

Annual & Sustainability Report

2024

Pioneering
Positive
Impact



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Alfa Laval is a world-leading, global provider of first-rate products in the areas of heat transfer, separation and fluid handling. With these as its base, Alfa Laval aims to help enhance the productivity and competitiveness of its customers in various industries throughout the world. We understand their challenges and deliver sustainable products and solutions that meet their requirements – mainly in energy, food and the marine industry.

World-leading in three key technologies



Heat transfer
Compact heat exchangers that recycle heat, optimize customers' energy consumption, cut costs and reduce negative environmental impact.



Separation
Separators, decanter centrifuges, filters, strainers and membranes that separate liquids from other liquids and solid particles from liquids or gases.



Fluid handling
Pumps, valves, tank cleaning equipment and installation material for industries with stringent hygiene requirements as well as pumping systems specifically for the marine industry and the offshore market.



Three business divisions with customer needs front and centre



Food & Water Division
The Food & Water Division works with products and systems for food and water applications, for example in industries such as food, pharmaceuticals, biotech, brewing, dairy and water treatment.



Energy Division
The Energy Division focuses on solutions to promote greater energy efficiency, in both financial and environmental terms. Customers include companies operating in data centres, renewable energy, heating, ventilation and refrigeration, oil and gas extraction, refining, petrochemicals and power generation.



Marine Division
The Marine Division specializes in solutions for shipping customers, including shipping companies, shipyards, engine manufacturers and companies involved in offshore oil and gas exploration.

22,323

Alfa Laval's employees are the company's most important resource. Creating a secure, inspiring work environment is therefore a top priority, as is forming a culture that can both attract and retain talent and allow people to thrive.





As we entered 2024, we anticipated some headwinds in the market. We knew the HVAC application would be weak due to exceptional low demand for heat pumps and a slow construction market in general. In addition, both the biofuel segment and cargo pumping had strong order bookings in 2023, which was not expected to repeat in 2024.

As we summarize the year, it turned out very different. Order intake and invoicing reached new record levels. The organic growth was exceptionally strong in the Marine Division with 39 percent, while the Energy Division and Food & Water Division compensated specific market weaknesses with solid growth in all other product areas. The group order intake amounted to 75 BSEK, a growth of 4 BSEK compared to 2023.

The growth is partially supported by good market conditions, but also a result of a growth strategy that has guided Alfa Laval during the last eight years. Over the last 5 years, the company has grown orders with 9 percent per year in average, driven by some important focus areas.

First, the service business has grown at 16 percent per year, supported by a strong investment program. Many service centers, especially in Turkey, Singapore, and the U.S. have been expanded and modernized. The recruiting and training of the service team has been strengthened, and the global team has increased by around 25 percent in the five-year period. New equipment sold with service agreements is increasing as planned together with remote monitoring. It is our service team that ensures that the efficiency benefits of our solutions are yielding the benefits our customers expects decades after the equipment has been commissioned.

Second, the high pace of technology investments and new product launches remained the core aspect of our “Transition Leader” strategy. Across the three divisions new technology supporting the decarbonization of the global industrial systems accounted for approximately 10 BSEK, or 13 percent of the group’s order intake. Despite concerns about the pace of the energy transition, the growth in sustainable solutions is faster than ever. In the Energy Division specifically in applications for clean tech, such as carbon capture and green chemicals, grew with 40 percent in 2024. From a technology perspective it was a significant year with important product launches related to ammonia fuel conditioning for marine engines and new semi-welded heat exchangers also suitable for ammonia.

Third, the investment in our digital capabilities is supporting the growth both now and in the future. The acquisition of StormGeo has been successful and the business unit continues to grow in line with plans. Today, around 7,000 vessels are supported by StormGeo’s software and digital services on a daily basis. The technical team at StormGeo is supporting the connectivity solutions for all Alfa Laval equipment onboard ships. Our global service operations are now supported by remote diagnostics tools and remote service capabilities. Last year more than 10,000 remote service hours were invoiced. A central taskforce for AI implementation was established in 2024. The team works with prioritizing use cases in the group such as product configurators, thermal image analysis, and productivity enhancement in general.

Fourth, the growth was supported by a long-term capex program, in 2024 amounting to 3.3 BSEK. The production platform is now well geared towards further growth towards 2030 in almost all product areas. In 2024 a special focus has been on the global parts distribution system, which had outgrown our capacity related to the service and channel partner business. New distribution centers were under construction in both Lund, Sweden and in Indianapolis, USA.

“At Alfa Laval we have the view that when you develop and sell sustainability solutions, you have to start in your own back yard.”

Alfa Laval has doubled in size over the last eight years. Scaling a large and diverse global company is not only about production capacity and number of employees. In 2024 an important project was initiated to review the reach of the Alfa Laval brand, the efficiency of parts of our systems and operating model and assess the merits and opportunities of parts of the product portfolio. With growth comes an occasional need to streamline the way we operate. In 2025 that work will be important.

At Alfa Laval we have the view that when you develop and sell sustainability solutions, you have to start in your own back yard. In 2024 the progress and results were rewarding. The safety at work program continued to lower the accident frequency, and the so-called LTIFR reached the target level of 1.8 for the group. Both water and energy consumption continue to improve well in line with our targets. In fact, the net zero target for CO₂ emissions in Scope 1-2, which had been set for 2030, was accelerated with a new target date of 2027. We know how to get there, so why wait?

Our main ambition in 2024, and in every year, is to make the company stronger. In that regard we feel well positioned for 2025. Our team of more than 22,000 employees is stronger than ever before. Our market positions strengthened in almost all areas as did our

market share. Our global channel partner network has grown and added capabilities. With few exceptions, our end-markets are expected to grow despite the never-ending geopolitical turbulence. Finally, after a record operating cashflow amounting to 12 BSEK we enter 2025 with a strong balance sheet and a broad set of options for how to invest in further growth.

As we close 2024 I want to thank all our diverse channel- and technology partners for a great collaboration, our customers for your trust in Alfa Laval and the employees for their dedication to always pioneer positive impact.

Lund, February 2025

Tom Erixon
President & CEO

2024 in brief

Amounts in SEK million unless otherwise stated	+/- % ⁶⁾	2024	2023	2022	2021	2020
Order intake	5%	74,592	70,742	58,645	45,718	39,833
Net sales	5%	66,954	63,598	52,135	40,911	41,468
Adjusted EBITDA ¹⁾	8%	12,853	11,780	9,678	8,305	8,365
Adjusted EBITA ²⁾	8%	11,089	10,221	8,229	7,114	7,231
Adjusted EBITA ²⁾ , %		16.6	16.1	15.8	17.4	17.4
Result after financial items	16%	9,996	8,650	6,179	6,142	4,977
Return on capital employed, %		23.2	21.0	17.3	20.0	19.1
Return on shareholders' equity, %		18.8	17.6	13.5	15.8	12.7
Earnings per share, SEK	17%	17.88	15.31	10.89	11.38	8.47
Dividend per share, SEK		8.50 ³⁾	7.50	6.00	6.00	5.50
Free cash flow per share, SEK ⁴⁾		21.60	16.50	3.52	9.71	15.76
Solidity, %		47.6	45.4	43.9	50.3	47.8
Net debt to EBITDA, times		0.43	0.85	1.47	0.87	0.48
Number of employees ⁵⁾	4%	22,323	21,321	20,300	17,883	16,882

¹⁾ Adjusted EBITDA – Operating income before depreciation and amortization of step-up values, adjusted for items affecting comparability.

²⁾ Adjusted EBITA – Operating income before amortization of step-up values, adjusted for items affecting comparability.

³⁾ Board proposal to the Annual General Meeting.

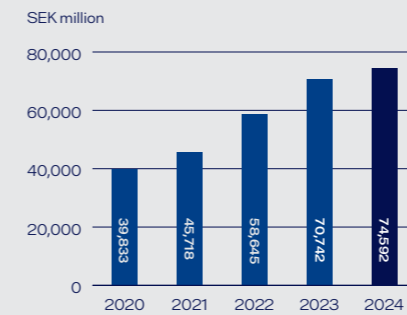
⁴⁾ Free cash flow is the sum of cash flow from operating and investing activities.

⁵⁾ Number of employees at year-end.

⁶⁾ Percentage change between 2023 and 2024.

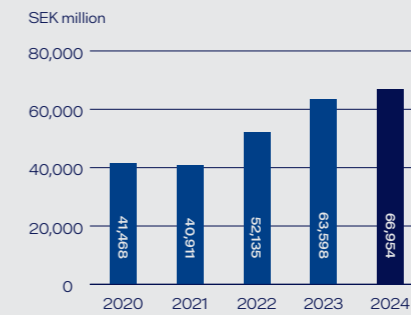
SEK 74,592 m

Order intake
Order intake amounted to SEK 74,592 million in 2024, a growth of 5 percent to 2023. Organic order intake grew 7 percent.



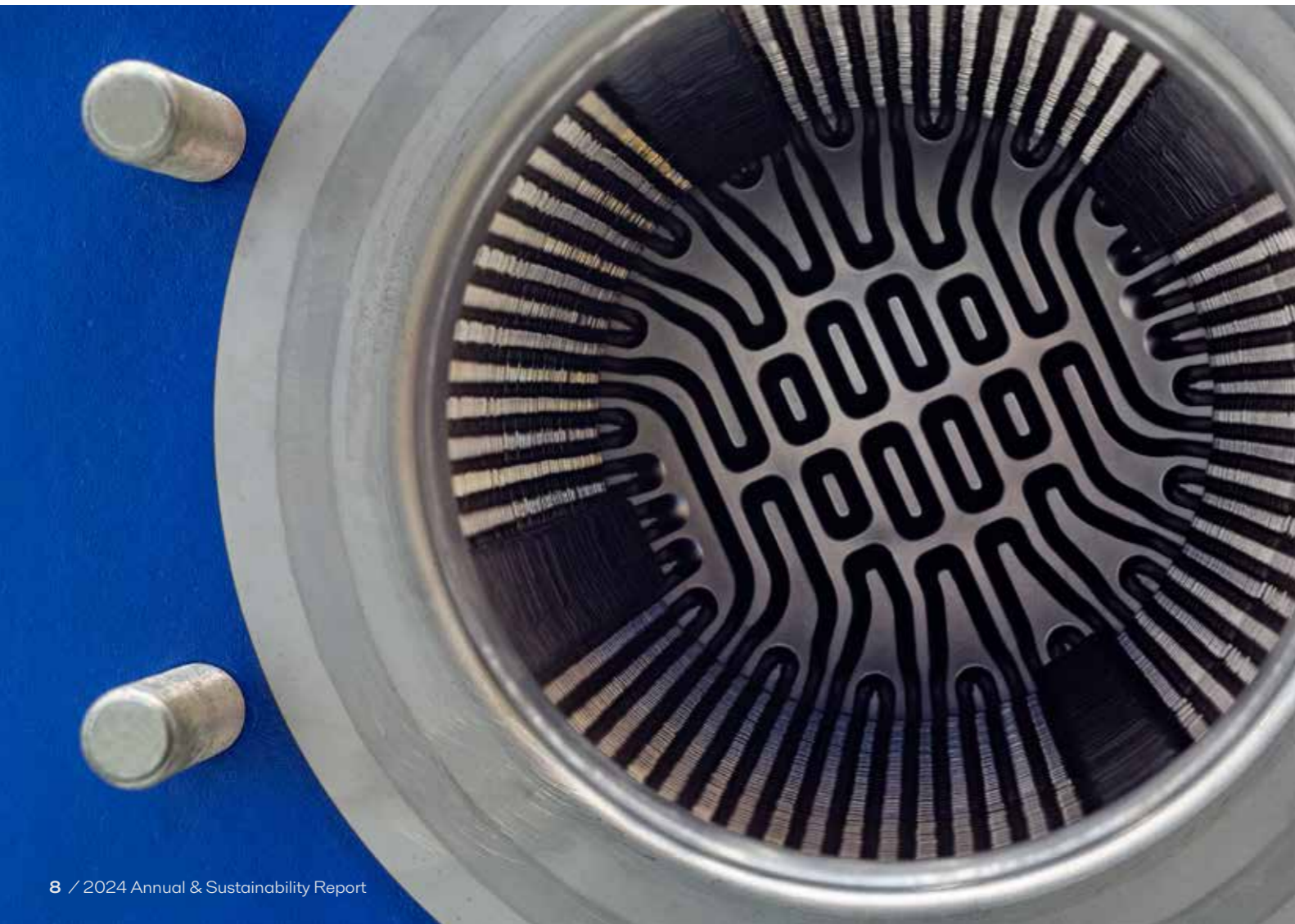
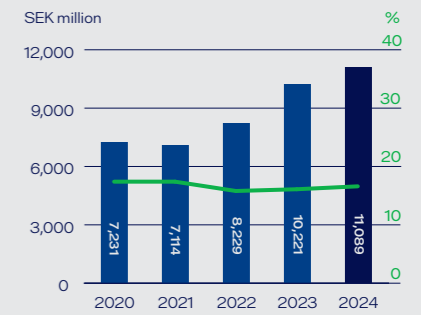
SEK 66,954 m

Sales
Net sales amounted to SEK 66,954 million in 2024, a growth of 5 percent to 2023. Organic sales growth was 6 percent.



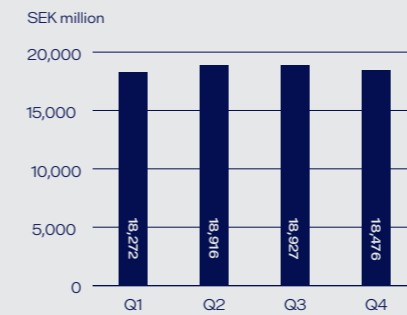
SEK 11,089 m

Adjusted EBITA
Adjusted EBITA amounted to SEK 11,089 million in 2024, a growth of 8 percent to 2023. The adjusted EBITA margin was 16.6 percent.

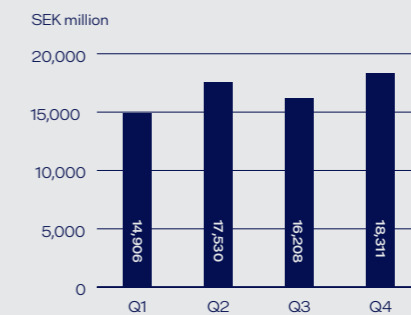


Development per quarter

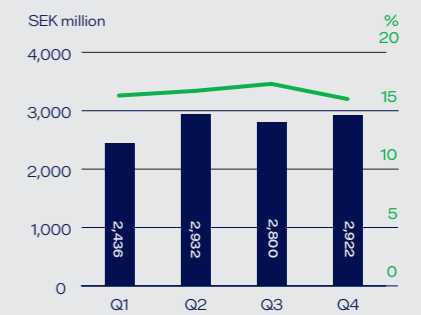
Order intake



Sales



Adjusted EBITA



Goals and outcomes

Financial targets

Alfa Laval aims to realize its purpose, while at the same time meet its financial targets established with regard to growth, profitability and capital utilization. By achieving or exceeding these targets, Alfa Laval creates the necessary scope for its continued favourable development as well as generating increased value for its shareholders in the form of an annual dividend and by maximizing the value of the company.

Financial benchmarks

In addition to its financial targets, Alfa Laval also has a number of financial benchmarks reflecting the company's ambitions with respect to the net debt / EBITA ratio and cashflow from operating activities. Further information on the financial benchmarks can be found on page 109.

Growth

Alfa Laval's goal is to achieve average annual sales growth of at least 5 percent measured over a business cycle. The target was set in light of the longer-term demand trends for Alfa Laval's key technologies, the prevailing business scenario and against the backdrop of Alfa Laval's achievements in recent years.



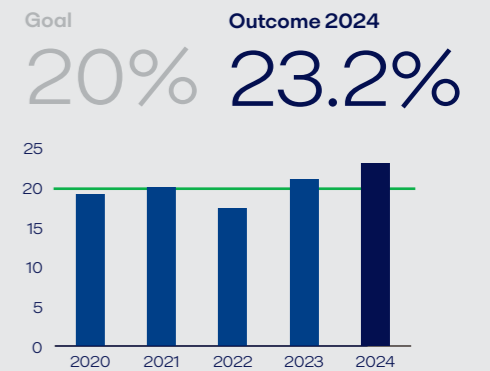
Profitability

Alfa Laval is to achieve an operating margin – adjusted EBITA – of 15 percent measured over a business cycle. This target was established based on the company's ambitions for growth, investments and portfolio development, while also taking historical margins into consideration.



Capital utilization

The goal is to have a return on capital employed of at least 20 percent. The target reflects the company's ambition to optimize the capital utilization by balancing investments and operating working capital.



Sustainability targets

Alfa Laval's environmental and social targets aim to drive efficiency and behavioural change to achieve better results in the long term. The table on the next page contains the company's sustainability targets. More details and information about the progress are presented on pages 26-57.

Area	Targets	Target Year	Trend
Carbon emissions	60% reduction Scope 1 & 2 emissions (base year 2020)	2025	●
Carbon emissions	95% reduction Scope 1 & 2 emissions (base year 2020)	2027	●
Carbon emissions	50% reduction Scope 3 emission (base year 2020)	2030	●
Energy	5% annual improvement in energy efficiency (MWh/k direct hours)	Recurring	●
Water	5% annual reduction of water withdrawal at sites in water-stressed areas	Recurring	●
Water	100% recirculation of water at sites located in water-stressed areas	2030	●
Waste	85% recycling of waste	Recurring	●
Waste	Zero waste to landfill	2030	●
Materials	30% recycled material content in products	2030	●
Diversity	35% female employees	2025	●
Diversity	25% female managers	2025	●
Diversity	<70% homogeneity (gender/nationality) in top management	2025	●
Health & Safety	<1.5 Lost Time Injury Frequency Rate (LTIFR)	2025	●
Chemicals	No unauthorized chemicals used	Recurring	●
Ethics	100% of white-collar employees trained in Anti-Bribery and Anti-Corruption	Recurring	●

● Well aligned with target ● Progress made towards target ● Not aligned with target

Our purpose ...

Our purpose of pioneering positive impact serves as the motivational force in our daily activities to deliver outstanding customer service, technology leadership and an inspiring and embracing workplace.

... and how we create value

The resources we employ...

Business	1,656	R&D investments, SEKm
	3,336	Capex investments, SEKm
	+30	Manufacturing sites
	> 4,200	Patents
	> 600	Distributors
Human	>100	Present in number of countries
	22,323	Employees
Natural	306,108	Energy consumption, MWh
	693,548	Water consumption, m ³

How we apply them...

Strategic priorities
Sustainability and digitalization reinforces our key strategic areas:
People / Customers / Technology / Service

Technology leadership
Growing number of applications based on our three core technologies
Separation / Heat transfer / Fluid handling

Three divisions – global presence
Three industry based divisions served by a common sales and service organization
Food & Water / Energy / Marine

We apply our resources to develop and broaden application of our three leadership technologies heat transfer, fluid handling and separation and take them to market through our three industry based divisions Food & Water, Energy and Marine and a large network of distributors.

Our operational focus addresses macro trends while leveraging our technology leadership and global market presence through the prioritized areas of products, services, customers, sustainability and digitalization.

Based on our Business Principles...

Alfa Laval's four Business Principles describe the way we must act within society whilst achieving our business goals.



Caring
We care about every individual's rights and opportunities including their safety and well-being.

Committed
We are committed to ethical conduct within our organization and in all external business relationships. Honesty, integrity and respect for others are values that we live and work by.

Transparency
We engage in open dialogue with all our stakeholders to develop business relationships built on trust.

Planet
We are in a unique position as our products make a significant contribution to reducing the environmental impact of industrial processes. We also have a responsibility to continuously reduce the environmental impact in all areas of our value chain.

To create stakeholder value.

- Customers**
 - Energy savings.
 - Lower total cost of ownership.
 - Increased productivity.
 - High level of innovation.
- Investors**
 - Financial targets:
 - Growth of 5%
 - Adjusted EBITA-margin of 15%
 - Return on capital employed of 20%
- Employees**
 - Opportunities to learn and develop in the Alfa Laval Group.
 - An organization that promotes respect, diversity and is free from discrimination.
 - Alfa Laval strives to be a workplace that is free from accidents and work-related illness.
- Suppliers & partners**
 - A reliable and ethical partner.
 - On-time deliveries.
 - Broad market access.
 - A global supply chain with strong local presence.
- Society**
 - Alfa Laval has a target for 2027 to reduce Scope 1 and 2 carbon emissions by 95 percent compared to base year 2020.
 - Alfa Laval has a target for 2030 to reduce Scope 3 emissions by 50 percent compared to base year 2020.
 - Recycling of 100% of the water used in sites located in water-scarce regions by 2030.



Alfa Laval as the Transition Leader

In 2023, Alfa Laval articulated a 2030 strategic direction for the company and called it “the Transition Leader.”

Pioneering Positive Impact

The world faces some big challenges. There’s rising demand for energy, clean water, sustainable food and decarbonized marine transportation. Meeting these challenges will require significant change – and Alfa Laval is uniquely positioned to help.

Our corporate journey began more than 140 years ago. Ever since we have challenged conventional thinking on quality, efficiency and innovation. Alfa Laval products and solutions can enable us, our customers and societies to meet sustainability goals, boost circular business and develop sustainable value chains.

The Transition Leader role

With our global view and experience we are uniquely positioned to take the role as the transition leader. That comes with great responsibility.

We focus on what matters most: our people, our customers, our partners, our services and the impact they have. We can help reduce emissions and secure energy efficiency. With our core technologies in heat transfer, separation and fluid handling, we can contribute solutions and influence. And with a mindset of exploration, we can shape a more sustainable world and create lasting positive impact, driven by dedication and respect.

If we look at the role hydrogen, carbon capture, biofuels and new sources of protein will play in the future, and if we look at how to decarbonize the global merchant fleet, Alfa Laval has a significant role to play.

We know that we cannot change the world alone. But as the transition leader we can help show the way forward. We dare to stick our neck out by saying the pace of the transition is too slow and that the world is behind schedule in terms of addressing the climate crisis.

Living our commitments

As we support our customers to reach their goals, we also strive to meet our own. We want Alfa Laval to grow – but sustainably. We walk-the-talk by setting plans to reach net zero, challenging ourselves to create a more sustainable value chain, and limiting our emissions to the absolute minimum. We monitor our progress – and we are acting fast. In 2024, we announced plans to effectively reach our Scope 1 and 2 net-zero targets by 2027, three years ahead of the originally announced target year.

Partnering up

As the saying goes: If you want to go fast, go alone, but if you want to go far, go together.

Nowhere is this more true than when trying to create a systemic shift. Alfa Laval is one piece of a large puzzle – a puzzle that involves private companies, academia and the public sector working across value chains and industries. Partnership increases understanding of the challenges we all face and helps us find the solutions to overcome them. It’s key to strengthening our business, enabling our customers, and building a more sustainable society. Through collaboration we can innovate technologies to optimize efficiency, reduce emissions, and increase yields to pioneer positive impact in the energy, food & water, and marine industries.

Game-changing solutions

We continuously develop our offering by evolving and expanding existing and emerging technologies and applications.

We offer our customers some of the world’s leading solutions under the umbrellas of heat transfer, separation, and fluid handling. Right now, in more than 100 countries, we are helping to use energy more efficiently and from new sources, boost sustainable food production, recover and re-use water, and reduce the environmental impact of shipping. Every year, we find new ways to unlock the potential of resources, improve business results, and reshape vital industries.

Our 2030 Strategic Direction

People

Behind the innovations needed to make the transition happen are our people. We collaborate to achieve positive impact and we respect each other and the natural resources. At the same time, we are accountable and keep our feet on the ground to honour our commitments and promises. As an employer we continuously strive to make sure all employees can perform, thrive and develop.

Customers

We understand it is key to listen to those we serve: our customers. We always strive to deliver a great customer experience. Partnerships have taken on a whole new meaning and only by working together can we make the transition happen. By understanding the transition opportunities and partnership needs, supported by digital capabilities, we will have the necessary tools to move us forward.

Service

Service remains a key part of our customers' journey and through our service offering we build even stronger customer relations. The service model is key for stability and in meeting the new sustainability demands and needs.

Technology

Technology leadership remains at the core of our strategy, now with an even stronger focus on new technology for the ongoing transition. Every day, we explore how to solve complex challenges, establish partnerships, and find innovative ways to shape our world for the better. We push the boundaries of technology, and the limits of conventional thinking. In this way, we stay true to our 140-year-old start-up culture.

Optimize today, innovate tomorrow

Our business is about remaining the world-leader in existing areas while capturing new opportunities.

Optimizing today represents a traditional part of Alfa Laval's offering and the foundation of our company. It is a business model of how to ensure product leadership with significant service opportunities. But remaining the world-leader in existing technology requires hard work: we develop our offering, we invest in production technology, we review our supply chain footprint, and we manage our productivity. We fund our investments in the future by ensuring a strong and stable financial performance.

Innovating tomorrow represents the newer parts of Alfa Laval's offering, not least in the energy landscape. We believe it's possible to do good while also doing good business. Our shareholders benefit from more than a century of engineering ingenuity and entrepreneurial spirit, and so do future generations.

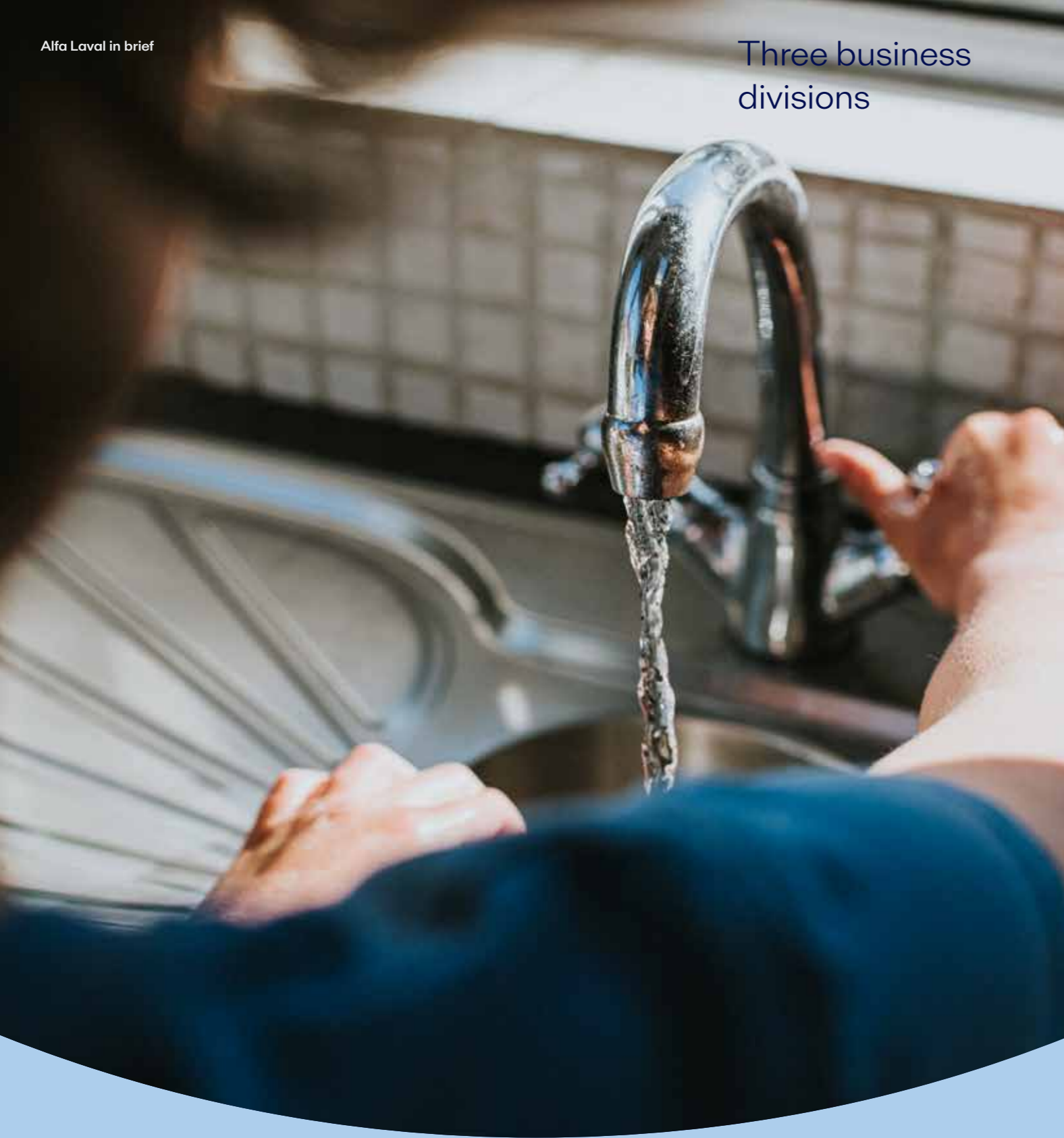
How to get there

The transition has numerous consequences for Alfa Laval – strategically, operationally and financially. One of the biggest differences is speed. Product development lead times are drastically cut, scaling new businesses will be faster than before, and entrepreneurship and business acumen will be more important than ever.

How we will make it happen

Our 2030 Strategic Direction guides us towards our long-term ambition. It aligns our efforts, improves efficiency and helps us stay competitive today and tomorrow. It has four pillars to make sure we are relevant and competitive today and tomorrow – People, Customer, Technology, Service. How we execute on these four pillars across Alfa Laval globally is the key to success and every single part of our operations contributes towards the effort.

Three business divisions



Alfa Laval's business concept is to persistently optimize performance in customer processes. To achieve this, the Group has a solid product offering, a high level of technical expertise and an agile structure that ensures a sound understanding of customer needs, buying behaviour and processes.

Food & Water

The Food & Water Division works with products and systems for food and water applications, for example in industries such as food, pharmaceuticals, biotech, brewing, dairy and water treatment.

Energy

The Energy Division focuses on solutions to promote greater energy efficiency, in both financial and environmental terms. Customers include companies operating in data centres, renewable energy, heating, ventilation and refrigeration, oil and gas extraction, refining, petrochemicals and power generation.

Marine

The Marine Division specializes in solutions for shipping customers, including shipping companies, shipyards, engine manufacturers and companies involved in offshore oil and gas exploration.

With **customer needs** front and centre

Food & Water Division 2024

Stability despite uncertain macro-economic conditions

After two years of somewhat subdued demand, the transactional part of the portfolio recovered throughout the year and demand on the important Chinese market returned to growth. However, a somewhat subdued investment climate prevailed as a result of high interest rates and uncertain macro-economic conditions, which not least caused customers to postpone decisions for larger, capacity-related projects. Strong execution of the order book, in combination with positive effects from footprint optimization and portfolio management, contributed to a stable profitability.

Increased focus on sustainability remains a key driver for demand during the year, be it in plant-based foods where several large projects were won, biofuels or energy and water saving equipment in general. The division also benefitted from a continued focus on innovation and enhancement of an already strong market presence through direct sales channels as well as a broader partner network, further strengthening the market position in several technologies and end markets during the year.

Demand in the biofuel sector, both in bioethanol and biodiesel including HVO (Hydro Treated Vegetable Oil) was overall down compared to a record year in 2023. However, underlying demand remained positive and regulations stipulating a higher blending in petrol and diesel in regions such as North America, South America and India continued to drive investments. Alfa Laval's historical presence and offering in this growing market was strongly enhanced with the acquisition of Desmet in 2022, both in terms of offering and also presence and competence.

The service business developed well during the year, with 4 percent growth and today represents 27 percent of the division. A positive effect was seen from a stronger market presence, a structured approach of addressing the installed base of Alfa Laval equipment and the wider development of value-added and field services.

The transformation agenda

Transformation in the Food & Water Division is about more sustainable ways of producing, transporting and consuming goods, affecting offering, way of conducting business and requirements for the applications and industries served. Sustainability is, from many perspectives, the driver. For us, it means developing equipment that have sustainability features such as lower energy and water consumption, equipment and solutions that help our customers improve yield in their processes, and getting usable byproducts from raw material and feed used and by that also adding the circularity aspect. The division accelerated its focus on the transformation aspects taking place in the society, although already an important corner stone of the strategy. Products and solutions are developed and offered with this in mind, thereby also supporting our customers' transformation agendas.

With Water being an increasingly scarce resource, water and waste treatment remains a key focus: Improved products help reduce customers' water consumption or make water treatment processes more efficient. Global investments in technical infrastructure for water treatment applications were unchanged compared to 2023. Despite being a prioritized area in most countries, investments are not on necessary levels to truly meet the challenges ahead. The division aims to be at the forefront with efficient and innovative solutions for the water industry. Zero liquid discharge is one example where water is recovered from wastewater for reuse in customers' processes, with residual waste streams significantly reduced.

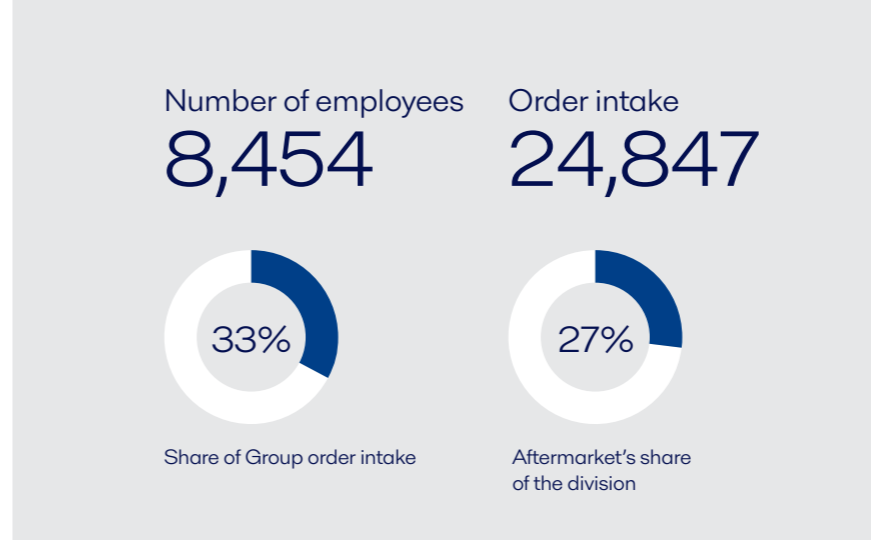
Next Generation Food drives new requirements in technologies and processes, as well as application development, enabling the division to be a supplier of choice for alternative protein and plant-based food and drink equipment. With new products and solutions adapted to the industry and with offerings that themselves are more sustainable in terms of energy and water consumption, we aim to lead the way. The large order in Sweden for plant-based proteins from peas to strengthen the sustainable food supply was just one of several orders during the year, confirming Alfa Laval's strong position in this new area.

New fuels, such as biofuel, are after the acquisition of Desmet a meaningful part of the offering. In addition to a growing demand, more sustainable offerings to the industry continue to be developed through focused R&D. Biofuels constitute an important part of the division and is an area of focus with its positive contribution to the global sustainability agenda.

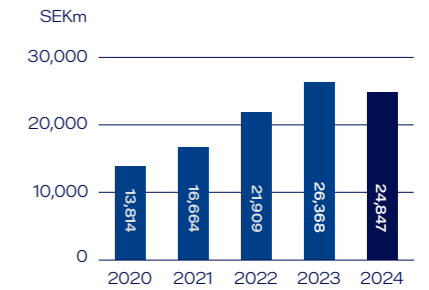
Innovation is key for a more sustainable usage of resources. Significant reductions in energy consumption have been achieved across the product range, with the new separation technology portfolio, high-speed separators as well as decanters being a prime example where new products typically reduce energy consumption by up to 50 percent.

An important enabler across products and industries, is the digital transition of sales, including the configuration of products, ordering and support. Efforts were further increased in 2024, with a continued expansion of the e-commerce platform which enables a bigger part of the business to be fully conducted in a digital, secure and efficient way.

Digitalization also continues to play a more extensive role in service and maintenance work. During the year, more connected products were added and monitored via sensors and cameras to facilitate remote support, saving time, enabling problem solving and simplifying preventive service that ultimately secure more reliable uptime for our customers.



Order intake



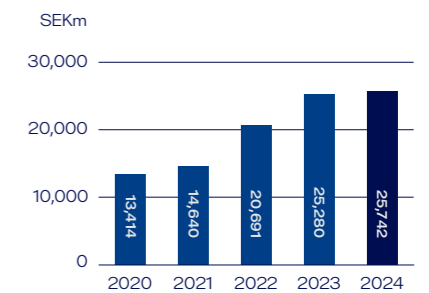
Order intake, business segments

Desmet	16%
Decanters	16%
Food Heat Transfer	14%
Food Systems	13%
High Speed Separators	13%
Hygienic Fluid Handling	28%

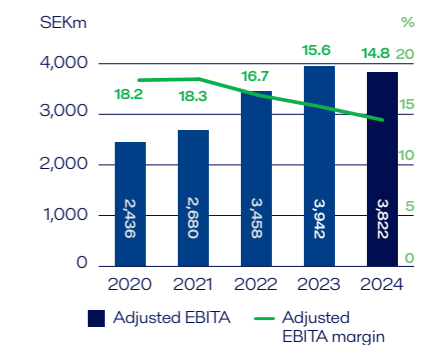
Order intake, end markets

Dairy	19%
Prepared food & beverage	18%
Oils & Fats	25%
Pharma & Biotech	7%
Ethanol, starch & sugar	10%
Waste & Water	7%
Protein	6%
Brewery	5%
Other	3%

Sales



Adjusted EBITA/margin



Energy Division 2024

Committed to the transition

The energy demand is increasing, due to population growth, improved living standards in the emerging countries and digitalization. At the same time, today's energy supply needs to transition into a clean energy supply. Replacing all fossil energy over a few decades and at the same time increasing the energy capacity is a massive challenge, maybe the biggest in the history of mankind. In 2024, the energy transition faced set-backs due to geopolitical tensions, electoral uncertainties, and economic issues such as inflation, rising interest rates and lack of funding mechanisms.

Nevertheless, the Energy Division is fully engaged in leading the energy transition forward where the focus areas are energy efficiency as the first fuel, electrify everything that can be electrified and develop clean molecules at scale, such as hydrogen, for the hard to abate sector. These initiatives will be strong business drivers for many years to come, even in more challenging years as in 2024 where the division still was able to keep order on a stable level. Service, Data centres and the Clean fuel-power-chemicals segments showed strong growth and to an extent where it more than compensated for the slow down in the HVAC segment.

Energy efficiency is the solution of today

Sales of products and services related to energy efficiency account for more than 80 percent of the division's business and is evident in all industries. Annually, it contributes to 100 GW energy savings and 50 million tonnes CO₂ in emission savings. The need for more advanced and energy efficient solutions drive demand for new equipment as well as for services and expertise.

The importance of energy efficiency in reducing emissions is driving increased demand for services and ensuring the smooth operation for customers during the lifetime of their equipment. Service offers a significant growth potential with continuous expansion, including the development of new service models and partnerships with customers to support them in reducing emissions. Product sales are increasingly linked to long-term maintenance agreements that include energy audits to identify energy savings in the customer's equipment to ensure optimal usage.

Europe has focused on electrifying heating by replacing boilers with heat pumps, with heat exchangers crucial for efficiency. The market surged in 2022 due to rising gas prices and supportive subsidies, leading to increased installations. However, the sudden removal of subsidies in mid 2023 caused a market collapse, leaving high inventory levels and low demand. Despite these challenges, the business unit BFB has handled the situation well and delivered a solid profitability level during the year. Alfa Laval is well-positioned to support future growth in this sector with its global presence, capacity and diverse product offerings.

The digitalization is proceeding at full speed. More people are coming online, streaming services are booming, and AI has made

a big entrance in 2024. This has led to a significant increase in the demand for data centres, but also a need for servers with much higher capacity especially for AI applications, meaning more energy intense servers as well. These types of data centres cannot use air cooling as traditional data centres do and need to be designed with liquid cooling. This new cooling design broadens Alfa Laval's scope of supply and significantly increases the market potential into this growing industry, giving Alfa Laval an even more important role in making the data centres as energy efficient as possible.

Accelerating the energy transition

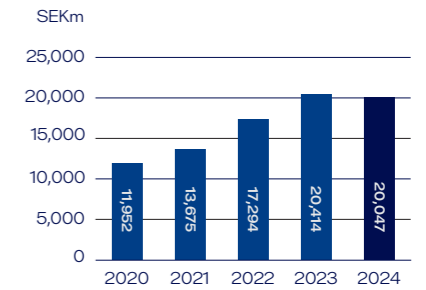
The shift to alternative fuels and new energy solutions is fundamental to reduce emissions. The challenge today is that the alternatives to fossil fuels are significantly more expensive, and costs must come down. The cost curve must be bended for these clean energy solutions to reach an acceptable premium level, and this will need the deployment of flagships projects, technology development and commitments across entire value chains. Heat transfer optimization and separation are key enablers to optimize the system, and the Energy Division was part of many flagship projects during the year. These projects were in areas like hydrogen production, e-fuels, carbon capture, energy storage, industrial heat pumps, green chemicals and recycling. There will be important learnings in each project which will enable the bending of the cost curve and accelerate the path to scaling of each solution. The high degree of Alfa Laval technologies in all these new cleantech applications has also led to a record year in the clean fuels-power-chemicals segment with 42% growth in order intake.

New technologies will also be a key success factor to reach the acceptable premium level and the focus on innovation is high in the Energy Division. This resulted in a large amount of product launches during the year and the heat exchanger product portfolio now represents the most comprehensive range of heat exchangers in the company's history. Investments in innovation will increase significantly going forward and can be categorized into two primary focus areas:

- The first one covers incremental as well as more radical innovations of the existing portfolio and will also include optimization in the supply chain and manufacturing landscape.
- The second focus area addresses certain technological and scalability gaps in the transforming energy landscape. The hydrogen market is one example where there are high innovation needs. New products for hydrogen applications are under development in the new business unit Electrolyzers & fuel cells in collaboration with industry leaders. Drawing upon the company's extensive expertise in heat transfer, metallurgy and industrialization, Alfa Laval is uniquely positioned to accelerate the hydrogen economy and has already technologies in piloting phase with customers.



