are shared and discussed within the internal HSR & sustainability network every three months.

scope 1 & 2

Scope 1 & 2 primarily consist of electricity and natural gas. Scope 2 is calculated via the location and the market-based approach. The market-based approach reflects our supply choices in the renewable electricity purchased. We annually review and update our carbon emission factors to have these aligned to the latest guidance and best practices using sources as AIB and DEFRA. Our carbon emissions decreased by 1.1% and energy consumption shows a 4.6% decrease compared to 2022.

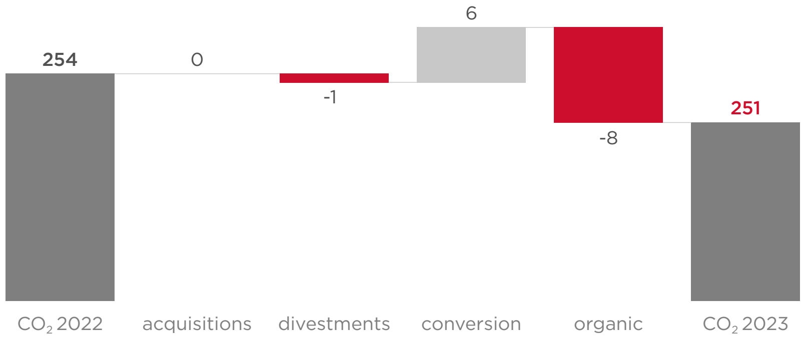
The update of conversion factors used, acquisitions and divestments do have an impact on our year-on-year performance. These effects are shown in the bridge separately. The AIB residual mix of France and Germany show an increase of fossil and decrease of nuclear, resulting in an increase of the conversion factor which impacted our emissions in a negative way. The carbon-emissions organically decreased by 2.9% and energy consumption decreased by 3.0%.

We are taking part in a CO_2 offset programme through Verified Carbon Units (2,501 tCO_2 in 2023) to mitigate our CO_2 related to scope 1 & 2 (market-based). To ensure quality of the offset projects, our Verified Carbon Units are verified under the Verra (VCS) standard. The offset is not taken into account calculating the total carbon emissions as disclosed in the bridge and the table.

The CO_2 and energy intensity are calculated by dividing the carbon emission and energy by total revenue. The revenue of EUR 3,324 million equals the revenue as stated in the consolidated income statement on page 91. The CO_2 intensity in 2023 was 75tCO_2 per EUR million revenue, resulting in a 3.9% decrease compared to 2022. The energy intensity was 1,165 GJ per EUR million revenue, resulting in a 7.3% decrease compared to 2022.

As a result of implementing actions and investments as defined in the improvement plans and upgrading to 'world-class' operations, our carbon-emissions organically are decreasing.

scope 1 & 2
(CO_2 in Ktonnes)



	2023	2022	2021
CO_2 intensity	**75**	**79**	**86**
CO_2 (in Ktonnes)	**251**	**254**	**257**
scope 1	119	125	104
scope 2 (market-based)	132	129	153
scope 2 (location-based)	139	144	

	2023	2022	2021
energy intensity	**1,165**	**1,258**	**1,287**
energy consumption (in TJ)	**3,873**	**4,062**	**3,835**
energy (electricity)	44%	44%	50%
energy other (gas, district heating, fuel)	56%	56%	50%
electricity consumption (in TJ)	**1,707**	**1,786**	**1,915**
renewable electricity	36%	37%	31%
self-generated electricity	0.3%		

scope 3

For the first time we are disclosing our scope 3 emissions (upstream). We performed a high over analysis following the spend-based method, using the DEFRA conversion factors.

This estimation shows which scope 3 category has the largest share in our upstream footprint. Category 1 – purchased goods and services is the largest category, mainly caused by the materials used to produce our products. Other relevant and large categories are 3 – fuel & energy related activities and 4 – upstream transportation and distribution.

We started measuring three of the upstream categories in more detail:

- category 1: purchased goods and services (raw materials & work subcontracted)
- category 3: fuel and energy related activities (not included in scope 1 or 2)
- category 5: waste generated in operations

We calculate our scope 3 emissions using guidance from the GHG Protocol and we continuously seek to improve the data quality of our scope 3 calculations.

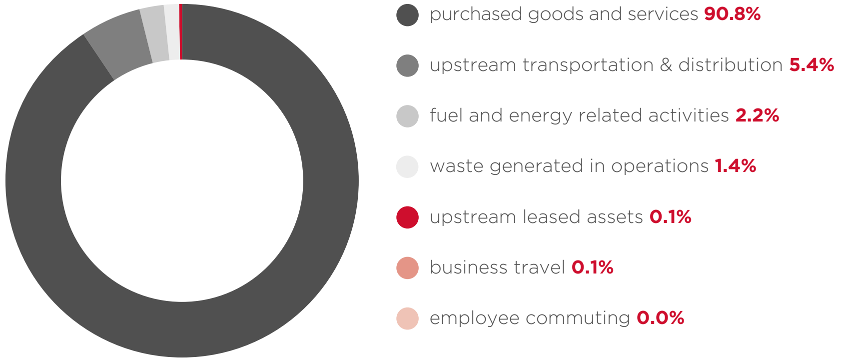
Calculating the emissions from our materials used, which is part of purchased goods and services, in more detail is a complex exercise. Data is collected via spend on materials used or tonnes purchased from the supplier. Split is made between virgin or recycled materials and raw materials (e.g. aluminium bars) or semi-manufactured products. We make use of the EcoInvent database to convert the tonnes purchased into CO_2 emisssions. The Environmentally-Extended Input-Output (EEIO) emission factors were used to convert the spend on materials used into CO_2 emissions. Currently approximately 50% (related to the share of materials used) is measured. In 2024 we extend the scope of our materials used reporting.

Secondly, we measure category 3: fuel and energy related activities in more detail. To calculate these emissions we use the average-data-method. Whereas the scope 1 & 2 energy sources are converted into emissions using the tank-to-wheel (TTW) conversion factors, category 3 is calculated using the well-to-tank (WTT) and transmission and distribution (T&D) conversion factors of Defra and CO_2emissiefactoren.

Thirdly, we disclose category 5: waste generated in operations. Although waste is a relatively small item in our footprint, we see it as our obligation to reduce waste as much as possible (page 54). Waste data collection is split into several hazardous and non-hazardous waste types, as well as a split in waste treatment. The consolidated waste data is converted into emissions using the EcoInvent database. To avoid the double counting of emissions, we follow the recycled content method or 100-0 approach recommended by the GHG protocol Technical guidance for calculating scope 3 emissions. 100-0 means that 100% of the material impact is accounted for at purchasing and zero% is accounted for at waste or the end of life. Currently approximately 60% (related to the share of revenue) is measured. In 2024 we extend the scope of our waste reporting.

Our focus is on the upstream categories, as we expect this covers most of our scope 3 footprint. Downstream categories 13 (downstream leased assets), 14 (franchises) and 15 (investments) are not applicable to Aalberts. Category 9 – downstream transportation & distribution, category 10 – processing of sold products, category 11 – use of sold products and category 12 – end of life treatment of sold products will be relevant. We continue working on improving the availability of the data used and have the ambition to include additional scope 3 data in next year's annual report.

scope 3 upstream estimation



scope 3 measurement	2023	2022	2021
scope 3 purchased goods and services*	739		
scope 3 fuel and energy related activities	35		
scope 3 waste generated in operations**	28		

* currently approx. 50% (related to the share of materials used) is measured.
** currently approx. 60% (related to the share of revenue) is measured.

waste

Although not material (page 19), we see it as our obligation to reduce, reuse and recycle our waste generated in our own operations. Waste generated in our company's operations in the reporting year is divided into several categories (e.g. paper, wood, electronic waste) and each category is subdivided in non-hazardous and hazardous waste. Waste management concerns the treatment of waste by a third-party, either by recovery (preparation for reuse, recycling, other recovery operations) or disposal (incineration with or without energy recovery, landfilling, other disposal operations).

Most of the waste generated is metal scrap resulting from turning and milling within our locations. The metal scrap is recycled in most cases. The emulsion used in the process of turning and milling is also generating waste. We are investing in closed loop systems to recycle the emulsion internally, so the waste generated will be reduced.

We continuously seek to improve the data quality of waste generated in our own operations.

water

Water withdrawal is defined as the sum of third-party, surface and ground water withdrawn. Water consumption is the sum of all water withdrawn minus water discharged. It is our policy to reduce water withdrawal and to recycle and treat water where possible. The definition used for water treated is the total amount of water returned to the source of extraction at similar or higher quality as water withdrawn, treated by our own locations onsite. Most of our water withdrawal is third-party water. The total water withdrawal increased by 0.2% and water consumption decreased by 0.9% compared to 2022. We are investing in water saving through multiple projects.

waste* (in tonnes)	generated	non-hazardous	hazardous
preparation for reuse	8,467	8,331	135
recycling	18,117	16,815	1,303
other recovery operations	2,442	709	1,733
total recovery	**29,026**	**25,855**	**3,171**
incineration with energy recovery	2,123	955	1,168
incineration without energy recovery	1,330	85	1,245
landfilling	4,605	3,059	1,547
other disposal operations	7,740	1,082	6,658
total disposal	**15,799**	**5,181**	**10,618**
total waste	**44,825**	**31,036**	**13,789**

* currently approx. 60% (related to the share of revenue) is measured.

waste handling

non-hazardous / hazardous

	2023	2022	2021
water intensity	**454**	**466**	**526**
water withdrawal (in 1,000 m³)	**1,508**	**1,505**	**1,567**
third-party water	1,131	1,166	1,213
groundwater and surface water	377	339	354
water consumption	78%	79%	82%
water treated	22%	21%	18%
water consumption (in 1,000 m³)	**1,175**	**1,186**	**1,287**
water consumption intensity	353	367	432

EU taxonomy

In accordance with European Regulation 2020/852, Aalberts is disclosing the part of its revenue, its capital expenditures and operating expenditure resulting from products or services associated with economic activities considered to be environmentally sustainable. This classification system, is known as the ‘EU taxonomy’.

Aalberts reports its percentage eligibility related to revenue, capital expenditures and operational expenditures and alignment on these three subjects. We defined the business activities within Aalberts, which are clustered by technologies and/or markets. Further we determined per business activity whether the activity fits one of the six objectives as described in the EU taxonomy. In case the business activity is covered by Annex I to Annex VI the activity is considered eligible. As four objectives were newly introduced in 2023, we reconsidered the eligibility of all our activities. As described in our 2022 annual report, in 2023 we have worked on formalising the process of alignment. Working from eligibility to alignment is done by applying the technical screening criteria, investigate whether the activities meet the ‘do not significant harm’ criteria and check if the activities comply with the minimum safeguards. This alignment process was performed together with the applicable business team. We consider the EU taxonomy a continuous process and monitor possible changes and/or future additional guidance.

eligibility

We changed our view on the enabling activities. Previous years we took a broader interpretation to the definition of enabling activities. Due to the detailed formulation of the technical screening criteria in combination with the focus on the end-producers, we narrowed down our interpretation. This applies for example to activities within hydronic flow control and integrated piping systems. Therefor most of our economic activities are non-eligible. The approach of reconsidering our role as an enabler differs from previous years and consequently the eligible percentage changed significantly.

The Aalberts way of value creation is to achieve unique positions with high growth potential and sustainable impact. As the scope of the EU taxonomy is limited, not all our activities are covered by the EU taxonomy and are therefore not eligible. Activities where we see a fit are described in the annex related to climate change mitigation and the newly published environmental delegated act on 27 June 2023 (delegated regulation (EU) 2023/2486) related to sustainable use and protection of water and marine resources. However, the products and services we manufacture and deliver are often enabling activities. Such activities play a crucial role in the decarbonisation of the economy by directly enabling other activities to be carried out at a low carbon level. In accordance with the EU taxonomy, many of these activities are not disclosed, as only the manufacturers of the end products themselves can report revenue under this economic activity. Some of our products fit within economic activity 3.5 Manufacture of energy efficiency equipment for buildings. Currently, we see a partial fit for those products, as energy-saving categories are missing within the technical screening criteria. According to the Internationale Energy Agency (IEA), almost half of the energy use in buildings globally is used for space and water heating. Significant energy saving can be realised by products that are not yet covered by any of the current technical screening criteria, such as balancing valves and equipment to balance the flow in systems, installation to treat the water in the system (by additives or by air and dirt separation) and low temperature emitting systems like underfloor heating components and low temperature radiators. An economic activity in category 3.5 is an enabling activity in accordance with Article 10(1), point (i), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section. The described activities were taken into account previous years as they are enabling activities. But as these energy saving categories are not specifically described in the technical screening criteria, the products are considered as non-eligible as of 2023. Examples of products and their key components that are eligible are smart homes, heatmeters and transfer stations.

The eligibility percentages are presented in three KPIs: revenue, capital expenditures and operating expenditure. The revenue equals the revenue as presented in the consolidated income statement on page 91 and covers all business activities of Aalberts. Capital expenditures concerns the additions to the property, plant and equipment, intangible assets and right-of-use assets (see notes 5,6 and 7). The operating expenditure covers direct non-capitalised costs in accordance with the EU taxonomy. These expenses are part of the expenses within the consolidated income statement page 91. The numerator of the revenue KPI is calculated as the part of the revenue derived from products associated with taxonomy eligble/aligned economic activities. The numerator of the other two KPIs equals to the part of the capital/operating expenditure included in the denominator that is related to processes that are associated with taxonomy-eligible/aligned economic activities. Allocation formulas have been used for the capital/operational expenditure to approximate the eligibility on these two subjects. The business activities as defined do not have overlap, so risk of double counting is avoided.

alignment

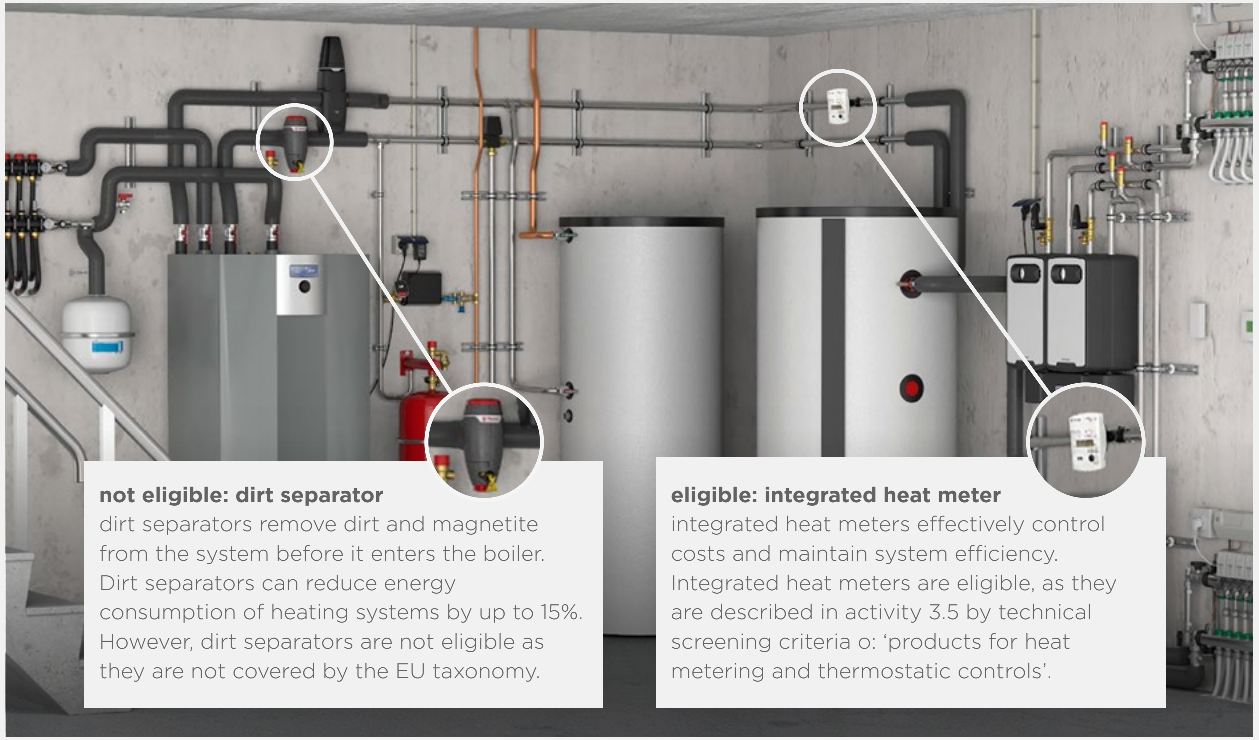
In 2023 we investigated the technical screening criteria, do not significant harm criteria and the minimum safeguards criteria for our eligible activities. The results are described in the alineas below.

technical screening criteria

To fulfil the technical screening criteria related to economic activity 3.5, the economic activity manufactures one or more of the products and their key components as listed (a/q). We manufacture one or more of the following products and their key components related to:

- **m.** energy-efficient building automation and control systems for residential and non-residential buildings;
- **o.** products for heat metering and thermostatic controls for individual homes connected to district heating systems, for individual flats connected to central heating systems serving a whole building, and for central heating systems;
- **q.** products for smart monitoring and regulating of heating system, and sensoring equipment.

As there are no further technical requirements defined, we consider us aligned on the technical screening criteria.



not eligible: dirt separator
dirt separators remove dirt and magnetite from the system before it enters the boiler. Dirt separators can reduce energy consumption of heating systems by up to 15%. However, dirt separators are not eligible as they are not covered by the EU taxonomy.

eligible: integrated heat meter
integrated heat meters effectively control costs and maintain system efficiency. Integrated heat meters are eligible, as they are described in activity 3.5 by technical screening criteria o: 'products for heat metering and thermostatic controls'.

do not significant harm criteria (DNSH)

climate change adaptation (CCA) - alignment with the DNSH criteria for climate change adaptation is based on the climate risk and vulnerability assessment including multiple scenarios (page 27). The physical risks of Appendix A that have been included in the assessment are acute, such as extreme precipitation and wind, or chronic, such as temperature, drought and sea level rise. The locations – located in Germany and France – that manufacture products related to activity 3.5 Manufacture energy efficiency equipment for buildings have been assessed and no immediate adaptation measures were identified. Based on the outcome of the analysis, we conclude that we meet the DNSH criteria for climate change adaptation.

sustainable use and protection of water and marine resources (WTR) - alignment with the DNSH criteria for sustainable use and protection of water and marine sources is based on the water-stressed area assessment we have performed with the WRI Aqueduct tool (page 27). The relevant locations are not located in extremely high water stressed areas. No significant changes occur in the 2030 scenario. Although the locations have a relatively low water consumption, water management systems are addressed in ISO 14001 certifications, which are in place for two of the three locations. All in all, the water risk and impact is considered negligible. Therefore we meet the DNSH criteria for sustainable use and protection of water and marine sources.

transition to a circular economy (CE) - alignment with the DSNH criteria for circular economy is based on the presence of a circular economy strategy where feasible. All products related to activity 3.5 Manufacture of energy efficiency equipment for buildings have a circular economy strategy in place or are designed along circular principles (page 28). Aalberts focuses on minimising the use of natural resources and maximising the value of natural resources used. Where feasible, Aalberts assesses the possibility to optimise of product housing, the use of alternative or biodegradable materials, material weight reduction and reduction of packaging materials. Therefore, we meet the DNSH criteria for circular economy.

pollution prevention and control (PPC) - alignment with the DNSH criteria for pollution prevention and control is based on the absence of substances in our processes and products, as described in Appendix C of the delegated regulation (EU) 2021/2139. The manufacturing of energy efficient products contains brass which consists more than 0.1% lead. However, the products containing lead are not electrical or electronic equipment and thus do not violate Criteria D: Annex II of the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment. For the products that can be considered electrical or electronic equipment containing lead, we regard the lead boundaries set by the Restriction of the use of certain Hazardous Substances (RoHS) regulation. Therefore we meet de DNSH criteria for pollution prevention and control.

protection and restoration of biodiversity and ecosystems (BIO) - alignment with the DNSH criteria for the protection and restoration of biodiversity and ecosystems is based on the results of the Integrated Biodiversity Assessment Tool (IBAT) (page 28). No products related to 3.5 Manufacture of energy efficiency equipment are manufactured in locations that are situated in a 1-kilometer radius proximity of a Key Biodiversity Area. Therefore, we meet de DNSH criteria for the protection and restoration of biodiversity and ecosystems.

minimum safeguards criteria

Currently, human rights due diligence is performed by the business teams. In 2023 we have worked on an overall human rights due diligence process for Aalberts to comply with the minimum safeguards. In 2024 we expect to roll-out this programme throughout the organisation (page 65). Therefore, we currently do not comply with the minimum safeguards criteria and expect to comply once the due diligence programme is rolled out.

conclusion

As we do not fulfil all criteria, we consider ourselves not aligned yet in terms of the EU taxonomy. Please see the results in the table on page 58 to page 60. We expect to provide further insight in 2024 on alignment. As the EU taxonomy is still in a developing stage, more guidance is expected which could have an impact on our 2023 findings.

proportion of revenue/total revenue

	taxonomy-aligned per objective intangibles	taxonomy-eligible per objective
CCM	0%	1.9%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

proportion of CapEx/total CapEx

	taxonomy-aligned per objective intangibles	taxonomy-eligible per objective
CCM	0%	1.0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

proportion of OpEx/total OpEx

	taxonomy-aligned per objective intangibles	taxonomy-eligible per objective
CCM	0%	1.2%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

economic activities	financial year 2023			substantial contribution criteria						DNSH criteria ('Do Not Significantly Harm')									
	code	revenue (mio)	proportion of revenue, year 2023	climate change mitigation	climate change adaptation	water	pollution	circular economy	bio diversity	climate change mitigation	climate change adaptation	water	pollution	circular economy	bio diversity	minimum safeguards	proportion of taxonomy aligned (A.1.) or eligible (A.2.), revenue year 2022	category enabling activity	category transitional activity
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. taxonomy-eligible activities																			
A.1. environmentally sustainable activities (taxonomy-aligned)																			
revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)																			
of which enabling																			
of which transitional																			
A.2. taxonomy-eligible but not sustainable activities (not taxonomy-aligned activities)																			
manufacture energy efficiency equipment for buildings	CCM 3.5	62	1.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	N		E	
revenue of taxonomy-eligible but not sustainable activities (not taxonomy-aligned activities) (A.2)		62	1.9%	1.9%															
A. revenue of taxonomy-eligible activities (A.1+A.2)		62	1.9%	1.9%															
B. taxonomy-non-eligible activities																			
revenue of taxonomy-non-eligible activities (B)		3,262	98.1%																
total		3,324	100%																

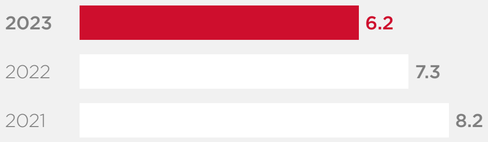
economic activities	code	CapEx (mio)	proportion of CapEx, year 2023	climate change mitigation	climate change adaptation	water	pollution	circular economy	bio diversity	climate change mitigation	climate change adaptation	water	pollution	circular economy	bio diversity	minimum safeguards	proportion of taxonomy aligned (A.1.) or eligible (A.2.), CapEx year 2022	category enabling activity	category transitional activity
	financial year 2023			**substantial contribution criteria**						**DNSH criteria ('Do Not Significantly Harm')**									
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. taxonomy-eligible activities																			
A.1. environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)																			
of which enabling																			
of which transitional																			
A.2. taxonomy-eligible but not sustainable activities (not taxonomy-aligned activities)																			
manufacture energy efficiency equipment for buildings	CCM 3.5	3	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	N		E	
CapEx of taxonomy-eligible but not sustainable activities (not taxonomy-aligned activities) (A.2)		3	1.0%	1.0%															
A. CapEx of taxonomy-eligible activities (A.1+A.2)		3	1.0%	1.0%															
B. taxonomy-non eligible activities																			
CapEx of taxonomy-non-eligible activities (B)		264	99%																
total		267	100%																

economic activities	code	OpEx (mio)	proportion of OpEx, year 2023	climate change mitigation	climate change adaptation	water	pollution	circular economy	bio diversity	climate change mitigation	climate change adaptation	water	pollution	circular economy	bio diversity	minimum safeguards	proportion of taxonomy aligned (A.1.) or eligible (A.2.), OpEx year 2022	category enabling activity	category transitional activity
	financial year 2023			substantial contribution criteria						DNSH criteria ('Do Not Significantly Harm')									
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. taxonomy-eligible activities																			
A.1. environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)																			
of which enabling																			
of which transitional																			
A.2. taxonomy-eligible but not sustainable activities (not taxonomy-aligned activities)																			
manufacture energy efficiency equipment for buildings	CCM 3.5	2	1.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	N		E	
OpEx of taxonomy-eligible but not sustainable activities (not taxonomy-aligned activities) (A.2)		2	1.2%	1.2%															
A. OpEx of taxonomy-eligible activities (A.1+A.2)		2	1.2%	1.2%															
B. taxonomy-non eligible activities																			
OpEx of taxonomy-non-eligible activities (B)		147	98.8%																
total		149	100%																

social performance

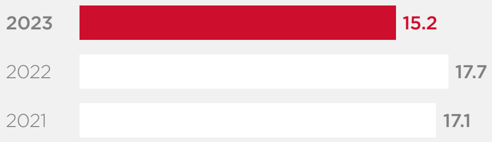
Our social performance is focused on health & safety and diversity. We have set clear health & safety KPIs including LTIFR (the number of lost time injuries per one million working hours), average days lost as a result of LTI and absenteeism rate to monitor our performance. For diversity we monitor gender diversity of our total workforce and focus on gender diversity within the senior leadership of the company.
The social performance of 100% of our locations is reflected in the data on this page.

lost time injury frequency ratio



improved LTIFR
Aalberts strives for an accident-free, secure and healthy working environment for all its employees. The business teams have a joint responsibility to realise the group-wide average of an LTIFR below 5 in 2026. There were no fatalities in 2023.

average number of days lost per LTI

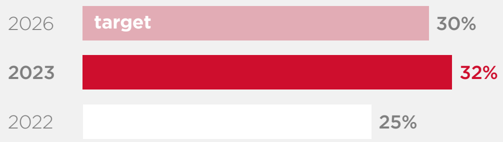


average days lost per LTI decreasing
The average number of days lost per LTI decreased to 15.2. Safety policies and improvement plans are in place for all business teams and locations.

absenteeism rate

absenteeism rate stayed below 4
COVID-19 related absenteeism is not measured separately in 2023 (2022: 0.8%). The absenteeism rate stayed well below 4 in 2023.

gender diversity senior leadership



senior leadership
32%

total workforce
23%

Supervisory Board
33%

progress gender diversity senior leadership
gender diversity is monitored at various levels, total workforce (23%), Supervisory Board (33%) and senior leadership (32%). Diversity is a priority and is driven by our people & culture network.

risk & governance

business integrity

Aalberts is committed to conducting its business with honesty and integrity, to follow the law and to make sure that each employee and business partner is treated fairly and respectfully. We insist that everyone within our company acts with the greatest possible integrity and takes responsibility for maintaining Aalberts' good reputation. This requires all our employees to take ownership, act transparently and speak up in a joint effort to safeguard the integrity of Aalberts internally and towards third parties with whom Aalberts deals in its daily business operations.

Code of Conduct

Our Code of Conduct serves as a framework that reflects on our main business standards as rules of ethical conduct. It clarifies the rules and standards that all Aalberts employees must follow and sets out expected behaviour about: compliance with laws, prevention of fraud, no corruption or bribery, avoidance of conflict of interest, compliance with insider trading rules and accurate accounting & reporting. Furthermore, Aalberts' Code of Conduct informs about fair and timely disclosure of information, dealing with suppliers, responsible work conduct, responsible work environment, corporate responsibility, proper authorisations and approvals. More information can be found at **aalberts.com/code**. In 2023, we also prepared a so-called "Introduction to our Code of Conduct". In this one pager, the key points of our Code of Conduct are summarised and presented more visually (rather than just textually).

