
aliaxis
ALIAXIS ANNUAL REPORT 2023
GROWTH
with Purpose

CONTENTS



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Aliaxis sa/nv
Avenue Arnaud Fraiteur 15-23
1050 Brussels
Belgium
www.aliaxis.com

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Aliaxis is a global leader in advanced fluid management solutions that enable access to water and energy.

Our 15,000+ employees provide communities around the world with sustainable innovative solutions for building, infrastructure, industrial and agricultural applications, leading the industry in a way that anticipates the rapidly evolving needs of our customers and of society.

Our *Growth with Purpose strategy* made good progress in 2023 and we are on track to meet the stretching 2025 targets we've set to create a more sustainable and innovative business.

Highlights

Financial

Revenue

€4.1bn

a like-for-like[1] decrease of 5.3% vs 2022

Net financial debt

€754m

Net profit

€324m

Recurring EBITDA margin

15.3%

declined by 1.5p.p. vs 2022

Recurring EBITDA

€619.5m

a like-for-like[1] decrease of 12.9% vs 2022

Leverage

1.2x

Recurring EBITDA

Non-financial

Reduction in CO_2

-18%

vs 2021 baseline

Renewable electricity in

36%

of our operations

EcoVadis

Silver

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

Our purpose and strategy are driving change



"These last years, the development and growth of the company has moved onto a new and more dynamic trajectory."

Thierry Vanlancker
Chairperson

Read Chairperson's statement on pages 04-05

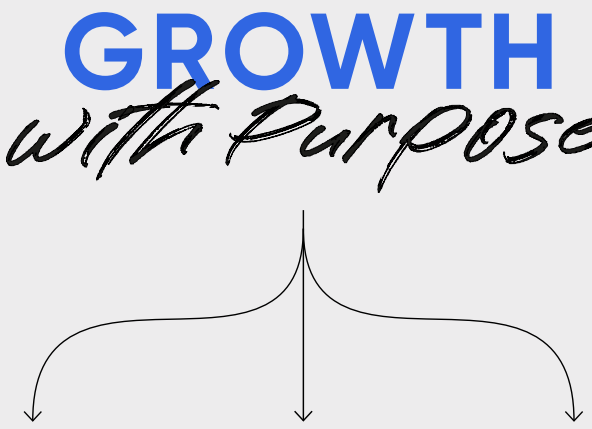
Across the world we are driven by a single purpose – to bring solutions to the world's water challenges and accelerate the transition to clean energy – and our behaviours: we dare, we care, we deliver.

"Our *Growth with Purpose* strategy has energised the business and our people have responded fantastically. I'm convinced that if we work with a sense of real purpose and optimism, we can make the progress that society demands."

Eric Olsen
Chief Executive Officer

Read CEO's statement on page 06

Our strategy



Sustainable

To make our own operations more sustainable we are transitioning to 100% renewable electricity, using more recycled material, and accelerating the development of water and clean energy solutions

Read more on page 10

Innovative

By 2025, we're aiming for new product revenues to account for 10% of our sales as we work hand-in-hand with customers and partners to get great new solutions to market faster

Read more on page 20

Local

We are a global business, united by a shared purpose, leveraging our local operations in more than 40 countries to create relevant solutions that meet our customers' evolving needs

Read more on page 30

Building a truly sustainable business



Thierry Vanlancker
Chairperson

Chairperson's statement

An important milestone

20

In June we celebrated the 20th anniversary of the creation of Aliaxis

Earnings target

€850 million

We're on track to meet our 2025 Recurring EBITDA target

Our Annual Report for 2023 marks an important milestone for Aliaxis.

In June, we celebrated the 20th anniversary of the creation of company, the moment we brought together our powerful brands and businesses around the world, some with a legacy of serving customers stretching back nearly 100 years.

We've seen great accomplishments since that starting year in 2003. But in these last years, the development and growth of the company has moved onto a new and more dynamic trajectory.

This is driven by our *Growth with Purpose* strategy, which the regions are fully empowered to deliver to meet local customer needs.

The strategy has sustainability and innovation at its very core, reflecting our determination to find solutions to the interlinked challenges our world faces around climate and access to water.

We continued to make progress on the strategic targets we have set during the year, not least in meeting our environmental goals and in bringing innovative water and clean energy solutions to market faster.

Financial strength

As our 2023 results show, we remain financially strong and remain on course to achieve the *Growth with Purpose* earnings targets we set ourselves for 2025.

This is a significant achievement, given the weaker current economic market conditions. Clearly, being a family-owned business allowed us to keep investing for the long-term and focus on our growth way into the future.

It's a huge credit to the teams around the globe that they are enabling this with such energy, foresight and discipline, and, most importantly, with a firm belief that through innovation we can find solutions to the world's huge climate and water challenges.

Being properly recognised as a responsible business

Since the launch of *Growth with Purpose*, it's clear that we are increasingly being seen as the leading responsible business we always were. But there's more we can do to show our stakeholders that we are truly sustainable. We've made great progress here and I'd like to give you a few examples.



Collaborative working session in action

We are now proud members of the UN Global Compact, which commits us to promoting best practice in all aspects of ESG.

Initially, we mostly focused on environment (the "E" in ESG) – for instance in reducing our own carbon footprint and enabling access to water and clean energy solutions – because this is where we could have the fastest impact.

This year, we received external recognition and verification for our actions from EcoVadis, a global sustainability standard, who awarded us a silver rating. In addition, we are also measuring our progress on carbon reduction through the Carbon Disclosure Project and the Science-based Targets Initiative.

Internally, we've launched a Climate School, a really exciting initiative to help our people understand the complexities of climate science and to take action both at work and in their lives outside.

On the Social front, we are focusing on improving access to water and on empowering our teams to make a positive impact on society. Safeguarding the health and wellbeing of colleagues, with safety as a priority, is top of the agenda alongside achieving greater gender equality in our workplaces.

Where Governance is concerned, we have built on our existing code of conduct to create a new Code of Ethics that ensures that we act with integrity, honesty and fairness in all our interactions – with each other, our customers and suppliers, and with the outside world. We have begun training on the Code with clear targets to spread that training across the company.

And finally, we have revised our approach to Corporate Responsibility with a new approach to make sure our activities much more closely reflect our purpose, particularly in supporting organisations dedicated to improving access to water.

A licence to operate

Why does all of this matter? For a very simple reason.

We have an impact on so many lives and in so many ways through the customers and communities we serve. Being recognised as a sustainable and ethical business, determined to make a difference to the biggest challenges society is grappling with, is essential because it gives us our licence to operate.

When visiting our operations, often with fellow Board members, I'm always immensely impressed and inspired by how determined Aliaxis people are to find solutions to the world's water and clean energy challenges.

On behalf of the Board, I would like to express my gratitude for all they have achieved to date. I'm confident that, because of them, Aliaxis will continue to grow in strength and play an important role in building a more sustainable future for our planet.

Thierry Vanlancker
Chairperson

A year of excellent progress in a challenging market



Eric Olsen
Chief Executive Officer

CEO's statement

Cost Savings

€125 million

Over the last three years, we've made significant sustainable cost savings, with more in the pipeline

Reportable Incident Rate[1]

–50%

We cut our RIR in half from 9.8 in 2020 to 4.7 this year

I'm delighted to welcome you to the Aliaxis Annual Report for 2023 – marking another year of strong progress in our endeavour to achieve long-term sustainable growth for the business while tackling some of the world's most pressing water challenges.

When I joined the company as CEO in 2020, we set about creating a high-powered leadership team, and we laid out our *Growth with Purpose* strategy and our purpose as "finding solutions to the world's water challenges and accelerating the transition to clean energy".

Growth with Purpose is about driving performance through operational excellence; dramatically increasing value-creating investment; working closely with customers to create the innovative water and clean energy solutions the world needs at scale and leading on sustainability with a sense of urgency.

I'm pleased to say that our strategy, our purpose, and our behaviours which define the culture at Aliaxis – we dare, we care, we deliver – are increasingly galvanising our people across the business to achieve our ambitious 2025 targets.

Solid performance despite market slowdowns

As anticipated, market conditions were challenging throughout 2023, with volumes down globally.

We saw significant declines in housing starts in most of our markets, with decreases ranging from 6% in Canada and 8% in the US, dropping as much as 19% in France. But, thanks to our resilient business model, we were able to limit the impact of these difficult trading conditions on our financial performance while not losing focus or commitment in investing in our future.

Our operations performed strongly in North America, overcoming market declines and maintaining robust margins thanks to excellent commercial management. In Latin America, economic challenges hit our operations in Chile, Peru and Colombia where we saw severe market declines. Our teams have moved quickly to adjust with a leaner organisation adapted to the market challenges.

1 Reportable Incident Rate (RIR): the number of reportable injuries and illnesses per million hours worked.



Making every drop count

"We maintained overall solid performance across the Group with robust profitability."

Eric Olsen
Chief Executive Officer

In the Pacific, we reaped the benefits from our operational excellence drive and the results continued to show an excellent trajectory despite a softening of New Zealand's agricultural and infrastructure segments.

Revenues and earnings in the EMEA region were slightly down as building markets declined, particularly in the UK, where we have launched a comprehensive plan to improve profitability.

Volumes grew strongly in Asia, but revenues remained flat and margins sharply declined. This was largely due to an overstock of products made when resin prices were high, which became uncompetitive when those prices declined in 2023. A new leadership team is now driving our operations forward in India to tap the huge growth potential in this market and return to historic profitability levels.

In the face of market slowdowns and the impact of high inflation, we maintained overall solid performance across the Group with robust profitability. Over the last three years, we achieved €125 million in sustainable cost savings, with an additional €100 million in savings in the pipeline for 2024.

Our €4.1 billion revenue together with a recurring EBITDA margin above 15% for the fourth consecutive year, confirmed that we have maintained the tremendous step change in earnings we achieved in 2021, the first year of our *Growth with Purpose* strategy.

Consequently, our recurring EBITDA has remained over €600 million for three years in a row and we remain fully on track to record an EBITDA of €850 million by 2025, another of our key strategic goals.

Our strategy at work

Our operational excellence programme, with its primary focus on safety, is demonstrating real results. Our Reportable Incident Rate (RIR) reduced by more than 50% since 2020, from 9.8 to 4.7. Our ambition is to become an exemplary business when it comes to safety by 2025 and we're well placed to do that. As well, we exceeded our ambitious operational excellence cost reduction objectives for the year.

Sustainability and innovation are at the heart of our strategy, backed by targets to ensure we take immediate action to address both climate change and water scarcity. We continued to pursue our *Growth with Purpose* targets rigorously in 2023 with some major successes, starting with an improved EcoVadis rating from bronze to silver.

Over a third of our operations are now powered by renewable electricity, compared to 22% in 2022. We remain on course to cut our Scope 1 and 2 carbon emissions by 75% per ton of production, mostly through transitioning to 100% renewable electricity everywhere we operate. We're also making great progress in cutting our carbon intensity.

Our target to quadruple the amount of recycled material in our products has proved trickier to execute for two main reasons – difficulties sourcing recyclate or because available materials turn out to be too impure for our needs. Our Pacific operations have taken a lead here and we acquired Comspec, a plastic recycling specialist in New Zealand – a great example of how we are taking action to address this issue.

Our *Growth with Purpose* strategy is also centred on innovation. We are successfully developing the new products and systems that our customers need, with new-to-market solutions making up 8.6% of our sales. This is twice more than in 2020. In India, more than half our turnover is already coming from new products.

Innovating for our customers is just one of the ways we are trying to meet their needs as best we can. We know we are serving our customers better than ever with the results of our customer satisfaction indicator reaching record levels in 2023. Our Net Promoter Score survey reached an overall score of 50 – up from 42 last year.

Investing with an unwavering eye on long-term value creation

We remain committed to our long-term strategy despite current trading conditions, and we continue to invest in internal growth both to serve our customers better today and to enhance our long-term growth trajectory.

We plan to invest more than €1 billion by 2025 in internal growth, and already in 2023 we have made over €800 million of cumulative investment in our plants, distribution centres and Research hubs for the three-year period, 2021 to 2024.

Our new state-of-the-art Pineville plant, in North Carolina, which opened its doors in October, is one of the most advanced and efficient factories in our sector. We've also been building and modernising other plants in India, Australia, Switzerland, the US and Germany.

Investment in external growth through M&A continued this year. We were pleased to acquire two manufacturing plants and a distribution centre from the US-based Valencia Pipe Company, giving us coast-to-coast coverage to serve our customer base. In Portugal, we acquired Zypho, an innovative player in drain water heat recovery and are already working together to bring new ideas to a much wider market.

"Through awareness, action and innovation we can find solutions to world's water challenges."

Eric Olsen
Chief Executive Officer

Internal growth investment 2021, 2022, 2023

€800 million

Aliaxis Next, our division to invest in or acquire disruptive water tech start-ups, has created a thriving ecosystem of 9 businesses focusing on sustainable water management, resilient water infrastructure, water for food, and access to water. We have invested €75 million since 2022 and are bringing new solutions to the world's water challenges.

Purpose and optimism

We continue to work hard to make sure that the water crisis gets the public attention it deserves, and we're teaming-up with like-minded organisations and individuals to press for urgent action.

The climate crisis is also a water crisis, as the UN has recognised, and the search for new and better ways to manage our precious water resources must be relentless.

The statistics paint a very stark picture, with billions of people already lacking access to clean water and sanitation and over half the world's population now experiencing extreme water stress for at least one month a year. At the occasion of the UN Water Conference in March 2023, experts warned of an imminent water crisis, with demand expected to outstrip the supply of fresh water by 40% by the end of this decade. We all need to act to the level of this terrible threat.

Such figures and predictions are daunting and it's easy to understand why some feel these challenges are insurmountable.

Fortunately, we do not take that view at Aliaxis.

We firmly believe that through awareness, action and innovation we can indeed find solutions to world's water challenges. But to better manage this precious resource, we need to ensure the right investment, policies and regulation needed for its proper guardianship are put in place.

We will continue to play a central role in that effort.

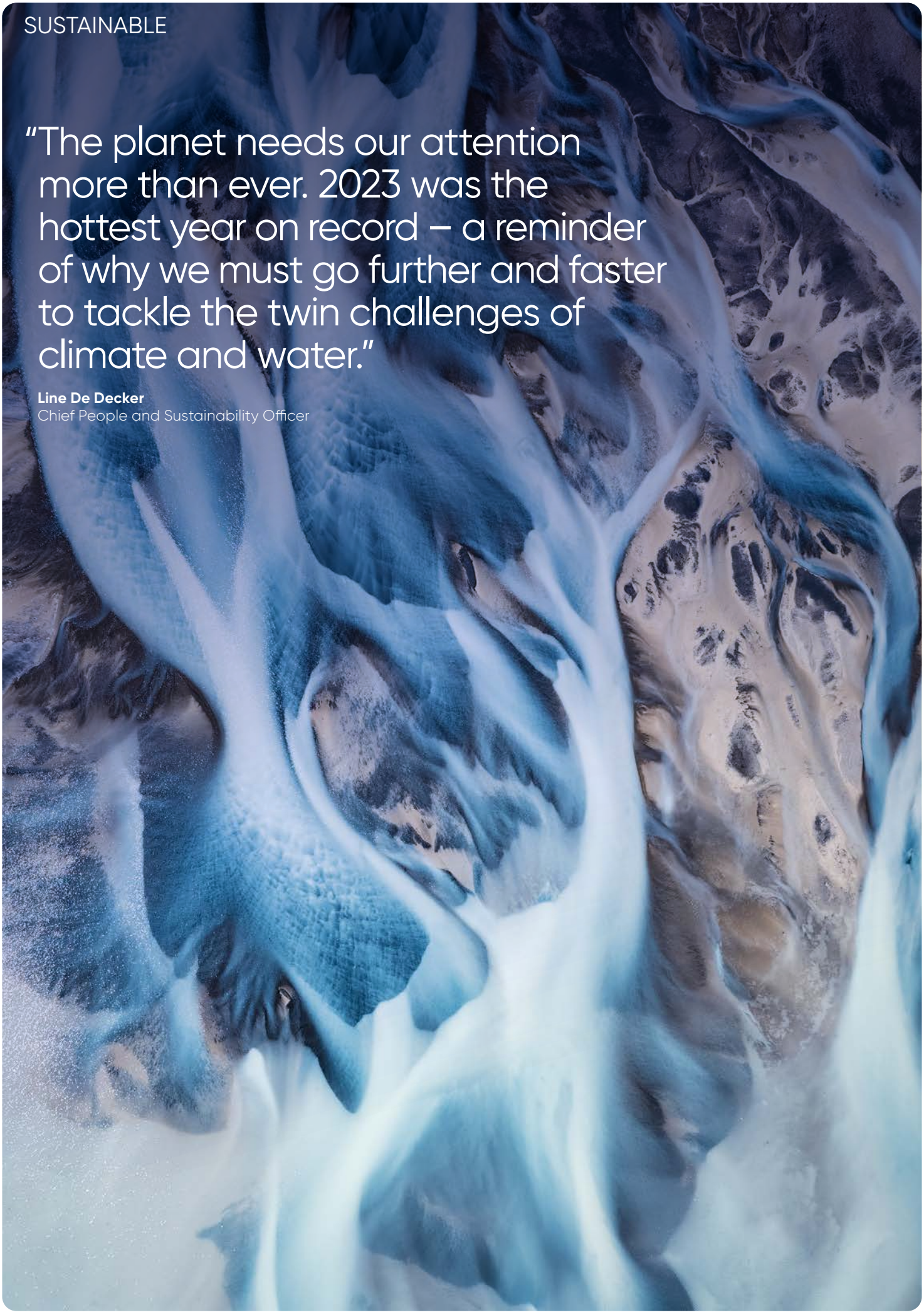
Our *Growth with Purpose* strategy has energised the business and our people have responded fantastically. I'm convinced that if we work with a sense of real purpose and optimism, we can make the progress that society demands.

I hope this report will show you that, at Aliaxis, we are fully focused on this mission.

Eric Olsen
Chief Executive Officer



Production of TerraBrute® pipes in Canada



"The planet needs our attention more than ever. 2023 was the hottest year on record – a reminder of why we must go further and faster to tackle the twin challenges of climate and water."

Line De Decker
Chief People and Sustainability Officer



Line De Decker
Chief People and Sustainability Officer

Powered by renewables

36%

Carbon intensity reduced

–18%

Since 2021, our carbon intensity has been cut significantly, with further reductions in sight

We are sustainable

Last year's extreme weather events across many regions tell us one thing very clearly: as the UN has recognised – the climate crisis is also a water crisis.

Managing water sustainably is an intrinsic part of tackling global warming, requiring us to take urgent action now to use our skills and expertise to make a difference.

Yet, while climate is getting increased attention, still too little thought is given to preserving, storing, and distributing our most precious resource – water.

Since the launch of our *Growth with Purpose* strategy in 2021, we've put sustainability right at the centre of our operations. We are driven by a sense of urgency and are convinced that we can have a significant and immediate impact if we act today, as well as working to achieve longer-term goals, like achieving carbon net-zero.

We're motivated by a clear purpose: to bring solutions to the world's water challenges and accelerate the transition to clean energy. And, across our business, we're spurred on by the behaviours that guide us day-to-day – we dare, we care, we deliver.

Our purpose reflects the fact that over 75% of the products we make are to transport, store and treat water, while an increasing number are applicable in deploying clean energy resources.

Our strategy up to 2025 includes stretched targets, so that we make our operations and products more sustainable. We are also speeding up the development of sustainable innovative solutions. We progressed on all those targets last year.

Our approach links directly to the UN's Sustainable Development Goals, particularly SDG 6 (enabling access to water and sanitation) and SDG 13 (taking urgent action to tackle climate change and its impacts). In addition, we are working to support SDG 17, which urges organisations to support global partnerships for sustainable development.

Solid progress on carbon emissions

By 2025, we aim to cut our Scope 1 and 2 carbon emissions by 75% per ton of production, mostly to be achieved by transitioning all our operations to renewable electricity. In 2023, 36% of our operations were powered by renewables compared with 22% the year before – a 25% increase.

Since 2021, our carbon intensity has reduced by 18%, and this figure will soon rise to 21% thanks to a renewable power certification scheme run by local electricity supplier Hydro-Québec, that we have joined and that guarantees all four of our plants in that locality will be powered by wind farms in the province of Quebec.

People across Aliaxis are fully engaged in helping us achieve our carbon goals, and we want to make sure they understand the scale of the challenge and what they can do to act on climate.

That's why we're proud to have set up in 2023 an online Climate School where, through a series of comprehensive modules, colleagues can increase their understanding of climate science and learn about steps they can take to combat climate change, whether at work or at home.

In the three months since the launch, about a third of our office employees have enrolled, spending on average just under 4 hours in class. The feedback on this learning experience has been positive overall and we continue to promote it actively.

Some obstacles on recycling

Our 2025 target to quadruple the amount of recycled material in our products up to 50% of what is permitted by current regulations is proving a trickier goal.

Despite the strong lead taken by our Pacific business and some helpful advances in Latin America, it is proving difficult to secure external supplies of recyclate, an issue we are working on. Our acquisition of Comspec, a New Zealand plastic waste recycler, during the year will boost our efforts to increasingly become a circular economy business.

Faster and smarter development

A key *Growth with Purpose* target is to speed up the development of sustainable innovative water management solutions and we are doing this in close collaboration with our customers to understand and meet their needs.

Our Aliaxis Next division, set up in early 2022 to invest in or acquire disruptive early-stage water tech businesses, is playing a growing role in our endeavours with a focus on four key areas – resilient water infrastructure, sustainable water management, water for food and increasing access to water.

At a time when billions lack access to clean water and sanitation in their homes and when an estimated 35% of all water transported through networks is lost because of leaks, this work focusing on solutions such as leak detection and stormwater management, is clearly critical.

By end of 2023, Aliaxis Next had invested €75 million in building an ecosystem of 9 highly promising and innovative companies in this space and there's more to come.



Powered by more solar electricity

"We are thrilled to be members of the UN Global Compact, which commits us to achieving best practice in all aspects of ESG. In addition, we are participating in the Carbon Disclosure Project and have signed up to the Sustainable Procurement Pledge."

Line De Decker
Chief People and Sustainability Officer

Making our operations more sustainable

We are working to make our factories and offices more sustainable, with improvements across the board in carbon reduction, energy efficiency, water use and waste. A key feature of our operational excellence programme is the drive to make our plants not only more productive but also more resource-efficient.

For example, as well as meeting our renewable electricity goals during the year we also achieved our energy efficiency targets, reducing energy use by 3%.

We're making our working environment more sustainable through our diversity, equity, and inclusion policies, with a particular focus on attracting more women into our workforce.

Our target is to make sure 25% of colleagues are women by 2025 and we're making steady progress, with female representation up at 21.4% in 2023 compared with 19.2% the year before.

Our latest 'Aliaxis and Me' survey achieved a 92% response rate with 85% saying they were satisfied working for the company. That means we have already met our 2025 target for employee engagement but we're clear that this is an issue which requires constant attention and we're determined to give it just that.

Aliaxis Next investments

€75 million



Ari Goldfarb, CEO of Kando, a wastewater intelligence company we have invested in

Why we're embracing more rigorous reporting

There is an increasing responsibility to report on environmental, social and governance (ESG) issues, which is set to become more demanding in the coming years, thanks to the EU Corporate Sustainability Reporting Directive. We welcome this and see it as an opportunity to increase the transparency of our activities, offering stakeholders an extra level of assurance on our commitment to sustainability.

We are thrilled to be members of the UN Global Compact, which commits us to achieving best practice in all aspects of ESG. In addition, we are participating in the Carbon Disclosure Project and have signed up to the Sustainable Procurement Pledge.

We subscribe to the EcoVadis global sustainability standard, where we moved from a bronze to a silver rating in 2023, in recognition of the progress we are making on environment, labour and human rights, business ethics, and procurement. This puts us in the top 15% of the companies rated by EcoVadis in our industry. In 2024 we will also be submitting our data to the Science-based Targets Initiative.

We are now carrying out a double materiality assessment which will allow us to prepare for the European Union's new non-financial reporting requirements. The Corporate Sustainability Reporting Directive demands a higher level of transparency in ESG reporting and our team is working to ensure that we fully comply with the new legislation, with a timeline to report fully in 2026 on our performance for 2025.

While in the early days of our *Growth with Purpose* strategy we focused predominantly on environmental performance, increasingly we are addressing the social and governance aspects of ESG as well.

For example, we have launched a new Code of Ethics, which builds on our earlier code of conduct, and are rolling out training on this across the business. The code is about ensuring that we act with fairness and integrity every day and in all our interactions with each other, with our stakeholders and in the context of wider society.

Partnering to raise awareness

We recognise that we can't just go it alone. We can achieve much more if we seize opportunities to work closely with like-minded public and private organisations who are also determined to find solutions to the twin challenges of climate and water.

During the year we revamped our approach to Corporate Social Responsibility, with the aim of matching up our fundraising and donations activities with our purpose in bringing solutions to the world's water challenges.

We are also partnering with a number of leading alliances working to preserve water and speed the roll out of clean energy solutions.

We continue to act as a convenor in the debate about water. We hosted a highly successful Action for Water event in Brussels in January bringing together entrepreneurs, economists, activists, and other experts to lift the profile of water as a key climate change challenge.

The event has led to several further gatherings addressing more targeted audiences, including an event hosted by Citibank in the Netherlands and a European Round Table in Paris, bringing together CEOs focused on the world's water challenges.

Sustainable

How we deliver



Bringing sustainable solutions to market

Amongst our key sustainability targets, we aim to bring water solutions and accelerate the transition to clean energy, whilst massively increasing the recycled content in our products.

In India, our researchers have successfully optimized the amount of material needed which means we are less carbon intensive, with no loss to quality or performance. Our Bengaluru Research hub has also focused on electrofusion to join pipes using specialist fittings that have built-in electrical heating elements to weld the pipes together without the need for separate fittings. They benefit from our established expertise in Germany where we lead the market, notably thanks to our Frialen solutions.

In the Pacific region, we're making the most progress on incorporating recycled content as we acquired Comspec, a New Zealand expert in plastic recycling. Comspec processes polypropylene and high-density polyethylene into plastic pellets, that we reuse as raw material, each year providing 2,000 tonnes of fully recycled resin. This acquisition translates into a significant reduction in our CO_2 emissions. As an example, our Drainflo® range contains between 11 and 47% recycled content, sourced from shampoo, conditioner, and cleaning product bottles, all processed by Comspec.

Moreover, in Australia, our StormFLO® drainage system for use in agriculture and civil infrastructure projects, not only incorporates recycled material but is also fully recyclable. As well, our Draincoil® sub-surface drainage pipe is made with 100% recycled material and is also fully recyclable. This range of pipes and fittings helps tackle waterlogging after heavy rainfall, preventing salinity issues. They can be found in diverse settings: buildings, recreation spaces like sports field, racetracks, and golf courses, and agriculture.



Transition to renewables gathers pace

We're on course to meet our target of powering all our operations with 100% renewable electricity by 2025, a move that will play the biggest role in cutting our Scope 1 and 2 carbon emissions by 75% per ton of production.

Over a third (36%) of our operations already run on 100% renewable power, compared with just 22% in 2022 according to our internal data.

New Zealand, Chile, Colombia, Guatemala, Peru, The Netherlands are already at the 100% mark, while Costa Rica and Uruguay are at 99% and 91% respectively.

But many of our sites are well on the way to meeting that target, with some between 75 and 90% there already. Thanks to power purchase agreements already signed and our plans to build our own solar and wind power capacity, we have now secured 54% of the renewable electricity we will require to meet our 2025 target.

Our Swiss facility at Wangs is on track to meet that target, thanks to the installation of 1,022 solar panels at the site, producing 440,000 KWh of renewable power a year and avoiding 206 tons of carbon emissions. We've invested over €1 million in equipping our Spanish plants in Alicante and Okondo with solar panels which will see them become self-sufficient in renewables.

Our 17 sites across Australia and New Zealand will be powered by 100% renewable electricity by 2025, thanks to new power supply contracts with CleanCo and Iberdrola in Australia. That means our Pacific business will be the first regional division to go 100% renewable.

Meanwhile, we've joined a pilot renewable certification project run by Hydro-Québec, which guarantees that all four of our plants in the area are powered by renewables, mostly wind energy.

In India, some 67% of our operations are powered by renewable electricity already, up from 39% in 2022. We've made great progress since opening a dedicated solar farm in Bikaner, Rajasthan, which started producing power in early 2023. In addition, our new Telangana plant will be powered by solar panels.



WORLDWIDE
CPR training rolled out

More than half a billion people across the world are affected by cardiovascular disease and it remains a leading cause of death.

With safety as our top priority, we want to be sure that our employees are equipped to provide life-saving care, including administering cardiopulmonary resuscitation (CPR), in the event of a cardiac emergency in our plants and offices.

The training is being rolled out worldwide and we have now taken 2,700 colleagues through to the point where they are fully trained to provide CPR.

For one of our employees in the UK, Mark Wylie, the training proved vital when a family emergency struck soon after completing the training, as he explains:

"Six weeks after completing the Aliaxis first aid course, I found myself putting my life-saving skills into practice, administering CPR to a family member during a family gathering," he recalls.

"Thanks to the training, I was able to maintain the airway and blood circulation for the critical 20 minutes it took for the rescue team to arrive.

I can tell you now, seeing that family member draw breath again, having witnessed her motionless for what seemed like forever, brought a feeling of pure relief into the room."

WE'VE CUT OUR CARBON INTENSITY

In 2023, we decreased our carbon intensity – a measure of how clean the electricity we use is – by 18%. Thanks to increased energy efficiency and our transition to renewable electricity we are on course to reduce intensity by 40% by 2025.



TAKING THE LEAD ON SAFETY

We aim to be recognised industry leaders on safety, reducing our Reportable Incident Rate (RIR) to under 3 by 2025. Last year, the RIR continued to fall and was at 4.7 compared with 5.8 in 2022. Over the last 4 years, we have made constant progress, cutting our RIR in half from 9.8 in 2020 to 4.7 in 2023!





Aliaxis joins the UN Global Compact initiative

In 2023 we joined the UN's Global Compact, the world's most comprehensive corporate sustainability initiative.

Companies signed up to the Compact commit to reflecting ten universal principles in the way they operate, including on human rights, labour, the environment, and anti-corruption, as well as taking action to meet important social goals.

The overall aim is to help companies take collective action for a fair and sustainable society and we're delighted to be part of this great movement.

It complements our *Growth with Purpose* strategy and supports our broad approach to sustainability issues including how we identify and tackle environmental, social and governance issues.

Other benchmarking initiatives we've embarked on include a double materiality assessment and work with both the Carbon Disclosure Project and the Science-based Targets initiative to verify our performance.

Together these initiatives mean we will be fully ready to comply with the EU's Corporate Sustainability Reporting Directive on schedule for our 2025 Annual Report.

SUSTAINABILITY THROUGH OPERATIONAL EXCELLENCE

Our operational excellence drive is making our plants more sustainable, whether that's through optimising injection moulding in the Netherlands to cut carbon, deploying solar panels and rainwater harvesting in Germany or harnessing advanced automation in Australia and India to increase efficiency and safety.



THE FUTURE IS... GREEN HYDROGEN

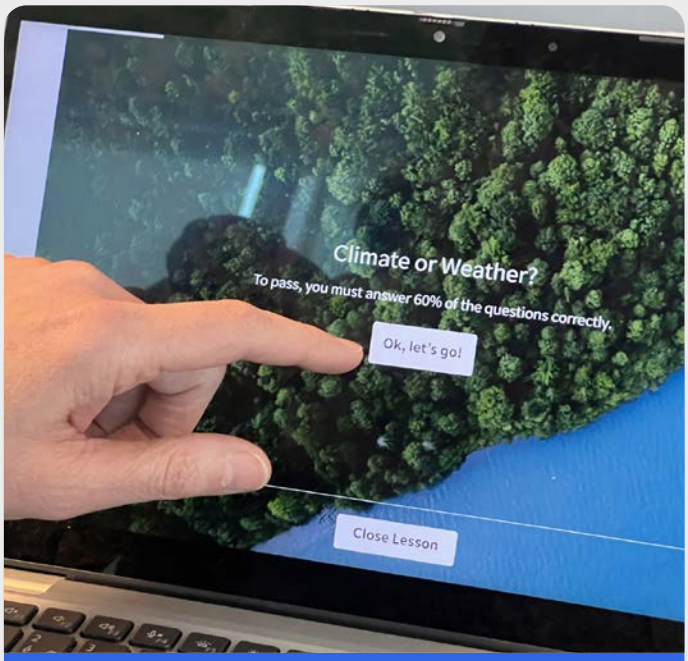
We've joined a host of leading companies and civil society organisations who make up Hydrogen Europe, the continent's flagship alliance promoting the transition to green hydrogen something we are increasingly supporting with our clean energy solutions.



FOSTERING GENDER DIVERSITY

We want to make Aliaxis a place where more women and girls can pursue great careers and we're making progress. By 2025, we want 25% of our workforce to be female. In 2023, the proportion of women in the business rose to 21.4%, against 19.2% in 2020.





We're helping our people tackle climate change

We want to enable people across Aliaxis to be better citizens, contributing to society and tackling climate change, both at work and at home.

That's why we've launched the Aliaxis Climate School, a comprehensive yet easy to understand guide to climate science and the things colleagues can do in their daily lives to act on global warming.

The online learning tool comprises a series of modules including six on the science of sustainability and how climate change interlinks with natural resource use, biodiversity, human society and, of course, water.

The action section includes four modules that apply to everyone and five which are tailored to different job roles.

It's a comprehensive learning programme but one which is highly relevant to all our lives. So far about over 1,800 employees have registered to the online platform to take courses.

In deploying this training, we are joining other big companies who are mobilising their employees to become global citizens.

A group from our management team were first to attend the Climate School and the feedback has been excellent.

Cristina Cascante, an IT Business Partner in our Latam division described it as very friendly and easy to use.

"I found the modules extremely interesting, with really different content and quite captivating presentation. Each one was quite challenging, and I had to go back, review, take a notebook and really start studying. Honestly, I really enjoyed the Climate School experience."

EcoVadis silver rating puts us in the top 15%

Thanks to progress we are making with our environmental, social and governance (ESG) agenda, we've moved from a bronze to a silver rating under the prestigious EcoVadis sustainability benchmarking scheme.

Although we've made great progress on sustainability under our own steam, we see third-party endorsements as immensely important in providing a transparent assessment of our performance to assure our stakeholder base, including customers, suppliers, our employees, and wider society.

EcoVadis is a highly respected system of ESG verification providing an assessment platform that rates some 65,000 organisations on how they manage sustainability covering four main areas – environment, labour and human rights, business ethics and procurement.

By achieving silver, we are now in the top 15% of companies in our sector and in the top 25% of all organisations benchmarked under the EcoVadis scheme.

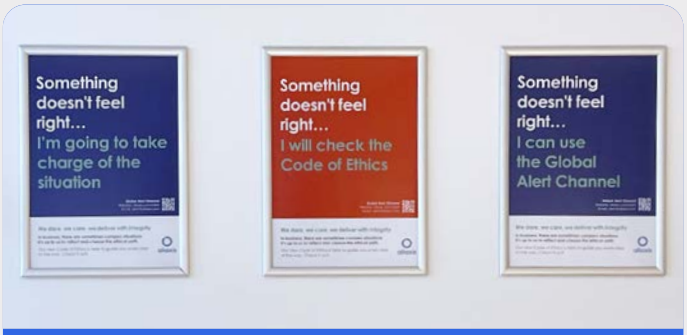
Reaching this level was down to the progress we've made in several important areas through policies and processes we put in place in 2023. They include:

- A new procedure for donations and community giving announced in November
- Our new Code of Ethics and a new policy on Competition and an Enterprise Risk Management policy all launched in July
- A Conflicts of Interest and an Information Security policy implemented in May
- And new policies on Diversity, Equity, and Inclusion and on Non-audit services both launched in March.

In addition, actions we've taken on mentoring women and on health and safety were recognised, as well as the steps we've taken to make sure we report robustly on our ESG data and our decision to join the Sustainable Procurement Pledge initiative.

Although accreditation under the EcoVadis scheme is voluntary, customers can and do ask their suppliers to complete the questionnaire to check on sustainability within their supply chains – a trend which continues to grow as ESG issues rise up the corporate agenda.

That makes the methodology used in the scheme extremely important to us and our teams rigorously update our ESG data in line with international sustainability standards.



Social and governance policies strengthened

During 2023 we strengthened our global internal policies to reinforce the social and governance aspects of our broad ESG approach and to re-enforce our commitment to act at all times as a responsible business.

Building on an earlier code of conduct, which focused on respect for our policies and procedures, we have now launched a much stronger Code of Ethics to make sure we behave ethically, openly, and fairly in all our interactions with each other, our suppliers, our customers and with the wider world.

Training on the new Code is being rolled out across the company. At the end of 2023, 85% of our office employees were trained on the Code of Ethics.

The Code is anchored in the behaviours that define our culture – we dare, we care, we deliver.

We also launched a new Diversity, Equity and Inclusion (DE&I) policy during the year, backed by the establishment of DE&I councils right across the group to make sure we build a work environment we can be proud of and within which each of us can thrive.

Other revised policies introduced in 2023 included new directives on donations and community, competition, conflicts of interest, enterprise risk management, non-audit services, and information security.

Scan the QR code to see our video

KEEPING CARBON REPORTING TRANSPARENT

Up to 2025, private companies are not obliged to report carbon data but we see a big benefit in doing so voluntarily. We submit our Scope 1 and 2 emissions data to the Carbon Disclosure project and will join the Science Based Targets initiative in 2024.



A solution shared is a solution multiplied

Each year, our best practice awards recognize the ongoing initiatives on all our operational priorities. In 2023, the awards attracted a record 436 entries, proving the value of inspiring one another in a collaborative manner. LATAM won gold in operations for overweight reduction.

Reinforced by this initiative, colleagues exchange successful projects, learning from each other to quicker implement new approaches, as they have already been tried and tested elsewhere in Aliaxis.

For example, our Panningen plant in The Netherlands has been promoted for their re-designed warehouse, segregating walkways from forklift areas, to increase warehouse efficiency and safety.

Colleagues in Costa Rica shared a new safety training, connecting the leadership with the front-line teams, to develop a common approach to achieving world-class standards.

We are determined to be an industry leader in safety and to ensure we have the right data to track our performance. To that end, we greatly enhanced the collection and analysis of environment, health and safety data in 2023 to better prevent hazards in our plants, depots and offices.

SUPPORTING WOMEN IN OUR WORKFORCE

At Aliaxis, we foster the development of women's careers notably through mentoring and specialist training, work that we celebrated with a special video for International Women's Day.

Scan the QR code to see our video





A new approach to Corporate Responsibility

We're revising our Corporate Responsibility policy in a bid to tie our approach to donating and our work with charities and NGOs much more closely to our purpose – bringing solutions to the world's water challenges.

We will continue acting as a good neighbour locally through community giving, taking into account the strong links our businesses have built with communities. Over time we will increasingly focus on water-themed projects at regional and local level too.

This approach is an extension of what we are already doing at a local level in many parts of the world. A great example is the work we are doing in partnership with the NGO Habitat for Humanity and Selavip in Guatemala.

Through this project we have donated water harvesters to the Nueva Jerusalén colony in Poptún, Petén, which will benefit 32 families and more than 200 children and staff at the Nueva Jerusalén School.

