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# Message from our CEO

## Rolf Verspuij

I am honored to address you for the first time as CEO of Royal Ahrend, as I reflect on our journey of the past year. 2023 has been a remarkable year in many respects. We have achieved unprecedented success, marking it as our best year ever, and we underwent a change in the board leadership after a 10-year period. It is with great pride that I assume the mantle of leadership from Eugène Sterken and I am writing to you today with trust and confidence in the future of our company.

This past year, we have made great progress executing our 'one-company' strategy and we have come together like never before, uniting as one cohesive team across borders and departments. The synergy we have created by pooling our strengths, knowledge, and skills has made us stronger than ever. Building upon this foundation is essential, as it paves the way for even greater achievements. The progress we have made is evident, and it fuels our commitment to continuous improvement. By working together, we are able to further enhance our capabilities and deliver superior results.



## Embracing change, achieving milestones

The coronavirus pandemic has definitively altered the work environment, and in recent years we have successfully adapted to constantly changing circumstances. By launching new products and services, we have ensured that we remain relevant to all our customers, which contributes to our success. In 2023, we introduced several new products, such as the Techo Fount Collection and Ahrend Modea. The Ahrend Qabin Collection has seen remarkable success and has grown by 100%. In November, we opened our new showroom in Prague, serving as our flagship location for operations in Central and Eastern Europe. This revamped showroom enables us to better showcase our current and new products in the Eastern European market.

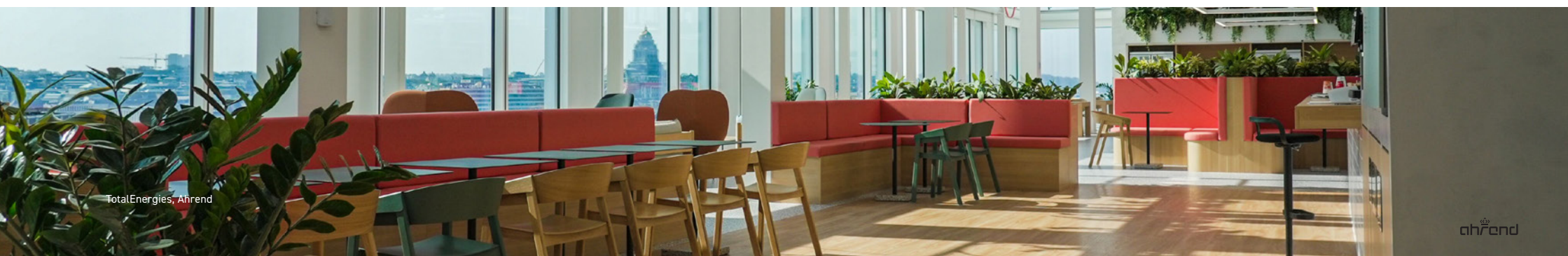
Last year, after 4 years of diligent work, we inaugurated our new wood factory in Prague. This factory holds significant importance to our 'one-company' strategy, amplifying our capability to craft and distribute our own products. The inauguration of this state-of-the-art facility marks a significant step in our commitment to achieving net-zero emissions by 2050. Distinguished by its gas-free operation,

exceptional energy efficiency, enhanced productivity, yielding reduced waste and heightened efficiency, the factory embodies our commitment to sustainability and circularity. Furthermore, our Circular Hub in Veghel continues to expand and has achieved significant success, with a refurbishment volume of 68,000 items of furniture in 2023. Sustainability and circularity have gained even firmer footing within our organisation over the past year.

In 2023, we experienced a series of positive developments and great progress was made towards refining our strategy for the years ahead. Increased investment in our staff, coupled with improved management communication, has resulted in a significant boost in employee satisfaction, as reflected in our highest-ever Employee Experience Index (EXI) score and a complete turnaround in absenteeism rates. Furthermore, 2023 saw a successful resolution of issues within our supply chain. The integration of our supply chain in the Netherlands, along with the integration of the factory in Culemborg, has been completed, leading to restored reliability in our deliveries. Our customers have also noticed this

improvement firsthand. With this restored delivery reliability comes a return of efficiency, which has translated into higher productivity and, consequently, an enhanced overall performance.

We accomplished some big achievements in 2023 by winning and completing several important projects, such as Deutsche Bank, ABN Amro, the Passe Partout Montessori School, ProRail and Booking.com. These projects played a large part in the strong results we achieved last year. In 2023, our sales volume reached €295 million, surpassing our target by €6.5 million. Additionally, our operational profit saw a significant improvement due to a gross margin of 48%, which is 8% higher than the previous year. We also did well in managing our operational costs, staying firmly under budget. As a result, we achieved an EBITDA of almost €26 million, exceeding the target by €8 million and surpassing last year's performance by €9 million. These results underscore our commitment to excellence and our capacity to deliver great results even in rapidly changing circumstances.







In 2024, we anticipate encountering socio-economic challenges as well, such as shifting economic conditions and a cautious investment climate. As the upcoming years will continue to demand innovation in the workplace, it is imperative for us to remain relevant and to consider the workplace of the future. We are committed to producing even more exceptional products, further developing our space-in-space solutions, growing our wood-based products collection and invest in a new collection of chairs. Furthermore, we will persist in advancing our 'one-company' strategy and further integrating our supply chain. The implementation of a new ERP system, with initial steps planned for 2024, will facilitate this integration and will also contribute to further enhancing our customer focus. In the coming year, we remain dedicated to sustainable development, ensuring controlled growth in our circular activities. Additionally, we will continue investing in our people, fostering a collaborative atmosphere across borders and departments, while focusing on vitality and personal

development. Hereby, we aim to bring out the best in our people, ensuring that together, as one team, we can achieve remarkable results again this year. Reflecting on the results of the past year and the significant steps we have taken to integrate various parts of the company, we have a solid foundation to build on this year. We have the people and the resources to fuel the continued growth and success of this company, and I am confident that we will continue to make good progress and achieve great results together.

Finally, I would like to thank each and every one of you for your continuous trust in Ahrend. You have all contributed to the outstanding results of the past year. We are happy that you are part of our mission to enhance the well-being and performance of employees and to participate collectively in the journey towards a circular economy. To conclude, I would like to extend my sincere thanks to our people for their dedication and flexibility during these times of significant

internal and external change. Without your efforts, 2023 would not have been the remarkable year it was. Summarising the result of the last years can make us confident that we are on the right track with a solid strategy. Our investments in innovation, products, and state-of-the art production locations have positioned us very well. Operationally we are confident that we have successfully stabilised our supply chain and are improving delivery reliability for our customers.

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a series of horizontal strokes.





Ahrend Qabin, Well, Aero

# 01 Company overview

Founded in 1896, Royal Ahrend has been an international leader in commercial furniture for over 125 years. Ahrend is committed to creating vitalising workspaces for end users around the world. Designed to encourage people's well-being and productivity, our furniture and workspace solutions excel in terms of durability and flexibility. Our innovative solutions for office, learning and healthcare environments are inspired by our highly qualified and dedicated experts, who interact and co-create with our national and international clients each and every day.

We build on a strong legacy that inspires us to truly shape the future of work. What really defines our products, ambitions and culture today, is the philosophy and working method of one of the most modest, yet influential industrial designers: Friso Kramer. His philosophy of "form follows function" and of "less is more" aims to remove all unnecessary detail until an object is in absolute harmony with the user and the environment and unobtrusively supports them in what they do best. Similarly, we strive to make our designs sustainable, intuitive in use and timeless.





## Vitalising workspaces

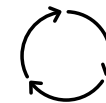
Royal Ahrend has been creating work environments that are good for people, organisations and the planet for over 125 years. We believe that a sustainable and vitalising work environment attracts talent, increases employee engagement and is therefore crucial to the success of organisations.

In today's world, the need to create workspaces that promote wellbeing, sustainability and diversity is becoming increasingly important. Organisations need talent. Employees want to feel inspired, valued, connected, supported, included and proud. A vitalising working environment gives energy, is comfortably, ergonomically and functionally furnished, promotes encounters and provides connection.

A vitalising workspace contributes to:



The well-being  
of employees



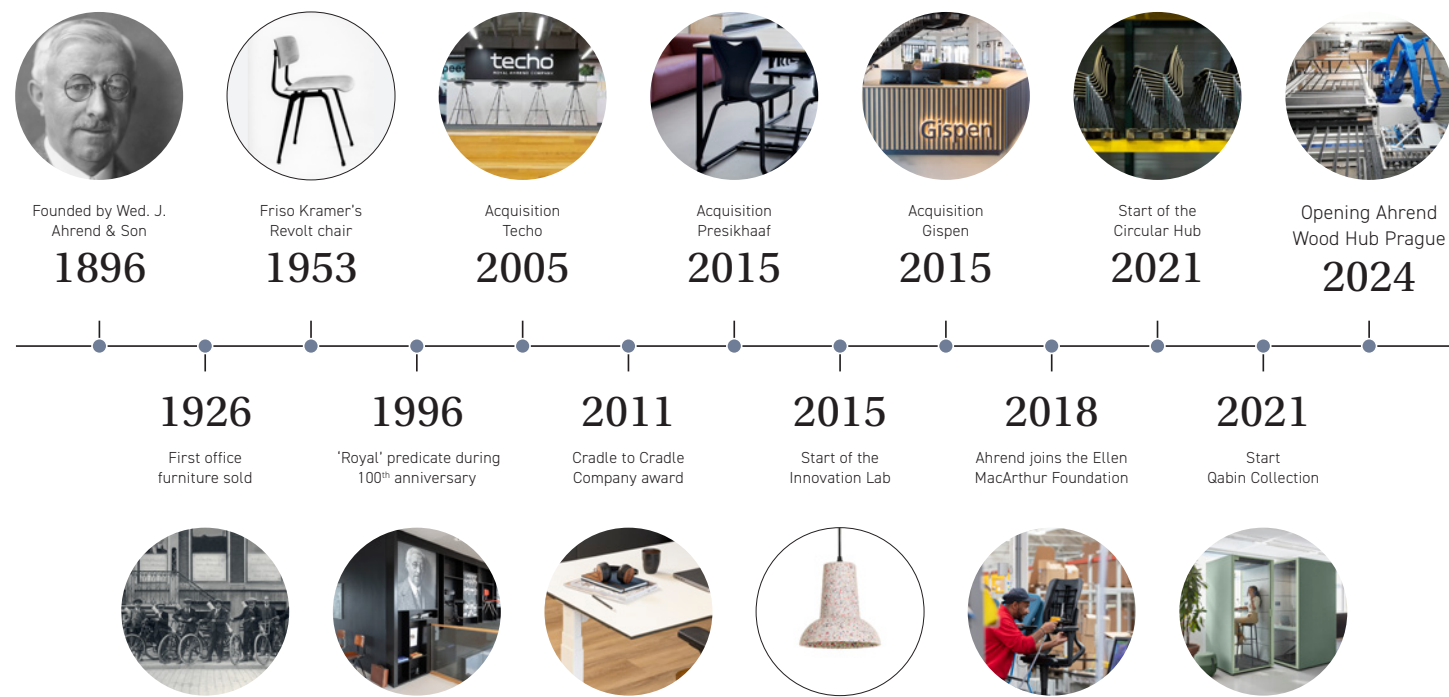
Sustainability  
goals



Diversity  
and flexibility

# Heritage

Our journey began with the Dutch entrepreneurial spirit of Jacobus Ahrend in 1896. For 125 years, we have been building on this legacy to shape the future of the workplace. We look back on a rich heritage, to which we can add the historical lineages of Gispén and Techo. We take you along some of the highlights of our journey. Admirable projects and legendary designs of which we are immensely proud.





## Four leading brands

Royal Ahrend delivers furniture and bespoke services for the office, education and healthcare via a portfolio of four leading furniture brands: Ahrend, Gispen, Techo and Gispen - Presikhaaf Schoolmeubelen. Each of these well-known brands is a leader in their own market of which some can look back at a heritage spanning over a century.



# ahrend

## Vitalising Workspaces

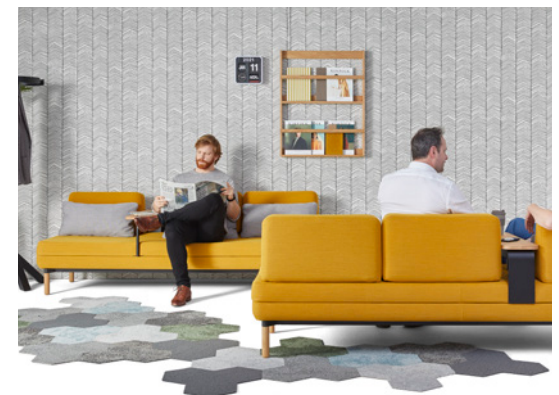
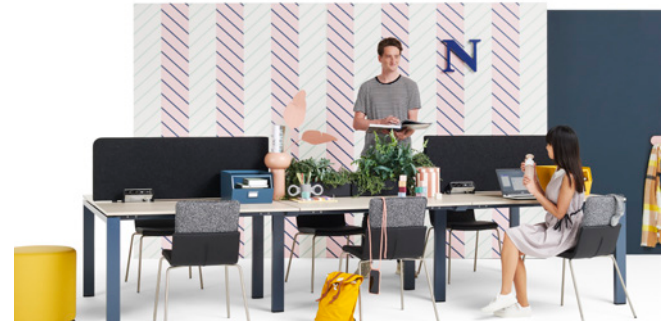
Ahrend creates vitalising workspaces. We have been doing so for over 125 years, together with our customers all over the world. A vitalising workspace is a working environment where you feel at home. With smartly designed spaces that inspire, enhance wellbeing and encourage collaboration. Additionally, our circularly designed furniture and services contribute to achieving the sustainability objectives of organisations. As such, we support both organisations and employees to truly make a difference.





## Gispen DUURZAAM DESIGN

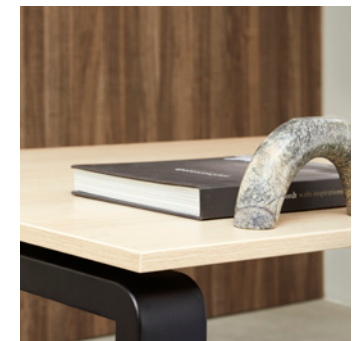
Gispen has been producing sustainable designs for over 100 years. Sturdiness you can build on and which can be extended and adapted again and again as trends and requirements change. We don't think in terms of new. We think about the future, and we have been doing so for over a century. For organisations, companies, educational institutions and hospitals that, like us, care about the future generations.



# techo

WORKS EVERYWHERE

Techo represents clever and modular furniture that provides comfort and optimally supports employees in carrying out their jobs. There is a design to suit the needs of the client in any situation. The universal design language of the furniture means it can be matched to any environment: from an office to a home workspace, or from a lobby to a retail shop.







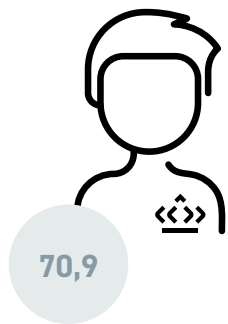
Gispén Presikhaaf Schoolmeubelen creates optimal learning environments in which students discover and develop their talents. We produce sustainably, circularly and in a socially responsible way in the Netherlands. We do so in an environment where staff education and personal development are guiding principles. Everybody is given the opportunity to apply their skills here. Distinctive by corporate social responsibility and pso-30+ certified.



## Key figures 2023

### Royal Ahrend

- › Founded in 1896
- › Headquarters in Amsterdam, the Netherlands
- › Five production locations in Europe and Asia
- › Four major brands



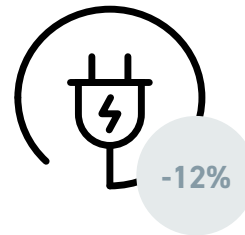
Employee  
Engagement score

70,9

Average FTE

**1.002**

68% male / 32% female



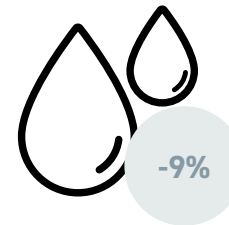
Energy consumption

**7.989**  
mwh

-12%

Water withdrawal

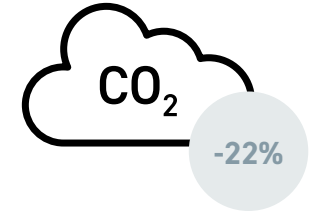
**13.350**  
m³



-9%

Carbon emissions

**6.087**  
tonnes



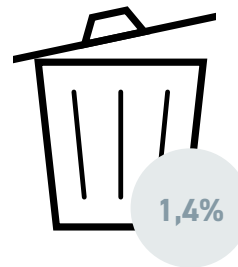
-22%

Carbon emissions avoided  
by good recycling practices

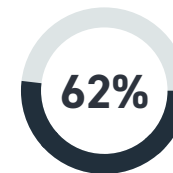
**1.723**  
tonnes

Waste by destination

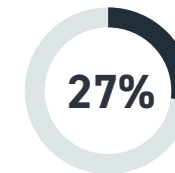
Waste  
**2.601**  
tonnes



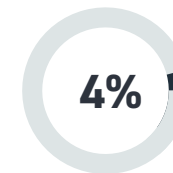
1,4%



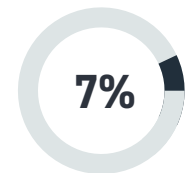
Material recycling



Green energy production



Grey energy production



Waste

Total revenue (x €1.000)

**€294.778**

Recurring EBITDA (x €1.000)

**€25.644**

% differently abled  
people in workforce

**11%**

Nr. of countries present

**17**



# Highlights

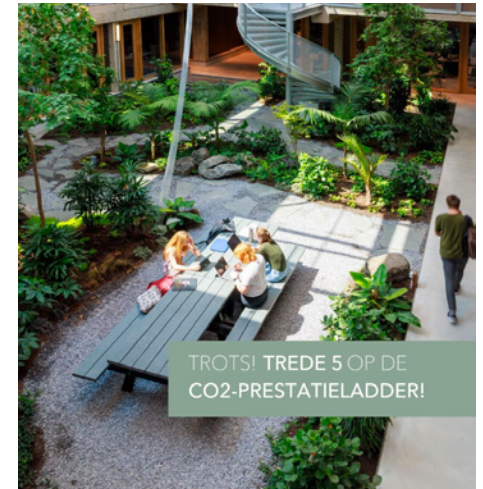
## News



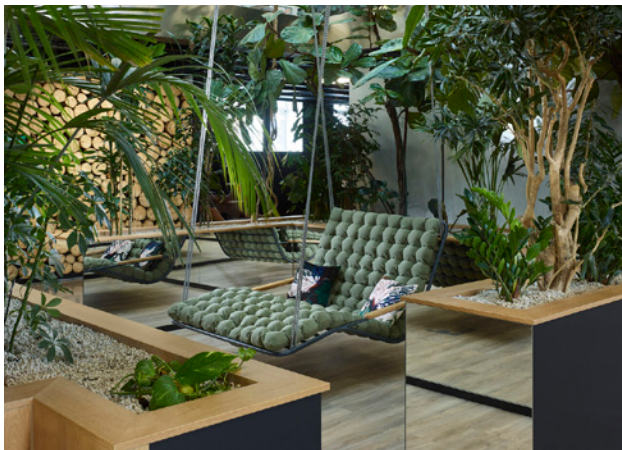
Royal Ahrend refurbished more than 68.000 products this year!



