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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.

Highlights

Financial

Revenue

€4.3bn

Revenues climbed 11.3% on a like-for-like¹ basis

Net profit

€371m

Current EBITDA

€728.2m

An increase of 8% reported, stable on a like-for-like¹ basis

Net financial debt

€742m

CEBITDA margin

16.8%

Above 15% for the third year in a row

Leverage

1.0x

Leverage of 1.0x CEBITDA

Non-financial

Reduction in CO₂

-12%

Renewable electricity

22%

Of our operations have transitioned

Recycled material

+22%

Externally sourced recyclate in our products

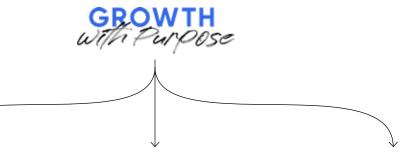
^{1 2021} adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022 and Lareter in December 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.



"Our excellent results in 2022, and the far-reaching changes we are making to our operations, show our *Growth with Purpose* strategy is beginning to have real impact."

Eric Olsen
Chief Executive Officer

OUR STRATEGY



Sustainable

"We are making our own operations more sustainable and tackling some of the world's most pressing environmental challenges. Our targets include transitioning to 100% renewable electricity by 2025, using four times more recycled material in our products, and accelerating the development of new solutions to enable access to water, sanitation and clean energy."

Line De Decker
Chief People and Sustainability
Officer

Innovative

"We aim to speed up the pace of innovation to produce great new solutions that meet our customers' and society's needs. By 2025, we'll triple R&D spending, use technology in new ways to boost our research and product development, get new products to market faster and make sure they account for a bigger proportion of our total turnover."

Sophie Desormière
Chief Growth Officer

Locally grounded

"Growth with Purpose is a global strategy but it's our local businesses, led by our strong regional leadership teams, that are empowered to deliver it on the ground. They are building on a legacy stretching back 100 years and know their markets and customers intimately. We offer customers the benefit of this proximity to our local teams and the scale and strength that comes from being a global leader in our sector."

Eric Olsen Chief Executive Officer

"Aliaxis is a global industry leader and everywhere we operate we are acting for a sustainable future."

Thierry Vanlancker
Chairman



Clearly, as a privately-held company, with a family reference shareholder, Aliaxis has a real advantage over many other businesses, in its ability to create long-lasting value and make a meaningful impact on sustainability for generations to come, even in that turmoil.

Aliaxis reacted quickly – speed being a key requirement to execute well – but never lost sight of the long term need to invest in our operations and in innovation to create relevant solutions for the world's sustainability and water challenges.

Maintaining strong performance

All through 2022, the Board worked side by side with the management team to advance on our *Growth with Purpose* strategy. Despite all sorts of headwinds and economic shifts, Aliaxis was able to consolidate the growth in revenue and earnings it had started to achieve in recent years. We were even able to maintain the step change in profitability recorded in 2021.

Aliaxis executed well on its agenda to accelerate carbon reduction, increase recycling and in bringing more innovation to the market at a faster pace. We made significant investments to expand and modernise production capacity, while inorganically strengthening our US and Europe presence by acquiring Harco and Lareter.

It demonstrated well the company's laser focus on investing with a long-term perspective, which will continue even though market conditions remain challenging.



Sustainability

In that same vein, Aliaxis continues to take actions to tackle head on the immense climate and water challenges around the world.

Recent flooding, heatwaves and droughts prove that the stakes are high. Billions of people today already lack access to clean water and sanitation. As the world's population grows and climate driven weather events become even more frequent, these challenges will only continue to intensify.

For the Board, it was very gratifying to see how the whole Aliaxis organisation has stepped up to these challenges – seeing their real mission to be about bringing solutions to these existential challenges and, by doing so, accelerating the business model to achieve sustainable growth for the company.

OUR PURPOSE AND STRATEGY

CHAIRMAN'S STATEMENT

Clearly, people at Aliaxis have embraced sustainability as being at the heart of what the company does. As a Board, we are proud to be part of an organisation that is so determined to make the difference.

An engaged Board

In 2022, the Board was reinforced with a diverse mix of deep experience and perspective. We welcomed Peter de Wit, Myriam Beatove and Thomas del Marmol as new members bringing highly relevant industrial, human resources and financial experience to the table.

This was also my first year as Chairman of the Board. While having the luxury of standing on the shoulders of Olivier van der Rest – the proverbial giant before me – it allowed me to focus on making sure we could continue to foster the excellent dynamic both inside the Board as well as between the Board and the broader organisation.

In that respect, it was truly valuable to hold three of our Board meetings in the field at our new Pineville plant (USA), at the Mannheim-site (Germany) and at our new Paris Research hub (France).

I was delighted to travel even more widely – often with other Board members in tow – to see more of the operations and meet many Aliaxis colleagues. It was great to sense first-hand a growing enthusiasm and sense of pride in the organisation.

Growth with Purpose is a living strategy, fully embodied in the way the teams work. The "One Aliaxis" idea seems to be deeply rooted and becoming a strong reality, this time driven from the ground up and not just from headquarters.

Today, Aliaxis is a global leader in our industry, and, in every country we operate in, we are acting for a sustainable and strong future.

Thierry Vanlancker

Chairman

"Our aim is to tackle some of the world's most pressing water and clean energy challenges. We're using our scale, skills and resources and turning that ambition into action."

Eric Olsen
Chief Executive Officer



The challenges we face around water are already immense and will only intensify without urgent action.

The facts are staring us in the face. Today, billions of people lack access to clean water or sanitation, while 35% of the water distributed through networks is lost in leaks. The impact of climate change is also increasingly evident in extreme weather events, heat waves, floods, droughts, disappearing glaciers and wildfires.

Aliaxis can make a real difference in tackling these challenges because they go to the heart of what we do, every day.

With over 75% of our products used to distribute, treat and store our most precious resource, water is a major part of our raison d'être. Our solutions also play an important role in storing and transporting clean energies.

United by our purpose

So, for us, the call to action could not be stronger. In 2022 we underlined our commitment to create positive change by restating our purpose with a clear but simple phrase:

"We exist to bring solutions to the world's water challenges and to accelerate the transition to clean energy."

Our *Growth with Purpose* strategy, launched in 2021, has sustainability and innovation at its heart and is focused on taking immediate action up to 2025.

Backed by ambitious targets, it is all about creating value by operating sustainably and bringing game-changing water and clean energy solutions to our customers at greater speed. As one of the most international companies in our sector, we have the scale and the local market knowledge to make a real impact.

Our *Growth with Purpose* strategy in action

In 2022, we made tremendous progress on our *Growth with Purpose* strategy.

Since 2021, we've transitioned about a quarter of our operations to renewable electricity. We are well on course to meet our target of 100% renewable across all our operations by 2025.

We're making solid progress in quadrupling the amount of recycled material we use in our products, with each of our regions bringing great new ideas to market. And our efforts to get smart water solutions to customers faster are advancing at pace.

We've massively stepped up our capital expenditure on internal growth by more than tripling our level of investment with a plan to invest over €1 billion between 2022 and 2025.

Dare, care, deliver

We know what we want to achieve and how to get there. And we are energised by our new behaviours – "we dare, we care, we deliver" – which are inspiring people across Aliaxis to focus on tackling climate change and the water crisis with the urgency they demand.

We dare

To challenge the status quo, to innovate and learn fast

We care

For the environment, for our customers and for each other; safety being our top priority

We deliver

By taking accountability for our decisions and actions

CEO'S STATEMENT

In 2022, we invested €325 million to expand capacity both by modernising existing facilities and production lines, and by building new plants. That includes a new state-of-the-art factory in North Carolina, in the US, two new greenfield facilities in India, with a further three to follow, a plant modernisation in Germany and a highly automated plant in Australia.

We're growing through acquisitions as well and were delighted to welcome two great companies with proud histories into the Aliaxis family last year – Harco in the US, and Lareter in Italy. Our new division, Aliaxis Next, set up in 2022 to invest in and partner with promising water tech start-ups, has already invested €60 million in ground-breaking disruptive digital water solutions businesses.

Where innovation is concerned, we are increasing customer intimacy to make sure we create the right solutions for the right markets. In 2022, we boosted R&D spending to over €30 million, our goal being to invest up to €65 million by 2025.

The percentage of sales from new products (less than five years old) has risen steeply from 4.3% to 6.2%, representing €260 million in additional sales. Our target is for new-to-market solutions to account for 10% of total sales by 2025.

Powerful performance

Despite a challenging economic environment, we had another very strong year in 2022, continuing the big leap forward in our performance that we achieved in 2021.

Current EBITDA grew from an average of around €450 million between 2016 and 2020 to €674 million in 2021, and came in at €728.2 million last year, an increase of 8% as reported (stable on a like-for-like¹ basis vs 2021 and 48.7% vs 2020).

Although our CEBITDA margin declined slightly, from 18.3% to 16.8%, it remained above 15% for the third consecutive year. We were delighted to be named Belgium's EY Company of the Year. It recognises how Aliaxis is a purpose driven company, aiming to solve some of the world's water challenges and accelerate the transition to clean energy. This recognition validates our choices in the eyes of our employees, shareholders, and customers.

Net profit in 2022 was €371 million, while revenues grew 11.3% on a like-for-like¹ basis to €4.3 billion.

These excellent results were underpinned by a powerful performance in North America and the Pacific, which offset slightly weaker results in EMEA, India and Latin America where a variety of pressures, including high inflation, resin price volatility and slower demand, impacted us.

Short-term challenges ahead

The road ahead this year and next could be bumpier and we expect our recent powerful growth trajectory to moderate slightly. We will control our costs and manage our inventory carefully.

But we are clear about two things.

First, we will continue with our plans to invest in sustainability, innovation, productivity, and customer intimacy, even in these challenging times. We think it is right to keep investing wisely for the future and have the resources to do so, combining both internal and external growth.

Secondly, we remain confident we can achieve our goal to reach Current EBITDA of €850 million by 2025, based on our success to date and our ability to overcome short-term disruptions thanks to the combination of our teams and business model.

Committed and energised

I'm greatly encouraged that people throughout Aliaxis are committed to our purpose and our strategy and have been energised by the culture we are creating. That's true right across the company, from our strengthened leadership team right through to colleagues on the ground. It's been great to get out and meet many more of them in the last year.

Our strategy is on course, and I sense that people across the company share not just my optimism but also my belief that – when we put our minds together, learn from and challenge each other – there's nothing we can't do, no problem we can't solve and nothing we can't overcome.

Eric Olsen

Chief Executive Officer

²⁰²¹ 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 and Lareter in December 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

"At Aliaxis, we don't just say we want to create positive change in the world, we take it on and make it happen. We are turning intentions into actions."

Line De Decker
Chief People and Sustainability Officer

OUR BEHAVIOURS

We dare to challenge the status quo, to innovate and to learn fast.

To achieve our purpose we must be prepared to think big, challenge old ideas and assumptions, and be brave enough to test new ideas constantly, even if some of them do not immediately succeed. It's only by daring together and by pushing out the boundaries of innovation that we can invent ways to tackle the world's immense challenges around access to water, sanitation and clean energy.

We care for the environment, our customers and each other.

Our strategy has sustainability at its core and we are serious about finding solutions to the world's environmental challenges. It matters to us. We can do that best by maintaining close and mutually supportive relationships with our customers and by creating a high-performance workplace in which colleagues feel engaged and can pursue fulfilling careers in a safe and healthy environment.

We deliver by taking accountability for our decisions and actions.

We want to be judged on our actions, not just our words. In the end it's about delivering great solutions to our customers that meet both their evolving requirements and the wider needs of society. But it's also about being open about our goals and ambitions, and transparent about our success in making a reality of them. We need to do that at a faster pace because the challenges we face will not wait.





WE ARE SUSTAINABLE

"The twin crises of climate and water require our urgent attention and immediate action."

Line De Decker

Chief People and Sustainability Officer

The impacts of climate change and the huge water challenges the world faces are already very clear to see in extreme weather events and with billions already lacking access to clean water and sanitation. We must act now to cut carbon and secure, protect and distribute water – and we are.

We've put sustainability at the heart of our *Growth with Purpose* strategy to tackle both the climate and water crises. And in 2022 we underlined our commitment to it by restating what drives us as a business with a bold but simple sentence:

"Our purpose is to bring solutions to the world's water challenges and accelerate the transition to clean energy."

Our accent is on acting now. We're convinced that, if we dare to take bold action today, we can begin to have real impact on these twin challenges, delivering solutions both within the 2025 timeframe of our *Growth with Purpose* strategy and well into the future.

In every crisis, real opportunity

The links between climate and water aren't always well understood, but the United Nations, as part of its 2018-2028 Decade of Water campaign, has made it crystal clear. It sees climate change as primarily a water crisis, felt in worsening floods, rising sea levels, shrinking ice caps, wildfires, and floods.

It also sees an immense opportunity for profound change in meeting these challenges. At a time when nearly 1 billion people already lack access to water, and some 2 billion have no sanitation in their homes, the UN makes it clear that managing water sustainably is and will continue to be a vital weapon in combatting the climate crisis.

This is our call to action.

WE ARE SUSTAINABLE

Carbon reduction

-75%

Our goal to cut carbon emissions by 75% per ton of production by 2025 will mostly be achieved by using renewable electricity. Making lighter, more durable and less carbon intensive products will also contribute. In 2022, our carbon intensity decreased by 12%.

Renewable electricity

100%

By 2025 we aim to be totally powered by renewable electricity. In 2022 nearly a quarter (22%) of our operations had met that goal.

Recycled content

4_x

By 2025 we aim to use four times more recycled material in our products to reach a minimum of 50% of what is permitted under current standards. In 2022, we increased our use of externally sourced recyclate by 22% compared with 2021.

Uniquely placed

We see the intimate connections between climate and preserving our most precious resource: water. With 75% of our products used to distribute, treat and store water, we are uniquely placed to understand the water challenges the world currently faces and the potential problems that lie ahead in decades to come.

We are determined to turn that insight into action quickly – and we're already making progress.

Transitioning to renewables

We're aiming to reduce our CO₂ emissions by 75% per ton of production by 2025, primarily by transitioning to 100% renewable electricity across all our operations, worldwide.

By the end of 2022, New Zealand, Costa Rica, Chile, Peru, Guatemala, the Netherlands and Switzerland had transitioned to renewable electricity, with Poland and Uruguay within touching distance, often powered by solar panels. In total 22% of our operations are already powered by renewables, putting us well on course to meet our 2025 target.

Boosting recycled content

We are by nature a circular economy business, creating long-lasting plastic products from resin, a byproduct of petroleum. Beyond we are currently stepping up efforts to create further circular processes using more recycled plastic in our products as an important extra way to cut carbon. We already have products and solutions on the market in Australia, New Zealand and across Europe and the Americas.

Our target is to use four times more recyclate in our products by 2025 to reach a minimum of 50% of what is allowed under current standards. We work closely with regulators to explore if these standards can be made greener still, and our position as an industry leader gives us a real influence in this debate.

As use of fossil fuels declines, we are exploring alternative raw materials which we believe could have important long-term potential. For instance, our teams in France are exploring the use of bio-attributed PVC resin and initial results look promising with a complete range of sanitary products already available on the French market.



External perspective

"Let's look at the future together, let's work together, let's listen to one another and spark creativity. The water needs all of you and we need water. Water is life."

Autumn Pettier
Indigenous Rights Activist, Canada

WE ARE SUSTAINABLE

Creating new water management solutions

We're speeding up the development of new fluid management solutions, empowering our businesses around the world and our three innovation hubs in Paris, Toronto and Bengaluru, to work with customers to develop innovative new products to improve access to water and sanitation.

At the same time, Aliaxis Next, established as a new division in 2022, is investing in and incubating disruptive start-ups and technologies to harness digital and data-driven water management solutions that will be the engines of our future arowth.

We have acquired or partnered with 8 early-stage businesses (6 during 2022) working on the cutting edge of water tech to address sustainable water management, access to water, resilient infrastructure, and water for food. With nearly 4 billion people projected to be living in water stressed regions by 2030, this work is clearly critical.

Raising awareness

Successfully tackling the world's urgent challenges around water not only requires urgent action but also calls for collaboration between industry, customers, entrepreneurs, policy makers, civil society, and communities.

We are determined to act as a catalyst for change and have already begun to stimulate debate to raise awareness of water's central role in tackling climate change.

Our Action for Water event, staged in Brussels in early January 2023, brought together a host of experts and entrepreneurs (including some from the start-ups in Aliaxis Next's ecosystem), thought leaders and decision-makers – people who, like us, care deeply about finding answers and who dare to scan the horizon to find them. We fully intend to keep raising awareness on the world's water challenges, urging business to mobilise to tackle them.



External perspective

"If climate is a shark, water is the teeth of the shark. Water is the first to come at the front of the challenge we are facing."

Jacques Affali Writer and Economist

Discover how we are accelerating the pace of change



Securing renewable power sources

In several countries we are exploring new green energy investments, particularly in solar.

We are closing in on our target to power all our operations with 100% renewable electricity by 2025, after a year of great progress in 2022.

So far, New Zealand, Costa Rica, Chile, Peru, Guatemala, the Netherlands and Switzerland have achieved the transition, with Poland and Uruguay within touching distance.

With nearly all our operations contributing, we've already reached the point where just under a quarter of our operations are powered by renewables. Our Latin American region is leading the way with 94% of operations powered by renewable energy.

In the early stages, we are relying on signing power purchase agreements (PPAs) with certified suppliers who can guarantee that all the electricity they sell to us comes from clean energy sources.

But increasingly we are exploring buying or building our own generation capacity, particularly solar.

India, where 39% of our power currently comes from renewables, has already commissioned a captive solar farm – for our own use – in Bikaner, Rajasthan, which began generating in January 2023.

Another example – which is being implemented throughout Aliaxis – is in Spain where the roofs of our facilities at Alicante and Okondo are being fitted with solar panels increasing renewable selfconsumption by 16% and 5% at those plants, respectively, in 2021/22.

In a second phase, we will expand our solar resources across the sites backed by PPAs allowing us to feed any excess power back into the grid. Ultimately, we plan to create or purchase an offsite solar farm, increasing our self-sufficiency.

We're following a similar path in Poland, where already 80% of our electricity is renewable.

We've also made progress on reducing the carbon intensity of our operations, where our overall target is to cut CO_2 emissions by 75% per ton of production, mostly through transitioning to renewable electricity. In 2022, we reduced our carbon intensity by 12%.



Less is more – lightweight products from India

Our teams in India are making key products lighter, less carbon intensive.

We're developing lighter products to reduce the carbon footprint of our products, in work led by our Indian Research hub.

Our teams there are proving that reducing the weight of our products is one of the most efficient ways to reduce energy consumption and carbon and a great way to cut costs and boost productivity.

Scientists at our Bengaluru research hub have worked on three different products achieving a minimum 25% weight reduction while maintaining product specification and performance.

Products included a hollow core design for PVC pipes to replace conventional solid pipes and the development of honeycomb inspired fittings.

The team has also re-engineered classic ball valves achieving a 60% weight reduction with no decrease in pressure ratings or performance. The end-result: a resilient product that meets price and performance expectations in the Indian market inspiring us to make further improvements throughout the Group.



France unveils first products using bio-attributed PVC

Working closely with customers and our Paris Research Hub, Nicoll has launched the first eco-products using bio resin.

Nicoll, our long-established brand in France, has launched a 100% recyclable silent wastewater disposal system, 80% made from newly developed bio-attributable PVC resin and 20% recycled plastic.

Our teams in France have been at the forefront in searching for alternatives to resins derived from fossil fuels and are making rapid progress.

Working closely with customers and our Paris research hub, it took them just one year to bring the Nicoll HOMETECH® product to market, working hand-in-hand with customers and supported by our Paris research hub.

The new generation bio-resin, made from salt and bio-ethylene (sourced from either paper pulp manufacturing or used cooking oil), looks to be a highly promising alternative to resins derived from petroleum.

Its production also generates 90% fewer CO₂ emissions, with no compromise on quality and performance – an important step as we look to cut overall emissions by 75% per ton of production by 2025.



Closing the loop on plastic waste

Zero waste to landfill is a key environmental goal. In New Zealand, Marley's €7 million investment with Waste Management New Zealand, aims to divert some 3,500 tons of plastic from landfill averting 3,000 tons emissions.



Canada boosts recycling

The Saint-Joseph plant, Quebec, is using 100% recycled PVC in the middle layer of its three-layer sewer, telecoms and gas pipes, grinding used plastic on site from sources such as old credit cards, used pipes and discarded house cladding.



Think ECO

In Spain, CO₂ emissions from producing Jimten's 100% recycled ECO range of traps and waste outlets have been cut by 30%.



Harnessing the power of the Mediterranean

We're working on an innovative heat, hot water and air-conditioning system powered by thermal energy recovered from the sea. The system, serving 29 buildings in the Larvotto residential area of Monaco, delivers 100% renewable energy with no impact on marine ecosystems.



Sharing sustainable solutions across the world

The water tanks we are making in India draw on a process first developed by our teams in Guatemala.

Our teams in India have opened up an important new market for rainwater tanks, rising a production technique first developed by Aliaxis in Central America under the Durman brand.

Durman – which joined the Aliaxis family in 2005 – has been making water tanks using a process of rotational moulding for nearly two decades.

Today, its range of water tanks and cisterns are on the market across Central America, Peru and Uruguay, and have reached a much wider audience since it started promoting their use for rainwater harvesting.

Now, our Indian business is building on Durman's long experience in rotomoulding to meet huge demand in India's most water-stressed regions for clean and healthy water storage solutions.

It's a great example of how we can grow in new markets by sharing ideas and best practice across the group, creating new solutions at speed.

And our Indian team have taken the solution to the next level, developing a three-layered anti-microbial tank, with an outer UV protection layer, a middle layer to control temperature and a specially treated inner layer that prevents bacteria forming.

In a further development the team have now increased the amount of recycled material in the tank. Thanks to a six-month development project, recyclate now makes up 24% of the tank's middle layer, making the product both more sustainable and more cost effective and helping us meet our goal to quadruple the recyclate in our products by 2025.



Giving water the attention it needs

We want to be a catalyst for action on water, building a coalition of like-minded people.

Five years into the UN's Decade for Action on Water for Sustainable Development, the central part water plays in our changing climate is not as well recognised as it should be.

We aim to change that dramatically and are actively reaching out to build a coalition of like-minded people.

For instance, in January 2023, we brought together thought leaders and business solution providers to publicly address water scarcity and floods during our 'Action for Water' event, in Brussels.

Amongst people gathering for the event were representatives of the start-up community, inspiring young entrepreneurs, and prominent campaigners and thinkers including Autumn Peltier, the Anishinaabe indigenous rights advocate and water protection activist, and Jacques Attali, the French economist.

Other contributors included Beth Koigi, CEO of Majik Water, Nadia Adballa, co-founder of ECO Genius Innovative Environmental Solutions, Pieter Loose, CEO of Ekopak, Natasha Wiseman, CEO of Make Water Famous, Ari Goldfarb, CEO of Kando, Koen Verweyen, CEO of Aquarius Spectrum and Fredrik Östbye, Head of Aliaxis Next.

Our employees, shareholders and customers are fully behind our efforts to leverage our sector-leading position to give water the attention it deserves in climate discussions.



Putting water on the sustainability

We're giving water the attention it deserves.



"At Aliaxis Next we are building entrepreneurial and tech-enabled businesses that can tackle the world's most urgent water challenges."

Fredrik Östbye Head of Aliaxis Next



Operational excellence – safety first

We simply want no one to get hurt at work. Over three years, we've improved our safety performance by 46%.

Our aim is to create an injury-free work environment and are intensifying our efforts to improve our training and workplace practice by putting safety first.

Our main safety indicator is our reportable incident rate (RIR), defined as the number of reportable injuries and illnesses per million hours worked. Over the last three years, we've seen our safety performance improve by 46%. In 2022 we reduced the rate from 7.5 to 5.8, down 23% and ahead of our goal to achieve an improvement of more than 20%, year-on-year.

We've set an RIR target of 4.8 in 2023. But by 2025, at the end of our *Growth with Purpose* strategy, we are aiming to bring that rate to below 3.0, putting us in the top quartile of safety performance.

As well as tracking injuries and illnesses, we also engage teams to identify near misses and hazards so that safety can be improved proactively, and learnings shared.

We also use Group-wide health and safety standards and run regular training sessions as well as communication campaigns, to highlight best practice and make sure common minimum standards are applied everywhere.

In 2022, we ran the first ever Dupont safety survey to test perceptions and attitudes to safety across our operations, with an impressive 79% of staff, from all regions, making submissions.

Best Practice Awards

70

Out of 280 global submissions to the annual Best Practice Awards, safety attracted a record 70 submissions from across the group in 2022.

Cutting reportable incidents

-23%

We reduced our reportable incident rate 7.5 to 5.8 last year but aim to be below 3 by 2025.

Packaging win

27%

Reducing the size of packaging and using recycled PE film has achieved a 27% cost saving by our team in Mannheim, Germany.