MAKING SUPPLY CHAINS SUSTAINABLE

We are members of the Sustainable Procurement Pledge (SPP), an international bottom-up and non-profit organization for procurement professionals, academics and practitioners, driving awareness and knowledge on responsible sourcing practices. We have built a roadmap to embed sustainable procurement practices, amongst which, in 2024, we will be partnering with third parties to pro-actively assess and mitigate business and supply chain risks.





Supporting India's water innovators

India faces huge challenges in increasing access to clean water and managing its existing water infrastructure. But it is also a nation packed with superb innovators in this field and we are continuing to support and reward them through The/Nudge Ashirvad Water Challenge.

The challenge, run in partnership with the Office of the Principal Scientific Adviser to the Indian Government, backs start-ups and innovators using AI and robots to tackle the problem of water wastage with the overall aim of improving water security for 19 million households.

This year's grand winners were SmartTerra with a platform that uses AI to detect leaks in water networks. Its technology has already been deployed in five states and is helping to save over 5 million litres of water a month.

The runners up were Solinas Integrity whose robots have identified 340 contamination points, in the process saving 600,000 litres of water a day.

Initially, over 140 applicants came forward with their innovations. These were whittled down to seven finalists who spent six months incubating their ideas working closely with our own experts and with mentors from Aliaxis Next.

The challenge has been so successful that we are now deepening our relationship with The/Nudge Institute, working together to bring water solutions to people in India's cities and rural areas.

Together, we are convening the Water Security Council of India, with a mission to identify and tackle India's most pressing water challenges over the next 10 to 15 years.

The Council will bring together public and private sector organisations and leading thinkers, entrepreneurs, and policymakers to commission research into future challenges.

It will be chaired on a rolling basis by domain experts. We are fully committed to playing an active role in its deliberations, bringing thought leadership and research ideas to the table with the aim of building a strong ecosystem of like-minded experts who can really make a difference to society.

85%

of employees said they were satisfied in our latest 'Aliaxis & Me' survey, which had a 92% participation rate.

TACKLING THE BIOGAS CHALLENGE IN FARMING

We developed specialist corrosion-resistant solutions for anaerobic digestion systems on farms, essential for producing of renewable biogas. Our systems help collect, segregate and store methane ready for conversion into this important renewable energy.





ACTION FOR WATER
Leading the debate

We believe we have a responsibility to highlight and tackle the world's water challenges.

As a global leader in water technologies, we have an active role to play in bringing together all the key players who can create solutions to the world's immense water challenges.

In January we hosted our first Action for Water event in Brussels attended by entrepreneurs, thinkers, and decision-makers from across the private and public sectors to highlight the challenges related to climate change, water scarcity and floods.

This important even allowed us to explore key questions, such as how to accelerate innovation to create the solutions society needs, how to equip cities with the infrastructure to deal with extreme flooding events, and what can private businesses and investors do to speed our response to the interlinked climate and water crisis we face.

We participated in several other important thought leadership events following the Action for Water meeting, including one convened by Citibank to look at the investment hurdles we face in financing the water solutions of the future and a CEO roundtable held in Paris in November.

We are fully committed to leading this important debate to press home the urgent need to scale up relevant water management solutions.

Scan the QR code to see our video



"We co-create with our customers and strategic partners to develop new solutions to tackle water challenges and accelerate the transition to clean energy."

Sophie Desormière
Chief Growth Officer



Sophie Desormière
Chief Growth Officer

Group Net Promoter Score

42 to 50

Sales from new products

+33%

We are innovative

As a global leader in fluid transportation, we recognize the critical significance of water as a global issue. Water is the lifeblood of our planet, supporting ecosystems, communities, and economies.

However, it is also a resource under severe stress, from scarcity and pollution to climate change-induced unpredictability. As an innovative player, with a particular emphasis on water, we are uniquely positioned to tackle these challenges head-on.

Our dedication to innovation lies at the heart of our strategy to address the global water crisis and to facilitate the transition to clean energy. We are not just a company; we are a partner to communities worldwide, with a deep understanding of how to respond to the nuances of local markets and global trends.

Our approach is rooted in a commitment to listen to our clients to help us understand the rapidly evolving landscape of water management and clean energy.

Alongside this focus on customer intimacy, we also prioritize co-creation and open innovation, allowing us to collaborate closely with a growing ecosystem of strategic partners, such as universities, startups, local communities, and international experts. Doing so brings us a wider range of ideas and perspectives, deepening our capabilities, and accelerating the time it takes to bring new ideas to the world.

By leveraging cutting-edge technology, research, and development, we aim to pioneer solutions that ensure access to high quality, sustainable supplies of water, prioritizing investment in innovations that make a difference. Our comprehensive approach means that, today, we are delivering smarter, more targeted, and more efficient water and clean energy systems, with an increasing focus on complete solutions that are easy to install and operate.

As we move forward, our determination to be a key player in solving global water and clean energy challenges becomes ever more tangible. Through collaboration, innovation, and a constant focus on our customers' needs, we are committed to making a significant contribution to a future where water, our most precious resource, is managed wisely for all.

Customers first

Customer centricity is pivotal to our innovation efforts and our pursuit of sustainable growth.

Our local teams interact with customers daily, and we have rolled out training across our organization to continuously improve our ability to capture the customer's voice. This initiative is already generating deeper insights that are guiding our product development work.

Our Net Promoter Score (NPS), an essential indicator of customer loyalty, has risen impressively from 42 to 50 in 2023, a reflection of our steadfast commitment to excellent customer service.

This progress, a collective achievement across all regions, puts us amongst best-in-class players, underscoring the high level of customer engagement and the outstanding quality of work performed by all our local brands in their mission to delight our customers.

The Global Customer Survey we launched in October allowed us to collect valuable feedback from more than 5,000 customers across 25 countries. The results affirm that we are on the right path and have provided us with a clear guide for future improvements. This feedback is crucial as we strive to further enhance our service and product offerings.

Faster time to market

We're building on a powerful history of innovation going back decades. In the 1960s, for example, it was Nicoll, our brand in France, that led the way in moving away from metal piping systems when it introduced valves, rainwater gutters and pipes made in long-lasting, lighter, hard-wearing, and corrosion-resistant plastic. In the mid-1980s, we developed Cor-Line® Electrical Nonmetallic Tubing market in North America.

Today, we're continuing to bring forward great new solutions and we are getting them to market even faster.

This applies across the board – whether that's systems to distribute, store or treat water, products to transport clean energy resources, such as hydrogen and biogas, or products from our electrical business that benefit from strong tailwinds from the energy transition.

Getting innovative solutions from research to market faster is a key target in our 2025 *Growth with Purpose* strategy. Our goal is to ensure that by 2025, 10% of our revenues come from new-to-market solutions and we are well on the way to achieving that goal.

In 2023, 8.6% of our sales came from products and systems that are less than 5 years old, representing sales worth €365 million. This compares with 6.2% in 2022 and is an increase of 33%.

India remains the main driver of new product revenues, accounting for 56% of our sales from products and systems that are less than 5 years old. Our Pacific division has also made great progress, achieving new product revenue in 2023 of 9.7%, partly helped by growing collaboration between our Australian and New Zealand brands and our Bengaluru Research hub in India. Similarly, we see North America's innovation efforts gaining momentum, with investments in the region resulting in strong growth in local new product revenues.



Electrofusion fittings and fusion units for pipe jointing

We continue to build on that strong legacy of inventiveness and, in 2023, brought a host of exciting new solutions to market, including:

- An extended range of TerraBrute® corrosion-resistant pipes from IPEX in North America, including an industry first 24" diameter pipe, which means complete drinking water and sewerage systems can now be built in corrosion resistant PVC, making networks more resilient.
- A new check valve developed in response to stringent new French regulations on preventing water contamination in hospitals and other sensitive buildings.
- A tech-enabled compact wastewater treatment plant and anti-microbial pipes using silver ion technology in India.
- New water conservation and stormwater solutions with increased recycled content, including StormFLO® in Australia and Drainflo® in New Zealand.
- A hi-tech mobile leak detection system and a digital network monitoring solution, created by Aquarius Spectrum, a smart water tech start-up we acquired in 2022.

Cross-fertilisation

To meet our innovation targets we are also investing in our own resources and streamlining our ways of working together.

Our teams on the ground are at the forefront of our product development work, bringing their local market knowledge to bear.

But, as a global group serving markets across the world, we have the advantage of being able to share ideas and inventions across the world and adapting them to meet local needs. Increasingly, we are doing just that. For example, our Philmac brand in Australia has joined forces with our newly acquired Harco business in North America to bring its new range of polymer Curb Stop valves to the US water utility market to replace traditional brass fittings, gaining strong traction with customers.

Our Research hubs play a critical role too and we continue to expand and modernise them, creating space for us to co-create solutions with customers and increasing their ability to share ideas with our product development teams across the world.

"We are delivering smarter, more targeted, and more efficient water and clean energy systems."

Sophie Desormière
Chief Growth Officer



Testing material resistance at our Paris Research Hub

Our Paris Research hub, which moved into a new centre in 2022 with extra space dedicated to customer co-creation, is strengthening its capabilities around water and clean energy solutions as well as digital services, while continuing to develop its strong competencies around (sustainable) materials and new jointing technologies.

The Bengaluru hub, leveraging their key expertise in digitalisation and advanced engineering, has boosted its simulation and design capabilities, added a customer experience centre and, in 2023, grew its team of material research scientists. Overall, the hub grew from 44 experts to 64, a quarter of whom are women.

We will equally be opening a new Pilot hub in Toronto in 2024 to improve its research into advanced materials know-how and drive further increased agility in product development with dedicated testing facilities and new 3D-printing capabilities.

Acquisitions to boost our portfolio

We're speeding up our innovation capacity in other ways, not least through M&A, often with a focus on start-ups developing exciting disruptive technologies.

During the year we acquired Zypho, a highly innovative player in drain water heat recovery. We have been collaborating with this fast-growing company since 2020 on a groundbreaking, energy saving solution to capture the heat from shower wastewater, using it to heat incoming cold water.

By reusing hot water that would normally go down the drain, the system recycles up to 75% of the energy required to heat shower water. It's also a passive system using gravitation, with no need for extra energy input, and is safe thanks to double layer protection preventing contamination.

We first tested the solution on the French market followed by Spain and Portugal with great success, and we see huge scope to extend the market for this great product much further thanks to our global reach.

In 2023, we introduced a new solution to the market: Zypho Slim50, a compact drain water heat recovery system designed for use in smaller properties and perfectly suited for the renovation market.

Aliaxis Next, created in 2022 to acquire or invest in promising young water tech companies, is leading our search for solutions from start-ups that will help us tackle the water crisis in the long term.

It has made nine investments, totaling over €75 million so far, focusing on four main areas – resilient water infrastructure, sustainable water management, water for food and increasing access to water.

Open innovation

By increasing investment in open innovation projects, we are casting our net as wide as possible for ideas and sharing our own expertise too. This open exchange is so important in finding solutions to the interlinked challenges around climate and water.

A great example is the 50L Home coalition which we have joined, supporting its aspiration to reduce individual water use from a European average of 150 litres a day to just 50 litres. We are now members of Hydrogen Europe, an alliance spearheading the transition to this promising alternative to fossil fuels.

We're also nurturing entrepreneurs, for instance through The/Nudge Ashirvad Water Challenge in India and the Ekipa project in Europe, both competitions to inspire and reward innovators working on key water-related projects and other future-orientated sustainable solutions.

Through these competitions they get the chance to bring their ideas to life, with the help of our own research scientists and start-ups from the Aliaxis Next ecosystem.

The highly collaborative environment we are creating not only fosters innovation but is actively shaping how the world will tackle climate and water challenges well into the future.

Innovative

How we deliver



Expanding our healthcare offer with novel valve

Tough new regulations which came into force in France in January 2023 stipulate that valves controlling the backflow of pollution in water pipes serving sensitive buildings, such as healthcare facilities, must be accessible, easy to dismantle and inspected at least once a year.

We are innovating constantly to ensure our solutions meet any new standards coming into force. Our French business has been developing regulation-compliant solutions in the healthcare sector for over 60 years.

When the new regulations were unveiled in 2021, we went to work immediately to create a solution and have devised a valve which meets the new regulations head on.

In addition, the valve is made from C-PVC and therefore resistant to the build-up of limescale, is free from corrosion and limits the development of biofilm, all essential in buildings where maintaining water quality is essential.

The new valve won the innovation award at the Hopitech 2023 Hospital Engineers Congress held in Toulouse in March.

Increasingly, we see healthcare as an important market to serve with solutions that guarantee water supplied to medical centres remains safe, secure and free from the threat of infection.

NEW VANCOUVER HOSPITAL OPTS FOR System XFR®

A new 548-bed hospital in downtown Vancouver will be fitted with our System XFR® piping system offering several advantages including easy installation and reduced labour time – a must in the fast-paced environment of hospital construction.





TerraBrute® expanded for a complete plastic solution

We've expanded our TerraBrute® range of pipes and fittings with bigger and better sizes so that customers can now build out complete drinking water and sewer systems, standardising on a durable, corrosion-resistant PVC solution.

The range now includes pipes ranging from 14" right up to a market-first 24" diameter pipe, following development by our IPEX brand in North America.

TerraBrute® is a highly popular product in the horizontal drilling market, offering customers a trenchless solution that allows them to replace metal pipes and fittings with long-lasting plastic infrastructure without the need to dig trenches our disrupt above ground construction.

With the highest pull-strength of any trenchless solution, the pipes can be pulled through horizontally drilled tunnels and connected with leak-proof gaskets and joints, simplifying installation to dig, drill and pull.

This innovation reduces disruption to the environment and to residents during major infrastructure projects, eliminating the need to dig up roads and pathways and making it suitable for various urban settings and applications such as busy city centres, residential areas, and bridge crossings.



Joining forces with key strategic partners

We're always on the lookout for opportunities to collaborate openly with a wide variety of innovative organisations who share our vision around tackling climate change and the water crisis, including start-ups, other businesses, universities, local communities, and leading international experts.

In India, in 2022, we joined forces with The/Nudge Institute to launch The/Nudge Ashirvad Water Challenge, backed by the Office of the Principal Scientific Advisor to the Indian government.

The challenge is all about speeding up the development of advanced solutions, at scale, to increase access to clean drinking water and it attracted some 140 applications when it was launched.

Short-listed candidates got the chance to work with our research scientists and entrepreneurs from the Aliaxis Next ecosystem to further develop their ideas.

This year we were delighted to announce that SmartTerra had won the challenge, with Solinas Integrity a close runner up.

SmartTerra's platform uses AI to detect leaks in water networks and it is already being used in five Indian states, where it has saved some 5 million litres of water. Solinas Integrity's robots have identified over 40 contamination points in networks, saving 60,000 litres of water a day.

We've now extended our partnership with The/Nudge Institute and plan to create a National Water Council to commission research into solutions to tackle India's main water challenges over the next decade and a half.

In Europe, we've partnered with EKIPA, an open innovation forum that brings together young professionals, researchers and start-ups to develop sustainable solutions, partnering with and funded by companies working in key areas, including water.

We're focusing on novel adhesive approaches to bonding pipes that allow us to stay ahead of regulations while placing a strong emphasis on sustainability. Participants will pitch their final ideas to us in the first half of 2024.

We're also excited to have joined 50L Home.

It's a coalition that brings together leaders from the private, non-profit and public sectors who are united in trying to tackle global warming and water security – two of our greatest challenges.

The coalition has a vision to make 50 litres of daily water use per person the norm, compared with the European average today of 150 litres, and the average in the US of 450 liters.

The goal is to make homes more water efficient, greatly reducing water and energy use, but leaving consumers feeling they have not had to sacrifice any comfort or convenience.

By joining the coalition, we will be able to bring our expertise in creating smart water solutions to bear, identifying and co-creating with our partners systems to address water scarcity, water efficiency, water recycling and water re-use in the home and in networks in the wider urban water environment.

Given that 75% of our products are used to transport, store, and treat water we are in a terrific position to make a difference and we will be working alongside some excellent corporate partners including Electrolux, Ikea, Kohler, Holcim, Procter & Gamble, L'Occitane and Grundfos.

Scan the QR code to see our video



ZYPHO
Investing in great innovation

Zypho, a young and highly innovative Portuguese company leading the way in drain water heat recovery technology, was one of the most exciting acquisitions we made in 2023.

We're investing in external growth through M&A transactions with a focus on boosting our innovation capabilities so that we can bring great solutions to our customers at scale and at a much faster pace.

Zypho meets those criteria very well and we're delighted to welcome them to the Aliaxis family, cementing a collaboration that began in 2020.

Back then, we began working with Zypho to help them bring their innovative and highly sustainable heat recovery solution to market in Portugal, Spain and France.

The system captures the outgoing hot wastewater from a shower and uses it to heat the incoming cold water, in the process recycling up to 75% of the energy needed to produce hot water.

It's also a passive system using gravity and so is free from the need for additional energy. Thanks to its double layer protection, water running through the system is also protected from contamination.

It's a solution that not only increases energy efficiency in homes, but also cuts carbon emissions, at a time when people are looking both to reduce their carbon footprint and soaring energy bills.

The acquisition means we can help develop their great ideas more quickly drawing on the skills of our own innovators for the benefit of customers across our markets and we're doing just that.

Together we've created new and more innovative products such as the horizontal heat recovery unit that we brought to the French market in late 2022.

We also launched a new product in 2023 – Zypho Slim50, a compact drain water heat recovery system designed for use in smaller properties and perfectly suited for the renovation market.

We achieved a big customer win in 2023 when the Accor Hotel Group in France selected the system for use in its Pullman Paris Bercy Hotel, with trials underway in the first rooms and plans to fit the system in all of the hotel's 392 rooms in the coming year.

Now we have the chance to use our global scale to take Zypho solutions to a much wider market.



Eurotunnel turns to Straub for network revamp

When Eurotunnel found it was suffering frequent leaks in its fire network piping system, it turned to our Swiss brand Straub for answers.

Straub's metal open-flex repair couplings can be used to repair pipes made of any material and our team came up with a proposal to replace the networks existing couplers with our Open-Flex3 articulated connection system.

Opting for this solution offers Eurotunnel two major advantages – reduced installation cost and easier long-term maintenance.

WORKING TOGETHER TO CRACK NEW MARKETS

Working with Harco, which we acquired in 2022, we've brought Philmac's innovate polymer curb stop valve, developed in Australia, to the US water utility market to replace old brass fittings. Already we've had big customer wins in North Carolina and Arizona.





India leads the way in developing new solutions

One of our key *Growth with Purpose* targets is to increase the amount of revenue we derive from new-to-market solutions.

Our goal is to see these solutions account for 10% of our revenues by 2025 and already we are at 8.6%.

But one region is racing ahead – India.

That tremendous pace of innovation was on full display at the Mechanical, Electrical and Plumbing (MEP) exhibition in Dubai in 2023 where our teams showcased no fewer than 10 new products, many of them firsts in the world, to Indian consultants and architects.

They included the freshwater anti-microbial anti-viral UVC pipe with silver ion technology and Flexpert, our next generation flexible hot and cold piping solution with electrofusion technology. Also on show were our acoustic and stormwater solutions, our advanced sewage treatment plant and surface drainage channels in three different materials.

We also took the chance to display our siphon drainage system and a new range of front-of-wall taps and fittings from our Artistry range.

While some of these solutions have been developed by our Research hub in Bengaluru working closely with our product development teams on the ground, others such as the siphon drainage system were introduced in collaboration with other Aliaxis businesses from around the globe.

The emphasis was not just on raw innovation, but also on our commitment to support customers in installing and operating these systems, cementing the relationship we have built with them. At the exhibition, we took the opportunity to introduce our new Tech Services Organisation, which provides comprehensive support to our MEP customers.

Eric Olsen, CEO, and Sophie Desormière, Chief Growth Officer, were at the exhibition to underline the Aliaxis commitment to innovation and close customer collaboration.



Fostering collaborative research and co-creation

Our highly capable Research hubs in Paris, Bengaluru, and Toronto play a critical role in our efforts to collaborate with customers and strategic partners so that we can get great new innovations to market faster.

They work closely with our product development teams on the ground harnessing close connections with customers built up over many years to make sure we invent relevant solutions for the markets we serve.

And increasingly our hubs are working closely together to share insights and cross-fertilise ideas.

In 2023, we began an exchange programme between our Paris and Bengaluru hubs with scientists spending a few months working in each other's labs to exchange ideas.

During the year they worked on a variety of projects including predicting the long-term mechanical durability of recycled materials in water and clean energy solutions. They also used chromatography to separate, identify and purify the components of a mixture for qualitative and quantitative analysis.

The links between our hubs and our businesses on the ground are also increasing. For example, our Bengaluru hub is collaborating with our brands in Australia and New Zealand to speed up the number of new solutions we are bringing to market in the Pacific region.

Both our French and Indian hubs have dedicated space set aside for customer collaboration and Toronto will follow suit when we move into a new, bigger, and more capable site in 2024.

The Bengaluru customer experience centre, for instance, allows customers to interact with our entire product range, both physically and digitally using online resources and virtual reality.

EFFICIENT MODELLING FOR ROOF DRAINAGE SYSTEMS

Our Akasison rooftop siphonic drainage system is now Building Information Modelling (BIM) compliant thanks to software we've developed in The Netherlands. It allows customers to plan projects precisely from design, through workflow planning, to ordering and invoicing.





ALIAXIS NEXT
Tackling key water challenges

Aliaxis Next, our specialist division set up in 2022 to acquire or invest in breakthrough water technologies, continues to tackle key water challenges. It has now created an ecosystem of seven disruptive water tech businesses and two VC funds focused on water solutions, investing a total of €75 million in these businesses, including a further €11 million in 2023.

The work Aliaxis Next's companies are doing is critical. Without urgent action today, some 3.9 billion people are forecast to be living in water stressed regions by 2030. Already some 35% of water distributed through networks is lost in leaks, while 2.2 billion people lack access to safe water in their homes. Meanwhile 70% of the water withdrawn from the planet is used to produce food.

So, we're focusing on four key areas where water challenges are severe – sustainable water management, resilient water infrastructure, water for food and access to water.

HydroPoint is working on technology to detect leaks and to make irrigation more efficient, while PulPac has devised packaging made with dry moulded fibre.

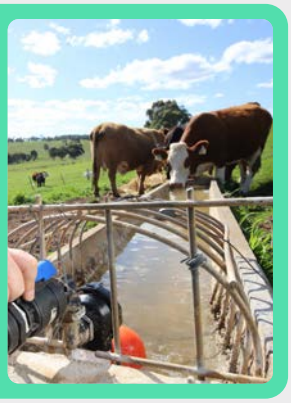
Aquarius Spectrum and Opti, fully-owned by Aliaxis, and Kando are all working to make water infrastructure more resilient, respectively using their technology for advanced leak detection in networks, for smart stormwater management, and to track pollution in wastewater, mining water networks for important public health data.

In the agricultural space, CropX is optimising irrigation systems to improve fertilisation and crop yields, while Freight Farms is a world leader in vertical farming technology.

Scan the QR code to see our video

SECURING CLEAN WATER FOR LIVESTOCK

Our product engineers in Australia have developed the OptiPHIL valve for livestock farmers to ensure that water troughs and tanks are free of large and small particle impurities and protected from blockages, giving farm animals a reliable source of water.



A HEALTHIER OPTION FOR HIGH-RISE BUILDINGS

Our high-performance System XFR® drain-waste-vent pipe system has been successfully installed in Toronto's luxurious Adagio 26-storey condos, offering additional protection against smells and germs that can build up in traditional metal solutions for high-rise buildings.





A plumbing revolution and a world first

Our research scientists in India have developed a flexible, lightweight piping system for hot and cold water applications using electrofusion jointing technology, in what is a world first for the plumbing sector.

Responding to growing customer demands for simpler, quicker, and more eco-friendly jointing solutions, Aliaxis introduced the product in 2023 integrating a lightweight, flexible piping system with the groundbreaking jointing technology.

The use of electrofusion technology for water pipes, especially when applied and combined with flexible piping, offers several advantages that significantly enhance the efficiency, durability, and ease of installation of piping systems. Here are some key benefits of this innovative solution:

- Improved reliability and seal integrity
- Simplified installation
- Reduced installation time and costs
- Enhanced durability
- Compatibility with a wide range of pipe diameters
- Reduced environmental impact

IMPROVING WATER QUALITY WITH SILVER ION TECHNOLOGY

We've introduced India's first antimicrobial uPVC pipes to secure clean water supplies. Using silver ion technology, the pipes protect against the build-up of bacteria, viruses, fungi and algae, ensuring the pipe remains non-toxic as well as durable.



SIMPLIFYING VALVE SELECTION FOR CUSTOMERS

The Aliaxis Valve Configurator is a user-friendly online tool to help industrial customers select the right valve from our FIP range. Integrated with our CRM platform, it boosts customer interaction making it simpler to select solutions and generate quotes.





Sceptic tanks in recycled materials in Latin America

Water service coverage and sanitation is rare in parts of Guatemala. In this context, people are increasingly fitting water tanks inside their houses, mainly used for wastewater treatment purposes.

Durman has responded to this demand in a sustainable way: by incorporating recycled content into sceptic tanks and biodigestors.

These are early days, and the next step is to establish a reliable supply chain of recyclate. We're now working with our partners to collect single use plastic waste to incorporate in the tanks.

OPTI'S WALMART WORK WINS TOP NATURE AWARD

Walmart has used Opti's cloud-based technology at three stores to manage stormwater discharges, with 77% less sediment, 60% less phosphorous and 39% less nitrogen flowing into local streams – work that won Opti the prestigious BlueTech Lighthouse award.



AQUARIUS SPECTRUM'S GREAT LEAK DETECTION RECORD

Aquarius Spectrum's advanced leak detection technology has saved some 26 billion litres of water – equivalent to 10,500 Olympic pools. Its new portable device, the IQ100B, takes just seconds of audio recording to create a heat map to detect network leaks.



WE ARE HYDROGEN READY

We are playing a significant role in the hydrogen transition with many products that can be used to produce and to transport the basic components used to generate this important alternative to fossil fuels. We've now joined Hydrogen Europe, an alliance of 450 organisations working to speed the transition.





"We've built a resilient global business model based on our powerful portfolio of local businesses across the world. United by a common strategy and purpose, our local teams remain our most important connection with the customers and communities we serve."

Eric Olsen
Chief Executive Officer



Eric Olsen
Chief Executive Officer

Carbon intensity reduced

–18%

Since 2021 our carbon intensity has been cut significantly, with further reductions in sight

Best practice awards

436 entries

A history of service

60+ years

Some of our brands have been serving customers for more than 60 years

We are local

We are a true global player with a balanced geographic portfolio of strong local businesses in more than 40 countries, united by a common purpose, strategy, and culture.

We operate through four regional divisions covering the Americas; Europe, the Middle East, and Africa (EMEA); Asia; and the Pacific.

Our global scale gives us a real competitive edge and increasingly we are building on that advantage by sharing best practices and knowledge across Aliaxis. We are particularly driven to work together to achieve operational excellence and boost innovation to please our customers.

Our annual Best Practice awards continue to be a magnet for greater efficiency and transfer of innovative ideas, last year attracting a record 436 entries from across the Group.

Leveraging the strengths of our local business

We maintain autonomy and independence at a local level while staying guided by a common purpose: to bring solutions to the world's water challenges.

Our local cultures and markets are able to operate independently, according to their own specific needs, while our 15,000+ employees are galvanised by a common ambition of *Growth with Purpose* and by our shared behaviours – we dare, we care, we deliver.

This blend of the global and the local fits with the unique dynamics of the wider building materials market, which is, by nature, local.

Across the world, this market is driven by local building methods and trends, local standards and regulations, local competitors and, above all, local customers with specific demands and expectations.

Our local teams are best placed to understand our customers' priorities and to work with them to deliver relevant solutions that meet their exacting needs.

Through our global and local approach, we have built a strong presence on the ground through many well-established and well-respected brands, some of which have been serving customers for more than 60 years.

They include IPEX, the leading brand in North America, Durman in Latin America, Nicoll in Europe, Ashirvad in India, Marley in New Zealand, and Philmac in Australia.

Today, we hold a top three position in 80% of the markets we serve, while FIP, our Italian subsidiary, exports its specialist fittings and valves to customers in more than 85 countries.

Financial highlights

We anticipated challenging market conditions in 2023 and knew it would impact our financial results, after two very strong years in 2021 and 2022.

Overall, our net sales declined 5.3% to €4.1 billion on a like-for-like[1] basis. Against 2020, our Revenue has grown by +40%, soaring from €2.9 billion in 2020 to €4.1 billion in 2023.

Recurring EBITDA stood at €619.5 million down by 12.9% compared with 2022 on a like-for-like[1] basis. Since the launch of our *Growth with Purpose* strategy in 2021, we have confirmed a step change in profitability, achieving Recurring EBITDA over €600 million for three years in a row – jumping from €461 million in 2020.

In 2023, our recurring EBITDA margin declined 1.5 percentage points to 15.3%, showing continued resilience despite very challenging market conditions.

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

Net profit at €323.9 million was down 12.7% compared with 2022 and included a €76 million gain after tax on the sale of our stake in Uponor which was accounted for in financial results and had no impact on recurring EBITDA.

We remain on course to achieve our target of €850 million EBITDA by 2025.

Healthy balance sheet

Our net financial debt amounts to €754 million, an increase of €12 million compared to December 2022, setting our financial leverage at 1.2x the last 12 months' recurring EBITDA.

Following the refinancing in 2021 and additional committed financing secured this year, we have now secured over €1.7 billion in committed financing till November 2028. With liquidity headroom of €1.34 billion, we are strongly positioned to continue investing in our *Growth with Purpose* strategy goals for internal and external growth.

We are now investing in our future, spending three times more a year on internal growth than we did ahead of the launch of our strategy. Capital expenditure in 2023 was €331 million and we are on target to invest a cumulative €1 billion for the years 2021 to 2024 in building new plants, modernising our existing factories, and opening new distribution centres, to better serve our customers.



"As anticipated, market conditions were challenging throughout 2023, with volumes down globally. Despite that, we maintained a solid overall performance with robust profitability."

Koen Sticker
Chief Financial Officer

In addition, we are continuing to invest in non-organic growth through M&A.

Standout transactions in 2023 included our asset acquisition of two factories and a distribution centre from the Valencia Pipe Company – a deal which not only increases our US manufacturing capacity but completes our distribution chain in Western US, giving us coast-to-coast coverage.

In Europe, we acquired Zypho, a leader in drain water heat recovery, while in New Zealand we bought Comspec, the specialist plastic recycler, with a strong pipeline of opportunities that we will continue to pursue in the coming year.

We are serving a global market (excluding China) estimated to be worth €50 billion, of which our share is currently just 8%. There are only a few other international players of meaningful scale and together we account for approximately a third of the market, the rest of which remains local and fragmented.

We see huge scope for further acquisitions and consolidation to extend our global reach and deepen our grounding in local markets.

Step change maintained

€600 million+

Recurring EBITDA has risen from €461 million in 2020 to over €600 million for three years in a row

Recurring EBITDA margin

15.3%



Expanding our capacity to meet our customer's needs

Increased efficiency gains from operational excellence

In the face of the challenging markets we've seen in 2023, our ongoing and relentless drive for operational excellence is proving highly effective.

Indeed, finding better ways to work is helping us achieve important efficiency gains which are, in turn, allowing us to keep costs under tight control while maintaining high levels of service and quality our customers have come to expect.

In 2023, we developed continuous improvement capabilities across all levels of our organisation with the ultimate objective of nurturing our performance culture.

As a result, our operational excellence programmes delivered significant value, tapping into opportunities related to how our products are made and value-engineered, and how we use raw material. On this latter point, we have focused our efforts on optimised product weights and raw material consumption in our extrusion sites in various regions, including Latin America, as showcased in Coyol, Costa Rica.

Another key lever of efficiency and productivity in our operations is the automation of our manufacturing and warehousing. A great example of this is the factory of the future we are building in Adelaide, Australia.



"Our continuous drive for operational excellence across all our factories and our supply chain is key in improving our financial performance and our ability to meet our customers' needs. Improving the way we operate is already bringing important efficiency gains."

Mathieu Rousseau
Chief Operations and Supply Chain Officer

We continue to work on our ability to anticipate customer volume demand by better integrating processes between our supply chain and our manufacturing activities.

We have also improved our strategic procurement capabilities across the world, resulting in cost savings which amounted to some €20 million in the EMEA region alone.

We are learning great lessons from our operational excellence programme and are continuing to share best practice right across our businesses.

Further cost savings

€100 million

After reducing costs by €125 million in three years, we have a further €100 million of savings in the pipeline

EMEA procurement savings

€20 million+



Briefing at the factory of the future – South Australia



Americas



"Our success is founded on the strong and enduring relationship we've built with our customers. Our continued investment in the business is all about answering their needs and supporting and serving them in better ways."

Alex Mestres
Divisional CEO, Americas

Revenue

-6.7%

on a like-for-like[1] basis vs. 2022

Recurring EBITDA

-6.7%

on a like-for-like[1] basis vs. 2022

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

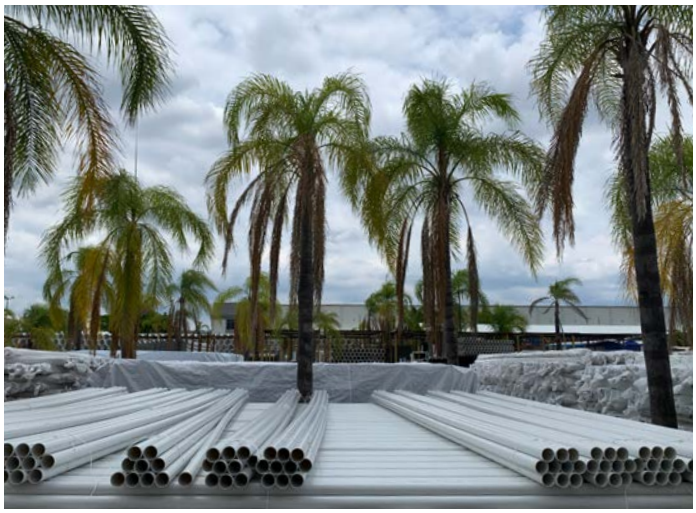
Customer intimacy is absolutely central to our success.

Across Canada, the US, and large parts of Latin America, the insight we get from close customer collaboration means we can meet their evolving needs, developing solutions that are directly relevant to them, underpinned always by a commitment to great service.

It continues to drive our product development and the significant investment we are making both in our operations and through strategic acquisitions.

This customer-centric approach continued to serve us well in 2023, particularly in North America where we turned in another powerful performance.

We achieved strong growth in profitability, despite a slowdown in housing starts, and saw satisfaction ratings from our North American customers soar from 47 to a new high of 60 mainly due to improved product availability and customer support.



Stock at our San Jose plant in Costa Rica

Investment in growth

We continue to invest heavily in internal and external growth in North America and these investments are already boosting our ability to serve our customers effectively.

In October, we opened our new injection moulding plant in Pineville, North Carolina, Aliaxis' biggest ever industrial investment, creating an ultra-modern facility that sets a new standard in manufacturing excellence for our industry.

We also acquired two new plants and a distribution centre in the states of Arizona and Washington from the Valencia Pipe Company. Following the rapid expansion of our distribution centres across the United States in recent years, this transaction increases our footprint in the west of the country and strengthens our distribution network from coast to coast.

Harco, the Virginia-based business, which serves municipal, agricultural and irrigation end-markets was acquired in 2022. It is achieving higher than expected growth – which demonstrates our ability to identify and successfully leverage strategic acquisitions.

Navigating a more turbulent market

Strong commercial management in North America continues to support our performance and allowed us to achieve higher profitability in 2023 despite reduced demand.

We were able to capture new market share in the US thanks to our focus on customer service and the growing strength of our market-leading IPEX brand. We increased sales despite the decline in housing starts.

Offsetting this great performance, severe economic challenges hit our Latam businesses in Chile, Peru and Colombia where we saw a sharp market decline, although our customer satisfaction score stayed at a consistently high level, with a Net Promotor Score of 54, thanks mostly to our product quality and brand reputation.

We moved quickly to restructure our Latin American operations, creating a leaner business better suited to current market conditions.

Overall, Americas revenue was down 6.7% at €2 billion, while recurring EBITDA was €511.1 million, down 6.7% on a like-for-like[1] basis, making 2023 our second-best year after an all-time high record year in 2022.

Product development and research

Our focus on bringing new products to market faster to create added value for customers continues, fully in line with our *Growth with Purpose* strategy.

2023 saw several market-leading products launched on the market, including an expanded TerraBrute® range of large diameter PVC pipes for use in sewage and water supply systems – an important market first.

Our research capabilities will be bolstered in mid-2024 with the full completion of our new, expanded Research & Development hub in Toronto, where our teams are focusing on advanced materials science.

Advancing diversity and inclusion

Our teams in the Americas have been at the forefront of several Diversity, Equity & Inclusion (DE&I) initiatives, most notably on gender equality, with a focus on workshops and partnerships with organizations with a mission to empower women.

In Latin America we held several DE&I workshops tailored to leadership, including how to be an inclusive leader, fostering gender diversity, how to be an ally and how women can support each other in the workplace. We also held our second annual cross-region mentoring programme for women.

In Costa Rica, we are the first construction company to join the Gender Parity Initiative, which commits us to reducing the gender gap in terms of opportunity, career development and pay. And in Colombia, we've partnered with Inspiring Girls, an initiative to encourage girls in the last years of college to study STEM subjects.

In North America, we ran various Diversity, Equity and Inclusion (DE&I) trainings. To mark International Women's Day (IWD), we held several enlightening events such as 'Leading with Empathy: Knowledge Burst' and 'Running More Inclusive Meetings'.

Americas

How we deliver

NPS: 47 to 60

Customer satisfaction soars

Our intense focus on providing our customers with great service and on delivering the relevant solutions to them at speed is gaining growing recognition in North America.

During the year our Net Promotor Score (NPS) for North America rose from 47 to 60, thanks to improved product availability and customer support and largely driven by a strong rebound in Canada, where customers rated us with a score of 65, compared to 47 in 2022.

The improvements in product availability followed a concerted effort by our teams to improve the way they forecast customer demand.

The North America result was the biggest improvement in our customer satisfaction ratings for any of the regions we serve and underscores the success of our customer centricity approach.

We were really pleased to see our ratings in Latin America stay at a consistently high level with a score of 54 due to product quality and brand reputation, despite the challenges we faced in several markets there.

The NPS system measures customers' willingness to recommend Aliaxis and satisfaction with key parts of our service offering, including environmental impact, active listening to needs, innovation, technical support, order fulfilment, timely delivery, product range, quality, and value.

The ratings are an important way to identify and prioritise areas where we can improve our service.

We analyse the results carefully to define our priorities and to set stretching targets for the year ahead. That way we can further increase customer loyalty, differentiate our brands and product offering and reduce customer churn.

STUDOR – 40KM LESS PIPES NEEDED

Our high-rise Studor active ventilation system in Panama's Marriot hotel, radically reduced both material and installation costs, as well offering a quieter and more efficient solution. The space-saving single pipe system meant the contractor used 40km less pipe than normally needed.