Rolf Verspuij starts as Royal Ahrend's new CEO on December 1st.



Royal Ahrend achieves the highest level on the CO<sub>2</sub> Performance Ladder, level 5!



A grand opening of the Ahrend Inspiration Centre in Prague!



Participation Workplace Xperience Rotterdam, The Netherlands



Participation Workspace Design Show Amsterdam, The Netherlands



# Highlights

## News



Gispen and Royal Ahrend reduce CO2 emissions by purchasing electric vans.



Gispen receives Sustainable Development Goals (SDG) award from the Dutch central government for its collaboration with the Dutch Custodial Institutions Agency (Dienst Justitiële Inrichtingen).



Presikhaaf Schoolmeubelen and Gispen join forces and share their knowledge in order to serve all education segments optimally.



Participation Smart Workspace Design Summit Berlin, Germany



The opening of our updated showroom in London during Clerkenwell Design Week. Merger between Ahrend UK and Techo UK.



Royal Ahrend commits to net zero CO2 emissions by 2050.



# Highlights

## Product launches



Ahrend Modea



Ahrend Silence Meet and Meet XL



Techo Fount



Gispen TMNL Round



Techo Hyll



# Highlights

## Product updates



Ahrend Qabin privacy-options and accessories



Ahrend 2020 Verta light-grey model



Ahrend Embrace coffee table



Ahrend Charge laptop stand



Gispen Design collection



# Highlights

## Projects



Ahrend: Booking.com, The Netherlands



Ahrend: NXP Semiconductors, The Netherlands



Ahrend: Parkhuis, The Netherlands



Ahrend: TenneT, The Netherlands



Ahrend: Zuyderland hospital, The Netherlands



Ahrend: Van Laere, Belgium



# Highlights

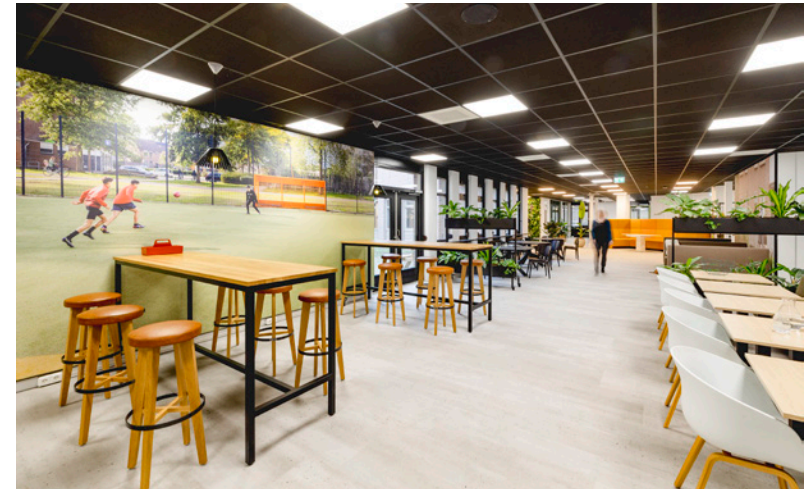
## Projects



Gispen: Hanzehogeschool 'Hanze University' of Applied Sciences, The Netherlands



Gispen: University of Twente, the Netherlands



Gispen: Talis, The Netherlands



Gispen: Rijnstate Hospital Elst, The Netherlands



Gispen: Hogeschool Leiden, The Netherlands



Presikhaaf Schoolmeubelen: Primary School Paus Johannes, The Netherlands

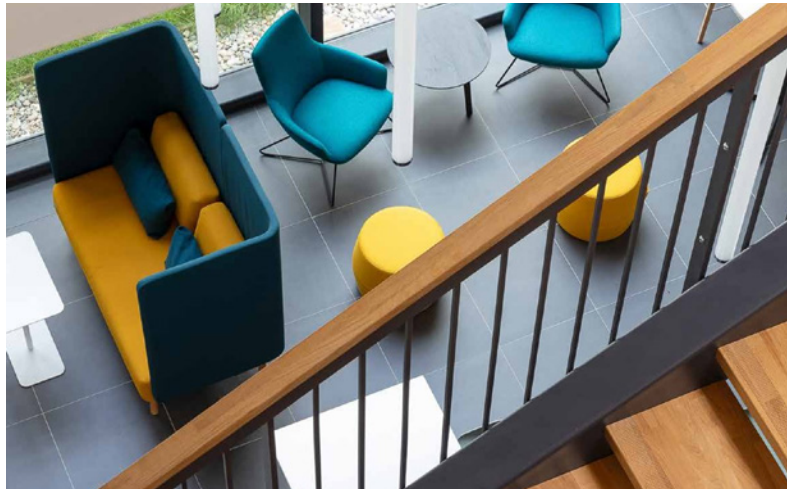


Ahrend: MSD, Brussels, Belgium



# Highlights

## Projects



Ahrend: Sanofi, Lyon, France



Ahrend: Servier, Marcy l'Etoile, France



Techo: Cupra City Garage premium showroom in Paris, France



Ahrend: Epson, Meerbusch, Germany



Ahrend: Pfizer, Puurs, Belgium

# Highlights

## Materialisation



### Upgrade of Ahrend and Gispén fabric collections

The fabric collections have been upgraded to create a range of fabrics made exclusively from mono-materials and recycled or renewable materials, with the longest possible lifespan.



### Mono-backing for upholstery of Ahrend and Gispén dividing screens and panels

A mono-material made of 100% polyester (of which 65% is recycled) that is attached to the fabric with a 100% polyester adhesive. The mono-backing is 100% recyclable and the fabrics remain suitable for textile recycling.



### Recycled acoustic material for the Ahrend Sliding door cabinet and Gispén SDK

The insides of the doors of the sliding door cabinets are now lined with a recycled acoustic material as standard. The material consists of 77% recycled textile waste from the clothing and interior design industry. At the end of its lifecycle, the material can be repurposed through the Revived Collections by Ahrend and Gispén.



# Highlights

## Materialisation



### Lightweight tabletop for Ahrend Balance, Ahrend Modea and Gispén TMNL

The circular tabletop by Greengridz is a new option for the workstations and conference tables from the Ahrend Balance, Ahrend Modea and Gispén TMNL collections. This sturdy and lightweight tabletop consists of a grid of HDF panels made from sustainable, certified wood. The panels are CARB2-certified, contain no formaldehyde and are glued with an eco-friendly PVAc D3 adhesive. The tabletop weighs, on average, up to 60% less than a tabletop made from MFC (measuring 160x80x2.4cm). This allows for more eco-friendly transportation and more labour-friendly installation.



### Revived tabletop for Ahrend Balance and Gispén TMNL

A Revived tabletop is the more innovative, circular choice; made from a sturdy material with a long lifespan. The material Compact has been widely used for tabletops in the past. Tabletops made from this material last up to 30 years. However, in practice they usually get replaced after 10 years and the material is lost. Our Circular Hub takes delivery of around 5,000 used Compact tabletops every year. Giving them a new top layer turns these discarded items into Revived tabletops. By doing so, we reduce the carbon footprint by up to 95%. This process can be repeated, allowing us to retain the value of these materials for several lifecycles.





Ahrend Well, 1200, Charge

## 02 Strategy & sustainability

Royal Ahrend's mission is to create vitalising workspaces for employees worldwide. Our corporate strategy is built to deliver projects and products contributing to this goal. Sustainability is one of the corner stones of our corporate strategy. Our sustainability strategy is therefore closely connected to our company's mission

to create vitalising workspaces. We measure our created value with the Six Capitals model. This model will be further explained in the next chapter, as will our strategic priorities and impact towards sustainable development.



## Royal Ahrend corporate strategy

Our vision, mission and ambition form the basis of our business operations. There are five strategic pillars on that basis.

### Vision

We believe that Vitalising Workspaces attract talent and enhance employee experience and are therefore key to the success of organisations.

### Mission

We are Ahrend. We create Vitalising Workspaces that are empowering, sustainable and diverse. It is our mission to enhance the wellbeing and performance of employees and lead the way towards a circular economy.

### Ambition

We are One Ahrend. International leader in creating vitalising workspaces. Market leader in the Benelux and globally recognised for our Dutch design and pioneering circular business models. A trusted, reliable and sustainable partner in enhancing wellbeing and performance in the workspace.

Vitalising  
Workspaces

Sustainability

One Company

People

Digitalisation





Ahrend Qabin, Recharge, Pyramid, Result, Charge

## Our long-term impact towards Sustainable Development

As a manufacturing company, we are very much aware of our impact on society and the environment. We strive to have a positive long-term impact by contributing to sustainable development. The United Nations have set 17 long-term goals for sustainable development. Although we expect to work towards most of these goals, we have decided to focus mainly on the SDGs which we expect to have the greatest impact on.

In 2023, we drafted our Sustainability Strategy for 2030, which enables us to further improve our environmental and social performance. This strategy was created in close collaboration with various stakeholders and is built on the double materiality assessment approach in accordance with the Corporate Sustainable Reporting Directive (CSRD).

In addition to sustainable product design and manufacturing, we aim to extend product life and support our clients in reducing the carbon footprint of their furniture. After the opening of our Circular Hub in 2021, we have further shifted from being a product manufacturer to a circular service provider.

Since then we have experienced a rapid growth of our circular services and deliveries of Revived furniture to our customers. This encourages us to further grow our circular business and thereby contributing to long-term global sustainable development.



## Royal Ahrend sustainability strategy

Our Sustainability Strategy focusses on four themes and eighteen projects, which we matched to the SDGs in order to map our contribution to the 2030 Agenda for Sustainable Development.

Our focus is on sustainable and circular product design, circular services, product life extension and reducing our greenhouse gas emissions to net zero before 2050. Furthermore, we

focus on social fairness to achieve healthy and ethical operations across our entire value chain. We contribute to various SDGs through this renewed Sustainability Strategy.

### Sustainable products

Create healthy & sustainable workspaces for our customers

Circular design

Environmental footprint

Responsible materials

Material safety

Indoor air emissions

### Circular services

Close the loop for furniture by extending product usefull life

Value hill

Services

Revived products

Furniture as a Service

### Climate Action

Navigate towards Net Zero Greenhouse Gas Emissions by 2050

Production

Product portfolio

Transportation

Product end-of-life waste

Procurement

### Social fairness

Organise healthy & ethical business operations

Diversity, Equity & Inclusion

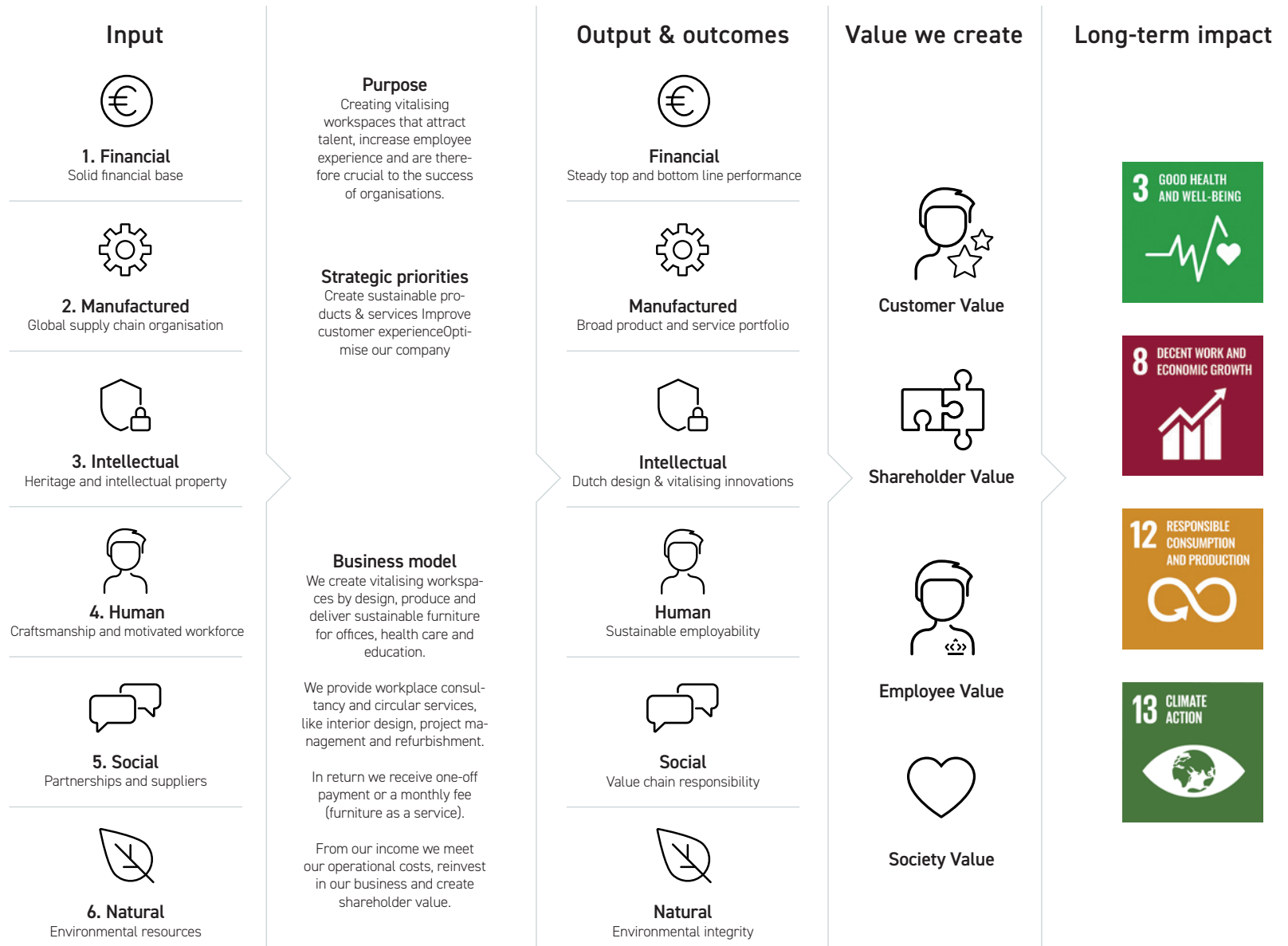
Employee well being

Ethical business behaviour

Supplier management

## Six capitals model: how we create value

We measure our created value with the Six Capitals model. This holistic way of reporting gives insight in the value Royal Ahrend creates, not only on financial aspects but also on non-financial topics like human and natural capital.



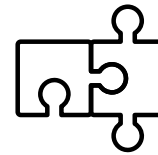




## Customer Value

The working environments that we create today invigorate its users in every sense of the word. They promote well-being, facilitate diversity, create a sense of belonging and increase productivity. The role of the work environment is changing, however: the office of today is more about collaboration and combining quiet and buzzing areas for encounters between colleagues. Offices should stimulate interaction and facilitate a wide variety of individual needs. Through our product and service portfolio we provide our clients with flexibility and a full service so they can make optimal use of their available space.

Customer Experience is very important for Royal Ahrend because we are used to building long-term relationships within our value chain. Insight into our customers and their experiences with our brands is very important to improving our product and service offerings. In the past decades, we have developed a wide variety of services around our product portfolio, including workplace consultancy and circular services to extend product lifetime. In the past years we witnessed a rapid international change in demand for sustainable and circular furniture. Through our products and services, we support our customers in their journey to net zero greenhouse gas emissions.



## Shareholder Value

Royal Ahrend is committed to securing value creation for the long term. Our strategy is focused primarily on international growth, maintaining a global supply chain, integration, operational excellence, product innovations and sustainability. Our shareholders expect Royal Ahrend to improve on all material aspects of Environment, Social and Governance (ESG) to create long-term value. To make sure we live up to this expectation we have set up an organisational structure, including roles and responsibilities for ESG topics.