Top managers pledge action on safety

Demonstrating our collective commitment, all 175 managers meeting in Montréal in June 2022 wrote and shared their personal safety pledge.



Giving employees ownership on safety

Under a new 'Safety Ambassadors' scheme, eight volunteers at our Alicante plant, in Spain, are tasked each week with spotting near misses and boosting safety awareness. In one year, the programme has increased risk identification by 85%.



Inspiring women

In Peru, Aliaxis has joined with Women in Construction to mentor and empower women in our sector. In Costa Rica, our teams are mobilised to encourage high school students to pursue science-based careers. It will be extended to Colombia in 2023.



WE ARE INNOVATIVE

"Our proud history of innovation stretches back over 100 years. But today we're working to get great ideas to market faster than ever before by collaborating with customers to co-create the solutions society needs."

Sophie Desormière
Chief Growth Officer

As challenges around access to water, sanitation and clean energy intensify, our customers' demand for innovative water and clean energy solutions is growing rapidly.

And because this is only likely to accelerate further, we're working increasingly closely with customers in the building, infrastructure, industrial and agricultural sectors. Together we devise, prototype, develop and launch products, solutions, and services, with an accent on bringing great new ideas that delight our customers to market much faster.

We aim to put ourselves in the shoes of our customers to understand the different challenges they face in their local markets and across the sectors they work in. Customer intimacy and communication are central to our innovation efforts.

A great history of innovation

Where innovation is concerned, we're building on a powerful legacy that stretches back 100 years with products like the first ever push-button toilet cistern launched by Philmac in the 1930s. Today we continue to enjoy a reputation for fantastic innovation with solutions such as drain water heat recovery units to help reduce people's energy consumption and bio-attributed PVC in wastewater evacuation systems – just some of the great new ideas we brought to market in 2022.

Acceleration

What's changed is the speed at which we are turning ideas into higher value solutions.

Our strategic goal is for new solutions to account for 10% of total sales each year by 2025 and we are well on the way to achieving that target. New-to-market products accounted for 6.2% of sales in 2022 compared with 4.3% in 2021 and 2% in 2020.

Our Global Innovation team runs regular ideation competition to boost idea-sharing within a collaborative work environment across the Group. In Europe, it resulted in the first ever range of hot and cold-water balancing valves to prevent the spread of deadly bacteria like legionella in hospitals. The local teams are concurrently co-creating with customers, meeting their needs like never before.

WE ARE INNOVATIVE

Overview of our segments



Building
Sanitary, drainage, plumbing
& building systems

Contribution to sales



c. €1.9bn of sales



Infastructure
Infrastructure projects
(water, gas, power & telecom)

Contribution to sales



c. €1.5bn of sales



Industry
Piping & pressure systems for industrial fluid management

Contribution to sales



c. €0.6bn of sales



Agriculture
Water management for irrigation & livestock feeding

Contribution to sales



c. **€0.3bn** of sales

Increased R&D spend



By 2025 we plan to increase our R&D spend to €65 million. In 2022, we invested €32 million.

Time to market

Faster

Working closely with customers we're getting great new products to market faster. Our India business has proven particularly adept at turning ideas into solutions at pace, with 20% of its revenues coming from new products in 2022.

Local empowerment

Because our local teams know their customers' evolving needs intimately, they are at the forefront of our innovation and product development work. In 2022, we intensified our continuous training programmes around capturing the voice of the customer. This ensures that we can help customers succeed by developing solutions that fit with market demand.

Our teams are empowered to work closely with customers to identify future needs, share ideas and co-create new solutions. It could be by joining forces to deliver advanced piping systems for water and energy, producing highly engineered plastic valves and fittings to replace traditional products, working on light-weight components that are less carbon intensive to produce, rolling out advanced irrigation systems or new ways to treat, store, preserve and monitor water.

ming from new products in 2022. External perspective

10%

Sales of new products

We aim to earn 10% of our revenue from new products less than five years old by 2025. Between 2021 and 2022, the percentage of sales from recent products rose steeply from 4.3% to 6.2%, representing close to €260 million in additional sales

"We need solutions which are more humancentered. When you emphasize with them on their needs, their feelings, and their hopes. When you empathise with them, you get to know from their own perspective, where is the challenge. So, you redefine the challenge and from there you go to ideation."

Nadia Abdalla

Co-founder of ECO Genius Innovative Environmental Solutions

WE ARE INNOVATIVE

Besides this intense local focus, we are always looking to export ideas from one market to another, where they can be swiftly adapted and refined by our teams on the ground to meet different local needs. Our Indian business, for example, developed its very successful antimicrobial water tank using technology first developed for use in pipes by colleagues in Latin America. The new tanks were developed and brought to market in just under a year.

Cutting-edge science

Our three innovation hubs go from strength to strength and play a vital role in collaborating with customers on new ideas. Increasingly, we are using AI, data analytics and digital collaboration to share ideas across the business.

Our Paris research hub, focusing on water solutions, has relocated to new premises with extra space for customer co-creation work. Our team at our Bengaluru research hub, specialising in digitalisation and advanced engineering, continues to grow and now comprises over 40 highly skilled young scientists with an average age of 29 years. Our Toronto research hub, where we concentrate on materials know-how, is set to move to a new, much bigger and more capable centre in 2023.

Meanwhile, Aliaxis Next is exploring the water solutions of the future – identifying, investing in, and incubating promising start-ups to leverage disruptive digital and data-based technologies that will address water challenges later in this decade and beyond.

Increased investment

Innovation is the key to maintaining the trust and support of our customers, to unlocking new markets and to making a reality of our strategy.

To achieve our growth ambitions and our goal to tackle the world's most pressing challenges around access to water, sanitation and clean energy, we will be investing far more in our R&D than we have in the past.

We plan to increase our annual R&D spending to €65 million by 2025; three times more than we spent in 2020. In 2022, R&D investment increased to €32 million, putting us well on course to meet our *Growth with Purpose* target.



External perspective

"We are seeing an uptick in the challenges but with those challenges come solutions and they are coming through much quicker than ever before."

Natasha Wiseman CEO and Founder, Make Water Famous

Discover how we are accelerating the pace of change



The science and engineering at the heart of Aliaxis

Our three main Research hubs work closely with customers to create the solutions they want, and society needs.

We're proud to have teams of highly capable research scientists working closely with our divisions and our customers to invent solutions to the planet's water and clean energy challenges.

We're investing in and modernising our three main Research hubs in Paris, Toronto and Bengaluru. They give us a comprehensive, global research capability and they are going from strength to strength.

Each focus on a specialty: water solutions for Paris, digital for Bengaluru and material sciences for Toronto.

In 2021, we established our new Research hub in Bengaluru where we now employ more than 40 young scientists. The average age is 29. Their work has helped us bring some great new solutions to market at high speed, such as our anti-microbial water tank and light weight, less carbon intensive fittings and valves.

In 2022, we moved our Paris research activities to a brand-new centre at Elancourt, equipped with added space for co-creation work with customers.

Our Toronto hub will move to a new, more capable centre in 2023 to boost its ground-breaking work on materials know-how, with a focus on research into new sustainable compounds and faster product development. The 53,000-square-foot facility will feature advanced material science laboratories, multiple extrusion and injection molding pilot production cells, and much more.

The three hubs work closely with our businesses to make sure our research teams understand and respond directly to our customers' evolving needs. We share ideas between our hubs and our teams out in the field through digital collaboration. We are increasingly using powerful technologies, like Al and data analytics.



Discover our Paris Research hub
"At our Elancourt research
centre we act for water,
humanity and nature. Our
customer engagement
strategy helps define
innovation from ideation to
industrialisation, and in every
innovation, we make
sustainability a key criterion."

Pascal Chapon

Director of Paris Research Hub



A growing role in healthcare

We see a growing role for our innovative solutions in the healthcare segment.

We see a growing role for our innovative solutions in the healthcare segment, where the need to keep water free of contamination is clearly vital.

Our Paris Research hub has already made a breakthrough with our first ever hot and cold-water balancing valve, developed in collaboration with a multidisciplinary team from across EMEA.

The new valve – easy to install and operate – prevents the spread of hospital-acquired diseases, such as legionella, and has applications across healthcare settings and other big public buildings with high sanitary requirements.

We are currently building up a complete offer in these important markets.



Helping deliver Africa's largest wastewater plant

We've worked closely with customers to deliver Africa's largest wastewater plant by the Suez Canal.

Located in north-western Egypt, the newly built Bahr Al-Baqar wastewater plant is the largest in Africa and one of the biggest in the world.

Water treated at the plant will be used to safely irrigate 140,000 hectares of farmland on the banks of the Suez Canal. It's part of a wider project to reclaim land for cultivation to strengthen the local economy and boost local people's standard of living.

Aliaxis Spain provided important technical advice on the project, which ultimately led to our pipes, fittings and valves being used extensively throughout the plant.

Our discussions with the project's engineers led them to opt for durable and more cost-effective plastic rather than metal solutions. We then worked closely with the customer to select the best products.

Our teams in France and Italy helped manufacture and assemble components, which were delivered in record time. In all, we supplied 300 valves, more than 4km of pipes and 7,600 fittings.



3D printing – testing the potential

3D printing has the potential to revolutionise manufacturing. Our North American operation is putting it to the test.

Although 3D printing is not new, we're developing new applications for this technology to accelerate time to market for our innovations. At the crossroad of manufacturing and innovation, it offers promising possibilities.

The researchers of our Toronto hub have been putting it to the test, focusing on the aerator 'Vortex flow™ system', seeing to what extent it could increase our efficiency.

For the time being, our trials run with a range of printing partners show that by using the technology to produce smaller components (ones that are labour-intensive to produce but don't need to be water-tight) could help us to increase manufacturing efficiency by between 10 and 20%. That's a productivity improvement worth aiming for.

Our new Toronto research hub, currently under construction and expected to be up and running in the second half of 2023, will include significant 3D printing capabilities alongside full-scale production lines to take these tests further

We're determined to explore this and other digital technologies to see how they can help us produce even better solutions for our customers, more cost-effectively and at a faster pace.



Aliaxis BIM – a digital modelling system with a difference

Find out how one customer describes using our Building Information
Management system to model a residential development in Colombia.



High rise, low noise

Address Harbour Point is a stunning luxury residential development on Dubai Creek Harbour with two towers rising to 65 and 53 storeys. We worked with developers to install our dBlue drainage solution – a three-layer pipe system with acoustic pipe clamps that reduces noise levels to just 18dB(A).



Taking a new eco range to market

In France, we've developed a stylish new range of 9 kitchen and bathroom products made of 90% recycled material. The range –including shower and sink syphons, plug and cistern fittings – is being marketed in partnership with retailer Leroy Merlin that fully shares our commitment to the circular economy.



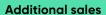
From concrete to slim

Inspired by Lego bricks, an innovative team in India has developed a durable and hygienic alternative to traditional concrete water tanks. The 2,000 litre slim tanks are made of carefully selected plastic materials and can be linked together in sequence (like those famous bricks) to meet local demand.



North America: IPEX launches new Bionax® pressure pipe

A new PVCO pressure pipe for sewer forcemain applications has been launched in Canada by IPEX brand. Our Bionax® range is already used for transporting drinking water. But, with excellent fatigue resistance, it's ideal for sewer applications and has already been deployed on several projects.



€260m

To enhance customers' experience we'll triple R&D spending between 2020 and 2025. Last year, sales of products fewer than 5 years old rose from 4.3% to 6.2%, representing €260 million in additional sales. The 2025 target is 10%.



Big savings from re-granulated waste

In Germany we're using re-granulated polyethylene to make Akafusion products, which are water collectors on roofs of large areas and data centres, with further applications in the pipeline. Re-granulate can only be used in unpressurised systems, but the potential annual savings are significant at between €60,000 and €80.000.



Hot water – at less cost

A new system to heat water could help households to make savings on energy bills.

About half the energy consumed in households is used to heat water for showers and baths

With energy prices soaring, the demand for innovative systems that can keep bills down is rising.

That's where our new Drain Water Heat Recovery system, commercialised in France, comes in.

This ground-breaking solution was first invented by a tech company in Portugal with which we partnered to bring the solution to market.

The system preheats cold water as it moves towards the mixer tap, using a type of radiator that captures heat from the warm drain water that would normally go to the sewage network. It's a passive system using gravitation, without the need for additional energy, and the exchanger uses a double layer of copper tubes to make sure clean and drain water never mix.

We estimate the system, already available in France and soon to go on the market in the UK and Spain, will save households enough on bills to pay back their investment in an average of five years, while contributing to a less carbon intense world.



The brilliance of valves

Our FIP branded business and newly acquired Lareter businesses are now in a position to offer complete solutions in key sectors.

Demand for big public swimming pools, spas and water parks, supressed during the pandemic, has now recovered to levels seen in 2019.

That's where the FIP range comes to play.

With customers in over 80 countries, FIP is a world leading brand in highly engineered plastic valves and fittings for the global swimming pool market, as well as supplying a host of other industries, from power generation to chemicals, mining, shipping, and agriculture.

And following our acquisition of Lareter in 2022, an Italian pressure pipe maker serving a range of industrial markets including swimming pools, we've added another string to our bow. It means we can bring greater value to our customers as a single supplier of complete high-end solutions, combining FIP's valves, fittings and instrumentation with Lareter's pipes.

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

We're working with some of the biggest names in this sector, including A&T Europe, whose Piscine Castiglione subsidiary is a world leader in supplying Olympic and other large municipal pools.

Now our biggest customer, our relationship goes back to the Rome Olympics in 1994 and we've helped equip pools for a range of important world sporting events since.

We are currently developing pools for next year's Paris Olympics with an eye to creating a legacy for the games when the pools will be opened for public use, for years to come.

We've also worked with A&T on a wide range of pool, water park and spa developments, like its Aquamore centres in Verona, Mantova and Bergamo, and the stunning Bormio Terme, thermal spa in Northern Italy.

Increasingly we are seeing a trend towards pools combined with wellness facilities. Sophisticated valves, durable pipes and excellent instrumentation, to control and treat water appropriately, are key to these projects.

Custom-made, reliable, and ahead of the game

"We work closely with Aliaxis FIP teams due to their strong know-how and their ability to be ahead of the game, thinking about our next need well before us. In our sector, the reliability of our suppliers and the custom-made solutions they develop are key. We are already working together for the next big steps in 2024 and certainly beyond!"

Roberto Colletto CEO A&T Europe



Durable valves for Genoa's extraordinary Aquarium

Cristina Perego and Frederico Campagnoli explain how we've helped safeguard the animals in their care since 1992.



WE ARE LOCALLY GROUNDED

"We have a powerful portfolio of local businesses across the world, united by a common purpose, strategy and culture. This combination of local focus and global scale gives us a real competitive advantage."

Eric Olsen
Chief Executive Officer

Revenue growth

+11.3%

(like-for-like1)

Our revenues in 2022 grew to €4.3 billion, with North America and the Pacific region performing particularly strongly.

EBITDA

€728.2m

EBITDA grew by 8% as rported (stable on a like-for-like), keeping us well on track to our 2025 target of €850 million EBITDA.

Increased Capital Spending

€325m

We continued to invest heavily in 2022, boosting capital spending from €139 million in 2021 to €325 million.

We are one of the most international players in our sector, combining strong regional businesses across the Americas, EMEA, Asia and the Pacific.

Across the world we are united by a common purpose, a clear and consistent strategy and a common set of behaviours that define the Aliaxis culture.

But our success is built primarily on the strength of our local businesses and their close proximity to and detailed understanding of our customers on the ground.

We rely on the entrepreneurial spirit of each of our divisional CEOs and their teams to deliver our strategy, which they tailor to local market conditions and customer demands and needs. They sit on our executive committee and play an equal role in devising and executing our *Growth with Purpose* objectives.

Thanks to their dedication to serving customers and excellent knowledge of our markets, our teams have overcome the significant challenges faced by businesses in recent years, including supply chain disruptions, price volatility and COVID-related shutdowns. We've consistently weathered such challenges and, in the last two years, have continued to deliver earnings growth and solid operational cash flow generation despite them.

²⁰²¹ 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 and Lareter in December 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

WE ARE LOCALLY GROUNDED

Operating in more than 40 countries and combining this intense local focus with our global scale, we are more resilient and better able to balance the regional fluctuations in the global economy than many of our competitors.

This has been particularly important in 2022. As the world emerged from the COVID pandemic only to be hit by rapidly rising inflation, high interest rates and soaring energy and raw material costs, some of our regions have been affected more adversely than others.

Leading locally to best serve our customers

We have a market-leading position in most of the countries we operate in, holding top three positions in more than 80% of our markets, while also exporting some of our expert fitting solutions worldwide.

We've built that strong market position on the foundation of well-known and well-respected brands, many of which have been serving customers for over 60 years. This includes IPEX in North America, Durman in Latin America, Nicoll in France, Ashirvad in India, Marley in New Zealand and Philmac in Australia. Over a similar timeframe, FIP, based in Italy, has established a global market for its innovative valves and fittings and today serves customers in more than 85 countries.

Market dynamics

Going to market with such a rich blend of local, regional and niche brands allows us to tailor our solutions directly to our customers' demands, taking full account of local market conditions and regulatory requirements.

From a strategic point of view our local teams are also fully empowered to deliver our *Growth with Purpose* objectives in a way that reflects the different dynamics in their markets.

United globally

As a group, we are united by our shared purpose to bring solutions to the world's water challenges and accelerate the transition to clean energy, and by our set of behaviours: "We dare, we care, we deliver".

We also share four common priorities which affect our operations worldwide – to achieve operational excellence, with safety as the top priority; to enhance customer experience and innovation; to have a high impact on sustainability starting with the environment; and to develop the skills and talents of our colleagues, within a high-performance culture.

Cross-fertilizing

We are constantly sharing ideas across our regions, so that we can cross-fertilize and bring breakthrough solutions developed by our local teams or our innovation hubs to other markets at speed, where appropriate. In 2022, we shared some 280 best practice ideas in the four common priority areas within a global competition framework.

Bringing teams together

One of the highlights of 2022 was a 3-day management meeting in Montréal. We brought together 175 of our senior leaders from across the world to review progress on our *Growth with Purpose* strategy, exchange ideas and draw inspiration from each other.

After two years of working remotely and only being able to meet via our computer screens, the event, titled "Let's Dare Together", was hugely energising, creating a real buzz of excitement across the business.



Our point of view

"As a family company we're not tied to the short-term vision of the market and we're able to invest in generational growth. We're committed to our innovation agenda, strengthening our regional businesses and identifying external growth opportunities, to massively support our continued growth trajectory."

Koen Sticker
Chief Financial Officer, Aliaxis

WE ARE LOCALLY GROUNDED

Navigating tough market conditions

Despite tough market conditions in 2022, we recorded another year of very strong results, with North America and the Pacific region performing particularly well. This was offset by weaker results in EMEA, India and Latin America, once again confirming the resilience of our global footprint.

A strong housing market, continued investment in infrastructure and irrigation and careful commercial management underpinned the strong performance in North America, although we saw signs of slowing demand and faced volume challenges as the year came to a close. Growth in the APAC region was powered by a resilient building and infrastructure segment in Australia and sustained demand in New Zealand's building market throughout the year. Our operational excellence programmes and commercial management also boosted performance.

At the same time, we were challenged by inflationary pressures in the EMEA region and experienced a slowdown in activity in the second half of the year, as the impact of the Russo-Ukrainian war continued to be felt. India's performance was impacted by PVC resin price volatility and CPVC margin pressures in the first half and by adverse weather in the peak agriculture season. With markets weakening, impacted by a deteriorating geopolitical environment, particularly in Chile and Peru, we saw weaker performance in Latin America, although demand in the building segment in Central America held up well.

For the full year we reported total revenues of €4.3 billion, up 11.3% on 2021, and 46.7% ahead of 2020.

Current EBITDA stands at €728.2 million, up 8% on a like-for-like¹ basis. While the CEBITDA margin of 16.8% was slightly down on the year before, it remains above 15% for the third consecutive year. We are still well on course for our *Growth with Purpose* target of €850 million EBITDA by 2025.

These results are remarkable given the economic environment we are operating in and reflect the great work of our teams to overcome operational and market challenges while ensuring continued customer satisfaction. That will continue to be incredibly important in 2023 as the trading and economic environment remains volatile.

Investing for growth

We are continuing to invest heavily in our future growth through this economic uncertainty, with total capital spending (excluding leases) of €325 million in 2022. This compares with €99 million in 2020 and €139 million in 2021.

A big focus of that investment is on building new, state-of-the-art factories (in the US and India), new distribution centres (mostly, but not only, in the US) or in modernising and extending production facilities and recycling capabilities. We're directing increased investment into automation, digitalisation and other operational excellence programmes that will boost both our productivity and our sustainability.

Following the successful €1.6 billion refinancing of the business in 2021, we have the capacity to fund our growth strategy and to expand both organically and through acquisitions. In 2022, the purchase of Lareter in Italy and the completion of the Harco acquisition in the US were standout transactions.

"The basis of our success is definitely our customer intimacy approach. It's something that will continue to fuel our growth."

Alex Mestres
Divisional CEO Americas



Continued growth, powered by North America

Revenue

+12.9%

Current EBITDA

+14.8%

Across Canada, the US, and large swathes of Latin America our strong and well-recognised brands are delivering innovative solutions and great service based on our intimate understanding of customers' needs.

Throughout the region customer intimacy is absolutely key to our success and underpinned our performance in 2022.

Our business in North America, where IPEX is our leading brand, continued to outperform in 2022, helped by the strength of the housing and infrastructure segments, investment in irrigation projects and careful management of our resin supply chain.

Strong commercial management in the second half helped to address a slowdown in demand and the impact of high inflation, increased interest rates and a tight labour market.

This fantastic result helped to balance out weaker performance in Latin America. Here trading conditions were much more challenging, with many of our markets affected by the turbulence in the global economy and a deteriorating geopolitical environment in Chile and Peru. Against this backdrop we saw volumes decline as key markets weakened. However, we were helped by strong demand in the housing segment in Central America, mostly Costa Rica.

Boosting investment

We continue to invest heavily in internal and external growth across the region as part of our *Growth with Purpose* strategy.

In North America we successfully completed the acquisition of Harco, a well-established brand specialising in municipal, irrigation and agricultural markets.

Our new state-of-the-art injection moulding plant at Pineville, North Carolina, is on schedule for completion in the course of 2023 and will set new standards for advanced manufacturing for our industry. And we're expanding production and distribution capacity at pace.

Local market strength

Investment in operational excellence in our Latin American plants continues to reap benefits in terms of productivity, safety and sustainability and we continue to manage our supply chain carefully.

Our brands have great support from customers, with Durman serving Central America and Colombia, Nicoll addressing the Peruvian and Uruguay markets, and Vinilit our commercial brand in Chile. We are leaders in the residential market in Chile, Costa Rica and Guatemala, and the number two player in infrastructure in the latter two and in Peru

Discover how we are accelerating the pace of change



Harco transaction continues push for US growth

We've completed the acquisition of fittings manufacturer, Harco, a strong company with a fantastic heritage.

As part of our *Growth with Purpose* strategy we've made it a key priority to expand in the US, growing our operations both organically and through transactions.

In April 2022, we completed the acquisition of Harco, a Virginia-based producer of gasketed fittings for municipal, agriculture and irrigation end-markets.

With more than 55 years of industry expertise behind it and annual revenues in 2021 of some \$75 million, Harco is a welcome addition to the Aliaxis family.

Joining the two companies together means we can offer an expanded range of products to a broader US customer base and continue providing industry-leading customer service.

The deal, which sees more than 200 new colleagues join the business, is just part of our efforts to expand our production and distribution capacity in the region to better meet our customers' needs. This includes our investment in a new state-of-the-art injection moulding plant now under construction in Pineville, North Carolina.



A huge production boost

We're investing €140 million to build 28 new state-of-the-art extrusion production lines in Asheville, North Carolina, Lawton, Oklahoma, and Fort Pierce, Florida. This increased capacity will allow Aliaxis to deliver ground-breaking products already in our development pipeline.



Extending our customer reach in the US

We're getting closer to our end customers by extending our network of 28 US distribution centres and last year we announced openings in North Carolina and Pennsylvania, with additional centres planned in the southern and western US in 2023.



"Coming to Harco has been a fantastic opportunity to leverage Aliaxis' investment capability, safety and operational excellence, while preserving the customer focus that makes Harco a respected brand."

Joseph DeMarie

Harco's Director of Manufacturing and Supply Chain.



Attracting the diverse talent we need

Our success depends on attracting diverse talent that can bring fresh perspectives to Aliaxis. In North America, we have stepped up efforts to reach a wider pool of talent, taking part in 62 special recruitment events last year, of which 12 were aimed at increasing the number of women we recruit.

AMERICAS



Costa Rica's gender parity initiative – a fantastic first

In Costa Rica, we have signed up to a Gender Parity Initiative – we are the first construction company locally to commit to reducing gender gaps, in terms of opportunity, career development and pay.

50%

Our Bermondsey plant near Toronto is leading the way on gender diversity, with women now making up half of our line operators.