When new employees join Aalberts we introduce the Code of Conduct immediately, by making it part of the employment onboarding package or processes. We check compliance with the Code of Conduct and other governance topics, with governance visits by the governance contact person. A few of those governance visits took place as part of integrated audits. Plans have been made for more visits in 2024 by all governance contact persons in the governance network.

This governance network – which we further reinforced last year – consists of legal counsels within Aalberts. These legal counsels work together as much as possible beyond the borders of the business teams and countries, to ensure that available knowledge is used to the full, to share and learn from each other, to align our global governance topics and create synergy. The visits are part of the governance plans, with concrete action lists. In 2022 the focus of those plans was on further awareness and training. Last year the emphasis was more on continuing to secure the knowledge and procedures and the accountability for all governance topics. That is also one of the reasons why in 2023 we started including harmonised key performance indicators (KPIs) in the governance plans together with visual performance meters. With those KPIs we encourage the accountability of the business teams and we provide further insight into where we can learn from each other. For 2024 we will continue to focus on securing know-how and accountability, in combination with checks and controls. Via the governance plans (in addition to the multiyear plans) we further strengthen and embed governance in the company.

The governance network came (online) together every month to discuss the long- and short-term objectives. Every business team is responsible for its own governance plan and associated actions and KPIs.

anti-corruption and bribery

The subjects included in the Code of Conduct are further specified in the annexes to the Code of Conduct and our policies. One example is our anti-corruption and bribery policy: Doing business all over the world can expose Aalberts to local bribery and corruption risks, which can lead to substantial penalties and reputational harm. That is why we have several anti-corruption and bribery initiatives, including:

- an anti-corruption and bribery checklist containing red flags;
- due diligence and third-party screening procedures;
- use of anti-corruption clauses in contracts;
- speak up! procedure to report suspected irregularities.

In addition, we regularly perform a risk assessment for the geographical areas and sectors we do business in. We are cautious with high-risk countries and provide additional guidelines for doing business in these countries. As a result of our policies and initiatives, awareness of our governance topics, such as anti-corruption and bribery laws and policies, is high. We continuously focus on expanding our awareness measures in key geographical areas and business sectors. We do this through the Aalberts academy and by providing additional trainings.

Aalberts academy and other training

To ensure that the Code of Conduct is not only signed when a new employee joins, but that our employees also know what the content actually means for their daily work and that it becomes part of the actions of our employees, we have several e-learnings about our Code of Conduct and business integrity in our Aalberts academy. The Aalberts academy is our e-learning portal. The e-learnings in the Aalberts academy are mandatory for all management team members and other managerial staff, for all our employees in sales, purchase, finance & controlling, human resource and all key employees of other departments such as R&D, logistics, operations and customer service. When those employees join Aalberts they are invited for the Aalberts academy and must complete the e-learning courses included in the Aalberts academy, within three weeks. Our target is that 100% of the participants pass. Of the employees who participate actively in the Aalberts academy, on 31 December, 2023 98% completed the e-learnings about: our Code of Conduct in general, no unfair competition, no corruption & bribery, sanctions & export control, personal data protection & information security and the speak up! (whistleblower) procedure. This high percentage is achieved through strong management focus and the right company culture, where acting with integrity is embraced by everyone. Since we consider it important to retain our mission-critical people, and we succeed in doing so, the e-learning modules are repeated when someone develops further within Aalberts.

Also, additional training on the subjects of the e-learnings is provided. Physical trainings where possible and digital training sessions as a valuable alternative. In those trainings one or more governance topics are emphasised again, integrity dilemmas are raised and discussed, and employees are encouraged to speak up when confronted with a potential issue. Those extra trainings are adapted to the needs of the business teams and the applicable circumstances. Several business teams renewed focus, in alignment with their corporate governance person, on the Code of Conduct and on the importance of the regulation regarding sanctions and export controls via live trainings. We also updated our checklist regarding 'no unfair competition' and we created an introduction to our Code of Conduct in which we have presented the Code of Conduct even more approachable / extra easily accessible.

speak up!

With the legal and integrity framework that we have in place we make sure that all our employees are familiar with our business standards. To uphold those standards, all employees play a role in monitoring compliance with the Code of Conduct and reporting inappropriate behaviour. We strive for a working environment that encourages open dialogue within all layers of the organisation and with third parties. We encourage our employees to speak up whenever they observe or suspect a violation. Our employees, but also external business parties, can report violations of the Code of Conduct or other misconduct via our speak up! procedure at **aalberts.com/speakup** (anonymously if desired). To ensure that communication with the person making a report is always possible, even when someone makes a report anonymously, we changed to another (external) speak-up channel.

All relevant speak up! notifications have been investigated and followed up promptly. Where appropriate, necessary action has been taken. Relevant cases are reported to the Management Board and, if these occur, material violations will be immediately reported to the Audit Committee and the Supervisory Board. No material violations of the Code of Conduct were either reported via the speak up! procedure or were detected via the internal or external audits or governance checks in 2023.

health & safety

Protecting the health and safety of our people was again a topic of high importance in 2023 and we will certainly continue to focus on this in 2024. The Aalberts culture, 'winning with people', means taking responsibility for our people by developing them and keeping them safe. That is why we are constantly focusing on providing a safe work environment. We focus on preventing incidents that may be harmful to our own people, but are also committed to the safety of our contractors, property and neighbouring communities. Our overall health & safety policy is embedded in the Annex responsible work environment of our Code of Conduct. All our employees must follow all applicable safety rules or instructions for the location where they work and promptly report all accidents, near misses, potential hazards and other risks to their manager. One may never put oneself or anyone else at risk of one's health or safety. Specific safety policies are in place at all our production and service locations and many companies within the group have safety management systems in place in accordance with the ISO 45001 standards. There are health & safety training programmes in place for employees, such as toolbox safety sessions, training on use of personal protection equipment, emergency preparedness procedures and hazard identification.

Health & safety performance and risk management are embedded in our HSR & sustainability network, which is chaired by the CEO and our director sustainable entrepreneurship and includes COOs or other representatives of all business teams. All business teams have developed long-term strategic health & safety and risk management improvement plans which are discussed, challenged and carefully monitored throughout the year. Multi-year health & safety targets are set, based on industry benchmarks. Targets vary per business team given the specifics of the operations. The business teams have a joint responsibility to realise the group-wide average of a LTIFR below 5 in the coming years with the ambition to work towards zero accidents.

supply chain management

We can only assure our integrity if our suppliers also subscribe to our business principles. To further improve integrity and sustainability throughout the entire value chain we partner with suppliers who live by the same main principles as our Code of Conduct (safe place to work, respect human rights, treat employees with respect and work in an environmentally friendly way). When selecting suppliers, we consider sustainability factors, such as quality, health & safety and environmental performance. At key suppliers we perform audits to check their standards. We also ask our suppliers to sign our Supplier Code of Conduct what all material suppliers have done. By signing this Supplier Code of Conduct, suppliers agree to comply with our principles. Our Supplier Code of Conduct includes the principles of the Code of Conduct and the principles of the UN Global Compact and the OECD. It goes without saying that we closely monitor new regulations also with regard to this topic. This means – among others – that we have made the necessary preparations to review our suppliers where required.

product safety and quality

Aalberts manufactures and delivers high-quality products and services and is continuously improving this quality. In our development, design, manufacturing, and installation we think about how to make products safe and of high quality. Our group companies have quality management systems in accordance with the requirements of ISO 9001, are certified as such, and have additional industry specific certifications, such as ISO 16949 for the automotive industry or AS 9100 for the aerospace industry. Quality and product safety policies and statements are in place at local level. Our group companies manage risks from chemicals or hazardous substances and provide safety information on the substances in accordance with REACH and RoHS.

Aalberts is committed to sourcing its materials responsibly. Aalberts ensures that its products do not contain conflict minerals tin, tantalum, tungsten and gold; 3TG) sourced from mines from conflict-affected and high-risk areas. Consequently, the group companies of Aalberts identify products and services which potentially contain conflict minerals and have a due diligence procedure in place. We expect our suppliers that work with materials containing 3TG to comply with applicable laws concerning responsible sourcing of conflict minerals.

human rights & labour relations

As a responsible member of the global community, we have a strong commitment to preventing human rights violations. We conduct business based on fairness, honesty and integrity as expressed in our Code of Conduct and we expect the same from all of those we work with. Aalberts' commitment to respect human rights, as defined by the United Nations in its Universal Declaration of Human Rights, is laid down in a formal human rights policy. This Aalberts policy will be updated in 2024 to ensure that it remains continuously in line with the latest developments. We support the principles laid down in the OECD Guidelines for Multinational Enterprises and those in the ILO Declaration on Fundamental Principles and Rights at Work. Aalberts wants to build long-term, sustainable relationships with its employees and therefore strives to pay fair salaries and benefits. Freedom of association and the right to collective bargaining are self-evident, fundamental rights, which we respect. At Aalberts, the principle of free choice of employment is inviolable. It applies to every employee in every country we operate.

In 2023 we received no evidence of any human rights violations or abuses. Due diligence on human rights within our group companies and their supply chain forms part of all our governance visits, with special attention to this topic in areas where there may be a higher risk of impact to people. Human rights due diligence in our supply chain is performed at level of our business teams and group companies. In addition to our specific human rights policy, human rights are addressed in our Supplier Code of Conduct and form part of supplier assessment and audit procedures.

tax policy

A coherent and responsible tax policy is a key element of our sustainable way of doing business. Taxation is an important contributor to society and for that reason, we regard it as part of our corporate social responsibility towards our stakeholders. Over the years, Aalberts has developed and applied a conservative and cautious tax policy. We support and adhere to the principles on tax transparency and responsible tax management as published in various guidelines by the OECD and directives by the European Union.

Our business is leading in setting up international operations: we declare profits and we pay tax in conformity with the added value of the business activities in each jurisdiction. This results in paying our fair share of tax in the countries in which we operate, which is clearly reflected in our overall effective tax rate. Our tax strategy is not only aimed at complying with the letter of tax laws and regulations but also with the spirit of these laws. This means that we neither use tax structures or tax havens intended for tax avoidance, nor will we make use of artificial transfers of profits.

In order to benefit from our strong innovative disposition, Aalberts aims to optimise the use of tax incentives and investment schemes such as innovation box and R&D deductions, but only to the extent these tax incentives have been designed for. Furthermore, we aim at filing accurate and timely tax returns and we strive to maintain professional, transparent and respectful relationships with tax authorities in the various countries. As a result of our low tax risk appetite, the relationships with tax authorities are based on seeking dialogues rather than seeking controversy. Since 2020, Aalberts has been selected for Individual Supervision by the Dutch tax authorities. Individual Supervision consists of a tailor-made approach for each of the 100 largest and most complex organisations in the Netherlands.

Tax matters are being discussed with the CFO on a regular basis. As such, the Management Board has a proper oversight of tax-related risks and of the key factors that are affecting the effective tax rate of the group.

The involvement of the Aalberts tax department is not limited to corporate income tax but extends to VAT, wage tax, social securities, dividend withholding tax, sales and use tax, real estate tax and other taxes that Aalberts entities around the globe are subject to. To monitor and control the tax positions per entity, the Aalberts tax department deploys various internal tax controls. The effective tax rate is not a KPI of the tax department. The performance of the Aalberts tax department is assessed against compliance targets and adherence to tax regulations, such as compliance to transfer pricing documentation requirements and local tax return filing and payment obligations.

Since 2017, Aalberts submits a so-called 'Country-by-Country-report' to the Dutch tax authorities on an annual basis. This report is available to tax authorities in each jurisdiction where Aalberts has a taxable presence.

Depending on materiality and complexity of a specific matter or transaction, Aalberts will seek external tax advice from independent, third-party tax professionals. If appropriate, approval from tax authorities will be obtained to gain upfront certainty about the application of specific tax legislation.

personal data protection and information security

We have technical and organisational measures in place to prevent accidental or unlawful destruction, loss, alteration or unauthorised access to personal data. Over the last years, we strengthened our policies, procedures and contracts for personal data protection and this is also a dedicated topic in the Aalberts academy. An e-learning module is devoted to personal data protection to train all key employees. In addition, our governance network, together with the business management teams, have trained all employees responsible for processing personal data (such as HR, IT, sales and general management) and will continue to do so on a regular basis to ensure sustainable progress and to further embed compliance with this important topic.

We also continued to strengthen the internal control measures around our IT infrastructure and IT systems to increase the protection of personal data, intellectual property and other sensitive information. This includes the further implementation of a wide range of control measures that are part of our Aalberts security baseline or are additional requirements within certain supply chains or jurisdictions. These controls are focused on critical topics such as security awareness, secure software configuration, user access management, email and endpoint protection as well as incident management to ensure appropriate response and fast recovery when needed.

risk and opportunity management

As a consequence of the nature of our business and strategy, we face a number of risks and opportunities. Taking intelligent risks is part of our values and controlled risk taking enables us to leverage the present opportunities. Managing risks and leveraging opportunities is a continuous process, part of our daily business and strategic planning. New opportunities are on the horizon driven by megatrends including urbanisation, energy & resource scarcity and Industry 4.0.These megatrends engender opportunities for us to leverage, but they can also lead to direct adverse effects. Failure to leverage the opportunities or being unable to quickly respond and adapt results in risks for our business.

Failure to mitigate risks could lead to damage: humanly, environmentally, and financially. Damage in either one of these areas could also lead to reputational damage. Our increasing utilisation of the Aalberts brand increases vulnerability to reputational risk. Our existing risk profile with diversification in businesses, technologies, end markets and geographical regions alleviates the impact by limiting the dependency on specific markets or customers.

We have carefully assessed the type and extent the risks pose a threat to the group achieving its objectives. No new risks were identified in 2023 but the relevance of risks driven by megatrends was further emphasised. This includes the long-term emerging risks related to climate change (energy & resource scarcity), disruptive technologies, cyber threats (Industry 4.0) and increased geopolitical tensions.

We also clearly see the increasing impact the long-term emerging risks included in our materiality analysis pose on our business, especially the shortage of qualified and talented people. This shows the necessity to nurture a future-proof workforce to enable our sustainable profitable long-term growth.

risk appetite and sensitivity

To achieve our objectives, we are willing to accept certain controlled risks. The boundaries are defined by our risk appetite which is derived from the nature of the risks and our strategy.

Risk appetite is different for the general risk areas that are identified:

- strategic: pursuing our strategy includes investigating new business opportunities. We are prepared to take risks to increase game-changing innovations and accelerate our unique positions with high growth potential and sustainable impact.
- operational: sufficient qualified and talented people and investments in assets are required to effectively and efficiently improve operations. We are willing to accept risks to deliver high added value for our customers, but our risk appetite can be described as cautious to averse. We especially aim to minimise risks to ensure a responsible and safe work environment and to protect our people and the Aalberts brand.
- legal & regulatory: complying with applicable laws, regulations and the Code of Conduct is fundamental to our reputation. We have a zero-tolerance policy towards non-compliance or breaches in these areas. We are also risk averse with respect to potential product and solutions failures or quality issues for our customers and end users.
- financial: maintaining a prudent financing strategy, disciplined capital allocation and ensuring consistent and timely reporting are needed to realise our objectives. We are cautious regarding risks related to our financial position and performance (e.g., currency, credit and interest rate risk) and risk averse to any risk that could jeopardise the integrity of our reporting.

Risk profile, scenarios, and sensitivity of the company's results to external factors are assessed as part of our strategy update and (semi-)annual forecasting process. In addition, sensitivity analyses are performed for the purpose of impairment testing and financial risk management. In general, vulnerability to individual external factors is low due to our balanced business portfolio and diversification in end markets, geographical regions, and customers.

risk management and control systems

Managing risks and opportunities is not only part of our daily business, but also of a broadly felt joint responsibility with involvement of Executive Team, head office functional teams, our Aalberts networks, business teams and local ownership.

The Management Board has the overall responsibility for achieving our strategy, objectives and establishment of adequate internal risk management and internal control systems. The business teams are responsible for maintaining an effective risk and control environment as part of day-to-day operations. This includes the risk management and control systems, as set out above, which are regularly updated to respond to the group's changing risk profile.

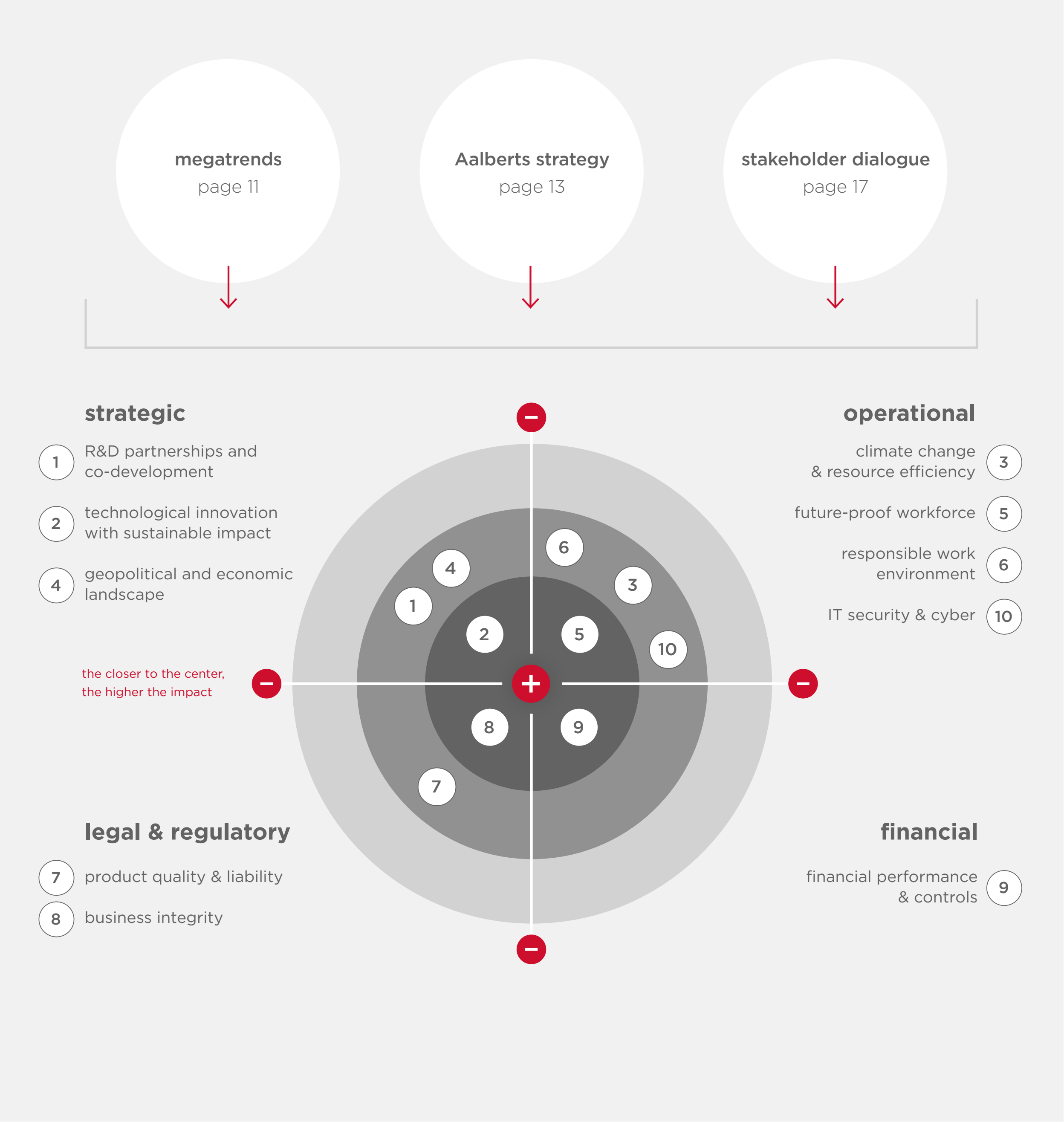
The Aalberts networks also play an important role in our risk management approach by sharing knowledge on identified risks, exchanging best practices to mitigate these risks and monitor progress.

The risk management and control systems do, however, not provide absolute assurance that errors, fraud, losses, or unlawful acts can be prevented. During 2023, no significant shortcomings were found in the internal risk management and control systems. Furthermore, no significant changes were made or scheduled for these systems, other than the further strengthening of our business management teams and head-office with increased focus on topics related to sustainability and information security.

We further optimised our multidisciplinary and integrated audit approach for all business teams and expanded our integrated audit network. The total number of audits in 2024 will be further increased. These audits cover a broad range of topics with a focus on people & culture, health & safety, sustainability, governance & legal, financial compliance and IT security & cyber. Through these audits we continuously identify opportunities to improve our processes and related controls that are fundamental to the further growth of our business

The internal risk management and control systems have been discussed with the Supervisory Board. These systems have demonstrated to be adequate, as they provide a reasonable degree of assurance that the financial reporting does not contain any material misstatements and that the risk management and control systems operated properly during 2023. The progress and performance in 2023 also showed the value of resilience through our lean and effective business model. Our diversity in mission-critical technologies, leading market positions, worldwide presence, strong local entrepreneurship and fast decision-making help us in the fast changing economic landscape, dealing with geopolitical tensions and major events like trade wars and pandemics, including related challenges.

The next pages show an overview of the themes and related risks and opportunities that we believe are most relevant for the achievement of our objectives. The overview also shows the key actions driven by our Aalberts networks. The sequence of risks does not reflect an order of importance, vulnerability or materiality. This overview is not exhaustive and should be considered in connection with forward-looking statements. There may be risks not yet known to us or currently not deemed to be material.



1 R&D partnerships and co-development

business development network and pricing excellence network

opportunities	risks
our technologies, global footprint and deep industry and market knowledge enable intensified cooperation with key customers in fast-growing markets	co-development leads to increased investments, complexity and interdependency and could potentially limit our added value margin

key actions to manage risks

- continue investments in R&D and competence centres per technology and increase innovation expenditure to >5% of revenue to drive further sustainable organic growth
- further reduce complexity by simplifying our organisational structure through consolidation and reduction of locations
- continue portfolio optimisation through execution of divestment programmes to focus on defined technology clusters and end markets
- continue strong financial performance to maintain healthy balance sheet ratios and investment power
- critically select the right partners and further optimise Key Account Management with an integrated offering and global presence

2 technological innovation with sustainable impact

business development network

opportunities	risks
our technologies accelerate breakthroughs in smart homes and commercial buildings, transportation, and industries, enabling new business models, (digital) services with sustainable impact	disruption can limit our growth potential and profitability, innovation cycles are reduced substantially and (sophisticated) cyber-attacks can expose sensitive data

key actions to manage risks

- ensure fast anticipation and adaptation through our lean and effective business model
- increase innovation rates and SDG rate by implementing long-term innovation roadmaps focused on sustainable impact with disciplined capital allocation
- harmonise and standardise IT systems per business team to support business processes and realise more efficiency
- increase focus and strengthen policies, procedures and contracts to protect privacy, personal data, intellectual property and other sensitive information
- implement Aalberts cyber security baseline derived from the CIS Critical Security Controls and additional measures to prevent, detect and respond to threats and incidents

3 climate change & resource efficiency

HSR & sustainability network

opportunities	risks
shifting to a carbon neutral economy with increased focus on resource efficiency has a positive impact on our reputation, operational and financial performance	climate change leads to transition risks (e.g., adaptation portfolio, legislation, carbon pricing) and causes extreme weather conditions that could bring physical risks to our operations

key actions to manage risks

- monitor and manage Aalberts environmental KPIs via HSR & sustainability network and share best practices
- scenario planning related to CO_2 intensity and our net zero carbon roadmap
- execute sustainability improvement plans per business to reduce CO_2, energy and water consumption and reduce, reuse and recycle (raw) materials
- drive innovations to increase SDG rate, ensure successful shift to net zero carbon and apply resource efficiency in R&D based on circular design and LCAs
- evaluate physical risks regularly in cooperation with our property risk insurer and focus on follow-up of recommendations to mitigate risks and improve

4 geopolitical and economic landscape

business development network and integrated audit network

opportunities	risks
our balanced portfolio and global footprint with local presence and empowerment create resilience, providing opportunities for sustainable profitable growth	changes in geopolitical and economic landscape or major events like trade wars and pandemics, can impact our business continuity and financial performance

key actions to manage risks

- embed resilience to rapidly adjust to changing circumstances through our lean and effective business model focused on entrepreneurship and appropriate autonomy
- strengthen our technology positions through optimisation of our regional portfolio and local manufacturing footprint including supply chain localisation
- ensure disciplined capital allocation and critical review of potential investments including bolt-on acquisitions
- promote and monitor operating effectiveness of key control principles and strengthen internal audit activities throughout the group

5 future-proof workforce

people & culture network

opportunities	risks
our culture focuses on entrepreneurship and personal growth, enabling us to attract, develop and retain a diverse, inclusive and engaged workforce to seize opportunities	an insufficient level of knowledge or unbalanced workforce lacking diversity can slow down innovation and company growth and can lead to suboptimal cooperation

key actions to manage risks

- promote our culture ‘the Aalberts way’ accelerated by our company passport which provides an Aalberts branding to recruit, coach, review and develop our talents
- establish people & culture network to combine our Aalberts company passport, culture, human resource and marketing & communications initiatives throughout the group
- continue focus on training and development through international and personal development programmes driven by our people & culture network and Executive Team
- increase diversity by focus on recruiting people with different backgrounds and fill vacancies for our development and leadership programmes with a sound balance

6 responsible work environment

HSR & sustainability network and people & culture network

opportunities	risks
ensuring a safe work environment with a strong emphasis on ethical behaviour for both our own operations and business partners increases employee satisfaction	health & safety incidents and human rights violations affect employees and can lead to business interruption, claims, absenteeism, dissatisfaction, and reputational harm

key actions to manage risks

- further enhance a ‘safe place to work’ culture through ‘the Aalberts way’ and manage KPIs set to improve
- accelerate deployment of safety risk assessments including optimising the allocation of dedicated health & safety resources for critical locations
- ensure implementation of safety policies at all our production and service locations and further expand the number of locations with ISO 45001 certifications
- embed responsible work environment in our Code of Conduct and employer agreements and enable employees to address non-conformances through our speak up! procedure
- critically select and contractually bind suppliers to adhere to our Supplier Code of Conduct to ensure that business integrity and human rights are respected

7 product quality & liability

governance network and HSR & sustainability network

opportunities	risks
our world-class manufacturing, trained and engaged workforce and high-quality technologies and services provide a competitive advantage and pricing power	product failures and quality issues may cause injuries, damage or non-compliance with regulations, resulting in liability proceedings, financial loss and reputational harm

key actions to manage risks

- embed quality assurance programmes in production process of individual companies including ISO9001 certification and additional industry specific certification
- accelerate operational excellence programmes and share best practices on quality assurance and control
- further align terms and conditions in purchase and sales contracts to limit liabilities driven by our governance network
- maintain group wide product liability insurance facilities and conduct related risk engineering activities to prevent and mitigate potential losses

8 business integrity

governance network

opportunities	risks
compliance with legislation and our Code of Conduct and respectful interactions with all stakeholders safeguard our reputation as responsible and reliable business partner	different legislation and habits per country can expose us to non-compliance issues and breaches can result in litigation, substantial penalties and reputational harm

key actions to manage risks

- realise full awareness and understanding of the Aalberts values and Code of Conduct supported by additional e-learning courses through our Aalberts integrity academy
- support, train and educate key employees within our business teams and ongoing meetings to share and learn driven by our worldwide governance network
- continue and increase number of governance visits and reviews within all business teams as part of our integrated and multidisciplinary audit approach
- further increase awareness and opportunities to enable employees to report Code of Conduct violations through our speak up! procedure and prompt investigation of notifications

9 financial performance & controls

finance network, & IT network and integrated audit network

opportunities	risks
our financial performance provides access to capital markets and our (financial) risk and control practices increase stability, performance and cash flows to invest	ineffective financial controls can result in reporting delays or misstatements, financial loss or inappropriate decision-making which could harm our financial performance

key actions to manage risks

- further strengthen our finance organisation within all business teams and increase level of expertise through training and exchange of best practices
- continue thorough weekly and monthly reporting process resulting in timely and accurate financial reports assessed by group control and Management Board
- implement Aalberts Control Principles prescribing minimum expected financial controls including appropriate segregation of duties, authorisations and approval
- monitor implementation of controls through self-assessments and additional risk-based internal audits as part of our integrated and multidisciplinary audit approach
- mitigate impact of commodity price, currency and interest rate fluctuations as part of our financial risk management activities (note 3 of the consolidated financial statements)

10 IT security & cyber

IT network

opportunities	risks
leverage advanced IT infrastructure and cybersecurity measures to enhance operational efficiency and ensure business continuity	potential disruptions and financial losses due to cyber threats, software obsolescence, and physical infrastructure vulnerabilities

key actions to manage risks
strengthen IT roadmap through continuous upgrades, regular security training, and implementation of a comprehensive cyber security action plan based on CIS Critical Security Controls
address IT/ERP software issues by progressing towards cloud-based solutions, ensuring up-to-date systems, and involving senior management in roadmap execution
continue investment in information security knowledge and optimising the allocation of information security experts for critical locations
combat cybercrime by investing in modern security solutions, raising employee awareness through training, and adhering to centralised IT guidance on best practices
mitigate CEO fraud and social engineering risks with frequent employee trainings, simulated phishing exercises, and adherence to strict payment processes
enhance IT physical infrastructure with state-of-the-art servers and software to future-proof against evolving technological risks

corporate governance

Aalberts N.V. (**Aalberts**) is incorporated and based in the Netherlands. As a result, our governance structure is based on the requirements of Dutch legislation and the company's articles of association, complemented by internal policies and procedures. Given the worldwide exposure of our businesses, we conduct our operations in accordance with internationally accepted principles of good governance. Good corporate governance, including focus on sustainable long-term value creation and culture, is a key component of 'the Aalberts way' of doing business and is embedded in our core values.