Double materiality analysis will define our long term ESG strategy. Double materiality enables us to scrutinise the impact we have on the environment and society and the impact it has on the value of Royal Ahrend. The outcome will define our long term strategy, goals, risk management and opportunities. All aspects of the double materiality will be integrated into our products and services as well as our company's development. From 2026 onwards (first reporting year 2025), we will report our financial and non-financial results to the Corporate Social Responsibility Directive (CSRD).



## Society Value

The financial and economic benefits of having a global network value chain are impossible to ignore, but can also introduce certain risks. Issues such as modern slavery, working conditions, child labour, corruption, violation of human rights of indigenous peoples and the absence of environmental controls are increasingly considered the responsibility of those in the value chain. And although prominent in developing countries, the challenges of value chain responsibilities are by no means limited to those places and activities.

At Royal Ahrend, we want to learn from and collaborate with those in our value chain. This includes considering with whom we would or would not prefer to collaborate with, for example. We perform a risk assessment of social and environmental impacts in order to mitigate these risks while seizing opportunities to create a positive impact on society.



## Employee Value

Our goal is to create vitalising workspaces worldwide: workspaces that promote employee well-being, celebrate diversity, increase employee value and make employees feel appreciated. Royal Ahrend is very proud to be a social employer. We invest in diverse and inclusive teams, attract skilled workers and young talent who are able to develop themselves within our company.

Our craftsmanship, skills and entrepreneurial mindset have made Royal Ahrend the company it is today. Diversity, inclusion and employee health and safety are crucial in running our day-to-day business. Therefore, we invest in sustainable employability to promote healthy lifestyles and a safe working environment.



## How we aim to achieve each SDG

### Sustainable Development Goals



- › Occupational health & safety management systems in all our facilities
- › No exposure to hazardous chemicals in work environments
- › Solutions for maintaining a healthy work-life balance
- › Product portfolio to enable good health & well-being for our customers
- › Safe products for our customers
- › Sustainable material and chemical management

By creating vitalising workspaces we contribute to healthy work environments. Our products are made with safe materials and without hazardous chemicals. We believe that all work environments, including production facilities, should support people in working in a productive, healthy and safe way.



- › Promote inclusive production by employing diverse and inclusive teams
- › Ensure decent work with equal pay in our value chain
- › End modern slavery, trafficking and child labour in our value chain
- › Safeguard labour rights and safe working environments in our value chain
- › Awareness on ethical business conduct by employees
- › Long-term relationships with local and social entrepreneurs
- › Perform continuous supplier due diligence to be ensured of social and environmentally responsible value chain.
- › Promote responsible and durable supplier relationships

By performing continuous supplier due diligence and promoting sustainable, inclusive and sustainable economic growth through policies and business conduct, we strive towards socially responsible, full and productive employment and decent work for all.



- › Environmental management systems in all our facilities
- › Water management to reduce water consumption and treat waste water to improve water quality and facilitate safe reuse
- › Energy management to reduce energy consumption, produce renewable energy and purchase local, renewable energy sources
- › Material management to reduce use of natural resources
- › Product lifecycle management to design products with circular design properties and facilitate product takeback solutions to facilitate optimal use of our designs

Through sustainable production processes we minimise our negative environmental impact or even contribute to the environment. Our circular business model reduces the use of natural resources. Production process innovation enables us to reduce energy consumption and production waste while implementing sustainable technologies. Product and material innovation are key to reducing the use of natural resources and making optimal use of our products.

## Sustainable Development Goals



- › Promote circular systems to customers in order to stimulate conscious consumption
- › Offer circular services to reduce demand for natural resources
- › Takeback systems and refurbishment of furniture to match technical lifetime
- › Sustainable sourcing to ensure responsible materials management
- › Chemicals management to ensure responsible materials
- › Waste management to reduce waste generated in production
- › Integrate sustainability information in reporting cycle
- › Provide customers with transparent and relevant sustainability information

Our goal is to stimulate conscious consumption by taking the next step in our circular business model and, by doing so, avoiding overconsumption through our circular services and orchestrating function to extend furniture lifecycles. This will lead to reducing material consumption and safely cycling materials by sourcing materials from sustainable sources with trusted ingredients.



- › Net zero emissions defined in a Science Based Targets Initiative (SBTi) commitment by 2050
- › Transition towards a circular business model to detach our financial results from raw material consumption
- › Integrate climate action into our corporate strategy
- › Knowledge sharing within our value chain about our circular strategy and how this can positively impact the climate

Those in our value chain take climate action to reduce our joint footprint on the planet. This is realised by providing our clients with sustainable and circular products and services to lower the environmental footprint of their real estate. In addition, we challenge our suppliers and other partners to take climate action by implementing sustainable business practices and ensure climate adaptability.





Montessorischool Passe Partout Kerschoten, Presikhaaf Schoolmeubelen

## 03 Our performance in 2023

Royal Ahrend measures how value is created over time. We use quantitative and qualitative information about the output on the six capitals, based on the Six Capitals model explained in the previous chapter. Each capital highlights our performance for that particular topic: financial, manufactured, intellectual, human, social and natural.

The combined outcome reflects our overall performance. As a responsible business, we believe it is important to provide all our stakeholders with transparent information about our company and the value we create.





University Twente ITC, Gipsen

Our performance in 2023

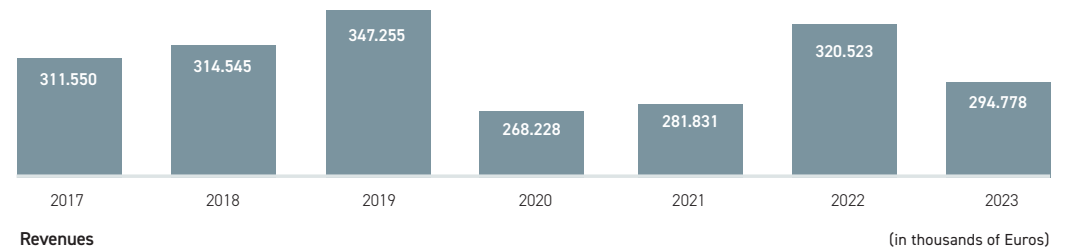
## Financial capital

KPI (in thousands of euros)	2022	2023
Revenues	320.523	294.778
Recurring EBITDA	13.594	25.644
Recurring EBIT	1.880	12.415
Cash (+/+) / net bank debt (-/-)	-352	12.264
Solvency ratio	43,2%	44,2%



## Revenues

The consolidated revenues of Royal Ahrend ended at €294,8mln (2022: €320,5mln), which is 8,0% lower compared to the previous year. Sales were stable in the Netherlands. Sales decreases are observed in the rest of Western Europe (-18%), Central Eastern Europe (-14%) and APAC (-25%). The decrease in sales is a result of strategic choices to concentrate on margin improvement through focus on core activities, own product share and choice of market approach, in combination with lower order intake levels and postponement of project deliveries outside the Netherlands.





Ahrend Modea, Well, Assist, 2020

## Operational expenses

The operational expenses of €284,0mln were €32,6mln lower than prior year (2022: €316,6mln). Next to a volume effect, the direct margin on cost of raw materials and consumables increased from 40,3% in 2022 to 48,1% in 2023. After a challenging 2022, which mainly revolved around the large-scale integration project of the Dutch supply chain and tempering the negative effects of the worldwide disruptions on supply chain and energy, as a result of scarcity and inflation, Royal Ahrend succeeded to substantially improve its direct margin in 2023 through focus on core activities, increase of own product share, strategic market approach and optimisation of the Dutch supply chain. Service and guarantee costs related to the 2022 internal and external disruptions were significantly reduced. From 2024 onwards, the new Wood Hub facility in Prague, which construction is completed in the first half of 2024, will contribute to further margin improvement through efficiency savings in production and purchasing.

The total wage expenses including social security charges increased by €0,2mln in 2023, from €76,3mln in 2022 to €76,5mln in 2023, despite a reduction in workforce. The workforce reduction in 2023 compared to 2022 is primarily related to additional temporary staff that was hired in 2022, to handle production volumes at peak times and to cope with inefficiencies following the supply chain disruptions and the relatively high illness rates.

In 2023 the temps base could be reduced to a more optimal situation. The wages for own personnel increased in accordance with collective labor agreements, also resulting in higher social security and pension premiums.

Other operating expenses increased by €4,2mln. Correcting for the €3,7mln gain on sale of the Culemborg plant in 2022, the increase is reduced to €0,5mln, spread over several categories of costs. Major exception are the logistics and installation costs, which are lower by €3,8mln compared to 2022. This not only relates to lower volumes, but also strongly relates to the realised efficiency savings in the supply chain after the disruptive events in 2022. The increases in many other categories are (partly) explained by inflationary effects, such as energy costs. Furthermore, substantial costs were made in the context of the selection of a new ERP-system, further integration of the Central Eastern European organisation in Royal Ahrend, product development, the installation of the Wood Hub in Prague, liquidation of the former Russian organisation and the merge of the sales activities in the United Kingdom.



## EBITDA

Recurring EBITDA ended at €25,6mln, which is €12,1mln higher than in the previous year, despite a reduction in sales volume. The improvement is explained by the substantial improvement in the relative direct margin.

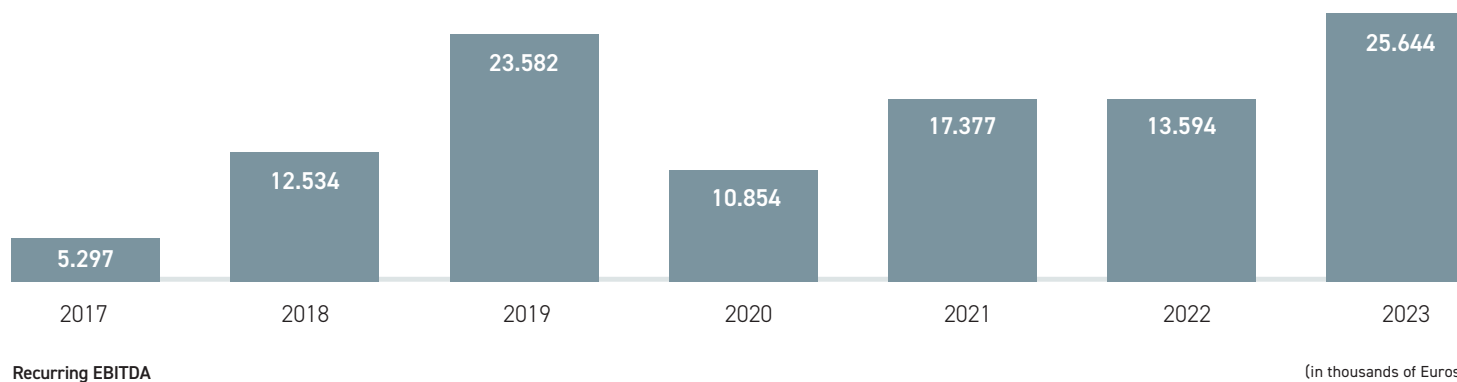
The recurring EBITDA excludes the exceptional costs related to severance payments and various other operating expenses regarding one-off events, such as the installation of the Wood Hub in Prague.

The net result of 2023 ended at €6,0mln (2022: €0,6mln).

## Solid financial base

The solvency ratio increased from 43,2% to 44,2% ultimo 2023. The cash position at year-end improved from €8,6mln to €18,9mln by the end of 2023 as a result of a higher operating profit and lower working capital (stock and debtors). The bank debt ultimo 2023 consists of a long-term bank loan in Prague for an outstanding amount of €4,6mln and short-term financing of the Circular Interiors' lease assets portfolio for an amount of €2,0mln, which is repaid in January 2024. The rest of the Circular Interiors' lease assets portfolio is financed internally.

The financing agreement with KBC Bank had a maturity date of 31 March 2023. Per end of March 2023, the credit facility with KBC-bank has been renewed for 5 years for a total of €43,5mln. The final maturity date for the facilities is now set to 31 March 2028.



## Outlook 2024 and beyond

The Royal Ahrend mid-term plan for the period 2024-2027 contains a strategic path to increase performance year-over-year by focusing on selling the right product to the right markets via the right channels through an effective and efficient organisation. In 2024, focus will first of all be on operationalising the new Wood Hub production facility in Prague. The completion of the Wood Hub is the final step in the full integration of the Central Eastern European organisation. It enables the creation of a single global supply chain within Royal Ahrend worldwide, resulting in efficiency savings in production, purchasing, wages and salaries and other operating expenses. In order to fully exploit the Wood Hub's capacity, a new product portfolio will be developed and introduced in the coming years.

Equally important in 2024 will be the steps taken in leading the transition to a new ERP-system over the coming years.

It is expected that due to the above mentioned structural changes and investments, Royal Ahrend is prepared for the future and the performance and profitability of Royal Ahrend will increase in the coming years. In 2024, Royal Ahrend will keep investing in enhancing the efficiency of its organisation and optimisation of its assortment and services offerings towards its customers. This will lead to permanent savings on wages and operational expenses and growth of revenues and margin.

The new banking facilities are expected to be sufficient to fund daily operations and planned projects.

The geopolitical events in Russia and Ukraine may continue to have an indirect impact on Royal Ahrend's business. At this stage these possible consequences are uncertain and difficult to assess.



Gispen TMNL Round, S25, GRIP, ZINN



Our performance in 2023

# Manufactured capital

KPI	2022	2023
Square meter production floor	90.000	90.000
Circular services revenues	€7,54 mln	€10,1 mln
Nr of cycled products through Circular Hub	55.400	68.000
Nr. of countries present	18	17



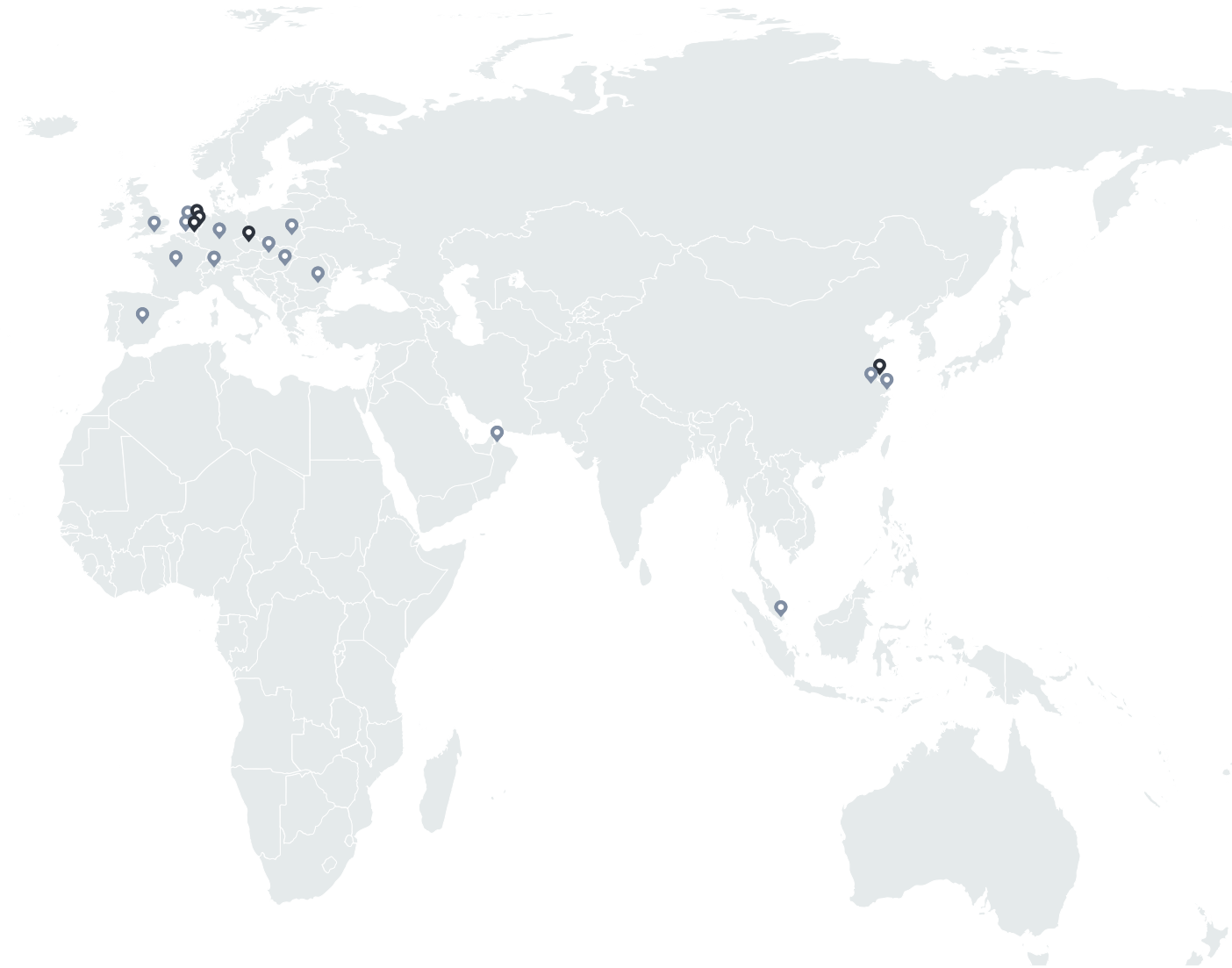
Ahrend Qabin Meet, Well chair

## Global supply chain

The demand for world-leading workplace solutions will continue to grow as globalisation continues. For leading international companies, this creates a need for a reliable, trusted partner who can realise a consistent work environment in any location around the world. Royal Ahrend has made significant investments in expanding and improving both its global supply chain and its international sales and services network. These investments enable us to offer our customers tailor-made work environments and services around the world.