North America scoops recruitment award

With labour markets tight and competition for talent intense, we were delighted to win the award for Most Effective Recruitment Strategy at the 2022 Canadian HR Awards.



A leap forward with Radar technology

A new system to measure pipe thicknesses is improving quality, productivity and our environmental impact.

A new Radar technology pioneered by Aliaxis in North America is bringing quality, productivity and environmental benefits to our plants in North America and in Europe and the Pacific.

Running alongside an older ultrasound system, the Radar closed loop wall monitors are used to inspect the wall thickness of our single layer pipes, and check diameter, ovality and eccentricity, making automatic adjustments.

This technology guarantees us even more robust quality control than before, while increasing production line capacity by reducing scrap and cutting down on the amount of raw materials we need to make our pipes.

Radar will be used on 12 of our bigger lines at Asheville, North Carolina, Lawton, Oklahoma, and Fort-Pierce, Florida.

It is already being tested in our operations in France, Australia and New Zealand with promising results.

The older ultrasound technology is effective and we will continue to use it on some lines. But it's a 35-year old technology with some significant drawbacks. For instance, it needs to be recalibrated for every shift.

By contrast, Radar calibrates automatically and is much easier to maintain, allowing for higher uptime of the equipment and greater raw material savings.



Customer intimacy is key

Our success is built on great relationships with customers. Here's what some of them say.

Building strong, trusted and longlasting relationships with customers helps us understand and respond to their needs.

We're delighted that many of them provided feedback on what is important to them about their work with IPEX, our leading brand in North America. Here are some examples:

"Over my 27-year career in the waterworks industry, IPEX has been a consistent and vital manufacturing partner to our success. IPEX has a great culture of relationshiporiented sales and service and stands behind all their product lines from the bid stage to project completion."

Scott Romanyshyn

Kann Supply Waterworks

AMERICAS

"We sincerely appreciate your customer service, your availability to answer technical questions, your insight into problem solving design/field issues, and your sharing new company ideas/products. It's helpful to have someone in the industry with your experience to talk things over with."

Tony Gallant

Municipal Engineer City of Summerside

"IPEX is the industry leader in the municipal pipe market. Their consistent and transparent communication has built a foundation of trust between our teams and has helped EMCO to act quickly on our strategic priorities. The IPEX-EMCO partnership is unparalleled; my success is directly tied to IPEX's."

Sean Parker

EMCO Waterworks



SmartCrop® accelerates

Durman's smart agriculture solutions are making farming more sustainable in Central America.

We continue to make in-roads in Central America's and Colombia's agriculture sector, with high-tech offerings to make farming more sustainable.

Durman promotes its innovative farm solutions, including the SmartCrop® automated irrigation system and gravity drip irrigation lines which preserve water and nutrients.

Wins include a blueberry farm project in Colombia equipped with SmartCrop®. Further developments are currently under discussion with sugar cane farms in Honduras, Guatemala, and El Salvador, as well as in our base country Costa Rica.



Cross-fertilising ideas

In Latin America, we use ideation workshops to explore next-generation ideas on tackling challenges around water access and population growth.



High-rise fire safety

Our BlazeMaster® fire safety system has been selected for two residential developments in Lima, which will be amongst Peru's tallest buildings. The need for light systems meant our certified plastic solution was favoured over metal pipes. Our system is recommended for use in buildings over 21 storeys tall.



Hybrid working – a new model

After three full years of remote working, adjusting to a hybrid model was always going to be challenging. The IPEX Customer Insight and Ideation team used a special twoday workshop to plan for working under this new model, creating a Team Charter guiding how we work together, communicate, and resolve conflicts.

AMERICAS



Think safety! Think big!

Our businesses in Latin America are on a positive growth path and thinking big about operational excellence, most notably safety. State-of-the-art initiatives are being used, including "safety stops" to prevent non-tolerable risks and digital solutions such as voicedirected warehousing.



Sustainability – progress in LatAm

In Latin America we've set a target to include 35,000 tons of recyclate in our products in the next three years. We're already 94% powered by renewable in the region and our clients are helping us collect used plastic to turn into playground equipment and writing desks for schools.



Making water safe for schools

We're helping protect the health of school children and teachers with a solution that ensures water is good to drink.

The problem emerged about four years ago when one of Canada's leading newspapers, The Globe and Mail, reported that large numbers of schools in Ontario were failing to meet minimum drinking water standards.

The problem was most acute in Eastern Ontario where many schools were fitted with large diameter copper pipes linked by lead-infused solder.

Overnight, when little or no water was being drawn, there was an extended contact between water and copper. In the morning, the water was contaminated with rust and lead forcing staff to run off lots of water and some schools were forced to ship in large quantities of bottled water.

Neither response was sustainable.

With luck, a former contractor – well used to working with the IPEX AquaRise® piping solution – joined the school board's in-house plumbing staff. He got in touch with our sales team to explain the problem and we responded immediately, together approaching the school to propose AquaRise®.

Thanks to its superior corrosion-resistant properties, AquaRise® was chosen to replace the copper piping and several other schools followed suit.

The result: water quality tests at these schools went from fail to pass.

It's a great example of the power of great customer relationships backed by top notch customer service. It also underlines how important it is for us to build and maintain close links with the communities we work in.

"2022 was a challenging year in the region but our teams demonstrated great resilience and we're excited to deliver on our *Growth* with *Purpose* strategy. We have a strong focus on innovation and sustainability for the benefit of our customers."





Navigating tough market conditions

Revenue

+5.3%

Current EBITDA

-23.5%

Aliaxis, has a long-standing presence in the European market under the Aliaxis name, as well as a series of well-established brands – Nicoll in France, Marley and Friatec in Germany, Jimten in Spain, GPS in the UK, FIP and Redi in Italy.

Market conditions were tough in the region in 2022, as inflationary pressures and high energy prices continued to impact us, exacerbated by the Russo-Ukrainian war.

After a strong start to the year, we saw a significant slowdown in demand in the second half, mainly in the building sector and due to destocking by some of our distributors. Our teams showed great resilience in the face of these challenges which led to a rise in revenues but a fall in our current EBITDA for the region.

Continued investment

We continued to invest in growth despite the difficult trading conditions, and our purchase of Lareter, a leader in Italy's industrial sector, was a standout transaction for the group in 2022. It allows us to offer customers a wider range of advanced solutions in the industrial segment in line with our strategic goal to provide complete solutions across our entire product range throughout Europe.

Focus on innovation and sustainability

We are working ever more closely with customers to create new solutions, with a focus on innovation and sustainability. We were delighted to relocate our R&D to a new state-of-the-art research hub near Paris, equipped with additional customer co-creation space and focusing on water technologies and plastics recycling.

Our transition to renewable electricity is gathering pace in the region, with the Netherlands and Poland now amongst the leading countries globally.

Discover how we are accelerating the pace of change



Lareter – building our core strengths in Europe

The acquisition of Lareter, a leader in Italy's industrial sector, enables us to offer complete customer solutions.

In December 2022 we acquired Lareter, an Italian leader in the pressure pipes market, marking another important step in our *Growth with Purpose* strategy to reinforce our core strength in the industrial market in Europe.

With a 60-year history and annual revenues of some €40 million, Lareter's products are designed for use in water treatment and other industrial end markets such as swimming pools and ship building.

This fantastic business serves customers across Europe but has a particularly strong market position in Italy, France and Germany, employing 80 people at its Fiesso Umbertiano plant in the Veneto region of Northern Italy.

The acquisition is in line with our strategic goal to offer complete customer solutions across our entire product portfolio.

The transaction will allow us to offer a wider range of advanced solutions in the industrial segment, starting with water treatment.

Welcoming such a well-established business to the Aliaxis family will fully support our existing business in Italy, not least FIP, our world leading valve and fittings brand, and more widely across Europe.



Building resilient supply chains

"Our teams have leveraged their market knowledge and long-term supplier relationships to work their magic, enabling us to overcome multiple supply challenges. In a new normal, with high market volatility, procurement is the wizard behind the scenes helping us boost resilience further."

Sophie Rabec

Head of Procurement & Sourcing



Extending our reach

Our new advanced warehouse in Hungary, serving 10 countries in six languages, is extending our reach to customers in south-eastern Europe.



Modular Building – don't DIY, we'll do it for you!

Our new modular dry riser solution is aimed at the fast-growing modular building market, currently worth €65 billion.

The modular building market, currently worth €65 billion, is growing year by year as manufacturers look for ways to simplify builds and make them more efficient, often looking to outside suppliers for help.

A team of our engineers in the UK rose to this challenge developing a modular solution for building services, an innovative riser system that packs a whole range of pre-existing Aliaxis drainage components into a readymade frame.

It's easy to plug into a modular build and can be customised to meet individual project needs.

Some manufacturers have tried to come up with their own riser solutions but can easily run into supply chain problems, particularly if operating in different markets, internationally.

By offering them a complete solution using our own products, which we can manufacture in our facilities around the world, we're encouraging end customers to abandon going it alone.

Instead, we're bringing more value with a complete "Don't do it yourself" offer in a dynamic and growing market.

A great partnership

"We have accelerated our partnership with Aliaxis. We are pretty much aligned on our strategy for building and water preservation. A great example is the complete sanitary offer made of recycled material and with eco-friendly packaging, developed with us and exclusively for Leroy Merlin."

Marjorie Scholz

Offer Manager Plumbing department, Leroy Merlin



The power of customer intimacy

Aliaxis UK demonstrated the power of customer intimacy on an important new project in Glasgow, Scotland.

Aliaxis UK demonstrated the power of customer intimacy and its role in driving innovation when it was asked to propose wastewater drainage systems for a new high-rise residential building in Glasgow.

As part of its plans to redevelop the Harbour district on the north bank of the River Clyde, the City of Glasgow gave the green light for Granary Quay, a 16-storey, 342-unit build-to-rent complex.

The developer, Dandara Living, were impressed by the features of our triple-layer dBlue drainage system, thanks to its acoustic performance, ease of installation, resistance, and minimal maintenance requirements.

When Dandara asked us to suggest other innovations, we took their team to our Northampton drainage test facility. At 96 metres, the single stack tower is the tallest test facility in the world.

It is equipped with active drainage and ventilation, 40 flushable toilets at different levels and a raft of monitoring and control systems.

Thanks to this exceptional reference, Dandara opted to install active drainage solutions including the Positive Air Pressure Attenuator and our HDPE drainage range.

This resulted in cost and time savings and allowed them to replace secondary venting, increasing the overall rentable space in the building. A win for us – and for the customer.



Know that you're safe at work

A new digital tagging system is making our facilities in the Netherlands safer for staff and visitors.

Our team in the Netherlands have introduced a new digital tagging system to make sure our colleagues and visitors stay safe at our sites.

Staff tag in and out to gain access to the site, while visitors log in via a tablet and are taken through safety protocols on arrival.

Only fully trained staff can get access to areas where there is potentially dangerous machinery or processes, and the tag system will soon be extended to forklifts.

The system means that our emergency response team have a full record of who is on site and where they are at any one time.



Mega infrastructure

In the east of England, we're working with Anglian Water, on Europe's single largest water infrastructure project.

Anglian Water is geographically the biggest water company in England and Wales, serving 7 million customers in East Anglia.

When its €475 million Strategic Pipeline Alliance (SPA) project is complete it will help move water more freely around the region and better serve a growing population with a network of new pipes longer than any UK motorway.

Anglian is used to working with metal pipes and fittings. But our commercial teams successfully demonstrated that polyethylene solutions would be more efficient for some parts of the network, as they are better suited than metal to meet pressure requirements and capacity flows at key points.

As a result, the 400km network will now use 155km of PE piping, offering Anglian not only a better performing, but also a more cost-effective network that will future proof the region's water supply.

We're working with other UK utilities on similar mega infrastructure projects including Thames Water, the UK's biggest water company, and United Utilities.



A unique solution for a unique museum

Abu Dhabi's new natural history museum will use our unique Vulcathene chemical drainage system.

The Aliaxis Vulcathene solution, the only British Board of Agreement (BBA) approved laboratory chemical drainage system on the market, has been chosen for Abu Dhabi's National History Museum, set to open in 2025.

BBA's certification is the ultimate mark of quality and reassurance in the construction industry and widely recognised worldwide.

The 35,000 square metre museum, to be built on Saadiyat Island in the cultural district, aims to stimulate lifelong interest in the natural world for visitors of all ages. But it will also be a major, fully equipped research and teaching institution.

Vulcathene, manufactured in the UK, is a complete, highly engineered chemical drainage system.

Made with a unique material that provides excellent chemical resistance and prevents degradation from UV exposure, it will ensure that chemical substances used by the museum's research laboratories, can be safely transported.



Spain – working with customers to build a real e-commerce solution

We're transforming how we sell to customers with a new, e-commerce platform, designed in collaboration with our valued distributors. The portal, realised in just one year, will improve the buying experience, free up our sales and customer teams and can easily be applied across other Aliaxis markets.



Aliaxis Germany – making safe connections

Using open-wire technology, our Friatec range (including Friamat electro-fusion device) in Germany has invented an optimum way to join polyethylene pipes safely. Said, done, connected.



Setting the pace in Poland

The Olesnica plant in Poland is setting the pace on gender diversity, with women making up 43% of the workforce. Between 2016 and 2021, Aliaxis Poland's sales doubled through product innovation and by entering new markets. It's making great strides on using recycled material and is a leader on renewable electricity.



Solar ambition

We've fitted solar panels to the roofs of our two Spanish plants in Alicante and Okondo, but are aiming for self-sufficiency, expanding on-site solar and, ultimately, looking to build or purchase a dedicated solar farm.



Supporting Ukraine

Colleagues in Poland have shown amazing solidarity with people forced to flee the conflict in Ukraine, hosting 50 refugees and providing full time jobs for 13 of them.



A poem of thanks

One Ukrainian refugee used a poem, presented to our CEO Eric Olsen, to say thank you for the support and love shown by our colleagues in Poland.

"Oh Ukraine my dear, my darling!!! You are our pride, our peace and quiet!

Oh, what's happened - I don't understand!!!

Suddenly tanks are coming, there are rumbles and shoots

And People....Oh My God....What is happening????

There are our husbands and sons!!!! Children are dying and mothers are crying!!!

Oh God....l pray to You – Please rescue us!

What can we do, where should we run and who will help????

We scream all over the world: "Please help us!"

And She responded Our Sister Poland !!!!

Oh, our Dear We are so much arateful to You!!!!!

For your shelter, comfort, love, care.... For your worry about us, bother, patience....

For your wisdom and huge heart

For everything you did and do - We thank You!

Your people have done the impossible!!!!!

Oh, God And this is not the limit !!!! We'll remember everything.... We'll never forget!!!!

Our hearts keep warm of your hearts! You are our Mom, Dad, and Sister...... Dear brother, uncle and loving husband

You are our beloved and dear child!!!!!

We bow in front of You! Oh, People....You are beautiful creatures!!!!!!

The Lord made you to create miracles!!!!!!

You could love, forgive and appreciate !!!!!!!

Go to Poland....They will teach you!!!!!"

"Growth with Purpose is such a powerful strategy to take us forward. Our customers are super excited to work alongside a company so committed to sustainability and innovation."

Deepak Mehrotra
Divisional CFO Asia



Top line growth continues

Revenue

+17.8%

Current EBITDA

-26.8%

Our operations in India continue to expand and diversify rapidly despite facing more challenging market conditions in 2022.

After a strong start to the year, our performance in the region was impacted by declining and volatile resin prices, affecting margins, and deteriorating demand. In addition, poor weather affected the peak agriculture season.

Ashirvad, our Indian local brand, has grown swiftly since it came fully into the Aliaxis family in 2018. Starting as a column pipes company, it has become a multi-faceted business addressing all four of our main markets, construction, industry, infrastructure, and agriculture. We now stand among the leaders in the dynamic Indian market.

Our teams have become adept at developing new solutions for customers and getting them to market at high speed, backed by our strong research hub in Bengaluru. In 2022, 20% of our revenues in the region came from new products and solutions – a superb performance.

Our scientists were instrumental in developing and launching the new anti-microbial water tank in under a year and have been doing great work on developing light-weight valves that are less carbon intensive to produce. They were also behind the launch of the Artistry front of wall range of bathroom and kitchen fittings and fixtures, a first for Aliaxis.

We were delighted to confirm a €48 million investment in a state-of-the-art plant in the central, south-eastern Telangana region, during the year. This follows the construction and extension of the Bhiwadi plant serving the north of the country. Three more greenfield plants are to come, as we expand our capacity towards the East and the North. We are successfully building a national footprint with the ability to reach customers right across India.

HOW WE DELIVER

Discover how we are accelerating the pace of change



Telangana factory – a €48 million investment

We're investing in a new state-ofthe-art factory in the Telangana region, set to go into production in early 2024.

Marking a new phase of accelerated growth for Aliaxis in India, we were delighted to announce plans to build a €48 million greenfield manufacturing plant in the Telangana region of central, southeastern India.

The state-of the-art factory will use cutting-edge Industry 4.0 systems and technologies to support India's growing infrastructure needs in water supply and preservation. As such, it will support our *Growth with Purpose* strategy with its focus on innovation and sustainability.

In May 2022, our Chief Financial Officer, Koen Sticker, confirmed the investment at the World Economic Forum in Davos, Switzerland, where he met with a delegation from the Telangana region.

Some 500 new jobs will be created as a result of this investment. We will also play a role in a major upskilling programme working alongside the Indian Plumbing Skills Council and the Central Government's Skill India initiative for local plumbers.

The new site, set to go into production in 2024, is just the latest investment to increase our manufacturing capacity in India.

These and other planned investments mean we are successfully building a national footprint for our Indian business to cement our positions as a market leader across the country.



Bengaluru- accelerating innovation

Our research hub in Bengaluru is getting great new ideas to market at much faster pace, with a wide range of innovations.

Our research hub in the high-tech city of Bengaluru, goes from strength to strength, with a growing team of more than 40 research scientists with an average age of just 29.

The hub sits alongside our two other research hubs in Paris and Toronto. Taken together, these three centres are boosting our efforts to bring great new ideas to market to our customers at much faster pace, as key priority in our *Growth with Purpose* strategy.

The Bengaluru team had an extremely busy year in 2022 with an increasingly diverse range of new developments to tackle different segments of the market.

These include terrific work on weight optimisation with the team redesigning our range of ball valves to significantly reduce their carbon footprint with a solution that is 48% lighter.

Our scientists also developed an easy-to-handle and smaller than ever device to electrofuse pipes and also came up with a stormwater offering including some solutions made of 100% recycled content from PE plastic bags.

Following the launch of Artistry, our stylish range of front-of-the-wall bathroom and kitchen fittings and accessories, our team conceived a water repellent coating to keep the surface of taps and shower heads as clean as a whistle.



Demand for our anti-microbial tank soars

Sales of our three-layer antimicrobial water tank grew by 49% in 2022 with its promise of a safer way to store and keep water at the right temperature, even on the hottest days, helping us to quickly cut through in a crowded market.

ASIA (INDIA)



Bringing customers the benefits of mixed reality

Ashirvad is using a new mixed reality solution to demonstrate Sewage Treatment Plant technologies to customers. The system, which uses Microsoft Hololens headsets, allows users to access 3D models of their project and get online help from our teams, while still being hands-free to operate systems.

Sales of Artistry front-of-wall range boom

Sales of our Artistry front-of-wall range of kitchen and bathroom accessories doubled in 2022. The range is just one of the innovative products to come out of our Bengaluru research centre that have seen our Indian business derive 20% of its turnover from new-to-market solutions.



Empowering India's brightest water innovators

Working with The/Nudge Institute we've launched the Ashirvad Water Challenge to empower India's promising water innovators.

In February 2023 we were proud to announce the seven finalists selected for the Ashirvad Water Challenge, a prize set up in 2022 by the/Nudge Institute and Ashirvad Pipes to find and empower India's leading water innovators.

The finalists were drawn from 25 semi-finalists, short-listed from some 140 start-ups that applied for the prize when it was launched last year.

Run in partnership with the Office of the Principal Scientific Adviser to the Indian government, the prize is about encouraging promising entrepreneurs to come up with ground-breaking ideas to tackle India's significant water challenges.

Innovations included solutions to water leakage and distribution, wastewater treatment, water purification, atmospheric water generation and enabling water ecosystems.

Several of the innovations use deep tech interventions such as Artificial Intelligence and Machine Learning, while still aiming to be cost effective and easily scalable for deployment in water-stressed households across the nation.

Generous prize money is on offer for successful candidates, with a jury of leading experts evaluating the projects and choosing the ultimate winners. The criteria they used included scalability and replicability, economic viability, social outcomes, business readiness, environmental impact, and sustainability.

Deepak Mehrotra, our Divisional CEO for Asia, said: "Water security is a major challenge for our country and Aliaxis in India is committed to finding sustainable solutions. These start-ups are addressing pressing water challenges and will inspire others to tackle these issues."



India's inspiring water ambitions

"I was very pleased to meet the Honourable Shri Gajendra Singh Shekhawat, India's Minister of State for Agriculture and Farmer Welfare last year. We discussed India's inspiring goal to bring drinking water to 200 million more people in rural areas and our expansion plans to help meet this ambitious target."

Eric Olsen

ASIA (INDIA)



Training the plumbers of the future

We've set up two schools to train young people with the plumbing skills needed to tackle India's water challenges.

Ashirvad's plumbing schools are helping tackle two burning issues for India – skills shortages, particularly in the construction industry, and the need to provide fruitful employment for young people.

The project, backed by a €1.6 million investment from our corporate social responsibility fund, is in line with our belief that we can't be truly successful without sharing the fruits of prosperity with society at large.

Our first plumbing lab and world class teaching facility was set up in 2017 in Bengaluru. Despite being temporarily closed during the pandemic, it has seen 346 trainees pass through its classrooms and workshops, with 313 achieving certification, 102 placed in work and a further 46 now operating as self-employed plumbers.

Based on that success, we opened a second school in Bhiwadi, in northern India. In 2022, 46 students have been enrolled, of which 20 are undergoing training, 26 have graduated, with 14 placed in jobs and 7 working self-employed.

Students must be 18 to 30 years old and have certain school or college qualifications to join. They undergo 75 days of training for eight hours a day, and ultimately can qualify for accreditation backed by the Water Management and Plumbing Skills Council before going through placement interviews.

While at the school their food, accommodation and work clothes are provided for free and they have the chance to extend their studies, with basic computer and English classes and yoga and mindfulness training.

With these two Plumbing Schools, we develop young adults into skilled professionals, giving them the chance to earn a living and have a better life.



Power from the sun

An off-site captive solar park at Bikaner, Rajasthan, was completed in December 2022 and began producing power for us in January 2023. The site will produce 7.5M KWhs of electricity a year, helping us meet our 2025 target to transition fully to renewable electricity.



Aliaxis in India wins prestigious HR award – again!

For the second year running, Aliaxis in India has won the Golden Peacock Award for HR Excellence, India's most prestigious HR accolade. Members of the HR team received the award at a sparkling ceremony in Mumbai in January 2023.

"We'll leave this world a better place by providing critical solutions for water and energy. My team and I are super excited about our role in building a sustainable future for the planet."

Mark Mykiel
Divisional CEO, Pacific



Markets remain robust

Revenue

+11.3%

Current EBITDA

+22.5%

Our brands in Australia and New Zealand – Vinidex, Philmac, Marley and RX Plastics – had another strong year in 2022.

Local market conditions held up well, despite widespread disruption in many parts of the global economy, and activity in key segments remained active, notably in the building and infrastructure segments in Australia and the building market in New Zealand which supported demand throughout the year.

Strong commercial management and our focus on operational excellencecontributed to this excellent performance, particularly in increasing our CEBITDA result.

We're stepping up investment in our manufacturing operations in the region. We've approved a €14 million investment in Philmac's North Plympton plant, in Adelaide, to create a factory of the future.

We're also boosting our recycling activities in New Zealand with a €7 million investment with our partner Waste Management NZ to dramatically cut plastic construction and demolition waste. The project is supported by a grant from the government's Plastic Innovation Fund.

Sustainability remains a key focus for our businesses in the region. We're making great progress on increasing the use of recycled material in both Australia and New Zealand, in keeping with our *Growth with Purpose* strategic priorities. And our New Zealand business was one of the first to transition to 100% renewable electricity, in line with our target to reach this goal right across Aliaxis by 2025.

HOW WE DELIVER

Discover how we are accelerating the pace of change



Building a factory of the future in Australia

We're investing €14 million to turn our Adelaide plant in Australia into a factory of the future.

We're transforming our North Plympton, Adelaide, pipe fittings plant into a true factory of the future with a €14 million investment to expand space and introduce the latest in manufacturing technology.

This is the biggest single investment in Philmac brand facilities since the company was created in 1929 and is in line with our strategic aim to invest in the continued organic growth of our businesses across the world, even in challenging economic times.

Through this investment, we will increase the plant's capacity by 40%, introducing a whole range of new generation technologies that will take automation to the highest levels in Aliaxis and extend the plant's life for another 20 years.

Overall, it will deliver better material flow, create a safer working environment, and boost productivity thanks to a revised and extended factory footprint.