The Dutch Corporate Governance Code (**the Code**) has been revised in 2022 and entered into force per 1 January 2023. Dutch listed companies are required to report in 2024 on compliance with the revised Code in the 2023 financial year. Aalberts endorses the principles of the revised Code and updated and prepared several governance documents to be in accordance with the revised Code. Updated documents concern the rules of the Supervisory Board and the policy on bilateral contacts with shareholders. New polices drawn up in accordance with the Code are the stakeholder dialogue policy and the diversity & inclusion policy for the entire workforce.

Aalberts virtually applies all best practice provisions of the Code. To a limited extent, these have been adjusted to specific circumstances of Aalberts. As a result, the Management Board believes it meets the principles of 'comply or explain'. All the regulations pursuant to the Code and Dutch law concerning reporting and transparency of information applicable to Aalberts have been incorporated into the management report. Further guidance on how we comply with the provisions of the Code is available at **aalberts.com/governance**.

The deviations from the Code relate to the following subjects:

General Meeting
The Articles of Association provide that the General Meeting can deprive a nomination for appointment of a Management Board member or a Supervisory Board member of its binding nature, with a resolution passed with a maximum majority permitted by law. Currently, this majority amounts to two-thirds of the votes cast. The deviation relates to the well-balanced allocation of the control and influence of the company's individual bodies as referred to in the paragraph 'decision-making and priority shares'.

company secretary
Aalberts does not have a formal company secretary. This position is adequately fulfilled by the legal and governance function at head office level, in line with the lean and effective organisational structure.

pay ratio
In the calculation of the pay ratio for 2023, we applied the same calculation method as previous years, meaning we deviate from the explanation on the calculation of the pay ratio as included in the Code. We take the remuneration of both Management Board members into account, instead of only the CEO, and the share-based part of the remuneration relating to the LTI was not included for the Management Board members, nor the employees. The reason is that there was a CEO change in September 2023 and the new CEO has not been granted conditional share awards in 2023. For a fair comparison we applied the method of previous years and envisage to apply the calculation method as prescribed in the explanatory note to provision 3.4.1 sub iv of the Code as from 2024.

appointment and dismissal of Management Board and Supervisory Board

The rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board and amendment of the Articles of Association are provided in the Articles of Association. For the selection and nomination of a member of the Management Board and/or the Supervisory Board, Aalberts' diversity & inclusion policy for the Management Board and the Supervisory Board is considered. Summarising, members of the Management Board and the Supervisory Board are appointed by the General Meeting via a binding nomination for each vacancy to be drawn up by the holder of priority shares, being Stichting Prioriteit 'Aalberts N.V.' (**the Priority**). If the Priority does not use its right to draw up a binding nomination, the General Meeting is free in its appointment. The General Meeting may deprive the nomination from its binding nature by a resolution adopted with at least two-thirds of the votes cast. Members of the Management Board and the Supervisory Board may be dismissed by the General Meeting. The General Meeting may resolve to amend the Articles of Association after prior approval of the Priority.

powers Management Board

The general powers of the Management Board are those arising from legislation and regulations and are set out in the Articles of Association. The Management Board was authorised by the General Meeting held on 25 May 2023 to issue ordinary shares, to grant rights to subscribe for ordinary shares and to restrict or exclude pre-emptive rights of existing shareholders in the case of issuing ordinary shares, all subject to approval of the Priority. The authorisation has been granted for 18 months and is valid for a maximum of 10% of the issued share capital at the time of issuing. The Management Board was further authorised by the General Meeting held on 25 May 2023 to repurchase the company's own ordinary shares up to a maximum of 10% of the issued share capital, other than for no consideration. The authorisation has been granted for 18 months.

decision-making and priority shares

The duties and powers of the General Meeting, the Supervisory Board, the Management Board and the Priority have been defined in such a way that a well-balanced allocation has been achieved with respect to the control and influence of the company's individual bodies. By doing so, Aalberts has ensured as much as possible that, when essential decisions are made, the interests of all company's stakeholders are considered and that the decision-making process can always be conducted in a prudent manner.

The powers of the Priority have been described in this chapter and on page 138 under 'Special Controlling Rights under the Articles of Association'. The authority to make a binding nomination to the General Meeting concerning the appointment of members of the Management Board and Supervisory Board could be an essential instrument in the well-balanced decision-making process. Therefore, the deprivation of the binding character of the nomination is aligned with Dutch law instead of the Code.

speak up!

The confidentiality advisor is responsible for dealing with violations of the Code of Conduct of Aalberts or other misconduct. Relevant cases are reported to the Management Board. If these would occur, material violations must be immediately reported by the Management Board to the Chairman of the Supervisory Board. Violations of the Code of Conduct can lead to immediate dismissal. Aalberts does not permit retaliation against employees who, in good faith, seek advice or report conduct that is not in line with the Code of Conduct. The use of the speak up! procedure is educated to our employees by way of e-learning and is regularly mentioned in various communications. Additional guidance on the use of the speak up! form is given at **aalberts.com/speakup** in several languages to enable all our employees to make use of the procedure. Visitors are guided to an external speak-up channel where they can make a report and – if desired – do this fully anonymous.

insider trading

Aalberts has an insider trading policy in place. The compliance officer keeps all permanent and project specific insider lists up-to-date and informs all (new) insiders of their obligations based on applicable legislation. The full text of the insider trading policy can be found at **aalberts.com/code**.

bilateral contacts

The company fully endorses the importance of a transparent and equal provision of information to its shareholders and other parties. In accordance with principle 4.2 of the Code, the company therefore makes every effort to provide such parties equally and simultaneously with information relevant for shareholders, considering the exceptions provided by applicable law. This is laid down in Aalberts' policy on bilateral contacts with shareholders which was updated. The full text of the policy can be found at **aalberts.com/governance**.

Corporate Governance Statement

Our Corporate Governance Statement which must be disclosed pursuant to article 2a of the Decree additional requirements management reports (Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag) is available at **aalberts.com/governance** and forms part of this management report. The Management Board states that all information which must be disclosed pursuant to the Decree Article 10 Takeover Directive (**Besluit artikel 10 overnamerichtlijn**) is included in this management report, to the extent that it is applicable to Aalberts.

Management Board declaration

In accordance with provision 1.4.3 of the Code and Article 5:25c of the Financial Supervision Act, the Management Board declares that, to the best of its knowledge:

1. the report of the Management Board as included in this annual report provides sufficient insights into any deficiencies in the effectiveness of Aalberts internal risk management and control systems with regard to the risks as referred to in provision 1.2.1 of the Code;
2. the aforementioned systems provide reasonable assurance that Aalberts' financial reporting does not contain any material errors;
3. based on Aalberts' current status of affairs, it is justified that the financial reporting is prepared on a going concern basis;
4. the report of the Management Board lists those material risks as referred to in provision 1.2.1 of the Code, and the uncertainties, to the extent that they are relevant to the expectation regarding Aalberts' continuity for the period of twelve months after the preparation of the report of the Management Board;
5. the financial statements as included in this annual report provide a true and fair view of the assets, liabilities, financial position, and profit for the financial year of Aalberts and the group companies included in the consolidation; and
6. the report of the Management Board as included in this annual report provides a true and fair view of the situation on the balance sheet date, the business development during the financial year of Aalberts, and of its affiliated group companies included in the financial statements. The report of the Management Board describes the material risks to which Aalberts is exposed.

Utrecht, 21 February 2024

Stéphane Simonetta (CEO)
Arno Monincx (CFO)

financial calendar 2024-2025

25 April 2024	registration date General Meeting
22 May 2024	trading update
23 May 2024	General Meeting
27 May 2024	quotation ex-dividend
28 May 2024	record date for dividend
20 June 2024	paying out dividend
25 July 2024	publication interim results
7 November 2024	trading update
27 February 2025	publication full year results
27 May 2025	trading update
27 May 2025	General Meeting

report of the Supervisory Board

message of the Chairman

2023 has been a healthy year for Aalberts, although not without some challenges. We have seen an extension of the geopolitical unrest in the world. Beside the continuation of the war in Ukraine, we saw the war between Israel and Hamas and an extension of the economic conflict between the US and China. The increased awareness of peoples impact on the environment is creating more uncertainty with legislators, hence delaying projects. Moreover the aging impact on labour is creating economic uncertainties due to lack of resources whereby we are confronted, amongst others, with high salary increases. During the COVID-19 pandemic created supply chain issues were merely resolved in 2023, the above mentioned issues created new imbalances in our supply chain.

In that environment Aalberts has shown a strong performance and resilience of the organisation. Our diversification helped us to overcome top line shortfall in buildings. Our strong market approach enabled us to pass over cost price increases at our suppliers towards our customers and we were able to align our costs with our activity level.

In 2023 also the leadership of Aalberts changed. Wim Pelsma stepped down as CEO of Aalberts in September, after twelve years in that position. We thank Wim for his dedication to Aalberts and his contribution to the long-term success of the company. In September Stéphane Simonetta was appointed as his successor, being only the third CEO in the 48 years of existence of Aalberts N.V.

The Supervisory Board congratulates the Management Board and the employees of Aalberts with the hard-earned results in the fiscal year 2023 and is grateful for their relentless efforts. I also thank my colleagues in the Supervisory Board for their constructive contribution in the meetings and conversations.

Peter van Bommel

composition of the Supervisory Board

The composition of the Supervisory Board is in accordance with the profile drawn up, which is published on the website of Aalberts.

The composition of the Supervisory Board changed in 2023. As per the closing of the EGM on 9 March 2023 Mrs. T. (Thessa) Menssen and Mr. F.M. (Frank) Melzer were appointed as new members of the Supervisory Board. J. (Jan) van der Zouw was re-elected for a 2-years period as member of the Supervisory Board at the AGM on 25 May 2023. Jan van der Zouw has made an outstanding contribution during the past period and is chairman of the Nomination, Selection and Remuneration Committee (**NSR**) since 2017. He has long experience both as a director and a supervisory director of (technical) companies operating internationally. For continuity of the chair of the NSR, and his long experience with and knowledge of Aalberts, he was re-elected for a two-year period. Frank Melzer and Thessa Menssen were offered an onboarding programme to become more familiar with the company.

Individual meetings with Management Board members and Executive Directors provided insight into topics such as the Aalberts strategy, performance, the business teams, business models, governance, sustainability, health & safety, marketing and communication, people & culture and business development. In addition, individual meetings with members of the head office team provided further insight into topics such as investor relations, risk management and our integrated audit process. Frank Melzer and Thessa Menssen visited production locations of all technology clusters, in the Netherlands, Belgium and Germany.

P.A.M. (Peter) van Bommel
Former CFO ASM International N.V., Philips Semiconductors and NXP
other relevant positions:
- Chairman of the supervisory board of Nedap N.V.
- Vice-chairman and non-executive director SES S.A.
- Board member of the Glorieux Foundation
- Board member of the Bernhoven Foundation
- Chairman of the EMFC Curatorium of the Amsterdam Business School
- Member of the advisory board Economic and Business faculty of the University of Amsterdam

L.C.A. (Lieve) Declercq
CEO SPIE Nederland B.V., executive board member SPIE Group and supervisory board member SPIE Deutschland & Zentraleuropa
other relevant positions:
- Non-executive board member Ramboll Group A/S
- Board member Nationale Opera & Ballet Fund
- Member supervisory board Foundation for Natural Leadership
- Board member Techniek Nederland

F.M. (Frank) Melzer
Former CTO Festo SE & CO. KG
other relevant positions:
- Member technology committee TTS Tooltechnic Systems AG & Co. KG
- Member advisory board SiMa Technologies, Inc.
- Chairman of the board of directors Mimacom Flowable Group

T. (Thessa) Menssen
Former CFO Royal BAM Group N.V. and Port of Rotterdam
other relevant positions:
- Member supervisory board Alliander N.V
- Member supervisory board Ecorys
- Member supervisory board MARIN
- Member supervisory board Scheepvaartmuseum Amsterdam
- Member supervisory board Kröller-Müller Museum

P. (Piet) Veenema
Former Chairman management board Kendrion N.V.
other relevant positions:
- Member supervisory board Hydratec Industries N.V.

J. (Jan) van der Zouw
Former Chairman management board Eriks Group N.V.
other relevant positions:
- Chairman supervisory board Den Helder Airport C.V.
- Member supervisory board Masterflex S.E.
- Member supervisory board UTT Procurement B.V.

composition of the Supervisory Board as of 9 March 2023 until 31 December 2023

name	position	nationality	gender	year of birth	initial appointment	term expires
Peter van Bommel	Chairman of the Supervisory Board Member of the Nomination, Selection and Remuneration Committee	Dutch	male	1957	2021	2025
Lieve Declercq	Member of the Supervisory Board Member of the Audit Committee	Belgian	female	1966	2021	2025
Frank Melzer	Member of the Supervisory Board Member of the Nomination, Selection and Remuneration Committee	German	male	1963	2023	2027
Thessa Menssen	Member of the Supervisory Board Member of the Audit Committee	Dutch	female	1967	2023	2027
Piet Veenema	Member of the Supervisory Board Chairman of the Audit Committee	Dutch	male	1955	2016	2024
Jan van der Zouw	Member of the Supervisory Board Chairman of the Nomination, Selection and Remuneration Committee	Dutch	male	1954	2015	2025

the work of the Supervisory Board

The Supervisory Board monitors the implementation of the strategy and the principal risks associated with the strategy. Business risks, risk appetite, governance risks, internal risk management and control systems were addressed in these discussions. Risks related to the geopolitical situation in, amongst others, Eastern Europe and the resulting increased energy prices and inflation was again on the agenda in 2023. Health & safety had increased attention in 2023 and was put first on the agenda for all Supervisory Board meetings. Supply chain challenges, labour shortage and inventory reduction plans were discussed. These topics were addressed within the business teams and in the relevant Aalberts networks, like the finance network and the HSR & sustainability network. The business teams were able to quickly adapt and manage these risks well, making use of the lean and effective structure of Aalberts. Pricing initiatives compensating for high raw material costs and inflation continued as well as additional sales activities, leading to a good added-value margin. Customer service improved due to fewer supply chain issues and good results of the inventory reduction plans were shared resulting in a stronger cash flow. Regional manufacturing became favourable to improve service, protect supply chains and reduce transport and energy use.

In 2023, the Supervisory Board nominated Stéphane Simonetta for appointment as member of the Management Board to the General Meeting to take over the role of Wim Pelsma as CEO. Stéphane Simonetta has been appointed as member of the Management Board by the General Meeting as per 7 September 2023 and appointed as CEO by the Supervisory Board as per that date. More info about the nomination process can be found on page 81.

In 2023, the Supervisory Board discussed and evaluated in depth the implementation of the strategy Aalberts 'accelerates unique positioning', the non-financial and financial objectives 2022-2026 and the strategic actions 2022-2026 to realise the strategy. Reference is made to page 13 for a more detailed explanation of the strategy Aalberts 'accelerates unique positioning' 2022-2026. The continuation of the operational excellence programme to improve efficiency, further optimise the footprint and realise purchase savings was regularly discussed to monitor progress.

The existing portfolio was further optimised by carrying out some divestments. To increase organic growth management and capital were re-allocated. Capital expenditure was further increased to facilitate business development projects, driving organic growth, innovation and operational excellence. The innovation rate further increased. Driving sustainable entrepreneurship is integrated in the strategy & objectives. The Aalberts objective is to increase the SDG impact to >70% of total revenue in 2026. The Management Board and the Supervisory Board commit to Aalberts becoming net zero carbon in 2050 or earlier. All business teams have sustainability improvement plans in place to drive these objectives. A training for the Supervisory Board took place on sustainable entrepreneurship, the sustainable long-term strategy, the progress made and the preparation for the CSRD.

A considerable amount of attention was paid to Aalberts' entrepreneurial, open and pragmatic culture, the lean and effective management structure and resilience of the Aalberts people. In 2023, the people & culture network continued to embed the Aalberts culture into the organisation and put gender diversity on the agenda, including KPIs and target setting. Special attention was paid to the attraction, retention and development of people, by amongst others traineeships, leadership development programmes and senior leadership development initiatives. The Supervisory Board considers it of vital importance that the company is able to attract and retain a diversified future-proof workforce, to facilitate the success and growth of the company. Succession planning was also discussed in this respect.

Other topics addressed by the Supervisory Board were the financial and operational developments, the forecast and the dividend policy. The Supervisory Board reviewed and discussed Aalberts' annual and interim financial statements, prior to publication thereof. The Supervisory Board is pleased to note that Aalberts increased its innovation expenditure to facilitate innovation roadmaps. The Supervisory Board approved the strategy and objectives to be achieved for 2023.

The Supervisory Board formally convened on six occasions to meet with the Management Board and on one occasion to meet without the Management Board. The attendance of the members in the scheduled Supervisory Board meetings is reflected in the table below. Since the Supervisory Board considers it important to visit at least one business location a year, Supervisory Board meetings are regularly held at one or more business locations. In the year under review, this was a location of Aalberts in Belgium.

Supervisory Board meeting and attendance

name	Supervisory Board	Audit Committee	Nomination, Selection and Remuneration Committee
Peter van Bommel	100%	n/a	100%
Lieve Declercq	100%	100%	n/a
Frank Melzer	100%	n/a	100%
Thessa Menssen	80%	100%	n/a
Piet Veenema	100%	100%	n/a
Jan van der Zouw	100%	n/a	100%

Supervisory Board (fltr): Frank Melzer, Piet Veenema, Jan van der Zouw, Thessa Menssen, Lieve Declercq, Peter van Bommel

The Chairman of the Supervisory Board regularly met with the CEO to discuss the business progress, business development and footprint optimisation, implementation of the strategy and the composition of the Management Board and the Executive Team, as well as to prepare for the meetings with the Supervisory Board.

diversity

The Supervisory Board recognises the importance of diversity within the Supervisory Board and the Management Board (**the Boards**) and believes that the business of Aalberts benefits from a wide range of skills and a variety of different backgrounds.

A diverse composition of the Boards contributes to a well-balanced decision-making process and proper functioning of the Boards. Diversity should not be limited to the Boards, but should extend to all areas of the Aalberts business. In accordance with the Code, a diversity and inclusion policy is in place for the composition of the Boards. The following diversity aspects have been identified as relevant for the company and its business, considering the market in which the company operates and the diversity of its customer base: (i) education/experience; (ii) nationality/cultural background; (iii) gender; and (iv) age.

With respect to the Boards, the objectives of Aalberts' diversity & inclusion policy are to maintain a sound balance of nationality and cultural background within Boards, to increase the gender diversity within the Supervisory Board, such that at least one-third of the Supervisory Board will consist of women and at least one-third will consist of men and to increase the gender diversity within the Management Board that at least 30% will consist of women and at least 30% will consist of men, and in addition, to increase the age diversity and nationality/cultural background diversity within the Boards. With the appointment of Thessa Menssen and Frank Melzer in 2023, the Supervisory Board consists of two women and four men with diversity in education, experience, nationality and age and thus meets the targets of the diversity policy and the gender quota of one-third as laid down in the diversity & inclusion policy and legislation.

In 2023 Stéphane Simonetta has been appointed as new member of the Management Board and Wim Pelsma retired as member of the Management Board. As a consequence, the Management Board currently consists of two men, the CEO is of French nationality and the CFO is a Dutch citizen. We recognise that the appointment of Stéphane Simonetta is not contributing to the desired 30% opposite gender as included in our diversity policy. In this instance other diversity factors weighed more heavily than gender such as his extensive knowledge and expertise of the products and industry, education, nationality, and international background.

The Aalberts approach to realise the diversity & inclusion policy is to continue the efforts to increase gender diversity within the senior leadership of the company (approx. top 100). In the last years gender diversity increased in this leadership team towards 32% women in 2023, through attraction and retention of employees, job rotation, mentoring and coaching, personal development and leadership programmes and succession planning. Diversity is a priority and is driven by our people & culture network.

A diversity & inclusion policy for the entire workforce has been established in 2023, including a target to achieve more than 30% women in senior leadership by 2026. Through educating, coaching and building leadership in the business teams, head office and networks, Aalberts aims for creating talents who are eventually able to make the step towards a Management Board role. This is a long-term approach, executed 'the Aalberts way'. Reference is made to the paragraph on diversity and inclusion on page 36.

corporate governance

In view of the Code, the Supervisory Board has reviewed and discussed the corporate governance structure of Aalberts with the Management Board. The governance structure was updated in line with the revised Code, Dutch corporate law and market practice. The Supervisory Board refers to page 73 for a more detailed explanation of the corporate governance structure of Aalberts.

The Boards have specifically discussed the level of awareness of governance topics within the company, further implementation of the Code of Conduct, the monitoring of the effectiveness and compliance with the Code of Conduct and violations of the Code of Conduct reported via the speak up! procedure. The speak up! campaign that was launched throughout the entire Aalberts organisation to pay additional attention to this procedure was evaluated. In addition, the e-learning programme, governance regulations and internal processes, including the training and monitoring thereof via governance visits and integrated audits, have been discussed. There was specific attention for the Aalberts brand, entrepreneurial culture and core values of Aalberts, the implementation thereof throughout the entire organisation and how this contributes to the sustainable long-term value creation and attractiveness of Aalberts for its stakeholders.

Taking into account geopolitical, international economic, health and climate developments, the Supervisory Board supports the more stringent approach to possible governance, health & safety, cybersecurity and climate related risks at group companies combined with a further strengthening of governance and sustainability at Aalberts head office and throughout the business. Governance risk management and the work schedule of the legal department and governance network were discussed with the Supervisory Board. The work schedule of the internal audit function has been approved by the Supervisory Board.

independence

All members of the Supervisory Board are fully independent. There are no members of the Supervisory Board holding shares in the company. In the Supervisory Board's opinion, the composition of the Supervisory Board is such that the members can act critically and independently from each other and the Management Board, as stipulated in the Code and the Supervisory Board rules. This means that the tasks of the Supervisory Board as laid down by law and by the Articles of Association are being fulfilled, including providing the Management Board with solicited and unsolicited advice and support.

In 2023, there were no conflicts of interests between the company and members of the Management Board or members of the Supervisory Board. Nor were there any transactions of material significance in 2023 between the company and natural persons or legal entities that hold at least 10% of the shares in the company.

committees

There are two committees of the Supervisory Board: the Audit Committee and the Nomination, Selection and Remuneration Committee.

Audit Committee

The Audit Committee aids and advises the Supervisory Board in its responsibility to supervise the integrity and quality of the Aalberts' financial reporting and the effectiveness of Aalberts' internal risk management and control systems. The Audit Committee consists of Piet Veenema (chairman), Lieve Declercq and Thessa Menssen, who qualify as financial and risk experts.

The role of the Audit Committee is described in its charter, which is part of the Supervisory Board rules as updated and are available at **aalberts.com/governance**. During the year, the Audit Committee met five times with the CFO, the finance director, the director internal audit and several internal subject matter experts. The external auditor Deloitte Accountants was (partly) present in five meetings and the Audit Committee also met separately with the external auditor.

Specific topics were addressed during the Audit Committee meetings whereby the Audit Committee was kept updated on the progress of the multidisciplinary and integrated audit activities and reviewed the results of integrated audits performed as well as the status of the follow-up on actions plans. The Audit Committee also discussed the management letter and monitored the follow-up by the Management Board on the recommendations made in the management letter. The WACC used for the goodwill impairment testing was evaluated. Other specific topics discussed by the Audit Committee in 2023 were the overall risk profile and accompanying risk management activities, IT security & cyber activities (including the outcome of IT security & cyber audits and the follow-up thereof) and progress of operational excellence programmes including the development of net working capital.

Other topics on the agenda of the Audit Committee meetings were: the company's financial performance, the company's financial reporting including the annual report, and the financial statements including application of accounting principles. The company's internal risk management systems including the risk assessment processes have been evaluated, the multidisciplinary and integrated audit plan for 2023 was discussed and approved and the essence of the integrated audit results were reviewed. Besides the risks associated with climate change and geopolitical developments, specific attention was given to the process of getting ready for the CSRD and the tender process with regard to the appointment of a new external auditor due to the mandatory audit firm rotation. Process and outcome of the speak up! procedures and (potential) claims and liabilities were also standing topics on the agenda. Other agenda items during the year were the company's tax policy and the treasury and funding strategy. For these topics, relevant experts from the company participated in the meetings.

The Audit Committee discussed the external auditor's performance with the Management Board without the presence of Deloitte Accountants. The Audit Committee reported to the Supervisory Board on its deliberations and findings which were discussed by the Supervisory Board.

Nomination, Selection and Remuneration Committee
The Nomination, Selection and Remuneration Committee aids and advises the Supervisory Board on matters relating to the nomination, selection and appointment of the members of the Boards, sustainable entrepreneurship and people & culture (including diversity & inclusion). The NSR further monitors and evaluates the remuneration policy for the Management Board. The NSR consists of Jan van der Zouw (chairman), Peter van Bommel and Frank Melzer. In addition, the NSR aids and advises the Supervisory Board on health & safety and succession planning topics.

The role of the NSR is described in its charter, which is part of the Supervisory Board rules as updated and available at **aalberts.com/governance**. During the year, the NSR met four times with the CEO and several internal subject matter experts. The work they performed relating to the remuneration of the Management Board is further described in the remuneration report 2023 that has been prepared by the NSR.

In 2023, the NSR was involved in the selection of a new member of the Management Board and CEO as successor of Wim Pelsma. A specific search profile was prepared in line with the Supervisory Board's profile and diversity & inclusion policy and an international search firm was instructed to assist with the search. The main criteria that applied for the succession were: the candidate must be a business developer and an inspiring team leader, strongly oriented towards manufacturing and operational excellence, having an understanding of the industry in which Aalberts is active, multicultural and internationally oriented, with a strong track record in achieving objectives and fitting into the Aalberts culture. In the search process both internal and external candidates were included. The NSR advised the Supervisory Board and the Priority to nominate Stéphane Simonetta as member of the Management Board to lead Aalberts in its next growth phase as CEO as he has a wealth of experience as a business leader in global companies and working in the manufacturing industry.