Order intake



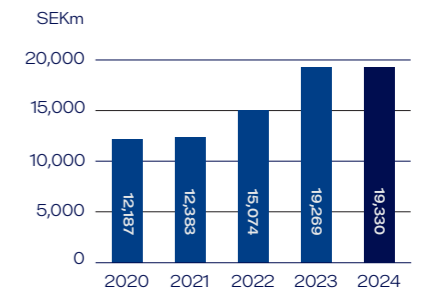
Order intake, business segments

Gasketed Plate Heat Exchangers	46%
Brazed & Fusion Bonded Heat Exchangers	21%
Welded Heat Exchangers	22%
Energy Separation	11%

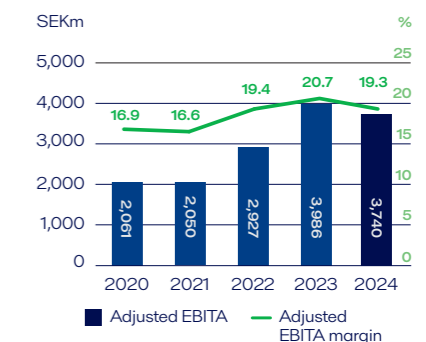
Order intake, end markets

HVAC & Refrigeration	25%
Fossil base fuels & power	24%
Process industry	22%
Light industry & tech	19%
Clean fuels, power & chemicals	9%

Sales



Adjusted EBITA/margin



Marine Division 2024

Strong momentum and improved profitability

Order intake grew 24 percent in 2024 driven a strong demand for new vessels, an increased share of tankers in the ship contracting mix, a good development in services and a growing demand for sustainability related solutions around energy efficiency and clean energy. As our portfolio broadens and increases in complexity to accommodate the need for future fuel flexibility and digital solutions, Alfa Laval continues to increase its content onboard vessels.

The efforts made in recent years to build a stronger operational foundation, such as targeted organizational adjustments, portfolio management, manufacturing automation and footprint initiatives, has allowed us to scale profitably as delivery of the record high order book ramps up. During the year, a significant part of the Heat & Gas systems organization was relocated from Europe to China in order to improve the cost structure and get closer to shipyard customers. Furthermore, we have invested in the manufacturing capabilities of our cryogenic heat exchangers in Asia and the pumping systems business in Norway in order to be able to meet the higher demand going forward. These initiatives, together with a strong growth in service, an improved production load in the pumping systems business and good profitability in the growing multi-fuel portfolio helped improve the profitability of the division to 18.4 percent for the year.

Accelerating the energy transition

From a regulatory standpoint, the EU is leading the energy transition and has included shipping as a part of the EU Emissions Trading System (ETS) regime from January 2024, where-in carbon emissions from ships trading with and within Europe will be progressively taxed on the CO₂ they emit going forward. In addition, the Fuel-EU programme will kick-in from January 2025, which mandates a minimum zero-carbon fuel mix threshold in the bunkers of a vessel or a fuel penalty equivalent to the price of the alternative fuel not implemented. These regulations drive energy efficiency, better operational practice using digital tools and a demand for clean energy like green methanol and green ammonia.

The Marine Division is enabling this transition in a number of dimensions. Foremost, we have accelerated our own investments to reach net zero in Scope 1 and Scope 2 by 2027, three years earlier than previously planned. This will support our customers' Scope 3-upstream emissions targets.

The development of the energy saving portfolio has good traction. The first full-scale Oceanbird wing, our wind propulsion collaboration with Wallenius, has been deployed for testing on land during 2024. The next generation of OceanGlide, our air lubrication solution, is expected to be available in early 2025 with improved fuel reduction capabilities offering customers an attractive economic payback. Demand is expected to develop positively for

these solutions as the industry recognizes that any future fuel will be more expensive than the current ones and implementing energy efficiency measures makes sound economic sense.

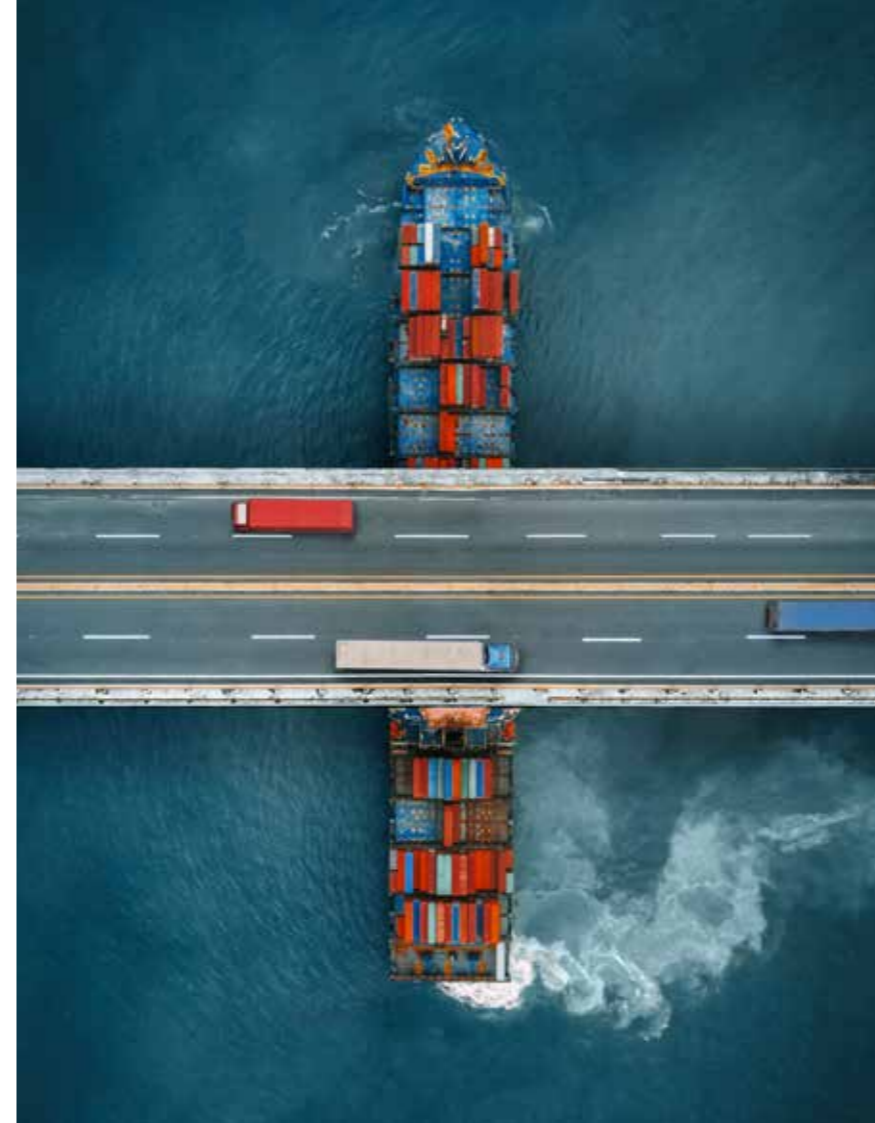
In relation to the adoption of clean energy, we continue to deploy and develop the next generation multi-fuel solutions that future proof our customers' assets. During 2024, we delivered our first ammonia supply systems, our first LNG fuel pumps and have now expanded our installed base and backlog to over one hundred alternative fuel supply systems. From a market adoption perspective, we saw a resurgence of LNG as a fuel due to its availability and cost dynamics compared to zero-carbon i.e. green fuels, which have a challenge related to both cost and availability in the near term.

A stronger digital customer journey

A significant reduction in the cost of data transfer from ship to shore and crew demands to remain connected have finally created conditions that are supportive of transmitting high frequency (HF) data from ship to shore. In order to improve onboard operational practice using this HF data, we have released the first-generation Alfa Laval Marine Customer Platform for two more products, ballast water and scrubbers. It is built on the same philosophy as the very successful Framo customer portal which today has 2,400 active ships on the platform. These portals are geared towards managing the health and service of the physical assets on board ships and have been built on an open architecture to allow other suppliers to be connected to our platform and conversely allow our data to be carried on other platforms. New products will be added to the digital platform over time.

Our suite of digital services that drive operational transparency and operational efficiency continued to grow, and with good traction for a number of new offerings. We now have more than 3,500 ships using the EU-MRV and EU-ETS compliance reporting tools. The StormGeo Fuel-EU management tool was released during the year as the regulation goes into effect in January 2025. The s-Bunker suite, which enables customers to not just optimize a vessel's route around bunkering fuel but also buy and trade bunkers on this same digital platform as one seamless solution, has become even more relevant in a multi-fuel world where the bunkering decision gets increasingly complex. The s-Bunker suite has been adopted by 500+ vessels and scaling in accordance with expectations within two years after its launch. The suite of extreme weather management digital solutions for the Brazilian market is also developing well.

In parallel to the above growth initiatives, we continue to invest in our software code base in StormGeo and the data infrastructure of our physical asset base to ensure that we have the needed foundation to continue scaling in a cost-efficient manner.



Number of employees

6,290

Order intake

29,699

40%

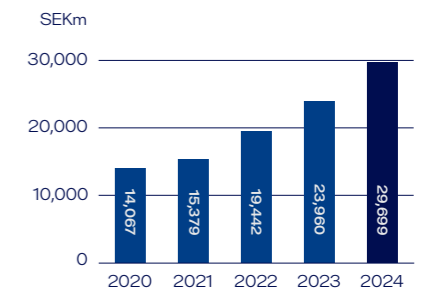
Share of Group order intake

29%

Aftermarket's share of the division



Order intake



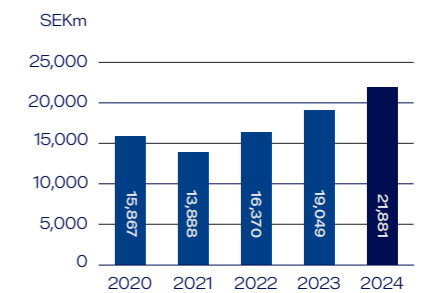
Order intake, business segments

Heat & Gas systems	17%
Pumping Systems	49%
Water, Wind & Fuel solutions	30%
Digital Solutions	4%

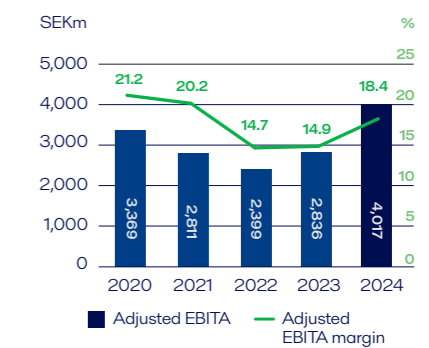
Order intake, end markets

Shipbuilding & shipping	75%
Offshore	13%
Engine Power	4%
Other	8%

Sales



Adjusted EBITA/margin



Living our commitments

Alfa Laval is uniquely positioned to play an essential role in enhancing the efficient use of energy, food, water, and other critical resources on which we all depend. We are pioneering game-changing solutions and partnering with innovative organizations to make this happen. At the same time, Alfa Laval is living up to commitments through transforming operations and supporting our value chains in preventing and mitigating negative impacts on people and the planet.

Sustainability strategy sets key priorities

The Alfa Laval sustainability strategy is organized around four central themes – Climate, Circularity, Caring, Committed – and sets the agenda and key sustainability priorities for the business to focus on until 2030. Group targets are in place for all material issues, some with a deadline in 2025, others in 2030. Science-based carbon emission reduction targets have been set for the near term and a net-zero emissions target for 2050 covering the full value chain.

The purpose of the sustainability strategy is to focus on those areas where Alfa Laval has the largest impact and wants to show leadership as a company. The strategy reflects the environmental, social and governance (ESG) issues that have been identified as the most significant in Alfa Laval's double materiality assessment of sustainability impacts, risks and opportunities.

Each area includes a vision that sets out the ambition, which is expressed in Alfa Laval group policies. The Alfa Laval Business Principles is the overarching governing document connecting all other policies. The Environmental Policy addresses all topics in Climate and Circularity. Within Caring, there is an overall People Policy, as well as a Human Rights Policy and Health & Safety Policy. In Committed, there is an Anti-Bribery and Anti-Corruption Policy, and the Alfa Laval Business Principles for Suppliers is the cornerstone of the responsible sourcing program.

For the different areas, Alfa Laval has also set long- and short-term targets which are followed up through relevant performance metrics to ensure continuous progress and to meet potential challenges through action. Where applicable, Alfa Laval will encompass the whole value chain in its ambitions including how the products and technologies we put on the market contribute to the sustainable transformation of business and society.

The sustainability section of the annual report follows the structure of the 4C sustainability strategy. Each section provides an overview of impacts and focus areas, activities during the year, targets and performance metrics. Key sustainability risks are addressed on pages 116-119, and business opportunities relating to sustainability are part of the strategy presentation and division overview in other parts of the annual report.



Climate

Net-zero emissions

Alfa Laval aims to achieve net-zero carbon emissions in own operations and the value chain by 2050.

In focus

- Scope 1 emissions
- Scope 2 emissions
- Scope 3 emissions



Circularity

Circular business

Alfa Laval is dedicated to safeguarding the value of natural resources throughout its value chain.

In focus

- Improving process efficiency
- Extending product life span
- Reuse and recycling



Caring

Safe inclusive culture

Alfa Laval promotes a safe, inclusive culture both within the company and in its relationships with external partners.

In focus

- Health & Safety
- Diversity, Equity & Inclusion
- Human Rights



Committed

Ethical conduct

Alfa Laval is committed to honest, respectful and ethical conduct within its organization, as well as in all external business relationships.

In focus

- Business Principles
- Anti-Bribery, Anti-Corruption
- Whistleblowing



Targets and achievements

Alfa Laval’s sustainability targets aim to drive efficiency and behavioural change to achieve better results in the short- and long term. The table below shows the company’s sustainability targets. Progress on the targets is presented in more detail within each section of the report as well as in the Sustainability Notes document available on www.alfalaval.com.

Area	Targets	Target year	Trend to achieving target	Read more
Carbon emissions	60% reduction Scope 1 & 2 emissions (base year 2020)	2025	●	p. 32-37
Carbon emissions	95% reduction Scope 1 & 2 emissions (base year 2020)	2027	●	p. 32-37
Carbon emissions	50% reduction Scope 3 emission (base year 2020)	2030	●	p. 32-27
Energy	5% annual improvement in energy efficiency (MWh/k direct hours)	Recurring	●	p. 38-41
Water	5% annual reduction of water withdrawal at sites in water-stressed areas	Recurring	●	p. 38-41
Water	100% recirculation of water at sites located in water-stressed areas	2030	●	p. 38-41
Waste	85% recycling of waste	Recurring	●	p. 38-41
Waste	Zero waste to landfill	2030	●	p. 38-41
Materials	30% recycled material content in products	2030	●	p. 38-41
Diversity	35% female employees	2025	●	p. 42-47
Diversity	25% female managers	2025	●	p. 42-47
Diversity	<70% homogeneity (gender/nationality) in top management	2025	●	p. 42-47
Health & Safety	<1.5 Lost Time Injury Frequency Rate (LTIFR)	2025	●	p. 42-47
Chemicals	No unauthorized chemicals used	Recurring	●	p. 42-47
Ethics	100% of white-collar employees trained in Anti-Bribery and Anti-Corruption	Recurring	●	p. 48-53

● Well aligned with target ● Progress made towards target ● Not aligned with target

About the Alfa Laval sustainability report

Reporting scope and principles

Alfa Laval’s Statutory Sustainability Report according to the Swedish Annual Accounts Act (that applied before July 1, 2024) is found on pages 26-57 in this Annual Report, with key sustainability risks highlighted on pages 114-117. To ensure reporting in accordance with the GRI Standards, a separate “Sustainability Notes” document is published on the Alfa Laval corporate website www.alfalaval.com. The sustainability information in the Annual Report (excluding EU Taxonomy disclosures) and in the Sustainability Notes have been reviewed (limited assurance) by external auditors. Sustainability reports for previous years are available at www.alfalaval.com/about-us/sustainability/a-matter-of-trust/sustainability-reports/.

Alfa Laval’s sustainability reporting covers the 2024 calendar year and focuses on material topics and activities in line with stakeholder concerns. It covers the entire Alfa Laval group and all wholly owned subsidiaries. All Alfa Laval manufacturing sites, service centers and large offices are required to report environmental and health & safety data. Employee data relating to diversity presently covers Alfa Laval branded companies reporting through our human resources system, corresponding to about 85 percent of total Alfa Laval employees.

Materiality assessment

Focusing on the most material sustainability issues is essential for an effective sustainability strategy and a focused sustainability report. Alfa Laval has in the past carried out regular impact materiality assessments to review the sustainability issues with greatest significance and ensure that the company’s sustainability strategy remains relevant.

In 2024, Alfa Laval carried out a double materiality assessment based on the principles set out in the European Sustainability Reporting Standards (ESRS) for the first time. The assessment process involved a series of workshops and interviews with key corporate functions and individuals with subject matter expertise on the sustainability issues being assessed. This was followed by more thorough research and discussions with divisional management and internal business owners, and contacts with selected external stakeholders to verify the assessment. The consolidated findings from the workshops, research and consultations were discussed in Group Management meetings, and the final assessment and prioritization of material impacts, risks and opportunities was then reviewed and decided by the Board of Directors.

The outcome of the double materiality assessment largely confirms that the focus areas of the current sustainability strategy are material topics. Climate and circularity were highlighted as the most important environmental topics, both in terms of impact materiality and financial materiality. Reducing carbon emissions in own operations and the value chain remains a high priority for Alfa Laval, and this is closely linked to improving the efficient and circular use of resources and products put on the market. Supporting customers in the transition towards a fossil-free and less resource-intensive future is at the core of Alfa Laval’s business strategy and represent material opportunities.

As a large company, Alfa Laval employs a significant number of people and impacts even more workers in the value chain, particularly employees working for our suppliers. Ensuring decent working conditions and respecting fundamental labor rights of Alfa Laval employees as well as supply chain workers were established as material impacts and potential risks in the materiality assessment. This implies continued focus on existing prioritizations in the Alfa Laval sustainability strategy, including safeguarding health and safety in the workplace, promoting diversity and inclusion, and offering training and skills development for employees.

Maintaining a strong responsible sourcing program and a commitment to uphold ethical business principles were also identified as material sustainability issues in the double materiality assessment. Employee or supplier non-compliance with the Alfa Laval Business Principles can potentially have a significant impact on people and possibly the environment, and also presents a financial risk to Alfa Laval that may affect brand value and undermine stakeholder trust.

Further information

For more information about Alfa Laval sustainability activities and reporting, please contact Anna Celsing, VP Group Sustainability Tel: + 46 730 55 48 00 e-mail: anna.celsing@alfalaval.com



More ambitious climate targets

In 2024, Alfa Laval further strengthened the commitment to combat climate change by bringing forward the target year for reaching close to zero (95 percent reduction from 2020 base year) Scope 1 and 2 carbon emissions from 2030 to 2027, and aiming for net-zero value chain emissions no later than 2050. Both the near-term and long-term targets have been validated by the Science-Based Targets Initiative (SBTi), ensuring that Alfa Laval's climate ambitions are in line with the latest science and contribute to meeting the 1.5-degree target defined in the Paris Agreement.

Progress on emission reduction targets

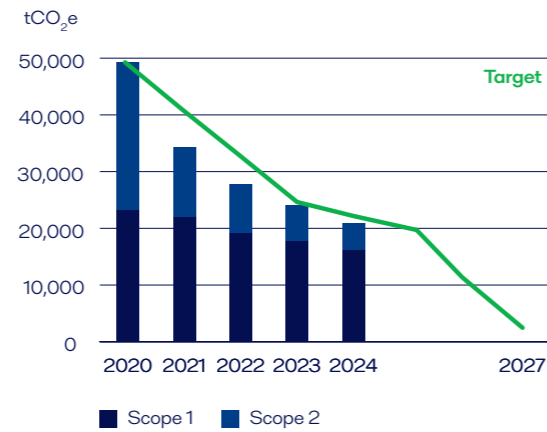
Operational emissions (Scope 1 and 2) have decreased by 13 percent since last year and by 57 percent since 2020. Further investments in phasing out fossil fuels are planned to reach the near-term target by 2027. Value chain emissions (Scope 3) have continued to increase, mainly due to a growing business and larger volumes of products put on the market. Relative to Alfa Laval revenues, total emissions have decreased by 30 percent from 1,056 tons CO₂e/MSEK in 2020 to 738 tons CO₂e/MSEK in 2024.

Leading the energy transition

At Alfa Laval we are committed to leading the transition towards a more sustainable low-carbon future. We intend to lead by example, and in 2024 Alfa Laval brought forward the near-term target year for Scope 1 and 2 carbon emissions reduction from 2030 to 2027, while aiming for net-zero value chain emissions no later than 2050.

Greenhouse gas inventory

Relevant scopes and categories of emissions (tCO ₂ e)		2020 (Base year)	2023	2024
Own operations	Scope 1 GHG emissions			
	Gross Scope 1 GHG emissions	23,241	17,637	16,113
	Scope 2 GHG emissions			
	Gross location-based Scope 2 GHG emissions	67,495	66,004	65,086
	Gross market-based Scope 2 GHG emissions	26,029	6,462	4,817
	Scope 3 GHG emissions			
Upstream	1 Purchased goods and services	1,184,794	1,320,181	1,365,310
	2 Capital goods	31,259	54,178	71,595
	3 Fuel and energy-related activities	18,026	18,651	17,728
	4 Upstream transportation and distribution	51,748	59,594	62,243
	5 Waste generated in operations	715	2,034	1,055
	6 Business travel	14,846	26,443	28,627
	7 Employee commuting	21,947	27,717	29,020
Downstream	9 Downstream transportation	10,350	11,919	12,449
	11 Use of sold products	42,435,496	44,077,523	47,963,884
	12 End-of-life treatment of sold products	1,824	3,249	652
	15 Investments	73	103	135
	Total gross indirect (Scope 3) GHG emissions	43,771,077	45,601,592	49,552,698
	Total GHG emissions			
	Total GHG emissions (location-based)	43,861,813	45,685,233	49,633,897
	Total GHG emissions (market-based)	43,820,347	45,625,691	49,573,628



Operational emissions

Phasing out fossil fuels

Replacing fossil fuels with renewable sources and using energy more efficiently are key to reducing operational CO₂ emissions. Alfa Laval has a clear strategy to phase out fossil fuels used for heating purposes and process-related activities in manufacturing and service operations, and these efforts continued according to plan in 2024. In addition, Alfa Laval will maintain sourcing of renewable electricity at a high level, and increase this when possible. In 2024, close to 96 percent of the electricity used came from renewable sources.

Activities to reduce Scope 1 and 2 emissions depend on the availability of appropriate technical solutions and energy sources. In locations with access to district heating systems based on renewable energy, connecting to these systems can remove the need for natural gas heating. In other cases, converting process equipment powered by fossil fuels to electricity can contribute to reducing emissions. As an example, the Fusa manufacturing site in Norway replaced diesel burners used in the painting process with more efficient heat pump technology during the year, resulting in a significantly reduced carbon footprint and overall lower energy consumption.

In 2024, emissions data for the period 2020-23 was updated based on more accurate emission factors for certain countries and to include recently acquired companies such as Desmet. Market-based operational emissions increased on average 3,600 tons CO₂e per year and location-based emissions increased on average 9,800 tons CO₂e per year.

Home-grown innovation

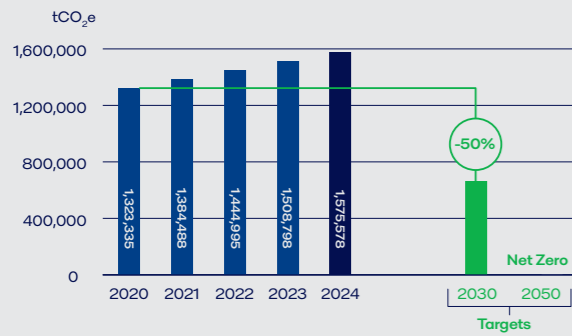
Using an innovative ammonia-based heat pump solution developed in-house, Alfa Laval can recover waste heat from production plants and reduce both carbon footprint and heating costs at the same time. Alfa Laval has been using the heat pump system at its Lund site in Sweden since 2013. The solution works by recovering low temperature waste heat generated in the component production and using it for heating and hot water demands for the entire factory, as well as much of Alfa Laval's corporate headquarters.

In 2024, it is estimated that the system reduces CO₂ emissions by around 146 tons per year. It has also reduced Alfa Laval's consumption of local district heating by around 85 percent – a saving so substantial that the heat pump solution effectively paid for itself in less than three years.

At the heart of the system is a flooded semi-welded evaporator, combined with an Alfa Laval U-turn separator. It absorbs the thermal energy of the oil cooling system, which is heated to around 40°C in the factory's plate production pressing operations. After compression, the heat pump delivers the heat from the semi-welded condenser to the buildings' heating-water circuit, thus boosting the water temperature to 65°C.

When looking for a natural and future-proof refrigerant for the system, it was discovered that by using ammonia, we could achieve twice the efficiency compared to using an off-the-shelf commercial system.

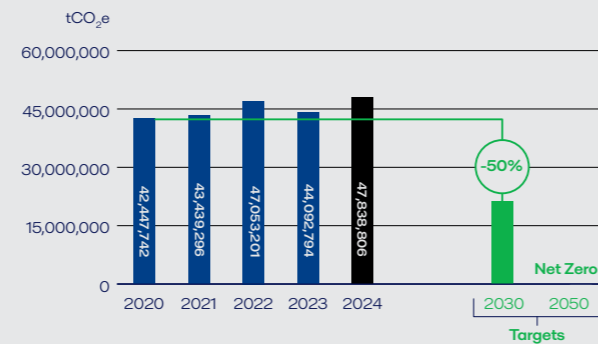
Alfa Laval is now using the successful heat pump solution as a demonstration for customers, organizations, and employees.



Upstream emissions

Greenhouse gas emissions upstream are mainly embodied in the materials Alfa Laval purchase from suppliers, representing more than 80 percent of upstream emissions. Steel and copper are some of the most significant raw materials used in Alfa Laval products, and we are aiming to reduce the impacts from metals manufacturing by purchasing increasing quantities of steel and copper with a low CO₂ footprint.

Supplies of metals with a low CO₂ footprint are still limited and business growth in 2024 contributed to further increasing upstream emissions compared to the base year. Updated methodologies and more accurate emission factors related to purchased goods and services and transportation resulted in an average increase in upstream emissions by 780,000 tons CO₂e per year for the period 2020-23.



Downstream emissions

Customers' use of Alfa Laval products is the single largest source of downstream emissions, accounting for more than 96 percent of total greenhouse gas emissions. Innovating products that use less energy during their lifetime is essential for Alfa Laval to reach near-term and net-zero climate targets, but we are also dependent on customers increasing their use of renewable energy.

In 2024, downstream emissions continued to increase in line with business growth and a larger volume of Alfa Laval products put on the market. Downstream emissions for 2020-23 have been adjusted in light of more accurate data and emission factors, leading to an average increase of about 1,100,000 tons CO₂e per year for this period.

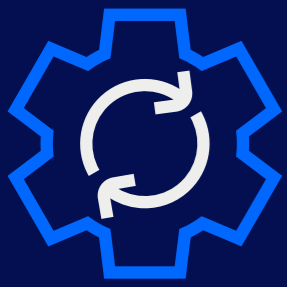
A step closer to Concept Zero™

In 2024, Alfa Laval ramped up its use of low-carbon steel as part of the Concept Zero™ initiative, where we aspire to produce the world's first heat exchanger with no fossil carbon emissions by 2030.

Alfa Laval has already implemented a range of solutions to reduce Scope 1 and 2 emissions as part of our journey towards net-zero. Reducing Scope 3 upstream emissions is a tougher challenge, requiring both innovation and collaboration with value chain partners.

For heat exchangers, the biggest challenges are upstream in the value chain connected to sourced materials and components. During 2024, Alfa Laval increased use of "green steel" with a low CO₂ footprint in both the frames and channel plates of plate heat exchangers at the manufacturing facility in Lund, Sweden. As an example, implementing green steel on the high running T21 plate heat exchanger will reduce CO₂ emissions by up to 39 percent on the unit itself.

The Concept Zero™ initiative marks a journey on the path towards net-zero, a journey we make together with our partners, customers and suppliers. The Concept Zero™ initiative is where net-zero commitments are turned into actions. This step-by-step journey will continue to require partnerships across value chains and the development of innovations in the full product life cycle.



Circularity

Preserving value through circularity



In a circular economy materials, products and services are kept in use for as long as possible at their highest value and waste is limited to a minimum. Using resources efficiently and adopting more circular business models are key enablers to deliver on climate targets and other sustainability objectives.

Alfa Laval acknowledges the importance of circularity as a foundation for addressing the environmental impacts of business. Efficient resource use in Alfa Laval operations reduces water withdrawals, energy use and waste. In the upstream value chain, sourcing recycled materials reduces the product footprint, and downstream circular business models and service offerings contribute to more sustainable use of products. In addition, increasing circularity is important for biodiversity and freshwater availability.

At Alfa Laval we are dedicated to safeguarding the value of natural resources throughout the value chain, and we are continuously working on improving our understanding of the opportunities of a circular economy in the different parts of the value chain. We have chosen to focus on three main areas to promote circularity:

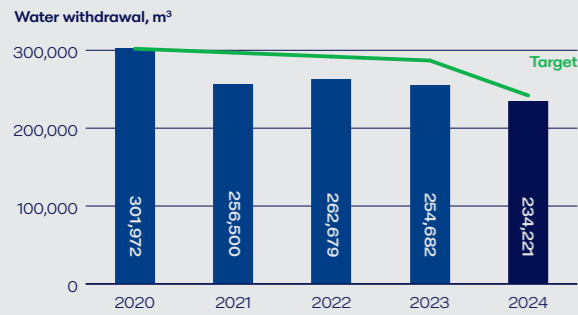
- 1 Improving process efficiency
- 2 Extending product life span
- 3 Reuse and recycling



1

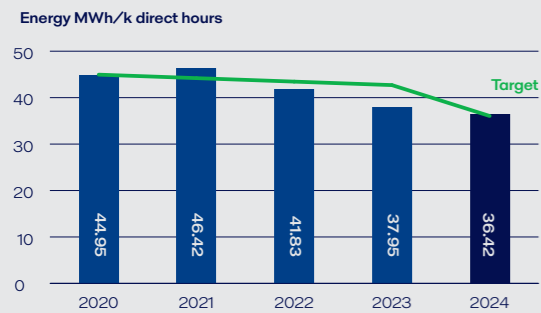
Improving process efficiency

Alfa Laval is continuously making efforts to use resources more efficiently in our operations. We have set specific targets for water withdrawals, energy efficiency, and waste recycling covering our major sites worldwide.



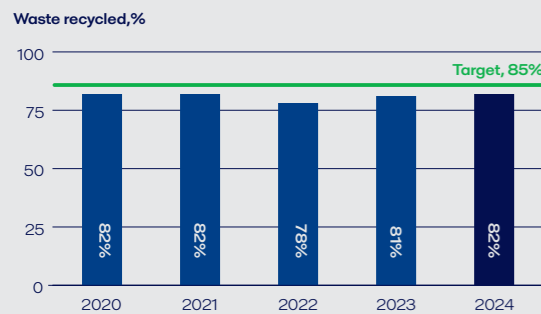
Water

While Alfa Laval does not use significant amounts of water, we are present in water-stressed areas where even limited water withdrawals can be problematic. Alfa Laval has set a target for 2030 to recycle 100 percent of the water used on sites located in water-stressed areas. In the shorter term, the annual target is to reduce water withdrawn in these areas by 5 percent year-on-year, and for 2024 we achieved this target with an 8 percent reduction from 2023.



Energy

Alfa Laval is continuously working with energy efficiency at all sites, also as a means to reach our climate targets. Our target until 2030 is to improve energy efficiency – expressed as energy use per direct working hours – by 5 percent annually. This target was not quite achieved in 2024 showing a 4 percent improvement in energy efficiency compared to 2023.



Waste

Alfa Laval's waste management approach is based on the waste hierarchy, supporting circularity by favoring the prevention and reduction of waste and increasing reuse and recycling. The ambition is to divert as much waste as possible from landfill, aiming to have zero landfill waste by 2030. The target is also to achieve a high (85 percent or more) level of recycling. In recent years we have not been able to reach this target, and for 2024 we managed to recycle 82 percent of waste from operations.

2

Extending product life span

Keeping products in use at their highest value for as long as possible is the foundation of circularity. Most Alfa Laval products are designed for durability with a lifespan of 20 years or more, and in many cases up to 40 years. Spare parts are typically supplied at least 10 years after the product is no longer for sale.

By designing products that are easy to maintain, repair, upgrade, and refurbish, in combination with offering service, the lifespan of our products can be extended and resources saved. Several products are also designed to be modular, allowing replacement of components and parts. These products are often easy to disassemble, which allows for efficient recycling at end of life.

3

Reuse and recycling

Despite a long lifetime all products will reach an end of life when they no longer function as expected or it makes sense to replace them with newer and more energy efficient equipment. Alfa Laval is continuously looking into ways of increasing the reusability and recycling of our products, and we have recently improved the possibilities for customers to recycle Alfa Laval products through a partnership with an external provider.

In line with our circularity strategy, we are also working on sourcing recycled materials to reduce the environmental footprint of Alfa Laval products put on the market. The ambition is that at least 30 percent of the materials used in products should come from recycled sources, and many Alfa Laval products are already above this target level.

Improving product circularity

In 2024, Alfa Laval signed an agreement with leading stainless-steel recycler ELG-Aperam, which will further increase the circularity of our product portfolio.

The initial agreement with ELG-Aperam – signed in February 2024 – gave customers the option of recycling older high-speed separators and decanters when purchasing replacements. In July 2024, the arrangement was extended to include heat exchangers and freshwater generators as well. The cooperation has started in Europe with plans to expand into more regions globally in the near future.

Alfa Laval has a similar agreement with Stena Recycling in the Nordic markets since 2023, which enables the recycling of metals from heat exchangers, disc-stack centrifuges and decanter separators at their end of life.

Caring



Safety and inclusion in the workplace

A safe and inclusive culture where each employee is treated with respect is the foundation of a workplace that attracts and retains the best people.

Health and safety (H&S) is a top priority at Alfa Laval. We are continuously working to improve our H&S performance and monitor this closely. A new strategy and roadmap was launched during the year with a strong focus on Safety Culture, competence development and strengthening existing methods and tools.

Progress on safety targets

The Alfa Laval Group safety target is to be below 1.5 in LTIFR ("lost-time injury frequency rate") before the end of 2025 with a milestone of 1.8 at the end of 2024. The vision and long-term target remains. In 2024, the total number of LTIs decreased to 73 (90) with 2,751 (3,650) lost working days, and an LTIFR of 1.8 (2.45). This is a significant achievement and we reached the milestone for the LTIFR reduction target. The lost time injuries were mainly related to slips, trips and falls, lifting and failure to use personal protective equipment.

Ensuring good health and well-being

At Alfa Laval, we believe that health and well-being are essential to both individual and organizational success. During the year, we began a project to explore this area, starting with a workshop that brought together diverse stakeholders. The goal is to identify

key needs and develop initiatives that support the physical, mental, and emotional well-being of Alfa Laval employees.

Substitution of hazardous chemicals

The reduction of hazardous chemicals is important for the health, safety, and well-being of Alfa Laval employees. This remains a prioritized focus area and part of our continuous improvement efforts across all units. The substitution of hazardous substances is guided by internal procedures and the Alfa Laval Group Restricted Substance List, which serves as our primary tool for managing the use of hazardous chemical substances.

In 2024, Alfa Laval initiated work with reducing the use of Substances of Very High Concern (SVHC) according to the EU REACH Candidate List reported by our sites. During the year, we also actively phased out all chemical products reported in 2023 that contained unauthorized substances. No new unauthorized substances were reported for 2024.

Putting safety first

Since Alfa Laval's products are often sold as units which are then integrated by customers or third parties, Alfa Laval has little control over on-site installation. This can lead to poorly or incorrectly installed equipment with potential safety risks during operation by the customer and future servicing by Alfa Laval.

Alfa Laval's Mid Europe Service team concluded that one of the most effective ways to address such unsafe working conditions is to have Alfa Laval more involved earlier in the installation process. This requires properly trained Alfa Laval employees that can engage with customers on safety issues in their installations.

Since 2022, Mid Europe Service has provided training to more than 60 sales staff on how to identify potential safety hazards and possible solutions. The approach has proven so successful, that in

2024 training has been extended to service partners as well. They have also begun producing supportive material, such as one page fact sheets on product safety, as well as promoting the initiative via their social media channels.

Overall, the initiative shows a shift from reactive problem solving to being proactive and preventing problems before they happen. The new approach is greatly appreciated by customers and end-customers alike, since it contributes to improved workplace safety for their own employees as well.

Health and safety priorities

In 2024, Alfa Laval has maintained a strong focus on the three main areas of safety: people (safe culture), safe technology, and safe processes. To support this, we have begun the implementation of an updated Health & Safety (H&S) strategy and roadmap. This strategy places particular emphasis on strengthening safety culture, enhancing leadership, and advancing competence development. Alfa Laval is also focused on further embedding existing tools and methods to continuously improve safety performance across all levels of the organization.

Safe culture

Promoting behavioral change is necessary to create a culture focused on safety in the workplace, which concerns all employees. Managers have a particularly important role in leading the development towards a better safety culture and acting as safety role models. All employees must also take responsibility for their own health and safety.

Throughout the year, Alfa Laval continued to focus on key behavioral aspects to further strengthen our safety culture. A significant emphasis was placed on visible leadership, with leaders actively engaging with employees to discuss safety matters and model safe behaviors. In certain areas of the organization, additional efforts were made to improve safety reporting, with leaders taking a active as role models and emphasize the importance.

One notable initiative was the introduction of "Safety Stand Downs". These focused sessions brought together employees and leaders to pause operations, review critical safety protocols, and address key safety concerns. The Safety Stand Downs provided a valuable

opportunity for leaders to engage directly with teams, reinforce the importance of maintaining a safe work environment, and encourage open dialogue about safety issues.

Additionally, greater emphasis was placed on safety communications throughout the year to raise awareness and foster a deeper sense of involvement across all levels of the organization. Efforts were made to improve how we communicate safety-related matters, ensuring that employees are well-informed and actively engaged in forming a strong safety culture.

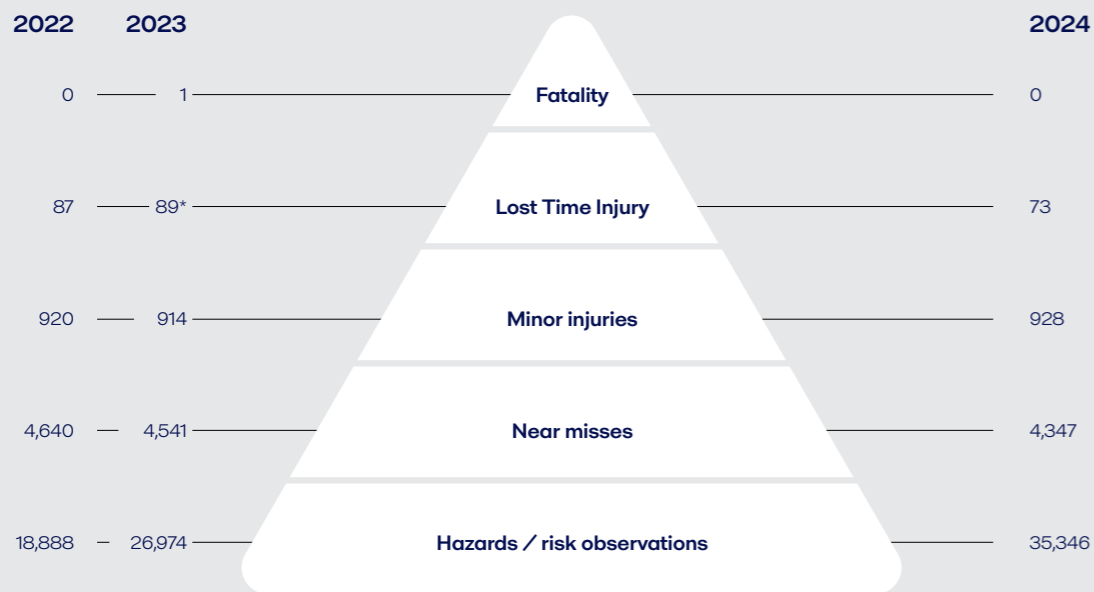
Steps were also taken to enhance the onboarding process for new employees, ensuring that everyone joining Alfa Laval receives a comprehensive and safe introduction to their roles. By reinforcing safety from day one, we aim to give new team members the confidence and knowledge they need to work safely and contribute to ongoing safety efforts.

Safe technology and equipment

An important part of Alfa Laval's safety work is to ensure safe machines and equipment. Risk assessments are therefore carried out regularly to identify hazards and measures to reduce risks.

Safe processes

During the year, the focus has been on fully implementing existing tools and methods, with particular emphasis on six key tools launched over the past two years. These tools were prioritized to ensure effective integration into daily operations. As an example, Alfa Laval also continued to implement relevant major hazard directives to guide and enhance safe working processes.



*Excluding fatality

Embedding Human Rights

Alfa Laval is committed to doing business in an ethical and transparent way and expects the same of business partners. The Alfa Laval Business Principles set out fundamental rules of behavior that all employees should adhere to when conducting business and express Alfa Laval's cornerstone commitment to Human Rights. Its four topics – caring, committed, transparency and planet – describe the way we act within society while achieving our business goals. Our commitment to Human Rights is part of the "caring" business principle and describes how we care about all individuals' equal rights and opportunities, including their safety and well-being.

Human Rights due diligence

Alfa Laval is committed to preventing and mitigating negative Human Rights impacts by adhering to recommended due diligence frameworks, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises and Responsible Business Conduct. These frameworks also guide the embedding of our commitments into Alfa Laval policies and management structures. Throughout 2024, we have continued to advance efforts to integrate Human

Rights due diligence into Group-level policies and procedures. This involves implementing steps to identify, assess, prevent, mitigate, cease, monitor, and report on impacts.

Developments in 2024

A new, cross-functional Human Rights network was launched within Alfa Laval in 2024. This network was established to provide a platform for internal stakeholders to regularly share and discuss highlighted updates and ongoing developments in prioritized activities, relating to improvements in Human Rights due diligence processes.