Philmac's range is made of compression fittings to join PE pipes and valves, principally serving the agriculture and building sectors. Some 40% of its products are exported to multiple countries, including to our businesses in the UK and US.

The upgraded plant will include an expansion of our compression fitting cells, 90% of which will be fully automated. This part of the project will be completed in 2023.

The factory will have an automated storage and retrieval warehouse and a bigger fleet of autonomous mobile robots to improve material flow around the plant.

We're pressing ahead at pace with this investment and the plant is expected to be fully operational in 2025.



Vinidex – securing water supplies in Australia

Our Vinidex brand is involved in two critical irrigation projects to secure water supplies in Tasmania and New South Wales.

Our Australian brand, Vinidex, is playing a crucial role in two key irrigation and water supply projects, opening up new tracts of agricultural land in Tasmania and securing supplies to a major township and surrounding farmland in New South Wales (NSW).

The Don Irrigation Scheme, part of a multi-billion, multi-year programme, is designed to transform unproductive land in Tasmania into highly productive agricultural land, creating an irrigation system that will last 100 years.

We have supplied 54km of HDPE pipe, ranging from 160mm to 560mm in diameter, to supply the 4,750 megalitre scheme, providing 64 local farmers the confidence to invest in the future with the knowledge they have a secure water supply.

The durability and long-life of the pipes we are supplying will stand up to harsh land conditions and be able to serve farming communities for generations to come.

The project sits perfectly with a key part of our purpose as a company to bring solutions to the world's water challenges.

That's true also of the Dungowan Weir Replacement Pipeline which provides secure and reliable water supplies for agriculture in the Peel Valley, NSW, one of Australia's most important farming regions. We have supplied 20km of HDPE piping for the project which will see an old weir replaced with a larger structure, increasing capacity from 6.3 to 22.5 gigalitres.

The project will also secure water supplies for Tamworth, a township with a population of around 70,000.

The Dungowan project is a great example of how we work closely with customers to create solutions that meet their precise needs, in this case supplying a superior pipeline with customised wall thicknesses.

In both projects the Aliaxis team in Australia has received superb feedback from customers, one describing the service we provided as "impeccable" and "above what we had expected."

PACIFIC (AUSTRALIA AND NEW ZEALAND)

Why did you choose Stratus Design Series®?

"Stratus is my company's go-to product... primarily because it's very versatile. The fact that there's a UV inhibitor in the product, it's tried and tested by Marley and it's got a 15 year guarantee on it – it's absolutely amazing."

Ed Aitken

Director, GutterCare Property Management, Australia



New Zealand – a major investment in recycling

We're pumping €7 million into a scheme to put plastic construction and demolition waste to new use.

Our operations in New Zealand and Australia have been leaders within Aliaxis in exploring new ways to recycle plastic and put it to new productive use.

To build on successes to date, Aliaxis New Zealand has joined forces with Waste Management NZ in a €7 million project to reuse plastic construction and demolition waste. The investment supports our strategic target to use four times more recycled material in our products by 2025 to reach at least 50% of what is permitted under current regulations.

The funding will be invested in new plastic recycling facilities and to establish a network of metropolitan and regional PVC and HDPE collection services to ensure we have a steady supply of recyclate to include in our products or put to other uses.

Part of the investment has also been allocated to a research project to find new ways to minimise plastic construction waste.

Fully supported by the New Zealand government, this exciting project has attracted a grant from the Ministry of Environment's Plastic Innovation Fund.

The project starts from a strong place. Thanks to all those that returned their old and unwanted product to us, we were able to recycle 610,000kgs of plastic in 2022. That equates to 800 tons of CO₂ saved, the equivalent of driving a pick-up truck nearly 10 times round the earth.



Supporting flood victims

When some of the worst floods ever seen in Australia hit Queensland and New South Wales last year, we quickly supported victims of the disaster. Aliaxis in Australia made a €7,000 donation to the Red Cross Flood Appeal and urged colleagues to reach out to anyone they knew affected by the floods.



Keeping top brands in the frame

In New Zealand we ran digital marketing campaigns to engage with the end users of our high-margin, hero brands such as the Stratus Design Series® of coloured rainwater solutions and ARMA® rigid electrical conduit systems by Marley. The campaigns gave us high visibility as 2.3 million users spent over 2 minutes on average reading about our solutions.

PACIFIC (AUSTRALIA AND NEW ZEALAND)



Supporting New Zealand's renewables drive

We're helping New Zealand achieve its goal to reach 100% renewable power.

In 2021, our New Zealand operations were amongst the first to transition completely to renewable electricity. Besides, we are also helping the whole nation make the transition to 100% green energy. The overall country is already at 80%.

We have supplied our Marley Drainflo® Smooth PE corrugated piping with a protective filterstock coating to the Harapaki wind farm located in a remote location near Hawkes Bay on the east coast of the North Island. This project is the second largest wind farm in the country with 41 turbines, enough to power 70,000 homes. It is operated by Meridian Energy.

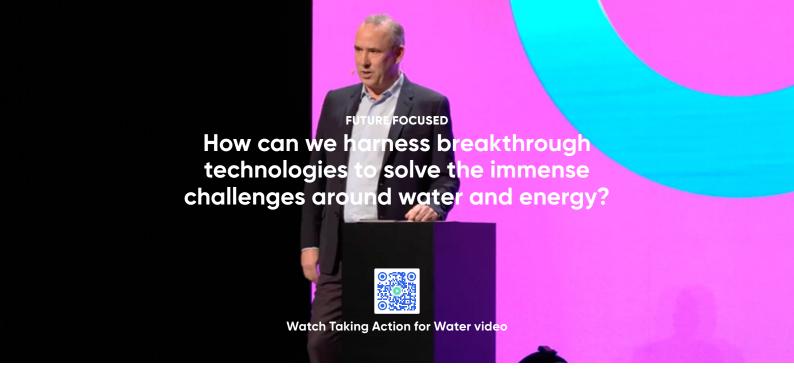
The Drainflo Smooth was part of the drainage solution for the access roads leading to this remote location and in delivering the product we took a further step to minimise the carbon footprint of this project.

For instance, we dispensed with the normal plastic packaging we use, working carefully with our freight partners to pack and deliver 12,600 lineal metres of the piping without incurring damage during transit.



Local heroes recognised

We're using our Local Heroes recognition programme to embed our "we dare, we care, we deliver" behaviours and culture. The programme allows people to nominate colleagues who demonstrate our behaviours in their work. There were 442 nominations last year, showing how popular Local Heroes is.



WE ARE FUTURE FOCUSED

"We are investing at pace in the technologies we will need to solve the immense water challenges of the future and laying the foundations for our continued growth beyond 2025."

Eric Olsen
Chief Executive Officer

The challenges we face around access to water are already immense and future projections paint a very clear picture: without action today to find the smart water solutions of the future, the world will face an intensifying water scarcity crisis by the end of this decade.

Estimates suggest that if we continue the current trajectory, demand for fresh water will exceed supply by 40% in 2030. By that time, nearly 4 billion people – just under half the world's population – will be living in water stressed regions.

This is why we created Aliaxis Next in early 2022 as a new division expressly charged with finding, investing in, partnering with and enabling water tech entrepreneurs, start-ups and disruptive technologies that will have real societal impact on key water challenges we face: from water scarcity to floods.

Targeting key water challenges

Aliaxis Next focuses our investment and partnerships on four key areas:

- Sustainable water management
- Access to water
- Resilient water infrastructure
- Water for food

We engage with promising businesses in three ways, including acquiring companies outright, by taking significant minority stakes to help management teams make a reality of their business plans, or by funding entrepreneurs with great new ideas and helping them to build high-potential businesses.

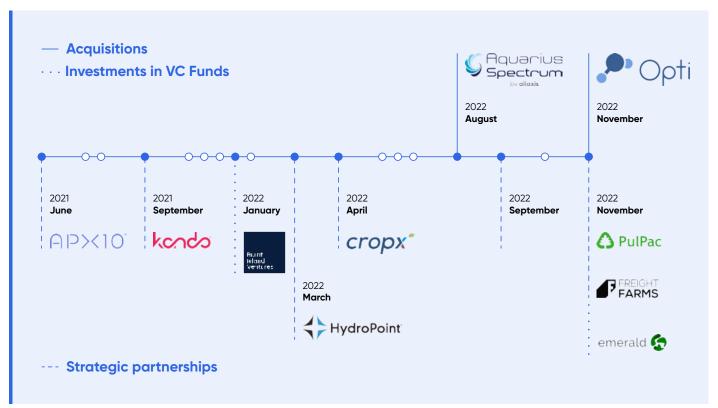
By joining forces, we offer early-stage business the benefit of our scale and expertise to reach new markets and new investment opportunities.

Rapid portfolio growth

From leak detection within networks to water storm management solutions, Aliaxis Next had invested and partnered with 8 companies by the end of 2022. To date, it has invested over €60 million in ground-breaking disruptive start-ups.

We continue our search for new opportunities to grow our portfolio of exciting new businesses.

Overview of Aliaxis Next ecosystem



Focus on our acquisitions

2022 acquisitions included Opti, a US-based specialist in intelligent stormwater solutions helping to manage the potentially devastating effects of floods and extreme weather events.

And, at a time when an estimated 35% of all transported water is lost through network leakages, we were excited to acquire Aquarius Spectrum, a provider of advanced acoustic solutions to detect leaks and check the condition of network pipes.

Investing in partnerships

With 70% of the water withdrawn from the planet used to grow food, we were thrilled to partner with CropX, a leader in intelligent irrigation systems, and Freight Farms, whose vertical farming technology and software allows food to be grown locally using 90 to 99% less water than traditional farming methods.

Other investments included PulPac, a Swedish provider of water-saving, dry-fibre packaging technology, and HydroPoint, a provider of flow and leak monitoring systems for the building sector.

These deals complement partnerships that were already in place with Kando and APX10, two start-ups with digital solutions to smart water management.

Based in Israel, Kando is a wastewater intelligence company that harnesses AI and machine learning to support the water and public health sectors. APX10 is based in Denmark and provides a software solution to help utilities prioritise maintenance and repairs in water and wastewater networks, preventing water loss through leakages.

Open innovation

At Group level, Aliaxis invested in 2 VC Funds in 2022: BIV Fund, a recognised leader for seed capital to Water Tech start-ups and Emerald Technology Ventures, a pioneer in open innovation, providing corporations with insights into future sustainable markets. Through this last partnership, we are joining dozens of companies sharing ideas through the Emerald open innovation ecosystem and the relationship will help Aliaxis Next to identify further promising start-ups to invest in and incubate.

WE ARE FUTURE FOCUSED

Green hydrogen ready

We exist not only to bring solutions to the world's water challenges but also to accelerate the transition to clean energy and we are preparing to play an important role in the green hydrogen market.

Hydrogen has huge potential to replace fossil fuels as an energy source as the world moves towards meeting the UN's 2050 net-zero target. It offers many advantages in a wide number of sectors whose electricity needs cannot be met by wind and solar alone. It can be used to store energy for long periods, can be transported over long distance by pipes or ships and burns clean, with water being the only by-product.

Our focus is on creating solutions to produce, store and transport green hydrogen, which is produced using renewable power with virtually no greenhouse gas emissions. We are also developing the "Power-to-X" ecosystem of products and applications, whether for use in hydrogen production plants or to get gas pipeline networks hydrogen-ready. Awarded the 'H2-ready-100' rating, our German products are ready to support delivering 100% pure hydrogen fuel through gas networks.

Eyes on the future

A key part of our *Growth with Purpose* strategy is all about taking action between now and 2025 to create sustainable water and energy solutions and accelerating innovation across Aliaxis.

All the while – whether it's through the work Aliaxis Next is doing to develop advanced water solutions for the future or what our local businesses are doing to speed the transition to clean energy – we also have our eyes firmly fixed on meeting challenges beyond 2025.

With our entire network of employees, shareholders, and customers, Aliaxis is leveraging its position to give water the attention it deserves in climate discussions, because every drop counts. Ultimately, we want future generations to be proud of the work we've done today.



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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 2 leadership bodies: the Executive Committee and the Global Leadership Team. They are working closely together in the execution of Aliaxis' *Growth with Purpose* strategy, aimed at being a world leader in fluid management solutions that bring solutions to the world's water challenges and accelerates the transition to clean energy.

1.1 The Executive Committee

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 as of December 31st, 2022:

- Chief Executive Officer, Eric Olsen
- Chief People & Sustainability Officer, Line De Decker (since April 11th, 2022)
- Divisional CEO EMEA, Kati ter Horst (since October 1st, 2022)
- Chief Operations & Supply Chain Officer, William Ledger
- Divisional CEO India, Deepak Mehrotra
- Divisional CEO Americas, Alex Mestres
- Divisional CEO APAC, Mark Nykiel
- Chief Finance Officer, Koen Sticker
- Divisional CEO EMEA, Gustavo Vianna (until September 30th, 2022)

Mrs. Sophie Desormière, joined the ExCom as Chief Growth Officer as of January 9th, 2023 and as of April 3rd, 2023, Mr. Mathieu Rousseau replaced Mr. William Ledger as Group Chief Operations & Supply Chain Officer.

1.2 The Global Leadership Team

The ExCom is supported by a Global Leadership Team (GLT) that is comprised of functional leaders. Their mission is to build up alignment to ensure fast and flawless implementation of all ExCom decisions, cascade information and make sure our whole organisation across the globe is fully mobilised to deliver against the strategy.

The GLT is composed of the following roles as of December 31st, 2022:

- Head of Operational Excellence, Sunil Banthiya (since September 23rd, 2022)
- Head of Sustainability, Nadim Khouri-Raphaël (since September 23rd, 2022)
- Head of Communications & Public Affairs, Amanda Jones
- Chief Information Officer, Patricia de Lanlay
- VP Group Strategy, George Lederman (since September 23rd, 2022)
- President & Chief Operating Officer North America, Travis Lutes
- Chief Legal & Insurance Officer, Manuel Monard
- Head of Innovation & R&D, Dominique Neerinck
- VP Health & Safety, Howard Oakes (since September 23rd, 2022)
- Head of Aliaxis Next, Fredrik Östbye (since February 1st, 2022)
- Head of Procurement & Sourcing, Sophie Rabec (since September 23rd, 2022)
- Chief Operating Officer Latin America, Mathieu Rousseau
- Head of Corporate Development, Philip Wheatley (since August 1st, 2022)

Mr. Dominique Neerinck is no longer a member of the GLT since March 1st, 2023.

Mr. Mathieu Rousseau is a member of the ExCom since April 1st, 2023.

CORPORATE GOVERNANCE

1.3 Composition of the Board of Directors

- Thierry Vanlancker Chairman of the Board since May 24th, 2022
- Eric Olsen Chief Executive Officer
- Myriam Beatove (since May 2022)
- Guy della Faille (representing GDF Impact SRL)
- George Durman Esquivel
- Andrea Hatschek
- Rajesh Jejurikar
- Thomas del Marmol (since May 2022)
- Kieran Murphy Chairman of the Risk and Audit Committee
- Pierre-Alexandre Peters
- Patrick Simonard
- Peter de Wit (since May 2022) Chairman of the People Committee
- Olivier van der Rest Chairman (until May 2022)
- Didier Leroy (until May 2022)

1.4 Board of Directors and Committees of the Board

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 eleven times in 2022, of which three sessions were in the field at our new Pineville plant (USA), at the Mannheim production site (Germany) and at our new Paris Research hub (France). There were two standing committees as of December 31st, 2022. Each of these committees supports the Board in specific aspects of its remit

1.5 Risk and Audit Committee

The Risk and Audit Committee supports the Board in monitoring the accounting and financial reporting of the Group. It also focuses on reviewing the scope and results of Aliaxis' external and internal audit procedures.

The Committee met six times in 2022. Its members were Kieran Murphy (Chairman), Guy della Faille (representing GDF Impact SRL), Myriam Beatove (as of May 2022), Patrick Simonard and Thierry Vanlancker.

1.6 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 2022 and its members were Didier Leroy (Chairman until May 2022), Olivier van der Rest (until May 2022), Peter de Wit (Chairman since May 2022), Myriam Beatove (since May 2022) and Pierre-Alexandre Peters.

Agenda

Annual General meeting of shareholders – Wednesday May 3rd 2023

At the Group's headquarters: Avenue Arnaud Fraiteur 15-23 - 1050 Brussels - Belgium

- PAYMENT OF DIVIDEND Monday, July 3rd 2023
- 2023 HALF YEAR RESULTS September 1st 2023

Board of Directors to approve 2023 Half Year results – Results announcement

• 2023 FULL YEAR RESULTS - Q1 2024

Board of Directors to approve 2023 Full Year results – Results announcement

2. Directors' report

2.1 Trading review

Despite a challenging economic environment, we had another very strong year in 2022, continuing the big leap forward in our performance that we achieved in 2021.

In 2022, we consolidated on growth realized in recent years and the step change in profitability achieved in 2021. Revenue was €4.3 billion, up 11.3% compared to 2021 and 46.7% compared to 2020 (on a like-for-like¹ basis). This was driven by strong market momentum in the first half of the year, offset by a market slowdown in the second half. Our strong performance in North America, and to a lesser extent, in the Pacific region, offset lower performance in other regions.

Current EBITDA grew from an average of around €450 million between 2016 and 2020 to €674 million in 2021, and came in at €728 million last year, an increase of 8% as reported and stable on a like-for-like¹ basis compared to 2021 and 48.7% up compared to 2020. Market demand in all regions supported the result, together with strong commercial management and successful initiatives in operational excellence.

Our CEBITDA margin slightly decreased from 18.3% in 2021 to 16.8% in 2022, however, remained above 15% for the third consecutive year. Net profit amounted to €371 million, down 7.2% compared to 2021 on a reported basis, but up 3.1% after adjusting for non-recurring items.

Our net financial debt (including IFRS16 Leases) amounts to €742 million, with net financial leverage of 1.0x CEBITDA compared to 0.1x CEBITDA at the end of 2021. The increase is mainly driven by increase in working capital in H2 2022 of €512 million.

We remain committed to implementing and delivering on all the objectives of our *Growth with Purpose* strategy, focused on continued investment to support both organic and external growth.

2.1.1 Americas

Overall, the Americas continued to outperform in 2022, with revenue up 12.9% and CEBITDA up 14.8% on a like-for-like¹ basis. As a leading market for Aliaxis, North America saw strong market momentum in the first half, driven by a robust housing market together with high infrastructure and irrigation investment, combined with strong commercial management. In the second half, demand slowed down and was also impacted by high inflation, increased interest rates and a tight labour market. Latin America was impacted by the ongoing geopolitical situation in Chile and Peru which resulted in a market slow down compared with 2021. However, the strong demand in the building segment in Central America, mainly in Costa Rica, helped to partly offset the weaker performance of the region.

2.1.2 Pacific

The Pacific region recorded strong growth, with revenue up 11.3% and CEBITDA up 22.5% on a like-for-like¹ basis. The growth was driven by resilient momentum in the Australian building and infrastructure segments and New Zealand building segment which supported demand throughout 2022. The CEBITDA margin improvement resulted from strong commercial management and further benefits from our operational excellence programs.

2.1.3 EMEA

After a strong start to the year, EMEA suffered from the economic impact of the war in Ukraine including increasing energy prices and high inflation. The region saw its revenue for the year up by 5.3% with CEBITDA down 23.5% on a like-for-like¹ basis. Demand slowed down in the second half, mainly in the building segment, also due to destocking at the distributor level.

2.1.4 Asia

After a strong start of the year, the Asia region was impacted by declining and volatile resin prices affecting margins and deteriorating demand. Overall revenue went up 17.8%, and CEBITDA down 26.8% on a like-for-like¹ basis. In addition, demand related to the agriculture peak season was impacted by adverse weather conditions.

²⁰²¹ 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 and Lareter in December 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

2.2 Financial review

Changes in the scope of consolidation:

As of January 1st, 2022, Aliaxis Bulgaria EOOD is part of the consolidated scope.

In April 2022, Aliaxis acquired Harco Fittings LLC.

In August 2022, Aliaxis acquired Aquarius Spectrum Ltd.

In November 2022, Aliaxis acquired OptiRTC Inc.

In December 2022, Aliaxis acquired Lareter Spa.

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 31st, 2022, Aliaxis reported revenue of €4,342 million, an increase of 18.1% compared to 2021. Foreign exchange positively impacted the Group's sales by 6.5%, due to the strengthening of the major trading currencies against the EUR, mainly the US dollar (11.0%), the Canadian dollar (7.6%), Indian rupee (5.4%), and the trading currencies in the Latin American region.

The gross profit was €1,257 million (2021: €1,090 million), representing 28.9% (2021: 29.7%) of revenue. Commercial, administrative, and other income and charges amounted to €696 million (2021: €478 million), or 16.0% (2021: 13.0%) of sales.

Operating profit (EBIT) for the year was €561 million, an overall decrease of €-52 million or -8.4%. Foreign exchange positively impacted the Group's EBIT by 5.4%.

The adjusted items represented a net exceptional loss of €-13 million in 2022, compared to a net exceptional income of €75 million in 2021. The adjusted items predominately relate to merger and acquisition costs (€-9.8 million), the exit of our trading activity in Russia (€-4.3 million), partially offset by the gain on sales of lands and buildings in Panama (€1.6 million).

Excluding the impact of the adjusted items, the Current EBIT amounted to €573 million, an increase of €36 million or 6.7%. The Current EBIT margin amounts to 13.2%, compared to 14.6% in 2021.

Excluding depreciation and amortisation, the Current EBITDA amounted to €728 million, an overall increase of €54 million or 8.0% as reported. Foreign exchange positively impacted the Group's Current EBITDA by 6.8%. The Current EBITDA margin decreased from 18.3% in 2021 to 16.8% in 2022.

Finance income and expenses mainly consisted of net interest expenses of €20 million (2021: €12 million). An analysis of finance income and expense is given in notes 15 (Finance expenses) and 16 (Finance income) to the consolidated financial statements.

The Group has in place an interest rate risk policy and uses derivatives to hedge interest rate risk exposure. The major part of its gross financial debt after hedges is at fixed rate. The management of interest rate exposure is explained in notes 5 (Financial risk management) and note 33 (Financial instruments) in the consolidated financial statements.

Income taxes, consisting of current and deferred taxes, amounted to €166 million (2021: €193 million), representing an effective income tax rate of 31.0% (2021: 32.6%). The reconciliation of the aggregated weighted nominal tax rate (25.2%) with the effective tax rate is set out in note 17 (Income taxes) to the consolidated financial statements.

The Group's share of the profit for 2022 was €369 million (2021: €398 million). The Group's earnings per share in 2022 were €4.69 (2021: €5.06), a decrease of -7.3%.

Other comprehensive income for the period, net of income tax, decreased by €164 million from €162 million in 2021 to €-3 million in 2022, mainly explained by lower positive impact of exchange rate movements in 2022 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 €180 million (excl. withholding taxes on the Group dividend), total employers' social security contribution was €101 million (excl. employees' social security contribution and payroll taxes) and taxes to be considered as operating expenses were €8 million (excl. VAT, duties...).

Statement of financial position

Intangible assets, consisting of goodwill and other intangible assets, amounted to €875 million on December 31st, 2022 (2021: €721 million). The increase is mainly attributable to the 2022 business acquisitions. Further details on movements in intangible assets are set out in note 18 (Intangible assets and goodwill) to the consolidated financial statements.

Property, plant and equipment amounted to €1,202 million as of December 31^{st} , 2022, compared to €940 million at the end of the previous year. The main part of the net increase of €262 million was attributable to the capital expenditures of the period of €348 million and the 2022 business acquisition of €45 million, partly offset by the depreciation of the period of €-133 million.

Non-cash working capital amounted to €940 million as of 31 December 2022 (31 December 2021: €427 million). On December 31st, 2022, working capital represented 21.6% (2021: 11.6%) 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 €1,917 million in 2021 to €2,223 million in 2022 mainly as a result of the net profit of the reporting period (€369 million) partially offset by the dividend of €-62 million.

Non-controlling interests as of December 31st, 2022, amounted to €7 million (2021: €7 million). The result of the net profit for the reporting period (€1 million) was offset by the negative impact of the net dividends paid (€1 million).

Deferred tax liabilities amounted to €74 million as of December 31st, 2022 (2021: €83 million). Deferred tax assets were €17 million (2021: €12 million). Further details on movements in deferred taxes are set out in note 29 (Deferred tax assets and liabilities) to the consolidated financial statements.

Net Financial Debt

(In million euros)	31 Dec 2022	31 Dec 2021
Non-current loans and borrowings	1,082	1,006
Non-current lease liabilities	144	109
Current loans and borrowings	229	69
Current lease liabilities	26	23
Cash and cash equivalents	-744	-1,111
Bank overdrafts	6	4
	742	99

Net financial debt increased by €643 million as of December 31st, 2022.

The major cash flows during the year arose from cash generated by the Group's operations (€768 million), partially offset by the working capital changes (€-496 million), the capital expenditures made during the year (€-325 million – excl. leasing), the acquisitions made by the Group during the year (€-212 million – mainly acquisition of Harco of €-155 million, Lareter of €-27 million, Aquarius Spectrum of €-29 million), tax payments (€-203 million), the lease movements (€-74 million), net dividend paid (€-63 million), the investments in minority stakes (€-28 million) and the interests payments (€-13 million).