Our global capabilities are:

- › Single point of contact and dedicated project managers and teams;
- › Single source with an extensive third-party range;
- › Proven operational excellence in global distribution and on-time deliveries;
- › Expertise in activity-based working, office lifestyles, acoustics and ergonomics;
- › Unparalleled 4-week lead time in the Asia-Pacific region.



### The Netherlands

Arnhem | 16.000 m<sup>2</sup>

Metal, wood and assembly

### The Netherlands

Sint-Oedenrode | 32.400 m<sup>2</sup>

Metal, upholstery and assembly

### The Netherlands

Veghel | 14.400 m<sup>2</sup>

Upholstery and refurbishment

### Czech Republic

Prague | 20.000 m<sup>2</sup>

Wood and assembly

### China

Taicang / Shanghai | 7.200 m<sup>2</sup>

Metal and assembly



## Global production

With production facilities in Western, Central and Eastern Europe as well as China, we can manufacture close to our customers, giving us unique flexibility in meeting the specific requirements of our clients. Our dedicated facilities for wood, metal, upholstery, refurbishment and furniture assembly all use state-of-the-art production equipment and techniques.

### Performance and delivery reliability

In 2022, the supply chain was confronted with many disturbances which led to increased delivery times and decreased delivery reliability. This was mainly caused by poor availability of resources, price increases, outsourcing of sheet metal production and further integration of our production facilities in the Netherlands. In 2023, we focused on restoring our performance, resulting in an improved delivery reliability and synergy in our global supply chain.

Several LEAN projects have successfully improved production efficiency of our factories. The integration of various departments into one planning department has resulted in centralised order handling and improved external and internal communications regarding deliveries and production. Another example is an improvement in production efficiency through the implementation of the Warehouse Management System and Demand Planning Manager, which has resulted in reliable stock and efficient order handling as well as a positive impact on delivery reliability. We have optimised our planning software for our Logistics and Fulfilment department to ensure more efficient customer

deliveries and reducing transport by combining deliveries. Furthermore, project installation complaints have been analysed and actions have been taken to avoid project delivery complaints and to improve complaint response times.

### Electric mechanic vans

In 2022, we evaluated the feasibility of replacing our current mechanic vans with electric ones. These vans are used by our service team for project deliveries as well as repairs and maintenance activities. In Q3 of 2023, the first electric vans were delivered. After a positive evaluation of our mechanics team we have decided to replace all mechanic vans with electric vehicles in the upcoming years. Approximately 30% of our vans are electric at this moment. By 2030, all mechanic vans will be substituted for emission free vehicles. This will result in an annual emissions reduction of 280 tonnes of carbon (7% of total scope 1 emissions).

### Wood Hub

In 2023, the operations of our new wood production facility in Prague commenced after a six-month delay due to machine deliveries. Our Wood Hub is a fully-automated production facility and plays an important role in the further optimisation of our supply chain. Furthermore, it enables us to expand our product portfolio with more wood-based products and increased in-house production capacity. In the summer of 2023, we faced several structural challenges that were solved in Q4 2023. In early 2024, we will finalise the implementation of all our production lines.



Ahrend Modea

## Circular efforts

Since the opening of our first Circular Hub in 2021, we have experienced rapid growth in all our markets. After initially focussing primarily on the Dutch market, we have adopted a growth strategy in other Western European markets as well. In 2023, we focussed on further standardising and professionalising our refurbishment processes. The Circular Hub operations team have set up a new inbound process for used furniture deliveries to manage the flow of incoming furniture from our take-back programme and the sourcing of used furniture.

The production floor of the Circular Hub expanded from 4,000 m<sup>2</sup> to 6,000 m<sup>2</sup> and the collaboration with the Sint-Oedenrode factory has resulted in more in-house refurbishment activities, such as upholstery and varnishing. The quality of Revived\* and refurbished furniture has improved significantly due to the integration of the refurbishment process in our regular supply chain.

Customers are increasingly aware of the environmental impact of the furniture in their real estate portfolio. Our environmental calculations show that we can realise 40-90% less embodied carbon emissions when extending product lifetimes through our Circular Hub\*\*. In 2023, we cycled 68,000 pieces of furniture through our Circular Hub, which exceeded our expectations of 10% growth compared to 2022.

\* Revived is Royal Ahrend's brand for refurbished furniture from the Circular Hub including warranty.

\*\* We calculated a refurbished scenario based on the LCA of a new product. Our LCA calculations are calculated in accordance with EN15804+A2.

## Outlook 2024 and beyond

In 2023, a new Corporate Strategy was developed including strategic priorities for the upcoming four years. For our supply chain this means that we will focus on several strategic projects. In Q2 2024, we will put our Wood Hub in Prague into production and terminate production in the previous facility. In the remaining months of 2024, we will optimise production at the Wood Hub, including the insourcing of various activities and the transfer of production from our factory in Arnhem (the Netherlands). In addition, we aim to automate our metal department in Arnhem.

Further integration of our circular production activities in Veghel and Sint-Oedenrode (the Netherlands) is high on the agenda for 2024 to increase synergy between the production of new furniture and refurbishment.

This also means that a hybrid supply chain model will be introduced where both new and used parts are applied to products. We have a growth strategy for Circular Services and revenues that will increase to €12 mln in 2024 and double that by 2030.

This goal will be achieved by means of increased focus on project-specific refurbishment activities, customised refurbishment for our Revived collection and standardisation and expansion of related processes, such as sourcing and circular consultancy.

In 2024, we will focus on reducing the complexity of our product portfolio. We will determine standardised products per region and create a separate process for bespoke products including accompanying pricing. Portfolio management will support our growth ambitions in various markets and circular business without excessive safety stock.



Gijsen TMNL Round, NOMI Work





## Our performance in 2023

## Intellectual capital

KPI	2022	2023
Customer Experience	NPS: -31,4 CSI: 5,3	Number of responses are below the required statistical desired amount.
New product launches	12	10
% products of total product lines tested on indoor air emissions*	-	30 %
Furniture as a Service assets in the market	€13,7 mln	€17,02 mln
Incidents of non-compliance concerning product and service information, labelling and marketing communications	0	0

\* Royal Ahrend uses Ansi/Bifma M7.1 e3 furniture sustainability test method. Level 3 indicates the indoor air emissions when the product is tested in a test chamber.

As Royal Ahrend, we have further developed our circular business model and expanded our revenues yielding from these circular models. We have had an increased focus on material safety, healthy workspaces and indoor air quality for our customers and this aligns with our goals to deliver a product portfolio that matches these customer needs. Furthermore, we have aimed to reduce the embodied carbon footprint of the workplace, resulting in an expansion of our Revived product range and development of our circular services portfolio for customers throughout Europe.

### Customer experience

We started to structurally measure customer experience at two stages of the customer journey in 2022: post-order and post-delivery. This was supposed to give us more insight into the sentiment throughout the customer experience and the topics

that are relevant to a certain part of the customer journey. However, we noticed that this was not the optimal method to measure customer experience. We have therefore decided to measure bi-annually to achieve a higher response rate, sending out an email to all our active contacts and customers for a more personal approach. We have noticed that this has the desired outcome of an increase in customer feedback.

### Product launches

In 2023, we introduced several new products to the market and updated some of our existing products. The Ahrend Silence Meet and Meet XL were added to our space-in-space collection, completing the Silence family. Furthermore, we have kept improving our Ahrend Qabin collection and introduced privacy

options and accessories to complete these office booths. In our workspaces category we launched Techo Fount workstations and Techo Hyll cabinets and lockers, which are the result of internal supply chain collaboration and a collaboration between multiple factories within Royal Ahrend. The first Ahrend Modea and Gispen TMNL Round desks and tables have been delivered to customers. These series are of a modular and circular design and are adaptable to the identity and needs of an organisation. These collections feature organic shapes and a pleasant appearance contributing to a homy feeling in the work environment. Concerning seating products, the Ahrend 2020 Verta office chair is now available in light grey. The Ahrend Charge seats can be outfitted with a monitor arm. The fabric options for the Ahrend Embrace sofas have been updated and a coffee table can be added to the sofa.



Techo Hyll, Ahrend Charge, Recharge, Well



## Environmental footprint of our product portfolio

By performing a lifecycle assessment (LCA) on our products we are able to use the outcomes to improve new products compared to previous products following the Ecodesign\* principles. This supports our goal to reduce the environmental footprint of our product portfolio. We have adopted the following design principles for new furniture: light-weight design, modular design and design for easy (dis) assembly. These design principles support our strategy to further grow our circular services. In 2024, we will calculate LCAs for reference products, representing the majority of our product portfolio and our goal for 2030 is to have Environmental Product Declarations (EPDs) for all our products. Through these documents, we are able to provide customers with transparent communication about the environmental footprint of our products and report on our goal to reduce the embodied carbon of our product portfolio by 25% in 2030.

## Material innovation

The first pillar of our Sustainability Strategy focuses on improving the sustainability performance of our products. Materials and circular products & services are the most tangible aspects to our business, for which we have determined several strategic priorities. We focus on circular product design, our environmental footprint, innovation, material management and indoor air emissions.

Through these topics we support our strategic focus on closed-loop solutions for furniture, parts and materials, creating a positive environmental impact by scaling circular services.

In 2023, we replaced acoustic foams with recycled textiles in our standard product portfolio. Mechanically recyclable foams are of a lower quality material and are therefore not preferable to our circular vision on materials. By replacing the vertical foams with recycled textile fibres, we were able to improve the acoustic properties of our panels, cabinets and other acoustic products while also providing a solution for foam recycling. The recycled textiles comply with the basic Cradle to Cradle requirements used as the standard method for material analysis. This enables us to reassure our customers with the fact that the materials are safe and circular.

As of 2023, desks and tables can be supplied with a circular tabletop from Greengridz. This tabletop consists of a grid of HDF panels made from sustainable certified wood. Because of the hollow grid system, a Greengridz tabletop can save up to 60% weight compared to alternative tabletops such as chipboard, multiplex or compact. The tabletops are CARB2 certified and contain no formaldehyde.



Ahrend 2020 Verta, Balance

\* Ecodesign: Eco-design considers environmental aspects at all stages of the product development process, striving for products which make the lowest possible environmental impact throughout the product life cycle



Hanzehogeschool, Gipsen

## Indoor air emissions

The quality of our furniture is an important aspect of our market positioning. Since our furniture is designed to be used indoors, we want to make sure that materials are low on volatile organic compounds (VOCs). To ensure that products are healthy and safe for indoor use, we test our products on indoor air emissions in test chambers. Up to 2023 we tested 30% of our product lines and 90% of these products reach the highest level. This means that the materials used in these products are low on VOCs. Healthy indoor air is important for creating healthy workspaces and are increasingly important to our customers who focus on employee health, well-being and productivity.

## Furniture as a Service

Circular Services is the second strategic pillar of our sustainability strategy and focusses on closing the loops for furniture, components and materials. In 2018, we launched Furniture as a Service, where customers pay a monthly fee and return the furniture when they no longer need it. The changing workforce and preferences in work environments demand flexibility and the ability to alter an interior while reducing environmental impact.

Our internal lifecycle assessment (LCA) studies show that, besides flexibility, this model has a potential to reduce material consumption and carbon emissions up to 95%. Royal Ahrend's business model is changing rapidly from a furniture manufacturer to a workplace service provider. Our unique approach that uses direct sales channels instead of working with

resellers, provides us with the opportunity to make this shift and orchestrate furniture flows. As a result, we have closer relationships with our customers, are able to secure material flows, realise lower setup costs and faster deliveries to our customers. By late 2023, we had €17 mln of leased assets in the market, a 24% increase compared to the previous year. This strengthens our belief that our strategy towards a circular business model is successful.

## Outlook 2024 and beyond

In 2024, we will change our customer experience measurements to gain additional insight into our performance and improvement areas during various stages of the customer journey. In addition, we have further aligned our product launches roadmap with our mission to create vitalising workspaces. After opening our Wood Hub in Prague, we will focus on more wood-based products, including an expansion of our product portfolio to deliver more diverse products to meet customer needs.

Hybrid working will remain the norm for a lot of companies and, therefore, we have an increased focus on creating diverse workspaces with products to match individual needs for collaboration, focussed work and casual encounters. We expect standard products like tables and chairs to be refurbished more often due to an increased awareness on sustainability. In 2030, 20% of our delivered own products will come from our Revived collection and we will double our circular services revenues at the same time.



Furniture as a Service is expected to grow by approximately €5 mln asset value per year. Our goal for 2030 is to have €35 mln assets in the market. We believe in this growth strategy due to an increased awareness of making real estate and interiors more sustainable and the increased demand for flexibility from our customers due to a changing work environment post COVID. We also aim to increase the circulation of resources and scale our circular business models.

Our circular design journey will commence by designing products for longevity, durability and safety. We have a focus on using more recycled content in our products to reduce the use of virgin resources. Furthermore, we are establishing closed loops for waste from our production sites. All materials will be screened on safety to make sure they can be recycled in the future. We follow the Cradle to Cradle Certified method to verify the circular properties of our materials. Considering that we are taking back more and more products from the market, it remains crucial for our circular business model to design products that allow for easy (dis)assembly and refurbishment.



Ahrend Inspiration Centre Prague



## Our performance in 2023

## Human capital

KPI	2022	2023
Employee Experience Index*	66,8	70,9
Global workforce headcount	1.047	1.036
Global workforce FTE**	1.016	1.003
Supervisory Board gender diversity	Male: 100% Female: 0%	Male: 60% Female: 40%
Board of Directors gender diversity	Male: 100% Female: 0%	Male: 100% Female: 0%
Company workforce gender diversity	Male: 68% Female: 32%	Male: 68% Female: 32%
Worker training on occupational health and safety	302	300
Work-related injuries and corrective actions taken	14 injuries 14 investigations 14 corrective actions	18 injuries 26 investigations 30 corrective actions
Absenteeism rate***	6,0%	4,5% -25%
% differently abled people in workforce	11,1%	11%

\* Data of all employees located in Europe

\*\* Data on all employees counted as of the 31st of December

\*\*\* Data of all employees located in BENELUX







At Royal Ahrend, we believe that there is a place for everyone and that diversity should be facilitated. Over the past decades, we have seen work environments change and we have inspired many to look at them differently through new products, research and interior design. The standardised workplace simply does not exist. An ideal work environment is inspiring, flexible and sustainable.

### Employee experience

In 2023, an EXI (Employee Experience Index) questionnaire survey was conducted for the 6th time among all Royal Ahrend colleagues in Europe, providing valuable insights into satisfaction, experiences and recommendations. We truly believe that a company is the sum of its employees who are working together, innovating together and creating together. The result of the Employee Engagement Survey 2023 shows that our employees still find leadership, communication

and working conditions very important. In 2023, we built on the results of EXI 2022 by organising plenary sessions for managers to delve into valuable insights and to share best practices. By the end of 2023, our EXI score was 70.9 with the highest response rate thus far of 81.1%.

### Performance management

In 2022, we started further expanding and enhancing our performance management system and we have now implemented this across all countries in Western Europe where we operate. As of 2023, all managers within our company have an integral HR target in their performance management responsibilities. Furthermore, management has a more formal role in reaching qualitative HR goals within their teams, such as decreasing illness rates, personal development, team development and improving collaboration.





Activity organised by Personeelsvereniging Kampoda

## Employee health and well-being

In the past few years we have invested in health and safety for our employees. All our production locations are ISO 45001 certified and we have further improved our health and safety management system. As of 2023, we have included occupational health and safety targets in the roles of several colleagues per location. Internal and external audits on occupational health and safety provide us with valuable insights on how to further improve employee health and well-being.

In 2023, we offered voluntary health checks at various locations. This anonymous check is based on vitality, work-life balance and lifestyle. Employees receive tailored advice from an independent and external party. With these checks we aim to reach sustainable employability beyond the retirement age and decrease illness rates.

In 2023, illness rates in Europe dropped by 25% and remain an important HR focus for the upcoming years. Several initiatives were deployed, such as department specific interventions, knowledge development on prevention and employee reintegration programs.

We continued to train our management team to create more awareness about illness, actualities and trends. An important step was to strengthen management-employee engagement and conversations by management training. This approach will be continued in the upcoming years, with follow-up training and e-learning about health and safety.

## Vitality program

In 2023, the Human Resources department initiated the Ahrend Vitality programme. This program aims to create awareness of four themes throughout the organisation. 'Move it' facilitates active sports initiatives such as padel, running and cycling, 'Love your food' gives employees insight into healthy food, 'Happy & Healthy' focusses on mental health and lifestyle and 'Future proof' supports employees' development for future employability, retirement and a healthy work-life balance.



In addition to raising awareness on vitality and health, the programme is expected to have a positive impact on absenteeism, employee satisfaction and involvement. It also aims to keep employees healthy and fit for as long as possible. Furthermore, we believe that investing in our employees' vitality enables us to attract and retain talent within our company.

### Diversity, equity and inclusion

In 2023, we experienced a lower influx of new talent into our company. We experienced tight labour markets throughout Europe, and managed to fill 60 out of 71 vacancies in the Netherlands. 44% of all new hires were female. The average age of new colleagues slightly decreased by one year, averaging 37 years in 2023. In order to continue retaining talented colleagues, we need to be even more distinctive, invest further in additional recruitment initiatives, create purpose and perspective and of course provide a pleasant workplace.