Valencia Pipe takes us coast-to-coast

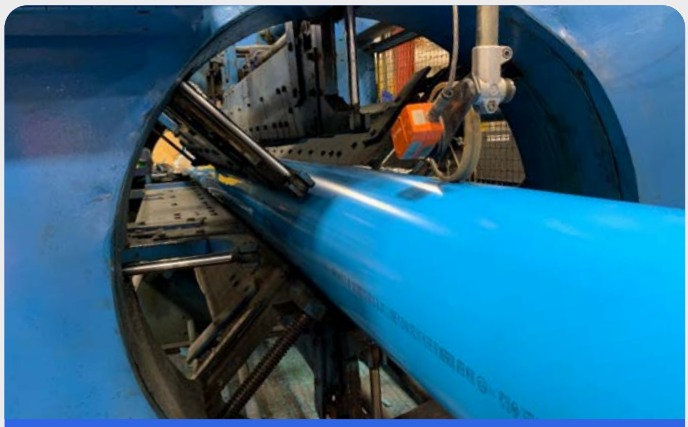
Our ability to serve our customers right across the US has been boosted by the acquisition of two production facilities and a distribution centre from the Valencia Pipe Company, which focus primarily on providing plumbing solutions for the residential market.

This $250 million transaction, completed in May 2023, gives us a presence in both Arizona and Washington State, meaning we can now better serve customers on the western side of the country.

Together with the rapid expansion of our distribution network in recent years, IPEX now has coast-to-coast coverage to distribute its wide range of solutions to customers across the country.

Continued investment in North America, both through additional capital spending on internal growth and through acquisitions, is a key strategic priority in our *Growth with Purpose* plan as we look to further increase our share of this dynamic market.

In 2023, we opened a new distribution site in Pennsylvania but still needed to extend our presence in the south and west of the country. The Valencia deal fulfills that goal and means we have the chance to become the partner of choice for our national customers.



TerraBrute® breaks new ground

We're expanding our presence in the important horizontal directional drilling market thanks to an important new trenchless application that allows customers to standardise on PVC throughout drinking water and sewer infrastructure.

In 2023, IPEX expanded its range of TerraBrute® pressure pipe systems with the introduction of five new larger diameter pipes ranging from 14" to the industry-leading 24" pipe.

This product range extension plays a key role in enabling access to clean water and improved sanitation, replacing existing ageing metal systems without the need to dig trenches or affect above ground construction.

Because it has the highest pull-strength of any trenchless pipe solution on the market, TerraBrute® pipe can be pulled through horizontally drilled tunnels and connected with our innovative leak-proof gasket and joint. It's simply a case of dig, drill and pull.

It means less disruption to the urban environment or to residents when major infrastructure replacement projects are underway, doing away with the need to dig up roads and pathways. It's ideal for a range of urban settings, from busy city centres to residential areas and for use in bridge crossings.

Scan the QR code to see our video

CHERYL STARGRATT NAMED A TOP LEADER

Cheryl Stargratt, chief HR Officer in North America, has been named as a Top Woman Leader in the 2023 Women We Admire awards, recognising individuals who demonstrate innovation, tenacity and resolve in traditionally male dominated environments.





Pineville sets high bar for advanced manufacturing

In October 2023, we cut the ribbon to open our state-of-the-art new manufacturing plant in Pineville, North Carolina, the culmination of our biggest ever industrial investment.

We've been operating in the Pineville area for more than 20 years, but the new plant takes us to a new level.

We have invested $200 million into the development, creating a 200,000 square foot injection moulding facility which sets a new standard in hi-tech manufacturing for our sector for the group.

It will allow us to better serve customers across North America, thanks to increased production capacity and our focus on innovative production technologies.

We're using AI-enabled systems at the plant both to achieve unprecedented improvements in safety and to optimise our production processes.

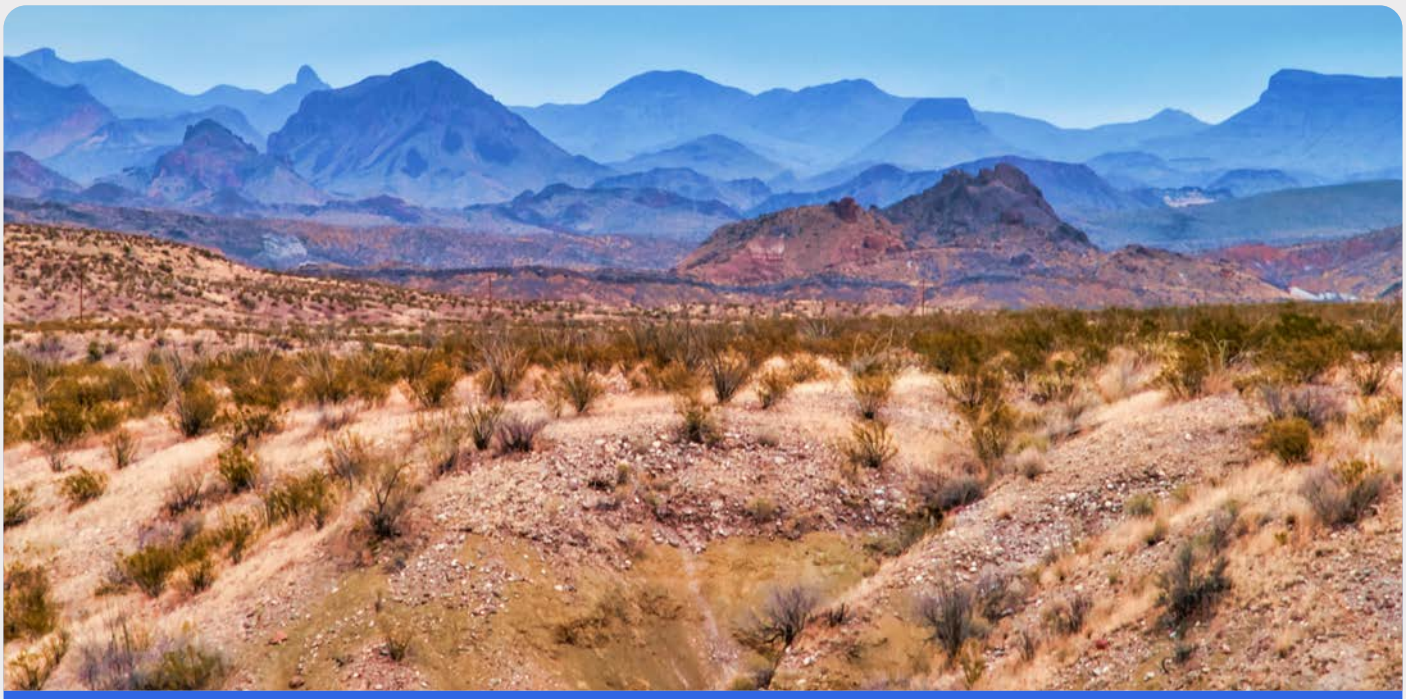
Amongst other high-end systems, we've deployed fully electric injection moulding machines – which use 30% less power than hydraulic machines, resulting in annual operational savings of $700,000.

The machines are just one of the features boosting the sustainability of the plant. It is also fully climate controlled with airflows, temperature and chillers automatically controlled for optimal efficiency, energy efficient light is fitted throughout, and other high-efficiency machinery has been installed that requires less water and energy to run.

This latest investment, which has created 150 jobs, is of great importance to the local community and was welcomed by The Honourable Jack Edwards, Mayor of Pineville.

He described the opening ceremony as an exciting moment for the town, saying: "Congratulations, IPEX, on this exciting project and your continued commitment to strengthening North Carolina's economic growth in the manufacturing sector."

As a further mark of that community commitment, we have donated $25,000 to She Built This City – an organisation that is creating pathways into the construction and manufacturing industries for young people, women, and marginalised groups.



Delivering clean drinking water in Texas

The population of north Texas has grown by 650,000 in the last five years, putting increased pressure on the supply of clean water in a region where there are no naturally occurring lakes.

In a first for Aliaxis in North America, we are working on the construction of the Leonard Water Treatment plant, a multi-year project that will help boost supplies of clean drinking water by 70 million gallons in the first phase of the project.

Typically, we supply solutions to upgrade existing infrastructure installations, so this start-from-scratch project was new territory for our team and included building a new man-made reservoir, plus plants to treat both water and wastewater.

Our Guardian™ PVC double containment piping system was chosen for the project because its durability will allow it to withstand years of heavy use and exposure to chemicals without degrading or corroding.

Our customer, Garney Construction, laid nearly 47 miles of pipe with our solution playing a pivotal role.

Three further phases of the project are planned over the next 10 years to further increase supplies, with each phase adding a further 70 million gallons to the water treatment cycle. This will give the Leonard plant the capacity to treat a total of 280 million gallons, enough to meet the needs of a growing population through to 2040.

ADAPTING OUR SOLUTIONS FOR THE HEALTHCARE SECTOR

We've successfully adapted our RadonX® system, typically used to address the need for collecting and venting dangerous underground radon gas from homes, and the System XFR® drain water venting system, mostly used in high rise buildings, for use at the New Cowichon District Hospital in British Columbia, opening a new market for these products.



RECOGNITION FROM OUR CUSTOMER, NEDCO

IPEX was singled out for Operational & Sustainable Excellence in customer partnership awards run by the electrical and datacom distributor, Nedco, part of the Rexel Group, who said: "What makes IPEX a great partner is the value of the brand, their dedication to customer satisfaction and most of all their knowledgeable staff that are a pleasure to work with."





Harco, a successful business

Our acquisition of Harco, a maker of gasketed fittings for municipal, agricultural and irrigation end-markets, was a standout transaction for us in 2022.

The Virginia-based business performance in the first year has outstripped our expectations, achieving a 25% increase in EBITDA.

The deal supports our strategic priority to invest in the US market both through capital spending on our existing operations and by acquiring strategically important companies to boost our capacity and market coverage.

Bringing Harco on board, with its 58-year history of industry expertise, means we can offer an expanded range of products to a broader US customer base and continue providing industry-leading customer service.

The Harco team is not only part of our business in North America but is already building partnerships with our brands in other markets. For example, it has worked with our business in Australia to introduce its innovative curb stop valve into the US water utility market, with great sales success even at this early stage.

PLUMBERS AS SUPERHEROES

To celebrate one of our most important stakeholder groups, plumbers, our Latin American team devised a novel brand awareness campaign depicting plumbers as superheroes. To combat stereotypes, it focused on women plumbers in particular.



SECURING TALENT: CRAFTING A WINNING ONBOARDING EXPERIENCE FOR HOURLY EMPLOYEES

The competition for talent is intense in North America. In response, we've devised an extensive onboarding programme for new hourly employees, emphasising skills and safety training, career growth and well-being, to increase employees' confidence and reduce staff turnover.



MIDDLETOWN DISTRIBUTION CENTRE BOOSTS CUSTOMER SERVICE

Our new distribution centre in Middletown, Pennsylvania, will allow us to serve our customers in the northeast US more efficiently in an area currently served by other centres in North Carolina, Ohio, and Canada. It's our 16th DC investment in four years.



RENEWABLE ELECTRICITY ROLL-OUT ACCELERATES

Our goal to transition to 100% renewable electricity by 2025 is advancing with 36% of our operations powered this way, thanks to a new power purchase deal with Hydro-Québec. Chile, Colombia, Guatemala, Peru, Costa Rica, Uruguay are all at 100% already.





A leading player in electrical systems

Since the early 1950s our IPEX Electrical business has been making electrical non-metallic tubing and fittings for the building market and now has the industry's widest range of solutions, all engineered to meet demanding construction industry standards.

Our solutions are designed to protect power, data, and telecoms cables from damage during the construction phase and throughout their lifetime.

Today 23% of IPEX's total revenues come from the supply of electrical solutions right across North America and to diverse end-markets from hospitality to infrastructure, construction, and agriculture.

We supply a range of rigid pipes and fittings as part of our Scepter® range, while our non-corroding and non-conductive Cor-Line® tubing and Kwikon® fittings, slab boxes and accessories are designed for rugged construction site conditions, whether encased in concrete, hidden behind walls, or buried in the ground.

Innovation is every bit as important in electrical solutions as it is in water systems and we have brought many breakthrough product lines to market.

This includes the SceptaCon™ piping solution, one of the first PVC solutions designed for the rigours of trenchless applications and horizontal directional drilling. Linking seamlessly with existing conduit infrastructure it allows utilities to standardise on PVC throughout their entire electrical system.

Our range also includes non-metallic lighting units, power and communications ducting and HDPE innerduct for telecoms, data and cable installations.

In a major win for IPEX, its Super Duct® pipe and fittings and Scepter® Rigid Conduit conduit solution was chosen for a giant new automated distribution centre being built by METRO, one of Ontario's leading food and pharmacy retailers.

Our Cor-Line® solution and Kwikon® fittings have also been selected for a new 17-storey condo development in the highly sought-after Forest Hill neighbourhood of Toronto.

Scan the QR code to see our video



LATIN AMERICA
Advancing diversity and inclusion

Our teams in Latin America are driving forward several important Diversity, Equity and Inclusion (DE&I) initiatives, most notably on gender equality, with a focus on workshops, mentoring and partnerships with organizations with a mission to empower women.

We held several DE&I workshops both virtual and face to face during the year mostly looking at the role of leaders in creating beneficial change.

The workshops explored important questions such as how to be an inclusive leader, how to be an ally, and how women can support one another in the workplace. Attendance to these workshops was cumulatively around 900 participants.

For a second year we also ran a cross-region mentoring programme for women, were mentees are paired with a colleague to receive career development advice and support. So far, 24 women have taken part in the scheme.

Outside partners are also helping us take our diversity agenda forward.

In Costa Rica, for example, we are the first construction company to join the Gender Parity Initiative, making a commitment to reduce the gender gap in terms of opportunity, career development and pay. The partnership gave us the chance to take part in gender training with a focus on developing our women leaders.

Meanwhile in Peru, we are part of the Women in Construction project and we're proud to be part of the Inspiring Girls initiative in Colombia.

The latter project is all about encouraging girls in the later stages of their education to continue their studies in science, technology, engineering, and mathematics (STEM) subjects. For us it makes total sense to support the project, as it will help us create a new generation of talented women who can one day work in industries like ours.

LOCAL



EMEA



"Our focus on operational excellence is paying off: substantial improvements in safety and productivity and significant savings in strategic procurement."

Kati ter Horst
Divisional CEO, EMEA

Revenue

-5.8%

on a like-for-like[1] basis vs. 2022

Recurring EBITDA

-5.2%

on a like-for-like[1] basis vs. 2022

In 2023, we have doubled down on our efforts to boost the efficiency and sustainability of our operations, despite challenging market conditions across much of the region. We continue to invest to better serve our customers and in anticipation of growth picking up again.

Our focus has also been on modernising our existing plants, with major capital expenditure at our Mannheim plant in Germany to extend and modernise the main production centre for our market-leading FRIATEC brand. We've put additional investment into automation and business management systems in Italy and Spain.

Our commitment to *Growth with Purpose* remains steadfast as we continue to make progress on transitioning to 100% renewable electricity by 2025. Substantial investments and progress were made in Germany, Switzerland, Italy, and Spain build upon earlier successes in the Netherlands and Poland, notably through solar panels.

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.



Automated production lines in Mannheim, Germany

The pace of this transition has now accelerated. As a result of negotiations which took place in 2023, we've signed a 10-year Virtual Power Purchase Agreement (VPPA) with the Hamburg-based Encavis to generate 50 GWh a year of renewable power, enough to cover a good portion of Aliaxis' electricity consumption in Europe by 2025.

Operational excellence is about improving our performance in manufacturing, supply chain, with safety as our top priority. Here, we have had a major success in reducing our Reportable Incident Rate by 25% during 2023, marking a third year in a row of remarkable improvement in safety.

Another area where we made great improvements is in procurement where thanks to strong alignment, greater focus and collaboration between central procurement and the EMEA team, we have achieved savings of over €20 million in 2023.

We continue to focus intently on close cooperation with our customers, to ensure that we create innovative solutions that are relevant to them. Customer satisfaction has increased strongly in EMEA in the year, with our Net Promotor Score rising 10 points.

Investment in internal growth is being matched by our success in growing the Aliaxis family of companies through M&A.

2023 saw us crown three years of collaboration with Zypho, a pioneering start-up in drain water heat recovery technology, by acquiring the company and by jointly developing and launching new products based on its original breakthrough solution.

The shower drain heat recovery systems, which transfer the heat from outgoing hot water to the incoming cold water, can recycle up to 75% of the energy used to heat the shower water. Together, we can bring these products to a much wider market, not just in Europe but across our global network of businesses and brands.

The year also saw the successful integration of Lareter, Italy's leading producer of industrial pressure pipes, which we acquired in late 2022. It is performing above our original objectives, bolstering our operations both in Italy and more widely in the region.

These are great achievements which came despite a difficult trading environment.

With many of our main markets still experiencing high inflation and high interest rates, which depressed investment particularly in the building market, and with raw material prices remaining volatile, there was an inevitable impact on our results.

The UK building market was particularly severely hit, weighing down our overall result and leading us to restructure the business to reflect changing market conditions. Infrastructure remained strong in the UK and elsewhere in the region building markets were more robust.

EMEA

How we deliver



FIP

Going for Olympic gold

With customers in over 80 countries, FIP brand has established itself as a world-leading brand in plastic valves and fittings for a wide variety of industries and for the global swimming pool market.

Our valves were chosen for the upcoming Paris games, working with FIP's biggest customer, A&T Europe, whose Piscine Castiglione subsidiary is a premier supplier of Olympic and other large municipal pools around the world.

We've been working with A&T Europe since the Rome Olympics in 1994 and we've been involved in equipping pools for many big sporting events since.

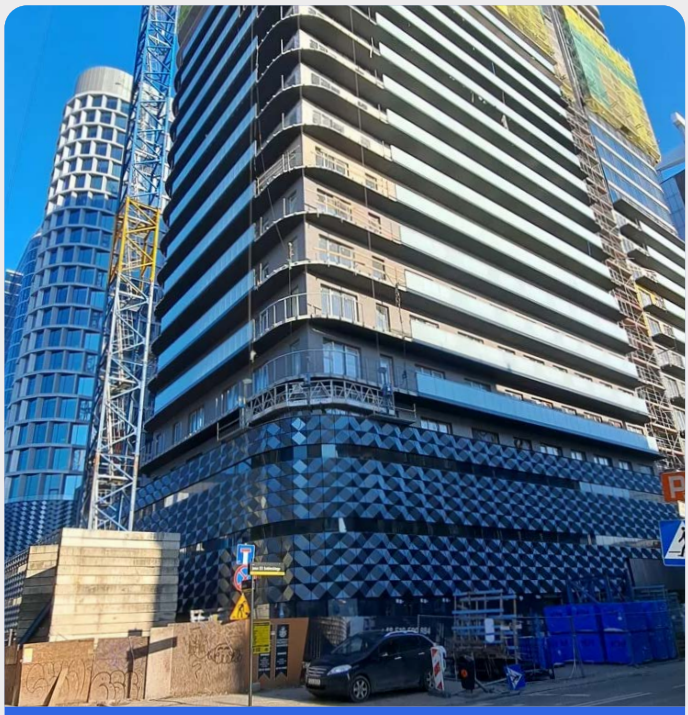
One Olympic-sized pool typically requires hundreds of metres of pipes, over 150 valves, plus sophisticated instrumentation to control and treat the water.

The emphasis at Paris is on creating a legacy from the games as the pools we are creating will be open for public use for years to come – long after the medals have been handed out and the competitors have gone home.

FIP's position in the market has been further strengthened since we acquired Lareter, Italy's leading pressure pipe maker, in 2022.

Thanks to this transaction, we can bring greater value to our customers by offering complete high-end swimming pool solutions, combining FIP's valves, fittings, and instrumentation with Lareter's pipes.

FIP also serves a wide range of other industries, including power generation, chemicals, mining, shipping, and agriculture.



dBlue shoots Polish development to excellence

The Katowice Global Office Park in Poland, a 27-storey complex, is set to achieve an "Excellent" certification under the BREEAM building standard, thanks in part to the installation of our low noise dBlue sewage and wastewater solution.

BREEAM is a globally recognised standard for measuring and certifying the sustainability of buildings, which includes standards on acoustic performance.

Our in-depth knowledge of acoustic phenomena in large buildings has helped us develop a number of innovative solutions, including our dBlue acoustic solutions product line.

It uses a special formulation combining plastic and mineral fillers in its three-layer pipes and fittings to absorb sound waves and reduce noise, making it perfectly adapted for use in high rise buildings and other complex projects.

SAFETY TARGET BEATEN

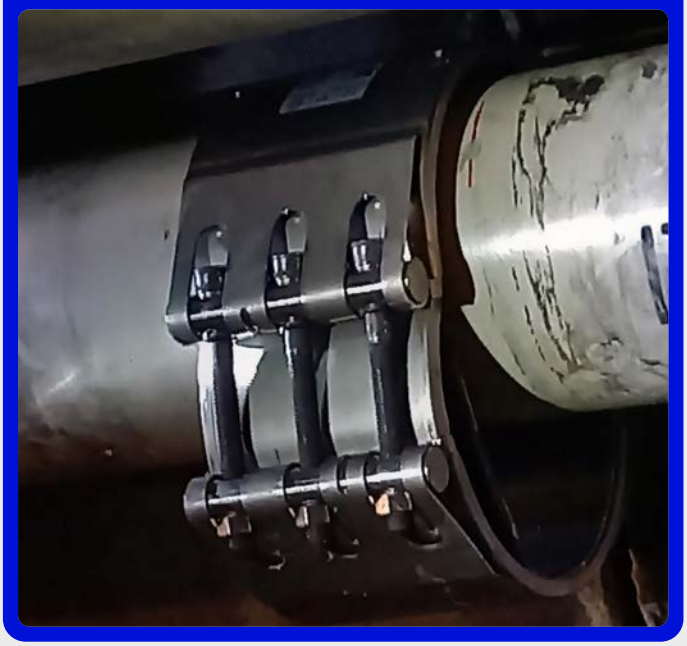
Safety is the top priority in our operational excellence programme, and we are making great progress in Europe. Our Reportable Incident Rate reduced by 25% last year against a targeted 20% reduction.

−25%

reduction in RIR

STRAUB'S METAL SOLUTIONS FIND NEW MARKETS

Straub – our Swiss subsidiary specialising in precision metal couplings – is winning new markets, including receiving a significant order in 2023 from Eurotunnel, the Channel Tunnel operator. The order is for 4,500 wrap-around couplers to restore the tunnel's fire network.



PORQUEROLLES IN FRANCE – A SEALINE, A LIFELINE

We've built a "sealine" underwater aqueduct, carrying drinking water from the French mainland to the Mediterranean island of Porquerolles, which relies on a water tanker during the holiday season. Carried out in two stages to avoid disrupting the tourist trade, the aqueduct now provides an all-year supply.





Growing our presence in the healthcare market

We're building a sizeable new market serving the healthcare sector to ensure the water supply to hospitals and clinics is safe and secure.

Our solutions ensuring that hot and cold-water systems in sensitive settings is healthy, quiet, and efficient are now in operation in a third of all hospitals in France and we are continuing to win prestigious contracts and awards in this area.

Following successful tenders for work in the Pontchaillou hospital in Rennes and the Pasteur hospital in Nice, we've been chosen for the new Princess Grace Hospital in Monaco.

Working closely with the customer, we were able to propose a drainage system that met the customer's exacting noise reduction demands even better than an alternative cast iron solution initially proposed by the project owner.

A winning aspect of our bid was not only superior acoustic performance, but also the fact that our solutions were less carbon intense, which appealed strongly to the project team.

We also committed to providing on-site technical training to the installer team, with sessions carried out in November 2023.

This prestigious win is a great example of what comes from working closely with all the relevant stakeholders from the very start of a project so that we can adapt and deliver solutions that directly meet our customers' needs.

Meanwhile our groundbreaking hot and cold water balancing valve, which protects against bacterial contamination, such as the deadly legionella, continues to win awards. This solution, which is compatible with the chemical treatments recommended by the French Directorate-General for Health, won the innovation prize at the Hopitech 2023 hospital engineers' conference in 2023.

We see great scope for significant further growth in the healthcare sector.

EMERGENCY DROUGHT ACTION IN MÁLAGA, SPAIN

With severe drought conditions increasingly hitting the important agricultural region of La Axarquía, near Málaga, we are proud to be part of the emergency response, supplying corrosion resistant pipes to channel wastewater to the fields for irrigation.





Progress on renewables accelerates

Our target to transition all our operations to renewable electricity by 2025 is picking up pace with great progress during the year in Spain, Italy, Switzerland, and Germany, notably thanks to solar panel installations, following on from earlier successes in Poland and the Netherlands.

And now, thanks to a round of negotiations in 2023, we've signed a virtual power purchase agreement with Hamburg-based renewable energy supplier Encavis which will help power a large portion of our European operations with renewable electricity from 2025.

The 10-year contract covers the supply of 50 GWh of renewable power a year from Encavis' 38 MW solar park in Montefiascone, about 100km Northwest of Rome, Italy.

The switch to renewables is the main way we plan to meet our *Growth with Purpose* goal of cutting our Scope 1 and 2 emissions by 75% per ton of production, with over a third of all our operations powered this way by the end of 2023, compared with 22% the year before.

Our Wangs plant in Switzerland will reach that 100% renewable goal thanks to a €600,000 project to install 1,022 solar panels at the site, capable of generating 440,000 KWh of renewable power a year. That equates to 206 tons of carbon saved.

Expansion of our Mannheim plant includes the installation of solar panels with the capacity to supply 80% of the factory's electricity needs.

Our operations in the Netherlands are ahead of the game, having already achieved 100% renewable power, with a combination of home-grown renewable generation and power supply contracts which guarantee that our electricity comes from wind or solar power sources.



€50 million Mannheim expansion is underway

We're continuing to invest in modernising our production facilities in Europe, boosting our ability to serve customers both more efficiently and more sustainably.

In October 2023, we celebrated the start of construction work on a new modern production unit at our Mannheim plant in Germany in a near €50 million investment.

This site is where we produce and distribute our Friatec branded range of products, serving customers globally, benefitting from an excellent transportation network close by.

We are considered a market leader in jointing technology used to bond plastic pipe systems for infrastructure, water and gas as well as future hydrogen projects in Germany.

It is particularly renowned for expertise in electrofusion, a technology for joining thermoplastic pipes. It uses a special fitting between pipes which are fused together when an electrical current is passed through the fitting's electrical element making a reliable leak proof connection without the need for other materials such as adhesives.

The manufacturing expansion will see the addition of a new state-of-the-art, hi-tech production unit to the site, while also putting a strong emphasis on sustainability, including installing roof-top solar panels to deliver 80% of the plant's electricity needs.

The expansion project is in two phases with a first production cell set to go into operation in July 2024 within an existing building and a brand-new unit going live by the end of the year.



Mentoring women to fulfill their potential

We want to create a diverse and inclusive work environment where everybody can realise their full potential and achieve their best.

We're determined to increase opportunities for women, and we've set a goal to increase female representation in the Aliaxis workforce to 25% by 2025, a target which is on track. In 2023 the proportion of women in the business rose to 21.4%, against 19.2% in 2020.

But targeted programmes can help us make faster progress, which is why we launched a women's mentoring one in France during the year.

The programme, joined by 20 women during the year, pairs participants with a more experienced partner to provide guidance and support through regular meetings.

All the participants meet half-way through to share experience and set next steps and there's another meeting at the end for feedback and to plot a path forward.

The programme has proved really successful and a new cohort of 40 women have already enlisted to take it into a second year.

Marilyn Gaillot Koubi, an Ecosystem and Sustainability Business Development Director who led the first round, attests to its success.

"I witnessed first-hand the transformative power of trust, guidance, and support," she says.

"Fueled by the endorsement of our local management, we've seen how this initiative has not only benefited the participating women personally and professionally, but also bolstered our attractiveness as an employer.

The programme demonstrates how impactful it is to invest in and believe in our employees' potential."

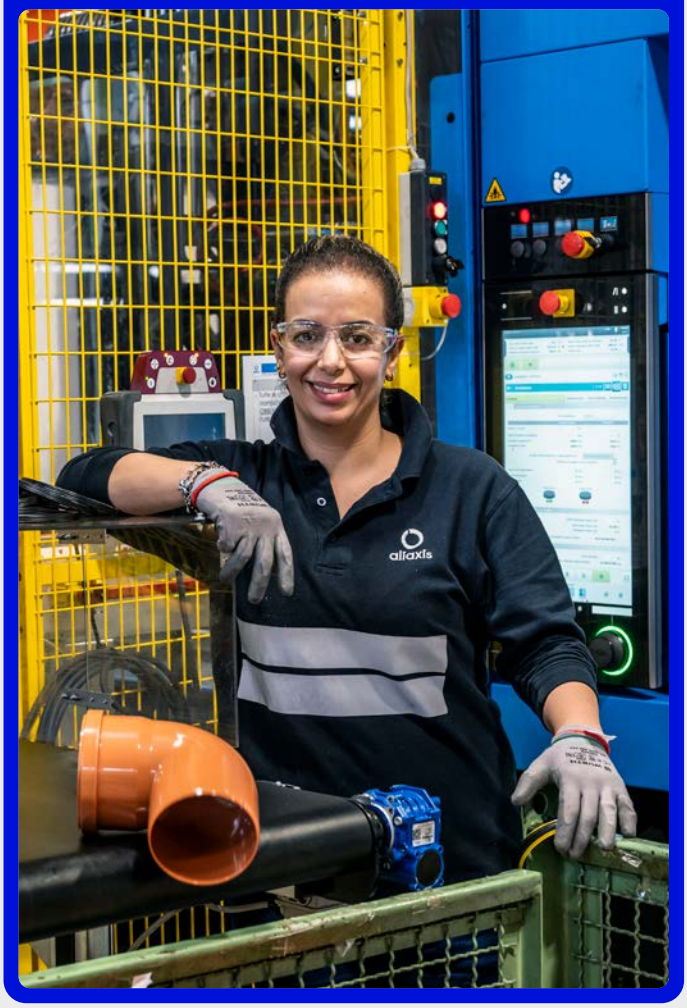
Stunning Dubai hotel goes dBlue

Dubai's stunning five-star Jumeirah Marsa Al Arab hotel, inspired in design by ultra-yachts and with 408 rooms enjoying panoramic views of the Arabian Gulf, has opted for our dBlue super quiet, triple layer drainage solution to enhance guest comfort.



ZOLA PEDROSA "BREAK THE LIMITS"

Challenged to "break the limits" on health & safety and performance, our Italian Zola Pedrosa plant began a €5.2 million production modernisation plan that has greatly reduced the carbon intensity of the PVC sewerage and drainage systems it makes.





Lareter integration surpasses expectations

Just over a year after we acquired Lareter, Italy's leading maker of pressure pipes, the company has been successfully integrated into the Aliaxis family, surpassing our expectations. The acquisition has bolstered our Italian operations, not least FIP.

Lareter's products are designed primarily for use in water treatment solutions and are also used in a number of industrial markets including swimming pools. It has built a strong customer base in Italy, France and Germany.

We bought the company in December 2022 to reinforce our core strength in Europe's industrial market, in the process meeting a key aim of our *Growth with Purpose* strategy – to offer customers complete solutions across our product portfolio.

In the year since the acquisition, we've moved quickly to bring the business fully on board, underlining our ability to identify and integrate great businesses. It is performing above plan and continuing to win important projects.

A great example is work the company is doing in the Abruzzo region on a significant irrigation project, replacing old metal pipe work with some 6,472 metre of PVC pipe, working with our construction customer, I Platani.

Canfranc railway station in Spain – reborn as a luxury hotel

In Spain's Aragon valley, below the Pyrenees, a historic but long abandoned railway station has come to life again as a stunning hotel, opening in January 2023. We supplied sewerage, ventilation, and acoustic solutions for this inspiring project which ensures an unforgettable stay for hotel guests.





Zypho deal opens new drain water heat recovery markets

One of our most exciting European M&A transactions in 2023 saw us acquire Zypho, a leading player in drain water heat recovery technology, cementing a collaboration that started in 2020.

Back then, we began working with this fast-growing Portuguese start-up to help them bring their innovative and highly sustainable heat recovery solution to market in Portugal, Spain and France – and to identify its potential in other markets.

The system captures the outgoing hot wastewater from a shower and uses it to heat the incoming cold water, in the process recycling up 75% of the energy needed to produce hot water, meaning lower energy bills and a significant cut in carbon emissions for our customers.

A passive system using gravity, the solution does not require additional energy. And, thanks to its double layer protection, water running through the system is protected from contamination from bacteria, making it ideal for use in healthcare settings such as hospitals.

Since our relationship with Zypho began, we've been working together to bring its technology to a wider market, using our reach across Europe to attract new customers.

The customer response has been strong, and we're delighted to have launched a collaboration with one of France's leading hotel companies, the Accor Group.

As part of our Alliance, Accor has started deploying Zypho technology at the Pullman Paris Bercy Hotel, installing it in a first set of trial rooms, with plans to roll it out to all 392 rooms in the coming year. It's a timely initiative for the hotels group coming soon after the introduction of new French laws encouraging the hospitality sector to cut energy use and become more sustainable.

We've also extended the heat recovery range, bringing an exciting new product to market – Zypho Slim50.

This is an upgraded version of the original solution specially designed for use in smaller spaces. It is well-suited for the renovation market as old properties are brought up to higher environmental standards.

SIGNIFICANT PROCUREMENT SAVINGS ACHIEVED

Thanks to support from our new Global Centre Of Excellence in Strategic Procurement, launched in 2023, we achieved purchasing savings of €20 million in EMEA alone last year. The team supports all our divisions, deploying common processes and tools to enable better sourcing decisions and to deliver our sustainability agenda. This has contributed to Aliaxis reaching EcoVadis Silver, thanks to an improved procurement score, up from 50 to 70.

€20 million

SPREADING BEST PRACTICE IN QUALITY CONTROL

Radar quality control technology pioneered in our North American plants is now being deployed across Europe including at our Oleśnica factory in Poland. It measures the ovality, dimensions and thickness of our pipes, ensuring best quality for our customers.



LOCAL



Asia



"We are driving forward our operations in India to tap the huge growth potential in this extraordinary market."

Arvind Chandra
Divisional CEO, Asia

Revenue

+1.4%

on a like-for-like[1] basis vs. 2022

Recurring EBITDA

-48.5%

on a like-for-like[1] basis vs. 2022

After several years of explosive growth, which has seen our Ashirvad brand quadruple its revenues in four years, our operations in India faced challenges in 2023.

Although volumes continued to grow strongly, we were hit by rapidly declining resin prices which resulted in flat revenues and decreasing margins before profitability stabilised in the second half of the year.

In addition, we had to account for several one-off adjustments totalling €22.3 million before tax, including a potential credit loss of €10.7 million, a €1.5 million inventory adjustment and some other adjustments.

We moved quickly to address this setback, with a renewed management team fully focused on realising the huge growth potential in the world's fastest growing economy as we work to address its water and clean energy challenges.

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.



Sophie Desormière at the unveiling of the automated forklifts in Bengaluru

Those challenges are immense in a country which is home to 18% of the world's population yet has just 4% of its water resources. This is why the government is investing billions through its National Infrastructure Pipeline, with water, energy and transport projects to the fore, and other initiatives including plans to bring clean drinking water to 200 million people living in rural areas.

Our growth strategy in India is built around maximising our proven record for rapid innovation to meet our customers' needs, and on our plans, already underway, to expand our manufacturing capacity and our customer reach right across this dynamic market.

In addition, we are working to create a global mindset and work culture within the business, fully embracing digital transformation, and improving our financial discipline and procedures.

Growing our presence

We are already investing in internal growth at a rapid rate. Plans for a €48 million state-of-the-art factory near Hyderabad, in the Telangana region, have been confirmed and work is well underway, with operations set to start in 2025. We are also planning to expand capacity in the north and east of the country to complete our national coverage.

Collaboration with our customers to develop great solutions, backed by first class customer service, is at the heart of how we operate, and we are delighted to have such strong support from them.

Since 2022, we've tripled the size of our product offering with a complete range of pipes, valves, and fittings. These include components developed by our FIP business in Italy and metal connector solutions from our Swiss brand, Straub, adapted where necessary to meet local customer needs.

Our commitment to customer intimacy continued during the year and we were thrilled to see our Net Promotor Score, measuring customer satisfaction, climb from 59 in 2022 to 68. Our product quality is particularly highly regarded by our Indian customers.

We also opened a large customer experience centre at our Bengaluru Research hub during the year. This unique digital and physical centre allows customers to fully engage with our products for plumbing, agriculture, and infrastructure and to experience how we are reshaping the water management industry though sustainability, innovation, and state-of-the-art solutions.

Our Bengaluru hub's testing and calibration labs achieved accreditation to the ISO17025 standard, verified by the National Accreditation Board. This is the highest level of accreditation in India, recognising our commitment to quality and excellence.

Innovation excellence

The pace of innovation has increased rapidly in recent years, thanks to our product development teams and our research scientists at the Bengaluru hub who all work closely with customers.

During the year we brought a host of new products to market, some of them world firsts. These include new lighter products which are less carbon intensive and easier to install, our anti-microbial, anti-viral UPVC pipe, addressing water quality concerns from microbial growth, a new hot and cold-water piping solution using advanced electrofusion for simpler, quicker and more eco-friendly pipe jointing, and our next generation, practical and space-saving hybrid sewage treatment plant.

We're now bringing new products to market much faster, in line with our *Growth with Purpose* strategic aims, and in 2023 derived 56% of our revenues from solutions that are less than five years old.

Increasingly we are using digital technology, such as computational analysis and predictive engineering, as well as design to cost methodologies, faster prototyping, and quicker proof of concept work, to maintain the pace of innovation and sustain new product revenue at these high levels.

Asia

How we deliver



Upskilling India's plumbers

We always look for ways to share the fruits of our success with the communities we serve, and this philosophy underpins the growing number of initiatives we have underway to upskill India's plumbers of today and tomorrow.

The Ashirvad Plumbing School created in 2017 with a first school in Bengaluru, is aimed at young people wanting to join the construction industry, tackling both skills shortages in the sector and youth unemployment in the wider economy.

The project is going from strength to strength. We opened a second school in 2022 in Bhiwadi, northwest India, and have now won an award from the Water Management and Plumbing Skills Council, the leading industry skills organisation in India, recognising the success of the scheme.

The schools are continuing to see a growing throughput of aspiring young plumbers with many going on to get excellent work placements on completion of their studies to support their livelihood.

In 2023, a record 360 students underwent training, with all of them finding work or starting out on their own in self-employment.

We also run a Recognition of Prior Learning training scheme, offering working plumbers the chance to refresh their skills, learn new methods and techniques, and gain government certification – something that can open doors to new opportunities in our industry.

These important community projects are backed by a €1.6 million investment from our corporate social responsibility fund.



A new leadership team focused on continued growth

Arvind Chandra joined Aliaxis at the end of 2023 as the new Divisional CEO for our Indian operations, leading a new management team focused on taking our Indian business to a new level to realise the huge growth potential we see in this extraordinary market.

Arvind brings more than 30 years of international experience driving growth and profitability across a range of hi-tech sectors, working in eight countries and four continents in a wide variety of executive roles.

His priorities for the business include expanding our manufacturing footprint and our customer reach in India, building a global mindset and work culture, sustainability, continued fast-paced innovation, digital transformation of our operations, and strengthening financial discipline and processes.

We also welcomed Sudeep Agrawal as our new CFO in India, and Jeyamalini Natesan as our new head of HR in the region.

ASHIRVAD BRAND HONOURED WITH TWO GREAT AWARDS

Our well-established commercial brand Ashirvad has been recognised with two superb awards. We were honoured to win the "Redefining Plumbing Products" award at Plumbex, run by the Indian Plumbing Association, and to be named India's Transformational Brand 2023 in the Brand Positioning & Leadership Awards.





Our commitment to advanced research intensifies

We've continued to build a team of top-class research scientists and our capabilities at our Research hub in the hi-tech city of Bengaluru.