The NSR discussed the outcomes of the senior leadership development program initiated in 2023, the leadership potential within the group, succession planning of the Management Board, and succession planning of the Supervisory Board.

Other agenda items during the year were sustainable entrepreneurship, health & safety and people & culture, to discuss the status and plans going forward. For these topics, relevant responsible members of the Executive Team participated in the meetings.

appraisal of performance by the Management Board and the Supervisory Board

During a private meeting, the Supervisory Board evaluated and assessed its own performance, the performance of its committees and the individual members.

The evaluation of the Supervisory Board and its individual members took place by way of a special meeting. As preparation for the meeting a self-assessment questionnaire was used. Based on the filled-out questionnaires, each of the members were evaluated as well as the functioning of the total Supervisory Board and its committees. In addition, the Chairman held interviews with the Supervisory Board's members. Succession planning of the Supervisory Board was on the agenda of the Supervisory Board as well.

Outside the Management Board's presence, the Supervisory Board evaluated and assessed the performance of the Management Board and the individual members. In the opinion of the Supervisory Board, the Management Board performed its duties in 2023 in an excellent way. The evaluation of the Management Board and its individual members took place by way of individual meetings with the Management Board as a total and with the individual members. Topics as communication with the Supervisory Board, individual targets, cooperation within the Management Board, the Executive Team and the head office functional teams, strategy towards stakeholders, as well as potential company risks were discussed.

The outcome of the evaluation meetings of the Boards resulted in an action plan, to be realised in the following fiscal year. The action items related to, amongst others, the performance of the Boards, the communication between the Boards and stakeholders of the company, the individual targets of the members of the Management Board, the composition of the Boards and the committees and the succession plans of the Boards. The Supervisory Board will evaluate the progress on the action plan during their meetings.

financial statements 2023

The 2023 financial statements have been prepared by the Management Board and have been signed by the Management Board and the Supervisory Board. Page 138 of the financial statements includes the independent auditor's report from the external auditor Deloitte Accountants. The Management Board will present the 2023 financial statements to the General Meeting on 23 May 2024, the Supervisory Board advises the General Meeting to adopt these financial statements, including the proposed cash dividend of EUR 1.13.

The dividend payment percentage of the cash dividend is approximately 30% of the net profit before amortisation. The payment of the dividend is entirely in cash.

external auditor

Deloitte Accountants was appointed as external auditor for the reporting year 2024 at the General Meeting on 25 May 2023. In the discussion of the annual financial statements, the Supervisory Board was informed by the external auditor, Deloitte Accountants. Topics discussed included the 2023 audit plan, the management letter, early warning reports and the report to the Audit Committee, Supervisory Board and Management Board.

Due to the mandatory audit firm rotation regulations, Deloitte Accountants can only stay in this role until and including the reporting year 2024 and will rotate off after the 2024 reporting year. The Audit Committee considered it important to start the preparations and selection process in a timely manner, given the limited number of audit firms available. In addition, the Audit Committee considered it essential to have sufficient time for onboarding the new external audit firm and for transferring any non-audit services currently performed by the newly appointed external audit firm. In April 2023, the Audit Committee started the selection process in connection with the mandatory external audit firm rotation. An audit tender committee was established, consisting of two members of the Audit Committee, the CFO, the finance director and the group controller responsible for the coordination of the group audit. The audit tender committee invited several audit firms (other than Aalberts' current external auditor) to participate in the selection process. Aalberts intends to submit the proposal to appoint the selected new external auditor for the reporting year 2025 for voting at the General Meeting of 23 May 2024.

Utrecht, 21 February 2024

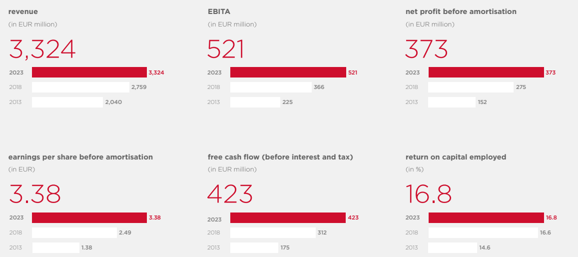
Peter van Bommel (Chairman)
Lieve Declercq
Frank Melzer
Thessa Menssen
Piet Veenema
Jan van der Zouw

remuneration report

For the evaluation of the remuneration of the Management Board in 2023, the Supervisory Board takes into account the short-term company performance for 2023 and the long-term Aalberts non-financial objectives and financial objectives 2022-2026.

highlights 2023

Aalberts delivers record EBITA and free cash flow



For further details of Aalberts' performance, reference is made to the report of the Management Board.

The Supervisory Board is satisfied that the Management Board has delivered solid short-term results and sustainable long-term value creation for Aalberts' stakeholders during 2023. Overall, Aalberts is well positioned to execute its strategy Aalberts 'accelerates unique positioning' and to drive long-term sustainable profitable growth.

voting results at the General Meeting

During the Annual General Meeting on 25 May 2023 (**AGM 2023**) the advisory vote on the remuneration report 2022, relating to the implementation of the remuneration policy, was adopted with a majority vote of 91.4%.

The positive voting results for the advisory vote on the remuneration report 2022 followed on the open dialogue that the company entered into with its stakeholders on the contents of the remuneration report in 2023. Since 2022, more insight and transparency on the performance criteria for the STI was provided, which we have continued to do in the remuneration report 2023. The NSR believes that a sound balance has been found between the request for transparency by shareholders and the company's hesitation to disclose commercially sensitive information, as disclosure of such information may not be in the interest of Aalberts and all its stakeholders.

remuneration policy of the Management Board

The remuneration policy of the Management Board was last updated in 2021 and supports the company's purpose, values, strategy and objectives. Aalberts is where technology matters and real progress can be made. Humanly, environmentally and financially. The remuneration policy encourages the Management Board to relentlessly execute the Aalberts strategy and objectives by being entrepreneurial, taking ownership, going for excellence in everything they do, sharing knowledge to learn fast, continuously improving and innovating and acting with integrity. Aalberts strives for sustainable profitable growth and to continuously improve business results, while integrating sustainability in its strategy and taking responsibility for human and environment. Taking this into account, the remuneration structure for the Management Board is aimed at the best possible balance between the company's short-term results and its long-term objectives. The objective of the remuneration policy is to recruit, motivate and retain qualified and experienced directors with industry experience for the Management Board. The best qualified talent is necessary to continuously improve company performance and create sustainable long-term value with mission-critical technologies. Meanwhile the public context around remuneration is acknowledged and the interests of all Aalberts' stakeholders are recognised.

Annually, the NSR reviews the total remuneration of the Management Board members, as well as each remuneration component of their package, such on behalf of the Supervisory Board. In doing so, the NSR takes the remuneration objectives and principles as reflected in the remuneration policy into account.

The total remuneration of the Management Board members comprises the following components:

- a fixed base salary;
- a pension plan;
- variable remuneration in cash for achievements in the short-term (one year); and
- value remuneration in shares for achievements in the long-term (three years).

The aim is to achieve a good balance between fixed and non-fixed remuneration and short-term variable and long-term value remuneration.

fixed and variable remuneration of the Management Board

The aggregate fixed and variable remuneration of the members of the Management Board for 2023 amounted to EUR 2.8 million (2022: EUR 2.4 million), excluding LTI, and is determined in accordance with the remuneration policy. The remuneration of the individual Management Board members split out by component is reflected in the table on page 85.

application remuneration policy
In accordance with the Articles of Association, the remuneration of the Management Board members has been set by the Supervisory Board. The remuneration of the individual Management Board members, including share-based remuneration, is in accordance with the remuneration policy. Scenario analyses have been performed in conformity with the Code and have been taken into account by setting the remuneration. The outcome of the scenario analyses lead to appropriate remuneration and no measures were required to limit the remuneration.

fixed remuneration
The fixed remuneration of the Management Board consists of a base salary and a pension plan.

base salary
Once a year, the Supervisory Board determines whether, and if so, to what extent the base salary will be adjusted, taking into account developments in the market, the reward structures of peer group companies, the results of Aalberts and the pay ratio within the Aalberts group. The NSR uses various benchmarks to arrive at an informed position. Medium size and Dutch stock listed companies included in the AEX and the AMX as well as Dutch and European peer group companies are considered most relevant. The Supervisory Board takes into consideration factors like the size and nature of the company, global presence, nature and complexity of the business and exposure of the Management Board.

pension plan
The Management Board members participate in a pension plan (average pay or defined contribution pension plan). The pension plan includes two contribution arrangements, dependent on annual pensionable salary levels:
- basic arrangements for that part of the annual pensionable salary up to EUR 128,810 (2023);
- net surplus arrangement for that part of the annual pensionable salary above EUR 128,810.

The employer contributions to this arrangement are made to participants in the form of gross cash compensation subject to tax withholdings, which can be used to fund a voluntary net defined contribution plan.

Management Board members pay one-third of the contribution for the basic arrangements.

non-fixed remuneration
The non-fixed remuneration consists of variable remuneration in the form of short-term incentives (STI) and value remuneration in the form of long-term incentives (LTI) and is an important component of the remuneration package. The distribution between the STI and the LTI aims to achieve an optimal balance between short-term result and sustainable long-term value creation. The non-fixed remuneration for 2023 relates to the 5-year business plan of Aalberts as reflected in the non-financial and financial objectives 2022-2026 under the strategy Aalberts 'accelerates unique positioning' 2022-2026. The Aalberts 5-year business plan is based on the plans of the business teams, which are discussed and evaluated each year with the Management Board during the forecast & strategy meetings.

The Aalberts non-financial objectives and financial objectives 2022-2026 (the Aalberts Strategic Objectives) are the following:

strategy

- **accelerating unique positions** with mission-critical technologies, high entry barriers and pricing power
- **creating sustainable profitable growth** with high added-value margins, EBITA margins and innovation rates
- **driving operational excellence and portfolio optimisation** converting into free cash flow, achieving world-class operations
- **allocating capital in a disciplined way** strengthening our unique positions
- **realising sustainable entrepreneurship** with clear impact and commitment
- **ensuring an open, pragmatic culture** and lean structure, using the Aalberts strengths

objectives 2022-2026

organic revenue growth (% annually)	4-6%
EBITA margin (% of revenue)	16-18%
ROCE	18-20%
innovation rate (%)	>20%
SDG rate (%)	>70%
leverage ratio	<2.5

	fixed remuneration		variable remuneration	total fixed and variable remuneration	value remuneration	
name and position	base salary (in EUR 1,000)	pension plan (in EUR 1,000)	STI (in EUR 1,000)	(in EUR 1,000)	LTI* (in number of shares)	proportion of variable remuneration (in %)**
Stéphane Simonetta (CEO)	283	41	379	703	0	53.9
Arno Monincx (CFO)	565	99	346	1,010	0	34.3
Wim Pelsma (CEO until 7 September)	567	116	425	1,108	40,000	38.4
total	**1,415**	**256**	**1,150**	**2,821**		**40.8**

* LTI is reflected in this table as number of shares vested under a PSP in the relevant financial year.
** excluding LTI.

short-term incentives (STI)

The STI is an important component of the remuneration package to reward short-term performance in line with the long-term Aalberts Strategic Objectives, combined with additional individual non-financial performance objectives. The Supervisory Board sets the yearly financial and non-financial targets, based on the Aalberts strategy & objectives and the yearly updated Aalberts 5-year business plan, at the beginning of each financial year and these are evaluated in a personal conversation after the end of each financial year.

Depending on the level of achievement of the targets, the STI can add from a minimum of 0% up to a maximum of 75% to the base salary. The on-target bonus percentage for the Management Board members is 75% of base salary and will not exceed that percentage in case of above-target performance of some or all of the criteria, except in exceptional circumstances as determined by the Supervisory Board. Above-target and below-target performance can be compensated with each other, where 90% is the minimum for below-target performance of the objectives. If all objectives are achieved for a percentage under 90%, the STI will be 0, which endorses the pay for performance principle.

The targets are based on three financial objectives, earnings per share before amortisation (**EPS**), free cash flow (**FCF**) and revenue (**revenue**) and on non-financial objectives. The **non-financial objectives** relate to, amongst others, performance on innovation, diversity and leadership development, but are not specifically disclosed yet. Performance on those topics contributes to the realisation of sustainable entrepreneurship and to ensure an open, pragmatic culture as set out in the Aalberts Strategic Objectives and therefore contribute to the sustainable long-term value creation of Aalberts.

STI

performance criteria	weighting	target achievement
EPS	32%	below
FCF	32%	above
revenue	16%	below
non-financial objectives	20%	on target/below

Besides the STI, Stéphane Simonetta is entitled to an additional compensation of EUR 500k for loss of restricted stock units of Grundfos. This compensation is payable in three equal instalments of EUR 167k over a period of 3 years and conditional to his continued employment (**additional compensation**). The Supervisory Board has established the extent to which the STI targets set for 2023 have been achieved by the members of the Management Board as set out above. The achievement of the non-financial objectives is based on personal defined targets, performance on Aalberts KPIs and visits of the NSR and the Supervisory Board to locations in 2023. During these visits, meetings and conversations took place with the business teams and head office functional teams on topics relating to the non-financial objectives for 2023. The non-financial objectives for 2023 have been achieved on target for the CEO and below target for the CFO.

The average overall achievement of the financial and non-financial objectives is 101.7% for the CEO and 81.7% for the CFO. In accordance, the STI awarded over the financial year 2023 is 75% of the base salary for the CEO (101.7% multiplied by 75%, making 76.3%, with a maximum of 75%) and 61.3% of the base salary for the CFO (81.7% multiplied by 75%) and amounts to EUR 983k, plus the first instalment of the additional compensation of EUR 167k, making a total amount of 1,150k.

long-term incentives (LTI)

The value remuneration in the long-term for performance of Management Board members is in the form of a conditional awarding of shares. Under the Performance Share Plan (**PSP**), shares will conditionally be granted to Management Board members. Vesting of these shares is conditional on the achievement of certain predetermined performance targets at the end of a three-year period. The long-term performance criteria attached to the granting of the performance shares relate to the implementation of the Aalberts Strategic Objectives over a three-year period (the performance period). The Supervisory Board determines upfront how many shares will be conditionally awarded to the Management Board members.

Under the PSP 2021-2023 and the PSP 2023-2025, the vesting of the performance shares is subject to the achievement of the company's average growth of the EPS and the ROCE % over the performance period, in accordance with the vesting schedule as included in the PSP. The vesting schedule reflects that the actual number of performance shares to be released after the performance period can be a number between 0% and 125% of the shares that have been conditionally awarded. If the average annual growth of EPS in the performance period equals 10% and the average ROCE % in the performance period equals 17%, then 100% of the performance shares will vest and will be released.

Shares awarded conditionally must be held for at least five years (three years vesting period plus two years holding period). Given this five-year period Management Board members are driven and motivated to contribute to the realisation of the Aalberts Strategic Objectives, creating long-term value creation for the stakeholders of Aalberts. Upon the release of the performance shares, personal tax and social contribution obligations arise for the Management Board members. The holding period of five years does not apply if the shares are sold to pay these tax and social contribution obligations.

Stéphane Simonetta (CEO) held a total of 10,000 ordinary shares in Aalberts at year-end. No conditional performance shares has been granted to him in 2023.

Arno Monincx (CFO) held a total number of 24,000 (2022: 33,000) ordinary shares in Aalberts at year-end. Of this number 18,750 shares are subject to a holding period of 2 years pursuant to the vesting and release of shares in 2022 under the PSP 2019-2021. The number of conditional performance shares awards that were granted in 2023 (PSP 2023-2025) amounted to 20,000 shares for which EUR 167k was charged to the income statement. It is expected that 118% of the 20,000 conditional performance shares that were granted in 2021 (PSP 2021-2023) will vest in May 2024 as the average annual growth of the EPS was 26,4% and the average ROCE % before IFRS 16 was 17.6%. For those shares EUR 429k (2022: EUR 288k) was charged to the income statement.

For Wim Pelsma (CEO until 7 September 2023) 40,000 conditional share awards vested in 2023 as part of his remuneration as member of the Management Board. Due to his retirement in 2023, these conditional share awards were vested earlier than the vesting date of the PSP 2021-2023. For those conditional share awards EUR 889k was charged to the income statement. No severance payment was paid.

The total remuneration of the members of the Management Board for 2023, including the amounts charged to the income statement for the LTI, amounted to EUR 4.3 million (2022: EUR 3.4 million).

sustainable profitable growth

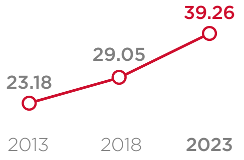
The Supervisory Board took note of the individual Management Board members' views with regard to the amount and structure of their own remuneration. Within the framework of the Code and the best practice principles contained therein, the Supervisory Board has implemented the remuneration policy in line with the strategy, long-term value creation objectives, risks and (non-)financial objectives of Aalberts.

	2019		2020		2021		2022		2023	
annual change	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)
Stéphane Simonetta (CEO)									703	0
Arno Monincx (CFO)	815	0	754	12,450	989	0	929	18,750	1,010	0
Wim Pelsma (CEO until 7 September 2023)	1,441	0	1,286	29,050	1,585	0	1,452	43,750	1,108	40,000
company performance										
organic revenue growth %	1.1		(7.0)		16.0		8.7		4.5	
EBITA	363		283*		454*		500		521	
EPS	2.42		1.81*		3.05*		3.37		3.38	
FCF	312		360*		310*		168*		423*	
average remuneration on a full-time equivalent basis of employees										
employees of the group	51.4		50.3		54.4		60.5		62.9	

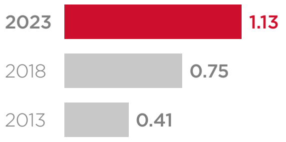
* before exceptionals.
** LTI is reflected in this table as number of shares vested under a PSP in the relevant financial year.

The KPI and share price development over a 10-years period is as follows:

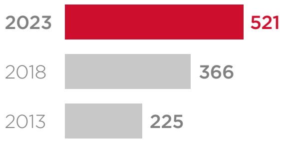
share price
(in EUR)



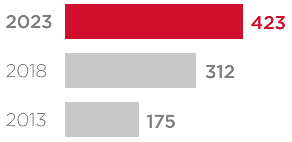
dividend per share
(in EUR)



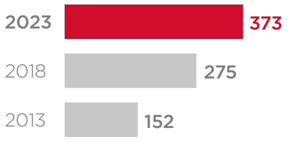
EBITA
(in EUR million)



free cash flow (before interest and tax)
(in EUR million)



net profit (before amortisation)
(in EUR million)



all figures before exceptionals

The Supervisory Board believes that the total remuneration package is a sound balance to realise the Aalberts Strategic Objectives. The remuneration package encourages the Management Board members to deliver solid results every year and to relentlessly execute the updated strategy 2022-2026 Aalberts 'accelerates unique positioning'.

pay ratio

The average annual employee compensation is calculated by dividing the total Aalberts' personnel expenses specified in note 21 of the financial statements – excluding the LTI of all employees, termination benefits and the total remuneration of the members of the Management Board - by the average number of employees minus the average number of Management Board members.

The pay ratio is defined as the ratio between the average annual employee compensation and the average annual Management Board members' compensation. The pay ratio in 2023 was 22.4.

In the calculation of the pay ratio for 2023, we applied the same calculation method as previous years, meaning we deviate from the explanation on the calculation of the pay ratio as included in the Code. We take the remuneration of both Management Board members into account, instead of only the CEO, and the share-based part of the remuneration relating to the LTI was not included for the Management Board members nor the employees. The reason is that there was a CEO change in September 2023 and the new CEO has not been granted conditional share awards in 2023. For a fair comparison we applied the method of previous years and envisage to apply the calculation method as prescribed in the explanatory note to provision 3.4.1 sub iv of the Code as from 2024.

2023	2022	2021	2020	2019
22.4	19.7	23.7	20.3	20.4

comparative information

The table on previous page provides information on the annual change of remuneration of each individual member of the Management Board, of the performance of the company and of average remuneration on a full-time equivalent basis of employees of the company other than Management Board members over the five most recent financial years.

miscellaneous

In the context of the Dutch Claw Back Act, the Supervisory Board saw no reason to revise an incentive prior to payment nor to claw back an incentive. There are no specific arrangements for early termination of employment and resignation of the members of the Management Board. Aalberts did not provide any loans to Management Board members.

update

Each year, the Supervisory Board reviews the Management Board remuneration policy and assesses its alignment with the market in more detail.

remuneration policy Supervisory Board

The remuneration policy of the Supervisory Board supports the company's purpose, values, strategy and objectives. The remuneration policy of the Supervisory Board aims to recruit and retain Supervisory Board members with the right expertise and experience. The remuneration policy of the Supervisory Board supports the Supervisory Board to duly execute its duties and responsibilities independently, and, hence, contribute as best as possible to the realisation of the company's strategic objectives, including long-term value creation for the company and its stakeholders.

It achieves these objectives by providing remuneration that consists of fixed elements only, with remuneration levels that are sustainable within the level playing field in the Netherlands.

The remuneration policy of the Supervisory Board was updated in 2022. In the last few years the work of the Supervisory Board has expanded considerably in intensity, complexity and time with additional themes on the agenda of its committees. A benchmark study has been done in 2022 on the remuneration of supervisory board members of other Dutch stock listed AMX companies. Based on this benchmark, it was evaluated and concluded by the NSR that compared to the AMX reference group, Aalberts was positioned below median market levels for the annual remuneration of the members and the Chairman of the Supervisory Board and for the committee fees. On this basis and upon proposal of the NSR, the Supervisory Board proposed to the AGM that the annual remuneration of the members and the Chairman of the Supervisory Board and the committee fees be increased to the median of the AMX reference group. This updated remuneration policy reflecting the increased amounts as reflected below was approved by the General Meeting on 19 May 2022.

The total remuneration of the Supervisory Board members comprises of the following components:

	EUR 1,000
general membership fee	50
chairmanship fee	25
Audit committee membership/ chairmanship fee	7.5/10
NSR membership/chairmanship fee	7/10

remuneration Supervisory Board

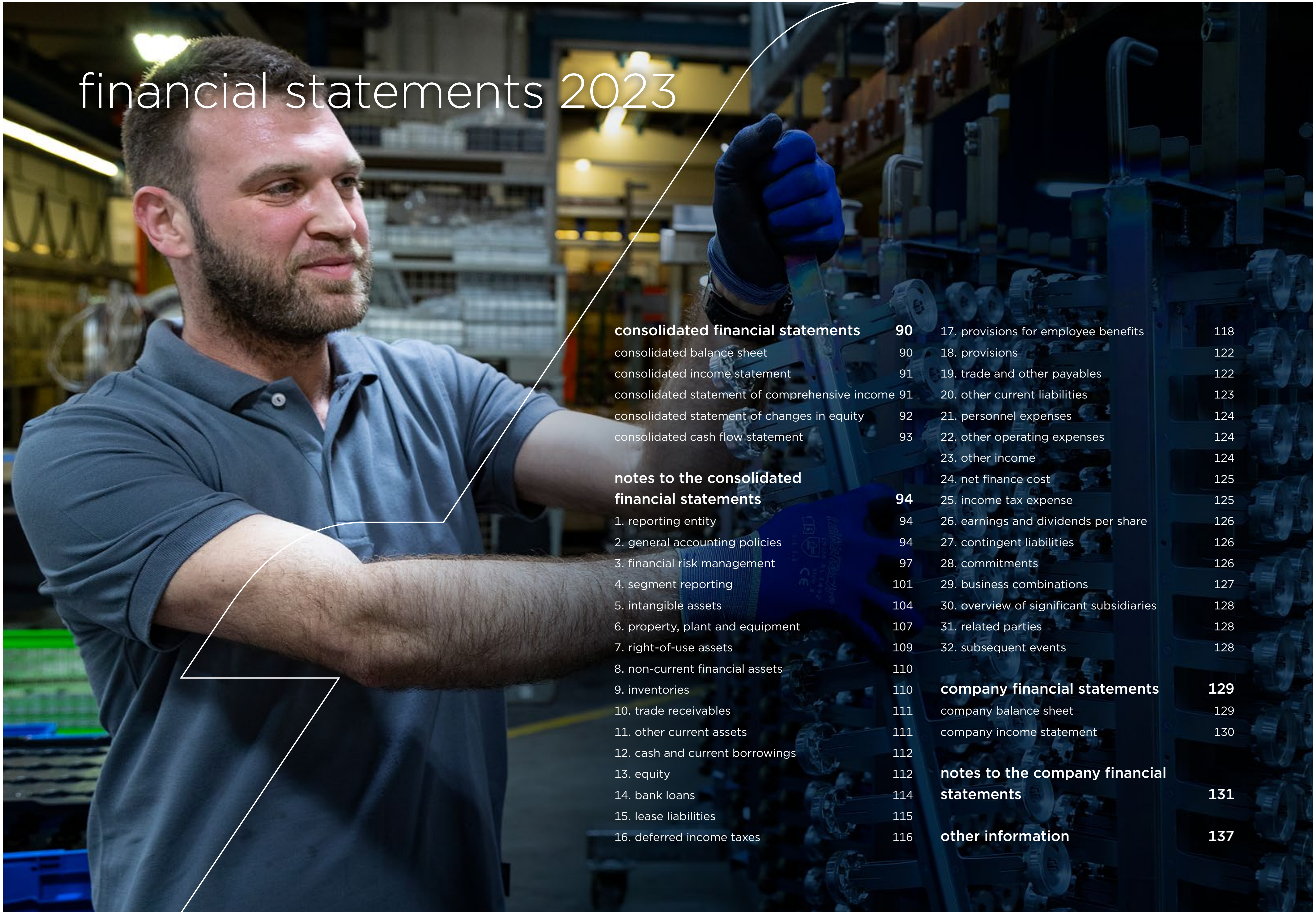
The following fixed individual remuneration were paid members of the Supervisory Board in accordance with the remuneration policy. The table also reflects the annual change of remuneration of each individual member of the Supervisory Board over the five most recent financial years. Information on performance of the company and average remuneration of employees is provided on page 86.