During the year, an important focus has been on providing training and raising awareness about Human Rights. An introductory training on Human Rights and responsible business conduct was launched to support the Alfa Laval Human Rights policy that was published in 2023. Building on the introduction, a training on Human Rights due diligence has been developed to help the organization better understand the due diligence concept and how Alfa Laval can address this responsibility.

Human Rights due diligence framework





Diversity, equity and inclusion

As a global organization that aspires to innovate and develop disruptive technologies, Alfa Laval embraces diversity. By fostering an inclusive culture and empowering employees, we can benefit from different perspectives and help generate fresh ideas.

Diversity, equity and inclusion are high on the agenda at Alfa Laval. To support the vision of an inclusive workplace, we have targets and ongoing activities to promote a safe, inclusive culture both within our company and in our relationships with external partners.

At Alfa Laval, the workplace should be characterized by a set of behaviors and unique values that make people feel valued, respected, and involved. They reach their full potential based on competence, experience and performance. All traits and elements people bring to the workplace help to build strong and diverse teams.

Ambitions

Our ambitions towards 2025 are:

35%
employees to be women

25%
managers to be women

<70%
homogeneity in senior management team

Progress on inclusion and diversity targets

In 2024, Alfa Laval had women comprising 23 (22) percent of our total employee base and 23 (22) percent women representation in our managerial population, which is still well below our target levels. For new hires, the proportion of women was 33 (33) percent in the white-collared talent pool, showing our commitment to increase the representation of women in the company.

Being an international company, Alfa Laval aims to be a highly diverse and inclusive organization. In 2024, homogeneity in group management, from a gender and citizenship (nationality) perspective, was 70 (71) percent, in line with the target.

Taking action

There is no single recipe in making the change to become a truly inclusive and diverse workplace, which is why Alfa Laval has built its Diversity, Equity and Inclusion (DEI) strategy on a long list of initiatives, including awareness and change management, education and training, culture and leadership, people processes, targets and data, and communication.

Many of these activities are local initiatives driven by the business, HR, and/or employees themselves, while receiving full support from management. As an example, in recent years the Talent Acquisition Team in Tumba, Sweden along with the business, has been working proactively to promote underrepresented employees and implement more inclusive hiring practices.

Networking

Internal and external networks can help raise awareness and support individuals in their professional development. At Alfa Laval, several diversity networks and employee resource groups have been initiated by employees and supported by the company. Examples include "W@lfa Women network" that started in Tumba in 2017 and has since been expanded to our sites at Lund, Eskilstuna, and Ronneby in Sweden. In 2024, W@lfa opened its first activities in Søborg, Denmark. Beside W@lfa, other networks for female employees include "Top Woman" in Latin America and "HER Power" in China.

In Sweden, Alfa Laval has initiated a partnership with "Teknikkvinnor", an external network reaching over 35,000 women with a technical or engineering education. The network is focusing on developing a more thorough understanding of how diversity

contributes to company success, why inclusion is important to create a diverse environment, and strengthening managers' ability to have inclusive communication. This partnership opens the door for Alfa Laval to use the network to advertise job openings and be seen as an employer who promotes and values diversity.

Another example of the power of networking, is Alfa Laval in the US leveraging their relationship with Women In Manufacturing (WIM), an organization whose mission is to support women who have careers in manufacturing organizations. Through WIM, Alfa Laval employees are able to take advantage of both educational and professional networking opportunities.

Learning

During 2024, Alfa Laval continued its education and training activities for leaders and employees globally on diversity and inclusion themes in our "Pure Leadership" training series. All employees are now offered access to the "Culturewizard" in the Alfa Laval Learning Portal in which they can learn and practice cultural awareness including in sessions such as "Overcoming implicit bias", "How do you gain a global mindset?", "Global inclusive course", and "Becoming an inclusive leader".

Communicating

Communications is crucial in keeping DEI high on the agenda and keeping up the momentum by showcasing initiatives and underlining the importance of having an inclusive and diverse workplace among leaders and employees in the whole organization. Communication activities focused on sharing to the broader audience the many initiatives via testimonials from participants in trainings, workshops, networks and to showcase local initiatives.

Listening

In 2024, Alfa Laval conducted its employee engagement survey "VOICE" to allow all employees to make themselves heard and contribute to making Alfa Laval an even more inclusive and attractive workplace. This year as many as 89 (86) percent of Alfa Laval employees completed the survey and the score on engagement increased further from 78 to 79, indicating a high level of engagement and a record number of employees making their voice heard.



Committed

Responsible business conduct

Alfa Laval is committed to doing business in an ethical and transparent way and also expects this of business partners. The Alfa Laval Business Principles set out fundamental rules of behavior that all employees should adhere to when conducting business.

Alfa Laval Business Principles

There are four fundamental Business Principles – Caring, Committed, Transparency, Planet – that cover a number of topics that are essential to responsible and sustainable business conduct.

The Business Principles apply to all companies in the Alfa Laval Group and apply to all employees, including temporary employees and consultants. They also guide the relationships with business partners, such as suppliers and customers.

There are internal guidelines available to help employees understand the Business Principles, with concrete examples for how they should be implemented in everyday work life for everyone at Alfa Laval.

Alfa Laval's Business Principles incorporate the 'Protect, Respect and Remedy' concept of the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for multi-national enterprises and the concepts in the UK Modern Slavery Act. The Business Principles are approved by the Alfa Laval Board.



♥ Caring

We care about every individual's rights and opportunities including their safety and well-being. We are a global company, and we firmly believe that diversity maximizes the potential of every employee and we care about every individual's rights and opportunities.

The Business Principle covers:

- Human Rights
- Inclusion and diversity
- Health and safety
- Freedom of association
- Child and forced labour
- Working conditions

✊ Committed

We are committed to ethical conduct within our organization and in all external business relationships. High ethical standards guide our behaviour, and honesty, integrity and respect for others are values that we live and work by.

The Business Principle covers:

- Anti-Bribery and Anti-Corruption
- Non-complicity
- Conflict of interest
- Fair competition
- Export control and trade sanctions
- Political contributions

🔍 Transparency

We engage in open dialogue with all our stakeholders to develop business relationships built on trust. Trust also requires that we are careful not to reveal or communicate confidential information.

The Business Principle covers:

- Protection of personal data
- Confidential information
- Accounting and verification
- Company assets

🌍 Planet

We are in a unique position because our products make a significant contribution to reducing the environmental impact of industrial processes. We also have a responsibility to continuously reduce our environmental impact in all areas of our value chain.

The Business Principle covers:

- Environmental impact
- Continuous improvement
- Precautionary principle

Compliance with laws, regulations and Alfa Laval Business Principles

Conducting business with honesty, integrity, and respect for others is fundamental for Alfa Laval. This means that we not only follow the applicable laws and regulations in the countries in which we operate, but we are also determined to follow the highest ethical standards of business conduct. Alfa Laval carefully monitors the development of international legislation, social standards, and voluntary initiatives, including those concerning Anti-Bribery, Anti-Corruption, and conflicts of interest.

A Three Lines of Defence model has been implemented to clarify roles and responsibilities in applying the Alfa Laval Business Principles and underlying governing documents. The governing documents are policies, directives, and procedures. Adherence to the governing documents is mandatory for all employees in the Alfa Laval Group.

Governance

The Three Lines of Defence concept is the cornerstone of good governance. This is a model to secure compliance and a good working environment, identify gaps and secure that remedial actions are taken on discovered deficiencies. The first line of defence includes operational management, the second line is oversight functions normally at a corporate level, the third line of defence involves internal audit, external auditors and external regulators.

The first line is responsible for implementing controls and managing day to day operations, these are the people who own and manage risks. The second line provides oversight and helps to ensure that the first line is properly managing risks. They develop policies, provide guidance, and monitor compliance. The third line of defence are independent of operational management and report directly to the Audit Committee of the Board of Directors. The internal audit team provides an independent assurance that the first and second lines are functioning effectively through audits and reporting on their findings, both to the operational management and the Audit Committee.

The Risk and Compliance Board is the corporate oversight body. This board is responsible for reviewing the effectiveness of risk management and compliance processes within the company and consists of CEO, CFO, Chief Legal Officer and the VP Risk & Compliance. The Risk and Compliance Board secures identification, assessment, mitigation, and monitoring of enterprise-wide risks. They also ensure implementation and administration of the company's policies, directives, and ethical programs, including the Business Principles.

All managers are responsible for ensuring compliance with Alfa Laval's policies, including the Anti-Bribery and Anti-Corruption (ABAC) policy and the implementation of local guidelines. Line managers are continuously trained to keep up their awareness of the latest developments in Alfa Laval corporate policies and global compliance programs.

Reporting breaches

Alfa Laval encourages its people to report any concern about actual or potential violation of the Business Principles or the law, and any unethical conduct. Reporting concerns to your manager is always the first step. If this is not an option, Alfa Laval has a company-wide whistleblowing system, which enables both internal and external stakeholders to report suspected breaches anonymously. Alfa Laval's whistleblowing system is a secure and efficient tool that enables employees to combat fraud and uphold the good reputation of the company. The system complies with the EU data privacy regulation (GDPR) and EU Whistleblower Protection Directive.

Informing people about Alfa Laval's whistleblowing system and encouraging people to report is an ongoing process. In some countries, Alfa Laval has established a hotline for whistleblower support, along with a web-based supporting system.

Anti-Bribery and Anti-Corruption

Alfa Laval has zero tolerance for any form of bribery or corruption. The international scope of Alfa Laval's organization means that Alfa Laval is active in several countries where there is a high risk of corruption. One of many tools used by Alfa Laval in assessing risk is the Transparency International Corruption Perception Index.

Alfa Laval's recently updated ABAC policy is aligned with the ISO 37001 standard on Anti-Bribery management systems to prepare for possible future certification of Alfa Laval's Anti-Bribery and Anti-Corruption program. The policy applies to all employees and the implementation of the policy is supported by an ABAC e-learning course. The expectation is that all white-collar employees take this training at least every second year to maintain awareness. Per year-end 2024 the training had been completed by 79 per cent of the target group.



Anti-Bribery and Anti-Corruption process

Top level commitment

- Group ABAC Policy
- Risk Compliance Board
- Corporate self-assessment

Risk assessment

- Enterprise Risk Management
- Risk assessment in supply chain

Proportionate procedures

- Risk management actions
- Supplier contracts include ABAC clause

Communication & training

- ABAC information available on the intranet
- ABAC training for employees
- ABAC training for suppliers

Due diligence

- Third parties screening, compliance screening
- Due diligence on mergers and acquisitions

Monitoring & review

- Internal audit
- Whistleblowing function
- Annual Sustainability Reporting

Sustainability in the supply chain

Alfa Laval has the responsibility to ensure that sourced materials and resources meet the company’s sustainability standards. Alfa Laval’s sustainability commitments also apply to our suppliers.

Responsible sourcing

The sustainability expectations on our suppliers are based on the Alfa Laval Business Principles for Suppliers and clearly stated in our supplier agreements. Suppliers are expected to acknowledge the Business Principles and are accountable for following and fully incorporating the Business Principles into their own supply chain.

The Alfa Laval Responsible Sourcing Program steering committee sets the focus areas for delivering on Alfa Laval’s overall sustainability agenda in respect to activities that require collaboration with suppliers.

Climate action has been a particular focus area for the sourcing organization in the past couple of years. Alfa Laval has a responsibility to help our customers reduce emissions, we make the same effort ourselves and expect climate actions to be taken also by our suppliers.

As an example of value chain collaboration, sourcing managers in Alfa Laval distribution centers are continuously working with customers and suppliers to change air freight orders to sea or rail transport with the aim of reducing greenhouse gas emissions.

Supplier evaluation and engagement

Alfa Laval’s sourcing process outlines how we develop our existing supplier base and evaluate potential suppliers across our organization. It is important for Alfa Laval to onboard suppliers that can deliver to our expectations and share our sustainability ambitions.

Evaluation tools such as questionnaires, sustainability program evaluation and audits are used to assess new and existing suppliers. Supplier engagement to promote sustainable sourcing also includes activities such as workshops for suppliers, and a supplier award recognizing outstanding sustainability practices.

Risk analysis and mitigation

Responsible sourcing includes identifying, assessing, and managing supply chain risks. Risk exposure is reduced through clear expectations, risk management and a structured way of working with mitigation and follow-up.

Supplier risk assessment includes an initial screening of new suppliers and annual screening of existing suppliers to identify suppliers with the highest risk of breaches of the Business Principles for targeted actions.

Risks are managed depending on the characteristics of the identified risk. A corrective action plan is created, and preventive actions include targeted activities and a follow-up program. Mitigation activities are developed with a case-by-case approach supported by the Alfa Laval Supplier Risk and Compliance Council.

Supplier audits

Alfa Laval has a robust follow-up program including three types of supplier audits, one of which is focused on assessing compliance with the Alfa Laval Business Principles for Suppliers.

Business Principles audits are an important part of the Responsible Sourcing Program and include areas such as environment, health and safety, human and labor rights, and Anti-Corruption efforts.

In particular, the Business Principles audits highlight six critical areas: child labor, young labor, forced labor, freedom of association, health and safety, fire protection and environment. Deviations in any of these areas require immediate correction, both from new and established suppliers.

Suppliers with serious breaches have a limited time to implement the necessary improvements, while the case is escalated and monitored. Non-compliance without corrective action can lead to phase-out or termination of the supplier agreement with Alfa Laval.

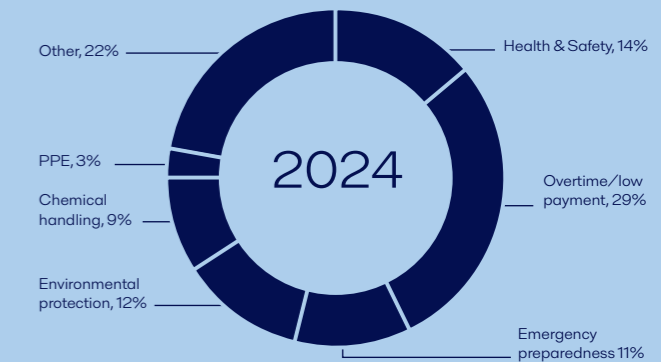
A total of 67 Business Principles audits were performed in 2024, mainly in China and India, countries with a large supplier base and many manufacturing units. Suppliers targeted for Business Principles audits are selected based on the risk assessment process.

Continuous improvement

Alfa Laval believes in continuous improvement as a dynamic rather than a static process. We recognize the need to work with our development areas and stay informed about coming sustainability directives and legislation.

We continue to invest in supplier engagement and trainings, and during the year, several supplier trainings and conferences have been organized in India and China. Training of Alfa Laval auditors is also part of our continuous development. The sustainability auditor certification is the highest achievable level of the Alfa Laval auditor program, requiring in-depth courses and extensive practice before becoming certified. Our sustainability auditors are also Alfa Laval ambassadors and knowledge partners that can support suppliers in developing an approach to sustainable business.

Most common deviations in supplier audits



Assessing supplier risk

The following three areas guide our risk assessment of suppliers

Country risk

Risk related to Human Rights breaches or bribery/corruption in the country where the supplier is based.

Product & production process risk

Risk related to occupational health and safety or environmental impacts associated with supplier production processes.

Governance & policies

Risk based on analyses and screenings of the supplier’s available documentation of policies and governance.

EU taxonomy reporting

Alfa Laval has assessed its operations to determine applicable eligible activities, as outlined by the criteria from EU. Applying the precautionary principle, any activities not clearly defined in the EU taxonomy have been left out. For 2024 the taxonomy reporting covers the following substantial contribution criteria:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Pollution prevention and control
- Transition to a circular economy
- Protection and restoration of biodiversity and ecosystems

Alfa Laval has concluded that the company does not have activities related to "Pollution prevention and control" and "Protection and restoration of biodiversity and ecosystems". The company does not perform, finance, or is exposed to research, development, demonstration and expansion, construction, renovation, operation or safe operation concerning nuclear related or fossil gas related activities. The company is however selling components and service to companies covered by the above description.

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Alfa Laval has after analysis arrived at the conclusion that the company does not have any environmentally sustainable activities that are covered by the economic activities specified in the taxonomy or meets the technical screening criteria or fulfils the Do Not Substantially Harm (DNSH) criteria. The products and systems that Alfa Laval manufacture and sell have a very important role in reducing energy consumption and carbon emissions but they are not covered by the taxonomy.

The assessment of aligned activities, including net sales, operational expenditures and investments, has been determined by reviewing the EU criteria for substantial contribution. During 2024 the same method to identify net sales has been used as for 2023. Work has been done to better identify the operational expenses and the investments that fits within the economic activities specified in the taxonomy.

The key performance indicators according to the EU taxonomy are presented in the following tables.

Net sales

Consolidated	Code	Net sales 2024	Proportion of net sales 2024	Substantial contribution criteria							Do not significantly harm criteria (DNSH)					Minimum safeguards	Proportion of net sales 2023	Category enabling activity (E)	Category transitional activity (T)		
				Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (W)	Pollution (P)	Circular economy (CE)	Biodiversity and ecosystems (BE)	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (W)	Pollution (P)	Circular economy (CE)	Biodiversity and ecosystems (BE)					Yes; No; N/A	Yes; No
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (taxonomy-aligned)																					
Net sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		-	-																		
Of which enabling		-	-																		
Of which transitional		-	-																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																					
				Taxonomy eligible (EL) or non-eligible (N/EL) activity																	
Manufacturing of renewable energy technologies	CCM 3.1	158	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%			
Manufacturing of equipment for the production and use of hydrogen	CCM 3.2	199	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%			
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	3,473	5.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.0%			
Manufacturing of other low carbon technologies	CCM 3.6	9,653	14.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								14.0%			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								-			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								-			
Data-driven solutions for GHG emissions reductions	CCA 8.2	290	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%			
Software enabling physical climate risk management and adaptation	CCA 8.4	75	0.1%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%			
Urban waste water treatment	W 2.2	802	1.2%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL								1.3%			
Production of alternative water resources for purposes other than human consumption	CE 2.2	498	0.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.6%			
Repair, refurbishment and re-manufacturing	CE 5.1	14,746	22.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL								23.5%			
Net sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)			29,894	44.6%	20.5%	0.1%	1.2%	-		-								48.5%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Net sales of taxonomy-non-eligible activities		37,059	55.3%																		
TOTAL		66,954	100.0%																		

The economic activities within Alfa Laval covered by the taxonomy have primarily been identified based on the end markets (industries) each division sells to. However, for the economic activity 3.6 "Manufacture of other low-carbon technologies" within "Climate change mitigation," a more product-oriented approach has also been applied. This includes mainly the sales of brazed, gasketed, and welded heat exchangers, provided they are not sold to nuclear power or fossil fuels or are already covered by the identified end markets (industries).

Specific products have also been used to identify sales within 8.2 "Data-driven solutions for greenhouse gas emission reductions" and 8.4 "Software enabling physical climate risk management and climate adaptation." For 5.1 "Repair, refurbishment, and remanufacturing," a selection of aftermarket offerings has been used to identify sales qualifying under "Circular economy."

The net sales figures refer to contracts with customers. The majority of the economic activities covered by the taxonomy primarily relate to the Energy division, followed by the Food & Water division.

The above table on net sales can be summarized as follows:

Consolidated	Proportion of net sales / Total net sales split on	
	Environmentally sustainable (taxonomy-aligned) criteria	Taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) criteria
2024		
Climate change mitigation (CCM)	-	20.5%
Climate change adaptation (CCA)	-	0.1%
Water and marine resources (W)	-	1.2%
Pollution (P)	-	-
Circular economy (CE)	-	22.7%
Biodiversity and ecosystems (BE)	-	-
Total	-	44.6%

Operational expenditure

Consolidated	Operational expenditure 2024		Substantial contribution criteria							Do not significantly harm criteria (DNSH)					Proportion of operational expenditure 2023	Category enabling activity (E)	Category transitional activity (T)	
	Code	SEK millions	Proportion of operational expenditure 2024	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (W)	Pollution (P)	Circular economy (CE)	Biodiversity and ecosystems (BE)	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (W)	Pollution (P)	Circular economy (CE)				Biodiversity and ecosystems (BE)
Economic activities				Yes; No; N/A							Yes; No					%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (taxonomy-aligned)																		
Operational expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	-															-	
Of which enabling	-	-															-	
Of which transitional	-	-															-	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																		
	CCM			Taxonomy eligible (EL) or non-eligible (N/EL) activity												%		
Manufacturing of renewable energy technologies	3.1	4	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.3%	
Manufacturing of equipment for the production and use of hydrogen	3.2	61	3.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.0%	
Manufacturing of energy efficiency equipment for buildings	3.5	108	5.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.8%	
Manufacturing of other low carbon technologies	3.6	226	11.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.6%	
Construction, extension and operation of water collection, treatment and supply systems	5.1	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-	
Installation, maintenance and repair of energy efficiency equipment	7.3	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-	
Data-driven solutions for GHG emissions reductions	8.2	42	2.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.3%	
Software enabling physical climate risk management and adaptation	8.4	11	0.6%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Urban waste water treatment	W 2.2	22	1.1%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								4.5%	
Production of alternative water resources for purposes other than human consumption	CE 2.2	13	0.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%	
Repair, refurbishment and re-manufacturing	CE 5.1	401	20.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								3.3%	
Net sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		888	46.0%	22.9%	0.6%	1.1%	-	21.5%	-								23.9%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Operational expenditure of taxonomy-non-eligible activities		1,043	54.0%															
TOTAL		1,931	100.0%															

Operating expenses refer to direct costs for:

- training and other HR adaptation needs (conversion and change),
- research and development,
- building renovations,
- short-term lease agreements,
- maintenance and repairs, and
- other direct expenses for the daily upkeep of tangible fixed assets by Alfa Laval or third parties.

The largest portion of operating expenses relates to research and development, which is a high-priority area to support the company's future growth in sustainability. It is also within this area that operating expenses have increased compared to the previous year.

The above table on operational expenditure can be summarized as follows:

Consolidated	Proportion of net sales / Total net sales split on	
	Environmentally sustainable (taxonomy-aligned) criteria	Taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) criteria
2024		
Climate change mitigation (CCM)	-	22.9%
Climate change adaptation (CCA)	-	0.6%
Water and marine resources (W)	-	1.1%
Pollution (P)	-	-
Circular economy (CE)	-	21.5%
Biodiversity and ecosystems (BE)	-	-
Total	-	46.0%

Investments

Consolidated	Investments 2024		Substantial contribution criteria							Do not significantly harm criteria (DNSH)					Proportion of investments 2024	Category enabling activity (E)	Category transitional activity (T)	
	Code	SEK millions	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (W)	Pollution (P)	Circular economy (CE)	Biodiversity and ecosystems (BE)	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (W)	Pollution (P)	Circular economy (CE)	Biodiversity and ecosystems (BE)				Minimum safeguards
Economic activities			Yes; No; N/A							Yes; No					%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (taxonomy-aligned)																		
Investments of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	-															-	
Of which enabling	-	-															-	
Of which transitional	-	-															-	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																		
	CCM			Taxonomy eligible (EL) or non-eligible (N/EL) activity												%		
Manufacturing of renewable energy technologies	3.1	11	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7%	
Manufacturing of equipment for the production and use of hydrogen	3.2	17	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.6%	
Manufacturing of energy efficiency equipment for buildings	3.5	497	11.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28.0%	
Manufacturing of other low carbon technologies	3.6	608	14.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.8%	
Construction, extension and operation of water collection, treatment and supply systems	5.1	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-	
Installation, maintenance and repair of energy efficiency equipment	7.3	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-	
Data-driven solutions for GHG emissions reductions	8.2	36	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%	
Software enabling physical climate risk management and adaptation	8.4	9	0.2%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.8%	
Urban waste water treatment	W 2.2	16	0.4%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								2.2%	
Production of alternative water resources for purposes other than human consumption	CE 2.2	6	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.9%	
Repair, refurbishment and re-manufacturing	CE 5.1	570	13.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.9%	
Investments of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		1,770	41.1%	33.9%	0.8%	2.2%	-	3.8%	-								40.7%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Operational expenditure of taxonomy-non-eligible activities		2,536	58.9%															
TOTAL		4,306	100.0%															

Investments are defined as the sum of purchased and leased capital investments. Taxonomy eligible investments and operational expenditure relate to:

- assets or processes associated with taxonomy eligible economic activities and
- purchase of output from taxonomy eligible economic activities and individual measures to become low-carbon or reduce greenhouse gas provided that the measures are implemented and operational within 18 months.

The investments are mainly focusing on increasing production capacity for existing and new products that reduce energy consumption and carbon emissions for our customers and to reduce Alfa Laval's own energy consumption and carbon emissions.

The above table on investments can be summarized as follows:

Consolidated	Proportion of net sales / Total net sales split on	
	Environmentally sustainable (taxonomy-aligned) criteria	Taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) criteria
2024		
Climate change mitigation (CCM)	-	27.2%
Climate change adaptation (CCA)	-	0.2%
Water and marine resources (W)	-	0.4%
Pollution (P)	-	-
Circular economy (CE)	-	13.3%
Biodiversity and ecosystems (BE)	-	-
Total	-	41.1%

Auditor's Limited Assurance Report on Alfa Laval AB's Sustainability Report and statement regarding the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish.

To Alfa Laval AB, Corp.id. 556587-8054

Introduction

We have been engaged by the Board of Directors of Alfa Laval AB to undertake a limited assurance engagement of Alfa Laval AB's Sustainability Report for the year 2024. The sustainability report consists of information presented on pages 26–58 in the Annual and Sustainability Report and the separate document Sustainability notes with GRI Index. Alfa Laval AB has defined the scope of the Statutory Sustainability Report on page 31.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively, according to the previous wording in the Annual Accounts Act that applied before July 1, 2024.

The criteria are defined in the separate document Sustainability notes with GRI Index, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our review is limited to the information in this document and Sustainability notes with GRI Index, and to the historical information and does therefore not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) *Assurance engagements other than audits or reviews of financial information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 *The auditor's opinion regarding the statutory sustainability report*. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International

Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Alfa Laval AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited review performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

March 28, 2025

Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

Otti Alestalo
Specialist member of FAR

Concept Zero™

Frame made of recycled steel
with virtually zero fossil carbon emissions

Alfa Laval's share in 2024

In 2024, Alfa Laval's share has seen good price growth and has outperformed the index. The share price was recorded at SEK 464.60 (404.40) at the close of the last trading day of the year, representing an increase of SEK 59.20 since the start of the year. This is equivalent to growth of 14.68 per cent, which is comparable with OMX Stockholm Industrials, the industry index for industrial shares in which Alfa Laval is included, which was up 7.24 per cent in 2024. The Stockholm Stock Exchange as a whole (OMXSPI) increased by 5.73 per cent. Therefore, Alfa Laval outperformed both the industry and the stock market with twice the price growth. The year's highest closing price for Alfa Laval's share, SEK 494.70, was recorded on 6 January. The year's lowest closing price, SEK 366.80, was recorded on 17 January. At the end of the year, Alfa Laval's market capitalization amounted to SEK 191.2 billion (166.74). The Alfa Laval share is listed on Nasdaq Stockholm and is included in the Large Cap segment of the Stockholm and Nordic stock exchanges, as well as OMXS30, which includes the 30 most traded shares in Stockholm.

Long-term total return

Since Alfa Laval was relisted on the Stockholm Stock Exchange on 17 May 2002, the share, including reinvested dividends, has returned 3,035 per cent. Measured over the listing period, this gives an average annual effective return of 17.34 per cent. This can be compared to an effective annual return of 10.96 per cent for the Stockholm Stock Exchange during the same period (SIX Return Index).

The share's turnover

Alfa Laval's share is traded not only on Nasdaq Stockholm but also on the Chicago Board Options Exchange (CBOE) Global Markets, the London Stock Exchange and Tradeweb APA, to name but a few of the major alternative marketplaces. In 2024, the Stockholm Stock Exchange accounted for 25.78 per cent (25.08) of all trading in the share. Trading on CBOE Global Markets

was greatest, at 53.57 per cent (52.95). The turnover of Alfa Laval's share decreased in 2024, amounting to 543 million shares (643). This meant that the share turnover rate decreased in 2024, to 1.31 times the number of outstanding shares (1.56). In 2024, the average number of trades in Alfa Laval's share also fell to 2.16 million shares per trading day (2.56), which includes all trading venues. Trading in the share represented a total transaction value of SEK 239.40 billion (236.78).

Dividend policy

The objective of the Board of Directors is to regularly propose a dividend that reflects the Group's performance and financial status, as well as current and anticipated capital requirements. Taking into account the Group's cash-generating capacity, the objective is to pay dividends equivalent to 40 to 50 per cent of net income over a business cycle. For 2023, the Board of Directors therefore proposes a dividend of SEK 8.50 per share (7.50). The proposed dividend is equivalent to 44.5 per cent of profit per share (43.7), adjusted for surplus values.

Share capital

The quotient value amounted to SEK 2.70 (2.70) per share at the end of the year. All shares have equal voting rights and provide the same entitlement to the company's assets. There are no outstanding options or other instruments that could result in dilution for shareholders. The total number of shares at the end of the year amounted to 413,326,315, the same as at the start of the year.

Shareholders

At the end of 2024, Alfa Laval had 56,542 shareholders (54,098), representing an increase of 2,444 shareholders (147). The ten biggest shareholders controlled 60.72 per cent of shares (61.48). The biggest shareholder is Winder Holding AG, which acquired all shares from Tetra Laval B.V. on 28 February 2023. The ten biggest shareholders at the end of 2024 are the same as in the previous year.

Ownership distribution by size at December 31, 2024

	No. Of shareholders	No. Of shareholders, %	No. Of shares	Holding, %
1-500	47,656	84.28%	4,925,172	1.19%
501-1,000	4,156	7.35%	3,314,696	0.80%
1,001-5,000	3,544	6.27%	7,892,913	1.91%
5,001-10,000	489	0.86%	3,629,933	0.88%
10,001-20,000	149	0.26%	1,864,347	0.45%
20,001-50,000	83	0.15%	1,514,664	0.37%
50,001-	465	0.82%	390,184,590	94.40%
Total	56,542	100.00%	413,326,315	100.00%

Source: Euroclear

Data per share

	2024	2023	2022	2021	2020
Share price at year-end, SEK	464.6	403.3	301.10	364.40	226.30
Highest paid, SEK	494.7	405.4	382.70	388.80	257.20
Lowest paid, SEK	366.8	304	234.80	219.60	149.60
Shareholders' equity, SEK	102.30	90.43	86.27	77.11	70.33
Earnings per share	17.88	15.31	10.89	11.38	8.47
Dividend, SEK ¹⁾	8.50	7.50	6.00	6.00	5.50
Free cash flow, SEK ²⁾	21.6	16.50	5.38	0.57	16.13
Price change during the year, %	14.68	33.98	17.40	61.00	4.07
Dividend as % of EPS, %	47.54	48.99	55.10	52.72	64.94
Direct return, % ³⁾	1.83	1.86	1.99	1.65	2.43
Share price/shareholders' equity, multiple	4.54	4.46	3.49	4.73	3.22
P/E ratio ⁴⁾	25.98	26.34	27.65	32.02	26.72
No. of shareholders	56,542	54,098	54,245	44,136	43,334

Source: Bloomberg, Euroclear, Alfa Laval

- 1) Board motion to the Annual General Meeting.
- 2) Free cash flow is the sum of cash flow from operating and investing activities.
- 3) Measured as the proposed dividend in relation to closing price on the last trading day. The direct return for 2023 is calculated based on the board's proposal to the general meeting.
- 4) Closing price on the last trading day in relation to earnings per share.

Ownership categories at December 31, 2024

	No. of shares	Holding, %
Financial companies	95,529,383	23.11%
Other financial companies	1,103,199	0.27%
Social insurance funds	9,965,500	2.41%
Government	1,115,008	0.27%
Municipal sector	77,300	0.02%
Trade organizations	4,209,112	1.02%
Other Swedish legal entities	5,846,127	1.41%
Uncategorized legal entities	71,299	0.02%
Shareholders domiciled abroad (legal entities and individuals)	274,464,665	66.40%
Swedish individuals	20,944,722	5.07%
Total	413,326,315	100.00%

Source: Euroclear

Ten largest shareholders at December 31, 2024⁵⁾

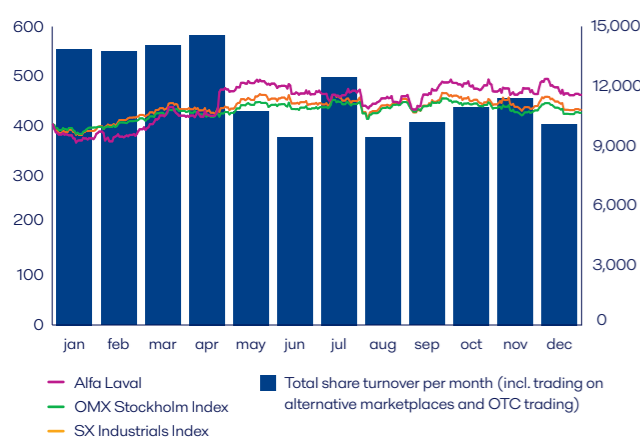
	No. of shares	Capital/voting rights, %	Change in holding in 2024, percentage points
Winder Holding AG	122,037,736	29.53	0.00
State Street Bank and Trust Company	30,402,635	7.36	0.00
BNY Mellon	26,552,446	6.42	0.08
Alecta Tjänstepension	20,479,286	4.95	-0.66
Northern Trust Company	15,722,712	3.80	-0.08
JP Morgan Chase	14,121,098	3.42	-0.06
AMF Tjänstepension	6,500,000	1.57	0.36
Deutsche Bank Trust Company America	5,535,085	1.34	0.01
Norges Bank	5,238,988	1.27	-0.34
Första AP-fonden	4,393,969	1.06	-0.02
Total ten largest shareholders	250,983,955	60.72	-0.71

Source: Euroclear

5) The table is adjusted for nominee-registered shares.

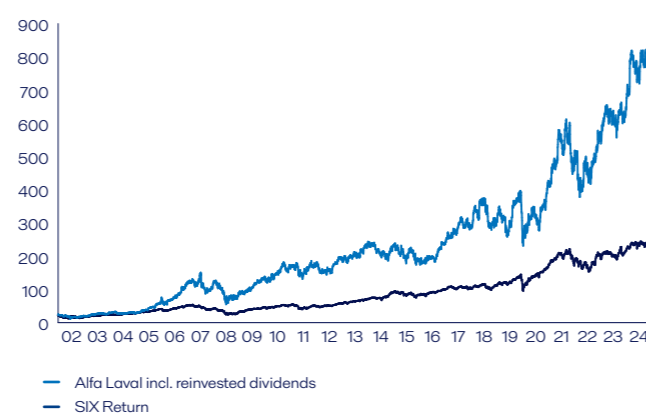
Price trend, January 1 - December 31, 2024

Source: Bloomberg

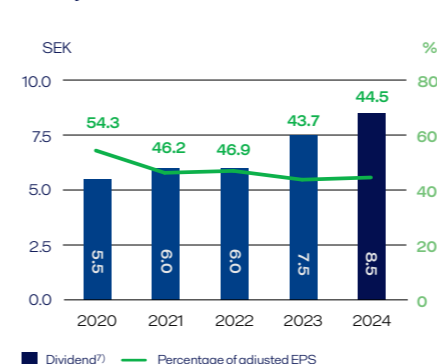


Total return, May 17, 2002 - December 31, 2024

Source: Bloomberg



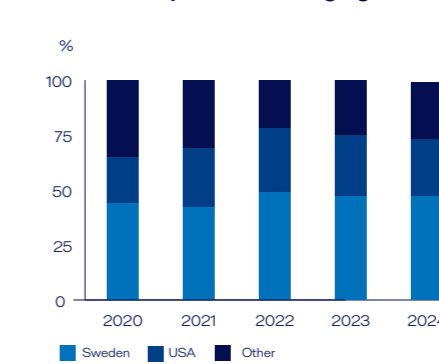
Dividend and percentage of adjusted EPS⁶⁾



- 6) Adjusted for step up amortization net of taxes.
- 7) Board motion to the Annual General Meeting.

Source: Alfa Laval

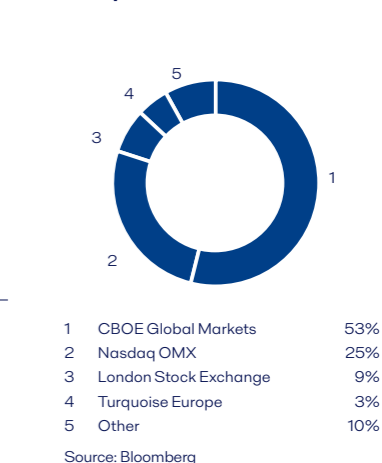
Geographic distribution of the free float, % of capital and voting rights⁸⁾



8) Excluding Winder Holding (Switzerland 29.5%).

Source: Euroclear

Share turnover on various marketplaces 2024



- 1 CBOE Global Markets 53%
- 2 Nasdaq OMX 25%
- 3 London Stock Exchange 9%
- 4 Turquoise Europe 3%
- 5 Other 10%

Source: Bloomberg

Responsible, sustainable and effective

Corporate governance identifies what the decision-making process at Alfa Laval looks like and the structures that regulate how the company is governed. Sound corporate governance is an essential basis for ensuring that Alfa Laval, from a shareholder perspective, is governed responsibly, sustainably and effectively. As a Swedish public limited liability company with shares listed on Nasdaq Stockholm, the framework for Alfa Laval's corporate governance is dictated by external rules as set out, inter alia, in the Swedish Companies Act, the Swedish Annual Accounts Act, the Nordic Main Market Rulebook for Issuers of shares ("Main Market Rulebook") and the Swedish Corporate Governance Code ("the Code"). These provisions are supplemented by internal principles and regulations, such as procedures for control and risk management as well as governing documents with guidelines and instructions. At Alfa Laval, these internal governing documents include the Articles of Association, the Board and CEO instructions as well as Alfa Laval's Business Principles and governing policies.

This Corporate Governance Report describes Alfa Laval's corporate governance for 2024. The report has been prepared in accordance with the Swedish Annual Accounts Act and the Code, and has been reviewed by the company's auditors.

Acting in society and reaching business goals

In today's society, human impact on our planet is in constant focus. As new legislation becomes increasingly stringent, a sustainability paradigm is taking deeper root in society. This paradigm is leading Alfa Laval, and many other companies, to voluntarily take initiatives aimed at improvements.

In Alfa Laval, such initiatives are, inter alia, reflected in the Sustainability Strategy and in the Group's Business Principles. Alfa Laval's four Business Principles, Planet, Transparency, Caring and Committed, guide all of the Group's work and describe how Alfa Laval and its employees must act in society whilst achieving the business goals – in other words, ethically and sustainably. Adhering to the Business Principles means that there are many occasions and situations where Alfa Laval can contribute to a more sustainable future and to the success of Alfa Laval's customers, people and the planet. All employees at Alfa Laval are to comply with the Business Principles and are encouraged to report anything that conflicts with these principles. A distinct Code of Conduct is also included in Alfa Laval's Business Principles.

As a part of its internal work, Alfa Laval regularly reviews its governing documents to ensure that they are relevant and consistent with applicable laws and developments in, for example, the Group's Business Principles. In recent years, Alfa Laval's Internal Controls Framework Policy, Group Information Security Policy, Group People Policy, Anti-Bribery and Anti-Corruption Policy, Environment Policy, Sourcing Policy, Health and Safety Policy, Human Right Policy, Business Resilience Management Policy, Data Privacy Policy and others have been reviewed and revised.

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Alfa Laval as a company

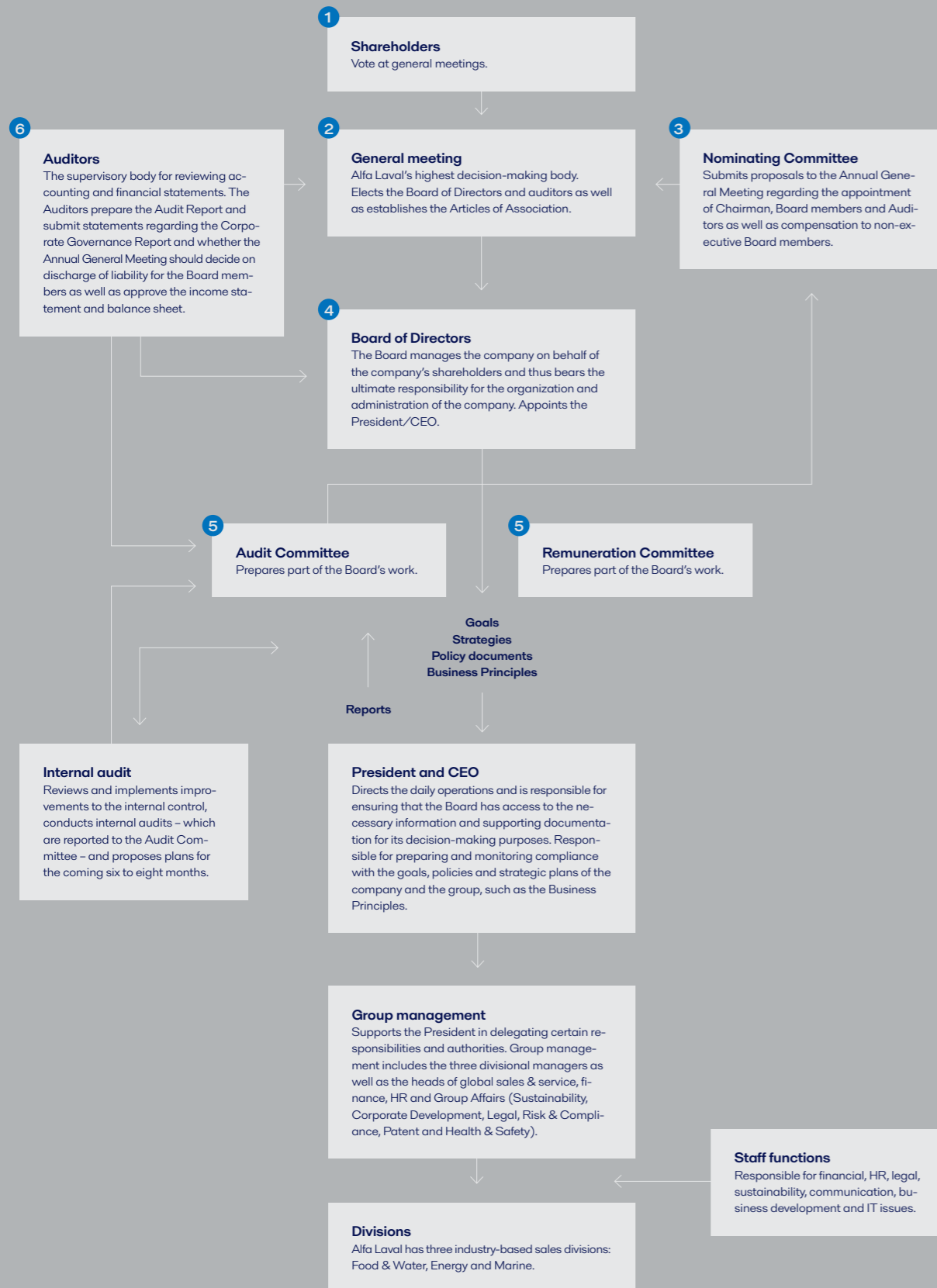
Alfa Laval AB

The company's business name is Alfa Laval AB (publ). The company is listed on Nasdaq Stockholm and the registered office of the Board of Directors is Lund, Sweden. The object of the company's operations is to, directly or through subsidiaries and joint venture companies in and outside Sweden, develop, manufacture and sell equipment and installations, primarily in the areas of separation, heat transfer and fluid handling, and to administer fixed and movable property, and other related operations. Alfa Laval's fiscal year runs from January 1 to December 31.