In 2023, we conducted our first diversity, equity and inclusion survey amongst our employees to get more insight into their experiences in our company. The results will be analysed at the start of 2024 and will be used to determine actions for the improvement of our DEI performance.

### Outlook 2024 and beyond

In 2024 and onwards, we expect HR challenges due to tight labour markets. Company culture and employee well-being are expected to remain important for attracting and retaining talent. Creating challenging positions, development opportunities and growth opportunities within the organisation are important for our HR agenda and will be included in a company-wide programme that will be launched in 2024.

Part of this programme is investment in training and development of our colleagues. This includes budget for functional and personal development. In 2024, we will launch an in-company development programme with ongoing training opportunities for colleagues. We expect these new initiatives to improve employee engagement and to establish durable employability within our company. We expect this to result in positive feedback from customers and other stakeholders whom engage with our colleagues on a daily basis.

In 2024, the elaboration of the EXI outcomes will again be placed on the management agenda and we expect the EXI to further increase in the coming years. Our goal for 2027 is to reach an EXI of 75. Under management of the HR department we will deploy initiatives to reach this goal in the upcoming years.



Ahrend Qabin, 2020



Ahrend Modea, 2020

## Our performance in 2023

## Social capital

KPI	2022	2023
New suppliers that were screened using environmental criteria and social criteria*	166	170
Portion of contracts with human rights clauses**	150	161
Communication and training about anti-corruption policies and procedures	0	Offline: 159 Online: 401
Number of notifications received through whistle-blower policy and confidentiality counsellor	0	11
Number of violations of the Code of Business Conduct	-	0
Confirmed incidents of corruption and actions taken	0	0

\* Based on Supplier Code of Conduct signed by suppliers and total spend

\*\* Based on Framework Supply Agreement signatory by suppliers





OBS De Meent, Presikhaaf Schoolmeubelen

Interaction with our stakeholders occurs on a daily basis and at Royal Ahrend we want to ensure that we do business in an ethical manner. In our Code of Business Conduct, we have combined our policies to guide our colleagues in ethical decision-making. In interaction with our business partners we also expect them to live by the same ethical standard as we expect from our own colleagues. We also want to learn from our stakeholders what we can improve in our way of doing business.

### Speak up policy

In 2023, we updated our Speak Up policy. This policy is updated following new European legislation and intends to strengthen our commitment towards transparency, accountability and a safe work environment. The revised policy introduces additional safeguards for employees who report concerns or misconduct.

In addition to employees, any person that has had work-related contact with Royal Ahrend is now entitled to enhanced protection against retaliation, such as (potential) suppliers, distributors, subcontractors and customers. In 2023, we received four notifications through our Speak Up procedure. No violations of the Code of Business Conduct were established following these notifications.

### Business ethics training

In the past few years, we determined that ongoing training on business ethics have become more important for our internationally growing business. We have enriched our Code of Business Conduct with three new, or updated policies in 2023: Human Rights Policy, Environmental Policy and Diversity, Equity and Inclusion Policy.

Collaboration with stakeholders in many different countries, industries and situations demands a clearly defined ethical compass from our colleagues. Therefore, we have trained our colleagues become more aware of ethical business behaviour both online and offline. In 2023, 560 colleagues were trained in business ethics and we will continue to train our colleagues annually. Through these training courses we aim to keep our company values and principles on top of mind, while enabling colleagues to make ethical decisions in their daily activities.

## Meaningful stakeholder dialogue

At Royal Ahrend, we believe that all those involved in the lifecycle of a product take responsibility to reduce the risk of an adverse environmental, health or safety impact to get the most value out of a product. The value chain in full scope: downstream, upstream and Royal Ahrend internally. In 2023, we collaborated with the Social Economic Council (Sociaal Economische Raad, SER) in the Netherlands to enter into a meaningful dialogue with our stakeholders. The goal of these dialogue sessions was to strengthen our connection with various stakeholder groups and to share insights into environmental, social and governance (ESG) topics. Both internal and external stakeholders were invited to take part in online one-on-one conversations, live workshops and a live dialogue session. The outcomes of these dialogues have been used to draft Royal Ahrend's double materiality assessment in accordance with the Corporate Sustainable Reporting Directive (CSRD).

## Supplier due diligence

In 2022 and 2023, we re-evaluated our supplier due diligence process. Due to the large number of suppliers globally, we have decided to update our supplier onboarding and evaluation processes. This will give us objective information about supplier performance and risk profile. Our risk profile focusses on several topics, including financial, operational, environmental, social and governance. From 2024 onwards, all suppliers will be marked with a risk profile to start up conversations about improvement areas, necessary actions and, if necessary, internal

or external audits initiated Royal Ahrend.

In 2023, we set up a high-level risk map based on supplier location, commodity, spend and several ESG topics. Through this first analysis, we were able to benchmark supply chain risks throughout our supplier base and manage these risks in more detail in the upcoming years.

## Business Partner Code of Conduct (BPCOC)

In our Royal Ahrend Code of Business Conduct we have defined ethical principles for our employees. We also expect our business partners to live by these principles. Therefore we started drafting a new Business Partner Code of Conduct in which we define principles for collaboration with our company. This BPCOC shall be finalized in 2024. This BPCOC will replace our current Supplier Code of Conduct. The implementation of the new BPCOC will be aligned with the implementation of our new onboarding process.

## Outlook 2024 and beyond

In 2024, we will work on setting up one global procurement policy, including a standardised supplier onboarding process. This process will be supported by the implementation of Supplier Relationship Management (SRM) software. Based on the supplier risk profile, we will onboard suppliers gradually throughout the year 2024 following our new onboarding protocol. This new way of working will impact several departments throughout the organisation and therefore employees from sales, procurement, finance and potential other departments

will receive training about this new working method. Looking back on successful stakeholder engagement in 2023, we want to proceed to engage with our stakeholders on important topics. One of the outcomes of these dialogue sessions was to organise topical or stakeholder-specific engagement. This was perceived as most interesting by stakeholders, which we expected.

After updating our Speak Up policy in 2023, we will also renew our Business Code of Conduct in 2024. The code will be evaluated and updated if necessary. New developments will be incorporated in this new code as well. Training of colleagues on ethical issues will be continued in 2024 and onwards to keep business ethics on top of mind when collaborating with our stakeholders globally. Furthermore, this training is important for raising awareness of the notification opportunities to report misconduct. This enables us to follow up on misconduct, create a safe company culture for colleagues and stakeholders and potential risks.



Our performance in 2023

## Natural capital

	2022	2023
Energy consumption within the organisation	9.057 mwh	7.989 mwh -12%
Energy intensity (€/revenue)	0,0283 kwh / €	0,0271 kwh / €
Water consumption (surface water and tapwater)	14.654 m³	13.350 m³ -9%
Direct (Scope 1) GHG emissions	4.257 tonnes CO <sub>2</sub> e	4.128 tonnes CO <sub>2</sub> e -3%
Energy indirect (Scope 2) GHG emissions	3.304 tonnes CO <sub>2</sub> e	1.959 tonnes CO <sub>2</sub> e -40%
GHG emissions intensity (€/revenue)	0,024 kg CO <sub>2</sub> e / €	0,021 kg CO <sub>2</sub> e / €
Waste by type and disposal method	2.565 tonnes	2.601 tonnes +1,4%
Transport of hazardous waste	59.62 tonnes	47.98 tonnes -20%
Greenhouse gas emissions avoided by good recycling practices	2.176 tonnes	1.723 tonnes

Ahrend Recharge





Gispen NOMI



## Sustainable Strategy 2030

Using valuable input from internal and external stakeholders, Royal Ahrend conducted a double materiality assessment to determine the most important environmental, social and governance (ESG) topics for our company. These outcomes are translated in our Sustainability Strategy 2030, in which we focus on four pillars: sustainable products, circular services, climate action and social fairness. From a climate action perspective, we focus on reducing greenhouse gas emissions and responsible production in our production facilities.

### Carbon footprint

We started reporting our greenhouse gas emissions (GHG) in 2018 (base year), following the Greenhouse Gas Protocol. All scope 1 and 2 emissions are reported semi-annually. As of 2020, we have gradually added scope 3 emissions to our monitoring tool and we are still in the process of finalising a complete overview of our scope 3 emissions. In 2023, our

emissions were 53% less compared to our base year. With this accomplishment we reached our 2025 target to reduce our scope 1 and 2 emissions by 50%.

In 2023, we saw an energy consumption decrease due to the suspension of Culemborg production activities. In transition to our new Wood Hub in Prague we have reduced energy consumption of our Czech activities as well and this is expected to decrease further in 2024 when production is completely transferred. We renewed the green energy contracts for all our production facilities, including the Arnhem production site. This has reduced the carbon emissions from our Dutch operations.

The GHG intensity decreased because our emissions dropped, while revenues slightly decreased compared to the previous year. In 2023, we increased the number of electric vehicles, including mechanic vans. As a result, this will reduce our emissions in 2024 and onwards,

because our vehicles will use less fossil fuels. Hybrid working has still resulted in less commuting, but we saw an increase in international travels post COVID-19. Furthermore, we experience a slight increase in natural gas consumption in the Netherlands.

### Net Zero commitment

In April 2023, our CEO signed a Net Zero commitment by Science Based Targets initiative (SBTi). We have committed ourselves to reach net zero emissions before 2050. In 2023 and continuing in 2024, we will focus on gaining insight into our total scope 3 emissions and prepare our roadmap towards net zero emissions. The most material scope 3 emissions are purchased goods & services, transportation (upstream and downstream), product end-of-life treatment and production waste. In 2025, our targets should be validated by SBTi and we will report our progress annually.





Ahrend Qabin, Balance

## Material management

Our designers, product developers and purchasers make sure that we choose the best and most high-quality materials for our products. Our products are designed according to the Cradle to Cradle design philosophy, which includes a material management strategy and material health assessment. We make sure that no toxic chemicals or harmful substances are included in our products and we use the most sustainable materials possible. Most used materials are wood, aluminium, steel and plastics. Our primary goal is to use materials that can have multiple lifecycles and are therefore suitable for use in a circular economy. To reduce the environmental footprint of our products, we focus on using recycled materials. We primarily use recycled insulation materials as an alternative for foams. Most of the wood we use already comes from recycled sources.

All products are packaged with minimum packing materials, including recyclable blankets, wooden pallets, recycled cardboard and recycled LDPE foil. We aim to minimise the use of LDPE foil and stimulate transportation with recycled blankets, because we have a take-back system in place for our packaging. Preferable all packaging is used without staples, glue and tape for reuse purposes. For several products and international transportation we are seeking reusable packaging alternatives.

## Waste management

In 2023, our production facilities generated approximately 2.601 tonnes of waste. Our major waste types were wood (44%) and steel (28%). As for previous years, most wood waste was produced by our factory in Czech Republic. In 2022, we implemented a closed loop

take back system for wood residues with a supplier, resulting in 97% less wood waste. In 2023, there were some changes in the contract with the waste company, resulting in part of the wood reused directly and part processed as waste. It is for this reason that we saw an increase in wood waste in 2023. This is expected to reduce in 2024 and onwards. All steel scrap is transported for recycling and originates mainly from our metal hubs in the Netherlands (Sint-Oedenrode) and China.

Waste management led to 23 separate waste types in 2023. 72% of all production waste was offered for recycling, 31% was used for energy production and 7% ended up as waste. We have invested a great deal in our waste management activities to make sure that we avoid hazardous waste in our production process, resulting in 1,8% hazardous waste in 2023, including materials contaminated with oils, varnish, paints and sludge from water treatment. In 2023, we also contracted a new supplier for waste management in the Netherlands and we expect this will have a positive effect on recycling percentages and optimal use of production waste in the upcoming years.

## Water management

All production facilities consume water, but most of our water consumption is related to our metal and Wood Hubs in the Netherlands, China and Czech Republic and is related to the powder coating process of our metal parts. In 2023, all water was sourced from local suppliers of tap water. Waste water is always neutralised before discharge and the

quality is tested frequently by independent parties under regional regulation to prevent water pollution due to high concentrations of heavy metals and chemicals. Water management and decreasing water consumption has been a top priority for Royal Ahrend since 1990. Our water consumption has decreased substantially since then and new investments have led to the optimisation of processes in several production facilities, resulting in 9% less water withdrawal in 2023 compared to the previous year.

## Protected areas and biodiversity

Our Dutch production facility in Sint-Oedenrode is located right next to a national park. Therefore, three decades ago we invested in our production location to prevent spills and protect the biodiversity of this protected area. We have improved its biodiversity by planting trees on our terrain and we collaborate with the local municipality and several environmental organisations in order to protect this area and its species. No issues have occurred in 2023. Although our own production facilities are not conflicting with biodiversity loss, we do assume responsibility for biodiversity loss that might occur by material production in our supply chain. Biodiversity loss and deforestation are risks within our supply chain that we need to mitigate. We have initiated supply chain risk assessment to gain more insight and will incorporate these risks in supplier onboarding and evaluation from 2024 onwards. Furthermore, we have invested in a reforestation project in China to restore biodiversity in collaboration with the local community. The project is Climate, Community and Biodiversity (CCB) certified.

## Outlook 2024 and beyond

In 2024, we will continue researching and analysing our scope 3 emissions to improve our overall environmental performance. Earlier assessments show that product lifetime extension results in a 90% reduction of carbon emissions and therefore our circular business model growth will have a substantial effect on reaching our net zero goals. Moreover, we will continue to collaborate with our customers to close the furniture product loop, since this generates the most significant environmental impact.

We will continue material innovations with suppliers and include our own production waste in closed-loop solutions. These materials substitute the use of virgin materials in our products and support our goal to reduce the greenhouse gas emissions of our product portfolio. Energy management and other initiatives to decrease our greenhouse gas emissions in scope 1, 2 and 3 will be prioritised in 2024, ensuring progress and the right focus in our sustainability initiatives. Furthermore, we will report our environmental, social and governance progress according to the Corporate Sustainable Reporting Directive (CSRD).





TenneT TSO, Ahrend

## 04 Leadership and governance

Royal Ahrend's successes are based on the valuable knowledge and skills of its employees. At Royal Ahrend we foster talent and innovation by empowering the individual, stimulating collaboration and social interaction and propagating an open organisational culture in which everyone feels comfortable and motivated to bring out the best in themselves.

We recognise that our decisions of today impact the society of tomorrow and long thereafter. We have been committed to sustainable business practices for decades and are looking for improvements along the value chain every day.

## Our perspective on leadership

Innovation is at the heart of our company and of our customers. We foster talent and knowledge, two principal ingredients for innovation, by encouraging our employees to come together to learn, collaborate and socially connect. A common theme which is at the core of our product offerings.

We proactively encourage the deployment of valuable knowledge and skills of employees in all parts of the organisation as well as at the highest level of decision-making. Via flat organisation structures, employee participation boards, a culture of informal communication and information sharing, collaboration across departments and empowerment of the individual.

It is important that all our employees feel comfortable and energetic at work and we want to encourage them to learn and to feel valuable at our company. We aim to employ individuals who contribute positively to our organisation in their own unique way and from their own principles, to create teams that provide new insights, new opportunities and a stable business at the same time. As a social entrepreneur, we are committed to equal opportunities and we put words into action when it comes to invigorating work environments.

### Royal Ahrend management

Every member of the Royal Ahrend supervisory board and board of directors fosters and adheres to the prevailing values, culture, incentives, rules and resources. Royal Ahrend also implements structures and processes for good governance, transparency and stakeholder engagement. We adopt the principles of cradle to cradle production, internalising externalities and extend these principles towards the supply chain.

Eugène Sterken and Rolf Verspuij catalyse change for sustainability through envisioning, inspiring, empowering and supporting ideas. They provide a compelling vision, encourage long-term thinking, make strategic investments and promote intergenerational equity. All members of the Royal Ahrend Management Team broaden their knowledge and skills and provide opportunities and resources

for appropriate action. They also focus on creating a culture and structure that provides peer support and encouragement and which recognises achievements.

We create sustainable products which are inspired by Friso Kramer and designed based on his philosophy of "less is more" and "the art of omission". We offer services to ensure that our products are used for as long as possible. Our production processes are based on sustainable practices. Sustainability is embedded into our organisation and our people, but we realise that we cannot do this alone. We work together with partners, suppliers and our customers in our value chain. Only then can we really make a difference.