The return on capital employed in 2022 was 21.9% (2021: 30.8%). The Group's share of return on equity was 17.8% (2021: 23.9%).

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. Aliaxis' strategy *Growth with Purpose* is an ambitious plan to create value –almost doubling EBITDA from 2020 to 2025 to reach €850 million– and a positive contribution to society, with an immediate focus on both climate change and water crises. On carbon footprint, Aliaxis is acting now to reduce its CO₂ by 75% per ton of production on Aliaxis sites by 2025, notably by reaching 100% renewable electricity. At the end of 2022, close to a quarter of our operations have already transitioned to renewable electricity.

Aliaxis is investing massively in organic and external growth. While the company used to invest only about €100 million Capital Expenditures per year, the CapEx plan for 2022-2025 is over €1 billion. In 2022, several capacity expansions were made in North America & India: a new state-of-the art facility in North Carolina and two greenfield plants in India, with 3 more to come. In 2022, we achieved two major acquisitions: Harco and Lareter, strengthening the company's positions in the USA and Europe and ability to offer integrated water systems.

On the innovation front and to enhance customers' experience, over the period 2020 to 2025, the company is tripling its R&D/innovation budget. Between 2021 and 2022, the percentage of sales from recent products (fewer than 5 years old) rose steeply from 4.3% to 6.2%, representing close to €260 million in additional sales. The 2025 target is to reach 10% of total sales.

In 2022, a new division called 'Aliaxis Next' was created to invest in, incubate and grow digital start-ups dedicated to solving water challenges. To date, over €60 million has already been invested by Aliaxis Next in ground-breaking disruptive start-ups.

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 is also rooted in powerful local businesses that allow Aliaxis to draw on the intimate customer knowledge and the markets in which they operate. This strategy relies on 5 levers:

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

2.4 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 & illnesses per million hours worked. Over the past 3 years, we improved this rate by 46% i.e. from 9.8 in 2020, to 7.5 in 2021, to 5.8 in 2022.

For 2023, our target is an RIR below 4.8. By 2025, we want this rate 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. We also established Group-wide health and safety standards and communication campaigns to highlight best practices and ensure that common standards are applied everywhere. In 2022, we ran our first ever Dupont safety survey to test perceptions and attitudes to safety across our operations, with an impressive 79% response rate from staff from all regions.

2.5 Sustainability

Sustainability is a driving force of our *Growth with Purpose* plan launched in 2021. We set ambitious targets with the aim to maximize our positive impact on the planet in the short term. At Aliaxis, we believe that it is essential for companies to move urgently to tackle both the climate and water crises. The first commitment is to reduce our CO₂ emissions by 75% per ton of production on Aliaxis sites most notably by transitioning to 100% renewable electricity by 2025. The second objective is to quadruple the recycled content in our solutions to reach 50% of the maximum allowed under current standards. The third objective is to invent smart water management solutions. Alongside our core innovation teams, we have formed a new division, Aliaxis Next, which focuses on scaling entrepreneurial solutions focusing on the world's water challenges. Its key areas of focus are:

- Sustainable water management,
- Access to water
- Resilient water infrastructure,
- Water for food.

From leak detection within existing networks to water storm management solutions, Aliaxis Next has invested and partnered with 8 early-stage companies to date. Overall, Aliaxis' solutions contribute to a more sustainable planet by addressing some of the world's water challenges, as well as accelerating the transition to clean energy with hydrogen ready pipes.

Carbon reduction - environmental performance

We are committed to minimising any adverse environmental impacts associated with our direct operations. A key focus within our strategy is on carbon reduction. In 2022, our greenhouse gas emissions (kg CO₂ equivalent/tonne produced) decreased by 12%, compared to 2021. This is mainly driven by an increased use in renewable electricity. At the end of 2022 and as solar panels are rolled out within our facilities, 22% of our operations had transitioned to renewable power.

In addition, our energy efficiency (kWh/tonne produced) improved by 2.5%. In the second half of 2022, a new wave of onsite energy audits was launched and will continue throughout 2023.

We also increased our waste efficiency (kg/tonne produced) by 1.9%, and our water efficiency (m³/tonne produced) by 12% compared to 2020.

In 2022, we developed a first 'energy and greenhouse gas' global standard, to complement the two existing global environmental standards for waste and water management.

While we take action in the short-term, we continue our journey to meet longer-term commitments to support the transition to net zero by 2050, a goal enshrined in the Paris Climate Accord.

Recycling

Recycling is a key part of our sustainability targets. By 2025, we will use four times more recycled content in our products to reach 50% of the maximum allowed under current standards. This addresses the carbon footprint related to our upstream activities. Therefore, we are increasingly working on circular economy projects that close the loop by reusing waste plastics as recycled raw materials, reducing waste generation and minimising our environmental footprint. This addresses the carbon footprint related to our upstream activities,

From 2021 to 2022, we increased the externally sourced recycled material in our products by over 22%. Aliaxis operations in New Zealand are at the forefront of our circular economy initiatives, while in Spain and France, we offer an eco-range products made from bio-attributed plastic.

Sustainability and innovation are inherently intertwined, which is why they are the main drivers of our *Growth with Purpose* strategy.

We continue to make progress on redesigning products and packaging to make use of significantly less raw materials. As we play a leading role in our industry in increasing the proportion of recycled material in our products all while maintaining quality, we are also advocating for changes in regulations so that more recycled material can be used than what is currently allowed.

Focus on New Zealand

In New Zealand, we're boosting our recycling activities with a €7 million investment with our partner Waste Management NZ to dramatically cut plastic construction and demolition waste in a project supported by a grant from the Government's Plastic Innovation Fund. Our operations in New Zealand are among first recipients for this ground-breaking new fund.

Furthermore, In New Zealand, the local teams have partnered with the water engineering and management firm SWE to recycle PVC plastic waste from vineyards in the country's Marlborough region. Our teams have integrated this plastic into the solutions we are manufacturing, increasing the total percentage of recycled material in our products. Future projects include collecting PE products that will be reground into pellets that can be used in new products. The process reduces waste to landfill from these products by an impressive 99% and gives us better access to the recycled material we want to use in our products.

A water management portfolio, focused on the future

Our products play an important role in addressing the significant challenges the world already faces in managing water resources. We are determined to take the lead in bringing new ideas, concepts, and solutions to this challenge. As a world leader in fluid management solutions, we want to be at the forefront of developing new solutions and services in sustainable water management, resilient water infrastructures, water for food production and improving access to water.

Our new division, Aliaxis Next, has a distinct mission to seek out next generation technologies which will help us create water management solutions with real societal impact, way into the future.

Our commitment and efforts in this important area are in line with the UN Sustainable Development Goal (SDG) 6 to "ensure availability and sustainable management of water and sanitation for all". We have a responsibility to make a difference in addressing this challenge and are determined to do just that.

2.6 Innovation

On the innovation front and to enhance customers' experience, over the period 2020 to 2025, we are tripling our R&D/innovation budget. Between 2021 and 2022, the percentage of sales from recent products (fewer than 5 years old) rose steeply from 4.3% to 6.2%, representing close to €260 million in additional sales. The 2025 target is to reach 10% of total sales.

It means we can continue to meet our customers' demand for increasingly sophisticated solutions and play a leading role in tackling pressing environmental challenges, particularly in enabling access to clean water and sanitation.

We accelerate our research, design, and development processes, bringing more high-impact new products and solutions to our customers at a faster pace. We increasingly complement our continuous product improvements with breakthrough innovations, establishing our market position as innovation leader.

Sharing ideas, driving innovation

Our operating companies are responsible for product development, responding directly to local market trends and customer needs.

Our three global research hubs (Toronto, Paris, Bengaluru) continue to play a key role in developing new breakthrough solutions, sharing ideas with each other and with the rest of the business. Our newest research hub, in the high-tech city of Bengaluru, India, now has over 40 staff, including scientists drawn from a range of industries who are bringing new skills to our industry. Bengaluru focuses particularly on digital technology and modular systems, while our Toronto centre specialises in materials science, and Paris on water management.

The Paris Research hub has moved to a new more capable site, with enhanced visitor and demonstration facilities. This allows our customers to see the innovation at Aliaxis in action and work with us in developing new ideas. This move towards co-creation is a growing trend across our businesses and one that is only likely to increase.

The Toronto R&D team will soon be relocating to a new site in 2023, that includes a state-of-the-art pilot plant with pilot production equipment to accelerate the industrialisation of new products.

Our Global Innovation team runs regular ideation competition to boost idea-sharing within a collaborative work environment across the Group. In Europe, it resulted in the first ever range of hot and cold-water balancing valves to prevent the spread of deadly bacteria like legionella in hospitals. The local teams are co-creating with customers, meeting their needs like never before.

New water solutions

Many of the products we launched in 2022 are new components related to water transportation, developed in direct response to customer needs. And our customers are increasingly seeking complete solutions with increased use of modular designs that are easy to install and operate.

A great example of modular design is the water recycling systems that we developed in India. This development was designed to help tackle water stress in the country by providing smaller but better systems to treat and reuse black and grey water. The first prototypes of this system are now running in our production plants in India. We believe the water recycling systems will open an exciting new market for us not just in India, but also in other markets where access to clean water and good sanitation is already a significant challenge.

Modular systems and subassemblies are another growing area of innovation. In Europe, we have launched a modular system for technical shafts in high-rise buildings, allowing construction companies to save time and labour, and increase safety on the construction site. In India, we successfully introduced a modular water storage system, using square water tanks that can be easily assembled to allow the municipalities to have more flexibility in water storage capacity.

Likewise, we are opening important new markets in Latin America in the agricultural sector with a range of smart farming solutions, including the highly automated SmartCrop® irrigation system. SmartCrop® is a remotely operated ferti-irrigation solution that helps farmers who want to tend their crops more efficiently. The system reduces the annual operating cost and stabilises crop yields, through the application of a variable irrigation program, while reducing energy consumption, the need for fertilizers and labour. In short, we help our customers achieve better crop yields in a more sustainable way.

In Europe, we launched a heat recovery system for shower drains. By capturing the heat of drainage water in a shower, and bringing that heat back to the incoming water, we can save up 50% to 70% of the energy required to heat water for a shower. As heating water is one of the main sources of energy use in a house, our new heat recovery system contributes strongly to sustainable buildings. We estimate the system, already available in France and soon to go on the market in the UK and Spain, will save households enough on bills to pay back their investment in an average of five years, while contributing to a lower carbon intense world.

Increasing our focus on green innovation and recycling

Sustainability is the guiding force for everything that we do. This includes exploring eco-design which entails focusing on environmental aspects at all stages of the product development process. We use lifecycle analyses for all new products we develop to measure their impact regarding CO₂ emissions, water, energy, and materials use. We are also exploring bio-attributed PVC resins, and though they are at an early stage of development, will be a big part of our innovations in future as production techniques improve and costs come down.

When it comes to recycling, our Australian teams have stepped-up work to recycle and reuse PVC in our products. We are looking for easier ways to use recycled material in our pipes and fittings and to develop new products that use an increasing amount of recycled content. This circular economy initiative not only forms a key part of our *Growth with Purpose* strategy but has won financial backing from the Australian government.

As a result of our efforts to increase the use of recycled material, we now have several new solutions which for the first time ever are made of 100% recycled materials. Examples of this include a new range of waste outlets and traps for wash basins made of recycled polypropylene made in Spain, as well as a new range of gutter brackets that are twice as strong and at half the cost to our customers developed by our French team.

Our teams have proved that reducing the weight of our products is one of the most efficient ways to reduce energy consumption and carbon and a great way to cut costs and boost productivity. In Italy, for instance, we have made our PVC fittings 20% lighter, with a 25% reduction in carbon footprint.

In India, Research scientists at our Bengaluru research hub have worked on three different products achieving a minimum 25% weight reduction while maintaining product specification and performance. Products included a hollow core design for PVC pipes to replace conventional solid pipes and the development of honeycomb inspired compression fittings.

2.7 People

Building a workplace where people can thrive

Central to our *Growth with Purpose* strategy is our ambition to become a growing and performance-driven organisation, with a greater focus on attracting talent and developing our people. We want to create an environment where our employees have the right means to develop their career and help us build our future as a leading company that delivers a positive impact on society.

HR Strategy as enabler

In this context the Aliaxis Board has validated the following HR strategy defined around four pillars:

1. Leadership

The objective is to have high-performance teams, with leaders providing direction with the right sense of urgency. It also involves having a succession pipeline stocked with future-proof capabilities.

2. Culture & Engagement

The objective is to develop a culture that supports the delivery of our strategy, as well as engagement that serves as cornerstone for achieving a highly effective company.

3. Diversity, Equity & Inclusion (DEI)

The objective is to ensure that DEI is a key element of our integrated environmental, social and governance strategy and a core asset of the overall employer brand.

4. Organizational effectiveness

The objective is to ensure that empowerment, accountability and transparency are at the heart of our operating model, with a clear understanding to all of roles and responsibilities within a collaborative environment.

Each of the four pillars is essential to make Aliaxis a high performing organisation where people can thrive.

A new set of behaviours, driving the culture

Aliaxis has a clear purpose and ambitious strategy that can only be achieved by putting an enabling culture in place. Culture is everything that we do, every day. It underpins our performance.

A new set of behaviours has been deployed in 2022. They define how we want to act and behave for success, the way we work together at Aliaxis, how we take actions and decisions, in all circumstances, how we hire, evaluate and reward, and how we encourage convergence of personal values with Aliaxis' culture. The behaviours shape the culture we believe in to achieve our purpose:

We dare: to challenge the status quo, to innovate and to learn fast.

We care: for the environment, our customers and each other.

We deliver: by taking accountability for our decisions and actions.

Diversity, Equity & Inclusion

Following the Global Enterprise Diversity, Equity & Inclusion (DEI) Strategy, Aliaxis defined its DEI policy. The policy sets out the principles and requirements by which Aliaxis will enhance diversity, equity and inclusion and make the workplace a safe and respectful work environment.

Aliaxis dares to foster inclusion, cares about diversity of its workforce and beyond, delivers the solutions to tackle the world's water challenges.

Recognitions

2022 has been a year of various awards and recognitions. Aliaxis was awarded Onderneming van het Jaar®/Company of the Year by EY Belgium for its growth trajectory and long-term vision.

Aliaxis Annual Report 2021 was nominated for several awards, winning the Gold prize at the Corporate & Financial Communications Awards for Best Online Report in London in November 2022 under the aegis of Communicate magazine.

Aliaxis was recognized as one of India's top 25 best workplaces in manufacturing and was certified as a "Great Place To Work®" for the fourth consecutive time. We were also granted the Golden Peacock HR Excellence Award for the second time. This award is a major recognition framework to mark successes and accomplishments for the HR community in India.

At the Canada HR Awards, Aliaxis in North America was selected as winner of 'Most Effective Recruitment Strategy'. Aliaxis Annual Report 2021 was nominated for several awards, winning the Gold prize at the Corporate & Financial Communications Awards for Best Online Report in London in November 2022 under the aegis of Communicate magazine.

2022 HR Data

The Americas Division accounts for 41.7% of all staff. EMEA ranks second with 30.1%, followed by India with 16.0%. Our businesses in Australia and New Zealand now employs 8.4%. The average age of an Aliaxis employee is 42.4 years, but it varies significantly between Divisions. For Australia and New Zealand, the average age is 46 years, while in India, the workforce is 35.5 years on average.

Aliaxis teams around the world are comprised of 110 different nationalities. In 2022, out of the hundreds of people hired, a quarter were women. At the end of 2022, 21.3% of the total workforce are women.

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, 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 2023

On our revenues, we expect moderate market headwinds in 2023 in North America and Europe. In our other regions, we expect positive growth for the year overall. To in part offset the market headwinds, we rely on the delivery of our growth strategy and an increased focus on cost and efficiencies.

We remain committed to implementing and delivering all the objectives of our *Growth with Purpose* strategy, focused on continued investments to support both organic and external growth in a responsible way, including doubling CEBITDA between 2020 and 2025.

2.11 Dividend

Aliaxis' Board of Directors proposes to pay a gross dividend of €0.860 per share, representing 18.3% of the consolidated basic earnings per share of €4.69. This is a 10% increase.

The dividend is subject to shareholder approval at the General Shareholders' Meeting on May 03, 2023.

2.12 Statutory appointments

The mandate of Mr. Kieran Murphy as Director will expire at the next general meeting of shareholders on May 03, 2023. He is a candidate for re-election. Upon recommendation of the appointment and remuneration committee, the Board proposes to the shareholders its re-election for a term of office of three years, ending at the general meeting of shareholders in 2026.

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	2022	2021
Revenue	6, 7	4,341,865	3,675,067
Cost of sales		(3,085,141)	(2,584,721)
Gross profit		1,256,723	1,090,346
Commercial expenses		(281,429)	(236,432)
Administrative expenses		(344,849)	(272,482)
R&D expenses	6	(31,797)	(25,636)
Other operating income / (expenses)	9	(25,207)	(18,562)
Operating profit exclusive adjusted items	6	573,442	537,235
Adjusted items:			
Net result on sale of businesses	6, 10	-	88,932
Restructuring costs	6, 11	(125)	(4,265)
Impairment of non-financial assets	6, 12	_	(4,913)
Other income / (expenses)	6, 13	(12,384)	(4,547)
Operating profit	6	560,933	612,442
Finance income	16	22,004	4,644
Finance expenses	15	(45,835)	(24,891)
Profit before income taxes		537,102	592,195
Income tax expense	17	(166,241)	(192,775)
Profit for the period		370,860	399,419
of which attributable to Group equity holders		369,364	397,794
of which attributable to non-controlling interests		1,497	1,625
Earnings per share (in €):			
Basic earnings per share	26	4.69	5.06
Diluted earnings per share	26	4.69	5.06

The notes on pages 23 to 84 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of other comprehensive income

For the year ended 31 December (in € thousand)	Notes	2022	2021
Profit for the period recognised in the income statement		370,860	399,419
Items that will never be reclassified to profit and loss:			
Remeasurements of defined benefit liability (asset) (net of taxes)	28b	(5,733)	8,142
Items that are or may be reclassified to profit and loss;			
Foreign currency translation differences for foreign operations	25	3,284	154,253
Net profit/(loss) on hedge of net investment in foreign operations		(118)	(832)
Cost of hedging reserves - changes in FV	33	(159)	(213)
Effective portion of changes in fair value of cash flow hedges	33	5,929	8,252
Change in fair value of cash flow hedges transferred to profit or loss	33	(5,858)	(8,483)
Deferred taxes related to hedges	33	154	728
Other comprehensive income for the period, net of income tax		(2,502)	161,847
Total comprehensive income for the period		368,359	561,267
of which attributable to Group equity holders		367,221	558,900
of which attributable to non-controlling interests		1,137	2,366

The notes on pages 23 to 84 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December (in € thousand)	Notes	2022	2021
Intangible assets and goodwill	18	875,376	721,284
Property, plant & equipment	19	1,202,017	940,235
Investment properties	20	3,173	3,343
Other assets		43,069	20,612
Derivative financial instruments with positive fair values	33	1,600	24,327
Deferred tax assets	29	16,947	12,377
Employee benefits	28b	33,495	58,763
Non-current assets		2,175,677	1,780,940
Inventories	22	1,061,621	736,788
Current tax assets		29,842	9,258
Amounts receivable	23	533,757	389,557
Derivative financial instruments with positive fair values	33	29,846	191
Cash & cash equivalents	24	744,247	1,111,348
Assets held for sale		4,586	2,731
Current assets		2,403,898	2,249,873
TOTAL ASSETS	6	4,579,575	4,030,814
As at 31 December (in € thousand)	Notes	2022	2021
Share capital	25	62,666	62,666
Share premium	25	13,332	13,332
Retained earnings and reserves		2,147,154	1,841,297
Equity attributable to Group equity holders		2,223,152	1,917,295
Non-controlling interests	25	6,542	6,877
TOTAL EQUITY		2,229,694	1,924,172
Loans and borrowings	27	1,081,537	1,005,599
Lease liabilities	34	143,904	109,216
Employee benefits	28b	59,746	76,009
Deferred tax liabilities	29	73,826	82,631
Provisions	30	34,003	21,634
Derivative financial instruments with negative fair values	33	_	3,400
Other amounts payable	32	3,775	2,768
Non-current liabilities		1,396,791	1,301,257
Loans and borrowings	27	228,551	69,394
Lease liabilities	34	26,132	22,857
Bank overdrafts	24	6,006	3,659
Provisions	30	38,694	41,180
Derivative financial instruments with negative fair values	33	5,259	1,320
Current tax liabilities	31	100,751	102,007
Amounts payable	32	545,817	564,968
Liabilities held for sale	21	1,879	_
Current liabilities		953,089	805,384
TOTAL LIABILITIES	6	2,349,880	2,106,641
			. ,
TOTAL EQUITY & LIABILITIES		4,579,575	4,030,814
		.,,	.,,-,

The notes on pages 23 to 84 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2021

(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 2021		62,666	13,332	(77)	(172,580)	(211,451)	1,713,988	1,405,877	6,876	1,412,753
Change in accounted policies - IFRS Cloud							(4,633)	(4,633)		(4,633)
Restated as at 1 January 2021		62,666	13,332	(77)	(172,580)	(211,451)	1,709,354	1,401,244	6,876	1,408,120
Profit for the period							397,794	397,794	1,625	399,419
Other comprehensive income:										
Foreign currency translation differences	25			97		153,426	(12)	153,511	741	154,253
Net gain on hedge of net investment (net of tax)	25					(832)		(832)		(832)
Cash flow hedges (net of tax)	33			284				284		284
Remeasurement IAS19 & other	28b						8,142	8,142		8,142
Transactions with Group equity holders:										
Own shares acquired					(332)			(332)		(332)
Own shares sold					5,788		3,285	9,073		9,073
Dividends to shareholders	25						(51,758)	(51,758)	(1,107)	(52,865)
Scope changes					652		(484)	168	(1,259)	(1,092)
As at 31 December 2021		62,666	13,332	304	(166,472)	(58,857)	2,066,322	1,917,295	6,877	1,924,172

2022

		Share	Share	Hedging	Reserve for own	Translation	Retained	Total capital &	Non- controlling	TOTAL
(in € thousand)	Notes	capital	premium	reserve	shares	reserve	earnings	reserves	interests	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	25			(87)		3,613	117	3,643	(359)	3,284
Net gain on hedge of net investment (net of tax)	25					(118)		(118)		(118)
Cash flow hedges (net of tax)	33			66				66		66
Remeasurement IAS19 & other	28b						(5,733)	(5,733)		(5,733)
Transactions with Group equity holders:										
Own shares sold					33		566	599		599
Dividends to shareholders	25						(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

The notes on pages 23 to 84 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December (in € thousand)	Notes	2022	2021
OPERATING ACTIVITIES			
Profit after income tax		370,860	399,419
Depreciation	19, 20	132,649	119,198
Amortisation	18	21,537	17,122
Impairment losses on PP&E, intangible assets and assets held-for-sale	19, 18	844	6,013
Impairment losses on working capital and others	22,33	21,323	9,230
Increase / (decrease) in provisions in profit and loss	30	37,474	38,157
Financial instruments - fair value adjustment through profit or loss		(82)	(3,248)
Net interest (income) / expenses	16, 15	19,631	11,941
Dividend income	16	-	(547)
Loss / (gain) on sale of property, plant and equipment	9	(1,711)	(211)
Loss / (gain) on sale of assets held-for-sale		(2)	(1,456)
Loss / (gain) on sale of businesses	10	(0)	(88,932)
Income tax expense		166,241	192,775
Other - miscellaneous		(444)	8,384
Gross cash flows from operating activities		768,320	707,847
Decrease / (increase) in inventories		(305,945)	(225,540)
Decrease / (increase) in amounts receivable		(116,508)	(51,027)
Increase / (decrease) in amounts payable		(43,427)	106,844
Increase / (decrease) in provisions	30	(29,830)	(12,157)
Changes in working capital and provisions		(495,710)	(181,881)
Cash generated from operations		272,610	525,966
Income tax paid	17	(203,181)	(132,922)
Net cash flows from operating activities		69,429	393,044

For the year ended 31 December (in € thousand)	Notes	2022	2022
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	19	3,126	1,645
Proceeds from sale of assets held-for-sale		2	3,477
Proceeds from sale of investments		762	334
Repayment of loans granted	27	-	104
Sale of a business, net of cash disposed of	8	(2)	120,368
Acquisition of businesses, net of cash acquired	8	(211,660)	(20)
Acquisition of property, plant and equipment	19	(282,294)	(125,908)
Acquisition of intangible assets	18	(42,786)	(12,737)
Acquisition of other investments	3g	(28,426)	(857)
Loans granted	27	(299)	(202)
Dividends received		-	547
Interest received		12,123	4,008
Other - miscellaneous		-	3
Net cash flows used in investing activities		(549,455)	(9,238)

The notes on pages 23 to 84 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December (in € thousand)	Notes	2022	2021
FINANCING ACTIVITIES			
Proceeds from sale of treasury shares	28c	33	9,073
Proceeds from obtaining borrowings	27	316,417	751,801
Repurchase of treasury shares	28c	-	(332)
Repayment of borrowings	27	(91,359)	(595,426)
Repayment of leasing	34	(36,015)	(30,259)
Dividends paid	25	(63,042)	(52,865)
Interest paid		(25,483)	(11,827)
Payment of transaction costs related to loans and borrowings		(1)	(9,920)
Cash flows from financing activities		100,550	60,246
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(379,476)	444,052

Cash and cash equivalents

For the year ended 31 December (in € thousand)	Notes	2022	2021
As at 1 January 2022	24	1,107,689	612,274
Net (decrease) / increase in cash and cash equivalents		(379,476)	444,052
Cash and cash equivalents resulting from scope changes and A/L HFS transfers		(1,105)	(6,669)
Effect of exchange rate fluctuations on cash held		11,132	58,032
As at 31 December 2022	24	738,241	1,107,689

The notes on pages 23 to 84 are an integral part of these consolidated financial statements.