The current amounts of the general fee, the committee fees and the chairmanship fee are approved by the General Meeting on 19 May 2022. No loans, advances or guarantees have been granted to the members of the Supervisory Board. No options have been granted to members of the Supervisory Board. At year-end there are no members of the Supervisory Board that hold shares in the company.

amounts in EUR 1,000	**2023**	**2022**	**2021**	**2020**	**2019**
Peter van Bommel	84	78	12		
Lieve Declercq	58	56	34		
Frank Melzer[1]	43				
Thessa Menssen[1]	43				
Piet Veenema	60	60	50	50	50
Jan van der Zouw	60	60	55	55	55
total	**348**	**305**	**284**	**248**	**225**

[1] appointed EGM 9 March 2023

financial statements 2023



consolidated financial statements

consolidated balance sheet

in EUR million	notes	31-12-2023	31-12-2022
assets			
intangible assets	5	1,446.6	1,549.3
property, plant and equipment	6	1,088.4	995.0
right-of-use assets	7	157.0	168.1
non-current financial assets	8	5.0	6.1
deferred income tax assets	16	10.4	13.7
total non-current assets		**2,707.4**	**2,732.2**
inventories	9	822.6	911.3
trade receivables	10	392.4	380.6
current income tax receivables		14.2	10.6
other current assets	11	82.0	96.8
cash and cash equivalents	12	119.7	79.2
total current assets		**1,430.9**	**1,478.5**
total assets		**4,138.3**	**4,210.7**

in EUR million	notes	31-12-2023	31-12-2022
equity and liabilities			
shareholders' equity	13	2,465.2	2,318.4
non-controlling interests	13	52.1	44.2
total equity		**2,517.3**	**2,362.6**
bank loans	14	388.7	477.0
lease liabilities	15	128.2	139.2
deferred income tax liabilities	16	154.5	175.7
provisions for employee benefits	17	32.9	35.2
provisions	18	21.4	23.3
non-current financial liabilities	20	–	1.5
total non-current liabilities		**725.7**	**851.9**
current portion of bank loans	14	96.9	60.2
current portion of lease liabilities	15	33.7	35.0
current borrowings	12	55.1	161.4
current portion of provisions	18	9.9	11.0
trade and other payables	19	436.9	470.1
current income tax payables		57.3	45.9
other current liabilities	20	205.5	212.6
total current liabilities		**895.3**	**996.2**
total equity and liabilities		**4,138.3**	**4,210.7**

consolidated income statement

in EUR million	notes	2023	2022
revenue	4	**3,324.0**	**3,230.0**
raw materials used and work subcontracted	9	(1,250.7)	(1,214.0)
personnel expenses	21	(916.1)	(906.6)
other operating expenses	22	(543.9)	(530.7)
amortisation of intangible assets	5	(57.6)	(54.9)
depreciation of property, plant and equipment	6	(105.9)	(99.2)
depreciation of right-of-use assets	7	(35.7)	(34.0)
total operating expenses		**(2,909.9)**	**(2,839.4)**
other income	23	49.3	54.8
operating profit		**463.4**	**445.4**
net finance cost	24	(39.4)	(20.8)
profit before income tax		**424.0**	**424.6**
income tax expense	25	(103.5)	(102.3)
profit after income tax		**320.5**	**322.3**
attributable to:			
shareholders		315.8	317.3
non-controlling interests		4.7	5.0
profit after income tax		**320.5**	**322.3**
earnings per share (in EUR)			
basic	26.1	2.86	2.87
diluted	26.1	2.85	2.86

consolidated statement of comprehensive income

in EUR million	notes	2023	2022
profit for the period		**320.5**	**322.3**
other comprehensive income:			
remeasurements of employee benefit obligations	17	(2.4)	14.4
income tax effect on remeasurements	16	0.6	(3.6)
items that will not be reclassified to profit or loss		**(1.8)**	**10.8**
currency translation differences		(29.6)	8.8
fair value changes of derivative financial instruments	20.1	(14.9)	33.7
income tax effect on fair value changes of derivatives	16	3.8	(8.7)
items that may be reclassified to profit or loss		**(40.7)**	**33.8**
other comprehensive income		**(42.5)**	**44.6**
total comprehensive income		**278.0**	**366.9**
attributable to:			
shareholders		269.9	362.7
non-controlling interests		8.1	4.2
total comprehensive income		**278.0**	**366.9**

consolidated statement of changes in equity

in EUR million	share capital	share premium	translation reserve	hedging reserve	retained earnings	**shareholders' equity**	non-controlling interests	**total equity**
as at 1 January 2023	**27.6**	**200.8**	**(17.2)**	**21.8**	**2,085.4**	**2,318.4**	**44.2**	**2,362.6**
profit for the period	–	–	–	–	315.8	**315.8**	4.7	**320.5**
other comprehensive income	–	–	(33.0)	(11.1)	(1.8)	**(45.9)**	3.4	**(42.5)**
total comprehensive income	**–**	**–**	**(33.0)**	**(11.1)**	**314.0**	**269.9**	**8.1**	**278.0**
dividend 2022	–	–	–	–	(122.7)	**(122.7)**	(0.2)	**(122.9)**
share based payments	–	–	–	–	(0.4)	**(0.4)**	–	**(0.4)**
as at 31 December 2023	**27.6**	**200.8**	**(50.2)**	**10.7**	**2,276.3**	**2,465.2**	**52.1**	**2,517.3**

in EUR million	share capital	share premium	translation reserve	hedging reserve	retained earnings	**shareholders' equity**	non-controlling interests	**total equity**
as at 1 January 2022	**27.6**	**200.8**	**(26.8)**	**(3.2)**	**1,945.3**	**2,143.7**	**40.0**	**2,183.7**
profit for the period	–	–	–	–	317.3	**317.3**	5.0	**322.3**
other comprehensive income	–	–	9.6	25.0	10.8	**45.4**	(0.8)	**44.6**
total comprehensive income	**–**	**–**	**9.6**	**25.0**	**328.1**	**362.7**	**4.2**	**366.9**
dividend 2021	–	–	–	–	(182.5)	**(182.5)**	–	**(182.5)**
share based payments	–	–	–	–	(5.5)	**(5.5)**	–	**(5.5)**
as at 31 December 2022	**27.6**	**200.8**	**(17.2)**	**21.8**	**2,085.4**	**2,318.4**	**44.2**	**2,362.6**

consolidated cash flow statement

in EUR million	notes	2023	2022
cash flow from operating activities			
operating profit		**463.4**	**445.4**
adjustments for:			
amortisation of intangible assets	5	57.6	54.9
depreciation of property, plant and equipment	6	105.9	99.2
depreciation of right-of-use assets	7	35.7	34.0
result on sale of equipment		(4.4)	(1.0)
gain on disposal of subsidiaries	29	(30.0)	(34.4)
changes in provisions	18	(4.5)	(2.4)
total adjustments		**160.3**	**150.3**
changes in inventories		57.6	(198.8)
changes in trade and other receivables		(25.4)	(45.0)
changes in trade and other payables		(22.3)	0.4
changes in working capital		**9.9**	**(243.4)**
cash flow from operations		**633.6**	**352.3**
finance cost paid		(38.1)	(15.9)
income taxes paid		(103.4)	(89.1)
net cash generated by operating activities		**492.1**	**247.3**

in EUR million	notes	2023	2022
cash flow from investing activities			
acquisition of subsidiaries	29.1	(16.4)	(182.8)
disposal of subsidiaries	29.2	98.1	65.0
purchase of property, plant and equipment	6	(218.7)	(188.7)
purchase of intangible assets	5	(15.9)	(13.3)
proceeds from sale of equipment		20.3	8.1
net cash generated by investing activities		**(132.6)**	**(311.7)**
cash flow from financing activities			
proceeds from new bank loans	14	10.3	351.3
repayment of bank loans	14	(59.3)	(100.5)
lease payments	15	(37.3)	(36.6)
dividends paid	13.4	(122.7)	(182.5)
settlement of share based payment awards and other	13.3	(4.3)	(8.8)
net cash generated by financing activities		**(213.3)**	**22.9**
net increase/(decrease) in cash and current borrowings		**146.2**	**(41.5)**
cash and current borrowings as at 1 January		(82.2)	(32.1)
effect of changes in exchange rates		0.6	(8.6)
cash and current borrowings as at 31 December	12	**64.6**	**(82.2)**

notes to the consolidated financial statements

1. reporting entity

Aalberts N.V. (the Company and together with its subsidiaries Aalberts or the Group) engineers mission-critical technologies to achieve leading positions in eco-friendly buildings, sustainable transportation, semicon efficiency and industrial niches. Aalberts operates some 130 business locations with activities in over 50 countries, split into the segments building technology and industrial technology.

Aalberts is incorporated and domiciled in Utrecht, the Netherlands. The address of the Company's registered office is WTC Utrecht, Stadsplateau 18 in Utrecht. The Company is registered in the Trade Register of Utrecht under No. 30089954. The head office is based in Utrecht, the Netherlands. Aalberts N.V. has been listed on Euronext Amsterdam (ticker symbol: AALB.AS) since March 1987 and is included in the AMX index.

2. general accounting policies

2.1 basis of preparation

The Group has prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 2 Book 9 of the Dutch Civil Code.

The consolidated financial statements of the Group for the year ended 31 December 2023 comprise the financial statements of the Company and its subsidiaries. The financial statements were signed and authorised for issue by the Management Board and Supervisory Board on 21 February 2024. The Management Board released the full-year results on 22 February 2024. The adoption of the financial statements and the dividend are reserved for the shareholders in the General Meeting on 23 May 2024.

The financial statements are presented in EUR million, unless otherwise stated. The financial statements are prepared on the historical cost basis unless otherwise indicated. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.8.

2.2 changes in accounting policies

The accounting policies described in these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements. Several IFRS amendments apply for the first time in 2023. However, these do not materially impact the Group's consolidated financial statements.

There are no new accounting standards, amendments to existing standards or new IFRIC interpretations published that are not yet effective and expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

global minimum tax (Pillar Two)

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in the Netherlands and in various other jurisdictions in which the Group operates and will come into effect on January 1, 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has not recorded any current or deferred tax exposure in relation to Pillar Two. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes, based on the most recent country-by-country reporting and financial statements of the constituent entities in the Group. Based on this assessment, most of the jurisdictions in which the Group operates will meet one of the transitional safe harbour conditions. However, there may be a limited number of jurisdictions for which the transitional safe harbour relief will not apply. The Group does not expect a material exposure to Pillar Two income taxes with respect to those jurisdictions.

The group has determined that the global minimum top-up tax -which it is required to pay under Pillar Two legislation- is an income tax in the scope of IAS 12. The group has applied a temporary mandatory relief from deferred tax accounting for the impact of Pillar Two income taxes and accounts for them as current taxes when they are incurred.

2.3 changes in presentation

No significant changes in presentation have been made in the financial statements 2023 compared to 2022.

2.4 basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by Aalberts. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Intercompany transactions are determined on an arm's length basis. On consolidation, all intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated. Unrealised gains on intercompany transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.5 foreign currency transactions and translation functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Euros, which is the presentation currency of the Group and the functional currency of the parent company Aalberts N.V.

foreign currency transactions and balances

Foreign currency transactions are translated into the respective functional currencies of Aalberts entities using the exchange rate at transaction date. Receivables, payables and other monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rates at the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of financial transactions and from the translation at year-end exchange rates are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The following exchange rates, for the most important countries in which Aalberts has operations, were used while preparing these consolidated financial statements:

	1 British pound (GBP) = EUR	1 US dollar (USD) = EUR
2023 year-end	1.154	0.906
2023 average	1.150	0.925
2022 year-end	1.131	0.934
2022 average	1.173	0.950

group companies

The results and balances of the group companies that have a functional currency different from the presentation currency are translated into the presentation currency Euro as follows:

- assets and liabilities are translated at the exchange rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (approximating the exchange rates at the transactions dates), and
- all resulting translation differences are recognised in other comprehensive income and are presented within equity in the currency translation reserve, unless the operation is not a wholly owned subsidiary for which the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

This is also applicable to currency translation differences on intercompany loans which are treated as investments in foreign activities. On the disposal of a foreign operation, the translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2.6 offsetting financial instruments

If Aalberts has a legal right to offset financial assets with financial liabilities and if Aalberts intends either to settle on a net basis or to realise the asset and settle the liability simultaneously, financial assets and liabilities are presented in the balance sheet as a net amount.

2.7 cash flow statement

The cash flow statement is prepared based on the indirect method. The cash paid for the acquired group companies, less the available cash, is recorded under cash flow from investing activities. The changes in assets and liabilities because of acquisitions are eliminated from the cash flows arising from these assets and liabilities. These changes have been incorporated in the cash flow from investment activities under 'acquisition of subsidiaries'. The net cash flow consists of the net change of cash and current borrowings in comparison with the previous year.

2.8 significant accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and judgements are based on experience and factors that are believed to be reasonable under circumstances. Estimates and assumptions are reviewed on an ongoing basis taking into account risks associated with the impact of climate change, geopolitical developments and foreseen changes in the economic landscape.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies have been consistently applied by Group entities to all periods presented in these consolidated financial statements.

goodwill impairments
The Group annually tests whether goodwill has suffered any impairment losses. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. The impairment model used is the discounted cash flow method using a weighted average cost of capital (WACC). The impact of climate change including relevant transition risks were considered in relation to indications of impairment and the forecast of cash flows used in the value-in-use calculations. Details on the impairment tests performed are stated in note 5.

estimated useful lives and residual values
The useful life and residual value of intangible assets (note 5) and property, plant and equipment (note 6) are periodically reviewed during the life of the asset to ensure that it reflects current circumstances. The impact of climate change on the useful life and residual values were also considered including physical risks to our locations caused by extreme weather conditions. This had no significant impact on the carrying amounts of these assets.

leases
The lease liability (note 15) is determined based on judgement in determining the lease terms, which includes assessing whether extension and termination options are exercised. Assumptions are used to determine the incremental borrowing rate for discounting future lease payments, which as a result could have an impact on the lease liability.

pension plans
Assumptions are used for determining the defined benefit obligation of pension plans (note 17). Assumptions are used such as future salary increase, the rate of return on plan investments, mortality rates, and the rates at which plan participants are expected to leave the pension plans because of retirement, disability and termination.

provisions
Provisions for restructuring, claims, warranties and environmental restoration (note 18) are based on estimates and judgements based on available information. The impact of climate change was considered in relation to the recognition and measurement of provisions and had no significant impact on the amounts included.

taxes
The Group is subject to taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for taxes (note 16). There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the company tax and deferred tax provisions in the period in which such determination is made.

purchase price allocation
For the purpose of the purchase price allocation (note 29.1) judgements and estimates on assumptions are made to determine the fair value of the identifiable assets and liabilities at acquisition date. This is mainly related to fair value assessments of property, plant and equipment, intangible assets and the related deferred tax liabilities.

3. financial risk management

3.1 financial risk factors

The Group's activities are exposed to a variety of financial risks: foreign currency exchange risk, price risk, credit risk, liquidity risk, cash flow and interest rate risk and capital risk. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by Group Treasury under policies approved by the Management Board. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group companies. The Management Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency exchange risk, interest rate risk, credit risk, and the use of derivative financial instruments and non-derivative financial instruments. These principles may differ per group company or business segment being a result of different local market circumstances.

3.1.1 foreign currency risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the US dollar and the British pound. Foreign currency exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign currency exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each foreign currency. In general, remaining substantial currency risks are covered by using currency instruments.

The Group has several foreign subsidiaries of which the net equity is subject to currency translation risk resulting from the translation of foreign operations into the reporting currency of Aalberts. This currency translation risk is monitored but not hedged.

The US dollar and British pound are the major foreign currencies for the Group. As at 31 December 2023, if the Euro had weakened against the US dollar by 10%, with all other variables held constant, the net profit of the Group would have been impacted by positive EUR 1.9 million (2022: positive EUR 1.9 million) and the net equity would have been impacted by positive EUR 63.3 million (2022: positive EUR 54.6 million). As at 31 December 2023, if the Euro had weakened against the British pound by 10%, with all other variables held constant, the net profit of the Group would have been impacted by negative EUR 0.3 million (2022: negative EUR 0.7 million) and the net equity would have been impacted by positive EUR 24.2 million (2022: positive EUR 22.5 million).

3.1.2 credit risk

The Group has no significant concentrations of credit risk due to the diversification of activities and markets. It has policies in place to ensure that wholesale sales of products are made to creditworthy customers. The majority of the Group companies make use of credit insurance. The Group did not receive any collateral for its financial assets. Derivative and cash transactions are executed with creditworthy financial institutions.

The maximum credit risk on financial assets, being the total carrying value of these assets before provisions for impairment of receivables, amounts to EUR 603.3 million (2022: EUR 568.9 million):

in EUR million	31-12-2023	31-12-2022
trade receivables (gross)	396.6	386.8
non-current financial assets	5.0	6.1
other current assets	82.0	96.8
cash and cash equivalents	119.7	79.2
total	**603.3**	**568.9**

3.1.3 liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping credit lines available at a number of well-known financial institutions. On the basis of cash flow forecasting models the Group tests, on a periodic basis, whether the available credit facilities will cover the expected credit need. Based on these analyses, the Group believes that the current expected credit need is sufficiently covered. On a going concern basis, except for major acquisitions, the Group therefore expects to be able to cover cash flow from investing and financing activities out of the cash flow from operating activities and existing credit facilities.

The maturity of the future undiscounted cash flows of financial liabilities, including interest payments, is as follows:

	within 1 year	between 1 - 5 years	over 5 years	**total contractual cash flows**	carrying amount
as at 31 December 2023					
bank loans	121.2	401.2	25.4	**547.8**	485.6
lease liabilities	36.1	78.9	54.1	**169.1**	161.9
current borrowings	55.1	–	–	**55.1**	55.1
trade and other payables	436.9	–	–	**436.9**	436.9
other current liabilities [1]	151.6	–	–	**151.6**	151.6
total financial liabilities at amortised cost	**800.9**	**480.1**	**79.5**	**1,360.5**	**1,291.1**
derivative liabilities	0.4	–	–	**0.4**	0.4
total financial liabilities	**801.3**	**480.1**	**79.5**	**1,360.9**	**1,291.5**

1. excluding taxes payable

	within 1 year	between 1 - 5 years	over 5 years	**total contractual cash flows**	carrying amount
as at 31 December 2022					
bank loans	78.6	426.2	89.6	**594.4**	537.2
lease liabilities	36.9	85.1	59.3	**181.3**	174.2
current borrowings	161.4	–	–	**161.4**	161.4
trade and other payables	470.1	–	–	**470.1**	470.1
other current liabilities [1]	161.4	–	–	**161.4**	161.4
total financial liabilities at amortised cost	**908.4**	**511.3**	**148.9**	**1,568.6**	**1,504.3**
derivative liabilities	1.4	–	–	**1.4**	1.4
total financial liabilities	**909.8**	**511.3**	**148.9**	**1,570.0**	**1,505.7**

1. excluding taxes payable

For more information on derivative financial instruments we refer to note 20.1.

3.1.4 cash flow and interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises mainly from current and non-current borrowings. Bank borrowings are mainly entered into using floating rate debt. Where considered applicable, the Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period was as follows:

	31-12-2023	31-12-2022
banks loans:		
• floating rate	12.2	1.3
• fixed rate	0.0	0.5
• hedged from floating rate to fixed rate	473.4	535.4
total bank loans	**485.6**	**537.2**
current borrowings – floating rate	55.1	161.4
total bank loans and current borrowings	**540.7**	**698.6**

As at 31 December 2023, if the Euribor/US Libor would have been 100 basis points higher, with all other variables constant, the net profit of the Group would have been impacted by positive EUR 0.1 million (2022: negative EUR 0.9 million). The net equity as at year-end would have been impacted by the same amount. The change in the market value as at balance sheet date of the derivative financial instruments, as a result of the interest adjustment, is excluded from this sensitivity analysis.

3.1.5 price risk

The Group is exposed to price risk of commodities because of its dependence on certain raw materials, especially copper. Generally, commodity price variances are absorbed in the sales price. Additionally, the Group makes use of its strong position in the market for commodities to realise the purchase and delivery of raw materials at the best possible terms and conditions. Where considered necessary, exposures with high risk may be covered through commodity future contracts.

3.1.6 capital risk

The policy of Aalberts is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business and acquisitions of Aalberts. In order to manage going concern for shareholders and other stakeholders the Group periodically monitors the capital structure in consistency with the industry through the following principal financial ratios:

- leverage ratio (net debt / EBITDA): 0.9 (2022: 1.3)
- interest cover ratio (EBITDA / net interest expense): 19.7 (2022: 31.4)
- gearing ratio (net debt / total equity): 0.2 (2022: 0.3)

EBITDA is adjusted for non-recurring items. Both EBITDA and net interest expense are on 12-month rolling basis.

3.2 financial instruments

The Group holds the following financial instruments:

	notes	31-12-2023	31-12-2022
financial assets			
• non-current financial assets	8	5.0	6.1
• trade receivables	10	392.4	380.6
• other current assets [1]	11	56.8	54.5
• cash and cash equivalents	12	119.7	79.2
financial assets at amortised cost		**573.9**	**520.4**
derivative assets at fair value	20.1	15.0	29.6
total financial assets		**588.9**	**550.0**
financial liabilities			
• bank loans	14	485.6	537.2
• lease liabilities	15	161.9	174.2
• current borrowings	12	55.1	161.4
• trade and other payables	19	436.9	470.1
• other current liabilities [1]	20	151.6	161.4
financial liabilities at amortised cost		**1,291.1**	**1,504.3**
derivative liabilities at fair value	20.1	0.4	1.4
total financial liabilities		**1,291.5**	**1,505.7**

1. excluding taxes receivable and payable

Financial instruments are measured at amortised cost or fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability.

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 inputs are unobservable inputs for the asset or liability.

All financial instruments carried at fair value are classified as level 2. The carrying amounts of the financial instruments approximate their fair values.

4. segment reporting

4.1 reportable segments

Information regarding the operating activities and performance of each reportable segment is as follows:

	building technology	industrial technology	holding / eliminations	total 2023	building technology	industrial technology	holding / eliminations	total 2022
revenue	1,798.0	1,526.0	–	**3,324.0**	1,841.8	1,388.2	–	**3,230.0**
EBITA	256.4	269.7	(5.1)	**521.0**	276.4	226.8	(2.9)	**500.3**
EBITA as % of revenue	14.3	17.7		**15.7**	15.0	16.3	–	**15.5**
total assets	1,996.2	1,965.2	176.9	**4,138.3**	2,070.5	1,992.3	147.9	**4,210.7**
total liabilities	399.5	289.4	17.7	**706.6**	432.9	303.2	17.6	**753.7**
depreciation of property, plant and equipment	45.6	56.7	3.6	**105.9**	44.0	53.5	1.7	**99.2**
capital expenditure of property, plant and equipment	85.2	138.0	0.8	**224.0**	94.3	108.3	0.6	**203.2**

Reconciliation of EBITA of reportable segments to profit before income tax is as follows:

	2023	2022
total EBITA	**521.0**	**500.3**
amortisation of intangible assets	(57.6)	(54.9)
net finance cost	(39.4)	(20.8)
consolidated profit before income tax	**424.0**	**424.6**

Segment assets consist primarily of intangible assets, property, plant and equipment, right-of-use assets, assets held for sale, inventories, trade debtors and other current assets. Segment liabilities do not include borrowings, leases and other liabilities that are incurred for financing rather than operating purposes. In addition, segment liabilities do not include deferred tax liabilities and current income tax payables.

Reconciliation of total liabilities of reportable segments to the consolidated balance sheet is as follows:

	31-12-2023	31-12-2022
total liabilities of reportable segments	**706.6**	**753.7**
non-current and current borrowings	540.7	698.6
lease liabilities	161.9	174.2
tax liabilities	211.8	221.6
equity	2,517.3	2,362.6
consolidated equity and liabilities	**4,138.3**	**4,210.7**

4.2 geographical information

Revenue is allocated based on the geographical location of the customers:

	2023	%	2022	%
revenue				
Western Europe	2,010.8	60.5	1,916.4	59.3
America	757.9	22.8	771.4	23.9
Eastern Europe	372.1	11.2	380.6	11.8
APAC, Middle East, Africa	183.2	5.5	161.6	5.0
total	**3,324.0**	**100.0**	**3,230.0**	**100.0**

Non-current assets are allocated based on the country in which the assets are located and include intangible assets, property, plant and equipment and right-of-use assets:

	31-12-2023	%	31-12-2022	%
non-current assets				
Western Europe	1,866.8	68.9	1,881.7	68.9
America	605.5	22.4	643.1	23.5
Eastern Europe	189.9	7.0	156.2	5.7
APAC, Middle East, Africa	45.2	1.7	51.2	1.9
total	**2,707.4**	**100.0**	**2,732.2**	**100.0**

4.3 analysis of revenue by category

	2023	%	2022	%
revenue				
sale of goods	2,654.6	79.9	2,593.4	80.3
services	669.4	20.1	636.6	19.7
total	**3,324.0**	**100.0**	**3,230.0**	**100.0**

accounting policies

segment reporting

Aalberts businesses are presented in the reportable segments building technology and industrial technology. Building technology develops, manufactures and monitors hydronic flow control systems for heating and cooling to improve the energy efficiency and develops, designs and manufactures integrated piping systems to distribute and regulate water or gas flows in heating, cooling, water, gas and sprinkler systems in eco-friendly buildings and industrial niches. The market approach in this segment is based on local sales platforms focused on installers, contractors and wholesalers.

Industrial technology co-develops, engineers and manufactures advanced mechatronics and technologies to regulate, measure and control fluids under severe and critical conditions for worldwide active OEMs in semicon efficiency, sustainable transportation and industrial niches and offers an extensive range of surface technologies utilising a global network of service locations with excellent local knowledge to customers active in sustainable transportation and industrial niches.

Besides the identified reportable segments there are head office activities, unallocated items and eliminations of intersegment transfers or transactions. These are grouped together as holding/eliminations and are mainly related to supporting activities and projects at the level of the head office. The related gains and losses are directly monitored by the Management Board. Unallocated assets mainly consist of (deferred) income tax assets. Intersegment transfers or transactions are entered into under transfer pricing terms and conditions that are comparable with terms and conditions with unrelated third parties.

The businesses in a segment are each managed separately by a business management team which is held directly responsible for the functioning and performance of the business and which reports to the Management Board (the chief operating decision maker) which is responsible for the allocation of the available resources, the assessment of the operational results and strategic decisions. The results of the businesses are monitored on the level of EBITA, being the operating profit before amortisation, interest and tax related expenses. Operational segment reporting is performed consistently with the internal reporting as provided to the Management Board.

revenue

The Group recognises revenue to represent the transfer of promised goods or services to customers in an amount that reflects the amount to which the entity expects to be entitled in exchange for those goods or services.

The Group applies the 5-step approach to recognise revenue and recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

If one of the following criteria are met, then the Group recognises revenue over time:
- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In these cases, a method that follows its performance is used to reflect the pattern of transfer of control of the good or service to the customer (e.g. milestones reached, or costs incurred to date). If none of these criteria are met, the Group considers the control being transferred to the customer at a point in time and the Group recognises revenue at that point in time.

The following is a description of the activities where the Group generates revenue, including the nature and timing of satisfaction of the performance obligations, which is consistent with the revenue information that is disclosed for each reportable segment:
- within building technology and some business within industrial technology revenue is related to the sale of goods. Revenue is recognised for each separate performance obligation when control over the corresponding goods is transferred to the customer and in accordance with the applicable incoterms.
- within industrial technology some businesses are involved in performing several services under one contract. If the services under a single arrangement are rendered in different reporting periods then the consideration is allocated on a relative fair value basis between the different services. Revenue is recognised at a point in time since none of the criteria to recognise revenue over time are met. The customer can only benefit from the services rendered after Group's performance and not when the performance is delivered.
- for some made-to-order product contracts within industrial technology, the customer controls the work in progress during manufacturing. When this is the case, revenue is recognised as the products are being manufactured. This results in revenue for these contracts being recognised over time.

The transaction price allocated to (partially) unsatisfied performance obligations at period end date are limited given the nature and timing of satisfaction of the performance obligations as described above. Contract balances and relevant disclosures are limited to receivables and are described as 'trade receivables' in note 10.

5. intangible assets

	goodwill	other intangibles	software	assets under construction	total 2023	goodwill	other intangibles	software	assets under construction	total 2022
as at 1 January										
cost	971.8	920.6	68.9	15.8	**1,977.1**	881.3	787.0	70.8	13.2	**1,752.3**
accumulated amortisation	–	(373.0)	(54.8)	–	**(427.8)**	–	(319.3)	(55.7)	–	**(375.0)**
net book amount as at 1 January	**971.8**	**547.6**	**14.1**	**15.8**	**1,549.3**	**881.3**	**467.7**	**15.1**	**13.2**	**1,377.3**
additions	–	4.4	4.1	4.6	**13.1**	–	5.1	2.4	3.9	**11.4**
transfers	–	–	–	3.1	**3.1**	–	–	1.5	–	**1.5**
assets taken into operation	–	–	3.7	(3.7)	**-**	–	0.7	1.1	(1.8)	**-**
acquisition of subsidiaries	1.3	–	–	–	**1.3**	81.0	111.7	0.1	–	**192.8**
disposal of subsidiaries	(24.9)	(12.4)	(0.2)	–	**(37.5)**	–	(0.5)	(0.2)	–	**(0.7)**
amortisation	–	(51.9)	(5.7)	–	**(57.6)**	–	(48.9)	(6.0)	–	**(54.9)**
currency translation	(19.5)	(5.3)	(0.1)	(0.2)	**(25.1)**	9.5	11.8	0.1	0.5	**21.9**
net book amount as at 31 December	**928.7**	**482.4**	**15.9**	**19.6**	**1,446.6**	**971.8**	**547.6**	**14.1**	**15.8**	**1,549.3**
as at 31 December										
cost	928.7	893.0	73.8	19.6	**1,915.1**	971.8	920.6	68.9	15.8	**1,977.1**
accumulated amortisation	–	(410.6)	(57.9)	–	**(468.5)**	–	(373.0)	(54.8)	–	**(427.8)**
net book amount as at 31 December	**928.7**	**482.4**	**15.9**	**19.6**	**1,446.6**	**971.8**	**547.6**	**14.1**	**15.8**	**1,549.3**

Other intangibles mainly consist of intangible assets originating from acquisitions. Approximately two third of the book amount relates to acquired customer relationships. The remainder relates to acquired technology and brand names. Intangible assets under construction are ongoing development costs mainly related to IT applications, including ERP. These costs are related to assets that are not yet available for use and are therefore not amortised.