The company's share capital shall amount to no less than SEK 745,000,000 and no more than SEK 2,980,000,000. The number of shares shall be no less than 298,000,000 and no more than 1,192,000,000. The Articles of Association do not include any limitations regarding the number of votes a shareholder can cast at a general meeting. Nor do they contain any specific rules regarding the appointment and dismissal of Board members or changes to the Articles of Association. The Articles of Association include a right for the Board of Directors to collect proxies in accordance with Chapter 7, Section 4 of the Swedish Companies Act and to decide that shareholders may vote in advance of a general meeting.

Alfa Laval's currently prevailing Articles of Association were adopted at the Annual General Meeting, held on April 27, 2021. The Articles of Association are available on www.alfalaval.com/investors/corporate-governance/

Corporate governance



1 Share and ownership structure

According to the Euroclear Sweden AB share register, Alfa Laval had 413,326,315 shares as at 31 December 2024, distributed among 56,542 shareholders. Alfa Laval has only one class of shares, and each share represents one vote. The single biggest shareholder – and the only owner with a holding in excess of 10 per cent – was Winder Holding AG, which owned 29.53 per cent of Alfa Laval shares at the end of the year. The second biggest

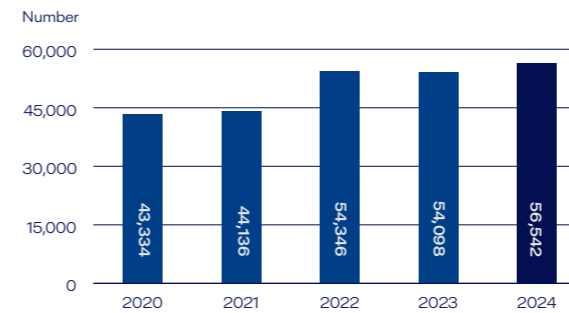
owner was State Street Bank and Trust Company with 7.36 per cent, followed by BNY Mellon with a 6.42 per cent holding. Swedish private ownership amounted to 5 per cent, while other ownership made up 95 per cent of total ownership of Alfa Laval shares. Please see the share section on pages 60–61 for more information on Alfa Laval's share, its performance and ownership structure.

Ownership categories at December 31, 2024

	No. of shares	Holding, %
Financial companies	95,529,383	23.11%
Other financial companies	1,103,199	0.27%
Social insurance funds	9,965,500	2.41%
Government	1,115,008	0.27%
Municipal sector	77,300	0.02%
Trade organizations	4,209,112	1.02%
Other Swedish legal entities	5,846,127	1.41%
Uncategorized legal entities	71,299	0.02%
Shareholders domiciled abroad (legal entities and individuals)	274,464,665	66.40%
Swedish individuals	20,944,722	5.07%
Total	413,326,315	100.00%

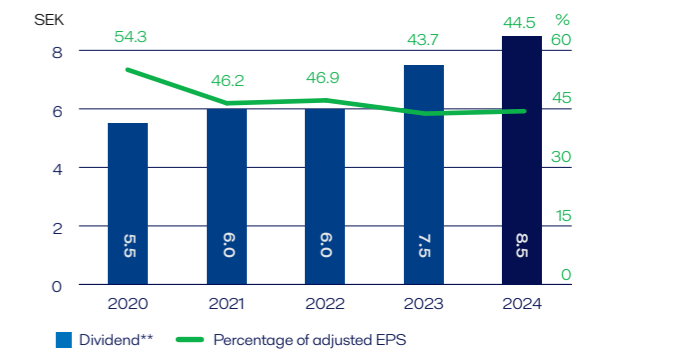
Source: Euroclear

Total number of shareholders



Source: Euroclear

Dividend and percentage of adjusted EPS*



*Adjusted for step up amortization net of taxes.
**Board motion to the Annual General Meeting.
Source: Alfa Laval

Ten largest shareholders at December 31, 2024*

	No. of shares	Capital/voting rights,%	Change in holding in 2023, percentage points
Winder Holding AG	122,037,736	29.53	0.00
State Street Bank and Trust Company	30,402,635	7.36	0.00
BNY Mellon	26,552,446	6.42	0.08
Alecta Tjänstepension	20,479,286	4.95	-0.66
Northern Trust Company	15,722,712	3.80	-0.08
JP Morgan Chase	14,121,098	3.42	-0.06
AMF Tjänstepension	6,500,000	1.57	0.36
Deutsche Bank Trust Company America	5,535,085	1.34	0.01
Norges Bank	5,238,988	1.27	-0.34
Första AP-fonden	4,393,969	1.06	-0.02
Total ten largest shareholders	250,983,955	60.72	-0.71

* The table is adjusted for nominee-registered shares.



2 General meetings

Shareholders exercise their voting rights at general meetings. The general meeting is Alfa Laval's highest decision-making body. Each shareholder – that is listed in the register of shareholders and has notified the company of their participation – has the right to participate in a general meeting and vote according to their shares. Shareholders are entitled to be represented by a proxy. Regardless of the size of their holding, each shareholder has further the right to have an item brought up at a general meeting.

At the general meeting, the Board of Directors and auditors are elected, and the Chairman of the Board is appointed. Other matters decided are, inter alia, compensation to the Board of Directors, discharge of the Board members and the President from liability, distribution of the company's profit as well as adoption of the income statement and the balance sheet. Changes in the Articles of Association or the Nominating Committee instructions are also decided by the general meeting. Most proposals addressed at the general meeting are decided by a simple majority. However, qualified majority is required for certain types of resolutions, such as changes to the Articles of Association or repurchase of shares.

Alfa Laval's ordinary general meeting (the Annual General Meeting) is held annually within six months from the end of the fiscal year. The date and location of the Annual General Meeting are announced no later than in conjunction with the publication of the interim report for the third quarter. Normally, the Annual General Meeting is held in late April in Lund.

Notice of the Annual General Meeting is published as an announcement in the Swedish Official Gazette and on the company's website not more than six and not less than four weeks prior to the Annual General Meeting.

The 2024 Annual General Meeting

The 2024 Annual General Meeting of Alfa Laval AB was held on April 25, 2024, at Lund City Hall (Stadshallen) in Lund, Sweden. Shareholders participated in the Annual General Meeting either by advance voting or at the venue in person or by a proxy. The notice of the Meeting was issued on March 20, 2024.

A total of 300,224,687 votes and shares were registered at the Meeting. Chairman of the Board, Dennis Jönsson, was appointed Chairman of the general meeting. The Meeting adopted the agenda proposed in the convening notice and decided on the below resolutions in accordance with the proposals from the Nominating Committee and the Board of Directors.

A presentation was held by the President and CEO of Alfa Laval during the Meeting. The minutes, the notice, the presentation from the Meeting and all other information related to the Annual General Meeting are available on the website, www.alfalaval.com/investors/corporate-governance/.

Resolutions passed by the 2024 Annual General Meeting

- The Meeting adopted the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet, as presented in the 2023 Annual Report.
- The Meeting resolved on a dividend of SEK 7.50 per share, with April 29, 2024, as record date.
- The Meeting resolved to discharge all individuals, who held positions in Alfa Laval AB as Board members, deputy members or President during 2023, from liability in respect of their management of the company's business for the 2023 fiscal year.

- The Meeting approved the remuneration report prepared by the Board of Directors.
- The Meeting resolved that the number of Board members elected by the Meeting was to be nine, with no deputy members. The Meeting also resolved that the number of auditors was to be two with two deputy auditors.
- The Meeting resolved on compensation to non-executive Board members in an amount of SEK 7,490,000 with an additional compensation to the Chairman and other members of the Audit Committee and the Remuneration Committee.
- The Meeting resolved, for the time up to the end of the 2025 Annual General Meeting, to re-elect Dennis Jönsson, Finn Rausing, Henrik Lange, Jörn Rausing, Lilian Fossum Biner, Ray Mauritsson, Ulf Wiinberg, Anna Müller and Nadine Crauwels as members of the Board of Directors, as well as to re-appoint Dennis Jönsson as Chairman of the Board.
- The Meeting resolved, for the time up to the end of the Annual General Meeting 2025, to re-elect the Authorized Public Accountant Andreas Troberg and to elect the Authorized Public Accountant Hanna Fehland as the company's auditors. Further the Meeting resolved to re-elect the Authorized Public Accountants Henrik Jonzén and Andreas Mast to be deputy auditors for the company.

The 2024 Annual General Meeting pertains to the 2023 fiscal year.

2025

The 2025 Annual General Meeting

The 2025 Annual General Meeting of Alfa Laval AB (publ) will be held on Tuesday, April 29, 2025, 4:00 p.m. at Lund City Hall (Stadshallen) in Lund. The notice of the Meeting will be published no earlier than March 18 and no later than April 1, 2025. Notice of the Annual General Meeting will be published in the Swedish Official Gazette and on the company's website, followed by an announcement in Dagens Nyheter stating that the notice has been issued. Supporting documentation will be published on Alfa Laval's website well in advance of the Annual General Meeting. Copies of the documents will be sent to those shareholders who request it and provide information about their address.

3 Nominating Committee

Work of the Nominating Committee

The Nominating Committee prepares and submits proposals to the Annual General Meeting regarding candidates for the positions as Chairman and other members of the Board, the company's auditors and the Chairman of the general meeting. The Nominating Committee's assignment also includes preparing proposals regarding compensation to non-executive Board members and additional compensation to committee members for the Annual General Meeting to decide upon. Rules for the Nominating Committee's work and composition are provided in the Code and in specific instructions adopted by the 2018 Annual General Meeting. The adopted instructions apply until further notice and stipulate, inter alia, that the Nominating Committee is to consist of a minimum of five members appointed by the largest shareholders as of August 31, and that the Chairman of the Board is to be part of the Nominating Committee.

Every year, the composition of the Nominating Committee is announced in a press release, in the third-quarter interim report and on Alfa Laval's website. In conjunction with this, information on how shareholders can propose candidates for the Board, is also provided.

Assessing strengths and future needs

As a foundation for its work, each year the Nominating Committee receives the result of the annual evaluation on the Board's work,

prepared by the Chairman of the Board. When deemed appropriate, the Nominating Committee also conducts interviews with individual Board members about the Board work. As a member of the Nominating Committee, the Chairman of the Board keeps the Nominating Committee informed about the company's strategy and future challenges, which further helps the Nomination Committee in its work to consider a suitable Board. In its assessment, the Nomination Committee particularly must consider the requirements regarding the Board's breadth and versatility, as well as the requirement to strive for an even gender balance. The Nominating Committee may, when deemed appropriate, call upon the assistance of external resources in its search for suitable candidates. For more information about the annual Board evaluation, please see *Board Evaluation and Board Education below*.

Work of the Nominating Committee ahead of the 2024 Annual General Meeting

In respect of the Annual General Meeting 2024, the Nominating Committee consisted of Dennis Jönsson, and five members appointed by the five largest shareholders in Alfa Laval as of August 31, 2023. The members of the Nominating Committee ahead of the 2024 Annual General Meeting are presented below.

The work of the Nominating Committee began with a statutory meeting where Finn Rausing was elected Chairman and Emma

Adleron, Chief Legal Officer and Secretary to the Board of Alfa Laval AB, was appointed Secretary. Due to Finn Rausing's position as Board member of Alfa Laval AB, his role as Chairman is a deviation from the Code. The Nominating Committee considered this in its decision and deemed Finn Rausing to be particularly well suited to lead the work of the Committee and obtain the best possible results for the company's owners.

Ahead of the Annual General Meeting 2024, the Nominating Committee held three formal meetings, which were partly digital, and had contact by e-mail. The following items were addressed at the meetings:

- Composition of the Board of Directors and the need for new members.
- The requirements in the Code and the ambitions communicated by the Swedish Corporate Governance Board regarding gender balance within Boards of listed companies.
- The latest digital Board evaluation conducted by the Chairman and the other members of the Board.
- An orientation on Alfa Laval's operations was given by the President and CEO together with his view on the company's strategy and challenges.
- Compensation to the Board members, including additional

compensation to members of the Audit Committee and the Remuneration Committee.

The Nominating Committee, except Finn Rausing and Dennis Jönsson, also carried out interviews with the Board members that are not members of the Nominating Committee.

After an overall assessment, the Nominating Committee decided to propose to the Annual General Meeting, re-election of the current Board members. The Nominating Committee's proposal meant a Board comprising of nine members elected by the general meeting up until the end of the Annual General Meeting 2025. In considering the proposal, the Nominating Committee applied Rule 4.1 of the Code as its diversity policy. In accordance with the ambitions communicated by Code and the Swedish Corporate Governance Board, the Nomination Committee has in recent years, strived for an even gender balance within the Board of Directors. Following the Nominating Committee's proposal, the Board of Directors consists of three women and six men up until the Annual General Meeting 2025. This corresponds to a female representation of 33 percent. The Nominating Committee noted in its reasoned statement that this is still lower than desired, and that the strive to reach an even gender balance in the Board of Directors will continue to be prioritized going forward. Further information is available in the Nominating Committee's reasoned statement prepared ahead of the 2024 Annual General Meeting.

Nominating Committee ahead of the 2024 Annual General Meeting

Name	Representing	Shareholding in Alfa Laval, %*
Finn Rausing	Winder Holding	29.5
Daniel Kristiansson	Alecta Pensionsförsäkring	5.6
Lennart Francke	Swedbank Robur Funds	3.3
Anders Oscarsson	AMF Insurance and Funds	2.3
Javiera Ragnartz	SEB Funds	1.7

*As of August 31, 2023.

Election of auditors

Ahead of the 2024 Annual General Meeting, the Nominating Committee was given an update from the Audit Committee regarding the Audit Committee's work during the past year and the work with the auditors elected by the Annual General Meeting. Based on the Audit Committee's recommendation, the Nominating Committee decided to propose to the Annual General Meeting 2024, re-election of Andreas Troberg and election of Hanna Fehland as the company's auditors for the coming year.

Composition and work of the Nominating Committee ahead of the 2025 Annual General Meeting

Ahead of the 2025 Annual General Meeting, the Nominating Committee included Jörn Rausing (Winder Holding), Daniel Kristiansson (Alecta Tjänstepension Ömsesidigt), Lennart Francke (Swedbank Robur Funds), Anders Oscarsson (AMF Insurance and Funds), Javiera Ragnartz (SEB Funds) and Dennis Jönsson (Chairman of the Board of Alfa Laval AB). Jörn Rausing was elected Chairman and Emma Adleron, Chief Legal Officer and Secretary to the Board of Alfa Laval AB, was appointed secretary. Due to Jörn Rausing's position as Board member of Alfa Laval AB, his role as Chairman of the Nominating Committee is a deviation from the Code. The Nominating Committee considered this in its decision and deemed Jörn Rausing to be particularly well suited to lead the work of the Committee and obtain the best possible results for the company's owners.

The composition of the Nominating Committee was published in a press release on October 1, 2024, and was also included in Alfa Laval's third-quarter interim report, published on October 24, 2024. The total holding of the shareholders appointing the Nominating Committee represented 42.5 percent of the number of shares in the company on August 31, 2024. Information about how to submit proposals for Board candidates to the Nominating Committee was published at the same time as the composition of the Nominating Committee.

2025

4 Board of Directors

The Board of Alfa Laval manages the company on behalf of the shareholders and bears the ultimate responsibility for the organization and administration of the company. The work and responsibilities of the Board are governed by the Swedish Companies Act, the Swedish Board Representation (Private Sector Employees) Act, Alfa Laval's Articles of Association, the Main Market Rulebook and the Code. The Board is also responsible for establishing Board and CEO instructions in writing. These instructions describe the Board's work assignments, the committees to be established within the Board, the role of the Chairman and the allocation of work between the Board, the committees, and the President. To enable the ongoing assessment of the company's financial position, the Board instructions include separate instructions regarding the financial reporting to be submitted to the Board.

Alfa Laval AB's Articles of Association state that the Board of Directors must consist of a minimum of four and a maximum of ten members, with four deputy members at the most. The Board members are elected annually by the Annual General Meeting. Three employee representatives and deputy employee representatives are also appointed to the Board by the trade-union organizations.

In order to safeguard the best interests of the company and its owners, the Board members are to devote the necessary time and care, and to ensure that they have the required competence. The Board's work includes establishing and evaluating Alfa Laval's overall long-term objectives and strategies. This is accomplished by establishing business and financial plans, reviewing and approving financial statements, adopting guidelines, making decisions on issues relating to acquisitions and divestments, as well as deciding on major investments and significant changes to Alfa Laval's organization and operations. The Board of Directors is also responsible for Alfa Laval's corporate governance, sustainability report and Business Principles. Further, the Board appoints, evaluates, and, if necessary, dismisses the company's President and CEO and establishes the instructions for the President with respect to the daily operations.

The Board conducts its work primarily within the framework of formal Board meetings. Approximately eight ordinary Board meetings are held each year and extraordinary meetings when needed. The company's President prepares an agenda for each meeting in consultation with the Chairman of the Board. Recurring agenda items at these meetings include health and safety, earnings results, order trends, investments, sustainability and

business development. Within some areas, the Board of Directors conducts its work through the Audit Committee and the Remuneration Committee. When relevant, the work of each committee is presented by its respective Chairman at the Board meetings. Employees in the company are also invited to Board meetings as presenters and experts. The company's Chief Financial Officer participates in all meetings, as does the Chief Legal Officer, who serves as Secretary to the Board.

Responsibilities of the Chairman

The Chairman directs the work of the Board in a manner that ensures that it complies with prevailing laws and regulations as well as internal instructions. The Chairman must ensure that the Board work is well organized, conducted efficiently, and that the Board fulfills its tasks. The Chairman is responsible for ensuring that the other Board members continuously receive all information necessary for the work of the Board to be performed in the most effective manner and that the Board's decisions are executed. In dialogue with the company's President, the Chairman monitors operational developments and participates in evaluation and development matters with respect to the Group's senior executives. It is further the Chairman's responsibility to arrange for introductory education for new Board members, to perform the annual evaluation of the Board's work and to represent the company in ownership issues.

Compensation to the Board

The compensation to the Board is determined by the Annual General Meeting based on a proposal from the Nominating Committee. Supplementary compensation is received by the Chairman and other members of the Audit Committee and the Remuneration Committee. Board and committee members are not entitled to pension payments from the company.

Composition of the Board after the 2024 Annual General Meeting

Alfa Laval's Board of Directors, elected by the 2024 Annual General Meeting, consists of nine members, with no deputy members. The assignment lasts until the end of the 2025 Annual General Meeting. The Board also includes three employee representatives with three deputy employee representatives, appointed by the trade-union organizations.

The Board demonstrates both a diversity and breadth of competence, knowledge, and experience. The Chairman and other members have a broad operational experience from industries relevant for Alfa Laval and within strategic development areas for the company. The members of the Board have gained experience in previous and current Board assignments as well as from senior positions held in other companies. The collective skills of the Board include, among other things, knowledge from areas such as product development, network solutions, retail and consumer goods as well as the Chairman's thorough experience from leading a large international company in a sector that is relevant for Alfa Laval. Moreover, the addition of the two latest board members broadened the Board's competence with knowledge and experience from several senior positions in two industries within sectors that are significant and relevant for Alfa Laval. More information about the Board members is available on pages 74-75 and on Alfa Laval's website.

All Board members elected by the Annual General Meeting 2024 are considered independent of the company and its management. All members, except Finn Rausing and Jörn Rausing, are also considered independent of the company's major shareholders. Finn Rausing and Jörn Rausing cannot be considered as independent due to their relationship with the largest shareholder in Alfa Laval AB, Winder Holding AG.

Work of the Board in 2024

The Board held eight Board meetings in 2024, including eight ordinary meetings and none extraordinary. Recurring items addressed at the Board meetings throughout the year included health and safety, sustainability and CSRD, the impact on the company due to the Russian invasion of Ukraine, earnings results, order trends, investments, business development and acquisitions.

The Board regularly monitored the Group's earnings and financial position, risk management as well as discussed the Group's strategy and business plan. Investments and follow-ups of previous investments were also addressed at the Board meetings in 2024.

To position Alfa Laval for a more sustainable future, Alfa Laval has during the year invested in its own climate footprint and in the technologies required to drive the energy transition. As a part of this, the Board followed Alfa Laval sustainability strategy closely, with a focus on the ambition to reach net zero Scope 1 and 2 emissions by 2027 (see pages 32-37).

Board evaluation and Board education

In order to ensure well-functioning and effective governance, an evaluation of the Board is made each year. The evaluation is carried out by the Chairman of the Board, sometimes, when deemed appropriate, in combination with external resources.

In 2024, the Chairman's annual evaluation was carried out through the customary interviews with the Board members and through a digital platform. During the interviews, the Board members were asked to answer several questions related to various areas relevant to the Board's work. The evaluation included the Board's work methods, its work climate and its access to and need for particular Board competence. The evaluation was thereafter presented to the Nominating Committee to form a foundation for the committee's work, both in terms of proposals for Board members and in terms of compensation.

An educational field trip takes place each year for the entire Board. In addition, new Board members are introduced to the company and the Board's work through a comprehensive introduction programme within six months of their election. The introduction can also include other training when appropriate and agreed by the new member and the Chairman. In 2024, the Board attended a field trip to Brussel, Belgium. The trip included a visit to the Brussel site of the newly acquired company Desmet. The purpose of the visit was, among other things, to give the Board a deeper dive into the work of the European Bodies following the recent election and how that relates to Alfa Laval.

Compensation of Board members and attendance at Board meetings during 2024

	Name	Present	Compensation*
Appointed by the AGM	Dennis Jönsson ●	8	2,050,000
	Lilian Fossum Biner	8	680,000
	Nadine Crauwels	8	680,000
	Henrik Lange	8	680,000
	Ray Mauritsson	8	680,000
	Anna Müller	8	680,000
	Finn Rausing	6	680,000
	Jörn Rausing	8	680,000
	Ulf Wiinberg	7	680,000
Employee representatives	Henrik Nielsen	8	-
	Bror García Lantz	8	-
	Johan Ranhög	8	-
	Stefan Sandell (deputy member)	8	-
Total	8		7,490,000

● Chairman *The compensation recognized pertains to the period between two AGMs.

5 Committees within the Board

The Board instructions stipulate that there must be a Remuneration Committee and an Audit Committee reporting to the Board. Members of the committees are appointed from within the Board, annually at the statutory meeting.

Audit Committee

The Audit Committee's work and responsibilities

The Audit Committee is established by the Board of Directors to assist the Board in discharging its duties primarily with respect of review and control of the internal control system, reporting process, internal audit functions and external audit process as well as the relations with the external auditors.

A part of the Committee's work is to be responsible for the preparation of the Board of Directors' work to ensure the quality of the company's financial statements and sustainability reporting. The Audit Committee is also to review the company's financial statements and sustainability reports. The Committee shall further review the processes implemented by the company to ensure that the financial statements and sustainability reporting derive from the underlying systems as well as comply with applicable laws, standards, and other requirements.

Another responsibility of the Committee is to review the proposed internal audit plan as well as activities, resources, and

organizational structure of the internal audit function to ensure the effectiveness of the function. Further, the Committee is to examine the work, qualifications, and independence of the external auditors and to prepare a proposal to the Nomination Committee for the Annual General Meeting's resolution on election of external auditors. For further information regarding the responsibilities of the Audit Committee, refer to "The Board of Directors' report on internal control" on page 78-79.

The Audit Committee's composition and work in 2024

In 2024, the Audit Committee comprised Henrik Lange (Chairman), Dennis Jönsson and Lilian Fossum Biner with the head of Group Accounting, Consolidation and Taxes serving as secretary. The company's Chief Financial Officer, the Head of the Internal Audit Function, the Group Treasurer and the company's auditors also participate in the Committee's meetings.

The Audit Committee held 6 meetings during 2024, out of which 5 were digital. Recurring items addressed at meetings included financial and sustainability reports and a debriefing from the external auditors, planning external and internal audits, internal control processes, update on sustainability/CSRD matters, tax matters, follow up on non-audit services, group provisions and allocations. In addition, the following were discussed:

- The finance policy and capital structure strategy, the update of the EMTN program and the company's Treasury Policy,
- Tendering process for selection of auditors, and
- Proposal of auditors for the Annual General Meeting.

Remuneration Committee

The Remuneration Committee's work and responsibilities

The Remuneration Committee is established by the Board of Directors to assist the Board in discharging certain of its duties with respect to remuneration. The Committee prepares and decides on proposals to the Board regarding remuneration and other key employment terms for the President. The Remuneration Committee shall further, with application of the Executive Remuneration Policy established by the Annual General Meeting, resolve on remuneration and other key employment terms for the members of Group Management other than the President.

Another responsibility of the Committee is to monitor and evaluate the application of the Executive Remuneration Policy adopted by the Annual General Meeting and, when deemed necessary, prepare a proposal for Executive Remuneration Policy to the Annual General Meeting to resolve upon. The Committee is also responsible for submitting proposals to the Board regarding the remuneration report, which is to be prepared by the Board of Directors each fiscal year and presented to the Annual General Meeting for approval.

The Remuneration Committee's composition and work in 2024

In 2024, the Remuneration Committee comprised of Dennis Jönsson (Chairman), Jörn Rausing and Ulf Wiinberg. President Tom Erixon and Pascale Gimenez, Executive Vice President Human Resources, also participate in the Committee's meetings. Minutes were taken separately or directly in the corresponding Board minutes.

The Remuneration Committee held two meetings in 2024. Recurring items addressed included the objectives of short-term (STI) and long-term (LTI) incentive plans as well as compensation to senior executives. In addition, the Remuneration Committee also addressed a proposal to the Board regarding the remuneration report for 2023, presented at the 2024 Annual General Meeting. The report describes how the Executive Remuneration Policy was applied in 2023.

The company's auditors

The auditors' work and responsibilities

The auditors comprise a supervisory body appointed every year by the Annual General Meeting. In accordance with Alfa Laval AB's Articles of Association, the company must have at least one but not more than two auditors and not more than two deputy auditors. Authorized Public Accountants or a registered auditing firm must be appointed.

The assignment includes the following areas:

- auditing the accounting and financial statements of individual companies,
- evaluating the accounting policies applied,
- assessing the administration of company management,
- reviewing the interim report for the third quarter,
- evaluating the overall presentation in the Annual Report,
- assurance of the sustainability report, and
- review of compliance with the principles for remuneration to senior executives.

The results of the auditors' work – the Audit Report – are communicated to shareholders in the Annual Report and at the Annual General Meeting. In addition, the auditors present a statement regarding the proposed discharge from liability, which is included in the agenda of every Annual General Meeting, along with the adoption of the income statement and balance sheet. The auditors also present a statement regarding the Corporate Governance Report.

Auditors elected at the 2024 Annual General Meeting

At the Annual General Meeting 2024, the Authorized Public Accountant Andreas Troberg was re-elected, and the Authorized Public Accountant Hanna Fehland was elected as the company's auditors. Henrik Jonzén and Andreas Mast were re-elected as deputy auditors. The company has assessed that none of the elected auditors or their deputies have any relationship to Alfa Laval, or any company related to Alfa Laval, which could affect their independent status. In 2024, the entire Board of Directors received a presentation from the company's external auditors on one occasion, which took place without the President or anyone in Group management being present. The Audit Committee received separate reports on six occasions.

The company's auditors are remunerated according to approved invoices. Refer to Note 7.



Audit Committee: compensation and attendance

Name	Present	Compensation*
Henrik Lange ●	6	325,000
Lilian Fossum Biner	6	160,000
Dennis Jönsson	6	160,000
Total	6	645,000

● Chairman

Remuneration Committee: compensation and attendance

Name	Present	Compensation*
Dennis Jönsson ●	2	80,000
Jörn Rausing	2	80,000
Ulf Wiinberg	2	80,000
Total	2	240,000

● Chairman

Board of Directors and Auditors

Appointed by the Annual General Meeting



Dennis Jönsson
Chairman since 2020.
Born: 1956.
Formerly President and CEO of Tetra Pak.
Education: BSc. Econ from Stockholm University.
Board member: ICC Sweden
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 210,000* (210,000**)



Ulf Wiinberg
Board member since 2013.
Born: 1958
Formerly President of X-Vax Inc., CEO of H. Lundbeck A/S, Director of Wyeth Pharmaceuticals, EMEA/ Canada & BioPharma, and a number of other senior positions in Wyeth.
Education: Courses at Colombia University (IBM) and University of Pennsylvania - Wharton
Chairman of the Board: Hansa Biopharma AB and Sigrid Therapeutics.
Board member: UCB Pharma and Mink Inc.
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 20,000* (20,000**)



Henrik Lange
Board member since 2018.
Born: 1961
Previously President and CEO of Gunnebo AB; held several senior positions within the SKF Group, including Industry Division Manager and CFO, and served as CEO of Johnson Pump AB.
Education: BSc. Econ. from the Gothenburg School of Business, Economics and Law
Board member: Velux A/S, Trelleborg AB, BDR Thermea Group B.V, Dunkerstiftelserna and Traction AB.
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 6,000* (6,000**)

Employee representatives



Henrik Nielsen
Employee representative since 2015.
Born: 1968
Employed by Alfa Laval since 1994.
Employee representative for the Swedish Metal Workers' Union (IF Metall).
Number of shares in Alfa Laval: 50* (50**)



Johan Ranhöög
Employee representative since 2021.
Born: 1964
Employed by Alfa Laval since 2016.
Employee representative for the Swedish Confederation of Professional Associations (SACO).
Number of shares in Alfa Laval: 101* (101**)



Bror García Lantz
Employee representative since 2012.
Born: 1965
Employed by Alfa Laval since 1990.
Employee representative for the Swedish Union of Clerical and Technical Employees in Industry (Unionen).
Number of shares in Alfa Laval: 100* (100**)

Deputy employee representatives

Leif Norkvist
Deputy member since 2009.
Born: 1961
Employed by Alfa Laval since 1993.
Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

Stefan Sandell
Deputy member since 2005.
Born: 1971
Employed by Alfa Laval since 1989.
Deputy employee representative for the Swedish Organization for Managers (Ledarna).

Johnny Hultén
Deputy member since 2017.
Born: 1961
Employed by Alfa Laval since 1977.
Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

*Holdings on December 31, 2024.
**Holdings on December 31, 2023.



Finn Rausing
Board member since 2000.
Born: 1955
Education: B.L., MBA from INSEAD.
Board member: Tetra Laval Group, DeLaval Holding AB and Excillum AB.
Independent of the company.
Number of shares in Alfa Laval: -* (-**)



Jörn Rausing
Board member since 2000.
Born: 1960
Head of Mergers and Acquisitions (M&A) in the Tetra Laval Group.
Education: BSc. Econ.
Board member: Tetra Laval Group, Ocado PLC and DeLaval Holding AB.
Independent of the company.
Number of shares in Alfa Laval: -* (-**)



Nadine Crauwels
Board member since 2023.
Born: 1971
Holds the position as President Sandvik Machining Solutions and Executive Vice President at Sandvik. Held several senior positions in Switzerland and Belgium, mainly in Sandvik Coromant AB.
Education: MSc, Mechanical Engineering, Production, from the University of Leuven (KU Leuven), Belgium.
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 920* (920**)



Ray Mauritsson
Board member since 2020.
Born: 1962
President and CEO, Axis AB.
Former positions include several different leading positions in Axis Communications AB and Tac (today part of Schneider Electric).
Education: MSc. Engineering Physics, Lund University Faculty of Engineering, Executive MBA, Lund University School of Economics.
Independent of the company and of major shareholders.
Number of shares in Alfa Laval: 6,000* (6,000**)



Lilian Fossum Biner
Board member since 2021.
Born: 1962
Previously CFO at Axel Johnson AB and Senior Vice President and Head of HR and Organizational Development for Electrolux Group.
Education: M.Sc. in Finance and International Business, Stockholm School of Economics.
Board member: Scania AB, Carlsberg Group A/S, Pandora A/S and Röko AB.
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 800* (800**)



Anna Müller
Board member since 2023.
Born: 1967
Holds the position as President and CEO AB Volvo Penta. Has held several senior positions within AB Volvo including Senior Vice President Europe North & Central at Volvo Trucks, and served as Managing Director at Ford Motor Company AB.
Education: BSc, International Business & Economics from Linköping University.
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 1,930* (130**)

*Holdings on December 31, 2024.
**Holdings on December 31, 2023.



Auditors

Andreas Troberg
Authorized Public Accountant, EY.
Born: 1976
Company auditor since 2023.

Hanna Fehland
Authorized Public Accountant, EY.
Born: 1981
Company auditor since 2024.

Deputy Auditors

Henrik Jonzén
Authorized Public Accountant, EY.
Born: 1977
Company auditor since 2018.

Andreas Mast
Authorized Public Accountant, EY.
Born: 1979
Company auditor since 2020.

President and Group management



Sammy Hulpiau***
 President Food & Water Division
Born: 1963
 Employed by Alfa Laval since 1988.
 Former positions include President Business Unit High Speed Separators, Vice President Energy&Environment and Managing Director of Benelux.
Education: MSc. Trade & Financial Science
Number of shares in Alfa Laval: 0

Nish Patel****
 President, Food & Water Division.
Born: 1962
 Employed by Alfa Laval since 1984.
 Former positions include Executive Vice President in charge of the Western Europe and North America Regions, and Head of India and the UK.
Education: BSc. Eng.
Number of shares in Alfa Laval: 47,552* (47,552**)

Joakim Vilson
 Executive Vice President, Global Sales & Service
Born: 1965
 Employed by Alfa Laval since 1990.
 Former positions include Executive Vice President in charge of the Central and Eastern Europe, Latin America, Middle East and Africa Regions, Head of Mid Europe Region and Head of the Process Industry segment.
Education: BSc. Eng.
Number of shares in Alfa Laval: 7,520* (7,520**)

Emma Adlerton
 Executive Vice President, Group Affairs & Secretary to the Board of Directors
Born: 1973
 Employed by Alfa Laval since 2008.
 General Counsel and Secretary to the Board of Directors since 2015; President of Group Affairs (Sustainability, Corporate Development, Legal, Risk & Compliance, Patent and Health & Safety). Former positions include senior legal counsel in the Alfa Laval Group and attorney at law.
Education: Master Laws (LL.M), Lund University.
Number of shares in Alfa Laval: 2,500* (2,500**)

Pascale Gimenez
 Executive Vice President, Human Resources
Born: 1966
 Employed by Alfa Laval since August 1, 2018.
 Former positions include Senior Vice President of Human Resources at various units within Sandvik and Electrolux.
Education: Master's degree in marketing from ESSEC Business School and a degree in engineering from the Institut Supérieur Agricole de Beauvais.
Number of shares in Alfa Laval: 200* (200**)

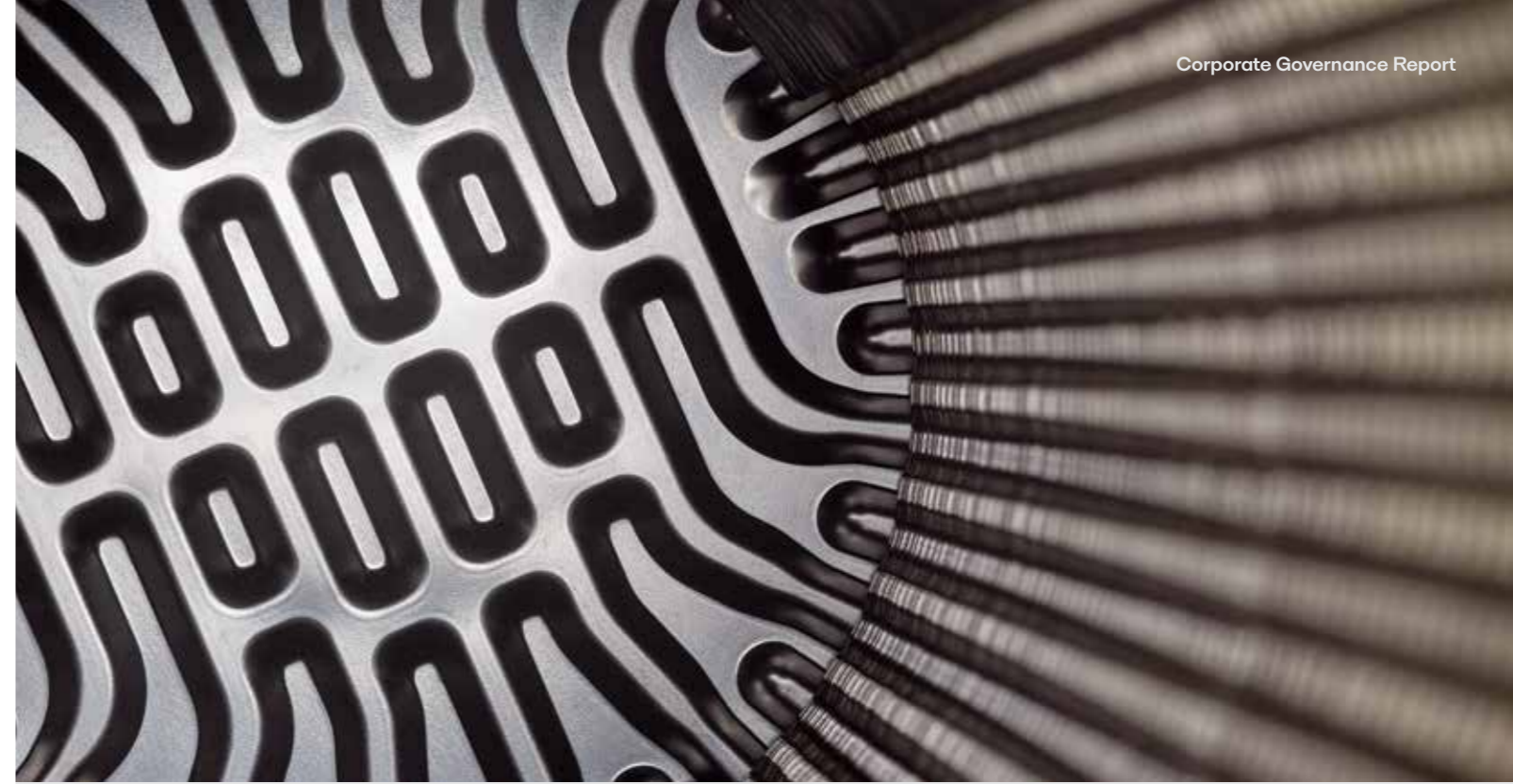
Sameer Kalra
 President, Marine Division.
Born: 1962
 Employed by Alfa Laval since 2011.
 Previously Managing Director FRAMO AS, Executive Vice President- Sales and Marketing – Aalborg Industries AS
Education: Marine engineer and MBA.
Number of shares in Alfa Laval: 13,500* (12,500**)

Thomas Møller
 President, Energy Division.
Born: 1974
 Employed by Alfa Laval since 2002.
 President of the Energy Division since 2021. Former positions include President Business Unit Decanters, Water & Waste Segment Manager and Market Unit Power Manager.
Education: BSc. Eng.
Number of shares in Alfa Laval: 7,800* (6,800**)

Fredrik Ekström
 Chief Financial Officer.
Born: 1975
 Employed by Alfa Laval since 1998.
 Chief Financial Officer since 2022.
 Former positions include several international positions in Alfa Laval, most recently as President Business Unit Brazed & Fusion Bonded Heat Exchangers.
Education: MBA, University of Illinois at Urbana Champaign, USA.
Number of shares in Alfa Laval: 4,000* (3,000**)

Tom Erixon
 President and CEO.
Born: 1960
 CEO since March 1, 2016.
 Former positions include President and CEO of OVAKO AB and President of Sandvik Coromant.
Chairman of the Board: Afry AB.
Education: MA Law from the University of Lund in Sweden and MBA Business Administration from IESE in Spain.
Number of shares in Alfa Laval: 129,200* (129,200**)

*Holdings on December 31, 2024.
 **Holdings on December 31, 2023.
 ***President for the Food & Water Division as from August 2024.
 ****President for the Food & Water Division until August 2024.