During the year, we grew the team from 44 to 65, with women making up a quarter of our researchers. Our aim is to continue recruiting scientists from diverse backgrounds and sectors, with our team continuing to expand in the year ahead.

This investment backs our *Growth with Purpose* commitment to bring new water and clean energy solutions to our customers much faster, something that our colleagues in India are doing with great skill.

It's largely down to our researchers, working closely with product developers and our customers, that, in 2023, a staggering 56% of our sales in the region were from solutions that are less than five years old.

To further enhance customer collaboration, we've added an experience centre at the hub where customers can fully interact with all our solutions, both physically and digitally.

Customers will be able to experience the entire product journey and our complete product offering, handling physical products, understanding our value propositions, and interacting with our solutions through video and virtual reality systems.

We've also enhanced our simulation and design capabilities within the hub to achieve a faster time to market and to bolster the support our hub gives to product development teams on the ground – not just in India but elsewhere across our other divisions.

In 2023, for instance, great links have been forged between our Indian research team and product developers in Australia and New Zealand, a connection that will continue to grow. And Bengaluru centre continues to work very closely with our two other Research hubs in Paris and Toronto.

We were pleased to gain an important recognition for the quality of research we're doing at Bengaluru during the year, when our testing and calibration labs achieved accreditation to the ISO17025 standard, verified by the National Accreditation Board. This is the highest level of accreditation in India, recognising our commitment to quality and excellence.

In India our researchers focus on digitalisation and advanced engineering and have developed a growing number of market-leading solutions in recent years, including redesigning our range of ball valves to be 48% lighter, and therefore less carbon intensive, with no loss of performance.

They've also developed a small and easy-to-use device to electrofuse pipes and an underground anti-microbial water storage tank with a middle layer made entirely from recycled material.



Two manufacturing plants now led by women

As part of our commitment to foster greater diversity and inclusion we are delighted to have appointed women to lead our manufacturing operations at two key plants.

Dr Smita Kumari has been appointed to lead our new Telangana plant taking control of our manufacturing operations there. Meanwhile Savita Kamble has joined us as head of manufacturing at our 26B facility in Attibele, Bangalore, one of our most advanced plants in the region.

Smita brings rich experience in manufacturing spanning more than a decade in the oil and gas, consumer goods and energy sectors. Her experience will be invaluable in bringing this state-of-the-art factory to life to better serve our strong customer base in Telangana and neighbouring Andhra Pradesh.

She believes the plant will be unique in terms of digital transformation and operational excellence. But, she says, there will also be an emphasis on recruiting a higher proportion of female employees.

"My prime focus will be on compliance, employee satisfaction, operational excellence, ESG and on making Telangana a model plant for Ashirvad and Aliaxis."

Savita has vast experience in operational excellence having held senior positions in quality management in leading auto manufacturers. She is a Six-Sigma black belt with a strong technical background and a Master's degree in technology and Metallurgy.

Like Smita, she is committed to building on our reputation for high quality innovation and close customer collaboration.

And, as a people manager, she is determined to create a supportive and motivating work environment.

"I believe in the power of communication, clear goal-setting and regular feedback. Moreover, I believe that diversity brings a wealth of ideas and experiences which can enrich our company culture and drive innovation."

We're expanding our solar power capacity

Some 67% of our operations in India are now powered by renewable electricity, compared with just 39% in 2022. This increase has come from our investment in solar panels at our sites plus extensive power purchase contracts at Bangalore, in Karnataka State.



HIGH DEMAND FOR NEW INFRASTRUCTURE PIPE

Our newly developed OPVC pipe allows safe water supply, providing excellent durability for high pressure water distribution as an alternative to metal pipes. We've upped production to meet demand as it has been specified by multiple states and supplied to the Indian government.



A breakthrough in water storage

Our three-layer polyethylene (PE) underground water tank breaks new ground for safety and sustainability in a drinking water solution. The middle layer is made of recycled material while the inner layer is specially treated to protect against any development of bacteria.





A FIRST FOR INDIA
Anti-microbial uPVC pipe

We've introduced India's first ever anti-microbial uPVC pipes, to tackle concerns about contamination of water supplies.

Using silver ion technology, the pipes are protected from a full range of contamination threats offering extensive antibacterial, antiviral, antifungal and antialgal benefits, while remaining tough and long lasting.

The technology has been verified by third-party labs and proved to have 90% efficacy against bacteria, viruses and fungi, and 40% protection against algae.

By preventing the build-up of biofilm, this innovative solution is suitable for carrying clean and hygienic drinking water in buildings.



Big stride forward with hybrid sewage treatment plant

Developed with customers in Bengaluru, our space-saving, hybrid technology sewage plant is a big step forward in treating black and grey water.

The solution is designed to handle volumes from 5 cubic metres a day to 100 cubic metres.

It uses advanced bio-media technology developed in collaboration with the Indian Institute of Technology and Kuraray, a Japanese global leader in speciality chemical, fibre, and resin production. As such, it's an excellent example of how we collaborate with strategic partners to speed innovation.

The plant's compact design translates into a 40% space saving, while continuing to meet high environmental standards. It produces less sludge, making it ideal for supplying non-potable water for gardening, landscaping, and toilet flushing, all the time helping to conserve precious water supplies.

Since October's launch we've sold 11 plants, with 30 orders more in the offing for the local market.

CUSTOMER SATISFACTION LEVELS ACCELERATE

Our customer satisfaction ratings, measured by the Net Promotor Score (NPS) which tracks how likely customers are to recommend us, climbed to an all-time high of 68 in 2023, compared with 59 the year before.

NPS
68



Unleashing innovation with The/Nudge Institute

Working with The/Nudge Institute, we jointly launched The/Nudge Ashirvad Water Challenge in 2022, backed by the Office of the Principal Scientific Adviser to the Government of India.

The aim was to fast track the development of highly innovative solutions, at scale, to boost access to clean drinking water in India.

The Challenge has proved to be a great catalyst for innovation, initially attracting 140 applicants bringing some brilliant inventive ideas to our notice.

This year, we were delighted to announce the ultimate winner and runner up of the challenge with the first and second prizes going to very worthy winners.

SmartTerra's platform uses AI to detect leaks and is already deployed in five Indian states, helping to save an estimated 5 million litres of water a month.

Solinas Integrity's robots have identified over 40 contamination points in water networks, saving some 600,000 litres of water daily.

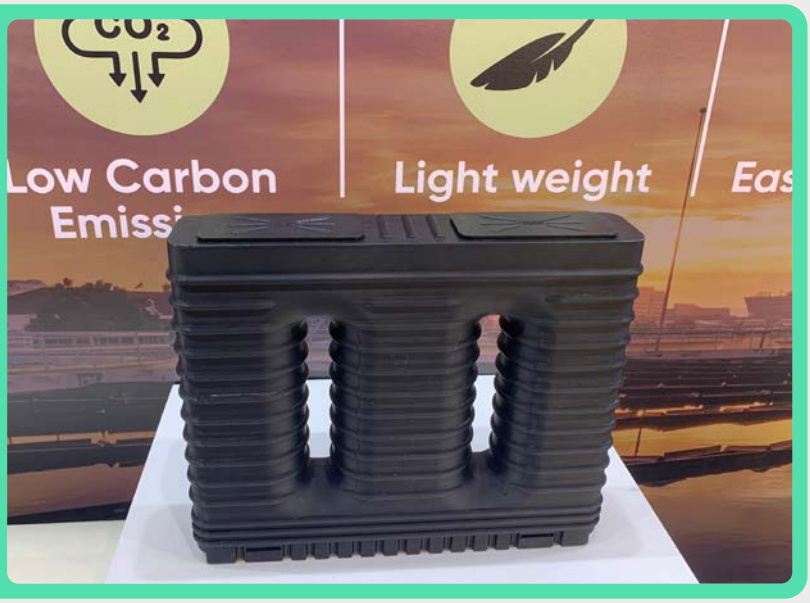
Our partnership with The/Nudge Institute has been so successful to date that we have agreed to extend our relationship to raise the profile of water innovation in tackling India's huge challenges in this area over the next 10 to 15 years.

Together, we plan to convene a Water Security Council creating a fast-growing ecosystem of leading thinkers, policymakers, and relevant public and private organisations to discuss and quickly commission research into future solutions.

Aliaxis is committed to being an active participant in the Council, providing thought leadership and insights from our own research and development endeavours.

SLIM TANKS, BIG IMPACT

Demand for our slim water tanks has soared since the 2022 launch of this modular, easy-to-install and more sustainable alternative to traditional concrete systems. Already specified by three state governments, early orders could run to €84 million.





Expansion of manufacturing underway

We're extending our manufacturing footprint in India, to serve customers more effectively right across the country bringing them the water and clean energy solutions they need at greater speed.

The expansion programme was given a significant boost in April 2023 when we held the groundbreaking, or Bhoomi Pooja, ceremony to celebrate the start of construction at our new Chandanvelly plant, near Hyderabad in Telangana State in South-East India.

We have not previously had a manufacturing plant serving this region and neighbouring Andhra Pradesh despite this being our single largest market in India, accounting for 11% of our sales.

So, the development will help further cement relations with our customers there who have played a pivotal role in our success story to date, helping us take leading positions in the market segments we serve – namely industry, infrastructure, and agriculture.

The state-of-the-art plant, built on a 10-hectare site, will be equipped with cutting-edge Industry 4.0 systems and technologies to increase efficiency and safety. It puts us in the heart of a hi-tech manufacturing hub where other companies are also building new facilities, including Microsoft and Airtel.

This €48 million investment will further strengthen our ability to serve customers in the region, allowing us to produce CPVC, OPVC and uPVC pipes in the extrusion section from April 2025 and fittings in a new injection moulding section from the following September.

Operational excellence will be achieved thanks to automated systems to move raw material about the plant, ensuring better flow and greater safety, and the use of IT-OT technology to measure, monitor and analyse data throughout the operation.

It will also underline our commitment to sustainable manufacturing processes, equipped with rainwater harvesting systems, rooftop solar panels, electric material handling equipment and air pollution controls, amongst other features.



Life Support training rolled out

Providing our colleagues across the business with a safe and healthy place to work, and one which safeguards their wellbeing, is a priority at Aliaxis.

With that in mind we have introduced a new training programme, to teach colleagues basic life support skills so that they can react quickly and with confidence in the case of an emergency.

The training is broken into nine intensive sessions, covering cardiopulmonary resuscitation (CPR), artificial respiration and the use of a defibrillator during a critical cardiac emergency.

Our health & safety department has now rolled out the training, under the guidance of seasoned medical professionals, across 19 locations in India.

So far, 750 colleagues have been trained and certified to carry out CPR, and we are rapidly rolling out the training with plans to train a further 1,000 employees in the first quarter of 2024.

In addition, we have equipped all our offices, plants, warehouses, and distributions centres with a total of 40 defibrillators.

REVOLUTIONISING PLUMBING WITH LIGHTER SOLUTIONS

Our Indian teams have developed a world-first system for connecting light-weight pipes using electrofusion jointing technology. This technology, employing fittings that have built-in electric heating elements to weld the joint together, meets a growing demand for strong, simple, eco-friendly plumbing solutions.





Pacific



"Our teams in Australia and New Zealand are very excited to be playing a central role in driving forward the Aliaxis commitment to sustainability."

Mark Nykiel
Divisional CEO, Pacific

Revenue

-5.6%

on a like-for-like[1] basis vs. 2022

Recurring EBITDA

+6.6%

on a like-for-like[1] basis vs. 2022

We are proud to be playing a central role in pushing forward the Aliaxis commitment to sustainability, creating the innovative water and clean energy solutions our customers demand and society needs.

We have a superb opportunity to take positive sustainable action and we've made great progress in many areas this year, particularly in our contribution to the circular economy, on renewable energy and water efficiency.

Sustainability is a key focus for our businesses in Australia and New Zealand. We're taking a lead in increasing the amount of recycled material in our products and enhancing the circular economy for plastics creating solutions that are fully recyclable at the end of their long lives. This work supports our *Growth with Purpose* target to quadruple the amount of recyclate in our products.

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.



Micro-irrigation systems in Australia

Customers drive our innovation and product development, and we work closely with them to devise new solutions predominantly targeting the building, infrastructure, and agricultural markets.

We are focused on delivery and service improvement for our customers and a key measure has been our Net Promotor Score (NPS) results which have been on a consistently rising trend since 2021.

Our 2023 results saw a strong uplift in the Net Promotor Score to 40, up from 33 in 2022, mainly driven by improved responsiveness from our customer facing teams and improved delivery service.

We've successfully speeded up the process of innovation, through significant investment in our new product development resources across the region and also in part thanks to close links with our Research hub in India.

In 2023, we continued to improve the proportion of sales we derive from new to market solutions, which now account for 9.7% of total revenue. Key products we've launched in recent years include our ARMA® electrical product range from Marley in New Zealand, StormFLO® stormwater solutions from Vinidex and various innovative valves ranges from Philmac in Australia.

We recorded a robust result in the region in 2023, despite unfavourable market conditions which impacted our sales.

New Zealand in particular suffered due to adverse weather conditions in the first quarter and challenges in the agriculture and infrastructure sectors that persisted throughout the year.

Despite a 5.6% decrease in revenues, recurring EBITDA grew by 6.6% on a like-for-like[1] basis, thanks to strong commercial management and the benefits we are seeing from our operational excellence programmes.

These strong results give us a great platform for continued growth as we continue to drive forward our sustainability goals.

In 2023, we made good progress capturing new material streams as part of the plastics circular economy.

Our focus has been to identify and partner with key stakeholders to recycle and reuse polymers to create new, long life, highly engineered pipe systems, increasing the amount of recycled material in the new solutions we're developing to address climate and water challenges.

Our ambitious recycling plans were given a significant boost during the year with the acquisition of Comspec, a leading recycler of plastic in New Zealand.

The transaction will help us build a much stronger supply chain for recycled plastic, both to meet our own needs and to help our customers achieve their environmental goals.

The transaction builds on the €7 million we invested in a joint venture with Waste Management New Zealand in 2022 to increase recycling capacity, a venture supported by grant funding from the New Zealand government, and which has seen the launch of a new research programme on recycling with the University of Auckland.

We're investing heavily in modernising our plants in Australia, including building a sustainability hub at our Toowoomba plant, near Brisbane, where we will be producing a range of stormwater and drainage solutions, many of which include high levels of recycled content and are fully recyclable. Our new production unit is set to be completed in the final quarter of 2024.

Work is also continuing to transform our North Plymptom plant in Adelaide into a factory of the future through a €14 million investment that will increase capacity by 40% and introduce some of the highest levels of automation in Aliaxis.

Pacific

How we deliver



Comspec acquisition boosts recycling ambitions

One of our standout M&A transactions of 2023 was the acquisition of the New Zealand-based recycling expert, Compounding Specialist (Comspec).

The deal was carried out via Plastic Recycling New Zealand, a joint venture between Aliaxis and Waste Management NZ formed in 2022 to invest in plastic recycling solutions, turning plastic construction and demolition waste into recycled raw material.

Comspec fits that mission precisely. It processes polypropylene and high-density polyethylene into plastic pellets, handling over 2,000 tonnes of plastic resins a year. These resins are then used by plastic manufacturers across the country as fully recycled raw material.

The acquisition means we now have an improved supply chain of recycled material for our operations in the region, allowing us to reduce our carbon footprint and help our customers meet their own sustainability goals.

It's further proof of our commitment to invest in circular economy initiatives and our continued determination to quadruple the amount of recyclate in our products, in line with our *Growth with Purpose* target for 2025.

The deal is an extension of our joint venture with Waste Management NZ, following our 2022 €7 million investment in a joint project to explore new ways to recycle plastic and put it to new productive use.

The investment is fully supported by the New Zealand Government and attracted a grant from the Ministry of Environment's Plastic Innovation Fund.

Our operations in the Pacific have taken a strong lead in our recycling efforts. Overall, we have recycled close to five million kgs of plastic waste in the region, saving 6,400 kg CO_2.

Collaboration opens new US market

Philmac has joined forces with newly acquired Harco in the US to introduce the innovative Curb Stop Valve to US water utilities. The groundbreaking polymer valve replaces traditional brass fittings and has already achieved strong sales in its first year.





€28 million of investment earmarked for Australian plants

We are planning to invest nearly €30 million in factories in Australia as part of a major investment drive to modernise and extend our manufacturing operations to meet local customers' needs.

The investment plans are fully aligned with our strategic aim to foster the continued organic growth of our businesses across the world, even in a challenging economic environment.

We are constructing a new manufacturing unit close to our current Toowoomba plant, near Brisbane, which serves northern New South Wales and Queensland. The plant will bring a series of production lines on stream from the third quarter of 2024.

Our vision is to turn the new plant Toowomba 2 (T2) into a hub for sustainability focusing on the manufacture of stormwater solutions, including our large diameter twin wall stormwater systems and our range of smaller diameter land drainage products.

These solutions address the heightened focus in Australia on infrastructure renewal, more effective storm and flood management and more effective agricultural drainage.

Our StormFLO® drainage product will be one of the solutions manufactured at the new site. It was launched two years ago and is gaining increasing traction with customers.

These polyethylene (PE) systems, aimed at the infrastructure and agricultural markets, are designed to replace traditional drainage systems made from less sustainable materials, such as concrete.

They can be made with high levels of recycled plastic and are fully recyclable at the end of their lives, vastly reducing their environmental impact. T2, where we plan to invest an estimated €14 million, will be fitted with equipment to recycle large volumes of recyclate.

Meanwhile the existing Toowoomba plant (T1) continues to play an important role in supplying infrastructure, agriculture, and energy customers in and around Australia's Gold Coast, an area expected to see significant building activity and infrastructure upgrades in the coming years in preparation for the 2032 Olympic Games (also known as Brisbane 2032).

Vinidex has excellent coverage to serve customers along the east coast with Toowoomba sitting between our Townsville plant further north and our Sydney factory to the south.

Work to transform Philmac's North Plymptom plant in Adelaide into a true factory of the future continued with early stages completed during 2023. It is on course to be fully operational by 2025.

We're investing another €14 million in the project – the biggest single investment in Philmac's facilities since the creation of the company in 1929. It will provide a world class manufacturing facility to support Philmac's growing global markets.

In the first phase of the project, completed in 2023, the upgraded plant has been equipped with additional automated assembly cells, bringing the total level of automated assembly to more than 90% of all products. In the next phase the plant will have an automated storage and retrieval warehouse and a large fleet of autonomous mobile vehicles to improve material flow around the plant and improve safety.

Philmac's range is made up of compression fittings to join PE pipes and valves, principally aimed at the building and agriculture sectors. Around 40% of its products are exported around the world, including to our businesses in the US and UK.

Through the Philmac investment we will extend the factory's footprint, increasing capacity by 40%, and introduce a range of new technologies that will lift automation to the highest levels in Aliaxis.



Innovative siphonic system for University complex

A stunning new state-of-the-art research complex at Massey University's Auckland campus in New Zealand, is taking advantage of one of our most innovative rainwater drainage solutions.

The Akasison siphonic system is highly efficient in draining rainwater rapidly, especially for buildings with a large roof surface-area. The downpipe creates negative pressure that sucks the water from the roof by using the height of the building to provoke accelerated water fall.

The construction of the 9,800 square meter research complex involved Marley, a leading Aliaxis brand in our Pacific division. From the outset, it was clear that the building's 3,500 square meter roof would require an advanced and compact drainage system to fit with the extra pipework, ducting, and services on the rooftop, needed to support the centre's laboratories.

With all those systems competing for space, Athfield Architects looked to Marley's space-saving Akasison sipohonic system as the ideal solution. We worked closely with the architects and Southbase Construction. James Rodger, Building Services Manager at Southbase commented: "Having Marley on board really early on meant we had a bulletproof design...they were a really good advisor to tell us what we could and couldn't do." Before construction began the system was modelled by 3D visualisation software, allowing the team to fine tune the system before installation.



Investing in Innovation

Our Pacific division continued to grow the amount of revenues it earns from new to market solutions in 2023, in part thanks to investment in our local New Product Development teams and collaboration with research scientists in our Bengaluru hub in India.

During the year, 9.3% of our turnover came from products that have been on the market for less than five years, representing an impressive €49.4 million in sales.

Globally, our overall aim is to boost our new product revenues to 10% by 2025, and currently we are at 8.6%. So, this achievement in the Pacific provides a strong boost to our *Growth with Purpose* goals.

Collaborative projects currently being explored include solutions across Building, Infrastructure and Industry segments. We plan to continue accelerating our innovation programme in 2024, with the launch of up to 20 new products.

100% RECYCLED – FULLY RECYCLABLE

Our Draincoil® corrugated subsoil drainage system tackles the problem of waterlogging after heavy rain. The pipe product is made of 100% recycled material, and is very flexible to prevent cracking.

A circular solution, made in Australia for use in infrastructure and agricultural projects.



EQUIPPING A "HOUSE OF THE YEAR"

This stunning home won gold in a prestigious New Zealand House of the Year competition, run by Home magazine, thanks in part to the use of pipes and gutters from Marley's Stratus Design Series®, here in the subtle but stylish Grey Friars colour scheme.





We're on track to go 100% renewable

We've signed new power purchase agreements that guarantee all 17 of our manufacturing operations in Australia and New Zealand will be powered fully by renewable electricity by 2025.

That brings us to be the first region to meet the global Aliaxis target of transitioning to 100% renewable by 2025, in line with our *Growth with Purpose* strategy.

New Zealand was one of the first countries to reach this important milestone and, in combination with our rapid investment in solar power at all major facilities, the Pacific region will complete the transition to 100% renewables by 2025.

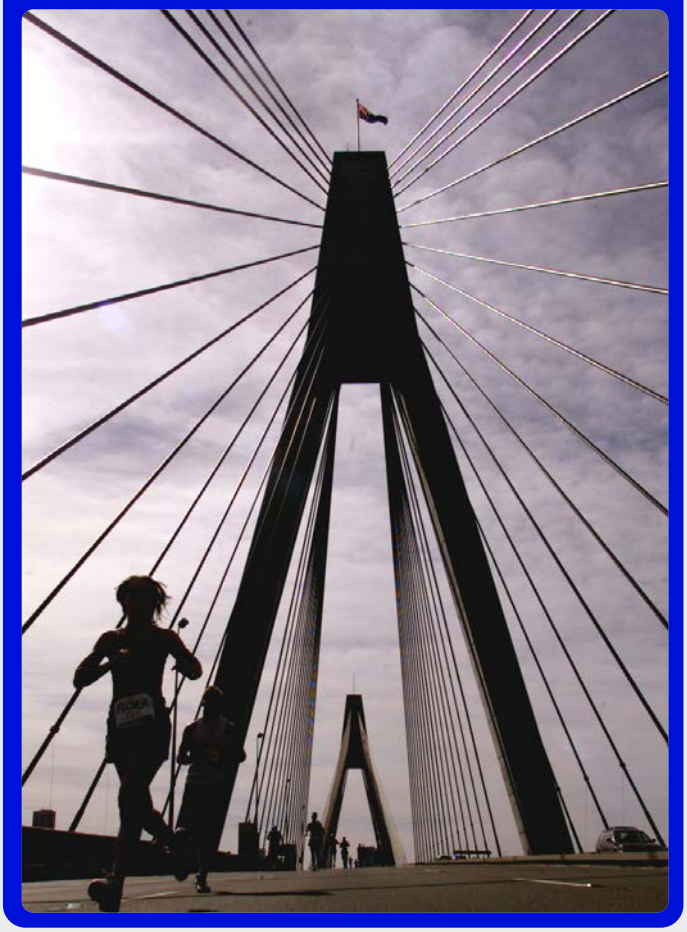
With new power supply contracts signed with both CleanCo and Iberdrola in Australia at the end of 2023 we have a guarantee that all our power will come from renewable sources by the 2025 deadline.

Transitioning to renewable electricity is a major driver to cut our Scope1 and 2 carbon emissions by 75% per ton of production by 2025.

It's a hugely important target for us internally, but also increasingly important for our customers and other stakeholders who look to us to take a lead in cutting the carbon intensity of our products and processes.

CELEBRATING GREAT CITY INFRASTRUCTURE

On World Cities Day in October, we celebrated the construction of Sydney's iconic Anzac bridge, the largest cable-stayed bridge in the country. Its 129 'invisible' steel cables are hidden inside 14 kilometres of black polyethylene (PE) piping supplied by Vinidex.



Directors' Report



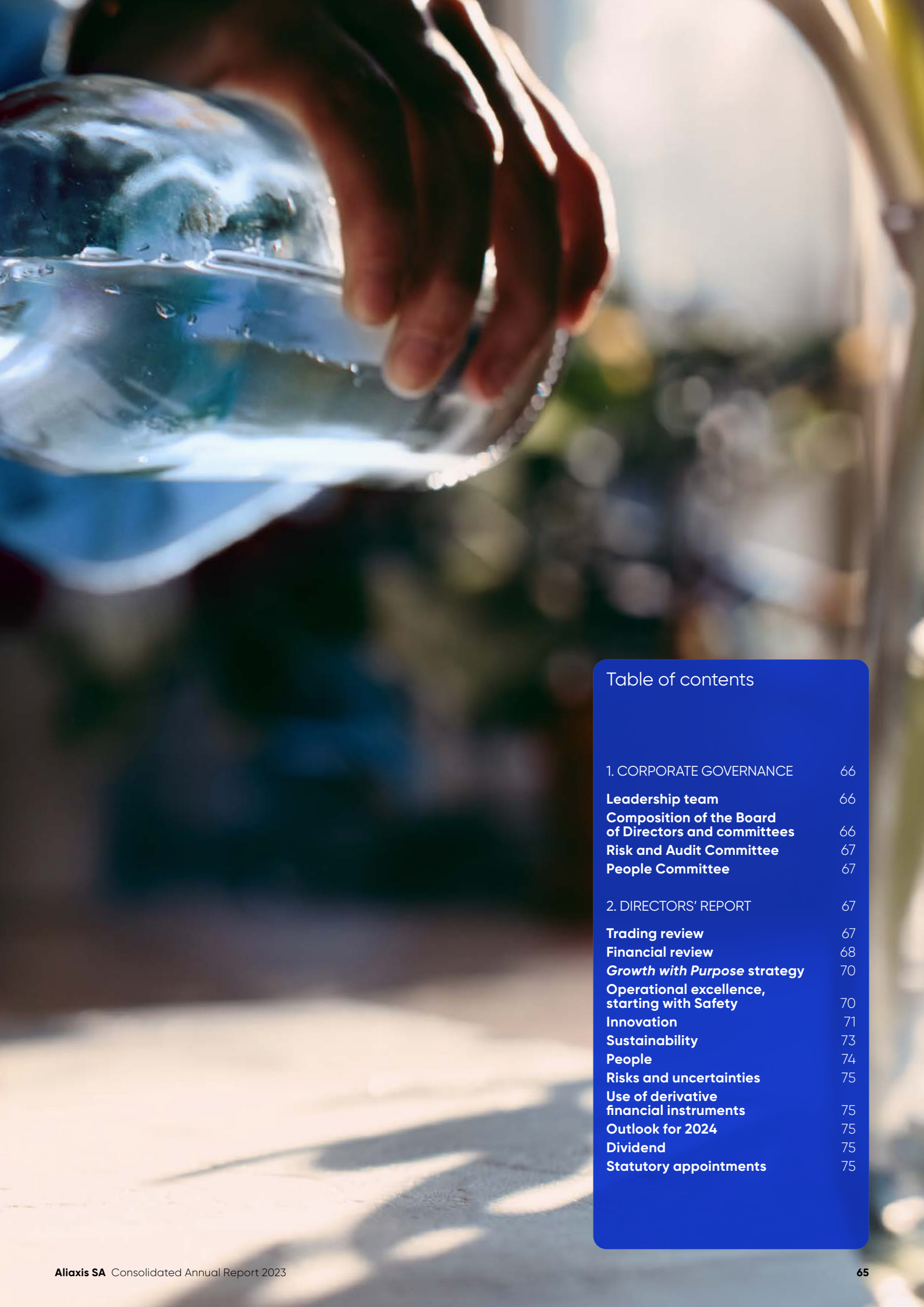


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1. Corporate Governance

The Board of Directors delegates responsibility for the development of the company strategy and for the day-to-day management of the Group to the Chief Executive Officer, in his capacity as Managing Director.

The Chief Executive Officer presides over the Executive Committee and is supported by the Senior Leadership Team. They are working closely together to execute the Aliaxis *Growth with Purpose* strategy, aimed at being a world leader in fluid management solutions, bringing solutions to the world's water challenges and accelerating the transition to clean energy.

1.1 The Leadership team

The Executive Committee (ExCom) is responsible for driving performance, increasing speed of execution, and focusing all efforts behind the *Growth with Purpose* strategic plan and priorities in a coordinated way, across geographies and functions.

The ExCom consists of the following leadership positions in 2023:

- Chief Executive Officer, Eric Olsen
- Chief Finance Officer, Koen Sticker
- Chief People & Sustainability Officer, Line De Decker
- Chief Growth Officer, Sophie Desormière (since January 9, 2023)
- Chief Operations & Supply Chain Officer, Mathieu Rousseau (since April 3, 2023)
- Divisional CEO EMEA, Kati ter Horst
- Divisional CEO Americas, Alex Mestres
- Divisional CEO APAC, Mark Nykiel
- Divisional CEO India, Arvind Chandra (as of November 21, 2023)

Mr. Deepak Mehrotra was Divisional CEO India until September 1, 2023 and Mr. William Ledger was Chief Operations & Supply Chain Officer until April 1, 2023.

The ExCom is supported by a Senior Leadership Team that is comprised of key functional leaders. They provide support and guidance to the ExCom to execute the Aliaxis *Growth with Purpose* strategy, and facilitate the implementation of approved initiatives.

The Senior Leadership Team is composed of the following roles in 2023:

- Head of Communications & Public Affairs, Amanda Jones
- Chief Legal & Insurance Officer, Manuel Monard

1.2 Composition of the Board of Directors and committees

- Thierry Vanlancker (representing Tee & Tee BV) – Chairperson
- Eric Olsen – Chief Executive Officer
- Myriam Beatove
- Guy della Faille (representing GDF Impact SRL)
- George Durman Esquivel
- Rajesh Jejurikar
- Thomas del Marmol
- Kieran Murphy – Chairperson of the Risk and Audit Committee
- Pierre-Alexandre Peters
- Patrick Simonard
- Peter de Wit – Chairperson of the People Committee
- Andréa Hatschek (until April 6, 2023)

Aliaxis SA is a private company. Its shares are not listed on any regulated stock market. Nevertheless, the Board is committed to maintaining high standards of corporate governance.

The Board approves the overall strategy of the Group, oversees the major investments, and monitors the activities of the management in implementing the Group strategy.

The Board of Directors met fourteen times in 2023, of which one session included visits to a site in Tel-Aviv (Israel) where the Group has invested in several digital water tech start-ups. There were two standing committees as of December 31, 2023. Each of these committees supports the Board in specific aspects of its remit.

1.3 The Risk and Audit Committee

The Risk and Audit Committee aids the Board in its broad-based control function, which includes scrutinizing and tracking the Group's accounting and financial reporting, as well as evaluating the effectiveness and results of internal enterprise risk management systems. This committee also conducts reviews of the breadth and outcomes of Aliaxis' external and internal audit procedures.

The Committee met six times in 2023. Its members were Kieran Murphy (Chairperson), Guy della Faille (representing GDF Impact SRL), Myriam Beatove, Patrick Simonard and Thierry Vanlancker.

1.4 People Committee

The People Committee advises the Board on all matters relative to the appointments and remuneration of the Directors, the CEO and the members of the ExCom.

The Committee met four times in 2023 and its members were Peter de Wit (Chairperson), Myriam Beatove, Thierry Vanlancker and Pierre-Alexandre Peters.

Agenda

Annual General meeting of shareholders
Thursday May 2, 2024
At Royal Museum of Art and History

Auditorium
Parc de Cinquantenaire,
10 Jubelpark, 1000 Bruxelles, BELGIUM

PAYMENT OF DIVIDEND – Monday, July 1, 2024

2024 HALF YEAR RESULTS – September 2, 2024
Board of Directors to approve 2024 Half Year results – Results announcement

2024 FULL YEAR RESULTS – Q1 2025
Board of Directors to approve 2024 Full Year results – Results announcement

2. Directors' report

2.1 Trading review

Despite a challenging economic environment, Aliaxis maintained robust profitability in 2023, continuing the step change in profitability in 2021 as we achieved a recurring EBITDA of over €600 million for the third year in a row.

As anticipated, market conditions were challenging throughout 2023, with volumes down globally. Significant declines were seen in housing starts in most of our relevant markets, ranging from 6% in Canada and 8% in the US, up to 19% in France.

In the face of market slowdowns and the continued impact of high inflation, we maintained overall solid performance across the Group in the 12 months to December 31, 2023, with excellent commercial management in North America and the Pacific supporting strong profitability in the ongoing challenging market environment. Revenue was €4.1 billion, down 5.3% on a like-for-like[1] basis compared to the outstanding results from 2022.

Recurring EBITDA amounted to €619.5 million, a decrease of 12.9% on a like-for-like[1] basis from 2022. Our Recurring EBITDA margin decreased by 1.5 p.p. to 15.3%. Excluding one-off year-end adjustments in the Asia region, the margin was 15.8%, showing continued resilience in the challenging market. Regional dynamics varied significantly, with North America, the Pacific and EMEA delivering robust results, while other regions were more difficult.

Net profit amounted to €323.9 million, down 12.7% compared to 2022, including a realised net gain of €76 million on the sale of shares held in Uponor. This sale was accounted for in Financial Result with no impact on Recurring EBITDA.

We remain committed to implementing and delivering on all the objectives of our *Growth with Purpose* strategy, centred on sustainability and innovation.

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

2.1.1 Americas
In the Americas, strong commercial management in North America continues to support our performance, driving excellent profitability in the US and Canada despite reduced demand. We were able to capture new market share in the US, as additional capacity from recent investments came online, supporting a strong topline result in North America despite fewer housing starts. Severe economic challenges hit our operations in Chile, Peru and Colombia where we saw a sharp market decline, however, we moved quickly to adjust with a leaner organisation. Overall, Americas revenue was down 6.7% on a like-for-like[1] basis, and Recurring EBITDA down 6.7% on a like-for-like[1] basis.

2.1.2 Pacific
The Pacific region achieved a robust result despite unfavourable market conditions. New Zealand in particular suffered due to adverse weather conditions in Q1 and challenging markets in the infrastructure and agriculture segments throughout the year. Despite a revenue decrease of 5.6%, the Recurring EBITDA increased by 6.6% on a like-for-like[1] basis. The continued margin improvement resulted from strong commercial management and further benefits from our operational excellence programmes.

2.1.3 EMEA
Despite building markets in EMEA continuing to decline in the second half of 2023, our performance was slightly down, with Recurring EBITDA down just 5.2%. Revenue was down by 5.8% on a like-for-like[1] basis. The UK market suffered from a sharp decline in the local building segment, weighing down the overall result in the region significantly. Recently acquired pressure piping business, Lareter, based in Italy, is now fully integrated and performing above expectations, allowing us to provide an even more comprehensive offer to our industrial customers in the region.

2.1.4 Asia
The Asia region revenue was up 1.4% while Recurring EBITDA was down 48.5% on a like-for-like[1] basis. Volumes grew strongly but further declining resin prices and severe price competition resulted in flat revenue and decreasing margins before profitability stabilised in the second half of the year. Further impacting the overall result, we accounted for several one-off year-end adjustments totalling €22.3 million before tax during the year. This included a potential credit loss of €10.7 million, a €1.5 million inventory adjustment, as well as several adjustments to other provisions. In November, we welcomed new Divisional CEO, Arvind Chandra, who leads a strengthened management team, including a new CFO and CHRO. The team is tackling the local challenges with a focus on delivering profitable growth.

2.2 Financial review

Changes in the scope of consolidation
In May 2023, Aliaxis acquired Zypho.

In June 2023, Aliaxis acquired Valencia Fittings LLC.

In 2023, Aliaxis completed the exit of Russian operations.

These transactions are described in more detail in Note 8 (Acquisitions and disposals of subsidiaries and non-controlling interests) to the consolidated financial statements.

Statement of comprehensive income
In the 12-month period ending on December 31, 2023, Aliaxis reported revenue of €4,059 million, a decrease of 6.5% compared to 2022. Foreign exchange negatively impacted the Group's sales by -3.6%, due to the weakening of the major trading currencies against the EUR, mainly the US dollar (2.7%), the Canadian dollar (6.6%), Indian rupee (8.0%) and Australian dollar (7.4%).

Gross profit was €1,215 million (2022: €1,257 million), representing 29.9% (2022: 28.9%) of revenue. Commercial, administrative, and other income and charges amounted to €794 million (2022: €696 million), or 19.6% (2022: 16.0%) of sales.

Operating profit (EBIT) for the year was €421 million, an overall decrease of €140 million or 24.9%. Foreign exchange negatively impacted the Group's EBIT by -3.5%.

The adjusted items represented a net exceptional loss of €20 million in 2023, compared to a net exceptional loss of €13 million in 2022. The adjusted items predominately relate to merger and acquisition costs (€14 million) and restructuring initiatives in EMEA and in Latin America (€7 million).

Excluding the impact of the adjusted items, the Recurring EBIT amounted to €442 million, a decrease of €132 million or -23.0%. The Recurring EBIT margin amounts to 10.9%, compared to 13.2% in 2022.

Excluding depreciation and amortisation, the Recurring EBITDA amounted to €619 million, an overall decrease of €109 million or -14.9% as reported. Foreign exchange negatively impacted the Group's Recurring EBITDA by -3.7%. The Recurring EBITDA margin decreased from 16.8% in 2022 to 15.3% in 2023.

1 2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

Finance income and expenses mainly consisted of net interest expenses of €34 million (2022: €20 million) offset by the gain on sales of financial investment of €81.0 million. An analysis of finance income and expense is given in Notes 13 (Finance expenses) and 14 (Finance income) to the consolidated financial statements.

The Group has an interest rate risk policy in place and uses derivatives to hedge interest rate risk exposure. A major part of its gross financial debt after hedges is at fixed rate. The management of interest rate exposure is explained in Note 5 (Financial risk management) and Note 30 (Financial instruments) in the consolidated financial statements.

Income taxes, consisting of current and deferred taxes, amounted to €139 million (2022: €166 million), representing an effective income tax rate of 30.1% (2022: 31.0%). The reconciliation of the aggregated weighted nominal tax rate (26.0%) with the effective tax rate is set out in Note 15 (Income taxes) to the consolidated financial statements.

The Group's share of the profit for 2023 was €322 million (2022: €369 million). The Group's earnings per share in 2023 were €4.10 (2022: €4.69), a decrease of -12.6%.

Other comprehensive income for the period, net of income tax, decreased by €-66 million from €-3 million in 2022 to €-69 million in 2023, mainly explained by the negative impact of exchange rate movements in 2023 compared to last year. The equity movement is explained below.

The Group's current taxes to the different local authorities in all the countries in which it operates, were €154 million (excl. withholding taxes on the Group dividend), total employers' social security contribution was €103 million (excl. employees' social security contribution and payroll taxes) and taxes to be considered as operating expenses were €7 million (excl. VAT, duties...).

Statement of financial position

Intangible assets, consisting of goodwill and other intangible assets, amounted to €1,069 million on December 31, 2023 (2022: €875 million). The increase is mainly attributable to the 2023 business acquisitions. Further details on movements in intangible assets are set out in Note 16 (Intangible assets and goodwill) to the consolidated financial statements.