At year-end, Group companies had EUR 1.5 million investment commitments outstanding in respect of intangible assets (2022: EUR 2.0 million).

goodwill impairment test

The book amount of goodwill has been allocated to the cash generating units within building technology and industrial technology for the purpose of impairment testing. The allocation of the book amount of goodwill to the reportable segments is, on aggregated level, as follows:

	31-12-2023	31-12-2022
building technology	428.5	441.5
industrial technology	500.2	530.3
total	**928.7**	**971.8**

The recoverable amount of a cash generating unit is determined based on their calculated value-in-use. These calculations are pre-tax cash flow projections based on the strategic business plans for the coming years, excluding the net present value of new business and expansion capital expenditures. Management determined forecasted growth rates based on past performance and its expectations of market developments. For the period after 2028 a growth rate equal to expected long-term inflation is taken into account. The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

The assumptions used for impairment tests are as follows:

	building technology 2023	industrial technology 2023	building technology 2022	industrial technology 2022
average growth rate (first 5 years)	2.0% - 5.2%	1.0% - 4.5%	2.4% - 7.2%	1.5% - 14.2%
long-term average growth rate (after 5 years)	1.5%	1.5%	1.5%	1.5%
discount rate (pre-tax)	10.6% - 15.4%	10.6% - 12.1%	10.9% - 15.9%	10.2% - 12.9%
discount rate (post-tax)	8.1% - 12.1%	8.1% - 9.3%	8.3% - 12.2%	8.3% - 9.7%

No impairment was necessary following impairment tests on all cash generating units within the Group, since the discounted future cash flows from the cash generating units exceeded the value of the capital employed.

It is inherent in the method of computation used that a change in the assumptions may lead to a different conclusion on the impairment required. Therefore a sensitivity analysis is performed based on a change in an assumption while holding all other assumptions constant.

The following changes in assumptions are assessed:
- decrease of the average growth rate by 3.0% (2022: 3.0%)
- decrease of the long-term average growth rate by 1.0% (2022: 1.0%)
- increase of the discount rate (post-tax) by 1.0% (2022: 1.0%)

Based on the sensitivity analysis performed it is concluded that any reasonable change in the key assumptions would also not require an impairment.

accounting policies

goodwill

Goodwill represents the excess of the costs of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is allocated to cash generating units, being the parts of the segments benefiting from the business combination in which the goodwill arose. Goodwill is not amortised but is tested annually for impairment, or more frequently when there is an indication that the unit may be impaired. On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

other intangible assets

Other intangible assets include brand names, customer base and technology. Intangible assets that are acquired through acquired companies are initially valued at fair value. These identifiable intangibles are then systematically amortised over the estimated useful life which is between 15 and 20 years.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and new commercially feasible products is recognised in the income statement. An internally generated intangible asset arising from development is only recognised if all relevant criteria have been met, otherwise development expenditure is recognised in the income statement in the period in which it is incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. After initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and impairment losses.

software

Acquired software is capitalised and stated at cost less accumulated amortisation and impairment losses. Software is amortised over the estimated useful life, normally 3 to 5 years. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in profit or loss when incurred.

amortisation and impairment

Amortisation is calculated over the cost of the asset less its residual value. Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Changes in useful lives or residual value are recognised prospectively.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair-value-less-costs-of-disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). An impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

6. property, plant and equipment

	land and buildings	plant and equipment	other	assets under construction	total 2023	land and buildings	plant and equipment	other	assets under construction	total 2022
as at 1 January										
cost	721.0	1,778.7	94.5	163.9	**2,758.1**	689.8	1,720.6	98.0	82.8	**2,591.2**
accumulated depreciation	(356.0)	(1,329.5)	(77.6)	–	**(1,763.1)**	(339.4)	(1,288.5)	(82.7)	–	**(1,710.6)**
net book amount as at 1 January	**365.0**	**449.2**	**16.9**	**163.9**	**995.0**	**350.4**	**432.1**	**15.3**	**82.8**	**880.6**
addition	19.6	69.0	4.0	131.4	**224.0**	18.3	50.7	4.8	129.4	**203.2**
transfers	–	–	–	(3.1)	**(3.1)**	–	–	–	(1.5)	**(1.5)**
assets taken into operation	28.7	56.1	0.2	(85.0)	**-**	8.9	37.0	1.7	(47.6)	**-**
disposals	(9.9)	–	(0.2)	(1.9)	**(12.0)**	(5.0)	–	(0.2)	–	**(5.2)**
acquisition of subsidiaries	–	–	–	–	**-**	10.3	2.2	0.9	1.0	**14.4**
disposal of subsidiaries	(4.2)	(3.1)	(0.2)	(0.5)	**(8.0)**	(0.8)	(2.6)	–	(0.2)	**(3.6)**
depreciation	(20.7)	(80.3)	(4.9)	–	**(105.9)**	(19.2)	(74.4)	(5.6)	–	**(99.2)**
currency translation	(0.7)	(1.5)	(0.2)	0.8	**(1.6)**	2.1	4.2	–	–	**6.3**
net book amount as at 31 December	**377.8**	**489.4**	**15.6**	**205.6**	**1,088.4**	**365.0**	**449.2**	**16.9**	**163.9**	**995.0**
as at 31 December										
cost	738.6	1,830.6	93.4	205.6	**2,868.2**	721.0	1,778.7	94.5	163.9	**2,758.1**
accumulated depreciation	(360.8)	(1,341.2)	(77.8)	–	**(1,779.8)**	(356.0)	(1,329.5)	(77.6)	–	**(1,763.1)**
net book amount as at 31 December	**377.8**	**489.4**	**15.6**	**205.6**	**1,088.4**	**365.0**	**449.2**	**16.9**	**163.9**	**995.0**

At year-end, Group companies had investment commitments outstanding in respect of property, plant and equipment amounting to EUR 32.0 million (2022: EUR 51.3 million).

accounting policies

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of directly attributable overheads. The Group recognises in the net book amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repair and maintenance costs are recognised in the income statement as an expense as incurred. The difference between opening and closing balance of assets under construction normally consists of additions and reclassifications to other categories of property, plant and equipment.

For depreciation, the straight-line method is used. The useful life and residual value are reviewed periodically through the life of an asset to ensure that it reflects current circumstances. Depreciation will be applied to property, plant and equipment as soon as the assets are put into operation. The following useful lives are used for depreciation purposes:

	useful life (minimum)	useful life (maximum)
land	infinite	infinite
buildings	5 years	40 years
plant and equipment	3 years	15 years
other	3 years	5 years

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

7. right-of-use assets

	31-12-2023	31-12-2022
land and buildings	128.1	139.2
plant and equipment	12.3	14.9
company cars and other	16.6	14.0
net book amount right-of-use assets	**157.0**	**168.1**

Additions to the right-of-use assets during 2023 amounted to EUR 30.0 million (2022: EUR 22.6 million).

The income statement includes the following amounts relating to leases:

	2023	2022
depreciation expense right-of-use assets:		
• land and buildings	22.5	21.8
• plant and equipment	5.2	4.5
• company cars and other	8.0	7.7
total depreciation expense right-of-use assets	**35.7**	**34.0**
interest expense on lease liabilities	2.2	2.1
expenses relating to leases	**37.9**	**36.1**

Lease expenses in relation to short-term and low-value assets are included in other operating expenses. Payment of principal amounts of leases amount to EUR 37.3 million (2022: EUR 36.6 million) and payments of interest on leases amount to EUR 2.2 million (2022: EUR 2.1 million). The lease liabilities related to the right-of-use assets are disclosed in note 15.

accounting policies

The Group leases various production facilities, machinery and equipment, warehouses and company cars. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Extension and termination options are included in a number of leases across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Non-lease components are included in the lease liability for company cars and are excluded for other lease categories.

Right-of-use assets are measured at cost and comprise the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise low-value items of IT equipment and office furniture.

8. non-current financial assets

	2023	2022
as at 1 January	**11.1**	**9.0**
additions / (reversals)	(2.3)	0.2
unwinding of discounts	0.2	–
payments	(3.9)	(1.9)
disposal of subsidiaries	6.4	3.8
as at 31 December	**11.5**	**11.1**
current portion of deferred consideration receivable	6.5	5.0
non-current financial assets	5.0	6.1
as at 31 December	**11.5**	**11.1**

Non-current financial assets consist of deferred consideration receivables in relation to the disposal of subsidiaries. No loss allowance is recognised for the financial asset. The current portion of the deferred consideration amounting to EUR 6.5 million is presented under other current assets.

accounting policies

Non-current financial assets are initially measured at fair value. The Group holds these financial assets with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost minus any impairment losses.

9. inventories

	31-12-2023	31-12-2022
raw materials	217.8	271.2
work in progress	242.9	244.7
finished goods	349.6	383.9
other inventories	12.3	11.5
total	**822.6**	**911.3**

The costs of inventories are recognised as an expense and write-offs on inventories are included in 'raw materials used and work subcontracted' in the income statement. In 2023 an amount of EUR 1,155.2 million (2022: EUR 1,129.5 million) is recognised as raw materials used. In 2023 a net write-off expense of EUR 3.3 million (2022: EUR 1.4 million) is recognised. The provision for write-down of inventories, due to obsolescence and slow-moving stock, amounts to EUR 32.1 million (2022: EUR 29.4 million). The vast majority of the inventory has a turnover of less than one year.

accounting policies

Inventories are measured at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated by using a weighted average cost formula or on a first-in-first-out basis.

10. trade receivables

	31-12-2023	31-12-2022
trade receivables (gross amount)	396.6	386.8
allowance for expected credit losses of receivables	(4.2)	(6.2)
trade receivables (net amount)	**392.4**	**380.6**

The movement in the allowance for expected credit losses of receivables is as follows:

	2023	2022
as at 1 January	**6.2**	**5.4**
additions/(reversals)	(0.2)	1.0
used during year	(0.9)	(0.8)
acquisition of subsidiaries	–	0.2
disposal of subsidiaries	(0.7)	–
currency translation differences	(0.2)	0.4
as at 31 December	**4.2**	**6.2**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. There is no concentration of credit risk with respect to trade receivables, as the Group has a large customer base which is internationally dispersed and makes use of credit insurance for a majority of its receivables.

The allowance for expected credit losses of receivables of EUR 4.2 million (2022: EUR 6.2 million) is mainly related to receivables past due more than 90 days. The allowance for expected credit losses (ECL) of trade receivables is based on a periodically review whether an allowance for credit losses is needed by considering factors such as payment history, credit quality, expected lifetime losses and current economic conditions that may affect a customer's ability to pay. Reversals of the allowance for expected credit losses amount to EUR 0.2 million (2022: EUR 1.0 million addition) and are included in the 'other operating expenses'.

Receivables fall due in less than one year. The fair value of the receivables approximates the book value, due to their short-term character.

The past due aging analysis of the trade receivables is as follows:

	31-12-2023	31-12-2022
not past due	335.5	324.5
past due less than 30 days	41.3	41.3
past due between 30 days and 60 days	8.4	9.1
past due between 60 days and 90 days	2.6	3.1
past due more than 90 days	8.8	8.8
trade receivables (gross amount)	**396.6**	**386.8**

The majority of the carrying amounts is denominated in the functional currency of the reported entities:

	31-12-2023	31-12-2022
Euro	192.9	190.7
US dollar	89.6	104.6
British pound	45.4	33.6
other currencies	68.7	57.9
trade receivables (gross amount)	**396.6**	**386.8**

accounting policies
Trade receivables are initially measured at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost minus any impairment losses.

11. other current assets

	31-12-2023	31-12-2022
prepaid expenses and accrued income	27.9	26.6
deferred consideration receivable	6.5	5.0
value added tax receivable	10.2	12.7
derivative financial instruments	15.0	29.6
other receivables	22.4	22.9
total	**82.0**	**96.8**

12. cash and current borrowings

	31-12-2023	31-12-2022
cash and cash equivalents	119.7	79.2
current borrowings	(55.1)	(161.4)
total cash and current borrowings	**64.6**	**(82.2)**

The cash and current borrowings amount to EUR 64.6 million positive (2022: EUR 82.2 million negative). The carrying amounts of cash and current borrowings approximate their fair values.

The cash consists of cash and bank balances for an amount of EUR 119.7 million (2022: EUR 79.2 million). Cash is freely disposable.

The current borrowings of EUR 55.1 million (2022: EUR 161.4 million) are drawn on short-term credit facilities consisting of committed and uncommitted credit lines, provided by a number of credit institutions. The total of these facilities at year-end 2023 amounted to EUR 944.8 million (2022: EUR 939.3 million), of which generally between EUR 87 million and EUR 343 million was used throughout the year. At year-end 2023, the total committed revolving credit facilities amounted to EUR 420.3 million (2022: EUR 443.4 million), consisting of three credit facilities of EUR 50 million, three credit facilities of EUR 75 million available in EUR and USD and one credit facility of USD 50 million.

accounting policies

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash balances, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are shown within current borrowings in the balance sheet.

13. equity

13.1 share capital

The total number of ordinary shares outstanding at year-end was 110.6 million shares (2022: 110.6 million shares) with a par value of EUR 0.25 per share. In addition, there are 100 priority shares issued with a par value of EUR 1.00 per share. An explanation of the total number of shares outstanding is included in note 33.4.

13.2 currency translation and hedging reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

13.3 share-based payments (performance share plan)

Aalberts reviews on an annual basis whether awards from the existing Performance Share Plan will be granted to a limited number of executives. This plan is a share-based equity-settled incentive plan. Conditional shares are awarded that become unconditional three years after the start of the performance period as long as the related conditions with regard to employment and performance have been met. The performance conditions attached to the granting of Performance Shares are based on the Group's financial performance over a three-year performance period. Under the PSP 2021-2023 and the PSP 2023-2025, the financial performance over the three calendar years is measured based on the average growth of earnings per share before amortisation (EPS) and based on the average return on capital employed (ROCE) percentage. The conditions of the plan stipulate that ultimately a maximum of 125% of the number of conditionally granted shares at the start of the performance period can be paid out.

PSP 2019-2022 BT: Based on the performance conditions of the plan 103.6% of the conditional shares 63,000 (70,500 shares at the end of 2022) were vested in 2023 (65,250 shares). In June 2023, a total of 65,250 shares were purchased at market value for EUR 2.7 million and transferred to the security account of the individual employees. An amount of EUR 0.1 million (2021: 0.5 million) was charged to personnel expenses and credited to total equity (overall no impact on equity).

PSP 2021-2023: In May/June 2021, a total number of 150,000 (100%) conditional shares were granted and accepted. As at the end of 2023, there are still 92,000 conditional shares in circulation (2022: 132,000 shares). 40,000 shares were vested in 2023. In December 2023, a total of 20,200 shares were purchased at market value for EUR 0.8 million and transferred to the security account of the individual employees. A total of 19,800 shares with a market value of EUR 0.7 million were used to settle the income tax liability ('net settlement feature'). The fair value of the Performance Shares is based on the share price on the grant date, minus the discounted value of the expected dividends in the period that the shares were granted conditionally, in view of the fact that the participants are not entitled to dividends during the vesting period. The expected dividends are based on the Group's dividend policy. As at the end of 2023, the total fair value of the 92,000 conditional shares was EUR 4.7 million. An amount of EUR 2.7 million was charged to the personnel expenses and credited to total equity (overall no impact on equity).

PSP 2023-2025: In May/June 2023, a total number of 135,500 (100%) conditional shares were granted and accepted. The fair value of the Performance Shares is based on the share price on the grant date, minus the discounted value of the expected dividends in the period that the shares were granted conditionally, in view of the fact that the participants are not entitled to dividends during the vesting period. The expected dividends are based on the Group's dividend policy. As at the end of 2023, the total fair value of the 135,500 conditional shares was EUR 5.1 million. An amount of EUR 1.1 million was charged to the personnel expenses and credited to total equity (overall noimpact on equity).

The Management Board members participate in the Performance Share Plan. The details are mentioned in the remuneration of the Management and Supervisory Board as disclosed in note 33.9.

accounting policies

A limited number of executives of the Group are given the opportunity to participate in a long-term equity-settled incentive plan. The fair value of the rights to shares is expensed on a straight-line basis over the vesting period with a corresponding increase in equity. The total amount taken into account is determined based on the fair value of the shares as determined on the grant date without taking into account the non-market related performance criteria and continued employment conditions ('vesting conditions'). These vesting conditions are included in the expected number of shares that will be vested and this estimate will be revised at the end of each reporting period. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserves.

13.4 dividend

The dividends paid in 2023 amounted to EUR 1.11 per share (2022: EUR 1.01 per share and a special cash dividend of EUR 0.64).

A dividend in respect of the year ended 31 December 2023 of EUR 1.13 per share will be proposed at the General Meeting to be held on 23 May 2024.

These financial statements do not reflect this dividend payable. The dividend payment will be subject to 15% Dutch withholding tax.

13.5 non-controlling interests

Non-controlling interests amount to EUR 52.1 million (2022: EUR 44.2 million), where the result for the year, including other comprehensive income, amounts to EUR 8.1 million (2022: EUR 4.2 million).

14. bank loans

	2023	2022
as at 1 January	**537.2**	**275.3**
repayment of bank loans	(59.3)	(100.5)
new bank loans	10.3	351.3
currency translation differences	(2.6)	11.1
as at 31 December	**485.6**	**537.2**
current portion of bank loans	96.9	60.2
non-current bank loans	388.7	477.0
as at 31 December	**485.6**	**537.2**

The carrying amount of bank loans approximates the fair value; the effective interest rate approximates the average interest rate. The average effective interest rate on the portfolio of loans outstanding in 2023, including hedge instruments related to these loans, amounted to 2.4% (2022: 2.4%). There are no assets pledged as security for bank loans.

The Group's bank loans are denominated in the following currencies:

	31-12-2023	31-12-2022
Euro	385.0	405.6
Polish Zloty	12.2	1.3
US dollar	88.4	130.3
Total	**485.6**	**537.2**

14.1 bank covenants

Aalberts has agreed the following covenants with its banks which are tested twice a year:

	leverage ratio	interest cover ratio
existing facilities		
as at 30 June of each year	< 3.5	> 3.0
as at 31 December of each year	< 3.0	> 3.0
facilities refinanced in 2023		
as at 30 June of each year	< 3.75	> 3.0
as at 31 December of each year	< 3.25	> 3.0

The interest rate margin depends on the leverage ratio achieved.

The following definitions are used to calculate the ratios:

- leverage ratio: net debt / EBITDA
- interest cover ratio: EBITDA / net interest expense

EBITDA is adjusted for non-recurring items in accordance with the bank covenants. Both EBITDA and net interest expense are on 12-month rolling basis.

At year-end the requirements in the covenants are met as stated below:

	31-12-2023	31-12-2022
leverage ratio	0.9	1.3
interest cover ratio	19.7	31.4

EBITDA and net debt amounts are calculated as follows:

	2023	2022
reported EBITDA	662.6	633.5
adjustment for acquisitions and disposals	(32.5)	(28.6)
adjustment for non-recurring items	19.1	26.7
EBITDA	**649.2**	**631.6**

	31-12-2023	31-12-2022
bank loans	485.6	537.2
lease liabilities	161.9	174.2
current borrowings	55.1	161.4
cash	(119.7)	(79.2)
net debt	**582.9**	**793.6**

The net interest expense is disclosed in note 24.

accounting policies

Bank loans are initially recognised at fair value net of transaction costs and are subsequently stated at amortised cost using the effective interest method. Bank 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.

15. lease liabilities

	2023	2022
as at 1 January	**174.2**	**183.5**
new leases and renewals	30.0	22.6
lease payments	(39.5)	(38.7)
interest expense on lease liabilities	2.2	2.1
acquisition of subsidiaries	–	4.0
disposal of subsidiaries	(3.0)	–
early terminations	(0.7)	(1.1)
currency translation differences	(1.3)	1.8
as at 31 December	**161.9**	**174.2**
current portion of lease liabilities	33.7	35.0
non-current lease liabilities	128.2	139.2
as at 31 December	**161.9**	**174.2**

The right-of-use assets related to the lease liabilities are disclosed in note 7.

accounting policies

Lease liabilities are initially measured at the present value of the lease payment to be paid during the lease term, discounted using the incremental borrowing rate. Lease liabilities are subsequently increased by the interest expense on the lease liabilities and decreased by lease payments made during the lease term. Lease contracts may have extension or termination options. Lease payments to be made under reasonably certain extension options are also included (termination options: excluded) in the measurement of the liability. Lease liabilities are remeasured when there is a change in the amount to be paid (variable lease payments based on an index or rate) or when there is a change in the assessment of the lease term (making use of the extension and termination options).

To determine the incremental borrowing rate, the Group uses a build-up approach that includes a risk-free interest rate adjusted for credit risk for leases held by Aalberts, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payment of principal amounts are included in the cash flow from financing activities, while payments of interest are included in the cash flow from operating activities.

16. deferred income taxes

	tax losses	intangible assets	property, plant and equipment	right-of-use assets	lease liabilities	provisions	working capital and other	offsetting	**net (asset)/ liability**
as at 1 January 2023	**(2.3)**	**132.4**	**33.4**	**41.0**	**(43.1)**	**(13.4)**	**14.0**	**–**	**162.0**
income statement	(1.3)	(7.6)	2.8	(2.5)	2.9	0.6	(3.0)	–	**(8.1)**
other comprehensive income (equity)	–	–	–	–	–	(0.6)	(3.8)	–	**(4.4)**
disposal of subsidiaries	–	(3.3)	(0.3)	–	–	0.4	0.2	–	**(3.0)**
currency translation	0.1	(1.2)	(0.7)	–	–	–	(0.6)	–	**(2.4)**
as at 31 December 2023	**(3.5)**	**120.3**	**35.2**	**38.5**	**(40.2)**	**(13.0)**	**6.8**	**–**	**144.1**
deferred income tax assets	(3.5)	–	(3.2)	–	(40.2)	(14.4)	(10.3)	61.2	**(10.4)**
deferred income tax liabilities	–	120.3	38.4	38.5	–	1.4	17.1	(61.2)	**154.5**
as at 31 December 2023	**(3.5)**	**120.3**	**35.2**	**38.5**	**(40.2)**	**(13.0)**	**6.8**	**–**	**144.1**

	tax losses	intangible assets	property, plant and equipment	right-of-use assets	lease liabilities	provisions	working capital and other	offsetting	**net (asset)/ liability**
as at 1 January 2022	**(2.8)**	**107.8**	**30.2**	**42.9**	**(45.5)**	**(17.5)**	**(0.3)**	**–**	**114.8**
income statement	0.5	(6.8)	2.0	(1.9)	2.4	0.8	5.5	–	**2.5**
other comprehensive income (equity)	–	–	–	–	–	3.6	8.7	–	**12.3**
acquisition of subsidiaries	–	28.9	(0.1)	–	–	(0.2)	0.2	–	**28.8**
disposal of subsidiaries	–	–	–	–	–	0.1	–	–	**0.1**
currency translation	–	2.5	1.3	–	–	(0.2)	(0.1)	–	**3.5**
as at 31 December 2022	**(2.3)**	**132.4**	**33.4**	**41.0**	**(43.1)**	**(13.4)**	**14.0**	**–**	**162.0**
deferred income tax assets	(2.3)	–	(6.5)	–	(43.1)	(14.3)	(7.4)	59.9	**(13.7)**
deferred income tax liabilities	–	132.4	39.9	41.0	–	0.9	21.4	(59.9)	**175.7**
as at 31 December 2022	**(2.3)**	**132.4**	**33.4**	**41.0**	**(43.1)**	**(13.4)**	**14.0**	**–**	**162.0**

unrecognised unused tax losses

The Group has unrecognised carry-forward tax losses amounting to EUR 36.2 million (2022: EUR 32.6 million). The related deferred income tax assets have not been recorded.

	31-12-2023	31-12-2022
expire in less than 1 year	–	–
expire between 1 and 5 years	9.3	8.1
expire from 5 years or more	11.3	9.5
indefinite	15.6	15.0
total	**36.2**	**32.6**

accounting policies

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The deferred tax asset is recognised for the carry-forward of unused tax losses, unused tax credits and deductible temporary differences to the extent that these can be offset by probable future taxable profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax asset will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances of an entity relate to the same taxation authority, or for different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The group has applied a temporary mandatory relief from deferred tax accounting for the impact of Pillar Two income taxes and accounts for them as current taxes when they are incurred.