Areas of responsibility

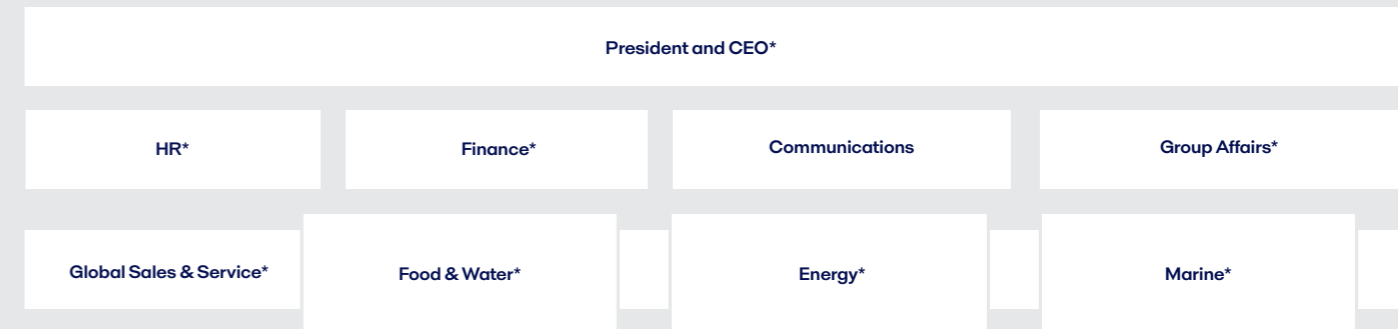
The President and CEO directs the daily operations and is responsible for ensuring that the Board of Directors has access to the necessary information and supporting documentation for its decision-making purposes. Further, the President is responsible for ensuring that the company's accounting complies with applicable laws and regulations, and shall prepare and monitor compliance with the goals, policies and strategic plans of the company and the Group, such as the Business Principles. The President has the support of Group management, to which responsibilities and authority are delegated. The members of Group management include a head of global sales and service, three divisional managers and the heads of HR, Finance and Group Affairs (Sustainability, Corporate Development, Legal, Risk & Compliance, Patent and Health & Safety).

Remuneration to senior executives, pensions and severance pay/termination of employment

The Executive Remuneration Policy for the President and other members of Group management was adopted at the Annual General Meeting 2021 and amended at the Annual General Meeting 2023. For additional information, refer to note 6 and note 37.

Operational control

Alfa Laval's operational control model comprises a matrix in which the Group's divisions are presented vertically, intersecting with the Group's geographic regions, which are presented horizontally.



*Members of Group management

Group management meetings in 2024

Group management held eight scheduled meetings in 2024 during which minutes were taken. In addition, quarterly reviews were performed to discuss the business developments in the divisions and regions. These reviews addressed the business climate, earnings, earnings projections for the next 12 months, health and safety, specific issues affecting the respective business areas as well as Alfa Laval's Sustainability Strategy with

focus on climate Scope 1 and 2. Separate meetings were also held to address, among other areas, inorganic growth, risk management and talent review. In 2024, Group management addressed health and safety, business development in divisions and regions with deeper reviews in specific countries, research and development, sustainability, investment requirements, and acquisition opportunities.

Board of Directors' report on internal control

The Board is responsible for the internal control of the company, with the aim of safeguarding its assets and thus the interests of the shareholders. Through sound internal control, the Board ensures the reliability of Alfa Laval's reporting and its compliance with legislation, regulations, applicable accounting policies and the company's Business Principles. All communication and financial reporting are to be correct, relevant, objective and transparent.

Control environment

The control environment includes the internal governance instruments adopted by the Board for the company's daily operations. The control instruments comprise policy documents, which are continuously assessed, reviewed and updated. These documents include, for example, the Board's instructions, the CEO's instructions, reporting instructions, the company's treasury policy, business principles, insider policy and communication policy.

The Board has overriding responsibility for financial and sustainability reporting and must therefore, among other things, assess the performance and earnings of the operations through a package of reports including results, forecasts and analyses of key indicators. The Board also reviews the company's interim reports, year-end report and Sustainability report, and shall meet with the external auditors at least once a year without the presence of the President or other members of Group management.

The President is subject to instructions issued by the Board. The President is responsible for ensuring an effective control environment and for the ongoing control work. Another part of the President's responsibility is ensuring that the company's accounting complies with legislation and that the management of assets is adequately performed. The President is further responsible for ensuring that all Board members regularly receive sufficient information to be able to assess the company's financial position.

Group management is responsible for managing and maintaining the internal control systems required to manage significant risks in the company's operating activities. Management is also responsible for clearly ensuring that all employees understand the requirements for and the individual's role in maintaining sound internal control.

Alfa Laval follows the 3 lines of defence model to ensure a standardized and comprehensive approach to governance and risk management and establish adequate levels of ownership and accountability. The first line of defence is represented by the business operations which implement and maintain the control activities. The second line is represented by various group and oversight functions who also set directions, define policy and procedures, and have functional oversight. The third line is represented by the internal audit function that has the responsibility of providing independent and objective assurance over the internal control activities performed by the first and second line.

The Board's Audit Committee is tasked with ensuring compliance with the principles for financial and sustainability reporting as well as internal control. The Committee follows up the

effectiveness of the internal control system and reviews the financial procedures to ensure that the information can be traced back to underlying financial systems and that it is in line with legislation and relevant standards.

The Audit Committee examines procedures for reporting and financial controls as well as addressing the company's financial and sustainability reports. It also monitors, evaluates and discusses significant issues related to accounting as well as financial and sustainability reporting. The Committee evaluates and manages information pertaining to disputes and potential improprieties, and assists management with identifying and evaluating mainly financial and similar risks that are relevant to the operations in order to ensure that the focus is on managing these risks. It also reviews the company's information security system and the contingency plans in place to ensure delivery of financial information.

The Audit Committee has the right to determine the focus of the internal audit and is responsible for ensuring the efficiency of the function by assessing its activities, resources and structure. The Committee is also responsible for reviewing the results and recommendations of the internal audit to ensure that they are handled in an appropriate manner. The Committee is further responsible for reviewing the internal audit plan every six months to ensure that it addresses the relevant risk areas and for ensuring that there is suitable coordination between the internal and external audit.

The Audit Committee holds regular meetings with the external auditors and reviews their work, qualifications and independence. The results of the review are reported to the company's Nominating Committee on an annual basis. The Audit Committee supports the Nominating Committee in its work to nominate auditors and conducts an annual review of the proposed scope of the audit. Reports are provided to the Board regarding internal meetings as well as meetings with the internal auditors, the external auditors and various specialists in Group management and its support functions. The Committee is responsible for reviewing significant results from the external audit and the recommendations issued by the external auditors as a result. It is also responsible for establishing guidelines that ensure the independence of the external auditors.

The Internal Audit function assists the Board of Directors and management in achieving its objectives by performing independent and objective internal audit assignments relating to the operation of risks, designed controls, required compliances and business processes. Internal Audit reports the conclusions from

these audits to the Audit Committee – and proposes plans for the coming six to eight months. The internal auditors also issue reports from individual audits to the appropriate members of Group management. Procedures are in place for performing regular follow-up of the agreed actions to guarantee that specific actions are taken following the internal audit. These are based on an agreed schedule set with the party responsible for the individual activities. The Internal Audit Function comprises of internal auditors, internal specialist resources and external consultants. Internal audits encompass a broad spectrum of functions and issues determined by the Board of Directors. The areas audited include compliance with the systems, guidelines, policies and processes established for the Group's business operations; the existence of systems to ensure that financial transactions are carried out, archived and reported in an accurate and lawful manner; and opportunities to improve management control, the company's profitability and the organization, which may be identified during audits. In 2024, 37 internal audits were performed.

Risk assessment

Within the framework of the company's operating activities and review functions, procedures are in place for risk assessments pertaining to the financial reporting. These procedures aim to identify and evaluate the risks that may affect internal control. The procedures encompass risk assessments in conjunction with strategic planning and acquisition activities as well as processes for identifying amendments to the accounting policies to ensure that they are accurately reflected in the financial reporting.

Control structures

Control structures are in place in all areas of the organization in order to prevent, identify and adjust errors or deviations. They manage the risks that the Board and management consider to be significant to the business, internal control and financial reporting. These structures comprise both an organization with clearly defined roles that enables an effective and – from an internal control perspective – appropriate division of responsibility, and specific control activities that enable the identification and timely prevention of risks becoming a reality. Control activities also include clearly defined decision-making processes with respect to, for example, investments, agreements, acquisitions and divestments, earnings analyses and other forms of analytical reviews, reconciliations, inventory-taking and automatic controls in the IT systems.

Information and communication

The company's regulations, guidelines and manuals are communicated through several internal channels and the efficiency of this communication is monitored on an ongoing basis. There are formal and informal information channels that enable employees to communicate important information to relevant recipients and ultimately, if necessary, to the Board of Directors. Further, clear guidelines have been established for external communications, the aim of which is to provide the most accurate and relevant overview possible while at the same time ensuring that all obligations are met.

Follow-up

The internal control process is mainly followed up by two bodies: the Audit Committee and the Internal Audit Function. The Audit Committee establishes the principles that apply for the company with respect to accounting and financial reporting, and monitors compliance with these regulations.

The Audit Committee meets with the external auditors to obtain information about the focus and scope of the audit and to discuss results and coordination of the external and internal audits. In addition, the Committee establishes the direction, scope and time schedules for the work of the internal Audit team, whose audit results are reported to the Audit Committee and continuously to Group management so that any necessary measures may be taken.

Alfa Laval has implemented a management assessment process for key internal controls over business processes in the company. The managers and key employees evaluate their compliance through a control self-assessment for important internal controls in these business processes. The self-assessment is performed annually. Based on the results, the internal controls framework is improved and strengthened. This assists in risk-based evaluation and improvements of the business processes at Alfa Laval.

Lund, March 2025

Board of Directors

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Alfa Laval AB (publ),
corporate identity number 556587-8054

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2024 on page 62-79 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Lund, March 28, 2025

Andreas Troberg

Authorized Public Accountant

Ernst & Young AB

Hanna Fehland

Authorized Public Accountant

Ernst & Young AB

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Board of Directors' Report

The Board of Directors and the President of Alfa Laval AB (publ) hereby submit their annual report for the financial year 2024.

Financial statements

The following parts of the annual report are financial statements: the Board of Directors' Report, the ten-year overview, the consolidated cash flows, the consolidated comprehensive income, the consolidated financial position, the changes in consolidated equity, the parent company cash flows, the parent company income, the parent company financial position, the changes in parent company equity and the notes. All of these have been audited by the auditors.

The Corporate Governance Report, which has also been reviewed by the auditors, is to be found on page 62.

The statutory sustainability report for the parent company and the consolidated Group, which has also been reviewed by the auditors, is to be found on pages 26–58. Supplementary sustainability notes are to be found on Alfa Laval's website Alfa Laval – Publications. The supplementary sustainability notes were published on the website at the same time as the annual report.

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group.

The company had 56,542 (54,178) shareholders on December 31, 2024. The largest owner is Winder Holding AG, Switzerland, who owns 29.5 (29.5) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 7.4 to 1.8 percent. These ten largest shareholders owned 63.1 (61.3) percent of the shares.

Operations

Alfa Laval, a world leader in heat transfer, centrifugal separation and fluid handling, is active in the areas of Energy, Marine, and Food & Water, offering its expertise, products, and service to a wide range of industries in some 100 countries. The company is committed to optimizing processes, creating responsible growth, and driving progress to support customers in achieving their business goals and sustainability targets. Alfa Laval is engaged in the development, production and sales of products

and systems based on three main technologies: separation/filtration, heat transfer and fluid handling.

Alfa Laval's business is divided into three Business Divisions "Energy", "Food & Water" and "Marine" that sell to external customers and are responsible for the manufacturing of the products and one division "Operations & Other" covering procurement and logistics as well as corporate overhead and non-core businesses. These four divisions constitute Alfa Laval's four operating segments.

The customers to the Energy Division purchase products and systems for energy applications, whereas the customers to the Food & Water Division purchase products and systems for food and water applications. The customers to the Marine Division purchase products, systems and digital solutions for marine and offshore applications.

The three Business Divisions are in turn split into a number of Business Units. The Energy Division consists of five Business Units: Brazed & Fusion Bonded Heat Exchangers, Electrolyzer & Fuel Cell Technologies, Energy Separation, Gasketed Plate Heat Exchangers and Welded Heat Exchangers. The Food & Water Division consists of six Business Units: Decanters, Food Heat Transfer, Food Systems, Hygienic Fluid Handling, High Speed Separators and Desmet. The Marine Division consists of four Business Units: Pumping Systems, Water, Wind & Fuel Solutions, Heat & Gas Systems and Digital Solutions.

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the business cycle, the consequences of geo-political tensions, the price development of metals, inflationary pressures, the interest rate development and volatile fluctuations in major currencies. For additional information, see the sections on financial and operational risks and disclosure of material accounting principles, which includes judgements, estimates and assumptions.

Acquisition of businesses

2024

No new acquisitions were made during 2024. On March 14, 2024, Alfa Laval acquired the remaining 10.3 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval now owns 100%. The transaction is reported as a change within equity.

2023

On March 2, 2023, Alfa Laval acquired an additional 38.7 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval's ownership thereby increased from 51 percent to 89.7 percent. The transaction was reported as a change within the equity.

In 2021, Alfa Laval acquired a minority stake of 16.5 percent in the Netherland-based company Marine Performance Systems (MPS) with an option to acquire the remaining part later. In 2023, Alfa Laval executed on that option and completed the acquisition to own 100 percent of MPS. The closing date for the acquisition was March 21, 2023.

On July 31, 2023 Alfa Laval acquired 100 percent of a European service provider. The company operates under its own name as an independent channel.

On July 31, 2023 Alfa Laval acquired 51 percent of the Danish company Header-coil Company A/S that develops and manufactures heat exchangers and steam generation system equipment components based on its header-coil design for the concentrated solar power (CSP) industry, thermal energy storage etc.

Investments in joint ventures and other companies

During 2024, Alfa Laval invested SEK 2 million in Industrikraft i Sverige AB. The company was established to support the expansion of the Swedish electricity supply. The initiative is initially a collaboration with Alfa Laval, Boliden, SKF, Stora Enso and Volvo Group with 20% shareholding respectively.

The value of the shareholding in Malta Inc. has been written down with SEK 125 million during 2024.

During 2023 Alfa Laval acquired additional shares in Malta Inc amounting to SEK 50 million, whereby the ownership increased from 18.3 percent to 19.2 percent.

During 2023 Alfa Laval made a capital contribution of SEK 62 million into AlfaWall Oceanbird, which is a joint venture together with Wallenius to supply innovative wind propulsion solutions for cargo vessels and other ship types. Alfa Laval also made a capital contribution of SEK 1 million into Stadion Laks, which is a joint venture together with the Norwegian fish farming company Lingalaks to develop pumping technology for more sustainable fish farming.

Sale of real estate

During 2024, properties in Singapore and the UK have been sold for SEK 93 (71) million with a realized result of SEK 73 (68) million.

The property in Alonte in Italy, Camberley in the UK and four smaller properties in India are for sale and are expected to be sold within the next year. These have therefore been classified as current assets held for sale with SEK 47 (59) million. The fair value of the properties for sale exceeds the book value by approximately SEK 282 (373) million.

Financial performance during 2024

In the below table you find an overview of key figures for the financial performance during 2024 and 2023. For more detailed comments, please refer to the sections related to Operating segments and comments for Total comprehensive income and Financial position.

Consolidated SEK millions	2024	2023
Orders received	74,592	70,742
Order backlog ¹⁾	52,319	45,325
Net sales	66,954	63,598
Operating income ²⁾	10,435	9,256
Adjusted EBITA ³⁾	11,089	10,221
Adjusted EBITA margin ⁴⁾	16.6%	16.1%
Depreciation	1,764	1,559
Amortization	654	965
Investments ⁵⁾	3,336	2,440
Assets ¹⁾	88,803	82,288
Liabilities ¹⁾	46,521	44,910
Number of employees ¹⁾	22,323	21,321

¹⁾ At end of period. ²⁾ Excluding comparison distortion items. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new leases.

Operating segments

Energy Division

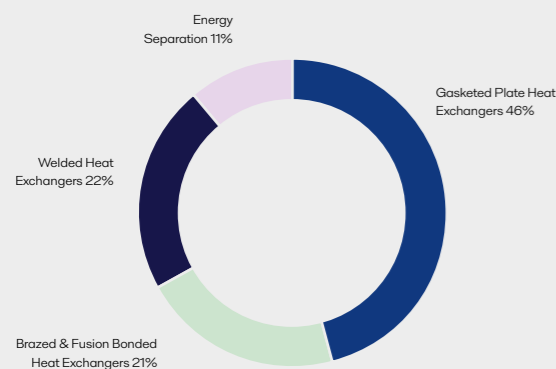
The division targets customers in HVAC and refrigeration markets as well as process industries such as chemicals, petrochemical industry and the oil & gas industry. Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

The Energy Division consists of five Business Units: Brazed & Fusion Bonded Heat Exchangers, Electrolyzer & Fuel Cell Technologies, Energy Separation, Gasketed Plate Heat Exchangers and Welded Heat Exchangers.

Energy Division		
Consolidated		
SEK millions	2024	2023
Orders received	20,047	20,414
Order backlog ¹⁾	10,590	10,075
Net sales	19,330	19,269
Operating income ²⁾	3,698	3,927
Adjusted EBITA ³⁾	3,740	3,986
Adjusted EBITA margin ⁴⁾	19.3%	20.7%
Depreciation	514	372
Amortization	42	59
Investments ⁵⁾	1,337	992
Assets ¹⁾	20,378	19,263
Liabilities ¹⁾	7,352	7,433
Number of employees ¹⁾	5,974	5,902

¹⁾ At end of period. ²⁾ Excluding comparison distortion items. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new leases.

Order intake by business unit Jan-Dec 2024



Trend indicators by end market

	% of Total	YTD 24/23
HVAC & Ref	25%	-25%
Fossil base fuels & power	24%	4%
Process industry	22%	4%
Light industry & tech	19%	12%
Clean fuels, power & chemicals	9%	42%

Order intake

The Energy Division reported a slight decline in order intake compared to last year. The significant weakening of the heat pump market was largely off-set by higher demand for clean energy, data centers and circular solutions, as well as for spare parts and other services.

Order intake grew across most geographical markets. The strongest growth was seen in India, Middle East and southern Europe.

The HVAC* & Refrigeration end market was highly impacted by the decline in demand for heatpumps, which started in the end of 2023 and stabilized on a low level during the second half of 2024. The highest growth was seen in Light Industry & Tech with a very high demand for data center cooling. Demand from customers in process industries was overall stable with the exception of circularity solutions, which had a high growth driven by increased focus on sustainable solutions. The demand for gas production and drilling was high, whereas the demand in oil production declined compared to last year.

The positive development for spare parts and services continued in 2024 with high growth in most geographical markets.

* Heating, Ventilation & Air Conditioning.

Net sales

Net sales for both capital sales and service were essentially unchanged compared to the previous year. Investments in capacity continued throughout the year, which contributed to shorter lead-times and good execution of the order backlog.

Adjusted EBITA

The adjusted EBITA decreased compared to last year. The small increase in invoicing and a slightly positive mix did not fully compensate for cost increases related to capacity investments and continued inflationary pressure. Currency had a small negative impact.

Food & Water Division

The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well as water and waste treatment.

The Food & Water Division consists of six Business Units: Decanters, Food Heat Transfer, Food Systems, Hygienic Fluid Handling, High Speed Separators and Desmet.

Food & Water Division

Consolidated		
SEK millions	2024	2023
Orders received	24,847	26,368
Order backlog ¹⁾	14,926	15,977
Net sales	25,742	25,280
Operating income ²⁾	3,579	3,698
Adjusted EBITA ³⁾	3,822	3,942
Adjusted EBITA margin ⁴⁾	14.8%	15.6%
Depreciation	527	502
Amortization	243	244
Investments ⁵⁾	499	472
Assets ¹⁾	22,659	20,376
Liabilities ¹⁾	8,960	8,295
Number of employees ¹⁾	8,454	8,283

¹⁾ At end of period. ²⁾ Excluding comparison distortion items. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new leases.

Order intake

Order intake was somewhat lower compared to 2023, mainly as a result of last year's exceptionally large orders and high activity in Desmet. Excluding Desmet, the business showed growth in most application areas, including the important channel business. Despite modest macroeconomic conditions, the appetite among several major customers to invest in both capacity and in new application areas such as plant-based protein positively contributed. With a growth in line with, or above, industry average, the assessment is that the division kept or improved its market shares, driven by strong geographical presence, engineering capabilities and investments in technological leadership. Geographically, regional differences were very much affected by the large project orders in Desmet in 2023. Hence, North America and Southeast Asia contracted, so did India where an election held back investment activity during the year. Europe grew, driven by Eastern and Southern Europe. China also recovered and Latin America showed a very strong growth.

Orders in Dairy grew as the capacity build up in the industry during and after the pandemic continued, both in the industrialized as well as the developing part of the world. Demand in Pharma & biotech returned to growth after last year's small contraction caused by short-term saturation post the strong pandemic years. China was no exception, showing strong growth. The need to invest in upgrading of national supply chains in the pharma sector to avoid vulnerability in future critical or high demand situations, prevailed. Waste & water reported a slight order contraction, despite water related investments still being prioritized in many countries. However, even with governmental approvals, securing funding is typically a cause for delay. Traditional Oils & fats declined from last year's record order levels, at the time driven by very high commodity prices, in turn driving significant capacity addition. Bio-

fuel, mainly represented by HVO (Hydrotreated Vegetable Oil) and biodiesel also declined for the same reason. However, from a historic perspective the activity level was still high. Ethanol, the other important biofuel area, also contracted, but only marginally, and combined biofuel overall constituted an important part of the sustainability related business. Ethanol demand continues to be driven by environmental legislation with higher blending requirement in petrol globally, not least in USA, Brazil and India. Protein was slightly down but changed in composition in that several very large orders for plant-based protein were secured, solidifying Alfa Laval's strong presence and offering in this area of Next Generation Food.

Service grew across almost all key industries, with the exception of Waste & water. Growth rate for parts was on par with that of other services, with a similar pattern globally. A continued focus on presence and a structured approach of penetrating the installed base of equipment following several years of strong new sales, contributed to the overall growth.

Net sales

Net sales ended above the 2023 level. Sales growth was primarily driven by service and the mix changed somewhat, in a positive direction. Sales grew above average in Oils & fats, Ethanol and Dairy whereas the other areas remained unchanged or declined slightly.

Adjusted EBITA

The year benefitted from a limited sales increase with a positive mix in several dimensions; aftersales, applications and geographical mix combined with good factory utilization. Currency had no significant impact on the result, but with costs somewhat up, inflation as well as activity driven, the adjusted EBITA was slightly below 2023.

Marine Division

The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators, digital solutions and several different environmental products, including systems to clean ballast water and exhaust gases.

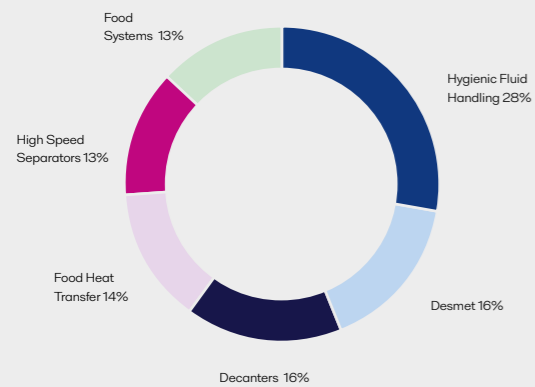
The Marine Division consists of four Business Units: Pumping Systems, Water, Wind & Fuel Solutions, Heat & Gas Systems and Digital Solutions.

Marine Division

Consolidated		
SEK millions	2024	2023
Orders received	29,699	23,960
Order backlog ¹⁾	26,803	19,273
Net sales	21,881	19,049
Operating income ²⁾	3,653	2,178
Adjusted EBITA ³⁾	4,017	2,836
Adjusted EBITA margin ⁴⁾	18.4%	14.9%
Depreciation	353	336
Amortization	364	658
Investments ⁵⁾	390	336
Assets ¹⁾	30,065	29,856
Liabilities ¹⁾	10,382	7,998
Number of employees ¹⁾	6,290	5,655

¹⁾ At end of period. ²⁾ Excluding comparison distortion items. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new leases.

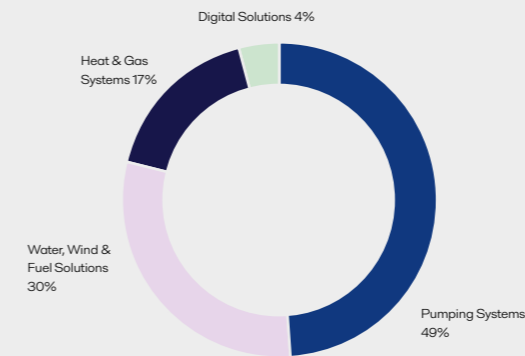
Order intake by business unit Jan-Dec 2024



Trend indicators by end market

	% of Total	YTD 24/23
Oils & Fats	25%	-20%
Dairy	19%	5%
Prep. Food & Beverage	18%	1%
Ethanol, Starch & Sugar	10%	2%
Waste & Water	7%	-4%
Pharma & Biotech	7%	2%
Protein	6%	-8%
Brewery	5%	-5%
Other	3%	-7%

Order intake by business unit Jan-Dec 2024



Trend indicators by end market

	% of Total	YTD 24/23
Ship Building & Shipping	75%	38%
Offshore	13%	-11%
Other	8%	12%
Engine Power	4%	-10%

Order intake

Order intake for the Marine Division was significantly higher compared to last year driven by a strong demand for marine systems, digital solutions and service, which offset a more moderate demand for power and offshore systems.

The underlying market sentiment related to the building of new vessels was on a higher level compared to last year. New contracting has been strong across almost all ship segments with exceptionally high ordering in the oil tanker, gas and cruise segments. The increased shipbuilding activity has been further supplemented by a continued growing demand for sustainability related solutions which mitigate CO₂ emissions, including solutions around energy efficiency, low carbon and zero carbon fuels. Multi-fuel capable solutions, primarily with LNG as the alternative fuel, continue to gain traction, driving demand for the new generation of multi-fuel boilers and alternative fuel supply systems. Offshore orders were at a slightly lower level compared to last year due to constrained supply chains in the first half of the year, which delayed new investment decisions. These have eased since. In addition, the need for safeguarding the productivity of existing offshore assets further supplements the demand. The underlying market sentiment remains strong due to stable high oil prices and the sanctioning of new projects to safeguard long term energy security.

Service orders grew compared to last year. Demand was driven by a good activity level in both the Shipping and Offshore end markets and due to a growing installed base of environmental solutions. Good freight rates in almost all vessel segments and the consequent desire to keep vessel assets in good operational readiness resulted in increased on-board maintenance and higher demand for all service scopes, ranging from spare parts to service.

Net sales

Net sales were at a higher level than last year. Sales were higher for both capital sales and service in almost all product areas except ballast water systems, with good execution of the large orderbook.

Adjusted EBITA

The adjusted EBITA increased compared to the previous year. This improvement was driven by higher net sales, which had a positive volume effect, and a more profitable product mix. Additionally, it was influenced by a favorable factory and engineering outcome, benefiting from high operational load. Costs increased due to general inflationary pressure and overall high business activity. Currency fluctuations had a slightly negative impact.

Information about geographical areas

All comments are excluding currency effects.

Northern Europe

The region reported a declining order intake compared to last year. Energy declined in almost all regions except Benelux, driven by a low demand in HVAC & ref. Clean power showed triple-digit growth in Benelux, Nordic and Mid Europe. Food & Water reported overall decline, mainly in Nordic and Benelux while stable in Mid Europe and United Kingdom with the main driver for the decline in Oils & fats. Marine reported overall decline, mainly in Nordic and Mid Europe, while stable in Benelux and United Kingdom supported by good development in Fishing & aquaculture while decline in offshore. Service grew in most regions and in all divisions.

Central and Eastern Europe

The region was flat in order intake compared to last year. In Energy the decline was primarily driven by low demand for HVAC & ref. Food & Water reported growth in most of the countries in the region primarily driven by Oils & fats. Marine reported growth in the region, mainly driven by Engine power and Offshore in Turkey. Service order intake grew in Marine while flat in Food & Water.

Southern Europe

The region reported growth in order intake compared to last year. The growth in Energy was primarily driven by Mining and Inorganic chemicals in France and Iberica. Food & Water reported growth in all regions, mainly driven by Oils & fats and Ethanol, starch & sugar. Marine showed growth in all regions, mainly driven by Offshore and Shipping. Service order intake grew in all regions and in all divisions.

North America

North America reported a weaker order intake compared to last year. In Energy the growth was particularly strong for Clean fuels & chemicals and Datacenters. Food & Water declined in Oils & fats and Protein. Marine reported growth in Shipping. Service order intake grew in Energy and Marine while flat in Food & Water.

Latin America

The region showed strong growth in order intake compared to last year. Energy had a high demand in Oil & gas in most countries in the region and high demand in HVAC & ref in Mexico. Food & Water reported strong growth in most countries in the region primarily driven by Oils & fats. Marine was flat compared to last year in most countries in the region primarily and reported strong underlying demand in Offshore. Service grew in most regions and in all divisions.

Northeast Asia

The region reported strong growth in order intake compared to last year. Energy was flat compared to last year, showing strong demand in Process industry in Korea while weaker demand in Oil & gas and HVAC & ref in most regions. Food & Water reported growth in most regions driven by Pharma and Dairy. Marine grew double-digit in most regions driven by Offshore and Shipbuilding. Service grew in all regions and all divisions.

Southeast Asia and Oceania

The region reported a declining order intake compared to last year. Energy declined driven by lower demand in HVAC & ref in most countries in Southeast Asia. Food & Water declined driven by lower demand in Oils & fats in most countries in the region. Marine declined, mainly driven by less demand in Offshore in Malaysia and Singapore. Service grew in most countries in the region and in all divisions.

India, Middle East and Africa

The region was flat in order intake compared to last year. Energy grew driven by Clean Power and Oil & gas in most countries in the region. Food & Water reported decline in the region driven by low demand in Brewery in most countries and low demand in Oils & fats in India. Marine reported a weaker demand in the region for Shipping in most countries. Service order intake grew in most countries and in all divisions.

Other information

Personnel

The number of employees is measured and reported as full time equivalents.

The parent company does not have any employees.

The Group has on average had 21,907 (20,803) employees. At the end of December 2024, the Group had 22,323 (21,321) employees.

Alfa Laval has the ambition to develop the employees on all levels within the Group. The largest part of the competence development takes place in the daily work when our employees continuously get more demanding tasks as well as get the opportunity to participate in different projects together with more experienced colleagues. Local training and development efforts in the different factories and sales companies around the world are equally important, for instance ALPS (Alfa Laval Production System) that is based on the well-known concepts of Lean and Six Sigma and also on ALPAS (Alfa Laval Product & Application School). The ALPAS trainings are designed and developed by the product responsible Business Unit.

All training programmes and development projects are performed within the Alfa Laval Academy framework, to ensure they follow the Alfa Laval Learning Principles. Further examples of such training programmes are Challenger (for young talents with international leadership potential), Evolve (training and mentor programme for employees with high potential in leadership positions), Project Management, Information Security (mandatory training via E-learning), Inclusion & Diversity (for all employees), Pure Leadership (for middle management) and Drive (for senior management).

Alfa Laval has a global certification in "Learning Facilitation Capabilities" called "Licence to Train" to guarantee quality and consistency in the way we deliver our learning programmes internally as well as towards customers and partners.

Alfa Laval is promoting inclusion and diversity at all levels to give all employees fair and equal opportunities for development and career. While we consciously work towards increasing the share of female managers and the share of female employees in the total workforce, leadership programs like Challenger, Evolve and Drive are important to drive the shift in leadership and inclusion to reach the goal.

Remuneration policy for executive officers

The remuneration policy for executive officers is established by the Annual General Meeting, see further description in Note 6 and the complete policy in Note 37.

The Board of Directors decided in 2024 to implement another step in the cash based long-term incentive programme for maximum 150 senior managers in the Group including the Chief Executive Officer and the persons defined as executive officers. The outcome of the programme depends on how the adjusted

EBITA margin and the net sales growth have developed during a three-year period, with a 50/50 weight between the targets. This means that there will be no award during the first two years since it is first in year three that it can be determined to what extent the targets have been achieved. Maximum outcome is awarded when the targets are exceeded. The remuneration from the long-term incentive programme can constitute maximum 25, 40 or 50 percent of the fixed remuneration depending on position. Payment to the participants in the programme is made after year three, provided that they are still employed at the date of payment.

Research and development

As the result of an intensive and consistent commitment over many years to research and development, Alfa Laval has achieved a world-leading position within the areas of separation and heat transfer. The product development within fluid handling has resulted in a strong market position for a number of products. In order to strengthen the Group's position and to support the organic growth, by identifying new applications for existing products as well as developing new products, research and development is always an activity of high priority. Research and development is conducted at approximately twenty facilities around the world.

The costs for research and development have amounted to SEK 1,656 (1,563) million, corresponding to 2.5 (2.5) percent of net sales.

Ethics and social responsibility

Two of Alfa Laval's four business principles are: "Respect for human rights is fundamental" and "High ethical standards guide our conduct". This means that Alfa Laval respects human rights and the very different social cultures in which the company works and supplies its products and services and that Alfa Laval conducts its business with honesty, integrity and respect for others.

Globalisation gives Alfa Laval new business opportunities for increased sales as well as lower costs for manufacturing the products. But when part of the supply chain is moved to countries with lower costs the company is often confronted with ethical questions in a more obvious manner. Health, security and working conditions for the employees at the company's suppliers are some of Alfa Laval's main concerns. When Alfa Laval procures products from quickly growing economies like China and India it is important for the company to secure that the cost reduction opportunities are not at the expense of those performing the work in each country. Alfa Laval regards it as an obligation to make sure that its suppliers develop quickly if the work, health and security conditions are not acceptable.

Alfa Laval has developed an internal training programme to give salespeople and purchase departments knowledge on legal business practice.

Environment

One of Alfa Laval's four business principles is: "Optimizing the use of natural resources in the most efficient manner is our business". The company's products make a significant contribution

to reducing the environmental impact of industrial processes and are used to produce renewable energy.

All sites have an environmental management system in place. More than 95 percent of the delivery value comes from production sites with ISO 14001 certification.

The subsidiary Alfa Laval Corporate AB is involved in operational activities that are subject to an obligation to report and compulsory licensing according to Swedish environmental legislation. The permits mainly relate to the manufacturing of heat exchangers in Lund and Ronneby and the manufacturing of separators in Eskilstuna. The impact on the external environment is through limited discharges into the air and water and through waste and noise.

The foreign manufacturing sites within the Alfa Laval Group are engaged in operational activities with a similar effect on the external environment. To what extent this activity is subject to an obligation to report and/or compulsory licensing according to local environmental legislation varies from country to country. Alfa Laval has an overall intention to operate well within the limits that are set by local legislation.

Russia's war on Ukraine

Alfa Laval had a factory and a sales company in Russia and a sales company in Ukraine. Historically the order intake from the markets in Russia and Ukraine has been approximately SEK 1 billion per year. The implications of the war on the Russian market have led to a full closure of the operations. The total cost for the closure amounted to appr. SEK 400 million and was reported as a comparison distortion item during 2022.

Before the war, Alfa Laval had a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. At December 31, 2024 the number of employees in Russia had decreased to 6.

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2024, named as a co-defendant in a total of 401 asbestos-related lawsuits with a total of approximately 401 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Result for the parent company

The parent company's result after financial items for 2024 was SEK 638 (4,271) million, out of which dividends from subsidiaries SEK 406 (4,037) million, net interests SEK 258 (252) million, realized and unrealized exchange rate gains and losses SEK 0 (-1) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -10 (-9) million, cost for annual report and annual general meeting SEK -2 (-1) million and other operating income and operating costs the remaining SEK -10 (-3) million. Change of tax allocation reserve has been made with SEK 355

(-48) million. Group contributions amount to SEK 599 (1,314) million. Tax on this year's result amount to SEK -212 (-271) million. Net income for the year was SEK 1,379 (5,266) million.

Unrestricted equity for the parent company

The unrestricted equity of Alfa Laval AB (publ) was SEK 7,573 (9,293) million.

Disclosure on share related information

Paragraph 2a in chapter 6 of the Swedish Annual Accounts Act requires listed companies to disclose certain information relating to the company's shares in the Board of Directors' Report. This information is found in the following paragraphs, in the "Changes in consolidated equity" and in Note 6.

Proposed disposition of earnings

The Board of Directors propose a dividend of SEK 8.50 (7.50) per share corresponding to SEK 3,513 (3,100) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 4,059 (6,193) million be carried forward, see Note 40.

The Board of Directors are of the opinion that the proposed dividend is consistent with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Number of shares

The number of shares has developed as follows:

Specification of number of shares	
	Number
Number of shares at January 1, 2024	413,326,315
Change during the year	-
Number of shares at December 31, 2024	413,326,315

Outlook for the first quarter

In the fourth quarter and full year 2024 report issued on February 5, 2025 the President and Chief Executive Officer Tom Erixon stated:

"We expect demand in the first quarter to be on about the same level as in the fourth quarter."

Earlier published outlook (October 24, 2024):

"We expect demand in the fourth quarter to be lower than in the third quarter."

Date for the next financial reports 2025

Alfa Laval will publish financial reports at the following dates:

Interim report for the first quarter April 29

Interim report for the second quarter July 22

Interim report for the third quarter October 28

Consolidated comprehensive income

Consolidated comprehensive income			
SEK millions	Note	2024	2023
Net sales	1, 2, 3, 4, 36	66,954	63,598
Cost of goods sold	9	-43,747	-42,714
Gross profit		23,207	20,884
Sales costs	5, 6, 9	-6,965	-6,342
Administration costs	5, 6, 7, 9	-3,318	-2,880
Research and development costs	9	-1,656	-1,563
Other operating income	8	1,075	932
Other operating costs	8, 9	-1,940	-1,827
Share of result in joint ventures	34	33	52
Operating income		10,435	9,256
Dividends and other financial income and costs	10	13	13
Interest income and financial exchange rate gains	11	271	448
Interest expense and financial exchange rate losses	11	-724	-1,067
Result after financial items		9,996	8,650
Tax on this year's result	16	-2,564	-2,269
Net income for the year		7,432	6,381
Other comprehensive income:			
Items that will subsequently be reclassified to net income			
Cash flow hedges		-665	54
Translation difference		1,274	-2,040
Deferred tax on other comprehensive income	16	171	-31
Sum		780	-2,017
Items that will subsequently not be reclassified to net income			
Revaluations of defined benefit obligations		-29	-125
Market valuation of external shares	16	-125	-2
Deferred tax on other comprehensive income		6	23
Sum		-147	-104
Comprehensive income for the year		8,064	4,260
Net income attributable to:			
Owners of the parent		7,391	6,330
Non-controlling interests		41	51
Earnings per share (SEK)		17.88	15.31
Average number of shares		413,326,315	413,326,315
Comprehensive income attributable to:			
Owners of the parent		7,999	4,224
Non-controlling interests		65	36

Comments to the consolidated comprehensive income

For comments on the individual lines in the consolidated comprehensive income statement, reference is made to Notes 1 to 16 and Notes 34, 36 and 38. For comments on the operating segments, see Note 1.

As a basis for comments on the various main items of the consolidated comprehensive income statement, please find a comparison between the last two years:

Income analysis		
Consolidated		
SEK millions	2024	2023
Net sales	66,954	63,598
Adjusted gross profit *	23,860	21,849
- adjusted gross margin (%) *	35.6	34.4
Expenses	-11,008	-10,069
- in % of net sales	16.4	15.8
Adjusted EBITDA *	12,853	11,780
- adjusted EBITDA margin (%) *	19.2	18.5
Depreciation	-1,764	-1,559
Adjusted EBITA *	11,089	10,221
- adjusted EBITA margin (%) *	16.6	16.1
Amortization of step-up values	-654	-965
Operating income	10,435	9,256

* Alternative performance measures.

The adjusted gross margin has been positively affected by good utilization in manufacturing units and positive purchase price differences. The volume growth and mix has also contributed. The total adjusted gross margin ended at 35.6 (34.4) percent.

Sales and administration expenses amounted to SEK 10,284 (9,222) million, which corresponded to 15.4 (14.5) percent of net sales.

The costs for research and development have amounted to SEK 1,656 (1,563) million, corresponding to 2.5 (2.5) percent of net sales.

Earnings per share was SEK 17.88 (15.31) for 2024. The corresponding figure excluding amortization of step-up values and the corresponding tax, was SEK 19.10 (17.15).

The changes that have impacted the development of adjusted EBITA during the year are presented in the following table.

Income bridge		
Consolidated		
SEK millions	2024	2023
Adjusted EBITA last year	10,221	8,229
Volume ¹⁾	1,320	3,157
Mix ¹⁾	864	-518
Costs ¹⁾	-1,208	-854
Currency	-109	207
Adjusted EBITA current year	11,089	10,221

¹⁾ Change excluding currency effects.

Consolidated financial net and taxes

The financial net for 2024 was SEK -311 (-337) million, excluding realized and unrealized exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate of SEK -20 (-26) million, interest on the bilateral term loans of SEK -104 (-132) million, interest on the corporate bonds of SEK -134 (-125) million, interest on the commercial paper programme of SEK -12 (-16) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -41 (-38) million.

The net of realized and unrealized exchange rate differences was SEK -128 (-269) million.

The tax on the result after financial items was SEK -2,564 (-2,269) million in 2024.