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1. Corporate information

Aliaxis SA ("the Company") is a company domiciled in Belgium. 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 31 December 2022 comprise the Company, its subsidiaries and interest in equity accounted investees (together referred to as the "Group" or "Aliaxis").

In 2022 Aliaxis employed around 15,200 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 31 March 2023.

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 1 January 2022.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 18 measurement of the recoverable amounts of cash-generating units;
- Note 28b measurement of defined benefit obligations;
- Note 29 use of tax losses;
- Notes 30 and 36 provisions and contingencies;
- Note 31 liabilities for uncertain tax positions;
- Note 33 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 20 investment properties;
- Note 33 financial instruments.

3. Significant accounting policies

Except for the changes explained below, the accounting policies adopted are consistent with those of the previous financial year.

As of 1 January 2022, 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 IFRS 3 Business Combinations; IAS 16 Property, plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards:

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of
 property, plant and equipment amounts received from selling items produced while the company is preparing
 the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in
 profit or loss. The amendments also clarify that testing whether an item of fixed assets is functioning properly
 means assessing its technical and physical performance rather than assessing its financial performance.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company
 includes when assessing whether a contract will be loss-making. The amendments clarify that the 'costs of
 fulfilling a contract' comprise both: the incremental costs; and an allocation of other direct costs.
- Annual Improvements to IFRS Standards 2018–2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

(a) Basis of consolidation

A list of the most important subsidiaries and equity accounted investees is presented in Note 38.

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 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	Average		late
	2022	2021	2022	2021
AUD	1.516	1.575	1.569	1.562
CAD	1.370	1.483	1.444	1.439
GBP	0.853	0.860	0.887	0.840
NZD	1.658	1.673	1.680	1.658
USD	1.053	1.183	1.067	1.133
INR	82.693	87.444	88.171	84.229

(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 1 January 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
 IT software
 3-5 years
 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 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. Changes in the fair value, other than impairment losses (see Note 3k), are recognised directly in OCI. When an investment is derecognised, the cumulative gain or loss previously recognised directly in equity is transferred to profit or loss. During 2022 Aliaxis invested €28.4 million in equity and debt securities in connection to its Aliaxis Next strategic program.

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.

(k) Impairment

Financial assets

For financial instruments and contract assets, the Group recognises loss allowances for 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.

(I) 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, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax. The Group has assessed the potential impact of the top-up tax as immaterial. 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 31 December 2022, 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 23 January 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.

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 1 January 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 IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on 12 February 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.

The amendments are effective for annual periods beginning on or after 1 January 2023 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 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on 12 February 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.

The amendments are effective for annual periods beginning on or after 1 January 2023 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 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued on 7 May 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 recognizing deferred tax when they recognize 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 recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize 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.

The amendments are effective for annual periods beginning on or after 1 January 2023 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 IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 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 recognizes 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 retrospectively¹ for annual periods beginning on or after 1 January 2024 with early application 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.

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.

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.

(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 uses to secure access to Banking Facilities and Debt Capital Markets instruments.

- As for Banking Facilities, the Group has a multi-currency revolving credit facility of EUR 850 million with two years extension option, of which the first one has been exercised in 2022, bringing the maturity to October 2027.
- As for Debt Capital Markets Instruments, the Group has issued
 - (i) USD 112 million of US Private Placement notes for a period of 12 years maturing in 2023
 - (ii) USD 35 Million of US Private Placement notes for a period of 10 years maturing in 2025
 - (iii) EUR 18 million of US Private Placement (swap note) for a period of 12 years maturing in 2027
 - (iv) a 7-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 optimizing 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 denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss as part of foreign exchange gains and losses.

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 recognized directly in OCI within translation reserve. The Group's net investments in Canada, the US, India, Australia, the UK and New Zealand are partially hedged through borrowings or cross currency swaps maintained in Canadian dollars, US dollars, Indian rupees, Australian dollars, pound sterling and New Zealand dollars.

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 2022, the Group share of return on equity was 17.8% (2021: 23.9%). In comparison the weighted average interest rate of the gross financial interest-bearing indebtedness (including interest expense on lease liabilities) was 2.1% (2021: 1.5%).

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 2022 or 2021.

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.

(in € thousand)	Americas		Pacific		EMEA		Asia		Other se	gments		cated to perating egments	TOTA	AL GROUP
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External revenues	2,163,674	1,690,998	548,092	477,893	984,844	980,434	597,585	479,839	47,669	45,903	-	_	4,341,865	3,675,067
Adjusted EBIT	464,934	352,175	37,384	24,334	54,096	98,008	43,958	71,883	(1,893)	4,214	(25,037)	(13,379)	573,442	537,235
Depreciation and amortisation	62,258	50,375	28,200	26,120	34,986	35,728	23,236	19,614	2,038	1,455	4,005	3,844	154,722	137,138
Adjusted EBITDA	527,191	402,550	65,583	50,455	89,082	133,736	67,194	91,498	146	5,670	(21,032)	(9,535)	728,165	674,373
Net results on sales of businesses	-	-	-	-	-	185	-	-	-	-	-	88,746	-	88,932
Impairment of non-financial assets	-	-	-	-	-	-	-	-	-	-	-	(4,913)	-	(4,913)
Restructuring costs	(182)	(64)	57	(453)	-	(3,701)	-	-	-	-	-	(46)	(125)	(4,265)
Other income / (expenses)	1,648	(436)	-	-	(3,964)	1,136	-	-	-	(123)	(10,069)	(5,124)	(12,384)	(4,547)
Segment result (EBIT)	466,400	351,675	37,441	23,881	50,132	95,628	43,958	71,883	(1,893)	4,091	(35,105)	65,284	560,933	612,442
Segment assets	2,137,852	1,820,591	422,426	415,522	763,094	768,907	512,756	426,814	66,880	22,456	676,568	576,524	4,579,575	4,030,814
Segment liabilities	497,398	432,534	119,722	131,166	245,768	262,644	146,840	73,943	15,386	9,216	1,324,766	1,197,139	2,349,880	2,106,642
Capital expenditures	191,528	62,778	21,659	13,564	55,317	27,469	41,881	24,049	708	612	13,987	10,173	325,080	138,645
Capital employed	1,441,922	915,740	339,082	311,883	634,120	509,045	467,686	332,180	38,137	7,115	100,487	17,559	3,021,434	2,093,523
R&D expenses	6,412	4,461	1,763	1,577	9,204	9,190	2,059	1,432	332	1	12,026	8,974	31,797	25,636
Average number of employees (FTE)	6,068	5,436	1,293	1,272	4,511	4,660	2,526	2,271	610	628	204	175	15,212	14,442

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 2022, the Group reports a strong revenue growth across all regions which was mainly driven by the performance of the Americas.

(a) Revenue from external customers by activity

(in € thousand)	2022	2021
Building	1,853,257	1,691,306
Infrastructure	1,503,323	1,006,893
Industry	648,368	649,542
Agriculture	262,879	246,368
Other	74,038	80,959
Total revenue	4,341,865	3,675,067

(b) Revenue from external customers by geographical area

(in € thousand)	2022	2021
North America	1,771,276	1,325,764
India	582,924	466,788
Australia	384,509	333,060
France	278,148	273,680
United Kingdom	193,400	173,177
Germany	149,557	172,870
New Zealand	156,194	134,343
Peru	90,704	79,790
Spain	68,634	65,272
Chili	47,431	64,742
Italy	58,848	53,992
Rest of the world	560,240	531,590
Total revenue	4,341,865	3,675,067

8. Acquisitions and disposals of subsidiaries and non-controlling interests

(a) Harco Fittings LLC

In January 2022, the Group announced an agreement to acquire Harco a producer of fittings in the US.

Harco is a well-established brand in municipal, irrigation and agriculture end-markets. With this acquisition, the Group will continue to strengthen his presence in the US.

The share deal was completed in April 2022. As of April 30, 2022, the accounts of Harco are fully integrated in the consolidated financial statements of the Group. Aliaxis holds 100% of the shares of this new entity.

€ 65 million revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction and acquisition costs, the net income of Harco included in the consolidated income statement for the reporting period since acquisition is € 9 million.

The values of assets and liabilities recognised on acquisition are their estimated fair values (See Note 2 for methods used in determining fair values).

Goodwill is attributable to the profitability and the growth potential of the acquired business.

The Group incurred acquisition related costs of € 2.2 million (See Note 13).

			Harco		
(in € thousand)	Notes	Pre- acquisition carrying amounts	Fair-value adjustments	Recognised values on acquisition	
Intangible assets	18	_	47,654	47,654	
Property, plant and equipment	19	9,196	22,166	31,362	
Inventories	22	19,627	8,333	27,960	
Amounts receivable	23	13,289	_	13,289	
Lease debt	34	_	(3,013)	(3,013)	
Amounts payable	32	(5,824)	_	(5,824)	
Net identifiable assets and liabilities		36,288	75,141	111,428	
Consideration paid, satisfied in cash				152,590	
Goodwill on acquisition	18			41,162	

The intangible fixed assets mainly consist of customer list and trademarks. The major components of tangible fixed assets are plant, machinery, equipment and buildings

(b) Aquarius Spectrum Ltd.

In August 2022, Aliaxis announced the acquisition of Aquarius Spectrum, an innovative provider of advanced acoustic water leak detection and pipe condition assessment solutions for water infrastructure. Aquarius Spectrum will be part of Aliaxis Next, Aliaxis' newly created division which develops adjacent businesses in the field of water management and preservation.

Through this share deal, Aliaxis is strengthening its smart water management solutions base to best tackle the world's major water-related challenges

As of the end of August, the accounts of Aquarius are fully integrated in the consolidated financial statements of the Group. Aliaxis holds 100% of the shares of this new entity.

€ 0.8 million revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction and acquisition costs, the net loss of Aquarius included in the consolidated income statement for the reporting period since acquisition is € -1.5 million.

The values of assets and liabilities recognised on acquisition are their estimated fair values (See Note 2 for methods used in determining fair values).

Goodwill is attributable to the profitability and the growth potential of the acquired business.

The acquisition related costs incurred by the Group amount to € 0.9 million (See Note 13).

(in € thousand)	Notes	Pre- acquisition carrying amounts	Fair-value adjustments	Recognised values on acquisition
Intangible assets	18	_	13,880	13,880
Property, plant and equipment	19	79	_	79
Inventories	22	602	449	1,050
Amounts receivable	23	1,925	_	1,925
Deferred tax assets	29	_	2,212	2,212
Amounts payable	32	(2,585)	_	(2,585)
Deferred tax liabilities	29	_	(3,295)	(3,295)
Net identifiable assets and liabilities		20	13,244	13,265
Consideration paid, satisfied in cash				29,126
Goodwill on acquisition	18			15,862

The intangible fixed assets mainly consist of Drawings and Customer list.

(c) Lareter SPA

In December 2022 the Group announced the acquisition of Lareter, a market leader in the industrial segment in Italy.

Aliaxis is strengthening its position as an industrial pipes and fittings leader through the acquisition of Lareter, an Italian leader in the pressure pipes market used in water treatment and other industrial end-markets such as swimming pools or ship building. It has a strong market presence in Europe: Italy, France, Germany and across the region.

As of the end of December, the accounts of Lareter are fully integrated in the consolidated financial statements of the Group. Aliaxis holds 100% of the shares of this new entity.

 \in 1.6 million revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction and acquisition costs, the net income of Lareter included in the consolidated income statement for the reporting period since acquisition is \in 0.2 million.

The acquisition related costs incurred by the Group amount to € 0.6 million (See Note 13).

			Lareter				
(in € thousand)	Notes	Pre- acquisition carrying amounts	Fair-value adjustments	Recognised values on acquisition			
Intangible assets	18	314	3,351	3,665			
Property, plant and equipment	19	6,342	7,435	13,777			
Inventories	22	9,037	_	9,037			
Amounts receivable	23	9,824	_	9,824			
Deferred tax assets	29	32	_	32			
Provisions	30	(187)	_	(187)			
Employee benefits	28	(1,187)	_	(1,187)			
Borrowings	27	(5,615)	_	(5,615)			
Amounts payable	32	(7,145)	_	(7,145)			
Deferred tax liabilities	29	_	(3,009)	(3,009)			
Net identifiable assets and liabilities		11,415	7,777	19,191			
Consideration paid, satisfied in cash				27,199			
Goodwill on acquisition	18			8,007			

The intangible fixed assets mainly consist of trademarks. The major components of tangible fixed assets are plant, machinery, equipment and buildings

Due to the acquisition at the end of the year, the purchase price allocation is still subject to change and will be finalised within a period of 12 months since the date of acquisition.

(d) Other acquisitions

The Group undertook the acquisition of a small business named OptiRTC Inc. in the US during the year ended 31 December 2022, with no significant impact in the consolidated financial statements.

Aliaxis Bulgaria EOOD, previously a non-consolidated subsidiary, has been fully consolidated as from 1st January 2022. This integration did not result in any material impact on the consolidated financial statements.

(e) Russian businesses

Due to the conflict between Russia and Ukraine, Aliaxis decided in the second quarter 2022, to exit its activity in Russia. This resulted in an impairment of €4.3 million (see Note 13). The assets and Liabilities of Russian entities were considered and classified in 2022 as Assets – and Liabilities – held-for-sale (see Note 21).

9. Other operating income and expenses

(in € thousand)	2022	2021
Government grants	674	691
Rental income from investment properties	1,194	1,182
Operating costs of investment properties	(119)	(196)
Gain/(loss) on the sale of fixed assets	98	211
Restructuring costs	(2,440)	(O)
M&A related intangibles amortisation	(17,156)	(13,307)
Taxes to be considered as operating expenses	(7,701)	(7,409)
Other rental income	506	421
Insurance recovery	216	242
Impairment on fixed assets	(561)	(884)
Other	83	487
Other operating income / (expenses)	(25,207)	(18,562)

10. Net result on sale of businesses

In 2021, the net result on sale of businesses relates mainly to the gain on divestment of Sanitaertechnik Eisenberg Gmbh for an amount \in 88.7 million and the gain on asset deal in Shanghai for an amount of \in 0.2 million.

11. Restructuring costs

The restructuring expenses for the year ended 31 December 2021 amounted to € 4.3 million. These expenses related mainly to transformation and restructuring initiatives in EMEA.

12. Impairment of non-financial assets

In 2021, the impairment of non-financial assets related to the impairment of certain aspects of its initial global ERP program (See Note 18).

13. Other income and expenses

The total other income and expense amounted to \in 12.4 million and mainly related to merger and acquisition costs for \in 9.8 million and to the exit of our activity in Russia for \in 4.3 million partly offset by the gain on sales of land and building in Panama for \in 1.6 million.

In 2021, the total other income and expense amounted to \in 4.5 million and mainly related to global ERP costs for an amount of \in 3.1 million and to merger and acquisition costs for an amount of \in 2.4 million. These costs were partly offset by the net income on the sales of assets-held-for-sales in the UK for an amount of \in 1.4 million.

14. Additional information on operating expenses

The following personnel expenses are included in the operating result:

(in € thousand)	Notes	2022	2021
Wages & salaries		702,484	606,824
Social security contributions		101,102	88,597
Net change in restructuring provisions		(27)	(1,852)
Expenses related to defined benefit plans	28b	5,728	7,151
Expenses related to defined contribution plans	28a	19,137	19,883
Other personnel expenses		27,349	20,827
Personnel expenses		855,773	741,429

The total average number of personnel was as follows:

(in units)	Notes	2022	2021
Production		10,533	10,173
Sales and marketing		2,838	2,628
R&D and administration		1,841	1,641
Total workforce	6	15,212	14,442

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	465,540	110,969	435	111,404
Commercial expenses	165,717	5,998	179	6,178
Administrative expenses	207,043	12,635	3,494	16,129
R&D expenses	15,752	2,521	273	2,793
Other operating (income) / expenses	908	1,061	17,156	18,218
Adjusted items	813	296	11	307
Total	855,773	133,481	21,548	155,029

15. Finance expenses

(in € thousand)	2022	2021
Interest expense on financial borrowings	(24,715)	(11,677)
Interest expense on lease liabilities	(5,709)	(3,961)
Amortisation of deferred arrangement fees	(1,639)	(878)
Interest expense on other liabilities	(221)	(11)
Net change in the fair value of hedging derivatives - ineffective portion	-	(34)
Net foreign exchange loss	(6,404)	(3,087)
Bank fees	(4,032)	(3,827)
Other	(3,115)	(1,416)
Finance expenses	(45.835)	(24.891)

16. Finance income

(in € thousand)	2022	2021
Interest income from cash & cash equivalents	10,657	3,416
Interest income on other assets	357	316
Dividend income	-	547
Net change in the fair value of hedging derivatives - ineffective portion	27	_
Other	10,963	364
Finance income	22,004	4,644

17. Income taxes

Income taxes recognised in the profit or loss can be detailed as follows:

(in € thousand)	2022	2021
Current taxes for the period	(177,122)	(150,987)
Adjustments to current taxes in respect of prior periods	(3,025)	(23,872)
Total current tax expense	(180,146)	(174,859)
Origination and reversal of temporary differences	9,687	(12,883)
Impact of change in enacted tax rates	(19)	(3,438)
Adjustment of deferred taxes in respect of prior periods	375	(1,595)
Recognition of deferred tax assets on tax losses not previously recognised	3,862	_
Total deferred tax income / (expense)	13,905	(17,916)
Income tax expense in profit & loss	(166,241)	(192,775)

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarised as follows:

(in € thousand)	2022		2021	
Profit before income taxes	537,102		592,195	
Tax at aggregated weighted nominal tax rate	(135,359)	25.2%	(152,716)	25.8%
Tax effect of:				
Non-deductible expenses	(4,348)	0.8%	(5,953)	1.0%
Non-deductible interest expenses	(414)	0.1%	(1,079)	0.2%
Tax credits and tax deductions	1,620	(0.3%)	2,072	(0.3%)
Current year losses for which no deferred tax asset is recognised	(17,748)	3.3%	(8,485)	1.4%
Change in enacted tax rates	(19)	0.0%	(3,438)	0.6%
Taxes on distributed and undistributed earnings	(9,110)	1.7%	(20,352)	3.4%
Withholding taxes	(5,913)	1.1%	(5,776)	1.0%
Other taxes on income	(1,868)	0.3%	(1,694)	0.3%
Utilisation of tax losses not previously recognised	3,323	(0.6%)	4,021	(0.7%)
Current tax adjustments in respect of prior periods	(3,025)	0.6%	(23,872)	4.0%
Deferred tax adjustments in respect of prior periods	375	(0.1%)	(1,595)	0.3%
Recognition of previously unrecognised tax losses and tax credits	3,862	(0.7%)	_	0.0%
Other	2,383	(0.4%)	26,091	(4.4%)
Income tax expense in profit & loss	(166,241)	31.0%	(192,775)	32.6%

Income taxes, consisting of current and deferred taxes, amounted to € 166 million (2021: € 193 million), representing an effective income tax rate of 31.0% (2021: 32.6%).

18. Intangible assets and goodwill

			2022	2021
		Intangible assets	Total Intangible	Total Intangible
(in € thousand)	Goodwill	(finite life)	assets	assets
Cost				
As at 1 January	637,776	350,921	988,696	945,266
Change in accounted policies - IFRS Cloud	-	-	-	(4,898)
Changes in the consolidation scope & Asset deals	67,493	70,208	137,700	(2,151)
- Acquisitions	67,493	70,208	137,700	-
- Deconsolidation	-	-	-	(2,151)
Acquisitions	0	42,786	42,786	12,737
Disposals & retirements	(O)	(1,018)	(1,018)	(3,375)
Transfers	-	1,580	1,580	(73)
Exchange difference	7,418	(2,158)	5,260	41,191
As at 31 December	712,687	462,318	1,175,005	988,696
Amortisation and impairment losses				
As at 1 January	(74,951)	(192,461)	(267,413)	(242,550)
Changes in the consolidation scope	_	(4,483)	(4,483)	2,137
- Acquisitions	_	(4,483)	(4,483)	_
- Deconsolidation	_	_	_	2,137
Charge for the period	(0)	(21,548)	(21,548)	(22,035)
- Amortisation	_	(21,537)	(21,537)	(17,122)
- Impairment (recognised) / reversed	(0)	(11)	(11)	(4,914)
Disposals & retirements	_	1,032	1,032	1,996
Transfers	_	(781)	(781)	136
Exchange difference	(6,076)	(362)	(6,438)	(7,096)
As at 31 December	(81,027)	(218,602)	(299,629)	(267,412)
Carrying amount at the end of the period	631,659	243,716	875,376	721,284
Carrying amount at the end of the period	031,039	243,710	0/3,3/0	121,204
Carrying amount at the end of the previous period	562,824	158,459	721,284	702,715

The changes in the consolidation scope & Asset deals relates to the acquisitions of Harco Fittings LLC, Aquarius Spectrum Ltd, OptiRTC Inc and Lareter Spa.

In 2021, The impairment of intangible fixed assets consists of the impairment of certain aspects of its initial global ERP for \leqslant 4.9 million (Note 12).

The carrying amounts of goodwill allocated to each CGU at 31 December is as follows:

(in € thousand)		2022	2021
CGU	Country		
Aliaxis North America and subsidiaries	Canada and USA	341,677	293,892
FIP	Italy	61,887	61,887
New Zealand and subsidiaries	New Zealand	36,730	37,216
Ashirvad	India	34,564	36,182
Nicoll	France	32,701	32,701
Aliaxis Deutschland GmbH Technical Plastics	Germany	31,712	31,712
Philmac	Australia	27,128	27,263
Marley Deutschland Gmbh	Germany	19,402	19,402
Aquarius	Israel	14,540	_
Jimten	Spain	9,429	9,429
Nicoll Perù SA	Peru	8,519	7,665
La.Re.Ter	Italy	8,005	_
Other (1)	Other	5,364	5,474
Goodwill		631,659	562,824

⁽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 ¹
CGU	Country			
Aliaxis North America and subsidiaries	Canada	1.00%	11.50%	8.50%
Aliaxis North America and subsidiaries	USA	1.00%	12.40%	8.70%
FIP	Italy	1.00%	11.80%	9.00%
New Zealand and subsidiaries	New Zealand	2.00%	12.70%	9.20%
Ashirvad	India	3.50%	17.30%	11.20%
Nicoll	France	1.00%	10.20%	7.30%
Aliaxis Deutschland GmbH Technical Plastics	Germany	1.00%	9.60%	6.70%
Philmac	Australia	2.00%	11.50%	8.50%
Marley Deutschland Gmbh	Germany	1.00%	9.60%	6.70%
Jimten	Spain	1.00%	10.60%	7.90%
Nicoll Perù SA	Peru	2.50%	15.20%	10.70%

⁽¹⁾ Floor value of 6.7% for WACC post-tax

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 5-year free cash flow projections, starting from 2023 budget information and extrapolated for the four years thereafter.

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 2023 budget and growth of 2% to 4% per year, and 8-9% 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. Due to the exceptional growth in 2022 in North America, the revenue CAGR for the CGUs in the region are below the above-mentioned 2%-4%.

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 most industrialised countries (Europe, Canada, USA), 2% for Australia/New Zealand, 2.5% for Latin American (Chile, 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 9.6% and 17.3%, 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 5.45%. 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 2022, no impairment on goodwill has been recognised in the consolidated statement of profit or loss.