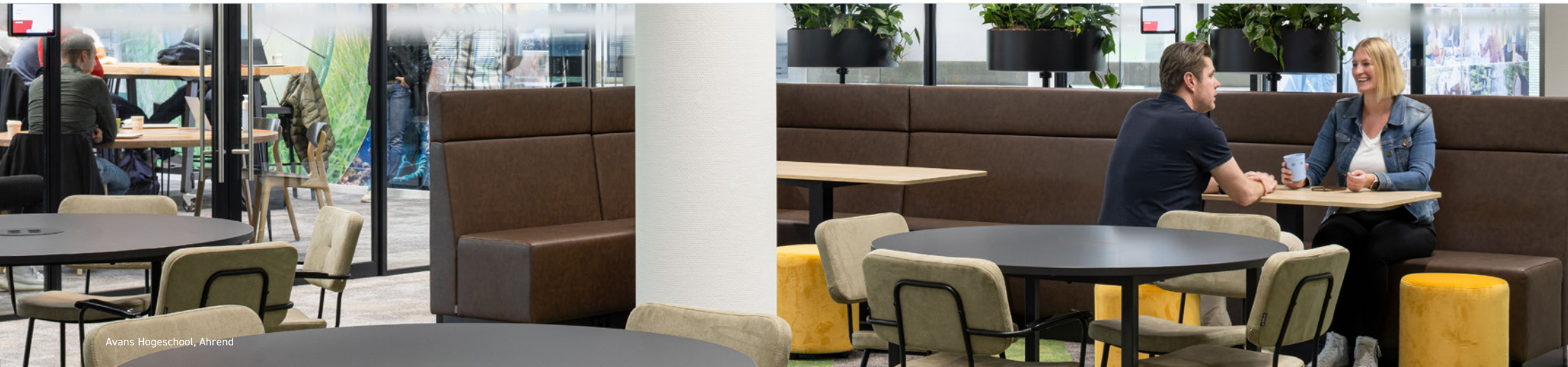
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## Business ethics

Royal Ahrend strives towards a business culture in which integrity and compliance are the norm. Our Code of Business Conduct, educates our employees about human rights, moral behaviour, labour circumstances, the environment and anti-corruption. The Code of Business Conduct describes Royal Ahrend's position and policy towards ethics, legislation and business behaviour for all our employees. All Royal Ahrend employees are expected to comply with these ethical codes and receive regular training on these topics.

Management is expected to display exemplary behaviour. In addition to our Code of Business Conduct, we pursue a speak-up and whistle-blower policy to encourage our employees to report any violations of ethical behaviour. This is put into practice by the installation of an integrity committee and confidants. During the financial year 2022, no major incidents were reported. In 2023, we evaluated the effectiveness of our policies and the need to adjust these to further stimulate employees to follow the speak-up policy.

Our company has a global supply chain. We operate four main factories, one warehouse and one circular hub, spread across Asia and Europe. We source components and materials from suppliers who operate locally, regionally and some operate globally. Therefore, we have a Supplier Code of Conduct that must be approved by our suppliers. This document describes the way in which we expect our suppliers to behave with regard to human rights, labour conditions, the environment and anti-corruption.



## Our governance system

Royal Ahrend is a private limited liability company governed by Dutch law. Royal Ahrend has a two-tier management structure with a Board of Directors and a Supervisory Board. Royal Ahrend qualifies as a 'large company' (structuurvennootschap) within the meaning of the Dutch Civil Code and is subject to the relevant rules of Dutch corporate law.

### Shareholders

HAL Trust, Rotterdam, is the ultimate parent company and controlling party of Royal Ahrend.

### Board of Directors

The Board of Directors of Royal Ahrend manages the strategic, commercial, sustainability and organisational matters on a daily basis. An important goal is to create value, not only for our shareholders, but also for our customers, employees and the society. The Board of Directors consists of the following members on 31 December 2023:

- › R.M. Verspuij (CEO and Statutory Director)
- › Vacancy (CFO and Statutory Director)

In September 2023 the now former CEO of Royal Ahrend, Eugène Sterken, announced his resignation per 31 March 2024. He has been exempted from work since 1 December 2023. On that date he was succeeded by the now former CFO Rolf Verspuij. On 1 April 2024 Claudia Mennen was installed as the new CFO of Royal Ahrend.

### Supervisory Board

The Supervisory Board supervises and advises the Board of Directors, guided by the interests of the company and considering the interests of the stakeholders. Major investments, acquisitions and corporate matters are subject to Supervisory Board approval. The Supervisory Board observes the functioning of the Board of Directors and has regular interaction with all Board members.

The Supervisory Board consists of the following members on 31 December 2023:

- › J.L.M. Van Meerbeeck (chairman)
- › A.S. Vink
- › P.A. Doodeman
- › M.M.C. Oosterveld
- › I.L.C. Janssen



## A word from the chairman of the Supervisory Board

*On June 5, 2023, our Supervisory Board was saddened by the news that Marcel Schabos had passed away suddenly. Marcel had been a respected board member from 2015. His extensive experience has been of great value to the redesign of the Company's global supply chain.*

The Supervisory Board of Royal Ahrend reviewed the annual reporting 2023 prepared by the Board of Directors. PricewaterhouseCoopers Accountants N.V. audited the statutory reporting and provided an independent auditor's report. The Supervisory Board advised the General Meeting of Shareholders to approve the annual reporting 2023 and discharge the Board of Directors.

The Supervisory Board supervises the Board of Directors and the general affairs of the company and its affiliated companies. It closely monitors the execution of the strategy. The Supervisory Board is actively involved and provides management with advice when deemed needed.

### Development and financial results

In 2023 Ahrend CEO Eugène Sterken stepped down. Eugène had (re)joined Royal Ahrend's Executive Board in 2011 and had become CEO of Ahrend in 2013. The Supervisory Board is extremely thankful to the positive transformations that took place at

the company under his leadership. In Q4 2023 the Supervisory Board promoted Rolf Verspuij from CFO to CEO of Ahrend. After a careful external search and selection process, Claudia Mennen was appointed as the new CFO of Royal Ahrend on April 1, 2024.

After a challenging financial year 2022, in which the integration of the Dutch Supply Chain was completed and the worldwide uncertainties and availability of resources significantly impacted the organisation's operations, the financial year 2023 brought focus, operational stability and margin recovery. The consolidated net turnover of Royal Ahrend for 2023 ended at €294,8mIn (2022: €320,5mIn), which is -8,0% lower than prior year primarily as a result of a focused market approach and termination of low-margin activities. Next to that, the intake level outside the Netherlands was lower in general.

The operational costs decreased by €32,6mIn to €284,0mIn. Besides a volume effect, this is the result of operational efficiencies and better sales and costs prices, resulting in a 48,1% gross margin (on costs of goods sold) compared to 40,3% in 2022. Wages and other operating expenses were €118,3mIn (2022: €113,8mIn), which is €4,5mIn higher than in 2022. The costs in 2022 were partially offset by a book profit on the sale of the Culemborg plant amounting to €3,7mIn. Correcting for this gain, the increase in 2023



Ahrend Charge

amounts to €0,7mln. Whereas realised savings on logistics and installation costs amounted to €3,8mln compared to 2022, higher costs were incurred for IT, housing, product development, implementation of the Wood Hub and the merge of sales activities in the United Kingdom.

Financial income and expense decreased from €+0,5mln in 2022 to €-2,1mln in 2023. 2022 financial income was positively impacted by a positive currency translation difference and interest rates were close to zero. In 2023 the market interest rates went up and there was no gain on translation differences.

In 2023 the effective tax rate is approximately 19,1%. Taxes in 2022 were relatively high due to deferred tax charges.

The net result of 2023 ended at €6,0mln (2022: €0,6mln).

During 2023 the Supervisory Board members received the management reporting of Royal Ahrend on a monthly basis. The financial performance, operational challenges and expectations for the future were discussed at the Supervisory Board meetings. Moreover, in 2023 a new strategic midterm plan for the period 2024-2027 was presented by the management of Royal Ahrend. The Supervisory Board has been actively engaged in the review of this plan before its approval in Q4 2023.

## Activities

The Supervisory Board had seven meetings during the financial year besides several contacts regarding the recomposition of the management Board. The independent auditor attended the Supervisory Board meeting of April 2023 to discuss the financial results of 2022. Next to that, the independent auditor attended all three meetings of the Audit Committee to discuss the annual reporting 2022, audit plan 2023 and the management letter 2023.

The following decisions have been made by the Supervisory Board (not limitative):

- › Recomposition of the Board of Directors
- › Approval annual reporting 2022
- › Approval profit appropriation 2022
- › Approval budget 2024
- › Approval midterm plan 2024-2027

## Changes in composition of the Board

By the end of 2023 the Supervisory Board consists of the following members:

- › J.L.M. Van Meerbeeck (chairman)
- › A.S. Vink
- › P.A. Doodeman
- › M.M.C. Oosterveld
- › I.L.C. Janssen

According to the Board's rotation scheme M. Schabos retired in the second quarter of 2023. The board proposed Ms. M. Oosterveld and Ms. I. Janssen as new members in 2023. After their nomination, the Board again consisted of five members, of which three male and two female.

## Reflection of the Board

In absence of the Board of Directors, the Supervisory Board both discussed the performance of the Directors and assessed its own.

The Supervisory Board is grateful to both management and employees of Royal Ahrend for their dedication and effort during the past year.

J.L.M. Van Meerbeeck (Chairman)





Kyndryl, Ahrend

## Risks and uncertainties

Royal Ahrend is being confronted with a wide range of risks and uncertainties which (could) have a significant impact on the organisation. Risk management is being executed throughout the company to identify risks and determine mitigating measures if deemed necessary. Local management is requested to periodically identify and evaluate local risks. The outcome is being discussed with Group management. In general, the risk appetite of the Group is low. Measures are being undertaken to mitigate the risks to the desired level.

### Risk analysis

Every day we empower our employees to take responsibility and act to prevent risks from happening and detect and resolve issues when they occur. In 2021, we took the first steps to roll out a formal risk management programme across all layers of the organisation, by having interviews with people throughout the organisation to identify and plot any likelihood and impact of strategic and operational risks.

The next phase will include the preparation and implementation of a key-control framework for business processes.

## The following key-risks are considered to be present for Royal Ahrend

Strategic objective	Key risk	Risk category and risk appetite	Main countermeasures (summary)	Impact
Create and market sustainable products & services	High inflation of materials and energy, due to worldwide turmoil such as a pandemic, geopolitical tensions or resource shortages, disrupts the Group's supply chain and deteriorates Royal Ahrend's business.	Strategic risk and financial risk	<ul style="list-style-type: none"> <li>➤ Create a robust and resilient supply chain based on scenario planning</li> <li>➤ Improve supplier management</li> <li>➤ Increase safety stock levels</li> <li>➤ Focus on operational cost savings and value engineering</li> <li>➤ Passing on price inflation in sales prices</li> <li>➤ Continuous focus on market changes (e.g. home office furniture)</li> </ul>	Significant: the risk could lead to significantly lower profitability and could impact Royal Ahrend's continuity
Create and market sustainable products & services	Not meeting ESG-related targets, which results in legal proceedings, fines and/or reputational damage, deteriorating Royal Ahrend's business and right of existence.	Strategic risk and financial risk and operational risk	<ul style="list-style-type: none"> <li>➤ Propagate a culture in which ESG has a prominent place; incorporate ESG in vision/mission/strategy</li> <li>➤ Implementation of Plan Do Check Act cycle. Clear, ambitious, realistic targets. Transparent reporting.</li> <li>➤ Incorporating ESG in day-to-day operational processes.</li> <li>➤ Deployment of experienced internal and external consultants, who monitor external requirements and society's expectations.</li> <li>➤ Regular internal and external audits</li> </ul>	Significant: the risk could lead to significantly lower profitability and could impact Royal Ahrend's continuity. If non-compliant, it may also result in fines from authorities.
Create and market sustainable products & services	Missing market opportunities due to the absence of a well-founded market insight and a focused approach based on different market's needs.	Operational risk	<ul style="list-style-type: none"> <li>➤ Improve market insights and use it for focusing product development on market segments.</li> <li>➤ New business initiatives</li> </ul>	Medium: the risk could result in lower profitability
Optimise the company	IT legacy systems do not support the strategic vision and do not facilitate proper business processes	Strategic risk and operational risk	<ul style="list-style-type: none"> <li>➤ IT Roadmap; integration of ERP-systems and future migration</li> <li>➤ Implement tools around the core (legacy) system</li> <li>➤ Improve change management IT process</li> </ul>	High: the risk could cause lower profitability due to less efficient processes and inability to grab opportunities
Optimise the company	Strategic alignment between market needs and supply chain capabilities not fully in sync	Strategic risk	<ul style="list-style-type: none"> <li>➤ Installation of Royal Ahrend leadership team to enhance collaboration</li> <li>➤ Focused product portfolio</li> </ul>	High: the risk could result in lower profitability
Optimise the company	Not the right workforce for realising Royal Ahrend's strategy	Strategic risk and operational risk	<ul style="list-style-type: none"> <li>➤ Performance management program</li> <li>➤ Workforce succession planning</li> <li>➤ Training programs</li> </ul>	Medium: the risk could reduce the effectiveness of the workforce and lower the employee attractiveness
Improve customer experience	Operational excellence not at the desired level (e.g. longer lead times, unreliable project planning)	Operational risk	<ul style="list-style-type: none"> <li>➤ Restructuring Logistics and Fulfilment activities</li> <li>➤ Improve performance management (e.g. KPIs) to support customer focused business processes</li> <li>➤ Reduce complexity of business processes</li> </ul>	High: the risk could harm the customer satisfaction, reputation and profitability.



Strategic objective	Key risk	Risk category and risk appetite	Main countermeasures (summary)	Impact
Transparent and complete financial reporting	Incomplete and/or incorrect financial reporting might lead to loss of confidence by stakeholders and legal proceedings.	Financial reporting risk	<ul style="list-style-type: none"> <li>› Segregation of duties and internal controls in the financial reporting process</li> <li>› Management of incentives</li> <li>› Implementation and training on integrity (code of conduct incl. whistleblowers policy)</li> <li>› Monthly analysis of results</li> <li>› Annual external audits</li> <li>› Supervisory Board function incl. audit committee</li> </ul>	Significant: the risk could lead to significantly lower profitability and could impact the Group's continuity.
Compliance with laws & regulations	Non-compliance with laws and regulations might lead to loss of confidence by stakeholders, legal proceedings and even shutdown of the company	Legal compliance risk	<ul style="list-style-type: none"> <li>› Installation of an internal legal function</li> <li>› Management of incentives</li> <li>› Implementation and training on integrity (code of conduct incl. whistleblowers policy)</li> <li>› Collaboration with external experts in the required field of legal competence</li> </ul>	Significant: the risk could lead to significantly lower profitability and could impact the Group's continuity.



TotalEnergies, Ahrend

## 05 Appendices



## The operating environment of Royal Ahrend

Royal Ahrend's operating environment is determined by several factors;

1. **The war on talent** will intensify and spark the need to create proper workspaces, where users can get the most out of their talents and feel inspired, healthy and content;
2. **Sustainability & scarcity of resources** are sparking customer requirements for approaches and business models based on circular economy thinking, e.g. paying for use of assets, such as office furniture, instead of owning them.
3. **Health, well-being and performance** will continue to gain importance and work hand in hand, sparking the need for vital offices: a residential feel, personal services (i.e. fitness, laundry), privacy & acoustics and individual optimisation of the workplace. Companies and institutions are changing more rapidly which will spark the need for agile and flexible workplaces that suit an agile and flexible workforce;
4. **Globalisation will continue** which will spark an increasing demand for international availability of comprehensive workplace solutions;
5. **Revitalisation replaces new construction** sparking the need for existing, currently unsuitable office spaces to be reimagined and revitalised;
6. The **Internet of Things** gains in importance, sparking the need for making assets more durable and resilient, while data and analytics transform the way in which they are used;
7. The **assessment** allows Royal Ahrend to identify value-creating topics within this broader operating environment.



Techo Hyll





Universiteit Twente ITC, Gispem

## Our reporting approach

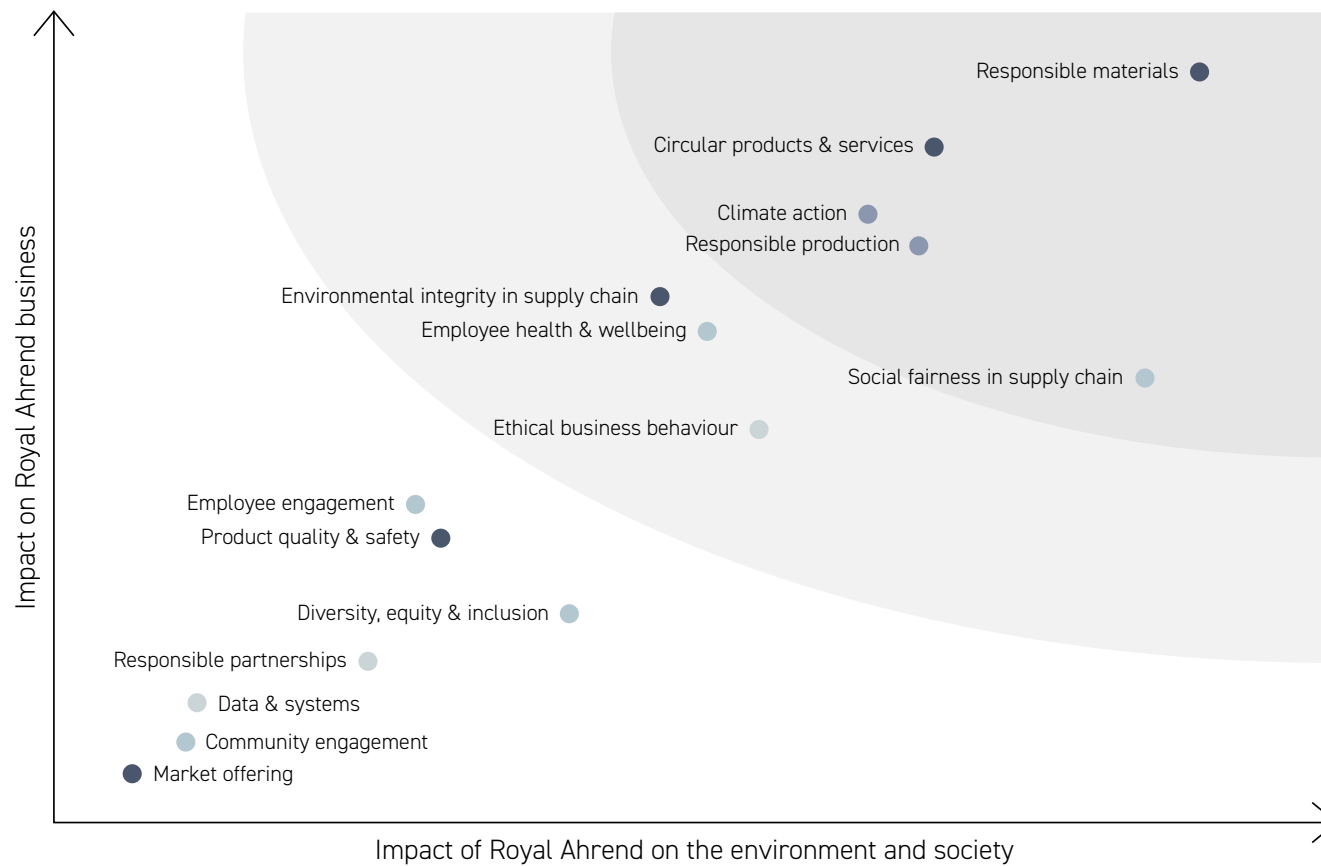
### Methodology

In 2023, we conducted a double materiality assessment based on the EU Corporate Sustainable Reporting Directive (CSRD). The double materiality assessment followed from interviews, workshops and dialogue sessions with internal and external stakeholders. We addressed environment, social and governance (ESG) topics impacting Royal Ahrend's business (e.g. operational, financial, technological) and the impact we have on the environment and society through our business operations.