Consolidated financial position

Consolidated financial position			
ASSETS			
SEK millions	Note	2024	2023
Non-current assets			
Intangible assets and goodwill			
Patents and unpatented know-how	17, 18	1,945	2,376
Trademarks		1,172	1,438
Licenses, renting rights and similar rights		134	113
Internally generated intangible assets		678	626
Goodwill		25,630	25,069
Total		29,559	29,622
Tangible assets and right-of-use assets			
Real estate	17, 19	3,847	3,339
Machinery and other technical installations		3,635	2,734
Equipment, tools and installations		1,563	1,150
Construction in progress and advances to suppliers		2,568	2,090
Right-of-use assets	35	2,877	2,456
Total		14,490	11,769
Other non-current assets			
Other long-term securities	13, 14, 20	432	542
Pension assets	27	269	239
Derivative assets	13, 14, 15	41	167
Deferred tax assets	16	1,942	1,720
Total		2,684	2,668
Total non-current assets		46,733	44,059
Current assets			
Inventories			
	21	15,574	14,950
Assets held for sale			
	19	47	59
Current receivables			
Accounts receivable	13, 22, 36	10,034	10,282
Current tax assets		1,005	811
Other receivables	13, 23, 36	6,804	5,372
Prepaid costs and accrued income	13, 24	635	578
Derivative assets	13, 14, 15	153	314
Total		18,631	17,357
Current deposits			
Other current deposits	13, 25	450	728
Cash and cash equivalents			
	13, 26	7,369	5,135
Total current assets		42,070	38,229
TOTAL ASSETS		88,803	82,288

Consolidated financial position, continued			
EQUITY AND LIABILITIES			
SEK millions	Note	2024	2023
Equity			
Attributable to owners of the parent			
Share capital		1,117	1,117
Other contributed capital		2,770	2,770
Other reserves		-1,300	-1,910
Retained earnings		39,326	35,056
Total		41,912	37,033
Attributable to non-controlling interests			
	12	369	345
Total equity		42,282	37,378
Non-current liabilities			
Liabilities to credit institutions etc	13, 29	9,172	9,829
Lease liabilities	13, 35	1,805	1,473
Provisions for pensions and similar commitments	27	945	1,090
Provision for deferred tax	16	2,392	2,372
Other provisions	28	434	337
Derivative liabilities	13, 14, 15	320	53
Total non-current liabilities		15,067	15,154
Current liabilities			
Other current liabilities			
Liabilities to credit institutions etc	13, 29	1,102	3,444
Advances from customers	36	10,595	7,975
Accounts payable	13	5,396	4,871
Notes payable	13	280	334
Current tax liabilities		1,455	989
Lease liabilities	13, 35	1,233	1,128
Other liabilities	13, 30, 36	6,089	6,096
Other provisions	28	1,858	1,757
Accrued costs and prepaid income	13, 31	2,792	2,636
Derivative liabilities	13, 14, 15	654	526
Total current liabilities		31,454	29,756
Total liabilities		46,521	44,910
TOTAL EQUITY AND LIABILITIES		88,803	82,288

Comments on the consolidated financial position

For comments on the individual lines in the statement on financial position, reference is made to Notes 12 to 36. For comments on the operating segments, see Note 1.

Capital employed

The average capital employed including goodwill and step-up values amounted to SEK 47,859 (48,753) million during the year.

Return on capital employed

The return on average capital employed including goodwill and step-up values amounted to 23.2 (21.0) percent during the year.

Capital turnover rate

The capital turnover rate calculated on the average capital employed including goodwill and step-up values amounted to 1.4 (1.3) times for the year.

Return on equity

Net income in relation to the average equity was 18.8 (17.6) percent during the year.

Solidity

The solidity, that is the equity in relation to total assets, was 47.6 (45.4) percent at the end of the year.

Net debt

The net debt was SEK 5,493 (10,011) million at the end of the year.

Net debt to EBITDA

Net debt in relation to EBITDA was 0.43 (0.85) times at the end of December.

Debt ratio

The debt ratio, that is the net debt in relation to equity, was 0.13 (0.27) times at the end of December.

Changes in consolidated equity

Changes in consolidated equity													
Attributable to:	Owners of the parent								Non-controlling interests			Total	
	Share capital	Other contributed capital	Cash flow hedges	Other reserves				Retained earnings	Sub-total	Translation differences	Retained earnings		Sub-total
				Market valuation of external shares	Translation differences	Revaluations	Retained earnings						
SEK millions													
As of December 31, 2022	1,117	2,770	-128	176	1,185	-1,037	31,299	35,382	48	274	322	35,704	
2023													
Comprehensive income													
Net income	-	-	-	-	-	-	6,330	6,330	-	51	51	6,381	
Other comprehensive income	-	-	45	-2	-2,047	-102	-	-2,106	-15	-	-15	-2,121	
Comprehensive income	-	-	45	-2	-2,047	-102	6,330	4,224	-15	51	36	4,260	
Transactions with shareholders													
Repurchase of shares	-1	-	-	-	-	-	1	-	-	-	-	-	
Cancellation of repurchased shares	1	-	-	-	-	-	-1	-	-	-	-	-	
Decrease of non-controlling interests	-	-	-	-	-	-	-93	-93	-	-27	-27	-120	
Non-controlling interests in acquired companies	-	-	-	-	-	-	-	-	-	32	32	32	
Dividends to owners of the parent	-	-	-	-	-	-	-2,480	-2,480	-	-	-	-2,480	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-18	-18	-18	
As of December 31, 2023	1,117	2,770	-83	174	-862	-1,139	35,056	37,033	33	312	345	37,378	
2024													
Comprehensive income													
Net income	-	-	-	-	-	-	7,391	7,391	-	41	41	7,432	
Other comprehensive income	-	-	-528	-125	1,284	-22	-	609	24	-	24	633	
Comprehensive income	-	-	-528	-125	1,284	-22	7,391	7,999	24	41	65	8,064	
Transactions with shareholders													
Decrease of non-controlling interests	-	-	-	-	-	-	-19	-19	-	-8	-8	-27	
Dividends to owners of the parent	-	-	-	-	-	-	-3,100	-3,100	-	-	-	-3,100	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-33	-33	-33	
As of December 31, 2024	1,117	2,770	-611	49	422	-1,161	39,326	41,912	57	312	369	42,282	

Comments on changes in consolidated equity

The articles of association of Alfa Laval AB (publ) state that the share capital should be between SEK 745,000,000 and 2,980,000,000 and that the number of shares should be between 298,000,000 and 1,192,000,000.

There have been no changes to the share capital or the number of shares during the year. At January 1, 2024 and at December 31, 2024, the share capital of SEK 1,116,719,930 was divided into 413,326,315 shares.

The company has only issued one type of shares and all these have equal rights. There are no restrictions in law or in the articles of association in the negotiability of the shares.

The only shareholder holding more than 10 percent of the shares is Winder Holding AG, Switzerland, who owns 29.5 (29.5) percent. The employees of the company do not own any shares in the company through company pension trusts.

No restrictions exist in how many votes that each shareholder can represent at a general meeting of shareholders. The company has no knowledge of any agreements between shareholders that would limit the negotiability of their shares.

The articles of association stipulate that members of the Board are elected at the Annual General Meeting. Election or discharge of members of the Board is otherwise regulated by the provisions in the Swedish Companies Act and the Swedish

Corporate Governance Code. According to the Companies Act changes in the articles of association are decided at general meetings of shareholders.

The senior credit facility with the banking syndicate and the corporate bonds each contain conditions that give the lenders the opportunity to terminate the loans and declare them due and payable if there is a change of control of the company through an acquisition of more than 50 and 30 percent respectively of the total number of shares.

The possibilities to distribute profits from foreign subsidiaries are limited in certain countries due to local legislation. These limitations are not material, and they mainly relate to:

- that subsidiaries in for instance China and India cannot take up loans to finance dividends, which limits the size of the dividends and
- rules on interest deduction limitations and thin capitalization in many countries, for instance the US, Denmark and Norway limit the possibilities for these countries to increase debt to finance dividends.

Translation differences in equity amounted to SEK 1,284 (-2,047) million. This is mainly due to a depreciation of SEK versus the CNY, EUR and USD during 2024, whilst the SEK appreciated versus the CNY, EUR, NOK and USD during 2023. The SEK appreciated slightly versus the NOK during 2024.

Consolidated cash flows

Consolidated cash flows			
SEK millions	Note	2024	2023
Operating activities			
Operating income		10,435	9,256
Adjustment for depreciation and amortization		2,418	2,524
Adjustment for other non-cash items		78	-419
Operational cash surplus		12,931	11,361
Taxes paid		-2,359	-1,933
Cash flow from operating activities before changes in working capital		10,572	9,428
Changes in working capital:			
Increase(-)/decrease(+) of receivables		-593	-1,319
Increase(-)/decrease(+) of inventories		16	-652
Increase(+)/decrease(-) of liabilities		2,267	2,373
Increase(+)/decrease(-) of provisions		-103	-661
Increase(-)/decrease(+) in working capital		1,587	-259
Cash flow from operating activities		12,159	9,169
Investing activities			
Investments in fixed assets (Capex)		-3,336	-2,440
Divestment of fixed assets		105	90
Acquisition of businesses	17	-50	-337
Cash flow from investing activities		-3,281	-2,687
Financing activities			
Received interests and dividends		183	168
Paid interests		-520	-489
Realized financial exchange gains		50	52
Realized financial exchange losses		-221	-536
Dividends to owners of the parent		-3,100	-2,480
Dividends to non-controlling interests		-33	-18
Increase(-) of financial assets		-453	-555
Decrease(+) of financial assets		542	11
Increase of loans		1,664	2,400
Amortization of loans		-4,850	-4,096
Cash flow from financing activities		-6,738	-5,543
Cash flow for the year			
Cash and cash equivalents at the beginning of the year		5,135	4,352
Translation difference in cash and cash equivalents		94	-156
Cash and cash equivalents at the end of the year	26	7,369	5,135
Free cash flow per share (SEK) *		21.60	16.50
Capex in relation to net sales		5.0%	3.8%
Average number of shares		413,326,315	413,326,315

* Free cash flow is an alternative performance measure. It is the sum of cash flows from operating activities, investments and divestments of fixed assets.

Comments to the consolidated cash flows

For further comments on certain individual lines in the cash flow statement, reference is made to Notes 17 and 26.

Cash flows from operating activities

The increase in cash flows from operating activities in 2024 is explained by the increase in operating income and reduction in working capital.

Cash and cash equivalents

The item cash and cash equivalents are relating to cash and bank deposits.

Cash flow

Cash flow from operating and investing activities amounted to SEK 8,878 (6,482) million during 2024. Out of this, acquisitions of businesses were SEK -50 (-337) million.

Adjustment for other non-cash items

Other non-cash items are mainly referring to realized gains and losses in connection with sale of assets. These have to be eliminated since the cash impact of divestments of fixed assets and businesses are reported separately under cash flow from investing activities.

Working capital

Working capital decreased by SEK 1,587 (-259) million during 2024, mainly due to operating liabilities increasing and inventory and receivables not changing a lot since 2023.

Investments

Investments in fixed assets amounted to SEK -3,336 (-2,440) million during 2024.

The largest share of investments is related to the Energy division and Operations & Others.

Depreciations

Depreciation, excluding allocated step-up values, amounted to SEK 1,764 (1,559) million during the year.

Acquisitions and disposals

No new acquisitions or significant disposals have been made during 2024. For a further analysis of the impact on the cash flow by acquisitions and disposals, see Note 17.

Free cash flow per share

The free cash flow per share is SEK 21.60 (16.50).

Parent company income

Parent company income *			
SEK millions	Note	2024	2023
Administration costs		-16	-14
Other operating income		0	1
Other operating costs		-10	-4
Operating income		-26	-17
Dividends from subsidiaries		406	4,037
Interest income and similar result items	11	258	252
Interest expenses and similar result items	11	0	-1
Result after financial items		638	4,271
Change of tax allocation reserve		355	-48
Group contributions		599	1,314
Result before tax		1,592	5,537
Tax on this year's result		-212	-271
Net income for the year		1,379	5,266

* The parent company income statement also constitutes its comprehensive income statement.

Parent company financial position

Parent company financial position			
SEK millions	Note	2024	2023
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in group companies	20	4,669	4,669
Current assets			
Current receivables			
Receivables on group companies		7,130	9,266
Current tax assets		172	112
Other receivables		4	4
Total current receivables		7,306	9,382
Cash and cash equivalents	26	3	3
Total current assets		7,309	9,385
TOTAL ASSETS		11,978	14,054
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,117	1,117
Statutory reserve		1,270	1,270
Total restricted equity		2,387	2,387
Unrestricted equity			
Profit brought forward	40	6,193	4,027
Net income for the year		1,379	5,266
Total unrestricted equity		7,573	9,293
Total equity		9,960	11,680
Untaxed reserves			
Tax allocation reserve, taxation 2019		-	698
Tax allocation reserve, taxation 2020		614	614
Tax allocation reserve, taxation 2021		99	99
Tax allocation reserve, taxation 2022		491	491
Tax allocation reserve, taxation 2024		438	439
Tax allocation reserve, taxation 2025		344	-
Total untaxed reserves		1,986	2,341
Current liabilities			
Liabilities to group companies		28	30
Accounts payable		1	0
Other liabilities		3	3
Total current liabilities		32	33
TOTAL EQUITY AND LIABILITIES		11,978	14,054

Changes in parent company equity

Changes in parent company equity				
SEK millions	Share capital	Statutory reserve	Unrestricted equity	Total
As of December 31, 2022	1,117	1,270	6,507	8,894
2023				
Comprehensive income				
Net income	-	-	5,266	5,266
	-	-	5,266	5,266
Transactions with shareholders				
Cancellation of repurchased shares	-1	-	1	-
Bonus issue of shares	1	-	-1	-
Dividends	-	-	-2,480	-2,480
As of December 31, 2023	1,117	1,270	9,293	11,680
2024				
Comprehensive income				
Net income	-	-	1,379	1,379
	-	-	1,379	1,379
Transactions with shareholders				
Dividends	-	-	-3,100	-3,100
As of December 31, 2024	1,117	1,270	7,573	9,960

The share capital of SEK 1,116,719,930 (1,116,719,930) is divided among 413,326,315 (413,326,315) shares.

Parent company cash flows

Parent company cash flows		
SEK millions	2024	2023
Operating activities		
Operating income	-26	-17
Taxes paid	-272	-244
Cash flow from operating activities before changes in working capital	-298	-261
Changes in working capital:		
Increase(-)/decrease(+) of receivables	1,418	-2,058
Increase(+)/decrease(-) of liabilities	2	5
Increase(-)/decrease(+) in working capital	1,420	-2,053
Cash flow from operating activities	1,122	-2,314
Investing activities		
Investment in subsidiaries	-	-
Cash flow from investing activities	-	-
Financing activities		
Received interests	258	252
Received dividends from subsidiaries	406	4,037
Paid dividends	-3,100	-2,480
Received group contribution	1,318	510
Paid group contribution	-4	-1
Cash flow from financing activities	-1,122	2,317
Cash flow for the year	0	3
Cash and cash equivalents at the beginning of the year	3	-
Cash and cash equivalents at the end of the year	3	3

Disclosure of material accounting principles

Alfa Laval is engaged in the development, production and sales of products and systems based on three main technologies: separation/filtration, heat transfer and fluid handling. Alfa Laval's business is divided into three Business Divisions "Energy", "Food & Water" and "Marine" that sell to external customers and are responsible for the manufacturing of the products and the division "Operations & Other" covering procurement and logistics as well as corporate overhead and non-core businesses. Alfa Laval has a wide range of customers in about 100 countries.

Alfa Laval AB is a public limited liability company. The company's headquarters is in Lund and the company is registered in Sweden under the corporate registration number 556587-8054. The visiting address of the headquarters is Rudeboksvägen 1, 226 55 Lund, Sweden, and the postal address is Box 73, 221 00 Lund. Alfa Laval's website is: www.alfalaval.com.

Unless otherwise stated, all amounts are reported in millions of Swedish kronor (MSEK) and refer to the period January 1 – December 31, 2024, for the income statement and cash flow items, and December 31, 2024, for balance sheet items. Figures in parentheses refer to the previous financial year.

Compliance with regulations and law

Alfa Laval applies IFRS[®] accounting standards as adopted by the European Union. Furthermore, the Annual Accounts Act and RFR 1 'Supplementary principles for consolidated groups', issued by the Council for Sustainability and Financial Reporting in Sweden, are applied. The parent company applies the same accounting principles as the group, except in the cases specified in the section 'Parent Company's Accounting Principles'.

The information in this annual report is such information that Alfa Laval AB (publ) is required to disclose in accordance with the Securities Market Act. The annual report was approved for publication on March 26, 2025. The statements of financial position and comprehensive income are adopted at the Annual General Meeting on April 29, 2025.

Cost method

The consolidated financial statements have been prepared according to the cost method, except for:

- certain financial assets and liabilities, including derivatives, that are valued at fair value
- defined benefit pension plans, for which the plan assets are measured at fair value

Changed accounting principles 2024

The revised and amended IFRS accounting standards that came into effect for the financial year 2024 have had no, or only very limited, impact on the group's financial reports.

The following standards became applicable from January 1, 2024:

- Classification of liabilities as current or non-current (amendment to IAS 1)
- Lease liability in a sale and leaseback transaction (amendments to IFRS 16)
- Supplier finance arrangements (amendment to IAS 7 and IFRS 7)

Changed accounting principles 2025 and later

The following standards, amendments, and interpretations will come into effect for financial years beginning on or after January 1, 2025. These have not been early adopted by the group. The assessment is that all, except IFRS 18, will not have any significant impact on the group's operations or financial statements.

- Amendments to IAS 21 – Lack of Exchangeability
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments, and reporting of energy purchase agreements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements aimed at achieving comparability in reporting and providing users with more relevant and transparent information. The standard will not affect the accounting or valuation of items in the financial statements, but the effects on presentation and disclosures may become extensive. Management is currently evaluating the consequences of the new standard on the consolidated financial statements. No concrete conclusions about potential effects have been drawn yet. Alfa Laval will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and therefore comparative information for the financial year ending December 31, 2026, will be restated.

Judgements

When applying accounting principles, management has made various judgments that can significantly affect the amounts reported in the financial statements. The main judgments made concern:

- Provisions for claims and disputes, where management continuously assesses the likelihood of the outcome of business and legal disputes, which affects the group's provisions.
- Provisions for customer losses, where the ability to collect overdue receivables is analyzed to make an overall assessment of the group's reserve for bad debt in relation to total receivables and historical losses.
- Inventory obsolescence, where an assessment of future sales is made for inventory items with low turnover. For these items, the value is written down according to an obsolescence scale

with an increasing percentage of write-downs per year for the time the inventory is expected to remain. If there has been no demand for an inventory item at all in the past two years, the value is written down to zero, regardless of whether there might be future demand.

- Credit risk in customer contracts, i.e., the risk that customers will not be able to fulfill their obligation to pay. The assessment of credit risk, in turn, affects revenue recognition in the current period.
- Current and deferred tax assets and liabilities. The main judgment relates to deferred tax assets on loss carryforward, which includes an analysis of the likelihood that the deferred tax assets will be utilized against future taxable profits. The actual value of these future taxable profits can be difficult to assess as it depends on future macroeconomic developments, the company's earning capacity, and potential changes in tax regulations.

Estimates and assumptions

Alfa Laval has identified a number of sources of uncertainty in estimates, and one of these relates to the impairment test of goodwill. Goodwill is not amortized but is instead tested for impairment annually and whenever there is an indication of impairment. The testing is based on estimates and assumptions about future cash flows. The key assumptions made by management concern forecasted revenue growth and operating margin development, which are based on both historical performance and current market information as well as expected future developments. If profitability within the group, or parts of it, declines in the future, the impact could be significant, as it may trigger a substantial impairment of goodwill. Such an impairment would affect the net result and thus the financial position of the group. Furthermore, Alfa Laval has identified that business acquisitions, when they occur, contain estimation uncertainty. This is because estimates are made of the fair value of the acquired assets and liabilities, including intangible assets, and any contingent consideration at the acquisition date.

The group has also identified that its defined benefit pension plans contain estimation uncertainties, but does not consider there to be a significant risk of a material adjustment to these. The plan assets are valued at fair value and the present value of the benefit obligations in the defined benefit plans is decided through yearly actuarial calculations made by independent actuaries. If the value of the plan assets starts to decrease at the same time as the actuarial assumptions increase the benefit obligations the combined effect could result in a substantial deficit. The effect on profit and loss however only affects other comprehensive income and not net income. The risk has been limited since many of these defined benefit schemes are closed for new participants and replaced by defined contribution schemes.

Furthermore, the Group's provisions also contain uncertainty in estimates, as provisions are generally based on assessments of probability and estimates of costs and risks. Alfa Laval primarily makes provisions for product claims, which usually relate to technical problems with delivered products or the products not meeting the promised technical performance. Estimates are made regarding the Group's cost for the claims, including costs for replacement products and compensation to customers for

costs incurred due to the problem. There is also uncertainty in the estimation of provisions for ongoing or expected legal disputes, as the outcome is not determined. The disputes are regularly reviewed at the group level, and an estimate is made of the expected exposure. Provisions are made based on the assessed exposure and the estimated outcome of the disputes.

Business combinations – consolidation principles

The consolidated financial statements include the parent company Alfa Laval AB (publ) and the subsidiaries in which it has a decisive influence.

The statement on consolidated financial position has been prepared in accordance with the purchase method. The difference between the purchase price paid and the net assets of the acquired companies is allocated to the step-up values related to each type of asset, with any remainder accounted for as goodwill. During the first 12 months after the acquisition the value of the goodwill is often preliminary. The reason for this is that, based on experience, there is some uncertainty in the purchase price allocation concerning:

- primarily the calculation of the allocation to different intangible step-up values, that are dependent on different judgements and estimations;
- the calculation of tangible step-up values, that are dependent on external market valuations, which can extend in time before they can be finalized;
- adjustments of the purchase price contingent on contractual terms, that are dependent on the final size of the operating capital at the acquisition date, once this has been audited and the outcome has been approved by the parties; and
- the final value of the acquired equity, which is also dependent on the audit of the acquired closing balance sheet.

Since the goodwill is a residual that emerges once all other parameters in the purchase price allocation have been established, it will be preliminary and open for changes until all other values are final.

Transaction costs are reported in net income, as other operating costs. If the value of an additional purchase price is changed the change is reported as other operating income or cost. In the case of successive acquisitions, goodwill is calculated and valued when the acquiring company gains control over the acquired company. Changes in holdings in subsidiaries, where the majority owner does not lose its decisive influence, are reported in equity. This means that these transactions no longer will generate goodwill or lead to any gains or losses. In addition, the transaction will result in a transfer between owners of the parent and non-controlling interests in equity. If the non-controlling interest's share of reported losses is higher than its reported share of the equity, a negative non-controlling interest is reported.

Employee benefits

Employee benefits are reported according to IAS 19 "Employee Benefits".

The present value of the benefit obligations in the defined benefit plans is decided through yearly actuarial calculations made by independent actuaries. The plan assets are valued at fair

value. The net plan asset or liability is arrived at in the following way.

$$\begin{array}{r} + \text{ the present value of the defined benefit obligation at December 31} \\ - \text{ the fair value of the plan assets at December 31} \\ \hline = \text{ a net liability if positive / a net asset if negative} \end{array}$$

If the calculation per plan gives a negative amount, thus resulting in an asset, the amount to be recognized as an asset for this particular plan is the lower of the two following figures:

- The above net negative amount.
- The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. This is referred to as the asset ceiling.

The items that relate to the vesting of defined benefit pensions and gains and losses that arise when settling a pension liability and the financial net concerning the defined benefit plan are reported in the income statement above net income. Past service costs are recognized in the income statement already when the plan is amended or curtailed.

Actuarial gains and losses are accounted for currently in other comprehensive income. Changes in the obligations that relate to changes in actuarial assumptions are accounted for in other comprehensive income. None of these actuarial items will ever be reported in operating income but will instead remain in other comprehensive income.

The return on plan assets is calculated with the same interest rate as the discount rate. The difference between the actual return on plan assets and the interest income in the previous sentence is reported in other comprehensive income.

The difference between short and long-term remunerations focuses on when the commitment is expected to be settled rather than the link to the employee's vesting of the commitment.

Termination benefits are accounted for at the earliest of the following – the time when the benefit offer cannot be withdrawn, alternatively in accordance with IAS 37 as a part of for instance restructuring the operations.

For Swedish entities the actuarial calculations also include future payments of special salary tax. The Swedish tax on returns from pension funds is reported currently as a cost in the profit and loss and are not included in the actuarial calculation for defined benefit pension plans.

The discount rate used to calculate the obligations is determined based on the market yields in each country at the closing date on high quality corporate bonds with a term that is consistent with the estimated term of the obligations. In countries that lack a deep market in such bonds the country's government bonds are used instead.

Financial instruments

Financial assets and liabilities are classified into three different portfolios:

- Valued at fair value through profit or loss;
- Valued at fair value through other comprehensive income and
- Valued at amortized cost.

The classification into different portfolios reflects the valuation of the instruments, i.e. if the instrument is valued at fair value or amortized cost, and also where in the statement of consolidated comprehensive income the valuation to fair value is reported. The amortized cost is equal to the amount recognized upon initial recognition, less any principal repayments and plus or minus any effective interest adjustments.

Government grants

Government grants are recognized in profit and loss over the same periods as the costs the grants are intended to compensate for. The grants are recognized in the income statement as a deduction of these costs.

Hedge accounting

Alfa Laval applies two types of hedge accounting: cash flow hedges and hedges of net investments in foreign operations.

Cash flow hedges

Alfa Laval has implemented documentation requirements to qualify for hedge accounting on derivative financial instruments.

The effect of the fair value adjustment of derivatives is reported as a part of other comprehensive income for the derivatives where hedge accounting is made (according to the cash flow hedging method) and above net income only when the underlying transaction has been realized. Hedge accounting requires the derivative to be appropriate and expected to be effective regarding the identified risks.

For derivatives where hedge accounting is not applied, the valuation at fair value is reported either in cost of goods sold or the financial net. The fair value adjustment of derivatives is reported separately from the underlying instrument as a separate item called derivative assets/derivative liabilities in the statement of financial position.

Hedges of net investments in foreign operations

In order to finance acquisitions of foreign operations loans are raised, if possible, in the same currency as the net investment. The loans thereby constitute a hedge of the net investment in each currency. Exchange rate differences relating to these loans are therefore reported in other comprehensive income.

Income Taxes

Income taxes include both current and deferred taxes. These are recognized in the income statement unless the underlying transaction is recognized in other comprehensive income or equity. In such cases, the tax is recognized accordingly. Current tax refers to the tax payable or receivable for the current year, based on the tax rates enacted at the balance sheet date, and adjustments for prior years' taxes. Current tax liabilities and tax assets are offset when there is a legally enforceable right to offset and when there is an intention to settle on a net basis.

Deferred tax is recognized using the balance sheet method. Deferred tax is calculated using the tax rates and tax laws that

have been enacted, or substantively enacted, by the balance sheet date and are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized only to the extent that it is probable that they can be utilized against future taxable profits.

Regarding the Pillar II rules, the group has applied the temporary exemption, issued by the IASB in May 2023, from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar II income taxes.

Inventories

The Group's inventory has been accounted for after elimination of inter-company gains. The inventory has been valued according to the "First-In-First-Out" (FIFO) method at the lowest of cost or net realizable value, taking into account obsolescence.

This means that raw material and purchased components normally are valued at the acquisition cost, unless the market price has fallen. Work in progress is valued at the sum of direct material and direct labour costs with a mark-up for the product's share in capital costs in the manufacturing and other indirect manufacturing costs based on a forecasted assumption on the capacity utilization in the factory. Finished goods are normally valued at the delivery value (i.e. at cost) from the factory if the delivery is forthcoming. Spare parts that can be in the inventory during longer periods of time are normally valued at net realizable value.

Leasing

Alfa Laval has decided to apply a practical expedient for leasing contracts where the contract period is maximum 12 months or the leased asset is of low value. With reference to the materiality rules in IAS 8.8, Alfa Laval has chosen to apply IFRS 16 for leases concerning buildings and land, company cars and other vehicles, forklifts, large servers and large printers. The present value for other leases is estimated to be non-material. The leasing fees for these leases are expensed as incurred.

Lease contracts can include both a leasing part and a service part. According to IFRS 16, the company in these cases can choose to separate them from each other and thus only recognize the leasing part in the balance sheet or capitalize the entire contract. Alfa Laval has chosen to exclude the service part from the lease accounting, which is instead expensed.

When Alfa Laval is the lessee, leased assets are accounted for as right-of-use assets and a corresponding financial payable to the lessor in the statement on financial position. The leasing fee to the lessor is accounted for as financial cost calculated as interest on the outstanding payable and as amortization of the payable. The right-of-use asset is depreciated according to plan in the same manner as for purchased assets.

Non-current assets (tangible, intangible and right-of-use)

Assets have been accounted for at cost, net after deduction of accumulated depreciation according to plan. Depreciation according to plan is based on the assets' acquisition values and is calculated according to the estimated useful life of the assets.

The following useful lives have been used:	
<i>Tangible:</i>	
Computer programs, computers	3.3 years
Office equipment	4 years
Vehicles	5 years
Machinery and equipment	7–14 years
Land improvements	20 years
Buildings	25–33 years
Right-of-use assets	depends on the lease term
<i>Intangible:</i>	
Patents and unpatented know-how	10–20 years
Trademarks	10–20 years
Licenses, renting rights and similar rights	10–20 years
Internally generated intangible assets	5 years

The depreciation is made according to the straight-line method.

Any additions to the purchase price in connection with investments in non-current assets or acquisitions of businesses are amortized over the same period as the original purchase price. This means that the time when the asset is fully depreciated is identical regardless of when payments are made. This reflects that the estimated useful life of the asset is the same.

Upon sale or scrapping of assets, the results are calculated in relation to the net book value after depreciation according to plan. The result on sales is included in other operating income or cost.

Impairment of assets

When there are indications that the value of a tangible asset or an intangible asset with a determinable useful life has decreased, there is a valuation made if it must be written down. If the reported value is higher than the recoverable amount, a write down is made that burdens net income. When assets are up for sale, for instance items of real estate, a clear indication of the recoverable amount is received that can trigger a write down.

Goodwill is not amortized but is instead tested for impairment both annually and when there is an indication. The recoverable amount for goodwill is determined from the value in use based on discounted future cash flows. For other assets the recoverable amount is normally determined from the fair value less costs to sell based on an observable market price.

For the impairment testing of goodwill, three of Alfa Laval's operating segments, the three business divisions "Energy", "Food & Water" and "Marine" have been identified as the cash-generating units within Alfa Laval. Technically a recently acquired business activity could be followed independently during an initial period, but acquired businesses are normally integrated into the divisions at a fast rate. This means that the independent traceability is lost fairly soon and then any independent measurement and testing becomes impracticable. The net present value is based on the projected EBITDA figures for the next five years, less projected investments and changes in operating capital during the same period and thereafter the perceived expected average industry growth rate. The used discount rate is the pre-tax weighted average cost of capital (WACC).

Other operating income and other operating costs

Other operating income relates to for instance commission, royalty and license income. Other operating costs refer mainly to restructuring costs and royalty costs.

Comparison distortion items that affect the operating income are reported in other operating income and other operating costs.

Provisions

The group recognizes provisions when there is a legal or constructive obligation, it is probable that a cost will be incurred to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is an estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A provision is reversed when it is no longer probable that an outflow of resources will be required to settle the obligation.

A provision is only used for the purpose it was originally recognized for. Provisions are not recognized for future operating losses. An expectation of future operating losses is though an indication that certain assets of the operation may be impaired. If a contract is onerous, the present obligation under the contract is recognized and measured as a provision, once the assets used in order to finalize the contract have been tested for impairment.

Research and development

Research costs are charged to the result in the year in which they are incurred. Development costs are charged to the result in the year in which they are incurred provided that they do not fulfill the conditions for being capitalized.

Revenue recognition

Revenue from contracts with customers are reported as "Net sales" in the statement of consolidated comprehensive income. "Net sales" are referring to sales value less sales taxes, cancellations, late delivery fees and discounts. Contracts with customers relate to sale of goods, services and projects. Alfa Laval recognizes the revenue when the performance obligation has been satisfied by transferring control over goods or service to the customer. Performance obligations can be satisfied either over time or at a point in time.

Alfa Laval transfers control of goods or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by Alfa Laval's performance as Alfa Laval performs. This is normally the case for Alfa Laval's service offerings;
- Alfa Laval creates or enhances an asset that the customer controls as the asset is created or enhanced. This is normally the case when Alfa Laval performs the work at the customer's premises, which mainly relates to installation/commissioning; or
- Alfa Laval's performance does not create an asset with an alternative use to Alfa Laval and Alfa Laval has an enforceable right to payment for performance completed to date.

Alternative use to Alfa Laval means if Alfa Laval can sell the equipment to another customer. The number of engineering hours spent by Alfa Laval on making a product or process solution customer specific with a unique configuration is a good indication of whether there is an alternative use to Alfa Laval or not. As a practical expedient, only orders of more than EUR 1 million and with more than 200 engineering hours are recognized over time.

In order to establish the performance over time an output or input method is used. In Alfa Laval output methods are more applicable to service and component deliveries, whereas input methods are more applicable to projects and module sales. Depending on the nature of the project, the following methods are used:

Input methods:

- The proportion that the project costs incurred for work performed to date bear to the estimated total project costs.
- Surveys of work performed.

Considering the type of projects that Alfa Laval companies are involved in, the first method is usually the preferred.

Output methods:

- Completion of a physical proportion of the performance obligations.

If a performance obligation is not satisfied over time it is satisfied at a point in time. To establish the point in time when the customer obtains control of a promised asset and Alfa Laval satisfies a performance obligation, the following control criteria must be considered:

- Alfa Laval has a present right to payment for the asset.
- The customer has legal title to the asset.
- The customer has physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

Alfa Laval uses a variety of delivery terms depending on the customers preference, including Ex Works. Alfa Laval's preference is to use DAP (Delivered At Place) or DDP (Delivered Duty Paid) since these gives Alfa Laval better control that the customer really receives the goods in working order.

It is common that Alfa Laval provides a warranty in connection with the sale. The nature of the warranty can vary significantly across contracts. Normally warranties provide a customer with assurance that the related product will function as the parties intended according to the agreed-upon specifications. This is an assurance-type warranty. Alfa Laval's warranties normally cover a 12 months' period and are accounted for as a provision.

Operating segments

IFRS 8 means that the reporting of operating segments must be made according to how the chief operating decision maker monitors the operations. Furthermore, information must be given about products and services as well as geographical areas and information about major customers.

Alfa Laval's operating segments consist of its divisions. The company's board of directors constitutes the chief operating decision maker within Alfa Laval. Adjusted EBITA is monitored at the divisional level and is the most important alternative performance measure used for the group. The difference between adjusted EBITA for the operating segments and adjusted EBITA for the group is explained by the item 'consolidation adjustments'.

Functional currency and currency translation

Alfa Laval AB's functional currency is Swedish kronor (SEK), which is also the group's reporting currency for financial reports.

Exchange rate gains and losses related to trade receivables, trade payables, and other receivables and liabilities related to operating activities are included in other operating income and operating expenses. Exchange rate gains and losses related to other financial assets and liabilities are reported in the financial net.

In the group, exchange rate gains and losses on loans in foreign currency, which finance the acquisition of foreign subsidiaries, are transferred to other comprehensive income as an adjustment of the translation difference if the loans act as a hedge for the acquired net assets. These offset the translation difference that arises during the consolidation of the foreign subsidiaries. In the parent company, these exchange differences are reported above net income.

Almost all of Alfa Laval's subsidiaries are affected by changes in exchange rates for their intra-group purchases. However, they usually sell in local currency and have most of their non-product-related and personnel-related costs in their local currency. Alfa Laval's subsidiaries report in functional currency, which is normally the same as the local currency in each country. Subsidiaries in high-inflation countries may have a different functional currency than the local currency and therefore report in the currency defined for each country.

Foreign subsidiaries are translated according to the current rate method to SEK, which means that balance sheet items are translated at the exchange rate on the balance sheet date and income statement items at the average rate for the year. The translation difference that arises is an effect of the net assets in foreign subsidiaries being translated at a different rate at the end of the year than at the beginning, and the result being translated at the average rate. The translation difference is reported in other comprehensive income.

Parent company's accounting principles

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act and the recommendation RFR 2 "Accounting for Legal Entities", issued by the Council for Sustainability and Financial Reporting in Sweden. The principles for the parent company are unchanged compared to the previous year. Differences between the group's and the parent company's accounting principles are specified below.

Subsidiaries

Shares in subsidiaries are reported in the parent company in accordance with the acquisition cost method. Transaction costs arising from business acquisitions are reported as shares in subsidiaries. The value of the shares is evaluated through an impairment test at least once a year. Received dividends are reported as financial income.

Presentation of the income statement and balance sheet

The parent company follows the format for income statements and balance sheets specified in the Swedish Annual Accounts Act. This includes, among other things, a different presentation of equity and that provisions for untaxed reserves are reported as a separate main heading in the balance sheet.

Group contributions to and from the parent company

The parent company reports group contributions according to the alternative rule in RFR 2. This means that both received and given group contributions are reported as appropriations in the income statement.

Objectives, policies and processes for managing capital

Alfa Laval defines its managed capital as the sum of consolidated net debt and equity including the part that is attributable to non-controlling interests. At the end of 2024 the managed capital was SEK 47,775 (47,389) million.

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and provide an adequate return for shareholders and benefits for other stakeholders.

When managing the capital, the Group monitors several measures including:

Measure	Goal	Target standard	Target not set	Outcome		Average over last		
				2024	2023	3 years	5 years	8 years
Invoicing growth per year	≥5% *			5.3%	22.0%	18.2%	8.5%	8.9%
Adjusted EBITA margin **	15% *			16.6%	16.1%	16.1%	16.6%	16.6%
Return on capital employed **	≥20%			23.2%	21.0%	20.5%	20.1%	20.5%
Net debt to EBITDA **		≤2.0		0.43	0.85	0.92	0.82	0.90
Cash flow from operating activities including investments in fixed assets ***		10%		13.2%	10.6%	8.9%	10.4%	9.9%
Investments ***			X	5.0%	3.8%	4.1%	3.7%	3.4%
Return on equity			X	18.8%	17.6%	16.6%	15.7%	16.7%
Solidity			X	47.6%	45.4%	45.6%	47.0%	44.7%
Debt ratio **			X	0.13	0.27	25.7%	22.4%	26.4%
Interest coverage ratio **			X	26.2	23.1	25.7	28.6	30.4
Credit rating			X	BBB+	BBB+			

* Average over a business cycle. ** Alternative performance measures. *** In % of sales.

In order to maintain a good capital structure, the Group may for instance raise new loans or amortize on existing loans, adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase own shares, issue new shares or sell assets.

As examples on the Group's active work with managing its capital the following can be mentioned:

- During 2022 Alfa Laval raised two loans of EUR 100 million from Svensk Exportkredit that matures in May 2027 and May 2028 respectively.
- The company has established a Euro Medium Term Note (EMTN) programme with a framework amount of EUR 2,000 million. Under the programme, four tranches of corporate bonds have been issued. One of EUR 300 million was issued

in June 2019 and was repaid on June 25, 2024. Two of them of EUR 300 million each were issued in February 2022 and mature in February 2026 and in February 2029 respectively, whereas the fourth of SEK 1,000 million was issued in May 2023 and matures in November 2025.

- The company also has a commercial paper programme with a framework amount of SEK 4,000 million. The commercial papers are issued with short maturities, usually between 1-12 months. In June 2024, commercial papers of SEK 1,330 million were issued. These were repaid over a period from August until October 2024.
- In addition, the company has a revolving credit facility of EUR 700 million with a banking syndicate with an option to increase by an additional EUR 200 million. The credit facility matures in April 2028.

Risks

Risks are divided into financial risks and operational risks, which are described below.

In order to handle and minimise the risks, Alfa Laval has established a comprehensive set of Group wide policies and an internal control framework. To support the work with internal control an extensive set of minimum internal controls has been established.

During the year, managers and other key personnel have made a self-assessment based on a selection of the most important minimum internal controls.

Internal control is monitored by both internal audit and by the external auditors.

Financial risks

Financial risks are referring to financial instruments.

Financial instruments

Alfa Laval has the following financial instruments: cash and cash equivalents, deposits, trade receivables, bank loans, trade payables and a limited number of derivative instruments to hedge primarily currency rates or interests, but also the price of metals and electricity. These include currency forward contracts, currency options, interest-rate swaps, metal forward contracts and electricity futures. See Notes 13 and 14 for more information on these financial instruments.

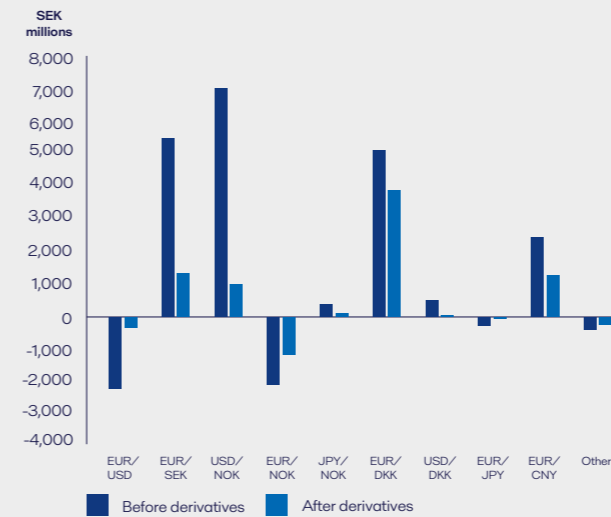
Treasury policy

In order to control and limit the financial risks, the Board of Directors for the Group has established a treasury policy. The Group has an aversive attitude toward financial risks, which is expressed in the policy. It establishes the distribution of responsibility between the local companies and the central finance function in Alfa Laval Treasury International, what financial risks the Group can accept and how the risks should be limited.

Risk	Explanation	Mitigation
Price risk	There are three different types of price risks: currency risk, interest risk and market risk. See below.	
Currency risk	Due to the Alfa Laval Group's international business activities and geographical spread the Group is exposed to currency risks.	
Transaction exposure	<p>Transaction exposure relates to currency risks that arise due to exchange rate fluctuations that affect the currency flows that are generated by the business activities.</p> <p>During 2024 Alfa Laval's sales to countries outside Sweden amounted to 98.2 (97.8) percent of total sales.</p> <p>Currency contracts for projected flows are entered into continuously during the year. For contract-based exposures the aim for the derivatives is to follow the duration of the underlying contract. This means that the company experiences the effects from the market currency rate movements with a varying degree of delay.</p> <p>Graphs and tables related to this are presented below, next to item 1.</p>	<p>Alfa Laval's local sales companies normally sell in domestic currency to local end customers and have their local cost base in local currency. Exports from production and logistical centres to other Group companies are invoiced in the exporting companies' domestic currencies, except for Sweden, Denmark and the UK where the exports are denominated in EUR.</p> <p>The Group is principally exposed to currency risk from potential changes in contracted and projected flows of payments and receipts. The objective of foreign exchange risk management is to reduce the impact of foreign exchange movements on the Group's income and financial position.</p> <p>The Group normally has natural risk coverage through sales as well as costs in local currencies. The treasury policy states that the local companies are responsible for identifying and hedging exchange rate exposures on all commercial flows via Alfa Laval Treasury International.</p> <p>Transaction exposure from firm committed orders shall be hedged to 100 percent when the value of the net exposure exceeds EUR 200,000. Furthermore, companies may hedge uncommitted exposures coming 12 months under certain circumstances. The total hedge must never exceed 100 percent. Longer hedging contracts of 13-24 months for uncommitted exposures require special approval.</p> <p>Alfa Laval Treasury International can add to or reduce the total hedging initiated by the local companies in the currencies that Alfa Laval has commercial exposure up to but not exceeding 100 percent and down to but not below 50 percent of the commercial exposure for each currency in a given time period.</p>

1

Net transaction exposure per currency pair at December 31, 2024 for the coming 12 months



The positive bars are a reflection of:

- subsidiaries in Sweden and Denmark exporting in EUR;
- subsidiaries in Norway exporting mainly in USD but also in JPY; and
- subsidiaries in China exporting in EUR.