17. provisions for employee benefits

	present value (partly) funded obligations	fair value plan assets	**net liability of funded schemes**	present value unfunded obligations	**total**	present value (partly) funded obligations	fair value plan assets	**net liability of funded schemes**	present value unfunded obligations	**total**
					2023					**2022**
as at 1 January	**134.2**	**(113.1)**	**21.1**	**14.1**	**35.2**	**205.7**	**(170.0)**	**35.7**	**17.8**	**53.5**
current service cost	0.8	–	**0.8**	0.6	**1.4**	1.1	–	**1.1**	1.0	**2.1**
interest expense / (income)	5.7	(4.9)	**0.8**	0.5	**1.3**	3.3	(2.8)	**0.5**	0.2	**0.7**
curtailments and settlements	(4.3)	3.8	**(0.5)**	–	**(0.5)**	(2.5)	2.2	**(0.3)**	(0.3)	**(0.6)**
in income statement	**2.2**	**(1.1)**	**1.1**	**1.1**	**2.2**	**1.9**	**(0.6)**	**1.3**	**0.9**	**2.2**
remeasurements:										
• plan assets	–	(1.1)	**(1.1)**	–	**(1.1)**	–	49.7	**49.7**	–	**49.7**
• demographic assumptions	(1.3)	–	**(1.3)**	–	**(1.3)**	1.0	–	**1.0**	(0.1)	**0.9**
• financial assumptions	2.3	–	**2.3**	0.2	**2.5**	(64.3)	–	**(64.3)**	(3.0)	**(67.3)**
• experience adjustments	2.3	–	**2.3**	–	**2.3**	2.1	–	**2.1**	0.2	**2.3**
in other comprehensive income	**3.3**	**(1.1)**	**2.2**	**0.2**	**2.4**	**(61.2)**	**49.7**	**(11.5)**	**(2.9)**	**(14.4)**
contributions by employer	–	(4.0)	**(4.0)**	–	**(4.0)**	–	(4.7)	**(4.7)**	–	**(4.7)**
contributions by participants	0.2	(0.2)	**-**	–	**-**	0.2	(0.2)	**-**	–	**-**
benefits paid	(6.7)	6.7	**-**	(1.5)	**(1.5)**	(7.3)	7.3	**-**	(1.1)	**(1.1)**
acquisition of subsidiaries	–	–	**-**	–	**-**	1.2	–	**1.2**	–	**1.2**
disposal of subsidiaries	(2.6)	1.2	**(1.4)**	(0.1)	**(1.5)**	–	–	**-**	(0.6)	**(0.6)**
currency translation	2.6	(2.4)	**0.2**	(0.1)	**0.1**	(6.3)	5.4	**(0.9)**	–	**(0.9)**
as at 31 December	**133.2**	**(114.0)**	**19.2**	**13.7**	**32.9**	**134.2**	**(113.1)**	**21.1**	**14.1**	**35.2**

The retirement benefit obligations are largely related to defined benefit plans in the UK, Germany and France. The liability in the balance sheet and the amounts recognised in the income statement for these countries are as follows:

	United Kingdom	Germany	France	other	**total 2023**	United Kingdom	Germany	France	other	**total 2022**
balance sheet										
funded obligations	110.3	5.8	1.7	15.4	**133.2**	106.2	8.0	1.5	18.5	**134.2**
fair value of plan assets	(96.1)	(4.1)	(0.8)	(13.0)	**(114.0)**	(91.3)	(5.3)	(0.8)	(15.7)	**(113.1)**
net liability of funded schemes	**14.2**	**1.7**	**0.9**	**2.4**	**19.2**	**14.9**	**2.7**	**0.7**	**2.8**	**21.1**
unfunded obligations	0.1	4.8	6.4	2.4	**13.7**	0.2	5.1	6.6	2.2	**14.1**
as at 31 December	**14.3**	**6.5**	**7.3**	**4.8**	**32.9**	**15.1**	**7.8**	**7.3**	**5.0**	**35.2**
income statement										
current service cost	0.3	0.1	0.6	0.4	**1.4**	0.4	0.1	0.8	0.8	**2.1**
interest expense / (income)	0.6	0.3	0.3	0.1	**1.3**	0.4	0.2	0.1	–	**0.7**
curtailments and settlements	–	–	(0.1)	(0.4)	**(0.5)**	–	–	(0.3)	(0.3)	**(0.6)**
in income statement	**0.9**	**0.4**	**0.8**	**0.1**	**2.2**	**0.8**	**0.3**	**0.6**	**0.5**	**2.2**

The significant actuarial assumptions used for the calculations of the defined benefit obligations are:

	United Kingdom	Germany	France	United Kingdom	Germany	France
actuarial assumptions						
discount rate	4.5%	3.5%	4.1%	4.8%	3.5%	3.8%
rate of inflation	3.1%	2.4%	2.2%	3.2%	2.0%	2.2%
future salary increases	–	2.8%	3.0%	–	2.5%	3.0%

Assumptions regarding future mortality are based on published statistics and mortality tables in the respective countries. The sensitivity of the defined benefit obligation to changes in the actuarial assumptions is:

	change in assumption	impact on defined benefit obligation
actuarial assumptions		
discount rate	+ 0.5%	decrease by 5.5%
rate of inflation	+ 0.5%	increase by 3.7%
future salary increases	+ 0.5%	increase by 0.4%
life expectancy	+ 1 year	increase by 3.0%

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, the outcome will deviate from this analysis because assumptions may be correlated.

The plan assets consist of the following categories:

	2023	2022
equities	35%	47%
bonds	6%	3%
other net assets	59%	50%
total	**100%**	**100%**

The other net assets mainly comprise collective insurance contracts held by insurance companies.

The Dutch subsidiaries participate in multi-employer pension plans. Under IFRS these plans qualify as defined contribution plans as sufficient information is not available to recognise as a defined benefit plan.

The Group expects EUR 4.3 million in contributions to be paid to its defined benefit plans in 2024 of which EUR 3.9 million is related to the UK defined benefit plans.

United Kingdom defined benefit plans

The defined benefit plans in the UK comprise the Yorkshire Fittings Pension Scheme and the Hauck Heat Treatment Limited Group Pension Scheme (previously known as TTI Group Pension Scheme). The defined benefit plans can be classified as final salary benefit plans.

Both plans are subject to funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans. Together with the trustees, the investment strategy is reviewed at the time of each funding valuation. In addition and in accordance with the actuarial valuations, the Group has agreed with the trustees of the pension schemes that it will meet expenses of the plans and levies to the Pension Protection Fund as and when they are due.

None of the fair values of the related assets include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by, the company. All the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance. The plan asset scheme of Yorkshire Fittings Pension Scheme holds next to equities, bonds, property and cash also Liability Driven Investments ('LDI'). The LDI aim to hedge a significant part of the inflation risk and interest rate risk to the liabilities. The LDI are classified as 'other net assets'.

Yorkshire Fittings Pension Scheme

The Yorkshire Fittings Pension Scheme is a separate trustee administrated fund, holding the pension assets to meet long-term pension liabilities for some 560 past employees. The scheme closed to future accrual with effect from 31 December 2010. The weighted average duration of the defined benefit obligation at the period ended 31 December 2023 is 13 years.

The most recent statutory funding valuation of Yorkshire Fittings Pension Scheme was carried out as at 31 March 2021 and showed a deficit of GBP 30.2 million. The company has agreed with the trustees that it will aim to eliminate the deficit over a period of 7 years and 10 months from 1 April 2022 by the payment of GBP 2.4 million per annum, increasing by 4% per annum. The Company has issued a parent guarantee, for an amount of GBP 48.0 million.

The IAS 19 actuarial report of the Yorkshire Fittings Pension Scheme shows a deficit of GBP 11.9 million as at 31 December 2023 (2022: GBP 12.3 million).

Hauck Heat Treatment Limited Group Pension Scheme

The Hauck Heat Treatment Limited Group Pension Scheme is a separate trustee administrated fund, holding the pension assets to meet long-term pension liabilities for some 160 past employees. The scheme closed to future accrual with effect from 30 September 2007. The average duration of the defined benefit obligation at the period ended 31 December 2023 is 12 years. The most recent statutory funding valuation of Hauck Heat Treatment Limited Group Pension Scheme was carried out as at 31 December 2021 and showed a deficit of GBP 7.8 million.

The company has agreed with the trustees that it will aim to eliminate the deficit over a period of 5 years and 2 months from 1 January 2022 by the payment of GBP 0.7 million per annum in respect of the deficit. The Company has issued a parent guarantee, for a maximum amount of GBP 15.5 million.

The IAS 19 actuarial report of the Hauck Heat Treatment Limited Group Pension Scheme shows a deficit of GBP 0.5 million as at 31 December 2023 (2022: GBP 0.8 million).

accounting policies

The Group has a number of pension plans in accordance with local conditions and practices. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Mainly in the UK, Germany, France, Italy and Norway, the plans are partly defined benefit plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability or asset recognised 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.

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Remeasurements, including actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are recognised in other comprehensive income and therefore immediately charged or credited to equity. The service costs including past service costs and the impact of curtailments and settlements are recognised as personnel expenses. The interest expenses are recognised as net interest expenses on employee benefit plans as part of net finance cost. Curtailment gains and losses are accounted for as past service costs.

18. provisions

	earn out	restructuring	other	total
current portion	10.1	11.0	–	**21.1**
non-current portion	9.1	–	14.2	**23.3**
as at 1 January 2023	**19.2**	**11.0**	**14.2**	**44.4**
additions	0.7	8.7	10.7	**20.1**
used / paid during year	(10.3)	(9.8)	(7.1)	**(27.2)**
disposal of subsidiaries	–	–	(0.1)	**(0.1)**
unused amounts reversed	(5.5)	–	(0.4)	**(5.9)**
as at 31 December 2023	**4.1**	**9.9**	**17.3**	**31.3**
current portion	–	9.9	–	**9.9**
non-current portion	4.1	–	17.3	**21.4**
as at 31 December 2023	**4.1**	**9.9**	**17.3**	**31.3**

Provision for earn out relates to result dependent deferred purchase consideration for acquisitions for an amount of EUR 4.1 million.

In 2023 an amount of EUR 8.7 million was added to the restructuring provision as part of the operational excellence programme (2022: EUR 11.1 million). At year-end the restructuring provision amounts to EUR 9.9 million (2022: EUR 11.0 million).

Other provisions amount to EUR 17.3 million as per 31 December 2023 (2022: EUR 14.2 million) and include liabilities related to normal business operations, provisions for environmental restoration and various other legal proceedings. Any claims from legal proceedings are provided at best estimate for the lowest amount at which the Group expects the claim to be reasonably settled. Due to the highly uncertain timing of the expected future cash outflow, amounts provided are categorised to be settled after one year of the balance sheet date.

accounting policies

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

19. trade and other payables

	31-12-2023	31-12-2022
trade creditors	317.9	359.5
investment creditors	36.2	30.8
customer related payables	82.8	79.8
total	**436.9**	**470.1**

Trade and other payables are payables arising from the Group's normal business operations. Trade and other payables fall due in less than one year. The fair value of the trade and other payables approximates the book value, due to their short-term character.

accounting policies

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade payables are derecognised when the contractual obligation is either discharged, cancelled or expired.

20. other current liabilities

	31-12-2023	31-12-2022
social security charges and taxes	27.6	28.7
value added tax	25.9	21.1
accrued expenses	50.8	48.8
amounts due to personnel	72.9	69.6
deferred consideration liability	2.4	5.1
current earn out obligations	–	10.1
derivative financial instruments	0.4	1.4
other	25.5	27.8
total	**205.5**	**212.6**

Other current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value, due to their short-term character.

20.1 derivative financial instruments

The derivative financial instruments consist of the following items:

	31-12-2023	31-12-2022
interest rate swap contracts	–	–
foreign currency exchange contracts	0.4	1.4
derivative financial instruments - liabilities	**0.4**	**1.4**
interest rate swap contracts	(14.5)	(29.4)
foreign currency exchange contracts	(0.5)	(0.2)
metal price hedging contracts	–	–
derivative financial instruments - assets	**(15.0)**	**(29.6)**
total	**(14.6)**	**(28.2)**

The principal amounts of the outstanding interest rate swap contracts at 31 December 2023 were EUR 474.7 million (2022: EUR 535.3 million), for foreign currency exchange contracts EUR 143.0 million (2022: EUR 149.0 million) and for metal price hedging contracts EUR 0.0 million (2022: EUR 1.2 million).

The maturity of interest rate swaps is directly related to the bank loans (note 14) and are used for hedging. The foreign currency exchange and metal hedging contracts are classified as held for trading and are short-term.

The fair value of financial instruments equals the market value at 31 December 2023. All financial instruments are classified as level 2.

accounting policies

The Group uses derivative financial instruments like interest rate swaps, foreign currency contracts and commodity futures to hedge cash flow risks from non-current borrowings, foreign currency exchange and commodity prices. In accordance with its treasury policy, the Group neither holds nor issues derivate financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are classified as held for trading instruments for accounting purposes and are accounted for at fair value through profit and loss. Derivatives are stated at fair value. Changes in the fair value of these financial instruments are recognised immediately in the income statement. However, where the derivatives qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged.

At the inception of the hedge relationship, the Group determines the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on ongoing basis, the Group determines whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the hedge effectiveness requirements.
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The valuation of the interest rate swaps is based on future cash flows which are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties. The valuation of foreign currency hedging contracts is based on future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

20.2 deferred consideration liability

	2023	2022
as at 1 January	**6.6**	**11.2**
payments	(5.2)	(8.5)
acquired subsidiaries	0.9	3.2
currency translation	0.1	0.7
as at 31 December	**2.4**	**6.6**
current portion of deferred consideration liability	2.4	5.1
non-current financial liabilities	–	1.5
as at 31 December	**2.4**	**6.6**

The deferred consideration liability consists of fixed deferred payments in relation to the acquisition of subsidiaries and amounts to EUR 2.4 million as per 31 December 2023 (2022: EUR 6.6 million). The non-current portion is presented under non-current financial liabilities and the current portion under other current liabilities.

21. personnel expenses

	2023	2022
wages and salaries	(735.7)	(726.3)
social security charges	(121.6)	(120.0)
defined benefit plans	(0.9)	(1.5)
defined contribution plans	(24.5)	(20.0)
termination benefits	(7.3)	(10.6)
other expenses related to employees	(26.1)	(28.2)
total	**(916.1)**	**(906.6)**

In the year under review, the average number of full-time employees amounted to 14,571 (2022: 15,035) of which 12,187 (2022: 12,750) full-time employees are active outside the Netherlands. The termination benefits of EUR 7.3 million relate to 2023 operational excellence programme (2022: EUR 10.6 million).

The remuneration of the Management and Supervisory Board is disclosed as part of the company financial statements (note 33.9).

accounting policies
Personnel expenses are recognised when the related service is provided. For more details on accounting policies related to employee benefits provisions and share-based payments refer to note 17 and 13 respectively.

22. other operating expenses

	2023	2022
production expenses	(322.3)	(318.4)
selling expenses	(51.7)	(49.4)
housing expenses	(35.0)	(31.6)
general expenses	(130.5)	(128.8)
warranty costs	(4.4)	(2.5)
total	**(543.9)**	**(530.7)**

23. other income

	2023	2022
gains on disposal and earn-out gains	35.5	39.6
insurance amounts received	1.7	5.9
government grants	2.4	1.9
result on property, plant and equipment	4.4	1.0
other	5.3	6.4
total	**49.3**	**54.8**

The gains on disposals and earn-out gains of EUR 35.5 million in 2023 mostly relates to the disposal of the Disptek Group. In 2022, the gains on disposals and earn-out gains of EUR 39.6 million mostly related to the disposals of VTI Ventil Technik GmbH and Elkhart Tri-Went Industrial. Refer to note 29.2 for further details on the disposal of subsidiaries.

accounting policies
Other income is income not related to the key business activities of the Group or relates to non-recurring items. Other income from asset disposals is recognised in profit or loss when control over the sold asset is transferred to the buyer. The amount recognised as other income equals the proceeds obtained minus the net book value of the sold asset. Insurance amounts received relate to business interruption insurance and to the excess amounts received above the net book value of the lost assets. Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all related conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match the costs they are intended to compensate. Government grants relating to compensation for personnel are deducted from the personnel expenses. Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of that property, plant and equipment.

24. net finance cost

	2023	2022
interest cost on bank loans and current borrowings	(31.4)	(18.4)
interest cost on lease liabilities	(2.2)	(2.1)
total interest expense	**(33.6)**	**(20.5)**
interest income	0.6	0.4
net interest expense	**(33.0)**	**(20.1)**
foreign currency exchange contracts	1.4	(2.4)
metal price hedge contracts	–	(0.5)
fair value results on derivative financial instruments	**1.4**	**(2.9)**
net interest expense on employee benefit plans	(1.3)	(0.7)
unwinding of discounts	(0.7)	(0.1)
foreign currency exchange results	(5.8)	3.0
net finance cost	**(39.4)**	**(20.8)**

accounting policies

Interest expense and income on current and non-current borrowings, foreign currency exchange results and fair value changes on derivative financial instruments are recognised in the income statement in net finance cost if no hedge accounting is applied. Results from derivative financial instruments for which hedge accounting is applied are brought from equity to net finance cost upon expiration and in relation with the hedged item.

25. income tax expense

	2023	2022
current tax:		
• current year	(115.0)	(102.6)
• prior years	3.4	2.8
total current tax	**(111.6)**	**(99.8)**
deferred tax	8.1	(2.5)
total income tax expense	**(103.5)**	**(102.3)**

	2023	%	2022	%
profit before tax	424.0	100.0	424.6	100.0
tax at domestic rates	**(107.7)**	**(25.4)**	**(108.3)**	**(25.5)**
non-deductible expenses	(5.2)	(1.2)	(3.7)	(0.9)
tax-exempt results and tax relief facilities	9.0	2.1	12.3	2.9
other effects	0.4	0.1	(2.6)	(0.6)
total income tax expense and effective tax rate %	**(103.5)**	**(24.4)**	**(102.3)**	**(24.1)**

accounting policies

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which an applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

26. earnings and dividends per share

26.1 earnings per share

Earnings per share are calculated as follows:

	2023	2022
net profit (in EUR million)	315.8	317.3
weighted average number of shares in issue (in units)	110,580,102	110,580,102
basic earnings per share (in EUR)	**2.86**	**2.87**
net profit (in EUR million)	315.8	317.3
weighted average number of shares in issue including effect of performance share plan (in units)	110,807,602	110,782,602
diluted earnings per share (in EUR)	**2.85**	**2.86**

In addition to the earnings per share based on net profit, the Group calculated earnings per share before amortisation:

	2023	2022
net profit before amortisation (in EUR million)	373.4	372.2
weighted average number of shares in issue (in units)	110,580,102	110,580,102
basic earnings per share before amortisation (in EUR)	**3.38**	**3.37**
net profit before amortisation (in EUR million)	373.4	372.2
weighted average number of shares in issue including effect of performance share plan (in units)	110,807,602	110,782,602
diluted earnings per share before amortisation (in EUR)	**3.37**	**3.36**

The net profit before amortisation (in EUR million) is as follows:

in EUR million	2023	2022
net profit	**315.8**	**317.3**
amortisation	57.6	54.9
net profit before amortisation	**373.4**	**372.2**

accounting policies

The Group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential shares which comprise share rights granted for performance share plans.

26.2 dividends per share

The dividends paid in 2023 were EUR 1.11 per share (2022: EUR 1.65 per share). The payment in 2022 included a special dividend of EUR 0.64 per share. A dividend in respect of the year ended 31 December 2023 of EUR 1.13 per share will be proposed at the General Meeting to be held on 23 May 2024. These financial statements do not reflect this dividend payable.

27. contingent liabilities

The Group has contingent liabilities in respect of bank and other guarantees arising from the ordinary course of business. It is not anticipated that any material liabilities will rise from the contingent liabilities. The Group has provided bank guarantees in the ordinary course of business amounting to EUR 16.1 million (2022: EUR 13.5 million) to third parties. In addition, the guarantees and liability undertakings mentioned in note 33.10 apply to the Group.

accounting policies

A contingent liability is a liability of uncertain timing and amount. Contingencies are not recognised in the balance sheet because the existence can only be confirmed by occurrence or non-occurrence of one or more uncertain future events, or because the risk of loss is estimated to be possible but not probable or because the amount cannot be measured reliably.

28. commitments

At year-end, outstanding commitments related to the purchase of copper, steel, brass and aluminium for the European building technology operations amounted to EUR 48.2 million (2022: EUR 69.9 million).

At year-end, outstanding investment commitments related to property, plant and equipment amounted to EUR 32.0 million (2022: EUR 51.3 million). Investment commitments related to intangible assets amounted to EUR 1.5 million (2022: EUR 2.0 million).

29. business combinations

29.1 acquisition of subsidiaries

In 2023 there was a minor acquisition by Aalberts for a total purchase consideration of EUR 1.8 million, of which EUR 0.9 million in cash and EUR 0.9 million as deferred consideration. The net assets acquired are EUR 0.5 million net working capital and EUR 1.3 million goodwill.

Contingent purchase considerations with respect to prior year acquisitions were paid in cash during 2023 for a total amount of EUR 15.5 million. Together with the cash outflow for the 2023 acquisition, this results in a total cash outflow from acquisitions of EUR 16.4 million.

accounting policies

Business combinations are accounted for using the acquisition method. This means that at the time of acquisition the identifiable assets and liabilities of the acquiree are included at their fair value, considering any contingent liabilities, indemnification assets, reacquired rights and the settlement of existing clients with the acquired group company. The purchase consideration is set at the payment transferred and consists of the fair value of all assets transferred, obligations entered into, and shares issued in order to obtain control of the acquired entity. This includes an estimate of the conditional purchase consideration.

Any contingent consideration payable is measured at fair value at acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

All identifiable intangible assets of the acquired company are recorded at fair value. Intangible assets are separately identified and valued. An asset is identifiable when it either arises from contractual or other legal rights or if it is separable. An asset is separable if it can be sold on its own or with other assets. The transferred payment is allocated across the fair value of all assets and liabilities with any residual allocated to goodwill.
Excess of the acquirer's interest in the net fair value of the acquired identifiable assets over the fair value of the payment is recognised immediately in the statement of comprehensive income. Acquisition-related costs are expensed as incurred.

The accounting of non-controlling interests is determined per transaction. The non-controlling interests are valued either at the fair value on the acquisition date or at a proportionate part of the acquiree's identifiable assets and liabilities.

If an acquisition is affected by consecutive purchases (step acquisition) the identifiable assets and liabilities of the acquiree are included at their fair value once control is acquired. Any profit or loss pursuant to the difference between the fair value of the interest held previously in the acquiree and the carrying amount is included in the income statement.

29.2 disposal of subsidiaries

In August 2023 Aalberts divested 100% of the shares of Disptek Group ('Disptek'). Disptek was part of the industrial technology segment and has locations in Germany, Italy, United Kingdom and the USA. Disptek generated an annual revenue of approximately EUR 75 million.

The book value of the assets and liabilities disposed of and the cash flow impact in 2023 is as follows:

	total
book value of the assets and liabilities disposed	
intangible assets	37.5
property, plant and equipment	8.0
right-of-use assets	2.9
inventories	24.9
receivables and other current assets	16.0
cash and current borrowings	3.7
net deferred tax asset/(liability)	(3.0)
lease liabilities	(3.0)
provisions	(1.6)
payables and other current liabilities	(11.3)
currency translation	(2.1)
net assets disposed	**72.0**
consideration settled in cash	97.9
deferred consideration	6.4
total consideration	**104.3**
gain on disposal	**32.3**
consideration settled in cash	97.9
cash and current borrowings	(3.7)
cash inflow from disposals	**94.2**

The gain on the disposals in 2023 amounted to EUR 32.3 million (2022: EUR 34.7 million), while the deferred consideration related to prior year divestments reversed with EUR 2.3 million. As a result, the gain on the 2023 disposal and the adjustment to prior year divestments amounted to EUR 30.0 million and is recognised in other income (see note 23). The 2023 disposals resulted in a net cash inflow of EUR 94.2 million. Deferred considerations for prior year disposals were settled in cash in 2023 for an amount of EUR 3.9 million. Together with the cash inflow for 2023 disposals, this results in a total cash inflow from disposals of EUR 98.1 million.

In 2022, the total cash inflow from disposals amounted to EUR 65.0 million which included the net cash inflow of EUR 63.1 million from the 2022 disposals (Elkhart Tri-Went Industrial and VTI Ventil Technik GmbH) and EUR 1.9 million from settlements in cash of deferred considerations for prior year disposals.

The contribution of the disposed activities to the 2023 revenue amounted to EUR 45.9 million. The contribution to the 2023 operating profit amounted to EUR 5.0 million.

29.3 assets held for sale

No subsidiary is classified as held for sale as per 31 December 2023 and as per 31 December 2022.

accounting policies

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised while they are classified as held for sale. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

30. overview of significant subsidiaries

The consolidated financial statements of Aalberts incorporate the financial information of more than 200 legal entities controlled by the Company and its subsidiaries.

The *overview group companies* as included in this annual report shows the most important operational legal entities including the country in which their main operations are located. They all are wholly owned subsidiaries, unless indicated otherwise.

31. related parties

The Management Board and the Supervisory Board are considered key management. Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group as a whole. The total remuneration of key management in 2023 amounts to EUR 4.7 million (2022: EUR 3.7 million).

In addition transactions with Aalberts' pension funds qualify as related party transactions.

No material related party transactions have been executed other than transactions with pension funds (note 17) and remuneration of the Management Board and the Supervisory Board (note 33.9) under normal business conditions.

32. subsequent events

There are no subsequent events to report.

company financial statements

company balance sheet (before profit appropriation)

in EUR million	notes	31-12-2023	31-12-2022
assets			
intangible assets		1.7	0.9
property, plant and equipment		0.8	1.1
investments in subsidiaries	33.2	2,985.6	2,609.1
deferred taxation		2.7	–
total non-current assets		**2,990.8**	**2,611.1**
receivables	33.3	23.4	13.5
total current assets		**23.4**	**13.5**
total assets		**3,014.2**	**2,624.6**

in EUR million	notes	31-12-2023	31-12-2022
equity and liabilities			
issued and paid-up share capital		27.6	27.6
share premium		200.8	200.8
currency translation reserve		(50.2)	(17.2)
hedging reserve		10.7	21.8
retained earnings		1,960.5	1,768.1
profit for the year		315.8	317.3
shareholders' equity	33.4	**2,465.2**	**2,318.4**
deferred taxation		–	1.4
total non-current liabilities		**–**	**1.4**
current borrowings	33.5	538.9	297.4
current liabilities	33.5	10.1	7.4
total current liabilities		**549.0**	**304.8**
total equity and liabilities		**3,014.2**	**2,624.6**

company income statement

in EUR million	notes	2023	2022
management fee and service charges		6.4	7.5
personnel expenses	33.6	(11.6)	(9.5)
housing expenses		(0.8)	(0.6)
general expenses		(8.3)	(5.3)
amortisation of intangible assets		–	(0.1)
depreciation of property, plant and equipment		(0.3)	(0.3)
operating profit / (loss)		**(14.6)**	**(8.3)**
net interest income / (expense)		(18.9)	(4.2)
profit / (loss) before income tax		**(33.5)**	**(12.5)**
income tax benefit / (expense)	33.7	10.0	3.4
result subsidiaries	33.2	339.3	326.4
profit after income tax		**315.8**	**317.3**

notes to the company financial statements

33.1 accounting principles

The company financial statements of Aalberts N.V. (the Company) are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Aalberts N.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in EUR million, unless stated otherwise. The balance sheet and income statement include references to the disclosure notes.

33.2 investments in subsidiaries

	2023	2022
as at 1 January	**2,609.1**	**2,435.6**
share in profit for the period	339.3	326.4
share in other comprehensive income	(45.9)	45.4
capital contribution / (repayment)	121.6	2.7
dividends paid	(38.5)	(201.0)
as at 31 December	**2,985.6**	**2,609.1**

A list of subsidiaries is available at the Chamber of Commerce (the Netherlands). Aalberts N.V. is registered in the Trade Register of Utrecht under No. 30089954.

accounting policies
Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. The share in the result of subsidiaries consists of the share of the Company in the result of these subsidiaries.

33.3 receivables

	31-12-2023	31-12-2022
current income tax receivables	17.3	11.2
intercompany receivables	3.9	1.2
other receivables	2.2	1.1
total	**23.4**	**13.5**

Receivables fall due in less than one year. The fair value of the receivables approximates the book value, due to their short-term character. Intercompany transactions are determined on an arm's length basis.