19. Property, plant and equipment

					2022	2021
(in € thousand)	Land & buildings	Plant, machinery & equipment	Other	Under construction & advance payments	Total	Total
Cost or deemed cost						
As at 1 January	743,860	1,451,079	118,898	107,073	2,420,911	2,316,333
Changes in the consolidation scope & Asset deals	19,646	32,482	4,798	-	56,926	(106,401)
- Acquisitions	19,646	32,482	4,798	-	56,926	279
- Deconsolidation	-	-	-	-	-	(106,681)
Acquisitions	117,645	107,052	18,383	104,707	347,787	162,796
Disposals & retirements	(8,283)	(13,229)	(7,290)	(167)	(28,969)	(33,070)
Transfers	(21,608)	(11,057)	(649)	36,983	3,669	(740)
Exchange difference	1,728	(4,961)	(336)	(1,103)	(4,671)	81,993
As at 31 December	852,989	1,561,367	133,802	247,493	2,795,650	2,420,911
Depreciation and impairment losses						
As at 1 January	(275,634)	(1,113,822)	(90,832)	(388)	(1,480,676)	(1,434,114)
Changes in the consolidation scope	(3,134)	(7,946)	(584)	-	(11,664)	87,104
- Acquisitions	(3,134)	(7,946)	(584)	-	(11,664)	(262)
- Deconsolidation	-	_	_	-	_	87,366
Charge for the period	(38,665)	(81,231)	(13,333)	(138)	(133,368)	(120,166)
- Depreciation	(38,459)	(80,779)	(13,278)	(19)	(132,535)	(119,084)
- Impairment (recognised) / reversed	(206)	(452)	(56)	(119)	(833)	(1,083)
Disposals & retirements	5,997	12,870	7,087	(1)	25,953	30,639
Transfers	(71)	(177)	1,259	(79)	933	1,031
Exchange difference	119	4,719	338	13	5,189	(45,170)
As at 31 December	(311,389)	(1,185,586)	(96,066)	(593)	(1,593,633)	(1,480,676)
Carrying amount at the end of the period	541,600	375,782	37,736	246,899	1,202,017	940,235
Carrying amount at the end of the previous period	468,226	337,258	28,066	106,685	940,235	882,219
Of which:						
Right-of-use assets at the end of the period	141,012	10,033	10,872	(O)	161,916	125,678
Right-of-use assets at the end of the previous period	104,634	10,363	10,681	-	125,678	113,468

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 € 282.3 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 relates to the acquisitions of Harco Fittings LLC, Aquarius Spectrum Ltd, OptiRTC Inc and Lareter Spa.

20. Investment properties

10,109	9,527
(162)	582
9,947	10,109
(6,766)	(6,269)
(114)	(114)
(114)	(114)
107	(383)
(6,774)	(6,766)
3,173	3,343
	(162) 9,947 (6,766) (114) (114) 107 (6,774)

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 € 7.5 million (2021: € 7.3 million).

21. Assets-held-for-sale

Aliaxis has decided to exit its activity in Russia. The assets and Liabilities of Russian entities were considered and classified in 2022 as Assets – and Liabilities – held-for-sale.

Transfer to assets held for sales:

As at 31 December (in € thousand)	2022	Transfer	A/L HFS
Cash & cash equivalents	1,879	(1,879)	_
Assets held for sale		1,879	1,879
Current assets	1,879	-	1,879
TOTAL ASSETS	1,879	-	1,879
Transfer to liabilities held for sale:			

As at 31 December (in € thousand)	2022	Transfer	A/L HFS
Retained earnings and reserves	(2,056)		(2,056)
TOTAL EQUITY	(2,056)	_	(2,056)
Deferred tax liabilities	147	(147)	-
Non-current liabilities	147	(147)	-
Loans and borrowings Provisions Amounts payable Liabilities held for sale	137 379 1,216	(137) (379) (1,216) 1,879	- - - 1,879
Current liabilities	1,732	147	1,879
TOTAL LIABILITIES	1,879	-	1,879
Intercompany eliminations	2,056	-	2,056
TOTAL EQUITY & LIABILITIES	1,879	-	1,879

22. Inventories

As at 31 December (in € thousand)	2022	2021
Stock in transit	14,634	34,408
Raw materials, packaging materials and consumables	351,319	202,330
Components	44,786	34,988
Work in progress	22,059	19,897
Finished goods	554,869	390,876
Goods purchased for resale	73,954	54,289
Inventories, net of write-down	1,061,621	736,788

The total write-down of inventories amounts to € 42.7 million at 31 December 2022 (2021: € 31.1 million).

The cost of write-downs recognised in profit or loss (Cost of sales) during the period amounted to € 16.4 million (2021: € 10.0 million).

23. Amounts receivable

As at 31 December (in € thousand)	Notes	2022	2021
Trade receivables - gross	33	402,191	338,127
Impairment losses	33	(18,251)	(13,807)
Trade receivables		383,940	324,320
Taxes (other than income tax) receivable Other Other amount receivable		52,137 97,680 149,817	34,859 30,378 65,237
Amounts receivable		533,757	389,557

Information about the Group exposure to credit market risk and impairment losses on amounts receivable is included in Note 33.

24. Cash and cash equivalents

As at 31 December (in € thousand)	2022	2021
Short term bank deposits	48,739	95,650
Bank balances	687,284	1,014,411
Cash	8,225	1,287
Cash & cash equivalents	744,247	1,111,348
Bank overdrafts	(6,006)	(3,659)
Cash & cash equivalents in the statement of cash flows	738,241	1,107,689

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.

25. Equity

Share capital and share premium

The share capital and share premium of the Company as of 31 December 2022 amount to € 76.0 million (2021: € 76.0 million), represented by 91,135,065 fully paid ordinary shares without par value (2021: 91,135,065).

The holders of ordinary shares are entitled to receive dividends as declared and have one vote per share at Shareholders' Meetings of the Company.

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 33 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 positive amount of \in 0.1 million (2021: \in -0.2 million). At the end of 2022, the Cost of hedging reserves amounts to \in -0.3 million. Net of tax, the hedging reserves amount to a total positive amount of \in 0.3 million.

Reserve for own shares

At 31 December 2022, the Group held 12,449,777 of the Company's shares (2021: 12,453,078). 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 2022, Société Financière du Val d'Or SA sold 2,514 nominative shares it held in Aliaxis SA to some members of the management of the Aliaxis group. Currently, management's equity interests represent 0.98% 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 dematerialized 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 positive change in the translation reserve during 2022 amounts to \in 3.5 million, mainly due to the strengthening of some trading currencies against the EUR at year end rate, such as the United States dollar (5.8%) 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%).

In 2021, the positive change in the translation reserve amounted to € 152.6 million, due to the strengthening of some major trading currencies against the EUR at year end rate, such as the Canadian dollar (8%), the United States dollar (8%), the Indian Rupee (6%) and Pound Sterling (7%).

Dividends

In 2021, an amount of \in 71.3 million was declared and paid by Aliaxis (a gross dividend of \in 0.782 per share). Excluding the portion attributable to treasury shares, the amount is \in 61.5 million.

An amount of \leqslant 78.4 million (a gross dividend of \leqslant 0.860 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 \leqslant 67.7 million. This dividend has not been provided for.

Non-controlling interests

The Non-controlling interests amount to \leqslant 6.5 million, in line with last year.

26. 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 € 369.4 million (2021: € 397.8 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)	2022	2021
Issued ordinary shares	91,135	91,135
Treasury shares	(12,453)	(12,865)
Issued ordinary shares at 1 January, net of treasury shares	78,682	78,271
Effect of treasury shares sold / (acquired) during the period	1	204
Weighted average number of ordinary shares at 31 December, net of treasury shares	78,683	78,474

27. Loans and borrowings

As at 31 December (in € thousand)	2022	2021
Non-current		
Secured bank loans	1,865	_
Unsecured bank loans & other	290,139	121,573
US private placements	50,865	147,840
Bond	745,081	744,238
Deferred arrangement fees	(6,412)	(8,053)
Non-current loans and borrowings	1,081,537	1,005,599
Current		
Secured bank loans	1,160	-
Unsecured bank loans & other	124,051	71,060
US private placements	105,007	_
Deferred arrangement fees	(1,666)	(1,666)
Other (loans) and borrowings	-	_
Current loans and borrowings	228,551	69,394
Loans and borrowings	1,310,089	1,074,993

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)	2021	In	Out	Transfer/ Scope changes	FX impact	Amortisation	2022
Non-current							
Secured bank loans	-	-	(110)	1,975	_		1,865
Unsecured bank loans & other	121,573	178,638	(7,302)		(2,770)		290,139
US private placements	147,840	-	_	(98,888)	1,912		50,865
Bond	744,238	-	-	-	-	843	745,081
Deferred arrangement fees	(8,052)	-	-	-	1	1,639	(6,412)
Non-current financial debt	1,005,599	178,638	(7,412)	(96,913)	(857)	2,482	1,081,537
Current							
Secured bank loans	_	-	(1)	1,161	-	_	1,160
Unsecured bank loans & other	71,060	137,779	(84,245)	2,479	(3,022)	_	124,051
US private placements	_	_	_	98,888	6,119	_	105,007
Deferred arrangement fees	(1,666)	_	-	-	_	_	(1,666)
Other loans and borrowings	_	_	-	-	_	_	-
Current loans and borrowings	69,394	137,779	(84,246)	102,527	3,097	-	228,551
Loans and borrowings	1,074,993	316,417	(91,659)	5,615	2,241	2,482	1,310,089

In July 2011, the Group entered the US Private Placement (USPP) market by issuing notes for a total amount of USD 260 million in 3 tranches, of which are still outstanding:

• USD 112 million at 5.09% maturing in 2023

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, of which are still outstanding USD 147 million.

On 22 October 2021, the Group refinanced its syndicated bank debt and its Club deal multi-currency bank facility, both initially maturing in 2022, by a 5-year (with two possible one-year extensions, of which one has been exercised in 2022) committed multi-currency revolving credit facility of \in 850 million between Aliaxis Finance/Aliaxis North America/Aliaxis Holding Australia/Glynwed USA Inc and a syndicate of banks. The management of interest rate risk is described in Note 33.

Simultaneously, on November 4, 2021, the Group issued a 7-year € 750M bond with a coupon of 0.875% per annum (issue price of 99.213%).

On 31 December 2022, € 290 million of the syndicated facility was drawn (2021: € 122 million).

These USPP and SSD programs together with the 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 31 December 2022.

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:

				202	22	20	21
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	2023-2024	3,024	3,024		
Unsecured syndication bank facility							
	CAD	Cdor + 0.45%	2027	-	-	6,948	6,948
	USD	Libor + 0.65%	2027	160,791	160,791	_	-
	AUD	Interbank + 0.65%	2027	129,357	129,357	114,633	114,633
Other unsecured bank facility							
	CLP	10.74%	2023	2,727	2,727	_	_
	PEN	5.89% - 8.82%	2023	17,690	17,690		
	INR	6.70% - 8.60%	2023	80,852	80,852	1,458	1,458
	USD	3.75%	2023	3,750	3,750	-	_
	CRC	10.50% - 17%	2023	17,264	17,264	3,011	3,011
	EUR	Euribor + margins	2023	2,497	2,497	23	23
Schuldschein							
	EUR	Euribor + 1.40%	2022	-	-	27,000	27,000
	EUR	2.13%	2022	-	-	40,000	40,000
Bond							
	EUR	0.875%	2028	750,000	750,000	750,000	750,000
US private placements							
	USD	5.09%	2023	105,007	105,007	98,888	98,888
	USD	4.26%	2025	32,815	32,815	30,902	30,902
	EUR	2.64%	2027	18,051	18,051	18,051	18,051
Others (*)				(13,736)	(13,736)	(15,920)	(15,920)
Total loans and borrowings				1,310,089	1,310,089	1,074,993	1,074,993

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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	3,024	1,160	743	1,059	63
Unsecured bank loans & other	414,190	124,051	_	290,139	-
US private placements	155,872	105,007	_	50,865	_
Bond	745,081	_	_	_	745,081
Deferred arrangement fees	(8,078)	(1,666)	(1,666)	(4,027)	(720)
Total as at 31 December	1,310,089	228,551	(922)	338,036	744,424

28. 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 2022, the defined contribution plan expenses for the Group amounted to \in 19.1 million (2021: \in 19.9 million).

(b) Defined benefit plans

Aliaxis reports on a total of 54 defined benefit plans over 2022, 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 2 unfunded supplementary retirement plans. In Germany the Group operates one funded and 2 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:

		2022			2021	
(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	185,746	_	185,746	283,329	_	283,329
Fair value of plan assets	(215,474)	-	(215,474)	(330,198)	-	(330,198)
Funded status for funded plans	(29,728)	-	(29,728)	(46,869)	_	(46,869)
Defined benefit obligations for unfunded plans	40,474	9,292	49,766	52,822	9,270	62,092
Total funded status at 31 December	10,746	9,292	20,038	5,953	9,270	15,223
Irrecoverable asset at end of year	6,213	_	6,213	2,023	_	2,023
Net liability as at 31 December	16,958	9,292	26,250	7,976	9,270	17,246
Liabilities	50,453	9,292	59,746	66,739	9,270	76,009
Assets	(33,495)	-	(33,495)	(58,763)	_	(58,763)
Net liability as at 31 December	16,958	9,292	26,250	7,976	9,270	17,246
Current liabilities	11,352	678	12,031	11,145	521	11,667
Non-current liabilities	5,606	8,614	14,219	(3,169)	8,748	5,579

The movements in the net liability for defined benefit obligations recognised in the statement of financial position at 31 December are as follows:

		2022			2021	
(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	7 976	9 270	17 246	24,972	9,598	34,570
Employer contributions	(6 380)	(894)	(7 274)	(7,839)	(1,013)	(8,852)
Expense recognised in the income statement	4 739	989	5 728	6,369	783	7,151
Amount recognised in other comprehensive income	7 274	-	7 274	(10,347)	_	(10,347)
Scope change	1 187	-	1 187	(3,133)	(261)	(3,393)
Transfers between accounts	-	-	-	_	_	-
Exchange difference	2 163	(73)	2 090	(2,045)	163	(1,882)
As at 31 December	16 958	9 292	26 250	7,977	9,270	17,246

The changes in the present value of the defined benefit obligations are as follows:

		2022			2021	
(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	336 151	9 270	345 421	345,726	9,598	355,323
Current service cost	4 702	975	5 677	4,803	1,018	5,821
Employee contributions	600	-	600	530	_	530
Interest cost	5 779	53	5 832	4,277	48	4,326
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	(100 632)	(199)	(100 831)	(14,442)	(212)	(14,655)
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	(1 551)	5	(1 546)	17	-	17
Actuarial (gains)/losses on liabilities arising from experience	2 407	158	2 566	2,501	127	2,629
Settlement and past service cost (incl. curtailment)	(516)	(3)	(519)	511	(199)	313
Benefits paid	(15 009)	(894)	(15 903)	(23,286)	(1,013)	(24,299)
Scope change	1 187	_	1 187	(3,133)	(261)	(3,393)
Transfers between accounts	_	_	-	_	_	_
Exchange difference	(6 900)	(73)	(6 973)	18,647	163	18,810
As at 31 December	226 220	9 292	235 512	336,151	9,270	345,421

The changes in the fair value of plan assets are as follows:

		2022			2021	
(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	(330 198)	-	(330 198)	(321,557)	_	(321,557)
Interest income	(6 012)	-	(6 012)	(4,252)	-	(4,252)
Employer contributions	(6 380)	(894)	(7 274)	(7,839)	(1,013)	(8,852)
Employee contributions	(600)	-	(600)	(530)	_	(530)
Benefits paid (direct & indirect, including taxes on						
contributions paid)	15 009	894	15 903	23,286	1,013	24,299
Return on assets, excl. interest income	102 858	-	102 858	476	_	476
Actual administration expenses & settlements	724	-	724	1,009	_	1,009
Exchange difference	9 125	_	9 125	(20,791)	_	(20,791)
As at 31 December	(215 474)	-	(215 474)	(330,198)	_	(330,198)

During 2022, the net defined benefit liability increased by \in 9.0 million from \in 17.2 million to \in 26.2 million. There were various events that led to this increase. The changes in the financial assumptions (mainly significant increase of discount rate from 1.7% to 4.3%) led to a decrease of defined benefit obligation by \in 100.6 million. This gain was more than offset by a loss of \in 102.9 million on the assets. The impact of asset ceiling in Switzerland and IFRIC14 recovery contribution considerations in Canada increased the net liability with \in 4.2 million. Scope adjustments due to the acquisition of Lareter increased the unfunded liability with \in 1.2 million in Italy. Currency movements resulted in an exchange rate loss of \in 2.1 million. The remaining \in 0.6 million decrease in net liability is the combination of demographic assumption changes (\in 1.6 million decrease), experience impacts (\in 2.4 million increase) and recurring expense items (\in 5.7 million increase) offset by employer contributions (\in 7.3 million decrease).

The total contributions amounted to € 7.9 million (2021: € 9.4 million) of which € 7.3 million was contributed by the employer (2021: € 8.9 million) and € 0.6 million was contributed by the employees (2021: € 0.5 million). Furthermore, a total of € 15.9 million benefits was paid out (2021: € 24.3 million). As a result, the funded position, i.e. the ratio of assets to the defined benefit obligation, has decreased from 96% to 91%.

The Group expects to contribute approximately € 6.8 million to its defined benefit plans in 2023.

(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Expected employer contributions	6 165	678	6 843
Expected employee contributions	588	-	588
Expected benefits paid (direct & indirect)	11 350	678	12 029

The expense (income) recognised in the statement of comprehensive income with regard to defined benefit plans can be detailed as follows:

		2022			2021	
(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:	promo			promo		
Current service cost	4 702	975	5 677	4,803	1,018	5,821
Past service cost (incl. curtailments)	(489)	(3)	(492)	520	(199)	321
Settlement cost	(28)	_	(28)	(8)	_	(8)
Administration expenses	724	_	724	1,009	_	1,009
Net interest cost:						
Interest cost	5 779	53	5 832	4,277	48	4,326
Interest income	(6 012)	_	(6 012)	(4,252)	_	(4,252)
Interest on asset ceiling	62	_	62	19	_	19
Remeasurements						
Actuarial (gains)/losses due to changes in financial assumptions	-	(199)	(199)	_	(212)	(212)
Actuarial (gains)/losses due to changes in demographic assumptions	-	5	5	-	_	-
Actuarial (gains)/losses due to experience	_	158	158	_	127	127
Pension expense recognised in profit and loss	4 739	989	5 728	6,368	783	7,151
Remeasurements in other comprehensive income						
Return on plan assets (in excess of)/below that recognised in net interest	102 858	-	102 858	476	_	476
Actuarial (gains)/losses due to changes in financial assumptions	(100 632)	-	(100 632)	(14,442)	_	(14,442)
Actuarial (gains)/losses due to changes in demographic assumptions	(1 551)	-	(1 551)	17	_	17
Actuarial (gains)/losses due to experience	2 407	_	2 407	2,501	_	2,501
Adjustments due to the limit in paragraph 64, excl. amounts recognised in net interest	4 191	-	4 191	1,101	_	1,101
Total amount recognised in other comprehensive income	7 274	-	7 274	(10,347)	-	(10,347)
Total amount recognised in profit and loss and other comprehensive income	12 013	989	13 002	(3,979)	783	(3,197)

The employee benefit expense is included in the following line items of the statement of comprehensive income:

(; o.)	0000	0001
(in € thousand)	2022	2021
Cost of sales	1,673	1,245
Commercial expenses	424	378
Administrative expenses	3,496	5,491
R&D expenses	47	40
Restructuring	-	(31)
Other operating income / (expenses)	88	27
Total at 31 December	5,728	7,151

The principal actuarial assumptions at the reporting date (expressed as weighted averages) can be summarised as follows:

	2022	2021
Discount rate as at 31 December	4.30%	1.73%
Rate of salary increases	2.80%	2.22%
Inflation	2.90%	2.97%
Initial medical trend rate	5.10%	5.35%
Ultimate medical trend rate	4.40%	4.41%
Pension increase rate	3.00%	3.07%

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:

	2022	2021
Government bonds	36.39%	42.56%
Corporate bonds	4.27%	3.56%
Equity instruments	8.07%	6.23%
Insurance contracts	32.95%	29.06%
Property	2.57%	1.49%
Cash	0.83%	0.40%
Other	14.93%	16.70%
	100.00%	100.00%

The percentage in "Other" mainly relates to UK assets that were invested for 18% in a diversified growth fund on December 31, 2022. The fund is mainly invested in diversifying strategies, equities, bonds, and real estate.

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	22.4	25.4

The total defined benefit obligation amounts to € 235.5 million and can be split as follows between active members, members with deferred benefit entitlements and pensioners:

		2022		2021					
(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	55 292	9 292	64 584	69,178	9,270	78,448			
Members with deferred benefit entitlements	65 501	-	65 501	129,465	_	129,465			
Pensioners/Beneficiaries	105 444	-	105 444	137,390	_	137,390			
Taxes relating to past service benefits	(19)	-	(19)	118	_	118			
As at 31 December	226 218	9 292	235 510	336,151	9,270	345,421			

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)	2022	2021
Current defined benefit obligation at 31 December	235 510	345,421
% increase following a 0,25% decrease in the discount rate	2.90%	4.20%
% decrease following a 0,25% increase in the discount rate	(2.8%)	(3.97%)
% increase following a 0,25% increase in the inflation rate	1.50%	1.67%

The defined benefit obligation of post-employment medical plans amounts to \in 3.9 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)	2022	2021
Current defined benefit obligation at 31 December for Post Retirement Medical Plans	3 855	5,440
Effect on the aggregate of the service cost and the interest cost of a 1% increase	35	40
Effect on the defined benefit obligation of a 1% increase	249	330
Effect on the aggregate of the service cost and the interest cost of a 1% decrease	(24)	(22)
Effect on the defined benefit obligation of a 1% decrease	(226)	(298)

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

Long term incentive scheme (pre 2022)

In 2022, the existing LTI scheme was discontinued (i.e. no new grants were given based on this plan).

Long term incentive scheme (as of 2022)

A new LTI plan was rolled out with a four-year vesting period. The pay-out under this plan is conditional upon realization 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, 2022, there were 144 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 of € 13.2 million. The grant of this long term incentive represents 44.41% of the participants' 2022 fixed salaries.

Considering the lengthening of the vesting period, LTI beneficiaries who have historically been part of the pre-2022 LTI plan, would experience a pay-out gap. A special dual grant with a three year vesting period has been created for them in order to keep a yearly payout. The modalities of this dual grant are similar to the normal grant of 2022, but with a three year vesting period instead of four.

In total on December 31, 2022, there were 89 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 three year cycle of $\stackrel{<}{\epsilon}$ 7.2 million. The grant of this long term incentive represents 35.6% of the participants' 2022 fixed salaries.

The total long term incentive provisions (pre-2022 and as of 2022) recorded in the statement of financial position as at 31 December 2022 amounts to \le 43.4 million.

29. Deferred tax assets and liabilities

The change in deferred tax assets and liabilities is as follows:

	Assets		Liabiliti	es	Net		
(in € thousand)	2022	2021	2022	2021	2022	2021	
As at 1 January	73,717	66,940	(144,005)	(114,480)	(70,288)	(47,540)	
Recognised in profit or loss	20,136	3,056	(6,231)	(20,973)	13,905	(17,916)	
Recognised directly in OCI	(4,035)	889	5,696	(2,360)	1,662	(1,471)	
Scope change	2,214	485	(6,261)	3	(4,047)	488	
Other movements	(78)	304	145	(289)	67	15	
Exchange difference	145	2,045	1,677	(5,875)	1,822	(3,830)	
As at 31 December	92,099	73,720	(148,979)	(143,974)	(56,880)	(70,254)	

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilitie	es	Net		
As at 31 December (in € thousand)	2022	2021	2022	2021	2022	2021	
Intangible assets	2,871	2,701	(31,561)	(30,350)	(28,690)	(27,650)	
Property, plant and equipment	3,878	3,693	(65,700)	(55,750)	(61,822)	(52,058)	
Inventories	17,042	8,340	(14,319)	(9,992)	2,723	(1,652)	
Post employment benefits	12,185	16,186	(8,761)	(14,867)	3,424	1,319	
Provisions	15,635	12,232	(116)	(94)	15,519	12,138	
Financial debts	5,956	6,042	(18)	(24)	5,939	6,018	
Undistributed earnings	-	_	(16,530)	(24,956)	(16,530)	(24,956)	
Other assets and liabilities	24,039	21,391	(11,975)	(7,940)	12,064	13,451	
Loss carry forwards	10,493	3,135	-	_	10,493	3,135	
Tax assets / (liabilities)	92,099	73,720	(148,979)	(143,974)	(56,880)	(70,254)	
Set-off of assets and liabilities	(75,153)	(61,343)	75,153	61,343	_	_	
Net tax assets / (liabilities)	16,947	12,377	(73,826)	(82,631)	(56,880)	(70,254)	

Tax losses carried forward on which no deferred tax asset is recognized amount to € 565 million (2021 full year: € 449 million). € 353 million of these tax losses do not have any expiration date. € 212 million will expire at the latest by the end of 2042.

Deferred tax assets have not been recognized 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.