Property, plant and equipment amounted to €1,409 million as of December 31, 2023, compared to €1,202 million at the end of the previous year. The main part of the net increase of €207 million was attributable to the capital expenditures of the period of €365 million and the 2023 business acquisition of €16 million, partly offset by the depreciation of the period of €-149 million.

Non-cash working capital amounted to €741 million as of December 31, 2023 (December 31, 2022: €940 million). On December 31, 2023, working capital represented 18.3% (2022: 21.6%) of revenue, which represents the lowest point in the annual cycle, reflecting the seasonal nature of the Group's activities.

The equity attributable to equity owners of the Company increased from €2,223 million in 2022 to €2,392 million in 2023 mainly as a result of the net profit of the reporting period (€322 million) partially offset by the dividend of €-67 million.

Non-controlling interests as of December 31, 2023, amounted to €6 million (2022: €7 million). The result of the net profit for the reporting period (€2 million) was offset by the negative impact of the foreign exchange (€-1 million).

Deferred tax liabilities amounted to €61 million as of December 31, 2023 (2022: €74 million). Deferred tax assets were €23 million (2022: €17 million). Further details on movements in deferred taxes are set out in Note 26 (Deferred tax assets and liabilities) to the consolidated financial statements.

Net financial debt

(In million euros)	31 Dec 2023	31 Dec 2022
Non-current loans and borrowings	**1,072**	1,082
Non-current lease liabilities	**191**	144
Current loans and borrowings	**83**	229
Current lease liabilities	**32**	26
Cash and cash equivalents	**-636**	-744
Bank overdrafts	**12**	6
	754	**742**

Net financial debt increased by €12 million as of December 31, 2023.

The major cash flows during the year arose from cash generated by the Group's operations (€630 million), changes in the working capital (€209 million), sale of financial investment (€141 million), partially offset by the capital expenditures made during the year (€-331 million – excl. leasing), the acquisitions made by the Group during the year (€-226 million – mainly acquisition of Valencia of €-214 million and Zypho of €-10 million, tax payments (€-222 million), the lease movements (€-99 million), net dividend paid (€-69 million), the investments in minority stakes (€-13 million) and the interests payments (€-25 million).

The return on capital employed in 2023 was 13.5% (2022: 21.9%). The Group's share of return on equity was 14.0% (2022: 17.8%).

2.3 *Growth with Purpose* Strategy

The organisation is aligned behind a strong and clear purpose: Aliaxis exists to bring solutions to the world's water challenges and accelerate the transition to clean energy.

Backed by short-term targets for a long-term impact, *Growth with Purpose* is a strategy primarily driven by ambitious goals in sustainability and innovation. It plans to create value, almost doubling EBITDA from 2020 to 2025 to reach €850 million, and to make a positive contribution to society.

It is also rooted in powerful local businesses that allow Aliaxis to draw on an intimate knowledge of customer preferences and the markets in which they operate. This strategy is built around five levers:

1. Drive operational excellence, starting with safety,
2. Delight customers, thanks to commercial excellence and innovation,
3. Positively contribute to society on sustainability, with a strong focus on combatting climate change,
4. Develop people and grow a performance culture,
5. Invest massively, in both internal and external growth.

We plan to invest more than €1 billion by 2025 in internal growth, and already in 2023, we have made over €800 million of cumulative investment in our plants, distribution centres and research hubs for 2021, 2022, 2023.

In terms of external growth, we added several strategic targets to our portfolio in 2023. The acquisition of the manufacturing division of the US-based Valencia Pipe Company, completed in June, was the most significant and added two manufacturing facilities and a distribution centre to extend our footprint into the western US. In Portugal, we acquired Zypho, an innovative manufacturer of drain water heat recovery units, which help reduce consumers' energy consumption. In New Zealand, we partnered with Waste Management New Zealand in a joint venture which acquired Comspec, a plastic recycler handling over 2,000 tonnes of plastic resins each year. US-based Harco and Italy-based Lareter, acquired in 2022, delivered over and above their business case in 2023, a demonstration of our ability to identify and leverage strong businesses to expand our portfolio.

2.4 Operational Excellence, starting with safety

Safety

At Aliaxis, safety is our top priority. Operating as a high-performance, sustainable business means we need to constantly improve the way we operate. Therefore, safety is our key focus as we strive to create an injury-free workplace. Our primary indicator of safety performance is our reportable incident rate (RIR), defined as the number of reportable injuries and illnesses per million hours worked. Since 2020, it, has been cut in half to reach 4.7 at the end of 2023 (versus 9.8 in 2020). By 2025, we want our RIR to be below 3.0, which represents industrial top quartile performance.

As well as tracking injuries and illnesses, we also engage the teams across the organisation to identify near misses and hazards so that safety is proactively improved, and learnings shared with one another. In 2023 (compared with 2022), we identified double the number of hazards that we were able to make safe. Identifying potential dangers and risks is how we prevent accidents and keep our employees safe. As an example of Group-wide initiatives, we have trained 2,700 employees on responding to cardiac and other health emergencies. We also establish and continuously strengthen Group-wide health and safety standards and communication campaigns to highlight best practices linked to our key risks and ensure that common minimum standards are applied in all our locations.

Operational Excellence

In 2023, we developed continuous improvement capabilities across all levels of our organisation with the ultimate objective of nurturing our performance culture.

As a result, our operational excellence programmes delivered significant value, tapping into opportunities related to how our products are made and value engineered and to our use of raw material, most notably in Latin-America and India.

Another key lever of efficiency and productivity in our operations is the automation of our manufacturing and warehousing. A great example of this is the building of our factory of the future in Australia (Philmac – Adelaide).

We continue to work on our ability to anticipate customer volume demand by better integrating processes between our supply chain and our manufacturing activities. We have also improved our strategic procurement capabilities across the world, resulting in cost savings which amounted to some €20 million in the EMEA region alone, for example. Finally, we are learning great lessons from our operational excellence programme and are continuing to share best practices right across our businesses.

2.5 Innovation

Our approach to innovation is rooted in a commitment to listen to our clients to anticipate and understand the rapidly evolving landscape of water management and clean energy. Between 2022 and 2023, the percentage of sales from recent products (fewer than five years old) rose steeply from 6.2 to 8.6, representing €365 million in sales. The 2025 target is to reach 10% of total sales.

In addition to customer intimacy, we also focus on co-creation and open innovation, collaborating closely with strategic partners like universities, startups, communities, and experts. This widens our idea pool, enhances our capabilities, and accelerates idea implementation.

Customers first

Our local teams interact with customers every day, and we have rolled out training across our organisation to continuously improve our ability to capture the customer's voice. This initiative is already generating deeper insights that are guiding our product development work.

Our Net Promoter Score (NPS), an essential indicator of customer loyalty, has risen impressively from 42 to 50 in 2023 overall, a reflection of our steadfast commitment to excellent customer service.

This progress, a collective achievement across all regions, puts us amongst best-in-class players, underscoring the high level of customer engagement and the outstanding quality of work performed by all our local brands in their mission to delight our customers.

Faster time to market

In our *Growth with Purpose* strategy, accelerating innovative solutions to market is a key focus.

India leads in new product revenues, contributing 56%, while our Pacific division saw notable growth, reaching 9.7% in 2023, driven by collaborations between our Australian and New Zealand brands, and our Bengaluru research hub. Similarly, North America's innovation efforts are gaining traction, with increased investments leading to strong local new product revenues.

We continue to build on that strong legacy of inventiveness and, in 2023, brought a host of exciting new solutions to market, including:

- An extended range of TerraBrute® corrosion-resistant pipes from IPEX in North America, including an industry-first 24" diameter pipe, which means complete drinking water and sewerage systems can now be built in corrosion resistant PVC, making networks more resilient.
- A new check valve developed in response to stringent new French regulations on preventing water contamination in hospitals and other sensitive buildings.
- A tech-enabled compact wastewater treatment plant and anti-microbial pipes using silver ion technology in India.
- New water conservation and stormwater solutions with increased recycled content, including StormFLO® in Australia and Drainflo® in New Zealand.
- A hi-tech mobile leak detection system and a digital network monitoring solution, created by Aquarius Spectrum, a smart water tech start-up we acquired in 2022.

Cross-fertilisation

As a global group, we leverage our worldwide presence to share and adapt ideas to local contexts. An example is our Philmac brand in Australia collaborating with our recently acquired Harco business in North America, to introduce polymer Curb Stop valves to the US water utility market, replacing traditional brass fittings and gaining strong customer traction.

Our Research hubs play a critical role in this too and we continue to expand and modernise them, creating space for us to co-create solutions with customers and increasing their ability to share ideas with our product development teams across the world.

For instance, our Paris hub, now in a new upgraded location since 2022, focuses on water, clean energy, and digital services, while Bengaluru leverages their expertise in digitalisation and advanced engineering. We'll open a new Pilot hub in Toronto in 2024 to improve its research into advanced materials know-how and drive further increased agility in product development with dedicated testing facilities and new 3D-printing capabilities.

Acquisitions to boost our portfolio

During the year, we acquired Zypho, a highly innovative player in drain water heat recovery. By reusing hot water that would normally go down the drain, the system recycles up to 75% of the energy required to heat shower water.

In 2023, we introduced a new solution to the market: Zypho Slim, a compact drain water heat recovery system designed for use in smaller properties and perfectly suited for the renovation market.

Aliaxis Next, created in 2022 to acquire or invest in promising young water tech companies, is leading our search for solutions from start-ups that will help us tackle the water crisis in the long term.

It has made nine investments focusing on four main areas: resilient water infrastructure, sustainable water management, water for food and increasing access to water.

Open innovation

By increasing investment in open innovation projects, we are casting our net as wide as possible for ideas and sharing our own expertise too. This open exchange is so important in finding solutions to the interlinked challenges around climate and water.

A great example is the 50L Home coalition which we have joined, supporting its aspiration to reduce individual water use from a European average of 150 litres a day to just 50 litres. We are now members of Hydrogen Europe, an alliance spearheading the transition to this promising alternative to fossil fuels.

We're also nurturing entrepreneurs, for instance through The/Nudge Ashirvad Water Challenge in India and the Ekipa project in Europe, both competitions to inspire and reward innovators working on key water-related projects and other future-orientated sustainable solutions.

Through these competitions they get the chance to bring their ideas to life, with the help of our own research scientists and startups from the Aliaxis Next ecosystem.

2.6 Sustainability

Amongst the key priorities of our *Growth with Purpose* strategy, we aim to lead on sustainability with a sense of urgency, backed by targets to ensure we take immediate action to address both climate change and water scarcity. We continued to pursue our sustainability targets rigorously in 2023 with some major successes, starting with an improved EcoVadis rating from bronze to silver.

Over the past few years, we've strengthened the sustainability team with dedicated resources engaged in delivering our objectives. We successfully established new governance principles and built strong foundations by updating our environmental standards. We are now shaping the path to become a sustainability leader. Individuals across the Group are implementing programmes to reduce our carbon emissions throughout the value chain and incorporate more recycled material in our products and solutions, fostering a circular economy approach in our industry.

Aliaxis engaged in globally recognised institutions such as the Carbon Disclosure Project (CDP), the UN Global Compact and the Sustainable Procurement Pledge, thus confirming to the world our commitment to sustainable management.

Updating our environmental standards

In 2023, the Environmental team diligently worked towards creating, updating, and implementing best-in-class management standards in Energy, Greenhouse Gases, and Waste.

We are striving to transform our manufacturing practices to infuse sustainability throughout our operations and workforce. To further engage colleagues, we offered a series of training modules covering climate topics of the Paris agreement. These courses are compiled on a new platform launched in summer 2023 called the Aliaxis Climate School.

Reducing our carbon emissions

Our commitment is to reduce carbon intensity in our own operations by 75% in 2025. In 2023, we reached 18% reduction versus our 2021 baseline. We managed that reduction mainly thanks to our transition to renewable electricity where we reached 36% of our total electricity consumption. In North America, we have entered into a partnership and secured renewable electricity supply for all our Quebec located sites. Aliaxis also signed a power purchase agreement (PPA) contract in Australia to ensure our operations in the Pacific region will benefit from renewable electricity starting in January 2025. In EMEA, we've signed a 10-year virtual power purchase agreement (VPPA) with the Hamburg-based Encavis to supply 50 GWh a year of renewable power, enough to cover a good portion of Aliaxis' electricity consumption in Europe by 2025.

On energy efficiency, we have now finalised energy audits throughout the regions on most of our sites and have started to implement energy reduction initiatives that will drive improvements through the year.

Our 2025 target to quadruple the amount of recycled material in our products up to 50% of what is permitted by current regulations is proving a trickier goal. Despite the strong lead taken by our Pacific business and some helpful advances in Latin America, it is proving difficult to secure external supplies of recyclate, an issue we are working on. Our acquisition of Comspec, a New Zealand plastic waste recycler, during the year will boost our efforts to increasingly become a circular economy business.

We are getting ready to comply with the new 2025 European Union's non-financial reporting requirements. An important step was also achieved in 2023, when all our manufacturing sites started reporting their environmental information on a new data collection system. This project allows us to improve data reliability to drive sustainability initiatives. In addition, we launched our double materiality assessment, which will allow us to structure the backbone of the reporting requirements from the Corporate Sustainability Reporting Directive (CSRD). These regulations create a higher level of transparency toward environmental, social and governance practices. The sustainability team is steering the project to ensure full compliance with the new legislation.

Developing new sustainable solutions

We are committed to our customers through sustainable actions. Our goal is to support our customers on their journey towards sustainable solutions. To do so, we have started identifying new products and services that will help reduce the environmental impact downstream in our value chain. Some of these solutions come from Aliaxis Next. For example, we can help solve water challenges and improve access to water through advanced water leak detection and storm water management solutions, notably thanks to the acquisition of Opti and Aquarius Spectrum smart water tech companies.

Another development in 2023 is our newly incorporated line of products using Zypho's technology. These products help our customers reduce cost and carbon emissions through heat recovery in shower drains.

These solutions generate a direct positive impact on greenhouse gas consumption while accelerating the transition to a less carbon intense economy by bringing sustainable products to our customers and end-users.

2.7 People

Becoming a high performing organisation

Our *Growth with Purpose* strategy aims to make Aliaxis a growing and performance-driven organisation, with a greater focus on attracting, retaining, and developing our people. The strategy includes an HR plan structured around four key areas, where concrete progress has been made over the past months and years.

1. Leadership

We launched a global senior leadership development programme, in partnership with Vlerick business school in Belgium, to improve evaluation of our key leaders and succession planning. In addition, we improved our internal talent processes, enabling better performance management across the organisation.

2. Culture & Engagement

In 2023, we conducted our biennial global survey, *Aliaxis & Me*, among our employees to reflect on our key strengths and areas for improvement. Reaching an impressive participation rate of 92%, we achieved clear progress compared to the same study two years ago, while maintaining an engagement score of 85%. The most significant improvements were seen in the following areas: Performance Management, Communications, Personal Development & Training and Innovation. As a follow-up, we put in place actions to answer our employees' expectations and further increase their engagement.

3. Diversity, Equity & Inclusion (DE&I)

2023 marked the kick-off year of our DE&I roadmap, with the sign-off and implementation of our DE&I policy. Representation of women in our workforce has risen from 19.8% in 2021 to 21.4% this year. A concrete action plan, based on global initiatives, such as Bias neutral recruitment tools, Employee Resource Groups (ERG), Global Women Mentoring Programme, anti-harassment and non-discrimination policies, combined with local initiatives, will enable us to make our workforce more inclusive and more diverse as we broaden our focus beyond gender.

4. Organisational effectiveness

This year, we took a major step forward on our path towards a more efficient and data-driven organisation, with the launch of our HR automation project and the implementation of key first deliverables across the regions.

A strong culture embodied by our We care, We dare, We deliver behaviours

A new set of behaviours were deployed in 2022 and are now fully anchored across the organisation. Each of our talent processes, from recruitment to performance management, refer to them so as to strengthen our culture and help us achieve our strategy.

Social and governance policies strengthened

During 2023, we strengthened our global internal policies to reinforce the social and governance aspects of our broad ESG approach and to reinforce our commitment to always act as a responsible business.

Building on an earlier code of conduct, which focused on respect for our policies and procedures, we launched a stronger Code of Ethics to make sure we behave ethically, openly, and fairly in all our interactions with each other, our suppliers, our customers and with the wider world.

Other revised policies introduced in 2023 included new directives on donations and community, competition law, conflicts of interest, enterprise risk management, non-audit services, and information security.

2023 HR Data

The Americas Division now accounts for 44% of all staff. EMEA ranks second with 27.8%, followed by India with 16.1%. Our businesses in Australia and New Zealand now account for 8.4% of our staff. Aliaxis teams around the world are comprised of 112 different nationalities. 51% of our workforce is composed by front-line workers, of which 50% are in the Americas (35.5% in North America and 15.2% in Latin America). In 2023, out of the 3,500 people hired, a quarter (24.9%) were women (32.9% within office employees and 16.6% within the front-line workers). At the end of 2023, 21.4% of the total workforce are women (28.7% of office employees and 14.5% of front-line workers).

2.8 Risks and uncertainties

The risk profile of the companies within the Aliaxis Group is similar to that of other manufacturing and distribution companies operating in an international environment, and includes economic and sector risks as well as credit, liquidity and market risks arising from exposure to currencies, interest rates and commodity prices. The Group is also exposed to more specific risks of, for example, public, product and employer's liability, IT security, property damage and business interruption and the risks from administrative, fiscal and legal proceedings.

Developments in respect of administrative, fiscal, and legal proceedings are described as appropriate in Notes 30 (Provisions) and 36 (Contingencies) to the consolidated financial statements.

2.9 Use of derivative financial instruments

Risks relating to creditworthiness, interest rate and exchange rate movements, commodity prices and liquidity arise in the Group's normal course of business. However, the most significant financial exposures for the Group relate to the fluctuation of interest rates on the Group's financial debt, and to fluctuations in currency exchange rates.

The Group's approach to the management of these risks is described in Note 33 (Financial instruments).

2.10 Outlook for 2024

We anticipate market demand to be flat across the Group in 2024 but will continue to invest in our *Growth with Purpose* strategy, while remaining disciplined on cost. We expect to see further return on our investments worldwide, including market share gain in the US from recently added internal and external capacity, increased new product revenue from innovation, execution of our sustainability objectives, and the pursuit of our M&A pipeline.

2.11 Dividend

Aliaxis' Board of Directors proposes to pay a gross dividend of €0.9460 per share, representing 23.1% of the consolidated basic earnings per share of €4.10. This is a 10% increase.

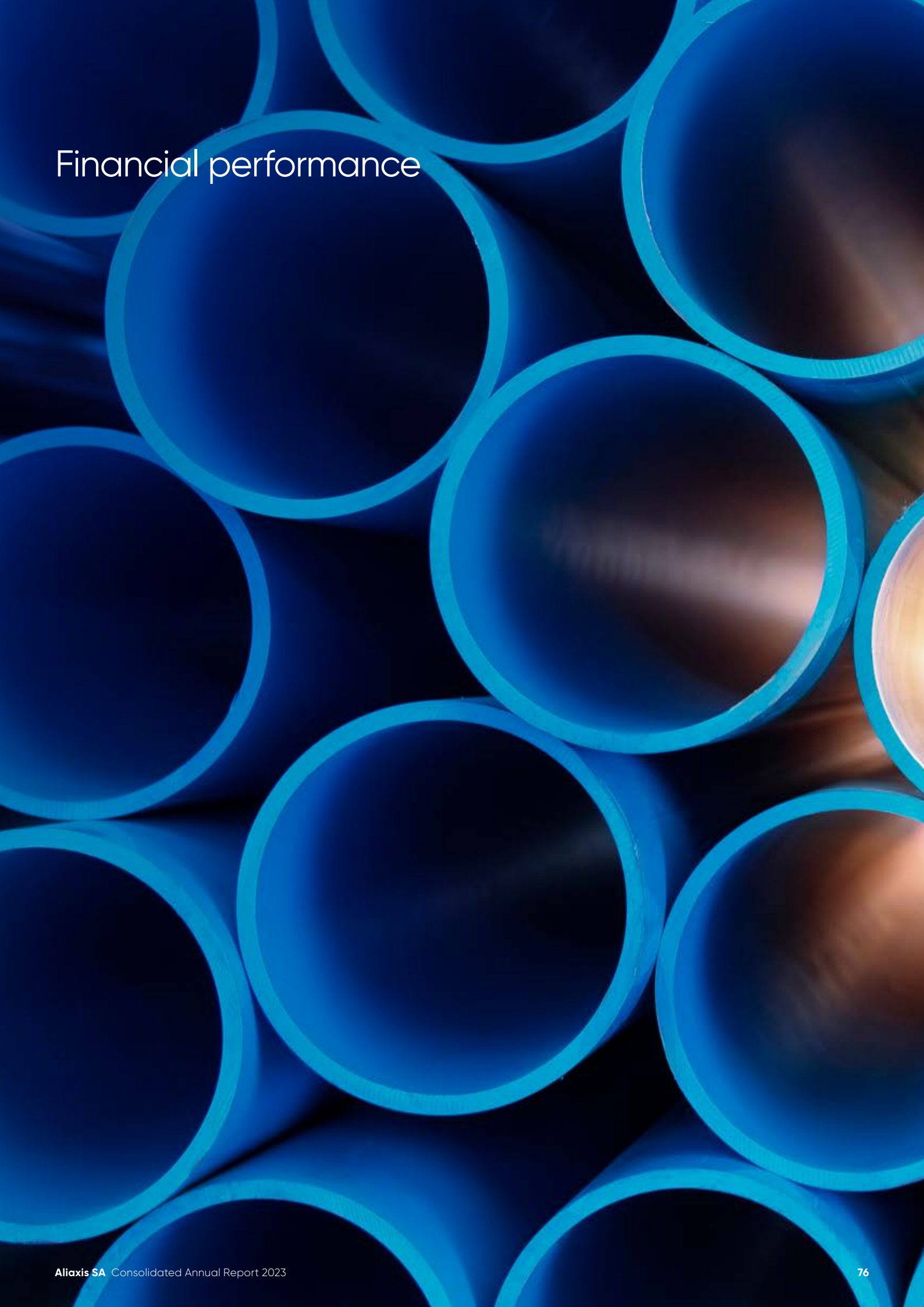
The dividend is subject to shareholder approval at the General Shareholders' Meeting on May 02, 2024.

2.12 Statutory appointments

The mandates of Tee & Tee BV (represented by Mr. Thierry Vanlancker), Mr. Eric Olsen, Mr. George Durman Esquivel, GDF Impact SRL (represented by Mr. Guy della Faille), Mr. Pierre-Alexandre Peters and Mr. Patrick Simonard as Directors will expire at the next general meeting of shareholders on May 02, 2024. They all are candidates for re-election. Upon recommendation of the People Committee, the Board proposes to the shareholders that they be re-elected for a three-year term of office, ending at the general meeting of shareholders in 2027.

The mandate of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises as auditor of the consolidated and non-consolidated accounts will expire at the next general meeting of shareholders on May 02, 2024. It has been proposed to the general meeting of shareholders KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Mr. Jeroen Trumpener, as auditor of the consolidated and non-consolidated accounts of Aliaxis SA, should be reappointed for a term of three years, ending at the general meeting of shareholders in 2027.

Financial performance



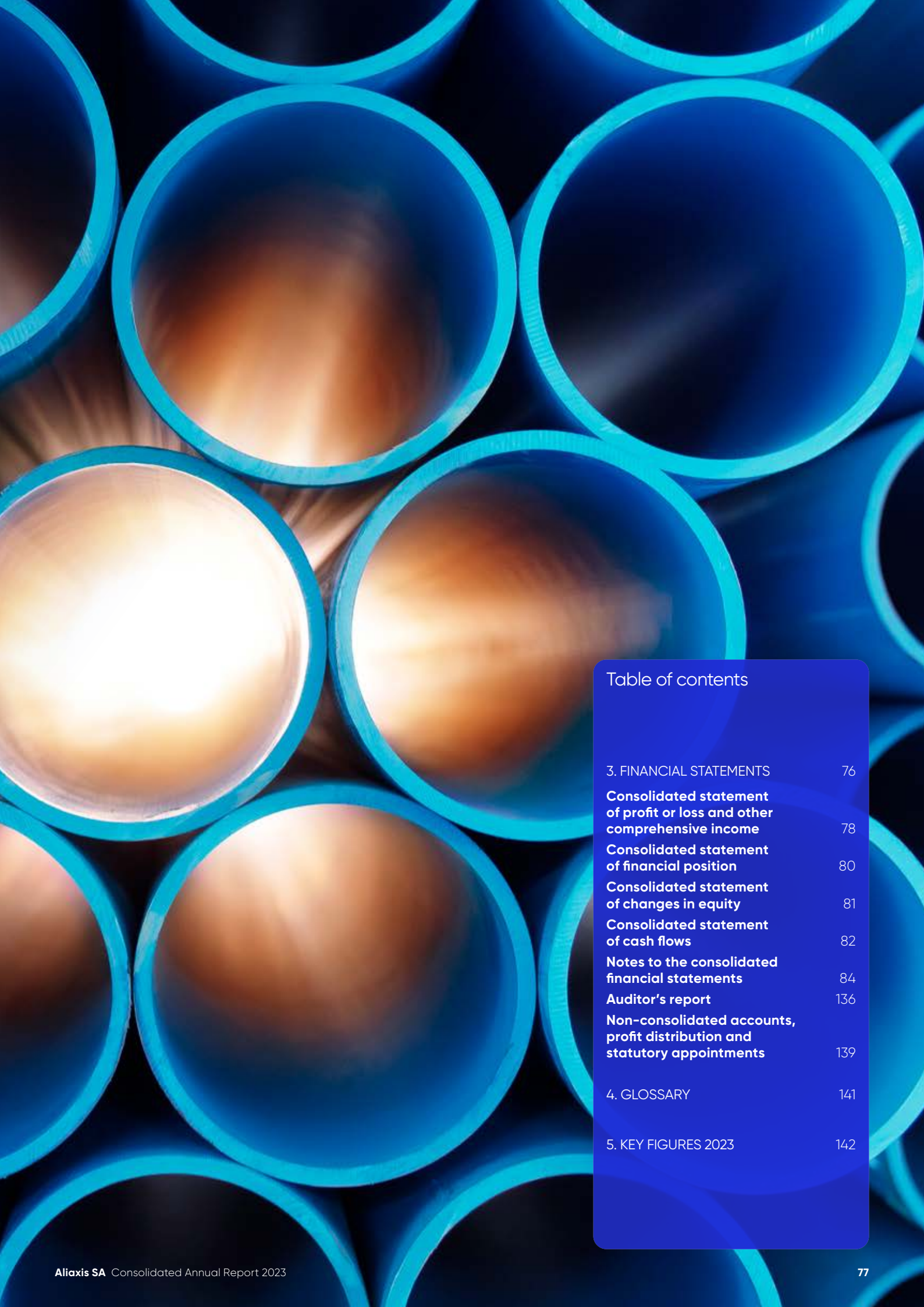


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Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of profit or loss

For the year ended 31 December (in € thousand)	Notes	2023	2022
Revenue	6, 7	**4,059,002**	4,341,865
Cost of sales		**(2,844,005)**	(3,085,141)
Gross profit		**1,214,997**	1,256,723
Commercial expenses		**(316,367)**	(281,429)
Administrative expenses		**(393,797)**	(344,849)
R&D expenses	6	**(37,207)**	(31,797)
Other operating income / (expenses)	9	**(26,011)**	(25,207)
Operating profit exclusive adjusted items	6	**441,614**	573,442
Adjusted items:			
Restructuring costs	6, 10	**(7,463)**	(125)
Other income / (expenses)	6, 11	**(12,962)**	(12,384)
Operating profit	6	**421,189**	560,933
Finance income	14	**113,705**	22,004
Finance expenses	13	**(71,612)**	(45,835)
Profit before income taxes		**463,282**	537,102
Income tax expense	15	**(139,395)**	(166,241)
Profit for the period		**323,888**	370,860
of which attributable to Group equity holders		***322,196***	*369,364*
of which attributable to non-controlling interests		***1,691***	*1,497*
Earnings per share (in €):			
Basic earnings per share	23	**4.10**	4.69
Diluted earnings per share	23	**4.10**	4.69

The notes on pages 85 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

For the year ended 31 December (in € thousand)	Notes	2023	2022
Profit for the period recognised in the income statement		**323,888**	370,860
Items that will never be reclassified to profit and loss:			
Remeasurements of defined benefit liability (asset) (net of taxes)	25b	**(11,498)**	(5,733)
Items that are or may be reclassified to profit and loss:			
Foreign currency translation differences for foreign operations	22	**(57,079)**	3,284
Net profit/(loss) on hedge of net investment in foreign operations		**406**	(118)
Cost of hedging reserves - changes in FV	30	**367**	(159)
Effective portion of changes in fair value of cash flow hedges	30	**(3,065)**	5,929
Change in fair value of cash flow hedges transferred to profit or loss	30	**2,079**	(5,858)
Deferred taxes related to hedges	30	**(2)**	154
Other comprehensive income for the period, net of income tax		**(68,792)**	(2,502)
Total comprehensive income for the period		**255,096**	368,359
of which attributable to Group equity holders		**254,665**	367,221
of which attributable to non-controlling interests		**430**	1,137

The notes on pages 85 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December (in € thousand)	Notes	2023	2022
Intangible assets and goodwill	16	**1,068,968**	875,376
Property, plant & equipment	17	**1,408,864**	1,202,017
Investment properties	18	**3,179**	3,173
Other assets		**56,967**	43,069
Derivative financial instruments with positive fair values	30	**214**	1,600
Deferred tax assets	26	**23,018**	16,947
Employee benefits	25b	**21,457**	33,495
Non-current assets		**2,582,667**	2,175,677
Inventories	19	**888,171**	1,061,621
Current tax assets		**63,012**	29,842
Amounts receivable	20	**559,874**	533,757
Derivative financial instruments with positive fair values	30	**309**	29,846
Cash & cash equivalents	21	**635,664**	744,247
Assets held for sale		**3,653**	4,586
Current assets		**2,150,682**	2,403,898
TOTAL ASSETS	6	**4,733,348**	4,579,575

As at 31 December (in € thousand)	Notes	2023	2022
Share capital	22	**62,666**	62,666
Share premium	22	**13,332**	13,332
Retained earnings and reserves		**2,315,522**	2,147,154
Equity attributable to Group equity holders		**2,391,520**	2,223,152
Non-controlling interests	22	**6,366**	6,542
TOTAL EQUITY		**2,397,886**	2,229,694
Loans and borrowings	24	**1,071,728**	1,081,537
Lease liabilities	31	**190,847**	143,904
Employee benefits	25b	**59,512**	59,746
Deferred tax liabilities	26	**60,525**	73,826
Provisions	27	**46,009**	34,003
Other amounts payable	29	**3,872**	3,775
Non-current liabilities		**1,432,493**	1,396,791
Loans and borrowings	24	**83,097**	228,551
Lease liabilities	31	**31,460**	26,132
Bank overdrafts	21	**12,268**	6,006
Provisions	27	**26,521**	38,694
Derivative financial instruments with negative fair values	30	**6,174**	5,259
Current tax liabilities	28	**66,304**	100,751
Amounts payable	29	**677,146**	545,817
Liabilities held for sale		**–**	1,879
Current liabilities		**902,970**	953,089
TOTAL LIABILITIES	6	**2,335,463**	2,349,880
TOTAL EQUITY & LIABILITIES		**4,733,348**	4,579,575

The notes on pages 85 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2022

(in € thousand)	Notes	Share capital	Share premium	Hedging reserve	Reserve for own shares	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2022		62,666	13,332	304	(166,472)	(58,857)	2,066,322	1,917,295	6,877	**1,924,172**
Profit for the period							369,364	369,364	1,497	**370,860**
Other comprehensive income:										
Foreign currency translation differences	22			(87)		3,613	117	3,643	(359)	**3,284**
Net gain on hedge of net investment (net of tax)	22					(118)		(118)		**(118)**
Cash flow hedges (net of tax)	30			66				66		**66**
Remeasurement IAS19	25b						(5,733)	(5,733)		**(5,733)**
Transactions with Group equity holders:										
Own shares sold					33		566	599		**599**
Dividends to shareholders	22						(61,530)	(61,530)	(1,482)	**(63,012)**
Scope changes					(422)		(11)	(433)	11	**(422)**
As at 31 December 2022		62,666	13,332	283	(166,861)	(55,363)	2,369,095	2,223,152	6,542	**2,229,694**

2023

(in € thousand)	Notes	Share capital	Share premium	Hedging reserve	Reserve for own shares	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2023		62,666	13,332	283	(166,861)	(55,363)	2,369,095	2,223,152	6,542	**2,229,694**
Profit for the period							322,196	322,196	1,691	**323,888**
Other comprehensive income:										
Foreign currency translation differences	22			(63)		(55,735)	(21)	(55,818)	(1,261)	**(57,079)**
Net gain on hedge of net investment (net of tax)	22					406		406		**406**
Cash flow hedges (net of tax)	30			(621)				(621)		**(621)**
Remeasurement IAS19	25b						(11,498)	(11,498)		**(11,498)**
Transactions with Group equity holders:										
Own shares acquired					(18,871)			(18,871)		**(18,871)**
Own shares sold					38		310	348		**348**
Dividends to shareholders	22						(67,441)	(67,441)	(604)	**(68,045)**
Scope changes					(75)		(260)	(335)	(2)	**(337)**
As at 31 December 2023		62,666	13,332	(400)	(185,769)	(110,692)	2,612,381	2,391,519	6,367	**2,397,885**

The notes on pages 85 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December (in € thousand)	Notes	2023	2022
OPERATING ACTIVITIES			
Profit after income tax		**323,888**	370,860
Depreciation	17, 18	**148,987**	132,649
Amortisation	16	**28,543**	21,537
Impairment losses on PP&E, intangible assets and assets held-for-sale	17, 16	**847**	844
Impairment losses on working capital and others	19, 30	**18,108**	21,323
Increase / (decrease) in provisions in profit and loss	27	**27,041**	37,474
Financial instruments - fair value adjustment through profit or loss		**3,702**	(82)
Net interest (income) / expenses	14, 13	**34,282**	19,631
Dividend income	14	**(5,581)**	–
Loss / (gain) on sale of property, plant and equipment	9	**(494)**	(1,711)
Loss / (gain) on sale of assets held-for-sale		**(0)**	(2)
Loss / (gain) on sale of businesses		**(571)**	(0)
Loss/(gain) on de-recognition inv securities	14	**(81,690)**	–
Income tax expense		**139,395**	166,241
Other – miscellaneous		**(6,434)**	(444)
Gross cash flows from operating activities		**630,024**	768,320
Decrease / (increase) in inventories		**170,686**	(305,945)
Decrease / (increase) in amounts receivable		**(107,356)**	(116,508)
Increase / (decrease) in amounts payable		**150,067**	(43,427)
Increase / (decrease) in provisions	27	**(4,026)**	(29,830)
Changes in working capital and provisions		**209,371**	(495,710)
Cash generated from operations		**839,395**	272,610
Income tax paid	15	**(221,990)**	(203,181)
Net cash flows from operating activities		**617,405**	69,429

For the year ended 31 December (in € thousand)	Notes	2023	2022
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	17	**1,101**	3,126
Proceeds from sale of assets held-for-sale		**–**	2
Proceeds from sale of investments	14	**418,909**	762
Repayment of loans granted	24	**100**	–
Sale of a business, net of cash disposed of	8	**(1)**	(2)
Acquisition of businesses, net of cash acquired	8	**(226,531)**	(211,660)
Acquisition of property, plant and equipment	17	**(275,495)**	(282,294)
Acquisition of intangible assets	16	**(55,559)**	(42,786)
Acquisition of other investments	3g, 14	**(294,759)**	(28,426)
Loans granted	24	**(49)**	(299)
Dividends received	14	**5,581**	–
Interest received		**20,384**	12,123
Net cash flows used in investing activities		**(406,321)**	(549,455)

The notes on pages 85 to 135 are an integral part of these consolidated financial statements.

For the year ended 31 December (in € thousand)	Notes	2023	2022
FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		**348**	33
Proceeds from obtaining borrowings	24	**348,114**	316,417
Repurchase of treasury shares		**(18,871)**	–
Repayment of borrowings	24	**(489,433)**	(91,359)
Repayment of leasing	31	**(41,918)**	(36,015)
Dividends paid	22	**(68,906)**	(63,042)
Interest paid		**(44,991)**	(25,483)
Payment of transaction costs related to loans and borrowings		**(3)**	(1)
Cash flows from financing activities		**(315,660)**	100,550
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(104,575)**	(379,476)

Cash and cash equivalents

For the year ended 31 December (in € thousand)	Notes	2023	2022
As at 1 January 2023	21	**738,241**	1,107,689
Net (decrease) / increase in cash and cash equivalents		**(104,575)**	(379,476)
Cash and cash equivalents resulting from scope changes and A/L HFS transfers		**–**	(1,105)
Effect of exchange rate fluctuations on cash held		**(10,270)**	11,132
As at 31 December 2023	21	**623,396**	738,241

The notes on pages 85 to 135 are an integral part of these consolidated financial statements.

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1. Corporate information

Aliaxis SA ("the Company") is a company incorporated under the laws of Belgium, registered with the Crossroads Bank for Enterprises (Banque-Carrefour des entreprises/ Kruistpunt van Ondernemingen) under number 0860.005.067. The address of the Company's registered office is Avenue Arnaud Fraiteur, 15-23, 1050 Brussels. The consolidated financial statements of the Company as at and for the year ended December 31, 2023 comprise the Company, its subsidiaries and interest in equity accounted investees (together referred to as the "Group" or "Aliaxis").

In 2023, Aliaxis employed around 15,900 people, is present in more than 40 countries throughout the world, and is represented in the marketplace through more than 75 manufacturing and selling companies, many of which trade using their individual brand identities. The Group is primarily engaged in the manufacture and sale of plastic pipe systems and related building and sanitary products which are used in residential and commercial construction and renovation as well as in a wide range of industrial and public utility applications.

The financial statements have been authorised for issue by the Company's Board of Directors on March 25, 2024.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective and adopted by the European Union as at January 1, 2023.

The Company has not elected for early application of any of the standards or interpretations which were not yet effective on the reporting date.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- share-based payment arrangements;
- employee benefits;
- asset held for sale.

(c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements, are described in the following notes:

- Note 16 – measurement of the recoverable amounts of cash-generating units;
- Note 25b – measurement of defined benefit obligations;
- Note 26 – use of tax losses;
- Notes 27 and 33 – provisions and contingencies;
- Note 28 – liabilities for uncertain tax positions;
- Note 30 – valuation of derivative financial instruments and determination of effectiveness for hedge accounting.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair values of an asset and liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 18 – investment properties;
- Note 30 – financial instruments.

3. Material accounting policies

Except for the changes explained below, the accounting policies adopted are consistent with those of the previous financial year.

As of January 1, 2023, Aliaxis adopted the following new and amended IFRS standards and interpretations and considered that did not result in significant changes in the consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on February 12, 2021, include narrow-scope amendments to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on February 12, 2021, clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued on May 7, 2021, clarifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules, issued on May 23, 2023, provide a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief. The relief is effective immediately and applies retrospectively. It will apply until the IASB decides either to remove it or to make it permanent.

The amendments also require new disclosures once tax law is enacted but before top-up tax is effective and after top-up tax is effective.