33.4 shareholders' equity

	share capital	share premium	translation reserve	hedging reserve	retained earnings	profit for the year	total shareholders' equity
as at 1 January 2023	**27.6**	**200.8**	**(17.2)**	**21.8**	**1,768.1**	**317.3**	**2,318.4**
profit for the period	–	–	–	–	–	315.8	**315.8**
other comprehensive income:							
• remeasurements of employee benefit obligations	–	–	–	–	(2.4)	–	**(2.4)**
• currency translation differences	–	–	(33.0)	–	–	–	**(33.0)**
• fair value changes of derivative financial instruments	–	–	–	(14.9)	–	–	**(14.9)**
• income tax effect on direct equity movements	–	–	–	3.8	0.6	–	**4.4**
other comprehensive income	**–**	**–**	**(33.0)**	**(11.1)**	**(1.8)**	**315.8**	**269.9**
total comprehensive income	**–**	**–**	**(33.0)**	**(11.1)**	**(1.8)**	**315.8**	**269.9**
dividend 2022	–	–	–	–	–	(122.7)	**(122.7)**
addition to retained earnings	–	–	–	–	194.6	(194.6)	**-**
share based payments	–	–	–	–	(0.4)	–	**(0.4)**
as at 31 December 2023	**27.6**	**200.8**	**(50.2)**	**10.7**	**1,960.5**	**315.8**	**2,465.2**

	share capital	share premium	translation reserve	hedging reserve	retained earnings	profit for the year	total shareholders' equity
as at 1 January 2022	**27.6**	**200.8**	**(26.8)**	**(3.2)**	**1,585.2**	**360.1**	**2,143.7**
profit for the period	–	–	–	–	–	317.3	**317.3**
other comprehensive income:							
• remeasurements of employee benefit obligations	–	–	–	–	14.4	–	**14.4**
• currency translation differences	–	–	9.6	–	–	–	**9.6**
• fair value changes of derivative financial instruments	–	–	–	33.7	–	–	**33.7**
• income tax effect on direct equity movements	–	–	–	(8.7)	(3.6)	–	**(12.3)**
other comprehensive income	**–**	**–**	**9.6**	**25.0**	**10.8**	**–**	**45.4**
total comprehensive income	**–**	**–**	**9.6**	**25.0**	**10.8**	**317.3**	**362.7**
dividend 2021	–	–	–	–	–	(182.5)	**(182.5)**
addition to retained earnings	–	–	–	–	177.6	(177.6)	**-**
share based payments	–	–	–	–	(5.5)	–	**(5.5)**
as at 31 December 2022	**27.6**	**200.8**	**(17.2)**	**21.8**	**1,768.1**	**317.3**	**2,318.4**

share capital

The authorised share capital amounts to EUR 50.0 million divided into:
- 200,000,000 ordinary shares of EUR 0.25 par value each; and
- 100 priority shares of EUR 1.00 par value each

The issued and paid-up share capital did not change in the course of the year under review. As at 31 December 2023, a total of 110,580,102 ordinary shares and 100 priority shares were issued and paid-up. We refer to the section Other information for the Special controlling rights under the Articles of Association of the 100 priority shares.

legal reserves

The legal reserves include the currency translation reserve and the hedging reserve. In addition, retained earnings contain a legal reserve for development cost recognised as intangible assets for an amount of EUR 11.3 million (2022: EUR 9.7 million). Legal reserves cannot be used for profit distribution.

profit appropriation 2022

In accordance with the resolution of the General Meeting held on 25 May 2023, the profit for 2022 has been appropriated in conformity with the proposed appropriation of profit stated in the 2022 financial statements.

profit appropriation 2023

The net profit for the year 2023 attributable to the shareholders amounting to EUR 315.8 million shall be available in accordance with the articles of association as disclosed in the section Other information. The Management Board proposes to declare a cash dividend of EUR 1.13 per share of EUR 0.25 par value. Any residual profit shall be added to reserves.

33.5 current liabilities

The current borrowings amount to EUR 538.9 million (2022: EUR 297.4 million) and consists of payables to group companies related to the internal cash pool.

The current liabilities consists of the following items:

	31-12-2023	31-12-2022
accounts payable	4.5	2.3
other payables and accruals	5.6	5.1
total	**10.1**	**7.4**

Current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value, due to their short-term character. Intercompany transactions are determined on an arm's length basis.

33.6 personnel expenses

	2023	2022
wages and salaries	(9.5)	(7.7)
social security charges	(0.5)	(0.4)
defined contribution plans	(1.0)	(1.0)
other expenses related to employees	(0.6)	(0.4)
total	**(11.6)**	**(9.5)**

The average number of employees amounted to 32 full-time equivalents (2022: 30), as at year-end 35 (2022: 29), of which no (2022: no) full-time employees are active outside the Netherlands.

33.7 income tax benefit / (expense)

	2023	2022
current tax:		
• current year	5.1	3.2
• prior years	0.8	(0.7)
total current tax	**5.9**	**2.5**
deferred tax	4.1	0.9
total income tax benefit / (expense)	**10.0**	**3.4**

33.8 audit fees

The following amounts are charged as audit fees by Deloitte Accountants B.V. and its member firm and/or affiliates (amounts in EUR 1,000).

2023	Deloitte Accountants B.V.	Deloitte network	**Deloitte total**
audit of financial statements	990	1,946	**2,936**
other audit services	–	6	**6**
tax advisory services	–	68	**68**
other non-audit services	–	–	**–**
total	**990**	**2,020**	**3,010**

2022	Deloitte Accountants B.V.	Deloitte network	**Deloitte total**
audit of financial statements	960	1,837	**2,797**
other audit services	–	8	**8**
tax advisory services	–	66	**66**
other non-audit services	–	–	**–**
total	**960**	**1,911**	**2,871**

The fees listed above relate to the services applied to the Company and its consolidated group companies by accounting firms and independent external auditors as referred to in Section 1(1) of the Dutch Audit Firms (Supervision) Act (Wta), as well as by Dutch and foreign-based Deloitte audit firms, including their tax services and advisory groups. The audit fees relate to the audit of the 2023 financial statements, regardless of whether the work was performed during the financial year.

33.9 remuneration of the Management and Supervisory Board

The total remuneration of the members of the Management Board for 2023 amounted to EUR 4.3 million (2022: EUR 3.4 million) and is determined in accordance with the remuneration policy as disclosed in the remuneration report.

amounts in EUR 1,000:
Stéphane Simonetta (CEO from 7 September 2023) received a salary of EUR 283, a bonus amounting to EUR 379 and a pension contribution of EUR 41. At year-end he held a total of 10,000 ordinary shares in Aalberts. No conditional performance shares have been granted to him in 2023. He is entitled to an additional compensation of EUR 500 over a period of 3 years. As per 31 December 2023 the outstanding commitment amounts to EUR 333 and is conditional to his continued employment.

amounts in EUR 1,000:
Arno Monincx (CFO) received a salary of EUR 565 (2022: EUR 550), a bonus amounting to EUR 346 (2022: EUR 289) and a pension contribution of EUR 99 (2022: EUR 90). At year-end he held a total number of 24,000 (2022: 33,000) ordinary shares in Aalberts. It is expected that 118% of the 20,000 conditional shares that were granted in 2021 (PSP 2021–2023) will vest in May 2024 for which EUR 429 (2022: EUR 288) was charged to the income statement. The number of conditional performance share awards that were granted in 2023 (PSP 2023-2025) amounted to 20,000 shares for which EUR 167 was charged to the income statement.

amounts in EUR 1,000:
Wim Pelsma (CEO until 7 September 2023) received a salary of EUR 567 (2022: EUR 850), a bonus amounting to EUR 425 (2022: EUR 447) and a pension contribution of EUR 116 (2022: EUR 155). Of the 35,000 conditional performance shares that were granted in 2021 (PSP 2021-2023), a total of 40,000 (114%) vested in 2023, for which EUR 889 (2022: EUR 504) was charged to the income statement.

The share price of Aalberts as at 31 December 2023 amounted to EUR 39.26 per ordinary share. Additional information regarding conditional performances share awards is disclosed in note 13.

The following fixed individual remunerations were paid to members of the Supervisory Board:

amounts in EUR 1,000	2023	2022
P.A.M. van Bommel	84.3	78.2
L. Declercq	57.5	55.7
F. Melzer [1]	42.8	–
T. Menssen [1]	43.1	–
P. Veenema	60.0	60.0
J. van der Zouw	60.0	60.0
total	**347.7**	**304.6**

1. appointed EGM 9 March 2023

No loans, advances or guarantees have been granted to the members of the Management Board and the Supervisory Board. No options have been granted to members of the Supervisory Board. At year-end the members of the Supervisory Board do not hold shares in the Company.

33.10 contingent liabilities and commitments

The Company has guaranteed the bank loans of the Group for an amount of EUR 473.3 million (2022: EUR 535.3 million). In addition, the Company has guaranteed the two UK defined benefit Pension Schemes for an amount of GBP 63.5 million (2022: GBP 84.5 million).

The Company has guaranteed the liabilities of almost all of its Dutch group companies in accordance with the provisions of article 403, paragraph 1, Book 2, Part 9 of the Dutch Civil Code. Consequently, these companies are exempt from publication requirements.

The company forms a tax unity with almost all of its Dutch subsidiaries for both the income tax and value added tax. All tax unity members (including the Company) are jointly and severally liable for the tax obligations of the tax unity as a whole.

Several German subsidiaries as listed in the table will make use of the § 264 HGB / § 291 HGB exemption rules of filing their own (consolidated) financial statements.

name and seat of the company	direct and indirect participation %
Aalberts Deutschland GmbH, Kerpen	100%
Aalberts Immobilien GmbH, Kerpen	100%
Simplex Armaturen & Systeme GmbH, Argenbühl	100%
Aalberts integrated piping systems GmbH, Essen	100%
Meibes System-Technik GmbH, Machern OT Gerichshain	100%
ISIFLO GmbH, Hemer	100%
Integrated Dynamics Engineering GmbH, Raunheim	100%
UWS Technologie GmbH, Insingen	100%
Heat-Power 24 GmbH, Velburg	100%
Aalberts Surface Technologies GmbH, Velbert	100%
Aalberts Surface Technologies GmbH, Kerpen	100%
Aalberts Surface Technologies Grundstücksverwaltungs GmbH, Kerpen	100%
Aalberts Surface Technologies GmbH, Solingen	100%
Aalberts Surface Technologies GmbH, Burg	100%
Aalberts Surface Technologies GmbH, Moers	100%
Aalberts Surface Technologies GmbH, Remscheid	100%
Aalberts Surface Technologies GmbH, Gaildorf	100%
Aalberts Surface Technologies GmbH, Dunningen	100%
Aalberts Surface Technologies GmbH, Landsberg am Lech	100%
Aalberts Surface Technologies GmbH, Lübeck	100%
Aalberts Surface Technologies GmbH, Kaufbeuren	100%
Aalberts Surface Technologies GmbH, Göppingen	100%
Aalberts Surface Technologies GmbH, Lüneburg	100%
Aalberts Surface Technologies Polymer GmbH, Lüneburg	100%
iProcess Technologies GmbH, Zwönitz	100%
iProcess Technologies GmbH, Villingen-Schwenningen	100%
iProcess Technologies GmbH, Lübtheen OT Jessenitz	100%
iProcess Technologies GmbH, Wünschendorf/Elster	100%
Flamco Stag Behälterbau GmbH, Genthin	100%
Flamco GmbH, Velbert	100%
WEMEFA Horst Christopeit GmbH, Velbert	100%

Utrecht, 21 February 2024

the Management Board
Stéphane Simonetta (CEO)
Arno Monincx (CFO)

the Supervisory Board
Peter van Bommel (Chairman)
Lieve Declercq (Member)
Frank Melzer (Member)
Thessa Menssen (Member)
Piet Veenema (Member)
Jan van der Zouw (Member)

other information

1. appropriation of profits under the articles of association

According to the Articles of Association of Aalberts N.V. the Management Board is authorised annually, with prior approval of the Supervisory Board, to add a portion of the net profit to the reserves. Any profits remaining will be at the disposal of the General Meeting based on the Articles of Association.

a. The Company may only pay dividends and make other distributions to the shareholders and other persons entitled to the profit available for distribution to the extent that the shareholders' equity is greater than the amount of the paid-in and called-up portion of the capital plus the reserves that must be maintained by law.
b. From the profit insofar as it may be distributed a distribution is, if possible, first made on each priority share, said distribution being a percentage of the nominal value paid-up on those shares. No further profit distributions are made on priority shares.
c. The General Meeting may decide on the basis of a proposal of the Management Board approved by the Supervisory Board to make distributions chargeable to a reserve available for distribution, if the requirement reflected sub a. has been met.

2. special controlling rights under the articles of association

One hundred issued and paid-up priority shares are held by Stichting Prioriteit 'Aalberts N.V.', whose board members consist of Management Board and Supervisory Board members of Aalberts N.V. and an independent board member. A transfer of priority shares requires the approval of the Management Board.

- Every board member who is also a member of the Management Board of Aalberts N.V. has the right to cast as many votes as there are board members present or represented at the meeting who are also members of the Supervisory Board of Aalberts N.V.
- Every board member who is also a member of the Supervisory Board of Aalberts N.V. has the right to cast as many votes as there are board members present or represented at the meeting who are also members of the Management Board of Aalberts N.V.
- The independent member of the board of Stichting Prioriteit 'Aalberts N.V.' has the right to cast a single vote and can decide in the event of a tied vote of the board.

The following principal powers are vested in the holders of priority shares:

- authorisation of every decision to issue shares;
- authorisation of every decision to designate a corporate body other than the General Meeting to issue shares;
- authorisation of every decision to limit or exclude the preferential rights of shareholders in the event of an issue of shares;
- authorisation of every decision to repurchase paid-up shares in the capital of the Company or depositary receipts thereof for no consideration or subject to conditions;
- authorisation of every decision to dispose of shares held by the Company in its own capital;
- authorisation of every decision to reduce the issued capital through the cancellation of shares or through a decrease in the par value of shares by amending the Articles of Association;
- determination of the number of members of the Management Board;
- to make a binding nomination to the General Meeting concerning the appointment of members of the Management Board and Supervisory Board;
- to approve the sale of a substantial part of the operations of the Company;
- to approve acquisitions that would signify an increase of more than 15% in the Company's revenue, or that would involve more than 10% of the Company's balance sheet total;
- to approve the borrowing of funds that would involve an amount of EUR 100 million or more; and
- to approve a change in the Articles of Association, a legal merger, a split-up or the dissolution of the Company.

The full text of the Articles of Association of Aalberts N.V. can be found on the website: **aalberts.com/governance**.

3. Independent auditor's report

To the shareholders and Supervisory Board of Aalberts N.V.

report on the audit of the financial statements 2023 included in the annual report

our opinion

We have audited the financial statements 2023 of Aalberts N.V. ("the company" or "the group"), based in Utrecht, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements as set out on pages 89-136 of the annual report.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Aalberts N.V. as at 31 December 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Aalberts N.V. as at 31 December 2023, and of its results for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2023.
2. The following statements for 2023: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2023.
2. The company income statement for 2023.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Aalberts N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 25 million (2022: EUR 22 million). The materiality is based on the profit before income tax, adjusted for non-recurring items.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of various Dutch and International subsidiaries ("Components") were performed using materiality levels determined by judgment of the group engagement team, taking into account the materiality of the financial statements as a whole and the reporting structure of the group. Component performance materiality did not exceed EUR 12.0 million (2022: EUR 10.5 million).

We agreed with the Supervisory Board that misstatements in excess of EUR 1.25 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view should be reported on qualitative grounds.

scope of the group audit

Aalberts N.V. is at the head of a group of entities with activities in over 50 countries. The financial information of this group is included in the consolidated financial statements of Aalberts N.V.

Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for the significant account balances, classes of transactions and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group audit team and by the component auditors

Following our assessment of the risk of material misstatement to the consolidated financial statements, we have selected components which required an audit of the complete set of financial information (full scope components). Furthermore, we selected other components requiring audit procedures on specific account balances on significant accounts that we considered had the potential for the greatest impact on the group financial statements, either because of the size of these accounts or their risk profile.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence was obtained as a basis for our opinion on the group financial statements as a whole. For each component we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient The entities subject to full-scope audits and audits of specified account balances comprised approximately 87% of consolidated revenues and approximately 86% of consolidated total assets. For the remaining entities we performed review and analytical procedures at a component or group level.

Where deemed necessary we attended closing meetings with local management and component auditors.

The group consolidation, financial statements disclosures and certain centrally coordinated accounting topics were audited by the group engagement team. These include among others the annual goodwill impairment testing, corporate income tax, divestments and share-based payments. Specialists were involved in the areas of fraud, tax, information technology and valuation.

By performing the procedures mentioned above by the component auditors, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We evaluated Aalberts' fraud risk assessment and made inquiries with management, those charged with governance and others within the group, including but not limited to, Internal audit function, Legal & Governance and Group Control. We involved our fraud specialists in our risk assessment and in determining the audit response.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as, among others, the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

Following these procedures, and the presumed risk under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by the Management Board, the executive leadership team, and other members of management, which may represent a risk of material misstatement due to fraud.

As part of our audit procedures to respond to this risk, we evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, including, amongst others, correcting journal entries made in the corporate holding entities within the company.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2.8 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of goodwill is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment. Reference is made to the section "Our key audit matters". For significant transactions such the divestment of the Disptek Group we evaluated whether the business rationale of the transaction suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the company through inquiries with the Management Board, Legal & Governance, Internal audit function, Group Control and Tax accounting and reading relevant minutes. We involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the group is subject to other laws and regulations, including export controls and EU-sanction regulations, where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation. In addition, we considered major laws and regulations applicable to listed companies, including the Dutch Corporate Governance Code, the EU taxonomy for sustainable activities, and the European Single Electronic Reporting Format.

Our procedures are more limited with respect to other laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to company's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits, compliance with environmental regulations and compliance with sanctions) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements.

Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiries of management, the Management Board, those charged with governance and others within the company as to whether the company is in compliance with such laws and regulations and (ii) reviewing minutes to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. We also remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

audit approach going concern

Our responsibilities, as well as the responsibilities of the Management Board and the Supervisory Board, are outlined under the prevailing standards in the "Description of responsibilities regarding the financial statements" section below.

The financial statements have been prepared in accordance with the going concern assumption. The appropriateness of the going concern assumption depends on management's assessment of the expected company's performance within its future economic environment. The Management Board believes that no events or conditions, give rise to doubt the ability of the group to continue in operation during at least twelve months after the adoption of the financial statements.

We have obtained management's assessment of the entity's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matter did not change.

The key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

key audit matters

International group structure and coordination of the group audit

description

As described in the "Scope of the group audit" paragraph, Aalberts is operating in a large number of countries and consequently, in order to be able to conclude on the audit of the consolidated statements, we are overseeing the work performed by component auditors. The coordination of the global audit procedures is the most significant part of our group audit engagement and therefore we have identified this as a key audit matter.

how the key audit matter was addressed in the audit

Our audit procedures to address the key audit matter identified started with, among others, obtaining an understanding of the group, including inquiries with the Management Board and those charged with governance regarding risks of material misstatements due to error, fraud or non-compliance with laws and regulations. We also obtained an understanding of the process for identifying and responding to these risks, including the relevant group-wide policies and procedures.

Our response furthermore comprised of a centralized risk assessment, the determination of the group audit scope and instructions to component auditor focusing specifically on risks of material misstatements due to error, fraud or non-compliance with laws and regulations.

Following the foregoing, we performed, amongst others, the following procedures:

- Held discussions with component audit teams and management of the Company and other key employees;
- We evaluated the company's internal control environment, including entity level controls and monitoring controls at group, business teams and operating level;
- For all components with an audit scope, the group audit team provided detailed written instructions. Furthermore, we developed a plan for directing and overseeing each component audit team based on its relative significance to the company and certain other risk characteristics. This included conference calls with component during all stages of the audit, performing (remote) file reviews, attending (virtual) client meetings and reviewing component audit team deliverables in order to gain sufficient understanding of the work performed; and
- For the remaining components analytical procedures at group level were performed.

our observation

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

valuation of goodwill

description

On 31 December 2023 Aalberts' goodwill carrying amount is EUR 929 million. The goodwill is allocated to cash generating units (CGUs) which is subject to an annual impairment test under EU-IFRS.

The impairment assessment prepared by management includes a variety of internal and external factors. In connection with these factors, management made significant estimates that require the use of valuation models and a significant level of management judgment, potentially subject to management override, particularly the assumptions related to the weighted average cost of capital, revenue growth rates, and the (adjusted) operating profit margin.

Given the significant judgement made by management to estimate recoverable amounts in the current economic climate, procedures to evaluate the significant estimates in management's impairment tests required a high degree of auditor judgement and an increased extent of effort, including the need to involve our fair value specialists.

The key assumptions and sensitivities are disclosed in note 5 to the consolidated financial statements.

how the key audit matter was addressed in the audit
Our audit procedures related to the projected cash flows and discount rates used by management included the following, among others:
- We obtained an understanding of management's process over the annual goodwill impairment tests.
- We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
- We evaluated sensitivities in management's projections (as disclosed in note 5) that could cause a substantial change to the impairments recorded, and or cause headroom to change in an impairment.
- We evaluated the reasonableness of changes in cash generating units.
- Comparing and challenging the projected cash flows to historical forecasts, historical growth rates, external industry reports and information included in the company's internal communications to local management, the Management Board and the Supervisory Board;
- With the assistance of our fair value specialists, we evaluated the reasonableness of the weighted average cost of capital, including testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the discount rates selected by management.

our observation
Our procedures did not result in any reportable matters with respect to the goodwill recorded and the corresponding disclosures.

report on the other information included in the annual report

In addition to the financial statements and our auditor's report, the annual report contains other information that consists of:
- Report of the Management Board.
- Report of the Supervisory Board.
- Remuneration report.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information as included in the annual report.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements.
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

report on other legal and regulatory requirements

engagement
We were initially engaged by the General Meeting as auditor for the year 2015 and have operated as statutory auditor ever since that financial year. For the audit of 2023, we were appointed by the General Meeting held on 19 May 2022.

no prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)
Aalberts N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by the Aalberts N.V., complies in all material respects with the RTS on ESEF.

The Management Board is responsible for preparing the annual report including the financial statements in accordance with RTS on ESEF, whereby the Management Board combines the various components in a reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
    - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

description of responsibilities regarding the financial statements

responsibilities of the Management Board and Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the independent auditor's report, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Management Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit a report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public-interest.

Amsterdam, 21 February 2024

Deloitte Accountants B.V.

Signed by: R.M. Smit

glossary non-GAAP measures

Aalberts uses alternative performance (non-GAAP) measures to measure and evaluate the operational and overall business performance. These measures are used in this annual report but are not defined by generally accepted accounting principles (GAAP). The non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. The terms that Aalberts believes are relevant to non-GAAP measures are included here and also includes a definition as required by the European Securities and Markets Authority (ESMA) guidelines.

results	
EBITA	earnings before finance cost, income taxes and amortisation
EBITDA	earnings before finance cost, income taxes, depreciation and amortisation
free cash flow (before interest and tax)	cash flow from operations less (net) investments in property, plant and equipment, and other intangible fixed assets
added value	revenue less raw materials used and work subcontracted
exceptional items	significant costs and income which, because of their exceptional nature, cannot be viewed as inherent to the Aalberts' ongoing performance. Exceptional items include impairments, restructuring costs and gains and losses from acquisitions and disposals
balance sheet	
net debt	bank loans, lease liabilities and current borrowings less cash and cash equivalents
capital employed	equity plus net debt and dividend payable
net working capital	total of inventories and trade and other receivables less trade and other payables, excluding income taxes and finance cost
capital expenditure	investments in property, plant and equipment
ratios	
organic revenue growth (%)	revenue growth adjusted for acquired and disposed revenues and currency impact
added value margin (%)	added value as a percentage of revenue
EBITA margin (%)	EBITA as a percentage of revenue
return on capital employed (%)	rolling twelve month's EBITA divided by capital employed
innovation rate (%)	last 12 months revenue from products launched in the last 48 months divided by last 12 months total revenue
SDG rate (%)	revenue related to Sustainable Development Goals divided by total revenue
leverage ratio	net debt divided by adjusted EBITDA on 12 months rolling basis
solvability (%)	equity as a percentage of total assets
gearing ratio	net debt divided by total equity
interest cover ratio	adjusted EBITDA divided by the net interest expense on 12 months rolling basis
earnings per share	
earnings per share before amortisation	net profit before amortisation divided by the weighted average number of shares

overview group companies

The consolidated financial statements of Aalberts include the assets and liabilities of more than 200 legal entities. Set out below is an overview of the most important operational legal entities including the country of the main activity. All of the subsidiaries are 100% owned, unless indicated otherwise.

A list of subsidiaries is available at the Chamber of Commerce (the Netherlands). Aalberts N.V. is registered in the Trade Register of Utrecht under No. 30089954.

building technology		**industrial technology**	
Aalberts hfc holding B.V.	NLD	Aalberts advanced mechatronics B.V.	NLD
Aalberts integrated piping systems Americas, Inc.	USA	Aalberts Surface Technologies GmbH	DEU
Aalberts integrated piping systems B.V.	NLD	Aalberts Surface Treatment Corp	USA
Aalberts integrated piping systems Limited	GBR	iProcess Technologies GmbH	DEU
Aalberts integrated piping systems APAC Inc.	TWN	Metalis S.A.S.	FRA
KAN Sp. z.o.o. (51%)	POL	Mifa Aluminium B.V.	NLD
Henco Industries N.V.	BEL	KML Linear Motion Technology GmbH	AUT
BROEN A/S	DNK	Ventrex Automotive GmbH	AUT
ISIFLO AS	NOR		
VAF Instruments B.V.	NLD		

Aalberts operates some 130 locations with activities in over 50 countries.
To learn more, please visit **aalberts.com/contact** ↗

the Aalberts share

At year-end 2023 a total number of 110,580,102 ordinary shares with a nominal value of EUR 0.25 each were in circulation; the market capitalisation amounted to EUR 4,341 million (at year-end 2022: EUR 4,006 million).

dividend policy

In the General Meeting of 2014, shareholders agreed to a dividend payment percentage of 30% of net profit before amortisation and exceptionals and dividends only to be paid in cash.

shareholders' interests

Around 90% of the shares is freely tradable. Pursuant to the Decree on Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions as part of the Dutch Financial Supervision Act, shareholders with a substantial participating interest of more than 3% must be disclosed.

shareholder	interest	disclosure date
Aalberts Beheer B.V., J. Aalberts, J.A.M. Aalberts-Veen*	11.90%	13 May 2022
FMR LLC	10.00%	22 May 2023
Capital Group	9.92%	6 Jan 2020
BlackRock, Inc.	3.01%	29 Dec 2023
Impax Asset Management	3.02%	2 Apr 2019
BNP Paribas Asset Management Holding	3.01%	26 Nov 2018
New Perspective Fund	3.00%	17 Sep 2018

* disclosure based on interest as per registration date AGM 2022

key share information	2023	2022	2021	2020	2019
closing price at year-end (in EUR)	39.26	36.23	58.26	36.46	40.01
highest price of the year (in EUR)	48.53	59.76	58.46	43.11	40.92
lowest price of the year (in EUR)	28.83	30.55	36.09	16.16	27.52
average daily trading (in EUR thousands)	8,274	9,646	8,766	10,591	10,549
number of shares issued as at year-end (in millions)	110.6	110.6	110.6	110.6	110.6
market capitalisation at year-end (in EUR millions)	4,341	4,006	6,442	4,032	4,424
earnings per share before amortisation (in EUR)	3.38	3.37	3.05*	1.81*	2.42
dividend per share (in EUR)	1.13	1.11	1.01	0.60	0.80
price/earnings ratio at year-end	11.6	10.8	19.1	20.1	16.5

* before exceptionals

key figures 2019-2023

	2023	2022	2021	2020	2019
results (in EUR million)					
revenue	3,324	3,230	2,979	2,610	2,841
EBITDA	663	634	585*	423*	493
EBITA	521	500	454*	283*	363
net profit before amortisation	373	372	337*	200*	267
cash flow from operations	634	352	426	454	465
free cash flow (before interest and tax)	423*	168*	310*	360*	312
balance sheet (in EUR million)					
intangible assets	1,447	1,549	1,377	1,256	1,320
property, plant and equipment	1,088	995	881	829	874
capital expenditure	224	203	147	95	148
net working capital	675	721	452	399	490
total equity	2,517	2,363	2,184	1,806	1,838
net debt	583	794	492	600	755
capital employed	3,100	3,156	2,676	2,406	2,592
total assets	4,138	4,211	3,655	3,255	3,466
number of employees at end of period (x1)	14,055	14,597	14,402	14,782	16,094
ratios					
organic revenue growth (%)	4.5	8.7	16.0	(7.0)	1.1
added value margin (%)	62.4	62.4	62.2*	61.6	62.8
EBITA margin (%)	15.7	15.5	15.2*	10.8*	12.8
return on capital employed (%)	16.8	16.1	17.2*	11.7*	14.1
innovation rate (%)	20	17	15	–	–
SDG rate (%)	70	68	66	–	–
leverage ratio	0.9	1.3	0.9	1.4	1.5
solvability (%)	60.8	56.1	59.7	55.5	53.0
effective tax rate (%)	24.4	24.1	24.5*	24.4*	22.9
number of ordinary shares issued (in millions)	110.6	110.6	110.6	110.6	110.6
figures per share (in EUR)					
net profit before amortisation	3.38	3.37	3.05*	1.81*	2.42
dividend	1.13	1.11	1.01	0.60	0.80
special dividend	–	–	0.64	–	–
share price at year-end	39.26	36.23	58.26	36.46	40.01

* before exceptionals

aalberts
mission critical technologies