30. Provisions

	2022							
(in € thousand)	Product liability	Restructuring	Other	TOTAL	TOTAL			
As at 1 January	11,842	3,968	47,004	62,814	51,266			
Change in consolidation scope	-	-	187	187	(882)			
Provisions created	3,597	1,172	31,078	35,847	36,650			
Provisions used	(1,173)	(1,243)	(20,140)	(22,556)	(20,636)			
Provisions reversed	(2,265)	(32)	(1,957)	(4,254)	(5,048)			
Transfer and other movements	-	(150)	(256)	(406)	(584)			
Exchange difference	0	337	727	1,064	2,049			
As at 31 December	12,001	4,052	56,645	72,697	62,814			
Non-current balance at the end of the period	1,876	_	32,127	34,003	21,634			
Current balance at the end of the period	10,125	4,052	24,517	38,694	41,180			

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 programs 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 28c.

31. 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 the recognition of additional tax provisions. The Group strictly follows up on the Uncertain Tax Positions which are recorded as current tax liabilities in an amount of $\mathfrak E$ 65.6 million as at 31 December 2022 (2021: $\mathfrak E$ 63.1 million).

32. Amounts payable

(a) Non-current other amounts payable

As	s at 31 December (in € thousand)	2022	2021
Ot	ther	3,775	2,768
Ot	ther amounts payable	3,775	2,768

(b) Current amounts payable

Information about the Group exposure to currency and liquidity risk is included in Note 33.

As at 31 December (in € thousand)	2022	2021
Trade payables	361,325	387,023
Payroll and social security payable	148,338	141,597
Taxes (other than income tax) payables	16,341	17,180
Interest payable	7,112	7,668
Other payables	12,701	11,500
Amounts payable	545,817	564,968

33. 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 2022 31 December 2021											
(in thousand of currency)	EUR	USD	CAD	GBP	AUD	NZD	EUR	USD	CAD	GBP	AUD	NZD
Trade and other receivables	10,074	147,156	(168)	7,613	100,055	83	7,613	100,055	83	2,486	1,822	-
Other financial assets	5,666	57,982	49	9,399	37,302	162	9,399	37,302	162	92	47	69,677
Trade and other payables	(32,711)	(173,332)	(17,754)	(210)	(2,652)	(419)	(38,202)	(153,217)	(20,088)	(400)	(4,348)	-
Other financial liabilities	(217)	(224,120)	-	(40)	(16)	(10)	(47)	(197,766)	-	(40)	(15)	9
Gross balance sheet exposure	(17,188)	(192,315)	(17,873)	16,762	134,689	(185)	(21,237)	(213,626)	(19,843)	2,138	(2,495)	69,686
Forward FX contracts	4,402	56,653	-	(25,500)	(1,550)	(73,200)	4,493	78,863	-	(2,000)	(1,500)	(71,050)
Cross currency interest rate swaps (CCRS)	-	147,000	-	-	-	-	-	147,000	-	-	-	-
Net exposure	(12,786)	11,339	(17,873)	(8,738)	133,139	(73,385)	(16,743)	12,238	(19,843)	138	(3,995)	(1,364)
FX derivatives hedging forecasted trade positions												
Forward FX contracts	11,766	9,073	-	42	-	-	5,172	24,180	-	-	600	-
FX options	18,500	-	-	-	-	-	12,150	-	-	-	-	-

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.

		2022 2021										
(in € thousand)	EUR	USD	CAD	GBP	AUD	NZD	EUR	USD	CAD	GBP	AUD	NZD
Equity	(1,617)	(869)	-	(4)	(1)	-	(529)	(2,113)	_	-	(34)	_
Profit or loss	(2,242)	948	(1,380)	(6)	(99)	(44)	(2,165)	1,024	(1,323)	35	(250)	(50)

(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:

	2022	2021	
(in € thousand)	Carrying amount		
Other non-current assets	40,872	17,537	
Current amounts receivable	481,618	354,897	
Forward exchange contracts used for hedging	3,132	191	
CCRS	28,314	24,327	
Cash and cash equivalents	744,247	1,111,348	
Total	1,298,182	1,508,300	

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2022	2021	
(in € thousand)	Carrying amount		
Eurozone countries	92,541	63,042	
United Kingdom	43,178	23,573	
United States	57,933	64,916	
Canada	7,855	16,578	
New Zealand and Australia	60,149	62,699	
Latin America	46,312	48,059	
India	60,552	28,652	
Other regions	15,420	16,801	
Total	383,940	324,320	

The ageing of trade receivables at the reporting date was:

	202	22	2021	
(in € thousand)	Gross	Impairment	Gross	Impairment
Not past due	254,246	673	242,468	455
Past due 0 – 30 days	71,431	296	56,169	38
Past due 31 – 90 days	34,401	1,124	20,676	162
Past due 91 – 365 days	30,785	4,459	7,705	2,215
Past due more than one year	11,328	11,699	11,109	10,937
Total	402,191	18,251	338,127	13,807

The movement of impairment in respect of trade receivables during the year was as follows:

(in € thousand)	2022	2021
As at 1 January	13,807	14,948
Change in the consolidation scope	183	(74)
Recognised	6,261	1,994
Used	(1,269)	(1,767)
Reversed	(1,239)	(1,788)
Exchange difference	508	495
Total	18,251	13,807

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historical payment behavior and analysis of customer credit risk.

(c) Commodity risk

On 31 December 2022, the Group had no material commodity hedging contracts.

(d) Interest rate risk

At reporting date, around 66% 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 2021. In 2021, due to extremely low interest rates prevailing in markets at the reporting date, a variation of 25 basis points only was assumed.

		202	22			2021			
	Profit o	or loss	Equ	ity	Profit o	r loss	Equ	ity	
As at 31 December (in € thousand)	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	
Variable rate instruments	(2,105)	2,105	-	-	(383)	383	_	_	
Interest rate derivatives	-	_	-	-	_	_	_	_	
Cash flow sensitivity (net)	(2,105)	2,105	-	-	(383)	383	-	-	

		2022				2021			
	Profit o	or loss	Equ	ity	Profit o	or loss	Equ	ity	
As at 31 December (in € thousand)	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	
Fixed rate instruments	90	(91)			137	(137)	_	_	
Interest rate derivatives	(230)	230	(47)	47	(205)	206	(35)	35	
Fair value sensitivity (net)	(140)	139	(47)	47	(68)	68	(35)	35	

(e) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

_	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)	

	At 31 December 2021					
(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	(125,633)	(144,260)	(6,022)	(138,238)	_	
Schuldschein certificates	(67,000)	(67,728)	(67,728)	_	_	
US private placement	(147,840)	(162,817)	(6,826)	(137,672)	(18,319)	
Bond	(750,000)	(795,938)	(6,563)	(26,250)	(763,125)	
Lease liabilities	(132,073)	(152,715)	(26,938)	(70,929)	(54,849)	
Trade and other payables	(566,197)	(566,197)	(564,968)	(1,229)	_	
Bank overdrafts	(3,659)	(3,659)	(3,659)	_	_	
Derivative financial instruments						
Forward exchange derivatives used for hedging – outflows	(1,320)	(39,049)	(39,049)	_	_	
Forward exchange derivatives used for hedging – inflows	191	37,670	37,670	_	_	
Interest rate swaps or options used for hedging	(1,379)	(1,297)	(913)	(385)	_	
CCRS - outflows	(356)	(115,145)	(2,769)	(112,375)	_	
CCRS – inflows	24,327	142,115	6,350	135,766	_	
	(1,770,939)	(1,869,019)	(681,414)	(351,312)	(836,293)	

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 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	_		

	At 31 December 2021							
(in € thousand)	Carrying amount	Expected cash flows	1 year or less	1 to 5 years	More than 5 years			
Interest rate swaps	(1,379)	(1,297)	(913)	(385)	_			
FX derivatives – outflows	(227)	(37,956)	(37,956)	_	_			
FX derivatives – inflows	29	37,509	37,509	_	_			
CCRS – outflows	(356)	(86,903)	(2,365)	(84,538)	_			
CCRS - inflows	15,171	104,286	4,562	99,724	_			
	13,238	15,638	836	14,801	_			

The following table indicates the periods in which those cash flows are expected to impact profit or loss:

			At 31 Dece	mber 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	_

			At 31 Dece	mber 2021		
(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	(1,379)	(1,297)	_	(913)	(385)	_
FX derivatives – outflows	(227)	(37,956)	_	(37,956)	_	_
FX derivatives – inflows	29	37,509	_	37,509	_	_
CCRS - outflows	(356)	(86,903)	_	(2,365)	(84,538)	_
CCRS - inflows	15,171	104,286	13,112	4,562	86,612	_
	13,238	15,638	13,112	836	1,690	_

(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 27).

(in € thousand)	Non	minal amount 2022 N			ominal amount 2021		
	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	-	_	_	25,000	_	
CCRS	77,535	31,560	-	_	109,095	_	
FX derivatives	276,313	_	_	227,056	_	_	

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					
	Posit		None	41	< 6	6 to 12	1 to 5	> F	Total
	Posit		Nega		months	months	years	> 5 years	Iotai
(in € thousand)	Current	Non- current	Current	Non- current					
Interest rate swaps	-	-	69	-	_	25,000	-	-	25,000
FX derivatives	439	-	193	-	29,132	5,000	-	-	34,132
CCRS	17,159	1,600	-	-	-	50,000	31,560	-	81,560
Derivatives held as cash flow hedges	17,598	1,600	262	-	29,132	80,000	31,560	-	140,692
CCRS	9,555	-	-	-	27,535	-	-	-	27,535
Derivatives held as fair value hedges	9,555	-	-	-	27,535	-	-	-	27,535
Interest rate swaps	-	-	_	-	-	_	_	-	-
FX derivatives	2,693	-	5,146	-	241,488	693	_		242,181
Derivatives not under hedge accounting	2,693	-	5,146	-	241,488	693	-	-	242,181
Total	29,846	1,600	5,408	-	298,156	80,693	31,560	-	410,408
Total current and non-current		31,446		5,408					

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 € 140.7 million (2021: € 152.9 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:

	2022		2021	
(in € thousand)	Hedging reserve	Cost of hedging reserve	Hedging reserve	Cost of hedging reserve
As at 1 January	417	(113)	(180)	104
Effective portion of changes in fair value of existing instruments	5,929	(159)	8,252	(213)
Deferred tax related to hedges	154		728	_
Foreign currency translation differences	(90)	3	100	(3)
Recycling to income statement of FX impact on CCRS	(5,858)	-	(8,483)	_
As at 31 December	553	(269)	417	(113)
As at 31 December	553	(269)	417	

The fair value adjustment for the ineffective portion of those derivatives is accounted for as a Finance Income or Expense.

• Fair value hedge, for derivative financial instruments with a total notional amount of € 27.5 million (2021: € 27.5 million). The fair value adjustment is recognised 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 2022, the net fair value adjustment through Financial Income or Expense was a gain of € 0.03 million (2021: loss of € 0.03 million).

Following the issuance of the US private placement, the Group entered several cross-currency swaps (CCRS) with external counterparts in order to partially convert the USD denominated cash flows from the USPP into EUR, for which hedge accounting has been applied:

- An aggregate nominal amount of USD 39.8 million relate to instruments to which fair value hedge accounting
 is applied, with changes in fair value recorded through profit or loss. The hedged item is re measured to fair
 value with regards to foreign exchange and interest rate risks, with changes in fair value also recorded through
 profit and loss, in order to offset the fair value changes of the hedging instrument.
- An aggregate nominal amount of USD 107.2 million relate to instruments to which Cash Flow hedge accounting
 is applied, with effective portion of change in fair value recorded in equity. The foreign exchange impact is
 immediately recycled to profit and loss, in order to offset the foreign exchange impact of the debt originating
 from the US private placement.

The table here below summarizes 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 am	Notional amount		Fair value (€)				
(in € thousand)	Currenc	y	EUR	Total	Fx impact	Intr. Impact	Basis spread impact	
Fair value hedges	USD	39,775	27,535	9,555	9,756	(201)		
Cash flow hedges	USD 1	07,225	81,560	18,759	18,970	3	(214)	
			109,095	28,314	28,726	(198)	(214)	

(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 2022			31 December 2021			
(in € thousand)	Carrying amount	F	air value		Carrying amount	ı	Fair value	
		level 1	level 2	level 3		level 1	level 2	level 3
Cash and cash equivalent	744,247		744,247		1,111,348		1,111,348	
Trade receivables	533,757		533,757		389,557		389,557	
Secured bank facilities	(3,024)		(3,024)		_		-	
Unsecured bank facilities and others	(414,190)		(414,190)		(125,633)		(125,633)	
Schuldschein certificates	-		-		(67,000)		(67,547)	
US private placement	(155,872)		(152,422)		(147,840)		(156,570)	
Bond	(750,000)		(561,735)		(750,000)		(739,043)	
Trade and other payables	(547,992)		(547,992)		(566,197)		(566,197)	
Bank overdraft	(6,006)		(6,006)		(3,659)		(3,659)	
Forward exchange derivatives used for hedging – positive value	3,132		3,132		191		191	
Forward exchange derivatives used for hedging – negative value	(5,339)		(5,339)		(1,320)		(1,320)	
Interest rate swaps or options used for hedging	(69)		(69)		(1,379)		(1,379)	
CCRS - outflows	-		-		(356)		(356)	
CCRS - inflows	28,314		28,314		24,327		24,327	
	(573,042)	-	(381,327)	-	(137,961)	_	(136,280)	_

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 categorized, is level 2.

Non derivatives assets and liabilities are recognized 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.

34. Leases

Amounts recognised in the statement of financial position

The carrying amounts of right-of-use assets and the movements during the period:

				2022	2021
(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	104,634	10,363	10,681	125,678	113,468
Changes in the consolidation scope & Asset deals	3,013	-	-	3,013	(1,817)
- Acquisitions	3,013	-	-	3,013	13
- Deconsolidation	-	-	-	-	(1,830)
Additions	55,032	3,847	6,614	65,493	36,888
Disposal	(1,216)	(51)	(47)	(1,314)	(641)
Depreciations	(20,482)	(4,032)	(6,408)	(30,922)	(27,309)
Impairment	(146)	-	-	(146)	_
Other movements	-	-	8	8	18
Exchange difference	177	(95)	24	107	5,071
As at 31 December	141,012	10,033	10,872	161,916	125,678

Additions to the right-of-use assets during the 2022 financial year amounted to € 65.5 million (2021: € 36.9 million). The addition is mainly related to a new distribution center in the 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)	2022	2021
Lease liabilities		
As at 1 January	132,073	117,623
Changes in the consolidation scope & Asset deals	3,013	(1,803)
- Acquisitions	3,013	16
- Deconsolidation	-	(1,819)
Additions	65,493	36,888
Accretion of interest	5,709	3,961
Payments	(36,016)	(30,259)
Transfer	(147)	(O)
Exchange difference	(89)	5,663
As at 31 December	170,036	132,073
Current	26,132	22,857
Non-current	143,904	109,216
Total lease liabilities	170,036	132,073

The total cash outflow for lease liabilities in 2022 was € 36 million (2021: € 30 million).

The lease liabilities maturity analysis is noted below:

		2022				
(in € thousand)	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than 1 year	32,522	6,390	26,132	26,938	4,081	22,857
Between 1 and 5 years	86,314	17,610	68,703	70,928	10,417	60,512
More than 5 years	88,017	12,816	75,200	54,849	6,145	48,704
Total as at 31 December	206.852	36.817	170.036	152 715	20.642	132 073

Amount recognised in the income statement

The income statement shows the following amounts relating to leases:

(in € thousand)	2022	2021
Depreciation charge of right-of-use assets	(30,922)	(27,309)
Land & buildings	(20,482)	(16,440)
Plant, machinery & equipment	(4,032)	(4,474)
Other	(6,408)	(6,395)
Impairment	(146)	_
Interest expense on lease liabilities	(5,709)	(3,961)
Total expense related to leases	(36,776)	(31,270)

In 2022, the right-of-use assets depreciation amounted to € 30.9 million (2021: € 27.3 million).

There was no material income from subleasing in 2022.

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.

35. Guarantees, collateral and contractual commitments

As at 31 December (in € thousand)	2022	2021
Commitments secured by real guarantees	312	0
Contractual commitments to acquire assets	157,041	87,297

36. 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 $\[\in \]$ 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 $\[\in \]$ 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

37. Related parties

Key management compensation

The total remuneration costs of the Board of Directors and the Executive Committee (Exco) during 2022 amounted to € 17.1 million (2021 € 15.4 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)	2022	2021
Salaries (fixed and variable)	16,735	15,046
Retirement benefits	327	386
Total	17,062	15,432

38. 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		<u> </u>	•
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	Darlingh Urst	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	99.02	Brussels	Belgium
Aliaxis North America Inc	100.00	Ontario	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 N.V.	100.00	Brussels	Belgium
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
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	100.00	Manarewa	New Zealana
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		The Netherlands
Aliaxis Nederland B.V. Aliaxis Deutschland GmbH	100.00	Panningen Mannheim	
Aliaxis Greece Ltd		Kifisia	Germany
	100.00		Greece
Aliaxis Hungary SEE Kft.	100.00	Biatorbagy	Hungary
Aliaxis Iberia S.A.U.	100.00	Alicante	Spain

Company	Financial interest %	City	Country
Aliaxis Latin American Services SA	100.00	San José	Costa Rica
Aliaxis Poland Sp.z.o.o.	100.00	Olesnica	Poland
Aliaxis UK Ltd	100.00	Maidstone	UK
Aliaxis Utilities & Industry LLC	100.00	Moscow	Russia
Aliaxis Utilities & Industry Private Ltd	100.00	Mumbai	India
Aliaxis Utilities and Industry AB	100.00	Spaanga	Sweden
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	Delaware	US
Harco Fittings LLC	100.00	Lynchburg	US
Harrington Industrial Plastics de Mexico de RL De CV	100.00	Querétaro	Mexico
Hunter Plastics Ltd	100.00	Maidstone	UK
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
	100.00	Toronto	
IPEX Electrical Inc.			Canada
IPEX Management Inc. /IDEX Costion Inc.	100.00	Toronto Toronto	Canada
IPEX Management Inc./IPEX Gestion Inc.	100.00		Canada
IPEX Technologies Inc. IPEX USA LLC	100.00	Toronto	Canada
	100.00	Wilmington Fiesso Umbertiano	US
Lareter Spa	100.00		Italy
Marley Deutschland GmbH		Wunstorf	Germany
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	99.19	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
Nicoll Vostok	100.00	Moscow	Russia
OptiRTC, Inc.	100.00	Boston	US

Company	Financial interest %	City	Country
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
SCILAML	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

As from January 1st, Aliaxis Bulgaria EOOD is part of the consolidated scope.

Perforacion y Conduccion de Aguas S.A. merged into Durman Esquivel in January 2022

In March 2022, Nicoll Ceska Republika changed its name into Aliaxis Česká republika s.r.o.

In April 2022, Aliaxis acquired Harco Fittings LLC.

Jimten S.A.U and Aliaxis Iberia S.A.U merged in May 2022.

DHM Plastics limited transferred its assets to Aliaxis UK Limited, previously named Glynwed Pipe Systems Limited in June 2022.

The entity Glynwed Pipe Systems Limited changed its name to Aliaxis UK Limited in July 2022.

In August 2022, Aliaxis acquired Aquarius Spectrum Ltd.

The entity Nicoll SA changed its name to Aliaxis Belgium SA in October 2022.

In November 2022, Aliaxis acquired OptiRTC Inc.

In December 2022, Aliaxis acquired Lareter Spa.

The entity Marley Extrusions Ltd has been struck-off in December 2022.

39. Services provided by the statutory auditor

(in € thousand)	2022	2021
Audit:		
Audit services		
- KPMG in Belgium	407	355
- Other offices in the KPMG network	2,445	2,126
Audit-related procedures and services		
- KPMG in Belgium	140	193
- Other offices in the KPMG network	287	377
Sub-total	3,279	3,051
Other services:		
Tax	414	495
Other services	48	175
Sub-total	462	670
Services provided by the Statutory Auditor	3,741	3,721

40. Subsequent events

No subsequent events have occurred that warrant a modification of the value of the assets and liabilities or any additional disclosure.



In the context of the statutory audit of the consolidated financial statements of Aliaxis SA ("the Company") and its subsidiaries (jointly "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 2022, 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 20 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 2022, prepared in accordance with IFRS 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 2022, 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 a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 4.579.575 (1000) and the consolidated statement of profit or loss shows a profit for the year of EUR 370.860 (1000).

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 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS 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.

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Zetel - Siège: Luchthaven Brussel Nationaal fK B-1930 Zeventen KPMG Bedtiffsevisoren - KPMG Rävissurs d'Entreprises BV/SRI Ondenseningsnammer / Numer d'entreprise 0419: 122.548 BTW - TVA BE 0419: 122.548 RPR Brussel - RPM Brussles IBAN - BE 95 0018 4771 0358 BIC - CERARDISE



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 18 – 'Intangible assets and goodwill' of the consolidated financial statements.

Description

As described in Note 18 – 'Intangible assets and goodwill' of the consolidated financial statements, the Company has recorded a goodwill for an amount of EUR 631.659 ('000) as per 31 December 2022. 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 18 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 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 financial



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 statements 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 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises Statutory Auditor represented by

Filip De Bock

Bedrijfsrevisor / Réviseur 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)	2022	2021
Financial assets	1,462,349	1,454,349
Non-current loans and borrowings	1,462,349	1,454,349
Current assets	834	919
Total assets	1,463,183	1,455,268
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	256,426	257,715
Capital and reserves	1,381,438	1,382,727
Liabilities	81,745	72,541
Total equity and liabilities	1,463,183	1,455,268

NON-CONSOLIDATED ACCOUNTS, PROFIT DISTRIBUTION AND STATUTORY APPOINTMENTS

Summarised profit and loss account

As at 31 December (in € thousand)	2022	2021
Operating expenses	(2,894)	(1,813)
Operating loss	(2,894)	(1,813)
Financial result	79,981	59,997
Profit for the period	77,087	58,184

Profit distribution

Aliaxis' Board of Directors proposes to pay a net dividend of € 0.602 per share. The proposed gross dividend is € 0.860 per share, representing 18.3% of the consolidated basic earnings per share of € 4.69. The dividend is subject to shareholder approval at the General Shareholders' Meeting on May 3, 2023.

The dividend will be paid on 3 July 2023 at the following premises:

- Banque Degroof Petercam S.A.;
- BNP Paribas Fortis Banque 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)	2022	2021
Profit brought forward	257,715	270,798
Profit for the period	77,087	58,184
Gross dividend	(78,376)	(71,268)
Profit carried forward	256,426	257,715

Statutory appointments

The mandate of Mr Kieran Murphy as Director will expire at the next general meeting of shareholders on May 03, 2023. He is candidate for re-election. Upon recommendation of the appointment and remuneration committee, the Board proposes to the shareholders its re-election for a term of office of three years, ending at the general meeting of shareholders in 2026.

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

Adjusted EBITDA

Adjusted EBIT plus depreciation, amortisation and impairment (other than goodwill impairment)

Adjusted EBIT

Operating profit exclusive adjusted items

FRIT

Operating income

Net profit (group share)

Profit of the year attributable to equity holders of the Group

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 & 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 at 1 January and 31 December x 100

Return on equity (group share) (%)

Net profit (group share) / average of equity attributable to equity holders of Aliaxis at 1 January and 31 December x 100

Effective Income tax rate (%)

Income taxes / profit before income taxes x 100

Pay-out ratio (%)

Gross dividend per share / basic earnings per share x 100

Aliaxis SA

	2022 € million	2021 € million	2020 € million	2019 € million	2018 € million
Revenue*	4,341.9	3,675.1	2,907.7	3,117.6	3,095.0
Current EBITDA*	728.2	674.4	461.1	440.1	415.1
% of revenue	16.8%	18.3%	15.9%	14.1%	13.4%
Current EBIT*	573.4	537.2	315.5	300.1	308.5
% of revenue	13.2%	14.6%	10.9%	9.6%	10.0%
EBIT*	560.9	612.4	330.6	323.6	273.2
% of revenue	12.9%	16.7%	11.4%	10.4%	8.8%
Net profit (Group share)*	369.4	397.8	198.5	183.0	137.1
Capital expenditure (including leasing)*	390.6	175.5	148.7	151.6	86.6
% of depreciation and amortisation	253%	129%	103%	108%	81%
% of current EBITDA	54%	26%	32%	34%	21%
Total equity	2,230	1,924	1,413	1,409	1,258
Net financial debt*	742	99	438	771	775
Return on capital employed*	21.9%	30.8%	16.1%	15.0%	12.8%
Return on equity (Group share)*	17.8%	23.9%	14.1%	13.8%	9.8%
Average number of employees	15,212	14,442	14,473	15,511	16,088
	2022 € per share	2021 € per share	2020 € per share	2019 € per share	2018 € per share
Earnings					
Basic	4.69	5.06	2.54	2.33	1.74
Diluted	4.69	5.06	2.54	2.33	1.74
Gross dividend	0.860	0.782	0.658	0.587	0.58685
Net dividend	0.602	0.5474	0.4606	0.4109	0.410795
Payout ratio*	18.3%	15.5%	26.0%	25.2%	33.7%
Outstanding shares at 31 December (net of treasury shares)	78,685,288	78,681,987	78,270,500	78,288,855	78,739,901

Colophon

Content and Coordination: Group Communications - Group Finance

Layout and production: Gather www.gather.london