The negative bars are a reflection of subsidiaries, primarily in the US and Norway, importing in EUR.

1

Outstanding currency forward contracts and currency options

Consolidated Millions	2024		2023	
	Original currency	SEK	Original currency	SEK
Outflows:				
USD	-1,286	-14,163	-871	-8,698
EUR	-856	-9,821	-957	-10,572
JPY	-13,267	-934	-11,663	-823
SEK	-176	-176	-137	-137
NOK	-1,182	-1,150	-1,269	-1,243
DKK	-434	-667	-93	-138
CAD	-52	-398	-42	-316
AUD	-6	-44	-12	-80
CNY	-193	-291	-10	-14
GBP	-0.3	-4	-	-
SGD	-3	-23	-	-
PLN	-	-	-7	-18
NZD	-4	-24	-2	-13
Total		-27,695		-22,052

1

Effect on operating income by exchange rate fluctuations excluding hedging measures

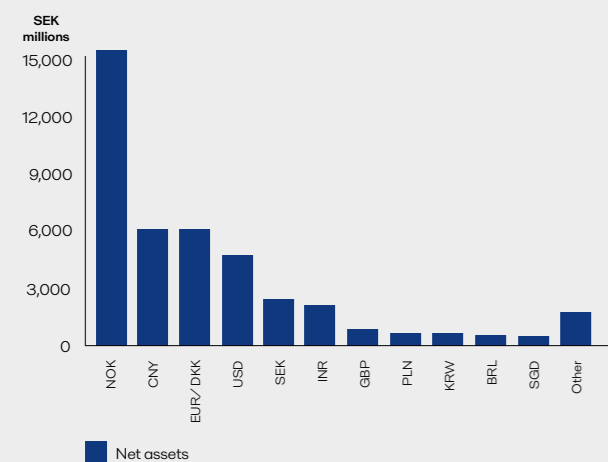
Consolidated SEK millions	2024		2023	
Exchange rate change against SEK	+10%	-10%	+10%	-10%
USD	968	-968	676	-676
EUR	790	-790	352	-352
CNY	-239	239	144	-144
NOK	-534	534	-338	338
DKK	-576	576	-205	205
JPY	54	-54	41	-41
Other	80	-80	-44	44
Total	543	-543	626	-626

Consolidated Millions	2024		2023	
	Original currency	SEK	Original currency	SEK
Inflows:				
NOK	11,544	11,228	6,853	6,711
SEK	4,667	4,667	5,648	5,648
EUR	385	4,410	312	3,449
CNY	2,242	3,385	2,058	2,895
DKK	1,483	2,280	1,232	1,827
USD	62	682	107	1,072
GBP	3	48	7	83
JPY	1,554	109	4,348	307
CAD	16	124	12	90
NZD	-	3	1	6
SGD	2	17	5	37
AUD	6	39	10	71
Total		26,992		22,196

Risk	Explanation	Mitigation
2 Translation exposure	<p>Translation exposure relates to the currency risks that arise due to the translation of the subsidiaries' statements on financial position from local currency to SEK.</p> <p>When the subsidiaries' statements of financial position in local currency are translated into SEK a translation difference arises that is due to the current year being translated at a different closing rate than last year and that the comprehensive income statement is translated at the average rate during the year whereas the statement of financial position is translated at the closing rate at December 31. The translation differences are reported against other comprehensive income. The translation exposure consists of the risk that the translation difference represents in terms of impact on comprehensive income. The risk is largest for the currencies where the Group has the largest net assets and where the exchange rate movements against SEK are largest.</p>	<p>The translation differences are a central responsibility and are managed by distributing the loans on different currencies based on the net assets in each currency and through cross currency swaps. Loans taken in the same currency as there are net assets in the Group, decrease these net assets and thereby decrease the translation exposure.</p> <p>These hedges of net investments in foreign operations work in the following way. Exchange gains and losses on loans denominated in foreign currencies that finance acquisitions of foreign subsidiaries are reported as a part of other comprehensive income if the loans act as a hedge to the acquired net assets. In other comprehensive income they offset the translation adjustments resulting from the consolidation of the foreign subsidiaries. In the Group, net exchange differences of SEK -184 (89) million relating to debts in foreign currencies have been charged to other comprehensive income as hedges of net investments in foreign operations. The loans that hedge net investments in foreign operations are denominated in EUR since this foreign currency has the largest impact on the statement of financial position. Since the Group uses part of its cash flows to amortize the loans in order to improve the financial net, the extent of this hedge tends to decrease over time. A change in the net assets of the foreign subsidiary over time can have the same effect.</p>
3 Interest risk	<p>By interest risk is meant how changes in the interest level affect the financial net of the Group and how the value of financial instruments vary due to changes in market interest rates.</p> <p>At December 31, 2024, the total debt portfolio of SEK 10,274 (13,273) million was split on loans with fixed interest of SEK 7,867 (10,921) and loans with floating interest rates of SEK 2,407 (2,352) million.</p> <p>The Group has chosen not to hedge the loans with floating interest to fixed interest rate.</p> <p>The average interest rate for all loans was 2.02 (1.73) during 2024.</p> <p>The average interest duration for all loans was 23 (26) months at the end of 2024.</p> <p>Calculated on an overall increase of market rates by 100 basis points (1 percentage unit), the interest net of the Group would change according to the bar chart 3. The reason why it was an income in 2024 was that large parts of the cash and cash equivalents and the current deposits had floating interest rates at the same time as the loans with floating interest rates were of a lower magnitude. A sensitivity analysis of interest rates is presented below, next to item 3.</p>	<p>The Group attempts to manage the interest risk by:</p> <ul style="list-style-type: none"> seeking a balance between floating and fixed interest rates in the debt portfolio and through the use of derivative financial instruments such as interest rate swaps. <p>The high portion of loans with fixed interest rate at December 31, 2024 meant a low interest risk.</p> <p>The treasury policy states that:</p> <ul style="list-style-type: none"> the interest rate risk is measured separately for each main currency and for the total debt; and the average interest duration for the total portfolio should be between 6 and 36 months.
Market risk	<p>Market risk is defined as the risk for changes in the value of a financial instrument due to changed market prices. This applies only to financial instruments that are listed or otherwise traded, which for Alfa Laval concern bonds and other securities and other long-term securities totalling SEK 430 (416) million.</p>	<p>The market risk for these is perceived as low. For other financial instruments, the price risk only consists of currency risk and interest risk.</p>

2

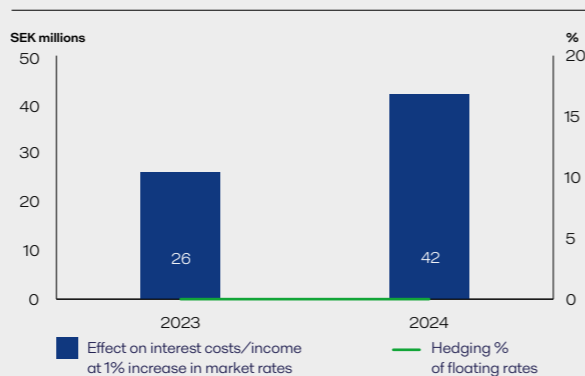
Net assets by currency



The assets and liabilities in EUR and DKK are seen together since the rate for DKK is fixed against the EUR.

3

Interest sensitivity analysis versus hedging % of floating rates



Risk	Explanation	Mitigation
4 Liquidity risk and refinancing risk	<p>Liquidity risk is defined as the risk that the Group would incur increased costs due to lack of liquid funds.</p> <p>Refinancing risk is defined as the risk that the refinancing of maturing loans becomes difficult or costly.</p> <p>The maturity structure of group funding is presented in graph 4.</p>	<p>Alfa Laval Treasury International is responsible for ensuring that:</p> <ul style="list-style-type: none"> the Group has a sufficient liquidity reserve, including cash and cash equivalents, short-term investments and unutilized committed credit facilities, a too large part of the outstanding debt is not maturing within the coming 12 month period and the remaining average credit duration of the total debt portfolio is not too short. <p>The loans of the Group are mainly long-term and only mature when the agreed loan period expires. Since the maturity of the loans is distributed over time the refinancing risk is reduced.</p> <p>Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 8,029 million on December 31, 2024 with a banking syndicate. The facility has a maturity of five years from April 2023 and it includes a possibility to increase by EUR 200 million. At December 31, 2024 the facility was not utilised.</p> <p>Alfa Laval has two loans of EUR 100 million from Svensk Exportkredit that matures in 2027 and 2028 respectively.</p> <p>The commercial paper programme amounts to SEK 4,000 million with varying maturity dates during the first quarter of 2025. SEK 0 million was utilised at December 31, 2024. On December 31, 2024, Alfa Laval had three tranches of corporate bonds listed on the Irish stock exchange. Two of them corresponding to EUR 300 million each that mature in February 2026 and in February 2029 respectively, whereas the third of SEK 1,000 million matures in November 2025.</p>
Cash flow risk	<p>Cash flow risk is defined as the risk that the size of future cash flows linked to financial instruments is fluctuating.</p>	<p>This risk is mostly linked to changed interest and currency rates. To the extent that this is perceived as a problem, different derivative instruments are used to fix rates. See description of exposure and hedging measures under interest and currency risks. Maturity analyses of the contractual undiscounted cash flows for loans (including interests) are shown in Note 29 and for currency derivatives, interest derivatives, metal futures and electricity futures in Note 15.</p>
Counterpart risk	<p>Counterpart risk is defined as the risk that the counterpart is not able to fulfill its contractual obligations.</p> <p>Financial instruments that potentially subject the Group to significant concentrations of credit risk consist principally of cash and cash equivalents, deposits and derivatives.</p> <p>Received bank guarantees and letters of credit move the credit risk from the customer to the bank, but can still contain a credit risk, but now towards the bank.</p>	<p>The Group has a bank strategy with the objective to establish, maintain and develop strong bank relations at Group level. This in order to provide the Group with long-term banking support, a relevant product range and geographical coverage. The banks at Group level must have a credit rating from two rating institutions of minimum A.</p> <p>The Group maintains cash and cash equivalents and current and non-current investments with various financial institutions approved by the Group. These financial institutions are located in major countries throughout the world and the Group's policy is designed to limit exposures to any one institution. The risk for a counterpart not fulfilling its commitments is limited through the selection of financially solid counterparts and by limiting the engagement per counterpart. The Group performs periodic evaluations of the relative credit standing of those financial institutions that are considered in its investment strategy. The Group does not require collateral on these financial instruments.</p> <p>The Group is exposed to credit risk in the event of non-performance by counterparts to derivative instruments. The Group limits this exposure by diversifying among counterparts with high credit ratings and by limiting the volume of transactions with each counterpart. Furthermore, the Group has entered into ISDA agreements (International Swaps and Derivatives Association) with the counterparts in order to be able to offset assets and liabilities in case of a counterparty default. Alfa Laval has never encountered a counterparty default, which means that such an offset never has been made.</p> <p>In total it is the Group's opinion that the counterpart risks are limited and that there is no concentration of risk in these financial instruments.</p>

4

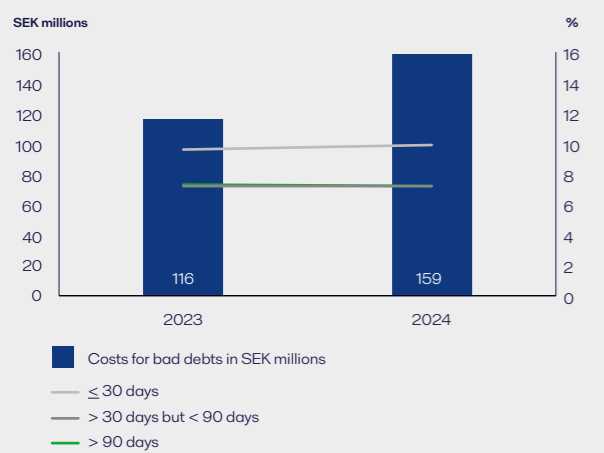
Maturity structure of group funding

Year	Bond loans and other loans	Not utilized non-current credit facilities
2025	1,115	-
2026	3,434	-
2027	1,146	-
2028	1,146	8,029
2029	3,434	-
2030 or later	-	-
Total	10,274	8,029

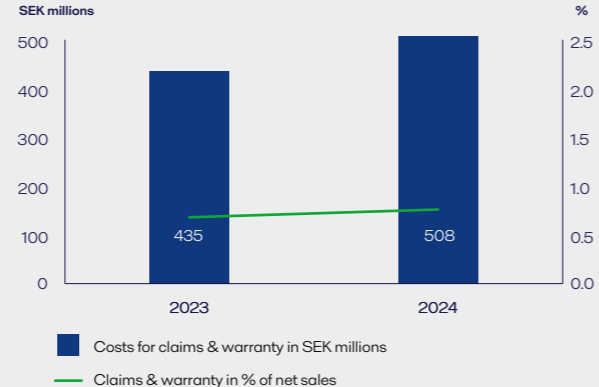
Operational risks

Risk	Explanation	Mitigation
Business risks		
5 Credit risk/Risk for bad debts	The risk that the customer cannot pay for delivered goods due to financial difficulties. The amount of accounts receivable being overdue is an indication of the risk the company runs for ending up in a bad debt situation is presented in graph 5.	Alfa Laval has established a Group Credit Policy to manage and mitigate the credit risk. The Group sells to a large number of customers in countries all over the world. That some of these customers from time to time face payment problems or go bankrupt is unfortunately part of reality in an operation of Alfa Laval's magnitude. All customers except Tetra Laval represent less than 1 percent of net sales and thereby represent a limited risk. Alfa Laval regularly collects credit information on new customers and, if needed, on old customers. Earlier payment habits have an impact on the acceptance of new orders. On markets with political or financial risks, the Group strives to attain credit insurance solutions. Accounts receivable constitutes the single largest financial asset according to Note 13. With reference to the above description, it is management's opinion that there is no material concentration of risk in this financial asset.
6 Risk for claims	The risk for the costs Alfa Laval would incur to rectify faults in products or systems and possible costs for penalties is presented in graph 6.	Alfa Laval strives to minimize these costs through an ISO certified quality assurance. The major risks for claim costs appear in connection with new technical solutions and new applications. The risks are limited through extensive tests at the manufacturing site and at the customer site.
Economic risk		
Competition	The Group operates in competitive markets, which can impact the company's development negatively.	In order to address this competition, the Group has for instance: <ul style="list-style-type: none"> • organized the operations into divisions based on business units in order to get a customer focused market penetration; • a strategy for acquisition of businesses in order to for instance reinforce the presence on certain markets or widen the Group's product offering; • worked with creating a competitive cost level based on its international presence; and • worked with securing the availability of strategic metals and components in order to maintain the ability to deliver.
Business climate	In an overall economic downturn, the Group tends to be affected with a delay of six to twelve months depending on business division. The same applies with an economic upturn.	The fact that the Group is operating on a large number of geographical markets and within a wide range of business units means a diversification that limits the effects of fluctuations in the business climate.

5
Costs for bad debts / overdues in % of accounts receivable

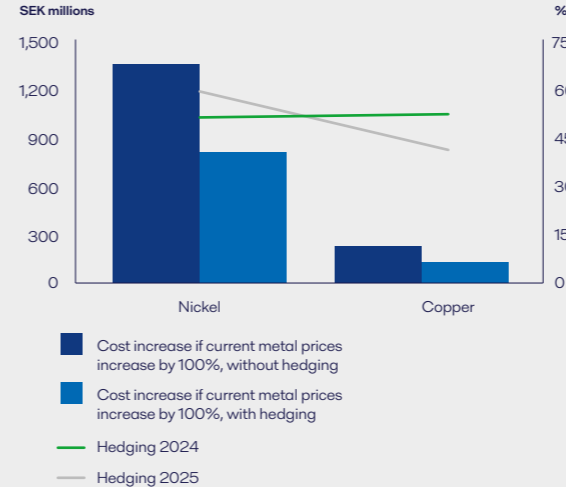


6
Claim costs in SEK millions and in % of net sales



Risk	Explanation	Mitigation
Pandemics and geopolitical disruption	Geopolitical events and disruptions, such as pandemics, can significantly impact the world economy and the international business climate, affecting the Alfa Laval Group. Depending on the severity and spread of these events, as well as the associated risks, the consequences can range from minor to major.	Alfa Laval have a Business Resilience Policy and since long well-established crisis management procedures. This have proven to be very effective during the Covid-19 pandemic and other larger crisis or geopolitical events. Cost reduction programs and the flexibility in different national work time reduction schemes are important components to reduce costs to match the declining revenues in a pandemic situation.
7 Commodity prices	The Group depends on deliveries of stainless steel, carbon steel, copper and titanium etc and on electricity for the manufacture of products. The prices in some of these markets are volatile and the supply of titanium has occasionally been limited. There are a limited number of possible suppliers of titanium. The risk for severely increased prices or limited supply constitutes serious risks for the operations. The possibilities to pass on higher input prices to an end customer vary from time to time and between different markets depending on the competition. Graph 7 shows the proportion of nickel and copper purchases secured for 2024, as well as the proportion of expected purchases for 2025 that were secured by the end of 2024. The graph also illustrates how the Group's costs for these purchases in 2025 would be affected if prices were to double from the level as of December 31, 2024.	The Group is addressing this risk by securing long-term supply commitments and through fixed prices from the suppliers during six to twelve months and through derivatives for metals and electricity. For metals: <ul style="list-style-type: none"> • The exposures for the coming 12 months of expected flows must be hedged between 30-70 percent. • In certain situations, exposures beyond 12 months can also be hedged. For electricity the coming 12 months' expected exposure shall be hedged between 30-90 percent and the coming 13-24 months can be hedged up to 80 percent. During periods of large price increases the customer price on titanium products has been linked to Alfa Laval's procurement costs for titanium. The Group has during certain periods experienced large price fluctuations for many raw materials, but in particular for stainless steel, carbon steel, copper and titanium. The Group uses metal futures to secure the price on strategic metals.
Supply chain and logistical disruptions	Alfa Laval may be impacted by disturbances stemming from disrupted supply chains.	Alfa Laval has a global footprint with 37 major manufacturing units across Europe, Asia, the US and Latin America. The company has well-established business continuity plans and a global supply chain with alternative sourcing solutions for most products and services and close collaboration with key suppliers.
Legal and compliance risks		
Non-compliance with socio-economic or environmental legislation	Alfa Laval's global and diversified business means that the Group is required to adhere to a variety of laws and regulations. Failure to meet socio-economic or environmental requirements could lead to legal and financial consequences, and negatively impact the company's reputation.	Policies, procedures and training programmes are in place to ensure that legal risks relating to its business activities are identified and that decisions are made on the appropriate level in the organisation. The legal counsel supports the business in identifying and handling these legal risks. A whistle-blowing system is in place where employees can report any breaches of laws or Alfa Laval policies anonymously without repercussions.
Bribery and corruption	If Alfa Laval employees fail to comply with anti-bribery and anti-corruption laws, this could potentially lead to loss of business, financial penalties and reputational damage.	The Alfa Laval Anti-Bribery and Anti-Corruption Policy is applicable to all employees within the Group. The policy sets procedures for preventing, detecting, reporting and investigating acts of bribery and corruption. Training is a focus area to ensure an understanding of the risks associated with improper behaviour in this area.

7
Sensitivity analysis and metal price hedging



Risk	Explanation	Mitigation
Material source or type	Alfa Laval uses metals that may originate from areas classified as “conflict areas”. We manufacture products for customers with specific demands due to industry standards, for example marine, food and pharmaceutical customers.	Alfa Laval supports the US Securities and Exchange Commission’s rules and other initiatives concerning conflict minerals through a Conflict Minerals Policy. Due diligence is conducted in our supply chain to minimise the risk that minerals originate from conflict areas (especially in the Democratic Republic of Congo). Alfa Laval’s Supplier Risk & Compliance unit has processes in place to identify risks and monitor potential high-risk suppliers. The Alfa Laval Regulatory Operations unit monitors emerging legislation to ensure adherence in prioritized areas.
Unfair competition and antitrust	Infringements of applicable competition rules may result in Alfa Laval having to pay fines and losing goodwill.	The Fair Competition Policy provides guidelines to assist employees with how to adhere to competition law/antitrust laws, rules and regulation. Employees working with sales or purchasing are obliged to comply with this policy.
Export control and trade sanction regulations	Breach of export control and trade sanction regulations can lead to a denial of trade privileges, criminal proceedings and reputational damage.	The Alfa Laval Export Control Policy establishes rules for Group-wide handling of the relevant export control regulations, adherence to applicable trade sanctions and it ensures that no products or services supplied by Alfa Laval are used in relation to weapons of mass destruction.
Risk for and in connection with litigations	This risk for the costs the Group may incur in managing litigations, costs in connection with settlements and costs for imposed penalties. The Group is involved in a few litigations, mainly with customers.	Any estimated loss risks are provided for.
Asbestos-related lawsuits	The Alfa Laval Group was as of December 31, 2024, named as a co-defendant in a total of 401 asbestos-related lawsuits with a total of approximately 401 plaintiffs.	Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit. Based on current information and Alfa Laval’s understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group’s financial condition or results of operation.
Supply chain risks		
Business Principles deviation in the supply chain	Deviations could have an adverse impact on people, the environment and society that could damage the company’s reputation.	Alfa Laval works to have a supply chain that follows laws and the company’s business principles. All suppliers sign contracts where they agree to abide by the Alfa Laval Business Principles. Suppliers are assessed based on a risk analysis (country/process) and high-risk suppliers are regularly audited. All employees within the procurement organisation and many suppliers are trained in all areas that are covered by the business principles.
Human Rights breaches	The risk that the human rights of individuals linked to Alfa Laval are violated. For example, child labour, forced labour and freedom of association.	Alfa Laval’s Business Principles build on the UN Global Compact, the OECD Guidelines for multinational enterprises, the UN Guiding Principles for Business and Human Rights and incorporate the UK Modern Slavery Act. Suppliers sign off on these business principles in their contracts with Alfa Laval. High-risk suppliers are also audited that they follow the business principles.
Production or product related risks		
Risk connected to technical development	The risk that a competitor develops a new technical solution that makes Alfa Laval’s products technically obsolete and therefore difficult to sell.	Alfa Laval makes a deliberate investment in research and development aiming at being in the absolute frontline of technical development.
Risk for technically related damages	The risk for the costs Alfa Laval may incur in connection with a product delivered by the Group breaking down and causing damages to life and property. The main risk in this context concerns high-speed separators, due to the large forces that are involved when the bowl in the separator spins with a very high number of revolutions. In a breakdown the damages can be extensive.	Alfa Laval makes extensive testing and has an ISO certified quality assurance. The Group has product liability insurance. The number of damages is low and few damages have occurred historically.
Health & Safety	Health and safety risks such as occupational diseases and accidents. The risk that an employee is injured or killed in a workplace accident.	The Alfa Laval Occupational Health & Safety (OHS) Policy guides the work together with our OHS Manual. The purpose with these is to safeguard a healthy and safe working environment by preventing accidents, occupational diseases and other health risks. We have a process to continuously monitor high-risk areas in our operations, train employees and enforce changes.

Risk	Explanation	Mitigation
Environmental risks		
Major environmental incident at a site	An incident that causes a significant environmental damage could lead to long-term environmental impact, negative impact on people, fines and reputational damage to the company.	The Alfa Laval Environmental Policy is applicable to the entire Alfa Laval Group. Environmental performance is monitored and measured through Environmental Management Systems. The large sites are ISO 14001 certified. Smaller sites work according to Environmental Management Systems where risks are identified, and effective countermeasures are implemented.
Use of hazardous chemicals	Using hazardous chemicals could lead to severe illness or have a serious negative impact on our environment or society.	The Alfa Laval Group Restricted Substance List is the primary tool to control the use of hazardous chemical substances. The list comprises legislations and global agreements deemed relevant for our products and area of business with an annexed list of the concerned substances. It is updated annually to reflect any legislative changes. The substances in the Restricted Substance List is divided in three categories: Banned, Restricted and Substances of Concerns.
Climate and water	Climate change and water scarcity can lead to increased costs and constraints on production. Apart from legislative and other transition risks arising from society’s attempts to mitigate climate change, Alfa Laval faces potential physical climate-related risks from extreme weather events that may impact asset and business values.	Alfa Laval is working actively to mitigate the climate impact in its own operations and the value chain in line with science-based near-term (2027) and long-term (2050) carbon emissions reduction targets. Exposure to physical climate- and water-related risks are monitored continuously using third-party tools and databases covering all Alfa Laval real estate assets. Activities to further assess and address significant risks are carried out locally.
IT related risks		
Loss of intellectual property, financial or personal data	Loss of intellectual property, financial or personal data due to for instance unauthorized access to Alfa Laval’s computer systems.	Alfa Laval holds compulsory trainings on information security awareness. Policies describe what is confidential information and how the information should be classified. Alfa Laval’s IT agreements contain the necessary Information Security components. Information security is also monitored in our project model – feasibility, pre-study and project. A template is also sent at an early stage to all potential suppliers to identify if there are any possible infringements of information security.
Human capital risks		
Risk connected to attracting and retaining talents	Companies that do not succeed in attracting and retaining talents risk experiencing an inferior development compared to companies that succeed with this.	To offer interesting positions, personal and professional development, a good working environment and competitive compensation and benefits are prioritized areas within Alfa Laval.
Other risks		
Business interruption risks	The risk that single units or functions within the Group would suffer from business interruption due to: <ul style="list-style-type: none"> • strikes and other labour market conflicts; • fires, natural catastrophes etc.; • computer access violations, lack of backups etc.; and • corresponding problems at major sub-suppliers. 	Alfa Laval have an overarching Business Resilience Management Policy covering Emergency response, Business Continuity and Crisis Management. This broad framework enables Alfa Laval to quickly adapt to risks and possible disruptions, safeguarding employees, assets, and brand reputation while maintaining key business processes. The Policy sets the foundation for building preparedness as well as executing response. <p>The production facility in Lund in Sweden, which is the Group’s largest is together with some of our more important sites annually reviewed by third party risk engineers to secure that our key production facilities are being evaluated and protected to highest standard possible. All sites are part of the survey program but with different frequency.</p>
Political risk	The risk that the authorities, in the countries where the Group is operating, by political decisions or administration make continued operations difficult, expensive or impossible for the Group.	The Group is mainly operating in countries where the political risk is considered to be negligible or minor. The operations that are performed in countries where the political risk is deemed to be higher are not material.
Insurance risks	These risks refer to the costs that Alfa Laval may incur due to an inadequate insurance coverage for property, business interruption, liability, transport, life and pensions.	The Group strives to maintain an insurance coverage that keeps the risk level at an acceptable level for a Group of Alfa Laval’s size and still is cost efficient. At the same time a continuous work is going on to minimise the risks in the operations through proactive measures.
Risks connected to credit terms	The limited freedom of action that can be imposed on the Group through restrictions connected to credit terms in loan agreements.	Alfa Laval’s strong solidity and profitability limits this risk.

Notes

Note 1. Operating segments

Alfa Laval's business is divided into three Business Divisions "Energy", "Food & Water" and "Marine" that sell to external customers and are responsible for the manufacturing of the products and one division "Operations & Other" covering procurement and logistics as well as corporate overhead and non-core businesses. These four divisions constitute Alfa Laval's four operating segments.

The customers to the Energy Division purchase products and systems for energy applications, whereas the customers to the Food & Water Division purchase products and systems for food and water applications. The customers to the Marine Division purchase products, systems and digital solutions for marine and offshore applications.

The three first Business Divisions are in turn split into a number of Business Units. The Energy Division consists of five Business Units: Brazed & Fusion Bonded Heat Exchangers, Electrolyzer and Fuel Cell Technologies, Energy Separation, Gasketed Plate Heat Exchangers and Welded Heat Exchangers. The Food & Water Division consists of six Business Units: Decanters, Food Heat Transfer, Food Systems, Hygienic Fluid Handling, High Speed Separators and Desmet. The Marine Division consists of four Business Units: Pumping Systems, Water, Wind & Fuel Solutions, Heat & Gas Systems and Digital Solutions.

The operating segments are only responsible for the result down to and including operating income excluding comparison distortion items and for the operating capital they are managing. This means that financial assets and liabilities, pension assets, provisions for pensions and similar commitments and current and deferred tax assets and liabilities are a Corporate responsibility and not an operating segment responsibility. This also means that the financial net and income taxes are a Corporate responsibility and not an operating segment responsibility.

The operating segments are only measured based on their transactions with external parties.

Orders received

Consolidated			
SEK millions	2024	2023	
Energy	20,047	20,414	
Food & Water	24,847	26,368	
Marine	29,699	23,960	
Operations & Other	0	0	
Total	74,592	70,742	

Order backlog

Consolidated			
SEK millions	2024	2023	
Energy	10,590	10,075	
Food & Water	14,926	15,977	
Marine	26,803	19,273	
Operations & Other	0	0	
Total	52,319	45,325	

Net sales			
Consolidated			
SEK millions	2024	2023	
Energy	19,330	19,269	
Food & Water	25,742	25,280	
Marine	21,881	19,049	
Operations & Other	0	0	
Total	66,954	63,598	

Adjusted EBITA in management accounts

Consolidated			
SEK millions	2024	2023	
Energy	3,740	3,986	
Food & Water	3,822	3,942	
Marine	4,017	2,836	
Operations & Other	-491	-561	
Total	11,089	10,203	
Reconciliation with Group total:			
Amortization	-654	-965	
Comparison distortion items	-	-	
Consolidation adjustments *	0	18	
Total operating income	10,435	9,256	
Financial net	-439	-606	
Result after financial items	9,996	8,650	

* Difference between management accounts and IFRS.

Assets / Liabilities

Consolidated	Assets		Liabilities	
	2024	2023	2024	2023
SEK millions				
Energy	20,378	19,263	7,352	7,433
Food & Water	22,659	20,376	8,960	8,295
Marine	30,065	29,856	10,382	7,998
Operations & Other	2,093	1,986	948	885
Subtotal	75,195	71,481	27,641	24,611
Corporate	13,608	10,807	18,880	20,299
Total	88,803	82,288	46,521	44,910

Corporate refers to items in the statement on financial position that are interest bearing or are related to taxes.

Investments

Consolidated			
SEK millions	2024	2023	
Energy		1,337	992
Food & Water		499	472
Marine		390	336
Operations & Other		1,112	640
Total	3,336	2,440	

Depreciation and amortization

Consolidated			
SEK millions	2024	2023	
Energy		556	431
Food & Water		770	746
Marine		717	994
Operations & Other		374	353
Total	2,418	2,524	

Note 2. Information about geographical areas

Countries with more than 10 percent of either net sales, non-current assets or investments are reported separately.

Net sales				
Consolidated	2024		2023	
	SEK millions	%	SEK millions	%
To customers in:				
Sweden	1,232	1.8	1,411	2.2
Other EU	15,322	22.9	15,591	24.5
Other Europe	4,759	7.1	5,076	8.0
USA	11,345	16.9	10,613	16.7
Other North America	2,024	3.0	1,327	2.1
Latin America	3,644	5.4	3,578	5.6
Africa	1,216	1.8	1,187	1.9
China	10,074	15.0	8,943	14.1
Other Asia	16,385	24.5	15,152	23.8
Oceania	950	1.4	787	1.2
Total	66,954	100.0	63,598	100.0

Net sales are reported by country on the basis of invoicing address, which is normally the same as the delivery address.

Non-current assets

Consolidated	2024		2023	
	SEK millions	%	SEK millions	%
Sweden	4,360	9.3	3,509	8.0
Denmark	5,536	11.8	5,354	12.2
Other EU	9,794	21.0	9,219	20.9
Norway	13,340	28.5	13,689	31.1
Other Europe	409	0.9	391	0.9
USA	4,735	10.1	3,961	9.0
Other North America	159	0.3	154	0.3
Latin America	313	0.7	352	0.8
Africa	6	0.0	7	0.0
Asia	5,333	11.4	4,808	10.9
Oceania	106	0.2	114	0.3
Subtotal	44,090	94.3	41,558	94.4
Other long-term securities	432	0.9	542	1.2
Pension assets	269	0.6	239	0.5
Deferred tax asset	1,942	4.2	1,720	3.9
Total	46,733	100.0	44,059	100.0

Investments

Consolidated	2024		2023	
	SEK millions	%	SEK millions	%
Sweden	1,152	34.5	576	23.6
Italy	636	19.1	376	15.4
Other EU	370	11.1	333	13.7
Other Europe	311	9.3	292	12.0
North America	205	6.1	153	6.3
Latin America	42	1.3	39	1.6
Africa	0	0.0	1	0.0
China	347	10.4	533	21.8
Other Asia	268	8.0	135	5.5
Oceania	5	0.2	2	0.1
Total	3,336	100.0	2,440	100.0

Note 3. Information about products and services

Net sales by product/service			
Consolidated			
SEK millions	2024	2023	
Own products within:			
Separation	10,536	10,312	
Heat transfer	26,190	25,311	
Fluid handling	15,835	13,024	
Marine environmental	2,962	3,596	
Other	0	0	
Associated products	6,930	7,083	
Services	4,500	4,272	
Total	66,954	63,598	

The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Marine environmental is a product area basically outside the main technologies. Other is own products outside these four product areas. Associated products are mainly purchased products that compliment Alfa Laval's product offering. Services cover all sorts of service and service agreements excluding spare parts.

Note 4. Information about major customers

Alfa Laval does not have any customer that accounts for 10 percent or more of net sales. Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer with a volume representing 6.7 (5.4) percent of net sales. See Note 33 for more information.

Note 5. Employees*

Average number of employees - total				
Consolidated	Number of female employees		Total number of employees	
	2024	2023	2024	2023
Parent company	-	-	-	-
Subsidiaries in Sweden (8)	840	745	3,081	2,904
Total in Sweden (8)	840	745	3,081	2,904
Total abroad (161)	4,199	3,890	18,826	17,899
Total (169)	5,039	4,635	21,907	20,803

* Full time equivalents.

The figures in parentheses in the text column state how many companies had employees as well as salaries and remunerations in 2024.

Average number of employees – by country/district

Consolidated	Number of female employees		Total number of employees	
	2024	2023	2024	2023
Argentina	18	16	63	61
Australia	17	19	90	84
Belgium	32	40	155	155
Brazil	154	150	669	633
Bulgaria	11	8	28	21
Chile	6	6	38	32
Colombia	20	21	48	44
Denmark	517	502	1,944	1,937
Philippines	18	15	46	39
Finland	38	30	133	115
France	247	222	1,143	1,107
United Arab Emirates	31	27	112	110
Greece	14	11	41	34
Hong Kong	16	14	34	33
India	218	167	2,032	1,891
Indonesia	37	32	148	128
Italy	197	183	863	795
Japan	68	67	256	248
Canada	25	23	107	106
China	874	843	4,046	3,945
Korea	59	54	345	319
Latvia	4	5	9	10
Lithuania	12	6	93	73
Malaysia	95	87	246	236
Mexico	24	15	88	74
Netherlands	106	99	386	369
Norway	304	262	1,480	1,277
New Zealand	2	2	21	18
Panama	12	10	20	21
Peru	8	7	27	28
Poland	160	134	587	509
Portugal	4	4	8	9
Qatar	-	-	9	9
Romania	3	3	13	12
Russia	3	20	6	51
Saudi Arabia	2	1	38	38
Switzerland	3	3	11	10
Singapore	86	86	290	289
Slovakia	3	2	11	9
Slovenia	7	6	15	16
Spain	32	32	185	135
UK	88	85	380	414
Sweden	840	745	3,081	2,904
South Africa	17	17	48	43
China (Taiwan)	28	27	54	52
Thailand	21	18	66	62
Czech Republic	7	5	30	26
Turkey	17	20	78	77
Germany	72	78	280	297
Ukraine	1	1	9	9
Hungary	3	4	11	11
USA	446	388	1,920	1,807
Vietnam	11	10	52	52
Austria	3	3	17	19
Total	5,039	4,635	21,907	20,803

Gender distribution

Consolidated	2024			2023		
	Total number	Male %	Female %	Total number	Male %	Female %
Board members (excluding deputies)	12	75	25	12	83	17
President and other executive officers	8	75	25	8	75	25

Note 6. Salaries and remunerations**Salaries and remunerations – total**

Consolidated	2024	2023
SEK millions		
Salaries and remunerations	13,125	12,183
Social security costs	2,292	2,080
Pension costs, defined benefit plans	99	56
Pension costs, defined contribution plans	947	841
Total personnel costs	16,463	15,160

The Swedish ITP plan is a multi-employer plan insured by Alecta. It is a defined benefit plan, but since the plan assets and liabilities cannot be allocated on each employer it is reported as a defined contribution plan according to IAS 19. The construction of the plan does not enable Alecta to provide each employer with its share of the assets and liabilities or the information to be disclosed. The cost for the plan is reported above, together with the costs for other defined contribution plans. Alecta reported a collective consolidation level at December 31, 2024 of 162 (158) percent. The collective consolidation level is defined as the fair value of Alecta's plan assets in percent of the insured pension commitments calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19. Such a surplus can be distributed among the employers or the beneficiaries, but there is no agreement concerning this that enables the company to report a receivable on Alecta.

Equity compensation benefits

During the period 2023 to 2024 no equity related benefits existed within Alfa Laval.

Variable remunerations

All employees have either a fixed salary or a fixed base salary. For certain personnel categories the remuneration package also includes a variable element. This relates to personnel categorized where it is customary or part of a market offer to pay a variable part. Variable remunerations are most common in sales related jobs and on higher managerial positions. Normally the variable part constitutes a minor part of the total remuneration package.

Cash-based long-term incentive programme

The Board of Directors decided in 2024 to implement another step of the cash based long-term incentive programme for maximum 150 senior managers in the Group including the Chief Executive Officer and the persons defined as executive officers. The outcome of the programme depends on how the adjusted EBITA margin and the net sales growth have developed during the three-year period, with a 50/50 weight between the targets. This means that there will be no award during the first two years since it is first in year three that it can be determined to what extent the targets have been achieved. Maximum outcome is awarded when the targets are exceeded. The remuneration from the modified long-term incentive programme can constitute maximum 25, 40 or 50 percent of the fixed remuneration depending on position. Payment to the participants in the programme is made after year three, provided that they are still employed at the date of payment (except in case of termination of employment due to retirement, death or disability). If the employee resigns or is dismissed before the end of the three-year period, the employee will not be entitled to any pay-out. If the employee moves to a position that is not eligible for this programme, a pro-rata payment will be made after the end of the three-year period. Paid remunerations from the long-term incentive programme do normally not affect the pensionable income or the holiday pay. Each year, three long term incentive plans are running in parallel.

The performance targets were:

Long-term incentive plans	Performance targets	
	Threshold	Maximum
Adjusted EBITA margin (%)	14.0	17.0
Net sales growth (%)	4	7
If achieved, the award is (%)	0	100

The actual outcome and the resulting award were:

Consolidated	Outcome				Award in %
	2022	2023	2024	Average	
Plan 2022-2024					
Adjusted EBITA margin (%)	15.8	16.1	16.6	16.2	73.33
Net sales growth (%)	27	22	5	18	100.00
Plan 2021-2023					
Adjusted EBITA margin (%)	17.4	15.8	16.1	16.4	80.00
Net sales growth (%)	-1	27	22	16	100.00
Plan 2020-2022					
Adjusted EBITA margin (%)	17.4	17.4	15.8	16.9	96.67
Net sales growth (%)	-11	-1	27	5	33.33

There are three opportunity levels in the plan and the award per opportunity level and the total cost for the plan was:

Consolidated	Outcome per maximum opportunity			Total cost SEK millions	Paid in
	25%	40%	50%		
Plan 2022-2024	21.50%	34.50%	43.00%	60	2025
Plan 2021-2023	22.50%	36.00%	45.00%	51	2024
Plan 2020-2022	16.25%	26.00%	32.50%	36	2023

Remuneration policy for executive officers

The remuneration policy for executive officers is established by the Annual General Meeting. The complete policy is found in Note 37.

The remunerations to the Chief Executive Officer/Managing Director are decided by the Board of Directors based on proposals from the Remuneration Committee according to the guidelines established by the Annual General Meeting. The remunerations to the other members of Group Management are decided by the Remuneration Committee according to the same guidelines. The principle used when deciding

the remunerations to executive officers is to offer a competitive remuneration where the remuneration package is mainly based on a fixed monthly salary, with an option for a company car and in addition to that a variable remuneration of up to 50 percent of the salary (managing director up to 60 percent of the salary). The outcome of the variable remuneration depends on the level of fulfilment of the established mainly financial targets and to a limited extent also qualitative objectives. The guidelines for pension, termination and severance pay differ between the Chief Executive Officer/Managing Director and the other executive officers, see the table below.