(a) Basis of consolidation

A list of the most important subsidiaries and equity accounted investees is presented in Note 35.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any related, non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Aliaxis entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are carried at historical cost are translated at the reporting date at exchange rates at the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the reporting date at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments at Fair Value through OCI (FVOCI) or a financial liability designated as a hedge of the net investment in a foreign operation (see below), which are recognised directly in other comprehensive income (OCI) under translation reserve.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at average exchange rates for the year approximating the foreign exchange rates at the dates of the transactions. The components of shareholders' equity are translated at historical exchange rates.

Foreign currency differences are recognised in OCI and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Hedge of net investment in a foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the euro regardless of whether the net investment is held directly or through an intermediate parent. Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in OCI under translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When an entity partially disposes of a subsidiary that includes a foreign operation, but retains control, the entity re-attributes a proportionate share of the cumulative amounts previously recognised in OCI to NCI.

In addition, monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are a part of the Group's net investment in such foreign operation. Any foreign currency differences on these items are recognised directly in OCI under translation reserve, and the relevant cumulative amount in OCI is transferred to profit or loss when the investment is disposed of, in part or in full.

Exchange rates

The following major exchange rates have been used in preparing the consolidated financial statements.

	Average		Reporting date	
	2023	2022	2023	2022
AUD	**1.629**	1.516	**1.621**	1.569
CAD	**1.459**	1.370	**1.462**	1.444
GBP	**0.870**	0.853	**0.867**	0.887
NZD	**1.762**	1.658	**1.747**	1.680
USD	**1.082**	1.053	**1.104**	1.067
INR	**89.326**	82.693	**91.852**	88.171

(c) Intangible assets and goodwill

Goodwill

The carrying amount of goodwill is allocated to those reporting entities that are expected to benefit from the synergies of the business combination and those are considered as the Group's cash-generating units.

Goodwill is expressed in the functional currency of the reporting entity to which it is allocated and is translated to euro using the exchange rate at the reporting date.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is measured at cost less accumulated impairment losses (see Note 3k).

The Group elected not to restate those business combinations that occurred prior to the transition to IFRS; this goodwill represented the amount, net of accumulated amortisation, recognised under the Group's previous accounting framework, Belgian GAAP.

For acquisitions as of January 1, 2010, goodwill represents the excess of the consideration transferred with respect to the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Intangible assets acquired in a business combination

Intangible assets such as customers' relationships, trademarks, patents acquired in a business combination initially are recognised at fair value. If the criteria for separate recognition are not met, they are subsumed under goodwill.

The calculation of the fair value of a customer list is based on the discounted cash flows (after tax) derived from the sales related to such customers after (i) applying an attrition rate (as observed over a relevant historical period of time), and (ii) accounting for all related operating costs (except financial) including specific contributory charges on assets and labour.

Research and development
Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Aliaxis intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes capitalised borrowing costs and the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. If the recognition criteria referred to above are not met, the expenditure is recognised in profit or loss as an expense when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation (see below) and accumulated impairment losses (see Note 3k).

Other intangible assets
Other intangible assets that are acquired by Aliaxis which have finite useful lives are measured at cost less accumulated amortisation (see below) and accumulated impairment losses (see Note 3k).

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets with a finite life, from the date that they are available for use. Goodwill is not amortised. The estimated useful lives are as follows:

– Patents, concessions and licenses	5 years
– Capitalised development costs	3-5 years
– IT software	5-7 years
– Drawings	25 years

The value of the customer list is amortised – with a straight-line method – along a useful life which corresponds to the number of years until the present value of the last individual cash-flow becomes insignificant.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see Note 3k). Aliaxis elected to measure certain items of property, plant and equipment at 1 January 2005, the date of transition to IFRS, at fair value and used those fair values as deemed cost at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset; e.g. cost of materials and direct labour, costs incurred to bring the asset to its working condition and location for its intended use, any relevant costs of dismantling and removing the asset and restoring the site on which the asset was located when the Group has an obligation. Purchased software that is integral to the functionality of the related equipment and borrowing costs are capitalised, as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within other income/expenses in profit or loss.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item only if it is probable that the future economic benefits embodied within such part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless there is certainty that the Group will take ownership at the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives are as follows:

– Buildings:	
– Structure	40-50 years
– Roof and cladding	15-40 years
– Installations	15-20 years
– Plant, machinery and equipment:	
– Silos	20 years
– Machinery and surrounding equipment	10 years
– Moulds	3-5 years
– Furniture	10 years
– Office machinery	3-5 years
– Vehicles	5 years
– IT & IS	3-5 years

Depreciation methods and useful lives, together with residual values if not insignificant, are reassessed at each reporting date and adjusted if appropriate.

(e) Right-of-use assets

Leases are recognised as a right-of-use asset and corresponding lease liability at the date of which the leased asset is available for use by the Group. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of less than 12 months ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets'). Low value refers to assets with a value of €5.000 or less when they are new.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate which has been determined along two dimensions:

– The currency in which the lease contract is denominated;
– The duration of the lease contract. For simplicity, durations have been grouped in categories with individual appropriate rates being extrapolated when necessary and averaged thereafter.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease payments that are due within 12 months are classified as current liabilities. All lease payments that are due at least 12 months after the balance sheet date are classified as non-current liabilities.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Some of the car leases contain variable lease payments. It concerns car lease agreements that contain a Terminal Rental Adjustment Clause (TRAC): a final settlement calculation is made at termination of the lease to determine the final rental adjustment. This final rent adjustment is a rent payment (or credit) that reflects actual usage of the vehicle while under lease. This final amount is not known at lease commencement. The rental adjustment amount is not a specified amount but depends upon known factors such as monthly depreciation and initial acquisition cost, and several unknown factors at lease commencement, such as mileage, condition of the vehicle, wear and tear, damage, geography of operation, disposal channel, and other factors. Together, these factors generally represent "use" of the vehicle. Payments that vary due to use of the underlying asset and vehicle mileage specifically are variable lease payments. The final rental adjustment is recognised as expense or, in case of a credit, as a reduction of expenses when realised.

(f) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and impairment losses (see Note 3k).

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of the property consistent with the useful lives for property, plant and equipment (see Note 3d).

The fair values, which are determined for disclosure purposes, are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

(g) Other non-current assets

Investments in equity securities

Investments in equity securities are undertakings in which Aliaxis does not have significant influence or control. These investments are designated as financial assets at Fair Value through profit and loss (FVTPL) which are, subsequent to initial recognition, measured at fair value, except for those equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Those equity instruments that are excluded from fair valuation are stated at cost. During 2023, Aliaxis invested €11.2 million in equity and debt securities in connection to its Aliaxis Next strategic programme.

Investments in debt securities

Investments in debt securities are classified at fair value through profit or loss or fair value through OCI and are carried at fair value with any resulting gain or loss respectively recognised in profit or loss or directly in OCI. Impairment losses (see Note 3k) and foreign exchange gains and losses are recognised in profit or loss.

Other financial assets

A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if Aliaxis manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other assets

These assets are measured at amortised cost using the effective interest rate method, less any impairment losses (see Note 3k).

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle for raw materials, packaging materials, consumables, purchased components and goods purchased for resale, and on the first-in first-out principle for finished goods, work in progress and produced components.

The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost also includes production costs and an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Amounts receivable

Amounts receivable comprise trade and other receivables. These amounts are carried at amortised cost, less impairment losses (see Note 3k).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with final maturities of three months or less at acquisition date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Group invests in Money Market funds (MMF). MMF are open-ended mutual funds that invest in short-term debt instruments such as treasury bills, certificates of deposit, bonds, government gilts and commercial paper. The main goals are the preservation of principal, high liquidity and a modest incremental return over short-term interest rates or a benchmark rate.

The Group only invests in MMF having high rating and daily liquidity. Those funds are considered as cash and cash equivalent and classified under IFRS9 as:
(i) at "constant net asset value (NAV)", accounted for as Money Market funds through OCI.
(ii) at "variable net asset value (NAV)", accounted for as Money Market funds through PL.

(k) Impairment

Financial assets
For financial instruments and contract assets, the Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt investments measured at FVOCI. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debts securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether the financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have an impact on the estimated future cash flows of the financial assets have occurred.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amounts of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see Note 3h) and deferred tax assets (see Note 3v), are reviewed at each reporting date to determine whether there is any external or internal indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The Group's overall approach as to the level for testing goodwill impairment is at the lowest level at which goodwill is monitored for external reporting purposes, which is in general at CGU. The recoverable amount of the CGUs to which the goodwill belongs is based on a discounted free cash flow approach, based on acquisition valuation models. These calculations are corroborated by valuation multiples or other available fair value indicators.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Discontinued operations and assets held for sale

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are measured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

(m) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends are recognised as liabilities in the period in which they are declared.

(n) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between the initial amount and the maturity amount being recognised in profit or loss over the expected life of the instrument on an effective interest rate basis.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the asset ceiling (if any, excluding interests) are recognised immediately in OCI. The Group determines the net interest expenses (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to a defined benefit plans are recognised in profit or loss.

When the calculation results in a benefit to Aliaxis, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans such as service anniversary bonuses is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when Aliaxis is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if Aliaxis has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term benefits
Short-term employee benefit obligations such as bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if Aliaxis has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions
The fair value of options granted to employees is measured at grant date. The amount is recognised as an employee expense, with a corresponding increase in equity within retained earnings, and spread over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of options granted to employees is measured using the Black & Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Provisions
A provision is recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

Restructuring
A provision for restructuring is recognised when Aliaxis has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly before the reporting date. Future operating losses are not provided for.

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

(q) Amounts payable
Amounts payable which comprise trade and other amounts payable represent goods and services provided to the Group prior to the end of the reporting date which are unpaid. These amounts are carried at amortised cost.

(r) Derivative financial instruments and hedge accounting
Aliaxis holds derivative financial instruments to hedge its exposure to foreign currency and interest rate risks arising from operational, financing and investment activities. As a policy, Aliaxis does not engage in speculative transactions and does not therefore hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, with the ultimate objective to validate the economic relationship between the hedging instrument and the hedged item. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative hedging instrument designated as a cash flow hedge is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in fair value is recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial items, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flow is no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit and loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts is separately accounted for a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

In other cases, the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Hedge of net investment in foreign operation

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be effective is recognised directly in equity within the translation reserve, while the ineffective portion is reported in profit or loss.

The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Fair value hedges

When a derivative financial instrument hedges the variability in fair value of a recognised asset or liability, any resulting gain or loss on the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

(s) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration and the existence of significant financing components (if any).

Rental income

Rental income from investment properties is recognised in profit or loss in other operating income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Government grants and subsidies

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that Aliaxis will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in other operating income and expense on a systematic basis over the useful life of the asset.

Government subsidies that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

(t) Adjusted items

Adjusted items are those items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the performance of the Group and this compared to the returns defined in the regulatory frameworks applicable to the Group and its subsidiaries. Adjusted items relate to:

- Income and expenses resulting from the sale of businesses
- Restructuring costs linked to the transformation and restructuring initiatives of the Group
- Impairment of non-financial assets (incl. goodwill impairment)
- Other income and expenses related to items outside the ordinary course of activities of the Group.

(u) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, net gains on the disposal of financial asset measured at fair value through OCI, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except losses on receivables) and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

(v) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including differences arising from fair values of assets and liabilities acquired in a business combination). Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and on the same taxable entity or group of entities.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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 benefit will be realised.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax.

At the date on which the financial statements were authorised for issue, Pillar 2 guidelines, introducing top-up tax, have been enacted in Belgium as in several other countries. In this context, impact of Pillar 2 has been assessed for the Group as not material. Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in.

(w) Contingencies

Contingent liabilities are not recognised in the consolidated financial statements, except if they arise from a business combination. They are disclosed, when material, unless the possibility of a loss is remote. Contingent assets are not recognised in the consolidated financial statements but are disclosed, when material, if the inflow of economic benefits is probable.

(x) Events after the reporting date

Events after the reporting date which provide additional information about the Group's position as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date which are non-adjusting events are disclosed in the notes to the consolidated financial statements, when material.

(y) Earnings per share

Aliaxis presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(z) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2023, and have not been applied in preparing these consolidated financial statements:

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on January 23, 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

On July 15, 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments with one year.

On October 31, 2022, the IASB issued Non-current liabilities with Covenants, which amends IAS 1 and specifies that covenants (i.e. conditions specified in a loan arrangement) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

All of the amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The amendments are not expected to have a material impact on the Group's consolidated statements. The amendments have not yet been endorsed by the EU.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on September 22, 2022, introduce a new accounting model which will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.

Under this new accounting model for variable payments, a seller-lessee will:

- include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and
- after initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

These amendments will not change the accounting for leases other than those arising in a sale-and-leaseback transaction.

The amendments apply retrospectively[1] for annual periods beginning on or after January 1, 2024 with early application permitted. These amendments are not expected to have a material impact on the Group's consolidated statements. These amendments have been endorsed by the EU.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, issued on May 25, 2023, introduce additional disclosure requirements for companies that enter into supplier finance arrangements. The amendments are effective for periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available. These amendments are not expected to have a material impact on the Group's consolidated statements. These amendments have not yet been endorsed by the EU.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on August 15, 2023, clarify when a currency is exchangeable into another currency (and when it is not). When a currency is not exchangeable, a company needs to estimate a spot rate. The company's objective when estimating a spot rate is that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2025 with early adoption permitted. These amendments are not expected to have a material impact on the Group's consolidated statements. These amendments have not yet been endorsed by the EU.

4. Business combinations

(a) Acquisition method

Business combinations are accounted for using the acquisition method when control is transferred to the Group (definition of control see 3a). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment.

Any gain on a bargain purchase is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

Put options granted to non-controlling shareholders are recognised as a liability measured at the present value of the exercise price and accounted for using the present-access method when the NCI have present access to the returns that are the subject of the put options. Under this method, NCI continue to be recognised because the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests. All changes in the carrying amount of the liability are recognised in equity. The financial liability arising from the put option is not included in the consideration transferred of a business combination but accounted for separately. If the put option expires unexercised, then the put liability is reversed against equity.

1 The seller-lessees will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

(b) Determination of fair values

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at acquisition date as follows:

- The fair value of property, plant and equipment is based on market values. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items when available and depreciated replacement costs when appropriate.
- The fair value of patents and trademarks is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.
- The fair value of customer list is based on the discounted cash flows (after tax) derived from the sales related to such customers after (i) applying an attrition rate (as observed over a relevant historical period of time), and (ii) accounting for all related operating costs (except financial) including specific contributory charges on assets and labour.
- The fair value of inventories is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
- Contingent liabilities are recognised at fair value on acquisition, if their fair value can be measured reliably. The amount represents what a third party would charge to assume those contingent liabilities, and such amount reflects all expectations about possible cash flows and not the single most likely or the expected maximum or minimum cash flow.

5. Financial risk management

(a) Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, the Group's objectives, policies and processes for measuring and managing risk, as well as the Group's management of capital. Further quantitative disclosures are included throughout the notes to the consolidated financial statements.

Risks relating to credit worthiness, interest rate and exchange rate movements, commodity prices and liquidity arise in the Group's normal course of business. However, the most significant financial exposures for the Group relate to the fluctuation of interest rates on the Group's financial debt and to fluctuations in currency exchange rates.

The Group addresses these risks and defines strategies to limit their economic impact on its performance in accordance with its financial risk management policy. Such policy includes the use of derivative financial instruments. Although these derivative financial instruments are subject to fluctuations in market prices subsequent to their acquisition, such changes are generally offset by opposite changes in the value of the underlying items being hedged.

The Audit Committee is responsible for overseeing how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee relies on the monitoring performed by management.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer, its industry and the country or region where it operates. The Group's main sales distribution channels are wholesale and retail do-it-yourself (DIY) chains. Despite a trend towards consolidation in Europe and North America, the diversity of Aliaxis' product range helps it to maintain a wide customer portfolio and to avoid, as much as possible, exposure to any significant individual customer.

Aliaxis management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit above a certain amount. The Group does not require collateral, except in very rare circumstances, in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a robust credit rating. Transactions involving derivatives are with counterparties with whom the Group has a signed netting agreement and who have sound credit ratings. Management does not expect any counterparty to fail to meet its obligations.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Group ensures access to Banking Facilities and Debt Capital Markets instruments.

– As for Banking Facilities, the Group has a multi-currency revolving credit facility of EUR 950 million maturing in October 2028
– As for Debt Capital Markets Instruments, the Group has issued:

(i) USD 35 million of US Private Placement notes for a period of 10 years maturing in 2025;
(ii) EUR 18 million of US Private Placement (swap note) for a period of 12 years maturing in 2027; and
(iii) a seven-year bond of EUR 750 million maturing in November 2028.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates or equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the financial risk management policies. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to foreign currency risk on transactions such as sales, purchases, borrowings, dividends, fees and interests, denominated in non-euro currencies. Currencies giving rise to such risk are primarily the Canadian dollar (CAD), the Australian dollar (AUD), the New Zealand dollar (NZD), the pound sterling (GBP), the Indian rupee (INR) and the US dollar (USD). Where there is no natural hedge, the foreign currency risk is primarily managed by the use of forward exchange derivatives contracts. All contracts have maturities of less than one year. Foreign currency risk on firm commitments and forecast transactions is subject to hedging (in whole or in part) when the underlying operating transactions are reasonably expected to occur within a determined time frame. Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities, other than loans granted to Group companies, denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign exchange gains and losses. For some derivative instruments hedging loans granted to Group companies and denominated in foreign currencies, hedge accounting applies, with forward component accounted for in equity (cost of hedge reserve) and foreign exchange impact directly recycled in profit and loss.

The Group's policy is to partially hedge the risk arising from consolidating net assets denominated in non-euro currencies by permanently maintaining liabilities through borrowings or cross currency swaps in such non-euro currencies. Where a foreign currency borrowing, or cross currency swaps are used to hedge a net investment in a foreign operation, exchange differences arising on translation of the borrowing are recognised directly in OCI within translation reserve.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily CAD, EUR, GBP, AUD, INR, and USD. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Commodity risk

Raw materials used to manufacture the Group's products mainly consist of plastic resins such as polyvinylchloride (PVC), polyethylene (PE) and polypropylene (PP), which are a significant element of the cost of the Group's products. The prices of these raw materials are volatile and tend to be cyclical, and Aliaxis is generally able to recover raw material price increases through higher product selling prices, although sometimes after a time lag. The Group increasingly seeks to optimise its resin purchases thanks to a centralised approach to the procurement of major raw materials.

In addition, the Group is also exposed to the volatility of energy prices (particularly electricity).

Interest rate risk

The Group has floating-rate borrowings exposed to the risk of changes in cash flows, due to changes in interest rates. The Group has also fixed rate debt instruments (US Private Placement Notes denominated in USD and in EUR and a bond denominated in EUR).

The Group policy is to hedge its interest rate risk through swaps, cross currency swaps and other derivatives. No derivatives are ever acquired or maintained for speculative or leveraged transactions.

Other market price risk

Demand for the Group's products is principally driven by the level of construction activity in its main markets, including new housing, repairs, maintenance and improvement, infrastructure and industrial markets. Its geographical and industrial spread provides a degree of risk diversification. Demand is influenced by fluctuations in the level of economic activity in individual markets, the key determinants of which include GDP growth, changes in interest rates, the level of new housing starts and industrial and infrastructure investment.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain the confidence of investors, creditors and other stakeholders and to sustain future development of the business. The Board of Directors monitors the return on equity (profit of the year attributable to equity holders of the Group divided by the average of equity attributable to equity holders of Aliaxis at the beginning and end of the reporting period).

The Board of Directors also monitors the level of dividends to ordinary Shareholders. The Group's present intention is to recommend to the Shareholders' Meeting a dividend increasing in line with past practice and subject to annual review in light of the future profitability of the Group.

No assurance can however be given that the Company will pay dividends in the future. Such payments will depend upon a number of factors, including prospects, strategies, results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered relevant by the Board.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In 2023, the Group share of return on equity was 14.0% (2022: 17.8%). In comparison the weighted average interest rate of the gross financial interest-bearing indebtedness (including interest expense on lease liabilities) was 3.2% (2022: 2.1%)

There were no changes in the Group's approach to capital management during the year, which will remain prudent given the current economic circumstances.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. Operating Segments

The Group has the following four strategic divisions, which are its reportable segments:

- Americas
- Pacific
- EMEA
- Asia

These divisions are managed separately because they require different marketing strategies. The Group's chief operating decision maker reviews the internal management reports of each division at least quarterly.

Other segments include minor business in China and South Africa. None of these segments met the quantitative thresholds for reportable segments in 2023 or 2022.

There are few intersegment relationships which are limited to some transfers of raw materials and shared distribution services. Information related to each reportable segment is set out below. Segment Adjusted EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Americas		Pacific		EMEA		Asia		Other segments		Not allocated to operating segments		TOTAL GROUP	
(in € thousand)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenues	**2,013,708**	2,163,674	**483,117**	548,092	**957,842**	984,842	**560,942**	597,585	**43,391**	47,671	**–**	–	**4,059,002**	4,341,865
Adjusted EBIT	**387,596**	464,934	**36,962**	37,384	**49,313**	54,281	**(2,288)**	43,958	**(3,901)**	(2,078)	**(26,069)**	(25,037)	**441,614**	573,442
Depreciation and amortisation	**77,409**	62,258	**27,700**	28,200	**39,632**	34,986	**25,035**	23,236	**2,164**	2,038	**5,936**	4,005	**177,876**	154,722
Adjusted EBITDA	**465,004**	527,191	**64,662**	65,583	**88,946**	89,267	**22,747**	67,194	**(1,737)**	(40)	**(20,132)**	(21,032)	**619,490**	728,165
Restructuring costs	**(2,262)**	(182)	**–**	57	**(5,059)**	–	**–**	–	**(142)**	–	**–**	–	**(7,463)**	(125)
Other income / (expenses)	**(3,159)**	1,648	**–**	–	**(952)**	(3,964)	**–**	–	**–**	–	**(8,851)**	(10,069)	**(12,962)**	(12,384)
Segment result (EBIT)	**382,175**	466,400	**36,962**	37,441	**43,302**	50,317	**(2,288)**	43,958	**(4,043)**	(2,078)	**(34,919)**	(35,105)	**421,189**	560,933
Segment assets	**2,164,450**	2,137,852	**433,377**	422,426	**729,808**	768,899	**500,256**	512,756	**52,186**	61,074	**853,271**	676,568	**4,733,348**	4,579,575
Segment liabilities	**601,751**	497,398	**120,494**	119,722	**242,310**	245,914	**157,525**	146,840	**17,363**	15,241	**1,196,020**	1,324,766	**2,335,463**	2,349,880
Capital expenditures	**178,164**	191,528	**45,532**	21,659	**59,645**	55,317	**27,493**	41,881	**552**	708	**19,669**	13,987	**331,054**	325,080
Capital employed	**1,734,776**	1,441,922	**328,632**	339,082	**622,576**	634,191	**421,212**	467,686	**34,995**	38,065	**81,893**	100,487	**3,224,083**	3,021,434
R&D expenses	**7,472**	6,412	**2,728**	1,763	**9,674**	9,204	**2,748**	2,059	**2,299**	332	**12,287**	12,026	**37,207**	31,797
Average number of employees (FTE)	**6,678**	6,068	**1,343**	1,293	**4,437**	4,512	**2,622**	2,526	**557**	610	**221**	204	**15,857**	15,212

Unallocated assets mainly relate to financial intercompany transactions, cash and cash equivalent, derivatives, intangible fixed assets and receivables.

Unallocated liabilities mainly relate to financial debts, current and deferred tax liabilities and payables.

We refer to section 2, Directors' report of the Annual Report for an explanation of the major evolutions by segment.

7. Revenue

In 2023, the Group revenue decreased compared to the outstanding results from 2022 due to challenging market conditions throughout 2023.

(a) Revenue from external customers by activity

(in € thousand)	2023	2022
Building	**1,759,461**	1,853,257
Infrastructure	**1,407,554**	1,503,323
Industry	**612,132**	648,368
Agriculture	**243,475**	262,879
Other	**36,379**	74,038
Total revenue	**4,059,002**	4,341,865

(b) Revenue from external customers by geographical area

(in € thousand)	2023	2022
North America	**1,672,937**	1,771,276
India	**549,950**	582,924
Australia	**355,577**	384,509
France	**282,909**	278,148
United Kingdom	**163,948**	193,400
Germany	**140,714**	149,557
New Zealand	**122,248**	156,194
Peru	**65,901**	90,704
Spain	**67,914**	68,634
Chile	**41,178**	47,431
Italy	**77,349**	58,848
Rest of the world	**518,376**	560,240
Total revenue	**4,059,002**	4,341,865

8. Acquisitions and disposals of subsidiaries and non-controlling interests

(a) Valencia

In May 2023, the Group announced an agreement to acquire the Valencia Pipe Company's plastic pipe and fittings manufacturing division. Valencia's plastic pipe and fittings manufacturing division provides a highly complementary geographic and product fit with IPEX, our leading brand in North America and will further strengthening the Company's position in the USA.

The asset deal was completed by IPEX USA LLC on June 27, 2023 for an amount of €214 million and the assets are fully integrated in the North America business.

€28 million revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction and acquisition costs, the income of Valencia included in the consolidated income statement for the reporting period since acquisition is €2 million.

The values of assets recognised on acquisition are their estimated fair values amounting to €146 million (See Note 2 for method used in determining fair values).

Goodwill of €69 million is attributable to the profitability and the growth potential of the acquired assets.

The Group incurred acquisition-related costs of €3 million (see Note 11).

		Valencia		
(in € thousand)	Notes	Pre-acquisition carrying amounts	Fair-value adjustments	Recognised values on acquisition
Intangible assets	16	–	107,972	107,972
Property, plant and equipment	17	15,298	1,724	17,022
Inventories	19	16,349	4,657	21,006
Amounts receivable	20	51	–	51
Amounts payable	29	(481)	–	(481)
Net identifiable assets and liabilities		**31,217**	**114,353**	**145,571**
Consideration paid, satisfied in cash				**214,350**
Goodwill on acquisition	**16**			**68,779**

(b) Zypho

On May 31, 2023 the Group announced the acquisition of Zypho, a Portuguese tech company that has been at the forefront of drain water heat recovery solutions in buildings for over a decade. The solutions brought by Zypho focus on lowering carbon emissions while cutting energy bills, which perfectly aligns with the Group's commitment to sustainability and water preservation.

This acquisition will enable the Group to use its global presence and experience in fluid management solutions to further expand the reach of Zypho's products. In addition, the Group will benefit from Zypho's expertise on innovative drain water.

As of June 2023 onwards, the accounts of Zypho are fully integrated in the consolidated financial statements of the Group. Aliaxis holds 100% of the shares of this new entity.

The consideration paid, satisfied in cash amounted to €9.6 million and resulted in a goodwill of €7.9 million.

(c) Lareter SPA

The purchase price allocation of Lareter SPA, acquired in December last year, has been finalised and did not result in any material adjustments.

(d) Other acquisitions

In May 2023, the Group announced the acquisition of the recycling expert Compounding Specialists Ltd (Comspec). Comspec processes polypropylene and high-density polyethylene into pellets. The high-quality recycled resins are then used by the plastic manufacturers around the country as raw material in their production.

Comspec's expertise in recycling plastic materials allows the Group to provide the operations with recycled material, reduce the Groups' own carbon footprint and further work by the side of the customers to achieve their own sustainability goals.

The plastic recycler located in Christchurch, New Zealand (NZ) has been purchased by Plastics Recycling NZ, a joint venture between Aliaxis and Waste Management NZ. Plastics Recycling NZ, operational since 2023, aims to invest in plastic recycling solutions to reduce plastic construction and demolition waste and transformed it into recycled raw material.

The impact of Comspec via the Plastics Recycling NZ joint venture is not to be considered as material in 2023.

(e) Russian businesses

Aliaxis decided in the second quarter 2022, to exit its activity in Russia and an impairment of €4.3 million was recognised. The assets and liabilities of Russian entities were classified in 2022 as Assets- and liabilities- held for sale. In 2023, the transaction has been finalised and resulted in a gain of €0.6 million.

9. Other operating income and expenses

(in € thousand)	2023	2022
Government grants	**488**	674
Rental income from investment properties	**1,110**	1,194
Operating costs of investment properties	**(112)**	(119)
Gain/(loss) on the sale of fixed assets	**21**	98
Restructuring costs	**(252)**	(2,440)
M&A related intangibles amortisation	**(22,204)**	(17,156)
Taxes to be considered as operating expenses	**(7,153)**	(7,701)
Other rental income	**548**	506
Insurance recovery	**2,011**	216
Impairment on fixed assets	**(237)**	(561)
Other	**(230)**	83
Other operating income / (expenses)	**(26,011)**	(25,207)

10. Restructuring costs

The restructuring expenses for the year ended December 31, 2023 amounted to €7.5 million. These expenses related mainly to transformation and restructuring initiatives in EMEA and Latin America.

11. Other income and expenses

The total other income and expense amounted to €13.0 million and mainly related to merger and acquisition costs of Uponor, Valencia Pipes and Zypho.

In 2022, the total other income and expense amounted to €12.4 million and mainly related to merger and acquisition costs for €9.8 million and to the exit of our activity in Russia for €4.3 million partly offset by the gain on sales of land and building in Panama for €1.6 million.

12. Additional information on operating expenses

The following personnel expenses are included in the operating result:

(in € thousand)	Notes	2023	2022
Wages & salaries		**748,226**	702,484
Social security contributions		**102,906**	101,102
Net change in restructuring provisions		**478**	(27)
Expenses related to defined benefit plans	25b	**5,143**	5,728
Expenses related to defined contribution plans	25a	**23,589**	19,137
Other personnel expenses		**34,971**	27,349
Personnel expenses		**915,313**	855,773

The total average number of personnel was as follows:

(in units)	Notes	2023	2022
Production		**10,926**	10,533
Sales and marketing		**2,889**	2,838
R&D and administration		**2,042**	1,841
Total workforce	6	**15,857**	15,212

Personnel expenses, depreciation, amortisation and impairment charges are included in the following line items of the consolidated statement of profit and loss:

(in € thousand)	Personnel expenses	Depreciation and impairment of property, plant & equipment, investment property and assets held for sale	Amortisation and impairment of intangible assets	Total depreciation, amortisation and impairment
Cost of sales	496,419	124,011	662	124,673
Commercial expenses	173,599	6,699	170	6,869
Administrative expenses	220,462	15,866	5,348	21,215
R&D expenses	19,458	1,821	156	1,977
Other operating (income) / expenses	1,407	297	22,207	22,504
Adjusted items	3,968	1,142	(2)	1,140
Total	915,313	149,836	28,541	178,377

13. Finance expenses

(in € thousand)	2023	2022
Interest expense on financial borrowings	**(42,022)**	(24,715)
Interest expense on lease liabilities	**(8,785)**	(5,709)
Amortisation of deferred arrangement fees	**(1,666)**	(1,639)
Interest expense on other liabilities	**(115)**	(221)
Net change in the fair value of hedging derivatives – ineffective portion	**(212)**	–
Net foreign exchange loss	**(6,091)**	(6,404)
Bank fees	**(9,003)**	(4,032)
Other	**(3,718)**	(3,115)
Finance expenses	**(71,612)**	(45,835)

The increase in finance expenses is mainly driven by the fluctuation of interest expenses due to the increase in interest rates and core debt.

14. Finance income

(in € thousand)	2023	2022
Interest income from cash & cash equivalents	**16,644**	10,657
Interest income on other assets	**674**	357
Dividend income	**5,581**	–
Net change in the fair value of hedging derivatives – ineffective portion	**–**	27
Gain on sale of financial investments	**81,032**	–
Other	**9,775**	10,963
Finance income	**113,705**	22,004

The gain on sales of financial investments relates to the gain realised on the sales of shares held in Uponor. The dividend income mainly relates to Uponor shares. The Uponor transaction was also the main driver in the acquisition of other investments as well as in the proceeds from sales of investment as included in the consolidated statement of cash flows.

15. Income taxes

Income taxes recognised in the profit or loss can be detailed as follows:

(in € thousand)	2023	2022
Current taxes for the period	**(165,479)**	(177,122)
Adjustments to current taxes in respect of prior periods	**11,316**	(3,025)
Total current tax expense	**(154,162)**	(180,146)
Origination and reversal of temporary differences	**16,674**	9,687
Impact of change in enacted tax rates	**(857)**	(19)
Adjustment of deferred taxes in respect of prior periods	**(1,049)**	375
Recognition of deferred tax assets on tax losses not previously recognised	**–**	3,862
Total deferred tax income / (expense)	**14,768**	13,905
Income tax expense in profit & loss	**(139,395)**	(166,241)

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarised as follows:

(in € thousand)	2023		2022	
Profit before income taxes	**463,282**		537,102	
Tax at aggregated weighted nominal tax rate	**(120,300)**	**26.0%**	(135,359)	25.2%
Tax effect of:				
Non-deductible expenses	**(4,043)**	**0.9%**	(4,348)	0.8%
Non-deductible interest expenses	**(783)**	**0.2%**	(414)	0.1%
Tax credits and tax deductions	**1,903**	**(0.4%)**	1,620	(0.3%)
Current year losses for which no deferred tax asset is recognised	**(10,459)**	**2.3%**	(17,748)	3.3%
Change in enacted tax rates	**(857)**	**0.2%**	(19)	0.0%
Taxes on distributed and undistributed earnings	**(9,943)**	**2.1%**	(9,110)	1.7%
Withholding taxes	**(7,566)**	**1.6%**	(5,913)	1.1%
Other taxes on income	**(473)**	**0.1%**	(1,868)	0.3%
Utilisation of tax losses not previously recognised	**4,519**	**(1.0%)**	3,323	(0.6%)
Current tax adjustments in respect of prior periods	**11,316**	**(2.4%)**	(3,025)	0.6%
Deferred tax adjustments in respect of prior periods	**(1,049)**	**0.2%**	375	(0.1%)
Recognition of previously unrecognised tax losses and tax credits	**–**	**0.0%**	3,862	(0.7%)
Other	**(1,659)**	**0.4%**	2,383	(0.4%)
Income tax expense in profit & loss	**(139,395)**	**30.1%**	(166,241)	31.0%

Income taxes, consisting of current and deferred taxes, amounted to €139 million (2022: €166 million), representing an effective income tax rate of 30.1% (2022: 31.0%). Impact of Pillar 2 has been assessed for the Group as not material.

16. Intangible assets and goodwill

(in € thousand)	Goodwill	Intangible assets (finite life)	2023 Total Intangible assets	2022 Total Intangible assets
Cost				
As at 1 January	**712,687**	**462,318**	**1,175,004**	988,696
Changes in the consolidation scope & Asset deals	**76,864**	**110,732**	**187,596**	137,700
– Acquisitions	***76,864***	***110,805***	***187,670***	*137,700*
– Deconsolidation	**–**	***(73)***	***(73)***	–
Acquisitions	**–**	**55,559**	**55,559**	42,786
Disposals & retirements	**–**	**(767)**	**(767)**	(1,018)
Transfers	**(272)**	**673**	**401**	1,580
Exchange difference	**(12,129)**	**(13,415)**	**(25,543)**	5,260
As at 31 December	**777,150**	**615,101**	**1,392,251**	1,175,004
Amortisation and impairment losses				
As at 1 January	**(81,027)**	**(218,602)**	**(299,629)**	(267,412)
Changes in the consolidation scope	**–**	**(85)**	**(85)**	(4,483)
– Acquisitions	**–**	***(145)***	***(145)***	*(4,483)*
– Deconsolidation	**–**	***59***	***59***	–
Charge for the period	**–**	**(28,541)**	**(28,541)**	(21,548)
– Amortisation	**–**	***(28,543)***	***(28,543)***	*(21,537)*
– Impairment (recognised) / reversed	**–**	***2***	***2***	*(11)*
Disposals & retirements	**–**	**767**	**767**	1,032
Transfers	**272**	**(418)**	**(146)**	(781)
Exchange difference	**(303)**	**4,655**	**4,352**	(6,438)
As at 31 December	**(81,058)**	**(242,225)**	**(323,283)**	(299,629)
Carrying amount at the end of the period	**696,092**	**372,876**	**1,068,968**	875,376
Carrying amount at the end of the previous period	**631,660**	**243,716**	**875,376**	721,284

The changes in the consolidation scope & Asset deals relate to the acquisitions of Valencia and Zypho SA.

The acquisitions are mainly driven by the new ERP system that is currently being implemented.

The carrying amounts of goodwill allocated to each CGU at 31 December is as follows:

(in € thousand)		2023	2022
CGU	Country		
Aliaxis North America and subsidiaries	Canada and USA	**400,377**	339,387
FIP	Italy	**61,887**	61,887
New Zealand and subsidiaries	New Zealand	**35,320**	36,730
Ashirvad	India	**33,179**	34,564
Nicoll	France	**32,701**	32,701
Aliaxis Deutschland GmbH Technical Plastics	Germany	**31,712**	31,712
Philmac	Australia	**26,269**	27,128
Marley Deutschland Gmbh	Germany	**19,402**	19,402
Aquarius	Israel	**13,667**	14,540
Aliaxis Iberia	Spain	**9,429**	9,429
Zypho	Portugal	**7,901**	–
Nicoll Perù SA	Peru	**8,469**	8,519
La.Re.Ter	Italy	**8,125**	8,005
Other [1]	Other	**7,655**	7,654
Goodwill		**696,092**	631,660

(1) Carrying amount of goodwill for various CGUs of which none is individually significant.

The valuation parameters (WACC and growth rates) of goodwill allocated to each CGU at 31 December is as follow :

(in € thousand)		Growth beyond forecast periods	WACC pre-tax	WACC post-tax
CGU	Country			
Aliaxis North America and subsidiaries	Canada	1.00%	11.80%	8.70%
Aliaxis North America and subsidiaries	USA	1.00%	12.60%	9.20%
FIP	Italy	2.00%	12.60%	9.60%
New Zealand and subsidiaries	New Zealand	2.00%	13.70%	9.90%
Ashirvad	India	3.50%	18.60%	12.10%
Nicoll	France	2.00%	11.60%	8.40%
Aliaxis Deutschland GmbH Technical Plastics	Germany	2.00%	11.10%	7.80%
Philmac	Australia	2.00%	13.10%	9.10%
Marley Deutschland Gmbh	Germany	2.00%	11.10%	7.80%
Aliaxis Iberia	Spain	2.00%	11.80%	8.90%
Nicoll Perù SA	Peru	2.50%	16.00%	11.40%
Durman Esquivel and subsidiaries	Central America	2.50%	19.40%	13.50%
La.Re.Ter	Italy	2.00%	9.60%	12.63%
Aquarius	Israel	2.00%	9.25%	12.00%

For the purpose of impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs are, through calculation methods consistent with past practice, determined from value-in-use calculations. These value-in-use calculations use five-year free cash flow projections, starting from 2024 budget information and extrapolated for the four years thereafter. For Chile, the recoverable amounts of this CGU was assessed by the fair value of assets less cost of disposal.

Assumptions were made for each CGU taking into account past performance and management expectation of market developments, generally implying a stable operating performance vs. the 2024 budget and growth of 2% to 4% per year, and 7.5% for India (reflecting India's specific market characteristics). Deviations from such general assumptions were made for certain CGUs to deal with specific circumstances applying to such units, in particular for the investments of Aliaxis Next (CAGR of 50%-70%) and for parts of South America (Peru, CAGR of 6%).