Together with >40 stakeholders we determined the main impacts, risks and opportunities in relation to environment, social and governance. After scoring all topics, we drafted our materiality matrix in which the topics were prioritised. These topics were used to draft Royal Ahrend's 2030 Sustainability Strategy including metrics and goals.

The materiality matrix will be periodically updated in accordance with CSRD regulations and progress on our most material topics will be reported annually in our Integrated Report. Starting in 2025, all data will be evaluated by our accountant with at least limited assurance. The Integrated Report will be drafted in line with CSRD requirements from 2025 onwards.





# Financial results 2023

## Consolidated balance sheet as at 31 December 2023

### Assets

(after proposed appropriation of result)

<i>(in thousands of euros)</i>	31 December 2023	31 December 2022
<b>Fixed assets</b>		
Intangible fixed assets (1)	4.161	3.493
Tangible fixed assets (2)	32.749	28.126
Right of use assets (3)	24.887	13.070
Financial fixed assets (4)	16.718	17.037
	78.515	61.726
<b>Current assets</b>		
Inventories (5)	30.204	38.554
Current receivables (6)	61.785	72.275
Cash at bank (7)	18.857	8.648
	110.846	119.477
<b>Total assets</b>	<b>189.361</b>	<b>181.203</b>

### Group equity and liabilities

(after proposed appropriation of result)

<i>(in thousands of euros)</i>	31 December 2023	31 December 2022
<b>Group equity (8)</b>		
Equity	83.619	78.305
Minority interests	0	0
Group equity	83.619	78.305
<b>Provisions (9)</b>	3.944	3.944
<b>Long-term liabilities (10)</b>	21.502	7.549
<b>Current liabilities (11)</b>	80.296	91.405
<b>Total equity and liabilities</b>	<b>189.361</b>	<b>181.203</b>



## Consolidated profit and loss account for the year ended 31 December 2023

(in thousands of euros)

	2023	2022
<b>Net turnover (12)</b>	294.778	320.523
Change in inventories of finished goods and work in progress	(779)	(586)
<b>Total operating income</b>	293.999	319.937
Cost of raw materials and consumables (13)	(152.478)	(191.097)
Wages and salaries (14)	(62.660)	(63.465)
Social security charges (15)	(13.872)	(12.830)
Amortisation and depreciation respectively of intangible and tangible fixed assets (16)	(13.229)	(11.713)
Other operating expenses (17)	(41.736)	(37.507)
<b>Total operating expenses</b>	(283.975)	(316.612)
	10.024	3.325
Financial income and expense (19)	(2.058)	463
<b>Profit/(loss) before taxation</b>	7.966	3.788
Income taxes (20)	(1.523)	(3.590)
	6.443	198
Share in profit/(loss) of participating interests (4)	(448)	442
<b>Group net profit/(loss)</b>	5.995	640
Minority interests in result	0	0
<b>Profit/(loss) after taxation</b>	<b>5.995</b>	<b>640</b>

## Consolidated cash flow statement for the year ended 31 December 2023

(in thousands of euros)

	2023	2022
<b>Cash flow from operating activities</b>		
Operating profit/(loss)	10.024	3.325
<b>Adjustments for:</b>		
depreciation and amortisation (16)	13.229	11.713
movements in provisions (9)	0	(2.978)
other movements	(867)	(3.943)
<b>Changes in working capital:</b>		
(increase)/decrease in trade receivables (6)	5.156	(2.036)
(increase)/decrease in prepayments (6)	4.676	2.658
(increase)/decrease in inventories (5)	8.350	1.954
increase/(decrease) in trade payables (11)	(9.611)	(6.357)
increase/(decrease) in taxes (11)	341	1.083
increase/(decrease) in accruals (11)	2.627	(247)
	11.539	(2.945)
<b>Cash flow (used in) / generated from business operations</b>	<b>33.925</b>	<b>5.172</b>
Interest and similar income received (19)	0	1.457
Interest and similar expenses paid (19)	(1.331)	(785)
Income tax paid (4, 9, 20)	(1.559)	(1.238)
	(2.890)	(566)
<b>Cash flow (used in) / generated from operating activities</b>	<b>31.035</b>	<b>4.606</b>



## Consolidated cash flow statement for the year ended 31 December 2023

(in thousands of euros)

	2023	2022
<b>Cash flow from investing activities</b>		
Additions to intangible fixed assets (1)	(1.852)	(218)
Disposals of intangible fixed assets (1)	0	10
Additions to tangible fixed assets (2)	(9.807)	(11.875)
Disposals of tangible fixed assets (2)	141	11.290
<b>Cash flow (used in) / generated from investing activities</b>	<b>(11.518)</b>	<b>(793)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term liabilities and bank loans (10)	5.000	0
Repayment of long-term liabilities and bank loans (10)	(407)	(306)
Lease payments	(6.897)	(6.503)
Change debt to credit institutions	(7.004)	8.158
<b>Cash flow (used in) / generated from financing activities</b>	<b>(9.308)</b>	<b>1.349</b>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>10.209</b>	<b>5.162</b>

## Notes to the consolidated balance sheet

### Intangible fixed assets (1)

Movements in intangible fixed assets were as follows:

(in thousands of euros)

	Product development	Trademark	Software	Goodwill	Total
Balance at 1 January 2023					
Cost	209	3.120	7.813	22.270	22.270
Accumulated amortisation and impairments	(158)	(1.744)	(5.747)	(22.270)	(29.919)
Carrying amount at 1 January 2023	51	1.376	2.066	0	3.493
Exchange differences	(2)	0	1	0	(1)
Additions	1	0	0	0	1
Disposals   cost	0	0	0	0	0
Disposals   amortisation	0	0	0	0	0
Reclassification   cost	0	0	1.853	0	1.853
Reclassification   amortisation	0	0	(2)	0	(2)
Amortisation	(16)	(218)	(949)	0	(1.183)
<b>Carrying amount at 31 December 2023</b>	<b>34</b>	<b>1.158</b>	<b>2.969</b>	<b>0</b>	<b>4.161</b>
Balance at 31 December 2023					
Cost	199	3.120	9.616	22.270	35.205
Accumulated amortisation and impairments	(165)	(1.962)	(6.647)	(22.270)	(31.044)
<b>Carrying amount at 31 December 2023</b>	<b>34</b>	<b>1.158</b>	<b>2.969</b>	<b>0</b>	<b>4.161</b>

The reclassification in software relates to the completion and implementation of software solutions that have initially been classified as 'under construction' in tangible fixed assets. More than €1,0mIn of the new software solutions relate to software-as-a-service contracts, amongst others a new time registration system and further development of our commercial, supplier and product database.

At balance sheet date the presence of any indicators of assets being subject to impairments was analysed. No indicators for impairment were identified.



## Tangible fixed assets (2)

Movements in tangible fixed assets were as follows:

<i>(in thousands of euros)</i>	Land and buildings	Machinery and equipment	Other fixed operating assets	Under construction and prepayments	Not used in business operations	Total
Balance at 1 January 2023						
Cost	34.033	52.607	26.396	5.884	0	118.920
Accumulated depreciation and impairments	(25.672)	(48.255)	(16.867)	0	0	(90.794)
<b>Carrying amount at 1 January 2023</b>	<b>8.361</b>	<b>4.352</b>	<b>9.529</b>	<b>5.884</b>	<b>0</b>	<b>28.126</b>
Exchange differences	(119)	(85)	(48)	(81)	0	(333)
Additions	157	489	4.028	6.987	0	11.661
Disposals   cost	(125)	(733)	(1.089)	0	0	(1.947)
Disposals   depreciation	125	712	969	0	0	1.806
Depreciation	(840)	(1.243)	(3.057)	0	0	(5.140)
Reclassification	244	2.767	65	(4.930)	0	(1.854)
Other movements	0	5	426	( 1)	0	430
<b>Carrying amount at 31 December 2023</b>	<b>7.803</b>	<b>6.263</b>	<b>10.823</b>	<b>7.860</b>	<b>0</b>	<b>32.749</b>
Balance at 31 December 2023						
Cost	34.123	54.737	31.431	7.860	0	128.151
Accumulated depreciation and impairments	(26.320)	(48.474)	(20.608)	0	0	(95.402)
<b>Carrying amount at 31 December 2023</b>	<b>7.803</b>	<b>6.263</b>	<b>10.823</b>	<b>7.860</b>	<b>0</b>	<b>32.749</b>

The assets under construction ultimo 2023 are primarily related to the building of the new Wood Hub facility in Prague (€5,2mln of prepayments based on the contract terms) and the development of malls and other production line items for a newly developed chair.

The other fixed operating assets includes €7,7mln (2022: €6,2mln) of furniture assets leased to tenants with monthly rental payables. The lessor Circular Interiors BV remains the juridical owner of these leases (2:366 lid 2 BW). Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

## Leases (3)

This note provides information for leases where the group is a lessee in accordance with IFRS16.

*Amounts recognised in the balance sheet*

### Right of use assets

Movements in right of use assets were as follows:

<i>(in thousands of euros)</i>	Land and buildings	Machinery and equipment	Other	Total
Balance at 1 January 2023				
Cost	22.576	766	6.551	29.893
Accumulated depreciation and impairments	(13.086)	(386)	(3.351)	(16.823)
Carrying amount at 1 January 2023	9.490	380	3.200	13.070
New lease contracts	8.190	421	3.536	12.147
Ended lease contracts   cost	(4.694)	(125)	(1.877)	(6.696)
Ended lease contracts   depreciation	4.694	125	1.877	6.696
Remeasurements	6.732	(58)	(99)	6.575
Depreciation	(4.921)	(138)	(1.846)	(6.905)
<b>Carrying amount at 31 December 2023</b>	<b>19.491</b>	<b>605</b>	<b>4.791</b>	<b>24.887</b>
Balance at 31 December 2023				
Cost	32.804	1.004	8.111	41.919
Accumulated depreciation and impairments	(13.313)	(399)	(3.320)	(17.032)
<b>Carrying amount at 31 December 2023</b>	<b>19.491</b>	<b>605</b>	<b>4.791</b>	<b>24.887</b>

The new lease contracts mainly relate to new real estate contracts for the Wood Hub premises and new car leases.



## Lease liabilities

Movements in lease liabilities were as follows:

<i>(in thousands of euros)</i>	<b>2023</b>
Balance at 1 January	13.062
New lease contracts	12.146
Lease payments	(6.896)
Accrued interest	727
Remeasurements	6.575
<b>Balance at 31 December</b>	<b>25.614</b>
Current	7.867
Non-current	17.747
	<b>25.614</b>

Amounts recognised in the statement of profit and loss

<i>(in thousands of euros)</i>	<b>2023</b>	2022
Depreciation charge of right-of-use assets		
Land & Buildings	(4.921)	(4.071)
Machinery & Equipment	(138)	(189)
Other	(1.846)	(1.801)
Interest expense	(727)	(209)
	<b>(7.632)</b>	<b>(6.270)</b>

Next to the amounts shown in the table above the statement of profit and loss also includes the costs related to short-term leases and low-value leases. These leases are not capitalised on the balance sheet as the expedient is applied. The cash outflow for leases in 2023 was €6,7mIn (2022: €6,5mIn).

## Financial fixed assets (4)

Movements in financial fixed assets were as follows:

<i>(in thousands of euros)</i>	<b>Participating interest</b>	<b>Deferred tax asset</b>	<b>Total</b>
Carrying amount at 1 January 2023	812	16.225	17.037
Exchange differences	0	(15)	(15)
Additions	0	419	419
Reduction	0	(330)	(330)
Impact change future tax rates	0	55	55
Share in result of participating interests	(448)	0	(448)
<b>Carrying amount at 31 December 2023</b>	<b>364</b>	<b>16.354</b>	<b>16.718</b>



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## Participating interests

Among the participating interest the 33,3%-share in Ahrend Gulf FZCO is recognised. The share in result 2023 of this participating interest is €-448K.

## Deferred tax assets

The deferred tax assets consist of temporary differences, available forward loss relief and future tax losses. Deferred tax liabilities amounting to €2,0mln (2022: €3,4mln) are netted against deferred tax assets. These liabilities primarily relate to temporary differences caused by IFRS16.

The impact of change future tax rates is mainly related to the Czech tax jurisdiction. The deferred tax assets related to the Czech tax jurisdiction have been valued against a general future tax rate of 21,0% (2022: 19,0%).

The deferred tax assets consist of recognised operating losses and temporary differences. The amount of losses recognised for the fiscal unity in which Royal Ahrend is included in the Netherlands is €33,9mln ultimo 2023, which represents 29,0% of the available tax losses (2022: 29,1%). The amount of unrecognised losses for the Dutch fiscal unity is €83,0mln (2022: €82,3mln). The amount of losses recognised for countries outside the Netherlands is €0,5mln, whereas the amount of losses unrecognised is €165,4mln. The temporary differences included in the deferred tax assets are calculated based on the (future) tax rates at the time these differences will be realised.





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## Expiration unrecognised tax losses

Expiration schedule of unrecognised tax losses is as follows:

<i>(in thousands of euros)</i>	2023
Within one year	0
Within two to five years	1.079
After five years	0
No expiration date	247.337
<b>Carrying amount at 31 December 2023</b>	<b>248.416</b>

Royal Ahrend management recognises a deferred tax asset to the level that convincing evidence is available to sustain the valuation. This evidence is based on the budgeted and/or actual results of the financial years following balance sheet date and other events which are highly probable and relevant in this respect. The actions undertaken in 2023, including but not limited to the building of the Wood Hub facility in Prague, improved Royal Ahrend's estimated future profits.

The deferred tax asset is considered long-term.

## Inventories (5)

<i>(in thousands of euros)</i>	31-12-2023	31-12-2022
Raw materials and consumables	13.330	15.362
Work in progress	3.123	4.988
Finished products and goods for resale	13.291	17.468
Prepayments on stock	460	736
<b>Total</b>	<b>30.204</b>	<b>38.554</b>

Inventories are carried at the net realizable value. The value of the inventories is deducted by a provision amounting to €4.980K (2022: €5.809K). The carrying amount of inventories stated at net realizable value is €9,2mln (2022: €11,1mln).

## Current receivables (6)

<i>(in thousands of euros)</i>	31-12-2023	31-12-2022
Trade receivables	52.317	58.188
Receivables from related parties	64	57
Corporate income tax receivables	50	0
Other current assets	54	235
Other receivables and prepayments	9.300	13.795
<b>Total</b>	<b>61.785</b>	<b>72.275</b>

All receivables fall due within one year after balance sheet date. Receivables from related parties concern outstanding invoices for regular sales transactions. The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognised, where necessary. Trade receivables include a provision for doubtful debts of €752K (2022: €995K).



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## Cash at bank (7)

All cash is at the group's free disposal.