The terminal value is based on the normalised cash flows at the end of the last projected period for each business and a sustainable nominal growth rate (including the expected inflation rate) of on average 1% for North America, 2% for Europe, Australia and New Zealand, 2.5% for Latin American (Peru and Central America) and 3.5% in India to reflect the higher growth prospects for the latter.

The cash flows are discounted at the average weighted cost of capital. Depending on the countries involved, the pre-tax weighted average cost of capital ranged between 11.1% and 19.4%, higher than previous years and reflecting the higher inflation and risk-free interest rates. The cost of equity component for developed economies is based on a risk-free rate and an equity risk premium of 5.4%. For emerging economies, a country risk premium is added. The cost of debt component for both types of economies reflects the estimated long-term cost of funding in the corresponding economies.

The results of the impairment test are sensitive to the assumptions used. An increase of 1% in the weighted average cost of capital or a 0.5% decrease in terminal growth would not result in a significant impairment loss.

During 2023, no impairment on goodwill has been recognised in the consolidated statement of profit or loss.

17. Property, plant and equipment

					2023	2022
(in € thousand)	Land & buildings	Plant, machinery & equipment	Other	Under construction & advance payments	Total	Total
Cost or deemed cost						
As at 1 January	**852,989**	**1,561,367**	**133,802**	**247,493**	**2,795,650**	2,420,911
Changes in the consolidation scope & Asset deals	**2,782**	**9,000**	**107**	**3,712**	**15,600**	56,926
– Acquisitions	***3,224***	***9,052***	***189***	***3,712***	***16,177***	*56,926*
– Deconsolidation	***(443)***	***(52)***	***(82)***	**–**	***(577)***	–
Acquisitions	**87,965**	**57,575**	**18,580**	**201,035**	**365,156**	347,787
Disposals & retirements	**(6,737)**	**(20,998)**	**(9,712)**	**(619)**	**(38,065)**	(28,969)
Transfers	**26,011**	**72,508**	**3,374**	**(104,976)**	**(3,084)**	3,669
Exchange difference	**(11,338)**	**(15,556)**	**(845)**	**(4,847)**	**(32,586)**	(4,671)
As at 31 December	**951,672**	**1,663,897**	**145,305**	**341,798**	**3,102,672**	2,795,650
Depreciation and impairment losses						
As at 1 January	**(311,389)**	**(1,185,586)**	**(96,066)**	**(593)**	**(1,593,633)**	(1,480,676)
Changes in the consolidation scope	**420**	**(8)**	**65**	**–**	**477**	(11,664)
– Acquisitions	**–**	***(59)***	***(1)***	**–**	***(60)***	*(11,664)*
– Deconsolidation	***420***	***51***	***66***	**–**	***537***	–
Charge for the period	**(44,049)**	**(90,707)**	**(14,985)**	**17**	**(149,725)**	(133,368)
– Depreciation	***(44,634)***	***(89,400)***	***(14,953)***	***0***	***(148,988)***	*(132,535)*
– Impairment (recognised) / reversed	***585***	***(1,307)***	***(32)***	***17***	***(737)***	*(833)*
Disposals & retirements	**5,369**	**20,400**	**9,319**	**41**	**35,130**	25,953
Transfers	**476**	**797**	**603**	**–**	**1,876**	933
Exchange difference	**2,658**	**9,021**	**413**	**(24)**	**12,068**	5,189
As at 31 December	**(346,515)**	**(1,246,082)**	**(100,651)**	**(560)**	**(1,693,808)**	(1,593,633)
Carrying amount at the end of the period	**605,157**	**417,815**	**44,654**	**341,238**	**1,408,864**	1,202,017
Carrying amount at the end of the previous period	**541,600**	**375,782**	**37,736**	**246,899**	**1,202,017**	940,235
Of which:						
Right-of-use assets at the end of the period	**193,482**	**11,655**	**14,824**	**–**	**219,961**	161,916
Right-of-use assets at the end of the previous period	**141,012**	**10,033**	**10,872**	**(0)**	**161,916**	125,678

Management considers that residual values of depreciable property, plant and equipment are insignificant.

The total acquisition of property, plant and equipment excluding leasing amounts to €275.5 million.

The disposal and retirement flows include the reversals of the fully depreciated property, plant and equipment both at the level of the gross book values and of the impairment values.

The changes in the consolidation scope & Asset deals relate to the acquisitions of Valencia and Zypho SA.

18. Investment properties

(in € thousand)	2023	2022
Cost		
As at 1 January	**9,947**	10,109
Exchange difference	**370**	(162)
As at 31 December	**10,317**	9,947
Depreciation and impairment losses		
As at 1 January	**(6,774)**	(6,766)
Charge for the period	**(112)**	(114)
– Depreciation	***(112)***	*(114)*
Exchange difference	**(253)**	107
As at 31 December	**(7,138)**	(6,774)
Carrying amount as at 31 December	**3,179**	3,173

Investment property comprises 2 commercial properties which are leased (in whole or in part) to third parties. The fair value, based on external valuation report, of those investment properties is categorised as level 3 and is estimated at €7.9 million (2022: €7.5 million).

19. Inventories

As at 31 December (in € thousand)	2023	2022
Stock in transit	**25,229**	14,634
Raw materials, packaging materials and consumables	**259,417**	351,319
Components	**44,072**	44,786
Work in progress	**21,347**	22,059
Finished goods	**467,937**	554,869
Goods purchased for resale	**70,169**	73,954
Inventories, net of write-down	**888,171**	1,061,621

The total write-down of inventories amounts to €46.1 million at 31 December 2023 (2022: €42.7 million).

The cost of write-downs recognised in profit or loss (Cost of sales) during the period amounted to €8.9 million (2022: €16.4 million).

20. Amounts receivable

As at 31 December (in € thousand)	Notes	2023	2022
Trade receivables – gross	30	**503,421**	402,191
Impairment losses	30	**(27,561)**	(18,251)
Trade receivables		**475,860**	383,940
Taxes (other than income tax) receivable		**48,413**	52,137
Other		**35,601**	97,680
Other amount receivable		**84,014**	149,817
Amounts receivable		**559,874**	533,757

Information about the Group exposure to credit market risk and impairment losses on amounts receivable is included in Note 30.

21. Cash and cash equivalents

As at 31 December (in € thousand)	2023	2022
Short term bank deposits	**95,812**	48,739
Bank balances	**458,409**	687,284
Cash	**92**	8,225
Money market fund	**81,351**	–
Cash & cash equivalents	**635,664**	744,247
Bank overdrafts	**(12,268)**	(6,006)
Cash & cash equivalents in the statement of cash flows	**623,396**	738,241

Short-term deposits are held with counterparties which have a robust credit rating, with maturities of 3 months or less, and remunerated at money market rates.

Most significant amounts are denominated in CAD, EUR and USD.

In 2023 the Group started to invest in Money Market funds (MMF), having high rating, daily liquidity and classified as cash and cash equivalent. Those MMF's are used as a short-term cash management vehicle.

MMF are open-ended mutual funds that invest in short-term debt instruments such as treasury bills, certificates of deposit, bonds, government gilts and commercial paper. The main goals are the preservation of principal, high liquidity and a modest incremental return over short-term interest rates or a benchmark rate.

22. Equity

Share capital and share premium

The share capital and share premium of the Company as of December 31, 2023 amount to €76.0 million (2022: €76.0 million), represented by 91,135,065 fully paid ordinary shares without par value (2022: 91,135,065).

The holders of ordinary shares are entitled to receive dividends as declared. At the shareholders' meeting of the Company on May 3, 2023, it was decided that nominative shares shall be granted a double vote provided that certain conditions are fulfilled.

Hedging reserve

Hedging reserves as presented in the consolidated statement of changes in equity include as well the Cash flow hedging reserves as the Cost of hedging reserve. Note 30 provides further details regarding this breakdown.

The Cash flow hedging reserve comprises the effective portion of the accumulated net change in the fair value of cash flow hedge instruments for a total negative amount of €-1.0 million (2022: €0.1 million). At the end of 2023, the Cost of hedging reserves amounts to €0.1 million. Net of tax, the hedging reserves amount to a total negative amount of €-0.4 million.

Reserve for own shares

At December 31, 2023, the Group held 13,040,981 of the Company's shares (2022: 12,449,777). Senior managers have the opportunity to build an equity interest in one of the subsidiaries (Aliaxis Management Company SRL which owns 2.000.000 Aliaxis SA shares) in accordance with long-term incentive plans.

In 2023, Société Financière du Val d'Or SA sold 3,796 (2022: 2,514) nominative shares it held in Aliaxis SA to some members of the management of the Aliaxis group. In addition, Société Financière du Val d'Or SA also acquired 595.000 shares within the same timeframe. Currently, management's equity interests represent 0.80% of Aliaxis Management Company SRL.

In 2021, Société Financière du Val d'Or SA sold 431,000 nominative shares it held in Aliaxis SA to some members of the management of the Group. The purchasers received the opportunity to pay for their shares in a maximum of five instalments, with a minimum upfront payment of 20% of the purchase price for the acquired shares. Until the purchase price and related interest for deferred payments are received in full, a pledge is granted on such shares to Société Financière du Val d'Or SA.

In addition to the pledge, the purchasers agreed to confer a repurchase right to Société Financière du Val d'Or SA in case of conversion into dematerialised shares or intent to sell. Applicable until 2041, Société Financière du Val d'Or SA will have the right to repurchase the Aliaxis SA shares at the then prevailing Euronext Expert Market price.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign entities of the Group as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation and the translation impacts resulting from net investment hedges. The negative change in the translation reserve during 2023 amounts to €55.3 million, mainly due to the weakening of some major trading currencies against the EUR at year-end rate, such as the United States dollar (5.8%), the Indian Rupee (4.2%) and the Canadian dollar (1.2%).

In 2022, the positive change in the translation reserve amounted to €3.5 million, due to the strengthening of some major trading currencies against the EUR at year-end rate, such as the United States dollar (3.5%) and the Costa Rican Colon (12.1%) partly offset by the weakening of other trading currencies such as the Indian Rupee (5%) and Pound Sterling (6%).

Dividends

In 2022, an amount of €78.4 million was declared and paid by Aliaxis (a gross dividend of €0.860 per share). Excluding the portion attributable to treasury shares, the amount is €67.7 million.

An amount of €86.2 million (a gross dividend of €0.946 per share) is proposed by the directors to be declared and paid as dividend for the current year. Excluding the portion attributable to treasury shares, the amount is €73.9 million. This dividend has not been provided for.

Non-controlling interests

The non-controlling interests amount to €6.4 million, in line with last year.

23. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of Aliaxis of €322.2 million (2022: €369.4 million) and the weighted average number of ordinary shares outstanding during the year net of treasury shares, calculated as follows:

Weighted average number of ordinary shares, net of treasury shares

(in thousand of shares)	2023	2022
Issued ordinary shares	**91,135**	91,135
Treasury shares	**(12,450)**	(12,453)
Issued ordinary shares at 1 January, net of treasury shares	**78,685**	78,682
Effect of treasury shares sold / (acquired) during the period	**(162)**	1
Weighted average number of ordinary shares at 31 December, net of treasury shares	**78,523**	78,683

24. Loans and borrowings

As at 31 December (in € thousand)	2023	2022
Non-current		
Secured bank loans	**1,309**	1,865
Unsecured bank loans & other	**279,484**	290,139
US private placements	**49,757**	50,865
Bond	**745,925**	745,081
Deferred arrangement fees	**(4,747)**	(6,412)
Non-current loans and borrowings	**1,071,728**	1,081,537
Current		
Secured bank loans	**906**	1,160
Unsecured bank loans & other	**83,856**	124,051
US private placements	**–**	105,007
Deferred arrangement fees	**(1,666)**	(1,666)
Current loans and borrowings	**83,097**	228,551
Loans and borrowings	**1,154,825**	1,310,089

The breakdown of the changes of loans and borrowings into cash flows and non-cash changes can be detailed as follows:

		Cash Flows		Non-cash changes			
As at 31 December (in € thousand)	2022	In	Out	Transfer / Scope changes	FX impact	Amortisation / impairment	2023
Non-current							
Secured bank loans	1,865	–	(867)	312	–	–	**1,309**
Unsecured bank loans & other	290,139	308,317	(306,286)	10	(12,714)	19	**279,484**
US private placements	50,865	–	–		(1,108)	–	**49,757**
Bond	745,081	–	–	–	–	843	**745,924**
Deferred arrangement fees	(6,412)	–	–	1,666	–	–	**(4,747)**
Non-current financial debt	**1,081,537**	**308,317**	**(307,154)**	**1,987**	**(13,822)**	**862**	**1,071,728**
Current							
Secured bank loans	1,160	–	(435)	181	–	–	**906**
Unsecured bank loans & other	124,051	39,897	(79,033)	–	(1,058)	–	**83,856**
US private placements	105,007	–	(102,861)	–	(2,146)	–	**–**
Deferred arrangement fees	(1,666)	–	–	(1,666)	–	1,666	**(1,666)**
Current loans and borrowings	**228,551**	**39,897**	**(182,329)**	**(1,485)**	**(3,204)**	**1,666**	**83,096**
Loans and borrowings	**1,310,089**	**348,214**	**(489,482)**	**503**	**(17,026)**	**2,528**	**1,154,825**

In July 2015, the Group entered the USPP market by issuing notes for approximately USD 55 million in 2 tranches:

– USD 35 million at 4.26% maturing in 2025
– EUR 18 million at 2.64% maturing in 2027

Subsequently, the Group concluded cross currency swaps in order to maintain a diversified source of funding in terms of maturities, currencies and interest rates for the amount of USD 35 million.

On October 22, 2021, the Group refinanced its syndicated bank debt and its Club deal multi-currency bank facility, both initially maturing in 2022, by a five-year (with two one-year extensions) committed multi-currency revolving credit facility between Aliaxis Finance/Aliaxis North America/Glynwed USA Inc and a syndicate of banks. In 2023, the credit facility has been increased by €100 million to reach €950 million (after Accordion clause being activated) and extended for the second time to bring the maturity to October 2028. The management of interest rate risk is described in Note 30.

Simultaneously, on November 4, 2021, the Group issued a seven-year €750 million bond with a coupon of 0.875% per annum (issue price of 99.213%).

On December 31 2023, €279 million of the syndicated facility was drawn (2022: €290 million).

These USPP and Syndicated loan are unsecured, subject to covenants (including, inter alia, financial covenants based on interest cover and leverage ratios) and undertakings standard for this type of financing, and were not subject to any breach of covenants as at December 31, 2023.

Other facilities of Aliaxis Finance S.A. and other subsidiaries of the Group include a few additional bilateral and multilateral credit facilities.

The terms and conditions of significant loans and borrowings were as follows:

				2023		2022	
As at 31 December (in € thousand)	Curr.	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured bank loans							
	EUR	Euribor + margins	2024-2027	**2,215**	**2,215**	3,024	3,024
Unsecured syndication bank facility							
	USD	Libor + 0.65%	2028	**279,470**	**279,470**	160,791	160,791
	AUD	Interbank + 0.65%	2028	**–**	**–**	129,357	129,357
Other unsecured bank facility							
	CLP	10.74%	2023	**–**	**–**	2,727	2,727
	PEN	7.80% - 9.27%	2024	**21,855**	**21,855**	17,690	17,690
	INR	7.65% - 8.45%	2024	**53,594**	**53,594**	80,852	80,852
	USD	7% - 9%	2024	**7,247**	**7,247**	3,750	3,750
	CRC	9.00%	2024	**1,765**	**1,765**	17,264	17,264
	EUR	Euribor + margins	2024-2027	**69**	**69**	2,497	2,497
Bond							
	EUR	0.875%	2028	**750,000**	**750,000**	750,000	750,000
US private placements							
	USD	5.09%	2023	**–**	**–**	105,007	105,007
	USD	4.26%	2025	**31,706**	**31,706**	32,815	32,815
	EUR	2.64%	2027	**18,051**	**18,051**	18,051	18,051
Others (*)				**(11,148)**	**(11,148)**	(13,736)	(13,736)
Total loans and borrowings				**1,154,825**	**1,154,825**	1,310,089	1,310,089

(*) Other interest-bearing loans and borrowings include loans, deferred arrangement fees and bond premium.

The debt repayment schedule is as follows:

(in € thousand)	Total	1 year or less	1-2 years	2-5 years	>5 years
Secured bank loans	**2,215**	906	553	744	13
Unsecured bank loans & other	**363,341**	83,856	–	279,484	–
US private placements	**49,757**	–	31,706	18,051	–
Bond	**745,925**	–	–	745,925	–
Deferred arrangement fees	**(6,412)**	(1,666)	(1,654)	(3,093)	–
Total as at 31 December	**1,154,825**	83,097	30,605	1,041,111	13

25. Employee benefits

Aliaxis maintains benefit plans such as retirement and medical care plans, termination plans and other long-term benefit plans in several countries in which the Group operates. In addition, the Group also has share-based payment plans and a long-term incentive scheme.

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the Company. Aliaxis maintains funded and unfunded pension plans.

(a) Defined contribution plans

For defined contribution plans, the Group companies pay contributions to pension funds or insurance companies.

Once the contributions have been paid, the Group companies have no further payment obligation. The regular contributions constitute an expense for the period in which they are due. In 2023, the defined contribution plan expenses for the Group amounted to €23.6 million (2022: €19.1 million).

(b) Defined benefit plans

Aliaxis reports on a total of 54 defined benefit plans over 2023, which provide the following benefits:

Retirement benefits:	39
Long service awards:	11
Medical benefits:	4

All the plans have been established in accordance with common practice and legal requirements in each relevant country.

The defined benefit retirement plans generally provide a benefit related to years of service and rates of pay close to retirement.

The retirement plans in Australia, Belgium, India, Switzerland, and the UK are separately funded through external insurance contracts or pension funds legally separate from the Group. In Canada the Group operates two funded base retirement plans and two unfunded supplementary retirement plans. In Germany the Group operates one funded and two unfunded retirement plans.

The funding requirements are stipulated in the insurance contract or, in the case of pension funds, based on the pension fund's actuarial measurement framework set out in the funding policies of the plan, and comply with the local minimum funding requirements. For the two funded plans in Canada, a recovery contribution plan is in place to attain the minimum funding requirements.

Belgian legislation requires employers to guarantee a minimum return on defined contributions payments that are made by both employer and employee. The requirement to guarantee a minimum return exposes the Group to an underfinancing risk for such plans in place. The risk depends on the actual investment return on the assets and on the evolution of legal minimum guarantee. For IFRS reporting purposes, this hybrid defined contribution plans are classified and reported as defined benefit plans.

The retirement plans in Italy, Austria, France and New Zealand are unfunded.

The medical plans provide medical benefits after retirement to former employees in Canada, France, the UK and the USA.

The long service awards are granted in Australia, Austria, France, Germany, India, and New Zealand.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The Group has more than one defined benefit plan in place and has generally provided aggregated disclosures in respect of these plans, on the basis that these plans are not exposed to materially different risks.

The Group's net liability for retirement, medical, termination and other long-term benefit plans comprises the following at 31 December:

	2023			2022		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Defined benefit obligations for funded plans	**199,519**	**–**	**199,519**	185,746	–	185,746
Fair value of plan assets	**(215,314)**	**–**	**(215,314)**	(215,474)	–	(215,474)
Funded status for funded plans	**(15,795)**	**–**	**(15,795)**	(29,728)	–	(29,728)
Defined benefit obligations for unfunded plans	**39,133**	**9,850**	**48,983**	40,474	9,292	49,766
Total funded status at 31 December	**23,338**	**9,850**	**33,188**	10,746	9,292	20,038
Irrecoverable asset at end of year	**4,867**	**–**	**4,867**	6,213	–	6,213
Net liability as at 31 December	**28,205**	**9,850**	**38,054**	16,958	9,292	26,250
Liabilities	**49,662**	**9,850**	**59,512**	50,453	9,292	59,746
Assets	**(21,457)**	**–**	**(21,457)**	(33,495)	–	(33,495)
Net liability as at 31 December	**28,205**	**9,850**	**38,054**	16,958	9,292	26,250
Current liabilities	**11,190**	**755**	**11,945**	11,352	678	12,031
Non-current liabilities	**17,015**	**9,094**	**26,109**	5,606	8,614	14,219

The movements in the net liability for defined benefit obligations recognised in the statement of financial position at 31 December are as follows:

	2023			2022		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
As at 1 January	**16,958**	**9,292**	**26,250**	7,976	9,270	17,246
Employer contributions	**(6,181)**	**(864)**	**(7,045)**	(6,380)	(894)	(7,274)
Expense recognised in the income statement	**3,465**	**1,677**	**5,142**	4,739	989	5,728
Amount recognised in other comprehensive income	**14,970**	**–**	**14,970**	7,274	–	7,274
Scope change	**–**	**–**	**–**	1,187	–	1,187
Exchange difference	**(1,007)**	**(255)**	**(1,262)**	2,163	(73)	2,090
As at 31 December	**28,205**	**9,850**	**38,054**	16,958	9,292	26,250

The changes in the present value of the defined benefit obligations are as follows:

	2023			2022		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
As at 1 January	**226,220**	**9,292**	**235,512**	336,151	9,270	345,421
Current service cost	**3,665**	**1,554**	**5,219**	4,702	975	5,677
Employee contributions	**656**	**–**	**656**	600	–	600
Interest cost	**9,760**	**141**	**9,901**	5,779	53	5,832
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	**7,142**	**(20)**	**7,122**	(100,632)	(199)	(100,831)
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	**(1,684)**	**40**	**(1,644)**	(1,551)	5	(1,546)
Actuarial (gains)/losses on liabilities arising from experience	**4,687**	**(41)**	**4,646**	2,407	158	2,566
Settlement and past service cost (incl. curtailment)	**(1,406)**	**3**	**(1,403)**	(516)	(3)	(519)
Benefits paid	**(13,703)**	**(864)**	**(14,568)**	(15,009)	(894)	(15,903)
Scope change	**–**	**–**	**–**	1,187	–	1,187
Exchange difference	**3,315**	**(255)**	**3,060**	(6,900)	(73)	(6,973)
As at 31 December	**238,652**	**9,850**	**248,502**	226,220	9,292	235,512

The changes in the fair value of plan assets are as follows:

	2023			2022		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
As at 1 January	**(215,474)**	**–**	**(215,474)**	(330,198)	–	(330,198)
Interest income	**(9,726)**	**–**	**(9,726)**	(6,012)	–	(6,012)
Employer contributions	**(6,181)**	**(864)**	**(7,045)**	(6,380)	(894)	(7,274)
Employee contributions	**(656)**	**–**	**(656)**	(600)	–	(600)
Benefits paid (direct & indirect, including taxes on contributions paid)	**13,703**	**864**	**14,568**	15,009	894	15,903
Return on assets, excl. interest income	**6,446**	**–**	**6,446**	102,858	–	102,858
Actual administration expenses & settlements	**931**	**–**	**931**	724	–	724
Exchange difference	**(4,358)**	**–**	**(4,358)**	9,125	–	9,125
As at 31 December	**(215,314)**	**–**	**(215,314)**	(215,474)	–	(215,474)

During 2023, the net defined benefit liability increased by €11.9 million from €26.2 million to €38.1 million. There were various events that led to this increase. The changes in the financial assumptions (mainly the decrease of the discount rate from 4.3% to 4.0%) led to an increase of the defined benefit obligation by €7.1 million. In addition, there was a loss of €6.4 million on the assets. The impact of asset ceiling in Canada and Switzerland decreased the net liability by €1.6 million. Currency movements resulted in an exchange rate gain of €1.3 million. The remaining €1.1 million increase in net liability is the combination of demographic assumption changes (€1.7 million decrease), experience impacts (€4.7 million increase), and recurring expense items (€5.1 million increase) offset by employer contributions (€7.0 million decrease).

The total contributions amounted to €7.7 million (2022: €7.9 million) of which €7.0 million was contributed by the employer (2022: €7.3 million) and €0.7 million was contributed by the employees (2022: €0.6 million). Furthermore, a total of €14.6 million benefits was paid out (2022: €15.9 million). As a result, the funded position, i.e. the ratio of assets to the defined benefit obligation, has decreased from 91% to 87%.

The Group expects to contribute approximately €7.4 million to its defined benefit plans in 2024.

	2023		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Expected employer contributions	**6,667**	**755**	**7,422**
Expected employee contributions	**675**	**–**	**675**
Expected benefits paid (direct & indirect)	**11,190**	**755**	**11,945**

The expense (income) recognised in the statement of comprehensive income with regard to defined benefit plans can be detailed as follows:

	2023			2022		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Service cost:						
Current service cost	**3,665**	**1,554**	**5,219**	4,702	975	5,677
Past service cost (incl. curtailments)	**(1,406)**	**3**	**(1,403)**	(489)	(3)	(492)
Settlement cost	**–**	**–**	**–**	(28)	–	(28)
Administration expenses	**931**	**–**	**931**	724	–	724
Net interest cost:						
Interest cost	**9,760**	**141**	**9,901**	5,779	53	5,832
Interest income	**(9,726)**	**–**	**(9,726)**	(6,012)	–	(6,012)
Interest on asset ceiling	**241**	**–**	**241**	62	–	62
Remeasurements						
Actuarial (gains)/losses due to changes in financial assumptions	**–**	**(20)**	**(20)**	–	(199)	(199)
Actuarial (gains)/losses due to changes in demographic assumptions	**–**	**40**	**40**	–	5	5
Actuarial (gains)/losses due to experience	**–**	**(41)**	**(41)**	–	158	158
Pension expense recognised in profit and loss	**3,465**	**1,677**	**5,142**	4,739	989	5,728
Remeasurements in other comprehensive income						
Return on plan assets (in excess of)/below that recognised in net interest	**6,446**	**–**	**6,446**	102,858	–	102,858
Actuarial (gains)/losses due to changes in financial assumptions	**7,142**	**–**	**7,142**	(100,632)	–	(100,632)
Actuarial (gains)/losses due to changes in demographic assumptions	**(1,684)**	**–**	**(1,684)**	(1,551)	–	(1,551)
Actuarial (gains)/losses due to experience	**4,687**	**–**	**4,687**	2,407	–	2,407
Adjustments due to the limit in paragraph 64, excl. amounts recognised in net interest	**(1,622)**	**–**	**(1,622)**	4,191	–	4,191
Total amount recognised in other comprehensive income	**14,970**	**–**	**14,970**	7,274	–	7,274
Total amount recognised in profit and loss and other comprehensive income	**18,435**	**1,677**	**20,112**	12,013	989	13,002

The employee benefit expense is included in the following line items of the statement of comprehensive income:

(in € thousand)	2023	2022
Cost of sales	**1,350**	1,673
Commercial expenses	**79**	424
Administrative expenses	**3,706**	3,496
R&D expenses	**11**	47
Other operating income / (expenses)	**(3)**	88
Total at 31 December	**5,142**	5,728

The principal actuarial assumptions at the reporting date (expressed as weighted averages) can be summarised as follows:

	2023	2022
Discount rate as at 31 December	**4.02%**	4.30%
Rate of salary increases	**2.74%**	2.80%
Inflation	**2.93%**	2.90%
Initial medical trend rate	**5.91%**	5.10%
Ultimate medical trend rate	**4.49%**	4.40%
Pension increase rate	**2.88%**	3.00%

The discount rate and the salary increase rate have been weighted by the defined benefit obligation.

The medical trend rate has been weighted by the defined benefit obligation of those plans paying pensions rather than by lump sums on retirement.

At 31 December, the plan assets are broken down into the following categories according to the asset portfolios weighted by the amount of assets:

	2023	2022
Government bonds	**40.28%**	36.39%
Corporate bonds	**4.56%**	4.27%
Equity instruments	**8.28%**	8.07%
Insurance contracts	**34.68%**	32.95%
Property	**2.54%**	2.57%
Cash	**7.94%**	0.83%
Other	**1.72%**	14.93%
	100.00%	100.00%

The plan assets do not include investments in the Group's own shares or in property occupied by the Group.

The weighted average duration of the defined benefit obligation (this is the average term of the benefit payments weighted for their size) is 12.8 years.

At 31 December, the weighted average life expectancy is as follow:

	Man	Woman
Of a 65-year old	21.2	24.1
Of a 45-year old at the age of retirement	22.7	25.5

The total defined benefit obligation amounts to €248.5 million and can be split as follows between active members, members with deferred benefit entitlements and pensioners:

	2023			2022		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Active members	**53,676**	**9,850**	**63,525**	55,292	9,292	64,584
Members with deferred benefit entitlements	**74,599**	**–**	**74,599**	65,501	–	65,501
Pensioners/Beneficiaries	**110,378**	**–**	**110,378**	105,444	–	105,444
Taxes relating to past service benefits	**–**	**–**	**–**	(19)	–	(19)
As at 31 December	**238,652**	**9,850**	**248,502**	226,218	9,292	235,510

A 0.25 percentage point change in the assumed discount rate and inflation rate would have the following effect on the defined benefit obligation:

(in € thousand)	2023	2022
Current defined benefit obligation at 31 December	**248,502**	235,510
% increase following a 0,25% decrease in the discount rate	**2.86%**	2.90%
% decrease following a 0,25% increase in the discount rate	**(2.72%)**	(2.8%)
% increase following a 0,25% increase in the inflation rate	**1.35%**	1.50%

The defined benefit obligation of post-employment medical plans amounts to €3.8 million. A one percentage point increase or decrease in the assumed health-care trend (i.e. medical inflation) rate would have the following effect:

(in € thousand)	2023	2022
Current defined benefit obligation at 31 December for Post Retirement Medical Plans	**3,839**	3,855
Effect on the aggregate of the service cost and the interest cost of a 1% increase	**377**	35
Effect on the defined benefit obligation of a 1% increase	**177**	249
Effect on the aggregate of the service cost and the interest cost of a 1% decrease	**323**	(24)
Effect on the defined benefit obligation of a 1% decrease	**(168)**	(226)

For plans where a full valuation has been performed, the sensitivity information shown above is exact and based on the results of this full valuation. For plans where results have been roll forwarded from the last full actuarial valuation, the sensitivity information above is approximate and considers the duration of the liabilities and the overall profile of the plan membership.

(c) Long-term incentive scheme

The LTI plan has a four-year vesting period. The payout under this plan is conditional upon realisation of a target value creation as well as achieving other financial and non-financial objectives over a four-year period.

In total on December 31, 2023, there were 186 active employees participating to the LTIP under the current plan. On the basis that targets are achieved, this would lead to payments at the end of the four-year cycle. The grant of this long-term incentive represents 46.44% of the participants' 2023 fixed salaries.

The total long-term incentive provisions recorded in the statement of financial position as at December 31, 2023 amounts to €46.0 million.

26. Deferred tax assets and liabilities

The change in deferred tax assets and liabilities is as follows:

	Assets		Liabilities		Net	
(in € thousand)	2023	2022	2023	2022	2023	2022
As at 1 January	**92,099**	73,717	**(148,979)**	(144,005)	**(56,880)**	(70,288)
Recognised in profit or loss	**30,159**	20,136	**(15,392)**	(6,231)	**14,768**	13,905
Recognised directly in OCI	**414**	(4,035)	**3,115**	5,696	**3,529**	1,662
Scope change	**(484)**	2,214	**666**	(6,261)	**182**	(4,047)
Other movements	**(314)**	(78)	**346**	145	**32**	67
Exchange difference	**(1,562)**	145	**2,423**	1,677	**862**	1,822
As at 31 December	**120,312**	92,099	**(157,820)**	(148,979)	**(37,508)**	(56,880)

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
As at 31 December (in € thousand)	2023	2022	2023	2022	2023	2022
Intangible assets	**3,176**	2,871	**(30,379)**	(31,561)	**(27,203)**	(28,690)
Property, plant and equipment	**6,429**	3,878	**(94,976)**	(65,700)	**(88,547)**	(61,822)
Inventories	**13,577**	17,042	**(10,997)**	(14,319)	**2,580**	2,723
Post employment benefits	**12,393**	12,185	**(5,906)**	(8,761)	**6,487**	3,424
Provisions	**37,141**	15,635	**(184)**	(116)	**36,957**	15,519
Financial debts	**5,944**	5,956	**(11)**	(18)	**5,933**	5,939
Undistributed earnings	**–**	–	**(6,036)**	(16,530)	**(6,036)**	(16,530)
Other assets and liabilities	**26,501**	24,039	**(9,330)**	(11,975)	**17,171**	12,064
Loss carry forwards	**15,151**	10,493	**–**	–	**15,151**	10,493
Tax assets / (liabilities)	**120,312**	92,099	**(157,820)**	(148,979)	**(37,508)**	(56,880)
Set-off of assets and liabilities	**(97,295)**	(75,153)	**97,295**	75,153	**–**	–
Net tax assets / (liabilities)	**23,018**	16,947	**(60,525)**	(73,826)	**(37,508)**	(56,880)

Tax losses carried forward on which no deferred tax asset is recognised amount to €495 million (2022: €565 million). €360 million of these tax losses do not have any expiration date. €135 million will expire at the latest by the end of 2043.

Deferred tax assets have not been recognised on these tax losses available for carry forward because it is not probable that future taxable profits will be available against which these tax losses can be used.

27. Provisions

	2023				2022
(in € thousand)	Product liability	Restructuring	Other	TOTAL	TOTAL
As at 1 January	**12,001**	**4,052**	**56,645**	**72,697**	62,814
Change in consolidation scope	**–**	**–**	**137**	**137**	187
Provisions created	**3,129**	**330**	**24,910**	**28,370**	35,847
Provisions used	**(1,213)**	**(1,394)**	**(19,931)**	**(22,538)**	(22,556)
Provisions reversed	**(4,830)**	**(251)**	**(1,392)**	**(6,472)**	(4,254)
Transfer and other movements	**–**	**–**	**316**	**316**	(406)
Exchange difference	**(141)**	**218**	**(56)**	**21**	1,064
As at 31 December	**8,947**	**2,955**	**60,629**	**72,530**	72,697
Non-current balance at the end of the period	**2,016**	**–**	**43,994**	**46,009**	34,003
Current balance at the end of the period	**6,931**	**2,955**	**16,635**	**26,521**	38,694

The product liability provision provides a warranty for the products that the Company sells or for the services it delivers. The provision has been estimated based on historical product liability associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

Provisions included in restructuring mainly relate to programmes that are planned and controlled by Management and that generate material changes either in the scope of the business or in the manner of conducting the business. The restructuring costs were expensed as incurred and included in other operating income and expenses and adjusted items.

Other provisions mainly include long-term incentive schemes obligations. See also Note 25c.

28. Current tax liabilities

Due to the scale and global presence of Aliaxis, the Group is operating in many jurisdictions. The increased complexity of tax law, the continuous evolution of tax law and of its interpretation specifically with respect to matters such as transfer pricing as well as the involvement of Aliaxis Group subsidiaries in long-lasting tax audits related to prior years adds uncertainty over certain income tax treatments. Uncertain Tax Positions have been assessed in detail taking into account, where required, the statutes of limitation of the relevant jurisdictions. This detailed analysis resulted in a partial reversal of the tax provisions. The Group strictly follows up on the Uncertain Tax Positions which are recorded as current tax liabilities in an amount of €54.3 million as at December 31, 2023 (2022: €65.6 million).

29. Amounts payable

(a) Non-current other amounts payable

As at 31 December (in € thousand)	2023	2022
Other	**3,872**	3,775
Other amounts payable	**3,872**	3,775

(b) Current amounts payable

Information about the Group exposure to currency and liquidity risk is included in Note 30.

As at 31 December (in € thousand)	2023	2022
Trade payables	**485,963**	361,325
Payroll and social security payable	**150,948**	148,338
Taxes (other than income tax) payables	**15,098**	16,341
Interest payable	**4,093**	7,112
Other payables	**21,044**	12,701
Amounts payable	**677,146**	545,817

30. Financial instruments

(a) Currency risk

Exposure

Currency risk arises from transactions and financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group's most significant exposure to foreign currency risk arises from trade sales and purchases denominated in USD, and from the USD denominated Private Placement notes.

To mitigate the Group's exposure to foreign exchange currency risk, cross currency swaps and foreign exchange forward contracts are entered into in accordance with the Group's risk policy.

The following table sets out the Group's total exposure to major foreign currency risk, based on notional amounts, and the net FX exposure for those currencies.

	31 December 2023						31 December 2022					
(in thousand of currency)	EUR	USD	CAD	GBP	AUD	NZD	EUR	USD	CAD	GBP	AUD	NZD
Trade and other receivables	**7,607**	**118,701**	**24**	**1,164**	**921**	**6,550**	10,074	147,156	(168)	1,830	2,707	–
Other financial assets	**12,196**	**53,272**	**109**	**17,721**	**232,337**	**71,987**	5,666	57,982	49	23,687	118	71,982
Trade and other payables	**(48,901)**	**(121,363)**	**(26,681)**	**(389)**	**(2,225)**	**(2,079)**	(32,711)	(173,332)	(17,754)	(210)	(2,652)	(419)
Other financial liabilities	**(11)**	**(56,432)**	**–**	**(331,368)**	**390**	**–**	(217)	(224,120)	–	(40)	(16)	(10)
Gross balance sheet exposure	**(29,109)**	**(5,823)**	**(26,549)**	**(312,872)**	**231,422**	**76,459**	(17,188)	(192,315)	(17,873)	25,268	157	71,553
Forward FX contracts	**1,250**	**13,049**	**–**	**309,682**	**(231,600)**	**(73,153)**	4,402	56,653	–	(25,500)	(1,550)	(73,200)
Cross currency interest rate swaps (CCRS)	**–**	**35,000**	**–**	**–**	**–**	**–**	–	147,000	–	–	–	–
Net exposure	**(27,859)**	**42,226**	**(26,549)**	**(3,190)**	**(178)**	**3,306**	(12,786)	11,339	(17,873)	(232)	(1,393)	(1,647)
FX derivatives hedging forecasted trade positions												
Forward FX contracts	**8,941**	**8,095**	**–**	**–**	**–**	**–**	11,766	9,073	–	42	–	–
FX options	**12,700**	**–**	**–**	**–**	**–**	**–**	18,500	–	–	–	–	–

The impact on INR is limited and therefore not included in the table above.

Sensitivity analysis

A 10% strengthening on 31 December of the currencies listed above would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening of the same currencies would have had the equal but opposite effect.

The exchange impact on the net exposure is reflected in profit or loss as shown in the following table. The exchange impact on Items that are hedge accounting compliant is reflected in equity.

	2023						2022					
(in € thousand)	EUR	USD	CAD	GBP	AUD	NZD	EUR	USD	CAD	GBP	AUD	NZD
Equity	**(1,574)**	**(728)**	**–**	**–**	**–**	**–**	(1,617)	(869)	–	(4)	(1)	–
Profit or loss	**(3,432)**	**4,284**	**(2,053)**	**(299)**	**(12)**	**341**	(2,242)	948	(1,380)	(6)	(99)	(44)

(b) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(in € thousand)	2023	2022
	Carrying amount	
Other non-current assets	**56,803**	40,872
Current amounts receivable	**511,456**	481,618
Forward exchange contracts used for hedging	**309**	3,132
CCRS	**214**	28,314
Cash and cash equivalents	**635,664**	744,247
Total	**1,204,446**	1,298,182

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(in € thousand)	2023	2022
	Carrying amount	
Eurozone countries	**74,117**	92,541
United Kingdom	**24,909**	43,178
United States	**121,060**	57,933
Canada	**82,246**	7,855
New Zealand and Australia	**55,082**	60,149
Latin America	**49,903**	46,312
India	**52,184**	60,552
Other regions	**16,358**	15,420
Total	**475,860**	383,940

The ageing of trade receivables at the reporting date was:

(in € thousand)	2023		2022	
	Gross	Impairment	Gross	Impairment
Not past due	**372,656**	**667**	254,246	673
Past due 0 - 30 days	**76,567**	**220**	71,431	296
Past due 31 - 90 days	**26,474**	**1,185**	34,401	1,124
Past due 91 - 365 days	**6,132**	**3,896**	30,785	4,459
Past due more than one year	**21,593**	**21,593**	11,328	11,699
Total	**503,421**	**27,561**	402,191	18,251

The movement of impairment in respect of trade receivables during the year was as follows:

(in € thousand)	2023	2022
As at 1 January	**18,251**	13,807
Change in the consolidation scope	**(20)**	183
Recognised	**14,828**	6,261
Used	**(761)**	(1,269)
Reversed	**(4,202)**	(1,239)
Exchange difference	**(535)**	508
Total	**27,561**	18,251

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historical payment behaviour and analysis of customer credit risk.

(c) Commodity risk

On December 31, 2023, the Group had no material commodity hedging contracts.

(d) Interest rate risk

At reporting date, around 69% of the gross financial debt, excluding leases and after derivatives, were at fixed rates.

Sensitivity to interest rate variations

A change of 50 basis points in interest rates at the reporting date would have increased (respectively decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis was performed on the same basis as in 2022.

	2023				2022			
	Profit or loss		Equity		Profit or loss		Equity	
As at 31 December (in € thousand)	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Variable rate instruments	**(1,881)**	**1,881**			(2,105)	2,105	–	–
Cash flow sensitivity (net)	**(1,881)**	**1,881**	**–**	**–**	(2,105)	2,105	–	–

	2023				2022			
	Profit or loss		Equity		Profit or loss		Equity	
As at 31 December (in € thousand)	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Fixed rate instruments	**–**	**–**			90	(91)		
Interest rate derivatives	**–**	**–**	**2**	**(2)**	(230)	230	(47)	47
Fair value sensitivity (net)	**–**	**–**	**2**	**(2)**	(140)	139	(47)	47

(e) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

	At 31 December 2023				
(in € thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Unsecured bank facilities and others	**(363,341)**	**(416,029)**	**(95,213)**	**(320,816)**	**–**
Secured bank loans	**(2,215)**	**(2,332)**	**(952)**	**(1,367)**	**(13)**
US private placement	**(49,757)**	**(53,568)**	**(1,827)**	**(51,740)**	**–**
Bond	**(750,000)**	**(782,813)**	**(6,563)**	**(776,250)**	**–**
Lease liabilities	**(222,306)**	**(280,521)**	**(41,169)**	**(112,674)**	**(126,678)**
Trade and other payables	**(679,435)**	**(679,435)**	**(677,146)**	**(2,289)**	**–**
Bank overdrafts	**(12,268)**	**(12,268)**	**(12,268)**	**–**	**–**
Derivative financial instruments					
Forward exchange derivatives used for hedging – outflows	**(6,174)**	**(30,733)**	**(30,733)**	**–**	**–**
Forward exchange derivatives used for hedging – inflows	**309**	**27,827**	**27,827**	**–**	**–**
CCRS – outflows	**–**	**(32,803)**	**(795)**	**(32,007)**	**–**
CCRS – inflows	**214**	**33,819**	**1,351**	**32,468**	**–**
	(2,084,973)	**(2,228,855)**	**(837,489)**	**(1,264,675)**	**(126,691)**

	At 31 December 2022				
(in € thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Unsecured bank facilities and others	(414,190)	(486,737)	(143,889)	(342,848)	–
Secured bank loans	(3,024)	(3,295)	(1,279)	(1,953)	(63)
US private placement	(155,872)	(164,392)	(109,642)	(54,750)	–
Bond	(750,000)	(789,375)	(6,563)	(26,250)	(756,563)
Lease liabilities	(170,036)	(206,852)	(32,522)	(86,314)	(88,017)
Trade and other payables	(547,992)	(547,992)	(545,817)	(2,175)	–
Bank overdrafts	(6,006)	(6,006)	(6,006)	–	–
Derivative financial instruments					
Forward exchange derivatives used for hedging – outflows	(5,339)	(37,679)	(37,679)	–	–
Forward exchange derivatives used for hedging – inflows	3,132	34,678	34,678	–	–
Interest rate swaps or options used for hedging	(69)	(61)	(61)	–	–
CCRS – outflows	–	(113,054)	(80,250)	(32,804)	–
CCRS – inflows	28,314	144,167	109,166	35,001	–
	(2,021,082)	(2,176,599)	(819,864)	(512,093)	(844,642)

In particular, the following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges, are expected to occur and the fair value of the related instruments:

	At 31 December 2023				
(in € thousand)	Carrying amount	Expected cash flows	1 year or less	1 to 5 years	More than 5 years
Interest rate swaps	**–**	**–**	**–**	**–**	**–**
FX derivatives – outflows	**(2,291)**	**(26,850)**	**(26,850)**	**–**	**–**
FX derivatives – inflows	**96**	**27,614**	**27,614**	**–**	**–**
CCRS – outflows	**–**	**(32,803)**	**(795)**	**(32,007)**	**–**
CCRS – inflows	**214**	**33,819**	**1,351**	**32,468**	**–**
	(1,981)	**1,781**	**1,320**	**461**	**–**

	At 31 December 2022				
(in € thousand)	Carrying amount	Expected cash flows	1 year or less	1 to 5 years	More than 5 years
Interest rate swaps	(69)	(61)	(61)	–	–
FX derivatives – outflows	(193)	(32,533)	(32,533)	–	–
FX derivatives – inflows	439	31,985	31,985	–	–
CCRS – outflows	–	(84,860)	(52,057)	(32,804)	–
CCRS – inflows	18,759	105,895	70,894	35,001	–
	18,936	20,425	18,228	2,197	–

The following table indicates the periods in which those cash flows are expected to impact profit or loss:

	At 31 December 2023					
(in € thousand)	Carrying amount	Expected cash flows	Impact already in P&L	1 year or less	1 to 5 years	More than 5 years
Interest rate swaps	**–**	**–**	**–**	**–**	**–**	**–**
FX derivatives – outflows	**(2,291)**	**(26,850)**	**–**	**(26,850)**	**–**	**–**
FX derivatives – inflows	**96**	**27,614**	**–**	**27,614**	**–**	**–**
CCRS – outflows	**–**	**(32,803)**	**–**	**(795)**	**(32,007)**	**–**
CCRS – inflows	**214**	**33,819**	**147**	**1,351**	**32,322**	**–**
	(1,981)	**1,781**	**147**	**1,320**	**314**	**–**

	At 31 December 2022					
(in € thousand)	Carrying amount	Expected cash flows	Impact already in P&L	1 year or less	1 to 5 years	More than 5 years
Interest rate swaps	(69)	(61)	–	(61)	–	–
FX derivatives – outflows	(193)	(32,533)	–	(32,533)	–	–
FX derivatives – inflows	439	31,985	–	31,985	–	–
CCRS – outflows	–	(84,860)	–	(52,057)	(32,804)	–
CCRS – inflows	18,759	105,895	18,970	53,179	33,746	–
	18,936	20,425	18,970	513	942	–

(f) Description and fair value derivatives

The table below provides an overview of the nominal amounts (by maturity) of the derivative financial instruments used to hedge the interest rate risk associated to the interest-bearing loans and borrowings (as presented in Note 24).

	Nominal amount 2023			Nominal amount 2022		
(in € thousand)	1 year or less	1 to 5 years	More than 5 years	1 year or less	1 to 5 years	More than 5 years
Interest rate swaps	**–**	**–**	**–**	25,000	–	–
CCRS	**–**	**31,560**	**–**	77,535	31,560	–
FX derivatives	**654,566**	**–**	**–**	276,313	–	–

The table below presents the positive and negative fair values of derivative financial instruments as reported in the statement of financial position. Also included are the notional amounts of the derivative financial instruments per maturity as presented in the statement of financial position.

	Fair value				Notional amount				
	Positive		Negative		< 6 months	6 to 12 months	1 to 5 years	> 5 years	Total
(in € thousand)	Current	Non-current	Current	Non-current					
FX derivatives	96	–	2,291	–	291,956	2,498	–	–	294,454
CCRS	–	214	–	–	–	–	31,560	–	31,560
Derivatives held as cash flow hedges	96	214	2,291	–	291,956	2,498	31,560	–	326,014
FX derivatives	213	–	3,883	–	360,112	–	–	–	360,112
Derivatives not under hedge accounting	213	–	3,883	–	360,112	–	–	–	360,112
Total	309	214	6,174	–	652,068	2,498	31,560	–	686,126
Total current and non-current		523		6,174					

Fair values of derivatives are determined by using the discounted cash flows valuation method.

(g) Accounting for derivatives

The Group uses derivative instruments to hedge its exposure to foreign exchange and interest rate risks. Whenever possible, the Group applies the following types of hedge accounting:

– Cash flow hedge, for derivative financial instruments with a total notional amount of €326 million (2022: €140.7 million). The fair value adjustment for the effective portion of those derivatives is recognised directly via Other Comprehensive Income in the hedging reserve.

The evolution in the hedging reserve is as follows:

	2023		2022	
(in € thousand)	Hedging reserve	Cost of hedging reserve	Hedging reserve	Cost of hedging reserve
As at 1 January	**553**	**(269)**	417	(113)
Effective portion of changes in fair value of existing instruments	**(3,859)**	**453**	5,929	(159)
Existing instruments settled	**794**	**–**	–	–
Fair value of cash flow hedges transferred to income statement	**–**	**(86)**	–	–
Deferred tax related to hedges	**(2)**	**–**	154	
Foreign currency translation differences	**(62)**	**(1)**	(90)	3
Recycling to income statement of FX impact on CCRS	**2,079**	**–**	(5,858)	–
As at 31 December	**(497)**	**97**	553	(269)

The fair value adjustment for the ineffective portion of those derivatives is accounted for as a Finance Income or Expense.

The derivative financial instruments which cease to meet the criteria to be eligible for hedge accounting are accounted for as derivatives held-for-trading and the changes in fair value of those instruments are accounted for in profit or loss.

In 2023, the net fair value adjustment through Financial Income or Expense was a loss of €0.2 million (2022: gain of €0.03 million).

Following the issuance of the US private placement, the Group entered cross-currency swaps (CCRS) with external counterparts to convert the USD denominated cash flows from the USPP into EUR, for which cash flow hedge accounting is applied for a nominal amount of USD 35 million with effective portion of change in fair value recorded in equity.

The foreign exchange impact of those CCRS is immediately recycled to profit and loss to offset the foreign exchange impact of the debt originating from the US private placement.

The table below summarises for those CCRS their respective fair-values with evidence of the foreign exchange (FX) component, interest (Intr.) component and the basis spread component, as they arise from the different hedging types being applied.

	Notional amount			Fair value (€)			
(in € thousand)	Currency		EUR	Total	Fx impact	Intr. Impact	Basis spread impact
Cash flow hedges	USD	35,000	31,560	214	147	(38)	106
			31,560	214	147	(38)	106

(h) Fair value hierarchy

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2023				31 December 2022			
(in € thousand)	Carrying amount	Fair value			Carrying amount	Fair value		
		level 1	level 2	level 3		level 1	level 2	level 3
Cash and cash equivalent	**635,664**		**635,664**		744,247		744,247	
Trade receivables	**559,874**		**559,874**		533,757		533,757	
Secured bank facilities	**(2,215)**		**(2,215)**		(3,024)		(3,024)	
Unsecured bank facilities and others	**(363,341)**		**(363,341)**		(414,190)		(414,190)	
US private placement	**(49,757)**		**(49,247)**		(155,872)		(152,422)	
Bond	**(750,000)**		**(637,463)**		(750,000)		(561,735)	
Trade and other payables	**(679,435)**		**(679,435)**		(547,992)		(547,992)	
Bank overdraft	**(12,268)**		**(12,268)**		(6,006)		(6,006)	
Forward exchange derivatives used for hedging – positive value	**309**		**309**		3,132		3,132	
Forward exchange derivatives used for hedging – negative value	**(6,174)**		**(6,174)**		(5,339)		(5,339)	
Interest rate swaps or options used for hedging	**–**		**–**		(69)		(69)	
CCRS – inflows	**214**		**214**		28,314		28,314	
	(667,129)	**–**	**(554,082)**	**–**	(573,042)	–	(381,327)	–

All derivatives are carried at fair value and as per the valuation method being used to determine such fair value, the inputs are based on data observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). As such, the level in the hierarchy into which the fair value measurements are categorised, is level 2.

Non-derivatives assets and liabilities are recognised at amortized cost.

The fair value is assessed using common discounted cash flow method based on market conditions existing at the balance sheet date. Therefore, the fair value of the fixed interest-bearing liabilities is within level 2 of the fair value hierarchy. Floating rate interest-bearing financial liabilities and all trade and other receivables and payables have been excluded from the analysis as their carrying amounts are a reasonable approximation of their fair values.

31. Leases

Amounts recognised in the statement of financial position

The carrying amounts of right-of-use assets and the movements during the period:

				2023	2022
(in € thousand)	Land & buildings	Plant, machinery & equipment	Other	Total Right-of-use assets	Total Right-of-use assets
Right-of-use assets					
As at 1 January	**141,012**	**10,033**	**10,872**	**161,916**	125,678
Changes in the consolidation scope & Asset deals	**(22)**	**–**	**–**	**(22)**	3,013
– Acquisitions	**–**	**–**	**–**	**–**	*3,013*
– Deconsolidation	***(22)***	**–**	**–**	***(22)***	–
Additions	**72,480**	**6,310**	**10,870**	**89,661**	65,493
Disposal	**(961)**	**(14)**	**(299)**	**(1,274)**	(1,314)
Depreciations	**(24,934)**	**(4,528)**	**(6,655)**	**(36,117)**	(30,922)
Impairment	**30**	**–**	**–**	**30**	(146)
Other movements	**9,867**	**(107)**	**214**	**9,974**	8
Exchange difference	**(3,988)**	**(39)**	**(179)**	**(4,207)**	107
As at 31 December	**193,482**	**11,655**	**14,824**	**219,961**	161,916

Additions to the right-of-use assets during the 2023 financial year amounted to €89.7 million (2022: €65.5 million). The addition is mainly related to a new distribution centre in North America and by executing extension options that were previously not considered reasonably certain.

The carrying amounts of lease liabilities and the movements during the period:

(in € thousand)	2023	2022
Lease liabilities		
As at 1 January	**170,036**	132,073
Changes in the consolidation scope & Asset deals	**(23)**	3,013
– Acquisitions	***–***	*3,013*
– Deconsolidation	***(23)***	*–*
Additions	**89,661**	65,493
Accretion of interest	**8,899**	5,709
Payments	**(41,917)**	(36,016)
Transfer	**114**	(147)
Exchange difference	**(4,463)**	(89)
As at 31 December	**222,306**	170,036
Current	**31,460**	26,132
Non-current	**190,847**	143,904
Total lease liabilities	**222,306**	170,036

The total cash outflow for lease liabilities in 2023 was €42 million (2022: €36 million).

The lease liabilities maturity analysis is noted below:

	2023			2022		
(in € thousand)	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than 1 year	**41,169**	**9,709**	**31,460**	32,522	6,390	26,132
Between 1 and 5 years	**112,674**	**27,508**	**85,166**	86,314	17,610	68,703
More than 5 years	**126,678**	**20,998**	**105,681**	88,017	12,816	75,200
Total as at 31 December	**280,521**	**58,215**	**222,306**	206,852	36,817	170,036

Amount recognised in the income statement

The income statement shows the following amounts relating to leases:

(in € thousand)	2023	2022
Depreciation charge of right-of-use assets	**(36,117)**	(30,922)
Land & buildings	**(24,934)**	(20,482)
Plant, machinery & equipment	**(4,528)**	(4,032)
Other	**(6,655)**	(6,408)
Impairment	**30**	(146)
Interest expense on lease liabilities	**(8,899)**	(5,709)
Total expense related to leases	**(44,986)**	(36,776)

In 2023, the right-of-use assets depreciation amounted to €36.1 million (2022: €30.9 million).

There was no material income from sub-leasing in 2023.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Group's business needs.

32. Guarantees, collateral and contractual commitments

As at 31 December (in € thousand)	2023	2022
Commitments secured by real guarantees	**305**	312
Contractual commitments to acquire assets	**158,059**	157,041

33. Contingencies

In the first quarter of 2015, a Group company in Costa Rica received a provisional tax assessment from the tax authorities relating to the tax year 2009. The total claim including penalties and interest as per the tax notice amounted to €29 million in 2019. The same year, taking advantage of a temporary tax amnesty to limit the exposure, the Company opted to pay an amount of €14 million to the tax authorities in Costa Rica. The Company continues to challenge the decision on the merits in the judicial courts with the objective to recover all amounts paid.

34. Related parties

Key management compensation

The total remuneration costs of the Board of Directors and the Executive Committee (ExCom) during 2023 amounted to €16.1 million (2022: €17.1 million). For members of the Board of Directors, this predominantly related to directors' fees while for members of the Executive Committee this comprised fixed base salaries, variable remuneration, termination payments and pension service costs.

(in € thousand)	2023	2022
Salaries (fixed and variable)	**15,544**	16,735
Retirement benefits	**516**	327
Total	**16,060**	17,062

35. Aliaxis companies

The most important direct and indirect subsidiaries of Aliaxis SA are listed below. An exhaustive list of the Group companies with their registered office will be filed at the Belgian National Bank together with the consolidated financial statements.

Fully consolidated companies

Company	Financial interest %	City	Country
HOLDING AND SUPPORT COMPANIES			
Aliaxis Finance SA	100.00	Brussels	Belgium
Aliaxis Global Procurement Company S.à.r.l.	100.00	Strassen	Luxembourg
Aliaxis Group SA	100.00	Brussels	Belgium
Aliaxis Holding Germany GmbH	100.00	Mannheim	Germany
Aliaxis Holding Italia Spa	100.00	Bologna	Italy
Aliaxis Holdings Australia Pty Ltd	100.00	Darlinghurst	Australia
Aliaxis Holdings SA	100.00	Brussels	Belgium
Aliaxis Holdings UK Ltd	100.00	Maidstone	UK
Aliaxis Ibérica S.L.	100.00	Alicante	Spain
Aliaxis Investments SA	100.00	Brussels	Belgium
Aliaxis Latinoamerica Coöperatief UA	100.00	Panningen	The Netherlands
Aliaxis Luxembourg S.à r.l.	100.00	Luxembourg	Luxembourg
Aliaxis Management Company SRL	99.20	Brussels	Belgium
Aliaxis North America Inc	100.00	Saint-John	Canada
Aliaxis Research & Technology S.A.S.	100.00	Elancourt	France
Aliaxis Services SA	100.00	Paris	France
Aliaxis Ventures SA	100.00	Brussels	Belgium
Aliaxis Ventures USA Inc.	100.00	Wilmington	US
GDC Holding Ltd	100.00	Maidstone	UK
Glynwed Dublin Corporation	100.00	Dublin	Ireland
Glynwed Holding B.V.	100.00	Panningen	The Netherlands
Glynwed Inc	100.00	Wilmington	US
Glynwed Overseas Holdings Ltd	100.00	Maidstone	UK
Glynwed Pacific Holdings Pty Ltd	100.00	Adelaide	Australia
Glynwed USA Inc	100.00	Wilmington	US
GPS Beteiligungs GmbH	100.00	Mannheim	Germany
GPS GmbH & Co.KG	100.00	Mannheim	Germany
GPS Holding Germany GmbH	100.00	Mannheim	Germany
IPLA B.V.	100.00	Panningen	The Netherlands
Marley European Holdings GmbH	100.00	Wunstorf	Germany

Company	Financial interest %	City	Country
Marley Holdings Pty Ltd	100.00	Nigel	South Africa
Marley Trust Holding (Pty)	35.00	Nigel	South Africa
New Zealand Investment Holdings Ltd	100.00	Auckland	New Zealand
Nicoll Do Brasil Participações Ltda	100.00	São Paulo	Brasil
Panningen Finance BV	100.00	Panningen	The Netherlands
Société Financière du Héron SA	100.00	Brussels	Belgium
Société Financière du Val d'Or SA	100.00	Brussels	Belgium
The Marley Company (NZ) Ltd	100.00	Manurewa	New Zealand
OPERATING COMPANIES			
Aliaxis Belgium SA	100.00	Herstal	Belgium
Aliaxis Bulgaria EOOD	100.00	Sofia	Bulgaria
Aliaxis Ceska Republika Sro	100.00	Vestec	Czech Rep.
Aliaxis Nederland B.V.	100.00	Panningen	The Netherlands
Aliaxis Deutschland GmbH	100.00	Mannheim	Germany
Aliaxis Greece Ltd	100.00	Kifisia	Greece
Aliaxis Hungary SEE Kft.	100.00	Biatorbagy	Hungary
Aliaxis Iberia S.A.U.	100.00	Alicante	Spain
Aliaxis Latin American Services SA	100.00	San José	Costa Rica
Aliaxis Poland Sp.z.o.o.	100.00	Olesnica	Poland
Aliaxis Sweden AB	100.00	Spaanga	Sweden
Aliaxis UK Ltd	100.00	Maidstone	UK
Aliaxis Utilities & Industry Private Ltd	100.00	Mumbai	India
Aliaxis Utilities and Industry AG	100.00	Wangs	Switzerland
Aliaxis Utilities and Industry GmbH	100.00	Vienna	Austria
Aliaxis Utilities and Industry S.A.S.	100.00	Mèze	France
Aquarius Spectrum Ltd	100.00	Netanya	Israël
Ashirvad Pipes Private Ltd	100.00	Bangalore	India
Canplas Industries Ltd	100.00	Barrie	Canada
Corporacion de Inversiones Dureco SA	100.00	Guatemala	Guatemala
Dureco de El Salvador SA de CV	100.00	San Salvador	El Salvador
Dureco Honduras SA	100.00	Comayaguela	Honduras
Durman Colombia SAS	100.00	Cundinamarca	Colombia
Durman Esquivel Guatemala SA	100.00	Guatemala	Guatemala
Durman Esquivel Industrial de Nicaragua SA	100.00	Managua	Nicaragua
Durman Esquivel Puerto Rico Corp.	100.00	Caguas	Puerto Rico
Durman Esquivel SA	100.00	Panama	Panama
Durman Esquivel SA	99.99	San José	Costa Rica
Durman Esquivel SA de CV	100.00	Mexico DF	Mexico
Dux Industries Ltd	100.00	Auckland	New Zealand
Dynex Extrusions Ltd	100.00	Auckland	New Zealand
Fip Formatura Inezione Polimeri spa	100.00	Casella	Italy
FRIATEC S.A.R.L.	100.00	Cholet	France
Girpi S.A.S.	100.00	Harfleur	France
Glynwed Malaysia Sdn Bhd	100.00	Petaling Jaya Selangor	Malaysia
GPS Shanghai Co Ltd	100.00	Shanghai	China
Hamilton Kent Inc	100.00	Toronto	Canada
Hamilton Kent LLC	100.00	Wilmington	US
Harco Fittings LLC	100.00	Lynchburg	US
Harrington Industrial Plastics de Mexico de RL De CV	100.00	Querétaro	Mexico
Innoge PE Industries S.A.M.	100.00	Monaco	Monaco
IPEX Branding Inc.	100.00	Toronto	Canada
IPEX de Mexico SA de CV	100.00	Querétaro	Mexico
IPEX Electrical Inc.	100.00	Toronto	Canada
IPEX Inc	100.00	Toronto	Canada
IPEX Management Inc./IPEX Gestion Inc.	100.00	Toronto	Canada
IPEX Technologies Inc.	100.00	Toronto	Canada
IPEX USA LLC	100.00	Wilmington	US
Lareter Spa	100.00	Fiesso Umbertiano	Italy
Marley Deutschland GmbH	100.00	Wunstorf	Germany

Company	Financial interest %	City	Country
Marley Magyarorszag ZRT	100.00	Szekszard	Hungary
Marley New Zealand Ltd	100.00	Manurewa	New Zealand
Marley Pipe Systems (Namibia) (Pty) Ltd	100.00	Windhoek	Namibia
Marley Pipe Systems (SA) (Pty) Ltd	99.83	Nigel	South Africa
Multi Fittings Corporation	100.00	Wilmington	US
Nicoll Industria Plastica Ltda	100.00	São José dos Pinhais	Brasil
Nicoll Nordic A/S	100.00	Koege	Denmark
Nicoll Peru S.A.	100.00	Lima	Peru
Nicoll S.A.	99.99	Buenos Aires	Argentina
Nicoll Uruguay S.A.	100.00	Montevideo	Uruguay
OptiRTC, Inc.	100.00	Boston	US
Philmac Pty Ltd	100.00	North Plympton	Australia
Raccords et Plastiques Nicoll S.A.S.	100.00	Cholet	France
Redi Spa	100.00	Bologna	Italy
RX Plastics Limited	100.00	Ashburton	New Zealand
SCI Frimo	100.00	Darvault	France
SCI LAML	100.00	Darvault	France
Silver-Line Plastics LLC	100.00	Asheville	US
Sociedad Industrial Tuboplast S.A.	100.00	Santiago	Chile
Straub Werke AG	100.00	Wangs	Switzerland
The Universal Hardware and Plastic Factory Ltd	51.00	Kowloon	Hong Kong
Vinidex Pty Ltd	100.00	Darlinghurst	Australia
Vinilit SA	100.00	Santiago	Chile
Wefatherm GmbH	100.00	Wunstorf	Germany
Zhongshan Universal Enterprises Ltd	51.00	Zhongshan City	China
Zypho SA	100.00	Vila Nova de Gaia	Portugal

In January 2023, Hunter Plastics Ltd has been struck-off.

In May 2023, Aliaxis acquired Zypho SA.

In June 2023, Aliaxis Utilities and Industry AB changed its name into Aliaxis Sweden AB.

Glynwed NV merged into Aliaxis Belgium SA in July 2023.

In November 2023 Aliaxis sold Aliaxis Utilities & Industry LLC and Nicoll Vostok.

36. Services provided by the statutory auditor

(in € thousand)	2023	2022
Audit:		
Audit services		
– KPMG in Belgium	**470**	407
– Other offices in the KPMG network	**2,568**	2,445
Audit-related procedures and services		
– KPMG in Belgium	**281**	140
– Other offices in the KPMG network	**287**	287
Sub-total	**3,606**	3,279
Other services:		
Tax	**289**	414
Other services	**85**	48
Sub-total	**374**	462
Services provided by the Statutory Auditor	**3,980**	3,741

37. Subsequent events

No subsequent events have occurred that warrant a modification of the value of the assets and liabilities or any additional disclosure.

Statutory auditor's report to the general meeting of Aliaxis SA on the consolidated financial statements as of and for the year ended 31 December 2023

In the context of the statutory audit of the consolidated financial statements of Aliaxis SA ("the Company") and its subsidiaries Uointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2023, as well as other legal and regulatory requirements. Our report is one and indivisible. We were appointed as statutory auditor by the general meeting of 26 May 2021, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the consolidated financial statements of the Group for 21 consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2023, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising material accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 4.733.348 ('000) and the consolidated statement of profit or loss shows a profit for the year of EUR 323.888 ('000).

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated_/. financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

We refer to note 16 - 'Intangible assets and goodwill' of the consolidated financial statements.

Description

As described in Note 16 - 'Intangible assets and goodwill' of the consolidated financial statements, the Company has recorded a goodwill for an amount of EUR 696.092 ('000) as per 31 December 2023. Goodwill is assessed for impairment on an annual basis in accordance with IAS 36 "Impairment of Assets". Management prepares an analysis in which the recoverable amount is assessed by discounting future cashflow projections at the level of the cash generating units. This recoverable amount is compared to the carrying amount at balance sheet date in order to determine if goodwill is impaired as well as the level of impairment charge to be recognized, if any.

Due to its significance to the balance sheet total and the significant degree of judgement required by management in developing the estimate, which mainly relates to the inputs used in forecasting as well as discounting the future cash flows in order to determine the recoverable amount, we determined goodwill impairment as a key audit matter.

Our audit procedures
We have performed the following audit procedures:

- We assessed the process of cash flow forecasting by management, including testing the underlying calculations and reconciling them to financial targets and plans approved by the board of directors;
- We analysed the Group's previous ability to forecast cash flows accurately and challenged the reasonableness of current forecasts by comparing the key assumptions to historical results;
- We challenged management's identification of cash generating units with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
- We evaluated the Group's valuation methodology and its determination of discount rates and growth rates by involving valuation specialists in our audit team
- Furthermore, we challenged the appropriateness of the sensitivity analysis performed by management by performing further sensitivity analyses around the key assumptions used by management, in particular discount rates;
- We evaluated whether judgements and decisions made by management when measuring recoverable amount are indicators of possible management bias; and
- We evaluated the completeness and appropriateness of the Group's disclosures in respect of impairment, as included in note 16 to the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Statutory auditor's responsibilities for the audit of the consolidated financial statements

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the audit committee 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.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated finanancial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial state.ments and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Corporate governance
- Key figures

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Zaventem, 5 April 2024

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory Auditor
represented by



Jeroen Trumpner
Bedrijfsrevisor – Réviseurs d'Entreprises

NON-CONSOLIDATED ACCOUNTS, PROFIT DISTRIBUTION AND STATUTORY APPOINTMENTS

The annual statutory accounts of Aliaxis SA are summarised below.

In accordance with the Belgian Company Code, the annual accounts of Aliaxis SA, including the Directors' Report and the Auditor's Report, will be registered at the Belgian National Bank within the required legal timeframe.

These documents are also available upon request at:

Aliaxis SA
Group Finance Department
Avenue Arnaud Fraiteur, 15/23
1050 Brussels - Belgium

The Auditor, KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises, has expressed an unqualified opinion on the annual statutory accounts of Aliaxis SA.

Summarised balance sheet after profit appropriation

As at 31 December (in € thousand)	2023	2022
Financial assets	**1,462,349**	1,462,349
Non-current loans and borrowings	**1,462,349**	1,462,349
Current assets	**3,034**	834
Total assets	**1,465,383**	1,463,183
Equity and liabilities		
Capital	**62,666**	62,666
Share premium	**13,332**	13,332
Revaluation reserve	**92**	92
Reserves	**1,048,922**	1,048,922
Profit carried forward	**251,905**	256,426
Capital and reserves	**1,376,917**	1,381,438
Liabilities	**88,466**	81,745
Total equity and liabilities	**1,465,383**	1,463,183

Summarised profit and loss account

As at 31 December (in € thousand)	2023	2022
Operating expenses	**(3,363)**	(2,894)
Operating loss	**(3,363)**	(2,894)
Financial result	**85,056**	79,981
Profit for the period	**81,693**	77,087

Profit distribution

Aliaxis' Board of Directors proposes to pay a net dividend of €0.6622 per share. The proposed gross dividend is €0.946 per share, representing 23.1% of the consolidated basic earnings per share of €4.10. The dividend is subject to shareholder approval at the General Shareholders' Meeting on May 2, 2024.

The dividend will be paid on July 1, 2024 at the following premises:

- Banque Degroof Petercam S.A.;
- BNP Paribas Fortis S.A.;
- Belfius Banque S.A.;
- as well as at our registered office.

The profit appropriation would be as follows:

As at 31 December (in € thousand)	2023	2022
Profit brought forward	**256,426**	257,715
Profit for the period	**81,692**	77,087
Gross dividend	**(86,214)**	(78,376)
Profit carried forward	**251,904**	256,426

Statutory appointments

The mandates of Tee & Tee BV (represented by Mr. Thierry Vanlancker), Mr. Eric Olsen, Mr. George Durman Esquivel, GDF Impact SRL (represented by Mr. Guy della Faille), Mr. Pierre-Alexandre Peters and Mr. Patrick Simonard as Directors will expire at the next general meeting of shareholders on May 2, 2024. They all are candidates for re-election. Upon recommendation of the People Committee, the Board proposes to the shareholders their re-election for a term of office of three years, ending at the general meeting of shareholders in 2027.

The mandate of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises as auditor of the consolidated and non-consolidated accounts will expire at the next general meeting of shareholders on May 2, 2024. It has been proposed to the general meeting of shareholders to reappoint KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Mr. Jeroen Trumpener, as auditor of the consolidated and non-consolidated accounts of Aliaxis SA, for a term of three years, ending at the general meeting of shareholders in 2027.

GLOSSARY

Revenue (Sales)
Amounts invoiced to customers for goods and services provided by the Group, less credits for returns, rebates and allowances and discounts for cash payments.

EBITDA
EBIT before charging depreciation, amortisation and impairment.

Recurring/adjusted EBITDA
Adjusted EBIT plus depreciation, amortisation and impairment (other than goodwill impairment).

Recurring/adjusted EBIT
Operating profit exclusive adjusted items.

EBIT
Operating income.

Net profit (group share)
Profit of the year attributable to equity holders of the Group.

Like-for-like basis
2022 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022, Lareter in December 2022, Zypho in May 2023, Valencia Fittings LLC in June 2023 and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

Capital expenditure
Expenditure on the acquisition of property, plant and equipment, investment properties and intangible assets.

Net financial debt
The aggregate of (I) non-current and current interest-bearing loans and borrowings and (II) bank overdrafts, less (III) cash and cash equivalents.

Capital employed
The aggregate of (I) intangible assets, (II) property, plant and equipment, (III) investment properties, (IV) inventories and (V) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable.

Non-cash working capital
The aggregate of (I) inventories and (II) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable.

Return on capital employed (%)
EBIT / average of capital employed between January 1 and December 31 x 100.

Return on equity (group share) (%)
Net profit (group share) / average of equity attributable to equity holders of Aliaxis between January 1 and December 31 x 100.

Effective Income tax rate (%)
Income taxes / profit before income taxes x 100

Payout ratio (%)
Gross dividend per share / basic earnings per share x 100

Aliaxis SA

	2023 € million	2022 € million	2021 € million	2020 € million	2019 € million
Revenue*	**4,059.0**	4,341.9	3,675.1	2,907.7	3,117.6
Recurring EBITDA*	**619.5**	728.2	674.4	461.1	440.1
% of revenue	**15.3%**	16.8%	18.3%	15.9%	14.1%
Recurring EBIT*	**441.6**	573.4	537.2	315.5	300.1
% of revenue	**10.9%**	13.2%	14.6%	10.9%	9.6%
EBIT*	**421.2**	560.9	612.4	330.6	323.6
% of revenue	**10.4%**	12.9%	16.7%	11.4%	10.4%
Net profit (Group share)*	**322.2**	369.4	397.8	198.5	183.0
Capital expenditure (including leasing)*	**420.7**	390.6	175.5	148.7	151.6
% of depreciation and amortisation	**237%**	253%	129%	103%	108%
% of Recurring EBITDA	**68%**	54%	26%	32%	34%
Total equity	**2,398**	2,230	1,924	1,413	1,409
Net financial debt*	**754**	742	99	438	771
Return on capital employed*	**13.5%**	21.9%	30.8%	16.1%	15.0%
Return on equity (Group share)*	**14.0%**	17.8%	23.9%	14.1%	13.8%
Average number of employees	**15,857**	15,212	14,442	14,473	15,511

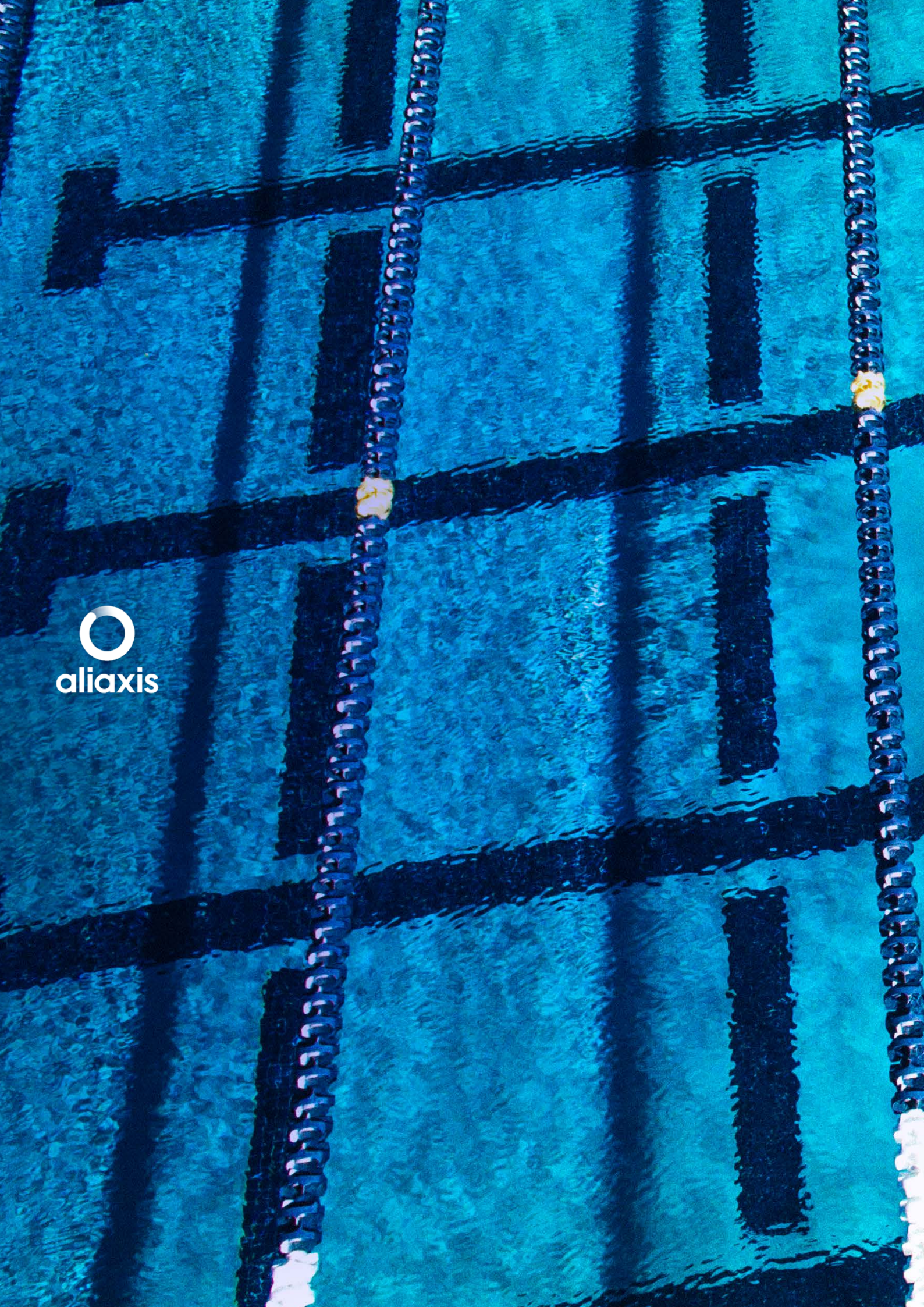
	2023 € million	2022 € million	2021 € million	2020 € million	2019 € million
Earnings					
Basic	**4.10**	4.69	5.06	2.54	2.33
Diluted	**4.10**	4.69	5.06	2.54	2.33
Gross dividend	**0.9460**	0.860	0.782	0.658	0.587
Net dividend	**0.6622**	0.602	0.5474	0.4606	0.4109
Payout ratio*	**23.1%**	18.3%	15.5%	26.0%	25.2%
Outstanding shares at 31 December (net of treasury shares)	**78,094,084**	78,685,288	78,681,987	78,270,500	78,288,855

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Colophon

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Group Finance

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