## Group equity (8)

Movements in equity were as follows:

<i>(in thousands of euros)</i>	Issued share capital	Share premium account	Other legal reserves	Other reserves	Undistributed result	Total
Balance at 1 January 2022	8.500	90.788	19	(23.703)	5.353	80.957
Exchange differences foreign subsidiaries	0	0	(308)	0	0	(308)
Movements through OCI	0	0	0	0	0	0
Shareholder contribution	0	0	0	0	0	0
Reclassification	0	0	439	(439)	0	0
Appropriation of results	0	0	0	5.353	(5.353)	0
PY Profit/(loss) - KABV	0	0	0	0	1.474	1.474
<b>Balance at 31 December 2022</b>	<b>8.500</b>	<b>90.788</b>	<b>150</b>	<b>(18.789)</b>	<b>1.474</b>	<b>82.123</b>
Exchange differences foreign subsidiaries	0	0	(681)	0	0	(681)
Movements through OCI	0	0	0	0	0	0
Reclassification	0	0	(450)	450	0	0
Appropriation of results	0	0	0	1.474	(1.474)	0
Profit/(loss) for the year	0	0	0	0	6.527	6.527
<b>Company balance at 31 December 2023</b>	<b>8.500</b>	<b>90.788</b>	<b>(981)</b>	<b>(16.865)</b>	<b>6.527</b>	<b>87.969</b>
PY Equity CI	0	0	0	(3.818)	0	(3.818)
Net result CI	0	0	0	0	152	152
Side stream elimination CI	0	0	0	0	(684)	(684)
<b>Consolidated balance at 31 December 2023</b>	<b>8.500</b>	<b>90.788</b>	<b>(981)</b>	<b>(20.683)</b>	<b>5.995</b>	<b>83.619</b>

On 3 July 2017 Circular Interiors BV (hereafter CI BV) was established. CI BV is – like Koninklijke Ahrend BV – a fully-owned group subsidiary of Stonehaven 2006 BV. The main activity of CI BV is acting as a lessor of operational leases of office furniture bought from companies within the Royal Ahrend group. The Board of Directors of Koninklijke Ahrend BV and CI BV is equal. As policy-making influence by the management of Koninklijke Ahrend BV is deemed to be present (RJ 217.202/205/206), CI BV is added to the scope of consolidation of Koninklijke Ahrend BV.

## Issued share capital

The total number of paid up shares is 17.001.113 (2022: 17.001.113).

The authorised capital amounts to €35.000.000 divided in 70 million ordinary shares of nominal €0,50. All issued shares are held by Stonehaven 2006 BV.

## Share premium account

The share premium account has not changed during 2023.

## Other legal reserves

The other legal reserves are recognised in connection with the following:

- › Currency translation reserve
- › Change in capitalised development costs of €-18K in 2023 (2022: €16K).
- › Undistributable reserve for the share in retained earnings from associate Ahrend Gulf amounting to €-432K in 2023 (2022: €423K).

<i>(in thousands of euros)</i>	Currency translation reserve	Capitalised development costs	Reserve for participations	Total
Carrying amount at 1 January 2023	(406)	51	505	150
Utilisation	(681)	(18)	(432)	(1.131)
<b>Carrying amount at 31 December 2023</b>	<b>(1.087)</b>	<b>33</b>	<b>73</b>	<b>(981)</b>

## Other reserves

The prior year profit is added to the other reserves.

## Proposed appropriation of result

The result is appropriated in accordance with article 4.1.1 of the Articles of Association, which states that the Board of Directors shall determine, with the approval of the Supervisory Board, the portion of the result to be added to the reserves.

## Provisions (9)

<i>(in thousands of euros)</i>	31-12-2023	31-12-2022
Pension provision	0	0
Provision for deferred taxation	270	176
Restructuring provision	0	100
Other provisions	3.674	3.668
<b>Total</b>	<b>3.944</b>	<b>3.944</b>



Regarding pensions, the Dutch group companies are only required to pay premiums. There is no obligation to make additional payments.

The provision for deferred taxation mainly concerns temporary differences regarding (in-)tangible fixed assets. The deferred tax liability is considered long-term.

The restructuring provision at year-end 2022 was mainly related to the closing of the Outlet store in Delft in 2023. The closing of the Outlet store was completed in 2023.

The other provisions include jubilee, warranty and environmental provisions.

## Long-term liabilities (10)

<i>(in thousands of euros)</i>	31-12-2023	31-12-2022
Lease liabilities	17.747	7.549
Bank loan	3.755	0
<b>Total</b>	<b>21.502</b>	<b>7.549</b>

### Lease liabilities

The non-current lease liabilities are disclosed in note 3 'Leases'.

### Bank loan

For the financing of the Wood Hub facility the Group engages in additional financing in the form of a bank loan (original nominal amount of €5.000K) with CSOB in the Czech Republic. The bank loan was drawn in full on 27th of July 2023 and will be repaid in equal quarterly installments over over a six-year term, refer to the note on "Liabilities to credit institutions". Ultimo 2023 the amount payable within one year is classified as part of current liabilities, refer to note 11. The total amount outstanding ultimo 2023 is equal to €4,6mln.

## Current liabilities (11)

<i>(in thousands of euros)</i>	31-12-2023	31-12-2022
Short term part of lease liabilities	7.866	5.513
Short term repayments on long-term loan	838	0
Liabilities to credit institutions	2.000	9.000
Prepayments received on orders	4.219	4.927
Trade creditors/suppliers	33.474	43.118
Payables to related parties	34	0
Corporate income tax payable	0	150
Other taxes and social security charges	10.690	10.151
Pension-related liabilities	1.055	1.053
Other liabilities	20.120	17.493
<b>Total</b>	<b>80.296</b>	<b>91.405</b>

All current liabilities fall due within one year after balance sheet date. The fair value approximates the carrying amount.

### Lease liabilities

The current lease liabilities are disclosed in note 3 'Leases'.

## Liabilities to credit institutions

Per 20 March 2023 Royal Ahrend renewed its facilities with KBC-bank. Royal Ahrend, a number of group companies and CI BV are jointly and severally liable for the facility. Ultimo 2023 the facility is €43,5mln consisting of: 1) overdraft credit facility of €29,0mln, 2) contingent liability facility of €2,0mln and 3) overdraft credit facility of €12,5mln for CI BV specifically. The interest rate is a floating rate plus a variable margin depending on the quarterly EBITDA. The interest rate varies per currency account (EUR, CZK, USD, GBP). The bandwidth of the actual interest rate excluding margin was 0,0% - 8,1%, depending on the currency account. The final maturity date for the facilities is 31 March 2028. Ultimo 2023, the credit facility was used for the funding of Circular Interiors' lease asset portfolio, for an amount of €2,0mln. The contingent liability facility was used for an amount of €1,0mln, in the form of outstanding bank guarantees to customers.

The company provided the following security for the credit facility granted by the bank:

- › Pledge on all stocks of the Dutch group companies, Ahrend NV (Belgium) and Ahrend a.s. (Czech Republic)
- › Pledge on all business equipment of the Dutch group companies, Ahrend NV (Belgium) and Ahrend a.s. (Czech Republic)
- › Pledge on all receivables of the Dutch group companies, Ahrend NV (Belgium) and Ahrend a.s. (Czech Republic)
- › Pledge on all bank balances/accounts of the Dutch group companies, Ahrend NV (Belgium) and Ahrend a.s. (Czech Republic)
- › Pledge on all intercompany receivables of the Dutch group companies, Ahrend NV (Belgium) and Ahrend a.s. (Czech Republic) against all members of the Group
- › Pledge on all intellectual property rights of the Dutch group companies.
- › The mandate to the first ranking floating charge (pand handelszaak) on all Belgian members of the group will be converted in a first ranking pledge on business equipment (pand op ondernemingsgoederen).
- › First ranking mortgage on the properties located in Sint-Oedenrode (Ahrend) and Culemborg (Gispén).

Gemeente Tilburg, Gispén





The covenant with the bank contains the following requirements:

- › If the solvency ratio will drop below 25%, the credit facilities are due on demand. At 44,2% the current solvency ratio meets this minimum limit. During the year no breach was reported.
- › If the leverage ratio will drop below 3,5 per the 31st of December of any year, the credit facilities are due on demand. At -0,6 the current leverage ratio meets this minimum limit.

Besides the above-mentioned securities provided to KBC bank a mandate to the first ranking floating charge (pand handelszaak) of €660K on Ahrend NV (Belgium) is present to cover bank guarantees issued by BNP Paribas in the past. The actual amount of outstanding guarantees at BNP Paribas is €156K ultimo 2023.

The new facility is expected to be sufficient to fund daily operations and planned projects.

For the financing of the Wood Hub facility the Group engages in additional financing in the form of a bank loan (original nominal amount of €5,0mln) with CSOB in the Czech Republic. The bank loan was drawn in full on 27th of July 2023 and will be repaid in equal quarterly installments. Maturity date is 31st of May 2029. The interest rate is a floating rate plus a fixed margin. The interest rate risk is hedged via an interest rate swap with a cap at 3,48%. The bandwidth of the actual interest rate excluding margin and not considering the hedge was 3,5% - 3,9%.

The company provided the following security for the loan provided by the bank:

- › Pledge on substantially all receivables of Ahrend a.s. (Czech Republic)
- › Pledge on all stock of Ahrend a.s. (Czech Republic)

The covenant with the bank contains the same requirements as the credit facility.

The securities serving the credit facility with KBC also serve the bank loan with CSOB and the securities serving the bank loan with CSOB also serve the credit facility with KBC.

Initially a sale and lease back transaction for the machinery in the Wood Hub, worth €8,7mln, had been agreed upon with CSOB. Given strategic and cashflow developments, Royal Ahrend has decided not to proceed with the financial lease.

## Other liabilities

Other liabilities can be broken down as follows:

<i>(in thousands of euros)</i>	31-12-2023	31-12-2022
Invoices to be paid	5.372	4.627
Employee bonuses	4.850	2.951
Holiday allowance	3.083	3.401
Customer bonuses	594	675
Deferred revenues	1.893	1.748
Other costs payable	4.328	4.091
<b>Total</b>	<b>20.120</b>	<b>17.493</b>

## Related parties

Transactions between related parties are effected at arm's length conditions. There are no specific related parties' transactions to report.

## Notes to the consolidated profit and loss account

### Net turnover (12)

#### Business sectors

The breakdown of net turnover by category is as follows:

<i>(in thousands of euros)</i>	2023	2022
Goods	265.784	282.483
Services	26.002	35.803
Other	2.992	2.237
<b>Total</b>	<b>294.778</b>	<b>320.523</b>

### Geographical areas

<i>(in thousands of euros)</i>	2023				
	The Netherlands	Czech Republic	Romania	Other	Total
Net turnover	162.103	31.417	20.388	80.870	294.778

<i>(in thousands of euros)</i>	2022				
	The Netherlands	Czech Republic	Romania	Other	Total
Net turnover	163.118	32.765	26.526	98.114	320.523

The reported net turnover divided to geographical area is based on the country of residence of the customer (RJ 350.208). All countries with a net turnover of at least 10% of the consolidated net turnover are included in the overview (RJ 350.203). The amount other region of €80.870K is mainly related to other European countries (€66.915K).

### Cost of raw materials and consumables (13)

<i>(in thousands of euros)</i>	2023	2022
Costs of raw materials and consumables	(103.354)	(127.276)
Costs of merchandise sold	(39.025)	(51.773)
Installation costs	(10.077)	(11.598)
Exceptional costs (refer to note 18)	(22)	(450)
<b>Total</b>	<b>(152.478)</b>	<b>(191.097)</b>

### Wages and salaries (14)

<i>(in thousands of euros)</i>	2023	2022
Wages and salaries own personnel	(53.442)	(50.736)
Wages and salaries temporary personnel	(7.880)	(11.247)
Wages and salaries exceptional costs (refer to note 18)	(1.338)	(1.482)
<b>Total</b>	<b>(62.660)</b>	<b>(63.465)</b>

### Social security charges (15)

<i>(in thousands of euros)</i>	2023	2022
Pension charges	(4.432)	(4.123)
Other social security charges	(9.297)	(8.707)
Social security charges exceptional casts (#18)	(143)	0
<b>Total</b>	<b>(13.872)</b>	<b>(12.830)</b>



## Workforce

The average number of staff (in FTEs) employed by the group in 2023, including temporary staff, was 1.264 (2022: 1.354), specified by segments as follows:

<i>(average number of FTE)</i>	2023	2022
Sales	339	356
Operations	729	805
Back-office	196	193
<b>Total</b>	<b>1.264</b>	<b>1.354</b>

The total FTE decreased by -90 of which due to a decline of fixed FTEs by -23 and of temporary personnel by -67 FTE. This decline in workforce is mainly related to operations in the Netherlands, the Czech Republic and Russia. The average number of staff (in FTEs) employed by Ahrend Gulf in 2023 was 11,7 (2022: 11,6). These employees are stationed in the United Arab Emirates.

## Amortisation and depreciation of intangible and tangible fixed assets (16)

<i>(in thousands of euros)</i>	2023	2022
Other intangible fixed assets	(1.183)	(1.062)
Tangible fixed assets	(5.140)	(4.590)
Right of use assets	(6.905)	(6.061)
<b>Total</b>	<b>(13.229)</b>	<b>(11.713)</b>

## Other operating expenses (17)

<i>(in thousands of euros)</i>	2023	2022
Other personnel costs	(2.770)	(2.474)
Car and travel expenses	(3.234)	(2.793)
Transportation and installation costs	(14.528)	(18.296)
Housing costs	(5.863)	(4.722)
Production costs	(2.813)	(2.972)
Office costs	(1.087)	(1.124)
EDP costs	(4.390)	(3.852)
Marketing and advertising costs	(1.609)	(1.530)
Other operating expenses	(4.554)	(3.122)
Book profit tangible fixed assets	0	3.662
Exceptional costs (refer to note 18)	(888)	(284)
<b>Total</b>	<b>(41.736)</b>	<b>(37.507)</b>

Research and development costs amount to €1.997K (2022: €1.575K), of which €16K (2022: €13K) in amortization of capitalised development costs is recognised under Depreciation and amortization. Research and development costs not capitalised are recognised under Other operating expenses.

## Exceptional costs (18)

<i>(in thousands of euros)</i>	2023	2022
Stock remediation   cost of raw materials and consumables	(22)	(450)
Severance payments   wages and salaries	(1.338)	(1.482)
Severance payments   social charges	(143)	0
Various exceptionals   other operational costs	(888)	(284)
<b>Total</b>	<b>(2.391)</b>	<b>(2.216)</b>

In 2023 exceptional costs amounting to €-2.391K were recorded. More than half of these costs are related to severance payments. Within the various costs category are included costs incurred during the implementation phase of the brand new Wood Hub, such as auxiliary materials, power consumption, insurance, consultancy fees and the like. Also included are costs related to merging the activities of Ahrend Ltd with Ahrend UK Ltd. Furthermore, following the closing of the Russian branch, the Group incurred losses on intercompany debt positions. All three developments will lead to permanent savings on wages and operational expenses.

## Financial income and expense (19)

<i>(in thousands of euros)</i>	2023	2022
Interest income and similar income	0	672
Interest expense and similar charges	(1.331)	0
Interest on leases	(727)	(209)
<b>Total financial income and expense</b>	<b>(2.058)</b>	<b>463</b>

In 2023 currency translation differences of €+45K (2022: €+1.457K) were included in the profit and loss.

## Income taxes (20)

The tax charge on the profit or loss in the consolidated profit and loss account can be broken down as follows.

<i>(in thousands of euros)</i>	2023	2022
Result before tax	7.966	3.788
Corporate income tax	(1.562)	(1.222)
Deferred corporate income tax	39	(2.368)
<b>Total tax credit/charge</b>	<b>(1.523)</b>	<b>(3.590)</b>

Applicable tax rate home-market NL	25,8%	25,8%
Applicable tax rate foreign countries	24%	22%
Effective tax rate	19,1%	94,8%

The applicable tax rate in the home-market the Netherlands is 25,8% (2022: 25,8%). The applicable tax rate in the foreign countries is 24% (2022: 22%) and is based on the proportion of the contribution to the result by the group entities and the tax rate applicable in the respective countries. The change of applicable tax rate foreign countries is mainly caused by reported losses in several countries in 2022 and 2023 which impacts the proportional tax contribution. The tax rate did not change in most countries. For the Dutch fiscal unity the total amount of available deductible losses per end of 2023 is equal to €116,8mln (2022: €116,2mln based on submitted CIT return). For countries outside the Netherlands the total amount of available deductible losses per end of 2023 is equal to €164,9mln.

The effective tax rate deviates from the applicable tax rate as a result of differences between commercial (accounting) profit and taxable profit and can arise as a result of, amongst others, timing of provisions, differences in depreciation periods of company buildings and recognition of deferred tax assets related to net operating losses.



Techo Hyll, Fount, WF25, Ahrend Well



## Events after the balance sheet date for the consolidated financial statements

No significant events after balance sheet date occurred.

## Arrangements and commitments not shown in the balance sheet

### Legal claims

At balance sheet date no material claims exist.

### Other commitments not shown in the balance sheet

Ahrend signed a contract with the supplier of the new Wood Hub machinery in Prague amounting to €8,7mln in 2021. By the end of 2023 prepayments of €5,2mln were made based on the contract terms. The remaining €3,5mln is expected to be paid in the first half year of 2024. At the same time, due to significant delays in the installation process on the part of the supplier, Ahrend has a contractual right to claim compensation of maximum €414K upon completion of the installation.

The group has the obligation to hire employees with a disability from Scalabor for its plant in Arnhem until 1 June, 2025. This commitment has a value of €371K ultimo 2023. End of May 2024 Scalabor and Presikhaaf agreed on a further extension of the collaboration till 31 May 2032.

At 31 December 2023, the group has bank guarantees outstanding with KBC related to normal trading activities for a total amount of €972K (2022: €1.466K). Securities provided to BNP Paribas Fortis, relating to the first ranking floating charge (pand handelszaak), amount to €660K at 31 December 2023 (2022: €660K).

In addition to the lease obligations recognised on balance sheet, Ahrend committed to the leasing of space and cars, for which commencement dates are in 2024 or beyond. The total value of these off-balance sheet commitments per 31 December 2023 is €979K.



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## Note to the financial results

The financial results are derived from the Dutch GAAP statutory Financial Statements 2023 of Koninklijke Ahrend BV. These financial statements are filed at the Dutch Chamber of Commerce.

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