Salaries and remunerations to Group Management	Group Management			
	Chief Executive Officer/President		Other executive officers	
	Tom Erixon			
Consolidated	2024	2023	2024	2023
SEK thousands				
Salary and remunerations				
Fixed remuneration				
Base salary	16,297	15,521	30,522	31,174
Other benefits ¹⁾	502	443	2,722	2,577
Variable remuneration ²⁾				
Variable salary	7,916	3,345	10,788	6,096
Cash-based long-term incentive programme	6,984	4,897	10,400	7,999
Total salary and remuneration	31,700	24,206	54,432	47,846
Pension costs				
Retirement and survivors' pension ³⁾	8,335	7,905	10,377	10,837
Life, disability and health care insurance ⁴⁾	47	42	497	493
Total pension costs	8,382	7,947	10,874	11,330
Total remuneration	40,082	32,153	65,306	59,176
Proportion of fixed and variable remuneration				
Fixed remuneration including fixed pension costs	63%	74%	63%	71%
Variable remuneration including variable pension costs	37%	26%	37%	29%
Number of other executive officers at year end			7	7
Variable salary (STI)				
Included	Yes	Yes	Yes	Yes
Un-guaranteed target of base salary	30%	30%	Not set	Not set
Maximum of base salary	60%	60%	50%	50%
Cash-based long-term incentive programme (LTIP)				
Included	Yes	Yes	Yes	Yes
Current year award ⁵⁾	7,062	6,984	11,817	11,439
Vested unpaid awards at December 31	7,062	6,984	11,817	11,439
Commitment for early retirement ⁶⁾	No	No	Yes	Yes
Commitment for severance pay	Yes ⁷⁾	Yes ⁷⁾	Yes ⁸⁾	Yes ⁸⁾
Commitment for retirement and survivors' pension	⁹⁾	⁹⁾	¹⁰⁾	¹⁰⁾

¹⁾ Value of company car, housing benefit, taxable daily allowances, holiday pay and payment for vacation taken in cash.

²⁾ Refers to what was paid during the year.

³⁾ Defined contribution based.

⁴⁾ Defined benefit based.

⁵⁾ Based on current base salary.

⁶⁾ From the age of 62. A defined contribution solution for early retirement with a premium of 15 percent of the pensionable salary.

⁷⁾ If Alfa Laval terminates his employment:

– before the age of 64, he will receive 24 months' base salary

– after the age of 64 he will receive 12 months' base salary.

⁸⁾ Maximum 2 years' salary. The commitments define the conditions that must be fulfilled in order for them to become valid.

⁹⁾ Is not included in the ITP plan. He has a defined contribution benefit comprising 50 percent of the base salary. In addition, he may exchange salary and variable remunerations for a temporary old age and family pension.

¹⁰⁾ For salaries above 30 base amounts there is a defined contribution pension solution with a premium of 30 percent of the pensionable salary above 30 base amounts. In addition, they may exchange salary and variable remunerations for a temporary old age and family pension.

Sammy Hulpiau, took on the role of President of the Food & Water Division, effective 1 September 2024, replacing Nish Patel. Sammy Hulpiau earlier held the role as President Business Unit High Speed Separators. Nish Patel has moved to a new role and leads several important group initiatives, reporting to Tom Erixon. Each person's costs are included in the above table for the period they have been part of Group Management.

One of the other executive officers in Group Management, Mikael Tydén left the company on September 30, 2023. He has continued as Chairman of the Board for Tranter and LHE and will focus on industrial relations as Senior Technical Advisor to Tom Erixon. His costs are included in the above table for the period he has been part of Group Management during 2023.

Board of Directors

For 2024, the Board of Directors receive a total fixed remuneration of SEK 8,375 (7,975) thousand, which is distributed among the members elected at the Annual General Meeting that are not employed by the company. These Directors do not receive any variable remuneration.

Remunerations to Board members *

Consolidated	2024	2023	
SEK thousands			
Fees by function:			
Chairman of the Board	2,050	1,950	
Other members of the Board	680	650	
Supplement to:			
Chairman of the Audit Committee	325	300	
Other members of the Audit Committee	160	150	
Chairman of the remuneration committee	80	75	
Other members of the remuneration committee	80	75	
Fees by name:			
Dennis Jönsson	Chairman	2,290	2,175
Lilian Fossum Biner	Member	840	800
Nadine Crauwels	Member	680	650
Henrik Lange	Member	1,005	950
Ray Mauritsson	Member	680	650
Anna Müller	Member	680	650
Finn Rausing	Member	680	650
Jörn Rausing	Member	760	725
Ulf Wiinberg	Member	760	725
Total	8,375	7,975	

* Elected at the Annual General Meeting and not employed by the company.

The reported remunerations refer to the period between two Annual General Meetings.

The Chairman of the Board does not have any agreement on future retirement or severance pay with Alfa Laval.

The audit committee and the remuneration committee have had the following members during the last two years:

	2024	2023
Audit Committee:		
Chairman	Henrik Lange	Henrik Lange
Other member	Dennis Jönsson	Dennis Jönsson
Other member	Lilian Fossum Biner	Lilian Fossum Biner
Remuneration committee:		
Chairman	Dennis Jönsson	Dennis Jönsson
Other member	Ulf Wiinberg	Ulf Wiinberg
Other member	Jörn Rausing	Jörn Rausing

The members of the committees are appointed at the constituent meeting of the Board of Directors directly after the Annual General Meeting.

Note 7. Information on auditors and auditors' fee

The line "Group auditors" in the below table is referring to the auditors elected at Annual General Meeting of Alfa Laval AB (publ). The Annual General Meetings 2023 and 2024 decided to elect EY as the Group's auditors for the coming year.

Fees and expense compensation		
Consolidated	2024	2023
SEK millions		
Audit engagements		
Group auditors	60	56
Other audit firms	2	2
Total	62	58
Audit related services		
Group auditors	2	3
Other audit firms	0	1
Total	2	4
Tax services		
Group auditors	8	7
Other audit firms	21	20
Total	29	27
Other services		
Group auditors	5	4
Other audit firms	4	4
Total	9	8
Expenses		
Group auditors	0	0
Other audit firms	0	0
Total	0	0
Total		
Group auditors	75	70
Other audit firms	27	27
Total	102	97

An audit engagement includes examining the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. It also includes an examination in order to give an opinion on the Board's discharge from liability. Audit related services are audit services that are outside the audit engagement. Tax services refer to advices given in connection with various tax matters. All other assignments are defined as other services. Expenses refer to reimbursements of travel costs, secretarial services etc.

Note 8. Comparison distortion items

No comparison distortion items have been reported for 2024 or 2023.

Note 9. Depreciation and amortization

Split by function		
Consolidated		
SEK millions	2024	2023
Cost of goods sold	-1,473	-1,764
Sales	-351	-355
Administration	-283	-191
Research and development	-45	-16
Other income and costs	-265	-198
Total	-2,418	-2,524

Note 10. Dividends and other financial income and costs

Split by type		
Consolidated		
SEK millions	2024	2023
Dividends from other companies	0	3
Gain or loss on sale of marketable securities	10	14
Fair value changes in marketable securities	3	-4
Total	13	13

Note 11. Interest income/expense and financial exchange rate gains/losses

Split on type		
Consolidated		
SEK millions	2024	2023
Interest income		
Leasing	2	3
Other interest	168	153
Exchange rate gains		
Unrealized	52	240
Realized	50	52
Total	271	448
Interest expenses		
Leasing	-109	-94
Other interest	-384	-412
Exchange rate losses		
Unrealized	-10	-25
Realized	-221	-536
Total	-724	-1,067

In the Group, reported net exchange differences of SEK -184 (89) million relating to debts in foreign currencies have been charged to other comprehensive income. These debts finance the acquisition of shares in foreign subsidiaries and act as a hedge to the acquired net assets. The amount is charged with tax resulting in a net after tax impact on other comprehensive income of SEK -146 (71) million.

Split on type		
Parent Company		
SEK millions	2024	2023
Interest income		
External companies	2	3
Subsidiaries	256	249
Exchange rate gains		
Unrealized	0	0
Total	258	252
Interest costs		
External companies	0	-1
Total	0	-1

Note 12. Non-controlling interests

Alfa Laval has the following subsidiaries with non-controlling interests. None of these non-controlling interests are material.

Specification of subsidiaries with non-controlling interests

SEK millions, unless otherwise stated

Company name	Country of domicile	Non-controlling interest, %		Attributable to non-controlling interest			
		2024	2023	Net income		Equity	
				2024	2023	2024	2023
Alfa Laval Aalborg Indústria e Comércio Ltda	Brazil	0.5	0.5	0	0	1	1
ClimaTempo Participacoes SA*	Brazil	-	10.34	-	0	-	4
Agência Brasileira de Meteorologia Ltda*	Brazil	-	10.35	-	1	-	3
Climanet Serviços de Internet Ltda*	Brazil	-	10.34	-	0	-	1
Somar Meteorologia Ltda*	Brazil	-	10.34	-	0	-	0
Southern Marine Weather Services Ltda*	Brazil	-	10.34	-	0	-	0
Liyang Sifang Stainless Steel Products Co., Ltd.	China	35	35	51	51	341	298
Alfa Laval Aalborg Header-coil Company A/S	Denmark	49	49	-7	-3	26	32
Ziepack SA	France	49	49	-3	2	2	6
Desmet Rosedowns GmbH	Germany	20	20	0	0	0	0
AO Alfa Laval Potok	Russia	0.0005	0.0005	0	0	0	0
Total				41	51	369	345

* Acquired in 2024.

Note 13. Classification of financial assets and liabilities

Financial assets		Measured at							
Consolidated	Valuation hierarchy level	Fair value through				Amortized cost		Total booked value	
		Profit or loss	Other comprehensive income		2024	2023	2024	2023	
SEK millions		2024	2023	2024	2023	2024	2023	2024	2023
Non-current assets									
Other non-current assets									
Other long-term securities**	1 and 2	-	-	184	280	-	-	184	280
Derivative assets	2	6	20	35	147	-	-	41	167
Current assets									
Current receivables									
Accounts receivable	*	-	-	-	-	10,034	10,282	10,034	10,282
Other receivables	*	-	-	-	-	6,804	5,372	6,804	5,372
Accrued income	*	-	-	-	-	83	34	83	34
Derivative assets	2	32	14	121	300	-	-	153	314
Current deposits									
Deposits with banks	*	-	-	-	-	198	586	198	586
Bonds and other securities	1	245	132	-	-	0	4	245	136
Other deposits	*	-	-	-	-	6	6	6	6
Cash and cash equivalents	*	-	-	-	-	7,369	5,135	7,369	5,135
Total financial assets		284	166	340	727	24,495	21,419	25,119	22,310

* Valued at amortized cost.

** Refers to shares in other companies.

Financial liabilities									
Consolidated SEK millions	Valuation hierarchy level	Measured at							
		Fair value through				Amortized cost		Total booked value	
		Profit or loss		Other comprehensive income		2024	2023	2024	2023
		2024	2023	2024	2023	2024	2023	2024	2023
Non-current liabilities									
Liabilities to credit institutions etc	*	-	-	-	-	9,172	9,829	9,172	9,829
Lease liabilities	*	-	-	-	-	1,805	1,473	1,805	1,473
Derivative liabilities	2	24	7	295	46	-	-	320	53
Current liabilities									
Liabilities to credit institutions etc	*	-	-	-	-	1,102	3,444	1,102	3,444
Accounts payable	*	-	-	-	-	5,396	4,871	5,396	4,871
Notes payable	*	-	-	-	-	280	334	280	334
Lease liabilities	*	-	-	-	-	1,233	1,128	1,233	1,128
Other liabilities	3	-	117	-	-	6,089	5,979	6,089	6,096
Accrued costs	*	-	-	-	-	2,721	2,552	2,721	2,552
Derivative liabilities	2	28	25	626	501	-	-	654	526
Total financial liabilities		53	149	921	547	27,798	29,610	28,772	30,307

* Valued at amortized cost.

Alfa Laval measures financial assets and liabilities at fair value or amortized cost. Fair value is determined according to a hierarchy consisting of the following three levels:

1. Market prices in active markets,
2. Other inputs than market prices, which are directly observable (prices) or indirectly observable (derived from prices), and
3. Unobservable market data.

The fair values of holdings of bonds are arrived at using market prices according to level 1. The effect of the measurement at fair value is reported in net income. The fair value adjustment of these instruments is reflected directly on the item bonds in the statement of financial position.

The fair values of shares in external companies are arrived at using market prices according to level 1 or other inputs according to level 2. The effect of the measurement at fair value is reported in other comprehensive income. The fair value adjustment of these instruments is reflected directly on the item other long-term securities in the statement of financial position.

The fair values of the Group's currency forward contracts, currency options, interest-rate swaps, metal forward contracts and electricity futures are arrived at using market prices according to level 2. The fair value changes are arrived at by comparing the conditions of the derivative entered into with the market price for the same instrument at the closing date and with the same maturity date. The effect of the measurement at fair value is reported in other comprehensive income if the derivative constitutes an effective cash flow hedge and otherwise on the concerned line above net income. The fair value adjustment of these instruments is reported as derivative assets or derivative liabilities in the statement of financial position. The derivative assets or derivative liabilities are split into a current and a non-current part depending on if the derivatives mature within 12 months or after 12 months.

Derivatives measured through other comprehensive income only relate to cash flow hedges. Other liabilities measured at fair value through profit or loss was related to a liability for the seller's earn-out possibility in connection with a business acquisition.

All of the financial instruments above sum up either to the corresponding item in the statement on financial position or to the item specified in the notes referred to in the statement on financial position. The risks linked to these financial instruments including any concentrations of risk are presented in the Risks section.

Result of financial instruments

The result of the bonds and other current and non-current securities measured at fair value through profit or loss is found in Note 10 as fair value changes in securities.

The result of financial assets measured at amortized cost is presented in Note 11 as other interest income for deposits with banks, other deposits and cash and cash equivalents. The other financial assets measured at amortized cost do not generate a result but only a cash-in of the principal amount.

The result of the financial liabilities measured at amortized cost is presented in Note 11 as other interest costs for the liabilities to credit institutions etc. The other financial liabilities measured at amortized cost do not generate a result but only a cash-out of the principal amount.

The result of the derivative instruments impacting net income is presented below:

Result effect on net income of derivatives

Consolidated	2024	2023
Reported in cost of goods sold, relating to:		
Currency forward contracts	-420	-734
Metal forward contracts	-221	-40
Electricity futures	-2	11
Derivative assets and liabilities measured at fair value through profit or loss	-5	-59
Subtotal	-648	-822
Reported in exchange gains and losses in the financial net, relating to:		
Currency forward contracts and options	-17	-109
Derivative assets and liabilities measured at fair value through profit or loss	18	43
Subtotal	1	-66
Total impact on net income	-647	-888

The result of the derivative assets and liabilities measured at fair value through other comprehensive income is reported as part of other comprehensive income in the consolidated comprehensive income statement.

Note 14. Fair value of financial instruments

The fair value changes in shares in external companies are made under other comprehensive income and amounts to SEK -125 (-2) million, see the consolidated comprehensive income statement.

The fair value changes in marketable securities are made on the line dividends and other financial income and costs in the consolidated comprehensive income statement and amounts to SEK 3 (-4) million, see Note 10.

The net of derivative assets and derivative liabilities in the consolidated financial position is a net liability of SEK -779 (-98) million, which is specified below:

Fair value of derivatives

Consolidated	SEK millions	Currency pairs	Difference between contracted rate and current rate	
			2024	2023
Derivative assets/liabilities				
Foreign exchange forward contracts:				
	EUR	USD	-81	14
	EUR	SEK	-1	131
	EUR	AUD	1	-1
	EUR	CAD	0	0
	EUR	CNY	54	-40
	EUR	DKK	-2	-1
	EUR	JPY	7	-2
	EUR	SGD	0	0
	EUR	INR	-	-3
	USD	CAD	5	-2
	USD	DKK	-31	14
	USD	GBP	-1	1
	USD	SEK	1	3
	USD	JPY	-3	-1
	USD	KRW	-	-3
	CAD	SEK	0	0
	DKK	SEK	1	4
	NOK	EUR	-7	-25
	NOK	USD	-617	62
	CNY	SEK	0	1
	CNY	USD	-2	0
	CNY	NOK	-3	-
	AUD	USD	-1	0
	JPY	NOK	25	21
	Other		-34	-5
Subtotal			-687	168
Currency options			10	9
Metal forward contacts			-98	-277
Electricity futures			-4	2
Total, corresponding to a net derivative asset (+) or liability (-)			-779	-98

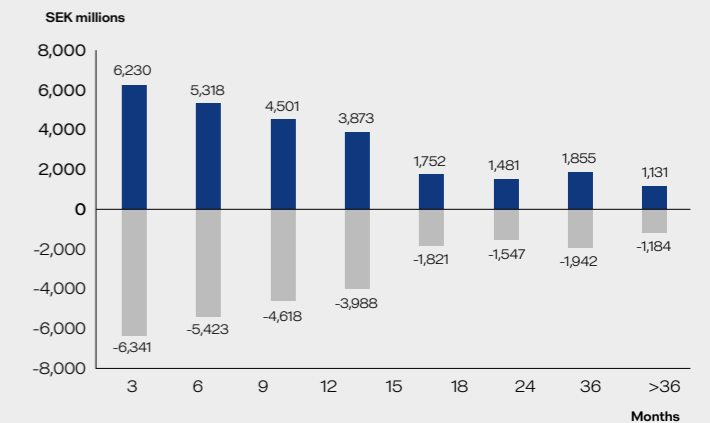
For currency options and electricity futures hedge accounting has not been applied. For foreign exchange forward contracts and metal forward contracts hedge accounting has been applied when the conditions for hedge accounting have been fulfilled.

The fair value adjustment of derivatives is made through other comprehensive income if hedge accounting can be applied and the derivatives are effective. In all other cases the fair value adjustment is made above net income. The corresponding entries are made on derivative assets and liabilities and not on the underlying financial instruments in the statement on financial position.

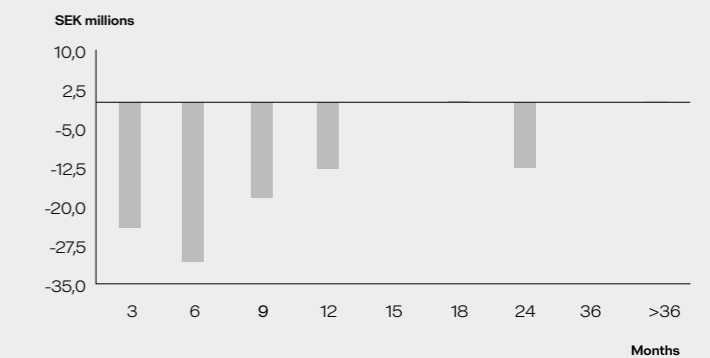
Note 15. Maturity analysis of derivatives

The future undiscounted cash flows for the different types of derivatives are shown in the following three graphs:

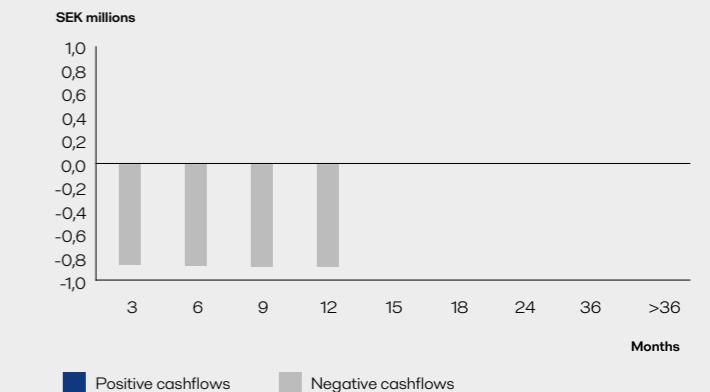
Maturity analysis for currency derivatives



Maturity analysis for metal derivatives



Maturity analysis for electricity futures



Note 16. Current and deferred taxes

Tax on this year's net income		
Consolidated		
SEK millions	2024	2023
Major components of the Group's tax cost:		
Current tax cost	-2,632	-2,119
Adjustment for current taxes on prior periods	117	-63
Deferred tax costs/income on changes in temporary differences	17	-50
Deferred tax costs/income on changes in tax rates or new taxes	1	-4
Previously unrecognised tax assets related to tax losses and tax credits	1	4
Previously unrecognised deferred tax assets related to tax losses, tax credits and temporary differences	1	4
Deferred tax cost from the write down or reversal of a previous write down of a deferred tax asset	14	8
Other taxes	-83	-49
Total tax cost	-2,564	-2,269

Other taxes are referring to withholding tax etc.

Tax on this year's other comprehensive income		
Consolidated		
SEK millions	2024	2023
Major components of the Group's tax cost		
Deferred tax on:		
Cash flow hedges	137	-9
Market valuation of external shares	0	1
Translation difference	34	-23
Revaluations of defined benefit obligations	7	23
Total tax cost	178	-8

The difference between the tax costs of the group and the tax cost based upon applicable tax rates can be explained as follows:

Tax cost reconciliation		
Consolidated		
SEK millions	2024	2023
Result after financial items	9,996	8,650
Tax according to applicable tax rates	-2,040	-2,053
Tax effect of:		
Non-deductible costs	-355	-530
Non-taxable income	308	98
Differences between reported official depreciation and depreciation according to tax rules	1	11
Differences between reported other official appropriations and other appropriations according to tax rules	-249	256
Tax losses and tax credits	4	61
Adjustment for current tax on prior periods	-150	-63
Other	-83	-49
Total tax costs	-2,564	-2,269

Alfa Laval has provisions for uncertain tax positions and they are booked as a part of current tax liabilities when for instance a local tax audit or a taxation decision indicate an increased tax burden and the company makes the judgement that the tax authority wholly or partially can gain success in the future litigation.

Temporary differences exist when there is a difference between the book value and the tax base of assets and liabilities. The Group's temporary differences have resulted in a deferred tax asset or a deferred tax liability relating to the following assets and liabilities:

Deferred tax assets and liabilities				
Consolidated				
SEK millions	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Relating to:				
Intangible non-current assets	1	1,246	1	1,257
Tangible non-current assets	95	165	95	155
Right-of-use assets	26	144	22	141
Inventory	241	164	211	121
Other current assets	2	5	3	9
Financial assets	0	12	1	9
Short term liabilities	1,525	50	1,348	50
Lessee liability	142	-	140	-
Tax losses and tax credits *	67	-	93	-
Other	59	822	17	841
Subtotal	2,158	2,608	1,931	2,583
Possible to net	-216	-216	-211	-211
Total deferred taxes	1,942	2,392	1,720	2,372

* The Group has reported a deferred tax asset on unused tax losses and tax grants of SEK 265 (534) million. These unused tax losses and tax grants are essentially not restricted in time.

In the Group there are temporary differences and unused tax losses and tax credits of SEK 1,228 (761) million that have not resulted in corresponding deferred tax assets, since these are not likely to be used within a foreseeable time. The temporary differences are mainly relating to pensions, where the date of payment is so far into the future that, considering discounting and uncertainty concerning future profit levels, no asset is deemed to exist. The unused tax losses and tax grants are essentially not restricted in time, but the tax losses that can be utilized per year can be restricted to a certain proportion of the taxable result.

The Group's normal effective tax rate is approximately 26 (26) percent based on taxable result, and it is calculated as a weighted average based on each subsidiary's part of the result before tax. One-time items can however increase or decrease the tax rate for an individual year.

Pillar II Model Rules implications

Pillar II legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted legislation and has performed an assessment of the Group's potential exposure to Pillar II income taxes.

The assessment of the potential exposure to Pillar II income taxes is based on the most recent country-by-country reporting, and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar II effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply, however in these jurisdictions the Pillar II effective tax rate is close to 15% or exempted in accordance with local Pillar II rules. Therefore, the Group does not expect a material exposure to Pillar II income taxes in those jurisdictions.

The Group is continuing to assess the impact of the Pillar II income taxes legislation on its future financial performance.

Note 17. Acquisition of businesses

During 2024

No new acquisitions have taken place in 2024.

On March 14, 2024, Alfa Laval acquired the remaining 10.3 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval's ownership thereby increased from 89.7 percent to 100 percent. The purchase price amounted to SEK 27 million and has been paid in cash. The transaction is reported as a change within the equity.

In 2021, Alfa Laval acquired a minority stake of 16.5 percent in the Netherland-based company Marine Performance Systems (MPS) with an option to acquire the remaining part later. In 2023 Alfa Laval executed on that option and completed the acquisition to own 100 percent of MPS. The closing date for the acquisition was March 21, 2023. MPS' innovative technology significantly reduces the friction from vessels when sailing, resulting in fuel savings. The purchase price was initially set to SEK 141 million, out of which SEK 24 million was paid in cash and SEK 117 million to be retained for a period of 3 years. The retained part of the purchase price was contingent on that certain profitability and liquidity goals are fulfilled. During 2024 the retained part is estimated to amount to 0. The value that was earlier allocated to patents and goodwill have been written down with a corresponding SEK 117 million.

On August 31, 2022 Alfa Laval announced that it had closed the acquisition of Scanjet, a leading global supplier of tank cleaning equipment and solutions for marine, offshore and industrial applications. The purchase price was SEK 314 million, out of which SEK 268 million was paid in cash and SEK 46 million was retained for a period of 12 to 18 months. The remaining SEK 23 million retained was paid on February 29, 2024.

During 2023

On March 2, 2023, Alfa Laval acquired an additional 38.7 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval's ownership thereby increased from 51 percent to 89.7 percent. The purchase price was SEK 118 million, out of which all has been paid in cash. The transaction is reported as a change within the equity.

In 2021, Alfa Laval acquired a minority stake of 16.5 percent in the Netherland-based company Marine Performance Systems (MPS) with an option to acquire the remaining part later. In 2023 Alfa Laval executed on that option and completed the acquisition to own 100 percent of MPS. The closing date for the acquisition was March 21, 2023. MPS' innovative technology significantly reduces the friction from vessels when sailing, resulting in fuel savings. The purchase price was initially set to SEK 141 million, out of which SEK 24 million was paid in cash and SEK 117 million to be retained for a period of 3 years. The retained part of the purchase price was contingent on that certain profitability and liquidity goals are fulfilled. The costs directly linked to the acquisition (fees to lawyers, due diligence and assisting counsel) come in addition to this and have amounted to SEK 0 million, which was reported as other operating costs. The impact on the cash flow was thus SEK -24 million. Out of the difference between the purchase price paid and the net assets acquired SEK 211 million has been allocated to patents and un-patented know-how, while the residual SEK 0 million has been allocated to goodwill. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the company's ability to over time recreate its intangible assets.

The step-up value for patents and un-patented know-how is amortized over 10 years. From the date of the acquisition the company has added SEK 15 million in orders received, SEK 43 million in invoicing and SEK -27 million in adjusted EBITA to Alfa Laval. If the company had been acquired at January 1, 2023 the corresponding figures would have been SEK 100 million, SEK 86 million and SEK -5 million respectively. At the end of December 2023, the number of employees was 21.

On July 31, 2023 Alfa Laval acquired 100 percent of a European service provider. The company operates under its own name as an independent channel. The purchase price was SEK 199 million, out of which all has been paid in cash. At the acquisition cash of SEK 40 million was taken over. The costs directly linked to the acquisition (fees to lawyers, due diligence and assisting counsel) come in addition to this and have amounted to SEK 4 million, which is reported as other operating costs. The impact on the cash flow was thus SEK -163 million. Out of the difference between the purchase price paid and the net assets acquired SEK 46 million has been allocated to patents and un-patented know-how and SEK 9 million to the trademark, while the residual SEK 45 million has been allocated to goodwill. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the company's ability to over time recreate its intangible assets. The step-up values for patents and un-patented know-how and the trademark are amortized over 10 years. From the date of the acquisition the company has added SEK 31 million in orders received, SEK 31 million in invoicing and SEK 5 million in adjusted EBITA to Alfa Laval. If the company had been acquired at January 1, 2023 the corresponding figures would have been SEK 87 million, SEK 87 million and SEK 21 million respectively. At the end of December 2023, the number of employees was 55.

On July 31, 2023 Alfa Laval acquired 51 percent of the Danish company Header-coil Company A/S that develops and manufactures heat exchangers and steam generation system equipment components based on its header-coil design for the concentrated solar power (CSP) industry, thermal energy storage etc. The purchase price was SEK 47 million, out of which all has been paid in cash. At the acquisition cash of SEK 0 million has been taken over. The costs directly linked to the acquisition (fees to lawyers, due diligence and assisting counsel) come in addition to this and have amounted to SEK 2 million, which is reported as other operating costs. The impact on the cash flow was thus SEK -49 million. Out of the difference between the purchase price paid and the net assets acquired SEK 11 million has been allocated to patents and un-patented know-how, while the residual SEK 7 million has been allocated to goodwill. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the company's ability to over time recreate its intangible assets. The step-up value for patents and un-patented know-how is amortized over 10 years. From the date of the acquisition the company has added SEK 1 million in orders received, SEK 1 million in invoicing and SEK -7 million in adjusted EBITA to Alfa Laval. If the company had been acquired at January 1, 2023 the corresponding figures would have been SEK 3 million, SEK 3 million and SEK -15 million respectively. At the end of December 2023, the number of employees was 4.

The acquisitions during 2023 are summarized in the following table. The larger acquisitions of MPS and the European service provider are shown separately, whereas the acquisitions of the other companies are shown on a single line as other minor acquisitions. All acquired assets and liabilities were reported according to IFRS at the time of the acquisitions.

Acquisitions 2023	MPS			European service provider			Total
	Book value	Adjustment to fair value	Fair value	Book value	Adjustment to fair value	Fair value	Fair value
Tangible assets	1	-	1	44	-	44	45
Patents and unpatented know-how ¹⁾	0	211	211	-	46	46	257
Trademarks ¹⁾	-	-	-	18	9	27	27
Inventory	4	-	4	14	-	14	18
Accounts receivable	1	-	1	-	-	-	1
Other receivables	37	-	37	15	-	15	52
Liquid assets	-	-	-	40	-	40	40
Accounts payable	-11	-	-11	-	-	-	-11
Advance payments	-14	-	-14	-	-	-	-14
Other liabilities	-7	-	-7	-17	-	-17	-24
Deferred tax	-	-55	-55	-	-15	-15	-70
Acquired net assets	11	156	167	114	40	154	321
Goodwill ²⁾	-	-	0	-	-	45	45
Equity attributable to owners of parent	-	-	26	-	-	-	26
Purchase price	-	-	-141	-	-	-199	-340
Costs directly linked to the acquisitions ³⁾	-	-	0	-	-	-4	-4
Retained part of purchase price ⁴⁾	-	-	117	-	-	-	117
Liquid assets in the acquired businesses	-	-	0	-	-	40	40
Other minor acquisitions current year	-	-	-	-	-	-	-167
Payment of amounts retained in prior years	-	-	-	-	-	-	17
Effect on the Group's liquid assets	-	-	-24	-	-	-163	-337

¹⁾ The step up values for patents and un-patented know-how as well as trademarks are amortized over 10 years. The purchase price allocation was still preliminary so the allocated step up values may be subject to change.

²⁾ The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The purchase price allocation was still preliminary so the value of the goodwill may be subject to change.

³⁾ Refers to fees to lawyers, due diligence and assisting counsel. Was expensed as other operating costs.

⁴⁾ Contingent on certain warranties in the contract not being triggered or that certain profitability goals are fulfilled. The probable outcome was calculated.

Note 18. Intangible assets and goodwill

2023

Consolidated						
SEK millions	Patents and unpatented know-how	Trademarks	Licenses, renting rights and similar rights	Internally generated intangible assets	Goodwill	Total
Accumulated acquisition values						
Opening balance	8,903	8,780	145	1,000	27,975	46,803
Purchases	10	-	5	-	-	15
Expenses	-	-	-	214	-	214
Goodwill in connection with acquisition of businesses	-	-	-	-	52	52
Reduction of purchase price	-	-	-	-	-42	-42
Acquisition of businesses	107	17	-	-	-	124
Sales/disposals	-3	-	-34	-8	-	-45
Reclassifications	0	-	121	-2	-	119
Step-up values	268	9	-	-	-	277
Translation difference	-381	-384	-16	-43	-1,251	-2,075
Closing balance	8,904	8,422	221	1,161	26,734	45,442
Accumulated amortization						
Opening balance	-6,270	-6,802	-127	-470	-1,717	-15,386
Acquisition of businesses	-22	-2	-	-	-	-24
Sales/disposals	3	-	33	8	-	44
Reclassifications	1	-	-11	2	-	-8
Amortization of step-up value	-399	-527	-1	-	-	-927
Amortization for the year	-20	-2	-13	-98	-	-133
Translation difference	179	349	11	23	52	614
Closing balance	-6,528	-6,984	-108	-535	-1,665	-15,820
Closing balance, net book value	2,376	1,438	113	626	25,069	29,622

2024

Consolidated						
SEK millions	Patents and unpatented know-how	Trademarks	Licenses, renting rights and similar rights	Internally generated intangible assets	Goodwill	Total
Accumulated acquisition values						
Opening balance	8,904	8,422	221	1,161	26,734	45,442
Purchases	6	-	22	-	-	28
Expenses	-	-	-	197	-	197
Sales/disposals	-2	0	-10	-44	-	-56
Translation difference	152	185	12	-1	674	1,023
Closing balance	9,061	8,607	245	1,313	27,408	46,634
Accumulated amortization						
Opening balance	-6,528	-6,984	-108	-535	-1,665	-15,820
Sales/disposals	0	-	11	29	-	40
Reclassifications	-	0	0	-	-	0
Amortization of step-up value	-301	-314	-	-	-	-616
Amortization for the year	-22	-2	-12	-131	-	-167
Translation difference	-264	-135	-3	2	-113	-513
Closing balance	-7,115	-7,435	-112	-635	-1,778	-17,077
Closing balance, net book value	1,945	1,172	134	678	25,630	29,559

Internally generated intangible assets are referring to capitalized IT costs and capitalized development cost related to R&D.

Impairment testing

An impairment test has been performed at the end of 2024 indicating that there is not any need to write down the goodwill.

Three of Alfa Laval's operating segments, the three business divisions "Energy", "Food & Water" and "Marine" have been identified as the cash-generating units within Alfa Laval. Technically a recently acquired business activity could be followed independently during an initial period, but acquired businesses are normally integrated into the divisions at a fast rate. This means that the independent traceability is lost fairly soon and then any independent measurement and testing becomes impracticable.

The recoverable amount of the cash-generating units is based on their value in use, which is established by calculating the net present value of future cash flows. The net present value is based on the projected EBITDA figures for the next five years, less projected investments and changes in operating capital during the same period and thereafter the perceived expected average industry growth rate.

This projection is based on the following components:

- The projection for 2025 is based on the Group's normal 12 month revolving "Forecast" reporting. This is based on a number of assumptions concerning the business cycle, volume growth, market initiatives, product mix, currency rates, cost development, cost structure, R&D etc.
- The projection for the years 2026 till 2029 is based on Management's general assumptions concerning the business cycle, volume growth, market initiatives, product mix, currency rates, cost development, cost structure, R&D etc.

- The projection for the years 2030 and onwards is based on the perceived expected average industry growth rate of 2.25 (2.25) percent.

The assumptions used for the projections reflect past experiences or information from external sources.

The used discount rate is the pre-tax weighted average cost of capital (WACC) of 9.64 (9.97) percent.

A sensitivity analysis has been performed simulating an increase in WACC with 1% or a reduction in terminal growth with 1%. The carrying amounts still exceed the recoverable amounts in these simulations.

Alfa Laval does not have any intangible assets with indefinite useful lives other than goodwill.

Goodwill has been allocated to the following cash-generating units:

Goodwill		
Consolidated		
SEK millions	2024	2023
Energy	3,544	3,347
Food & Water	5,135	4,885
Marine	16,951	16,837
Total	25,630	25,069

Note 19. Tangible assets and right-of-use assets**2023**

Consolidated								
SEK millions	Real estate	Machinery and other technical installations	Equipment, tools and installations	Construction in progress and advances to suppliers	Right-of-use asset real estate	Right-of-use asset machinery	Right-of-use asset equipment, tools and installations	Total
Accumulated acquisition values								
Opening balance	7,145	8,262	3,408	1,089	3,533	74	369	23,880
Purchases	209	577	280	1,145	-	-	-	2,211
New or adjusted leases	-	-	-	-	410	23	113	546
Changes in advances	-	-	-	507	-	-	-	507
Acquisition of businesses	29	96	9	-	-	-	-	134
Sales/disposal	-32	-388	-50	-	-190	-20	-56	-736
Reclassifications	-124	318	78	-414	6	-10	-7	-153
Reclassification to assets for sale	-65	-	-	-	-	-	-	-65
Translation difference	-212	-234	-99	-237	-134	-5	-7	-928
Closing balance	6,950	8,631	3,626	2,090	3,625	62	412	25,396
Accumulated depreciation								
Opening balance	-3,534	-5,839	-2,350	-	-1,192	-44	-211	-13,170
Acquisition of businesses	-10	-75	-7	-	-	-	-	-92
Sales/disposals	31	319	61	-	154	23	52	640
Reclassifications	-1	-31	-2	-	18	0	6	-10
Reclassification to assets for sale	49	-	-	-	-	-	-	49
Depreciation of step-up value	-38	-	-	-	-	-	-	-38
Depreciation for the year	-222	-444	-257	-	-417	-16	-71	-1,427
Translation difference	114	173	79	-	49	1	5	421
Closing balance	-3,611	-5,897	-2,476	-	-1,388	-36	-219	-13,627
Closing balance, net book value	3,339	2,734	1,150	2,090	2,237	26	193	11,769

2024

Consolidated								
SEK millions	Real estate	Machinery and other technical installations	Equipment, tools and installations	Construction in progress and advances to suppliers	Right-of-use asset real estate	Right-of-use asset machinery	Right-of-use asset equipment, tools and installations	Total
Accumulated acquisition values								
Opening balance	6,950	8,631	3,626	2,090	3,625	62	412	25,396
Purchases	375	534	503	1,699	-	-	-	3,111
New or adjusted leases	-	-	-	-	797	27	146	970
Changes in advances	-	-	-	-24	-	-	-	-24
Sales/disposal	-50	-202	-138	-17	-526	-8	-89	-1,030
Reclassifications	247	866	142	-1,253	-5	-1	6	3
Translation difference	236	339	109	74	127	6	12	904
Closing balance	7,758	10,167	4,242	2,568	4,017	86	487	29,326
Accumulated depreciation								
Opening balance	-3,611	-5,897	-2,476	-	-1,388	-36	-219	13,627
Sales/disposals	22	180	127	-	470	7	75	882
Reclassifications	37	-56	17	-	-1	6	-5	-2
Depreciation of step-up value	-38	-	-	-	-	-	-	-38
Depreciation for the year	-231	-520	-281	-	-464	-18	-83	-1,596
Translation difference	-90	-240	-65	-	-56	-3	0	-454
Closing balance	-3,911	-6,532	-2,678	-	-1,438	-43	-233	-14,836
Closing balance, net book value	3,847	3,635	1,563	2,568	2,579	43	254	14,490

Non-current assets held for sale

Within Alfa Laval, these assets are normally related to real estate.

The property in Singapore, the property in Alonte in Italy, the property in Camberley in the UK and four smaller properties in India are for sale

and are expected to be sold within the next year. These have therefore been classified as current assets held for sale with SEK 47 (59) million. The fair value of the properties for sale exceeds the book value by approximately SEK 282 (373) million.

Note 20. Other non-current assets

Shares in subsidiaries, joint ventures and other companies	Consolidated		Parent company	
	2024	2023	2024	2023
Shares in subsidiaries	–	–	4,669	4,669
Shares in joint ventures	248	262	–	–
Shares in other companies	184	280	–	–
Total	432	542	4,669	4,669

The consolidated financial statements include the parent company Alfa Laval AB (publ) and its subsidiaries, i.e., the companies where Alfa Laval has a controlling influence. A controlling influence is achieved when the parent company has a direct or indirect ownership interest of more than 50 percent. Most of the subsidiaries are wholly owned, and only 6 (11) of the subsidiaries have non-controlling interests, see note 12. The subsidiaries are consolidated using the acquisition method.

Alfa Laval also has interests in 5 (5) small joint ventures, one of which has two wholly owned subsidiaries. Joint ventures are accounted for by using the equity method, as there is no controlling influence. The risks associated with joint ventures are mainly business-related and do not differ significantly from the risks associated with subsidiaries, with one exception. The exception concerns the risk of not agreeing with the other joint venture partner on, for example, major investments, financing, and future direction for market development and product development, which may result in the business not developing optimally. Since Alfa Laval's joint ventures are of marginal importance to the group as a whole, this risk is considered small.

The subsidiaries are shown in the table below, which contains certain simplifications, such as ownership in many stages or when ownership is divided among several owners or in cases of cross-ownership. A complete specification of shares can be ordered from Alfa Laval's head office in Lund. Joint ventures and other companies are shown in separate tables. The share of capital in the tables is the same as the share of voting rights.

Specification of shares in subsidiaries

Company name	Registration number	Domicile	Number of shares	Share of capital %	Book value SEK millions
Alfa Laval Holding AB	556587-8062	Lund, Sweden	8,191,000	100	4,461
Alfa Laval NV		Maarssen, Netherlands	60,923,386	100	–
Alfa Laval Inc.		Newmarket, Canada	1,000,000	68	–
Alfa Laval S.A. DE C.V.		Tlalnepantla, Mexico	45,057,057	100	–
Alfa Laval S.A.		San Isidro, Argentina	1,223,961	95	–
Alfa Laval Ltda		Sao Paulo, Brazil	21,129,066	100	–
Framo do Brasil Ltda		Rio de Janeiro, Brazil	14,850	4.67	–
Alfa Laval SpA		Santiago, Chile	2,735	100	–
Alfa Laval S.A.		Bogota, Colombia	11,563	95	–
Alfa Laval S.A.		Lima, Peru	4,346,832	100	–
Alfa Laval Taiwan Ltd		Taipei, China (Taiwan)	1,499,994	100	–
Alfa Laval (China) Ltd		Hong Kong, China	79,999	100	–
Alfa Laval (Jiangyin) Manufacturing Co Ltd		Jiang Yin, China		100	–
Alfa Laval Flow Equipment (Kunshan) Co Ltd		Jiangsu, China		30	–
Alfa Laval Flow Equipment (Kunshan) Co Ltd		Jiangsu, China		70	–
Alfa Laval (Shanghai) Technologies Co Ltd		Shanghai, China		100	–
Wuxi MCD Gasket Co Ltd		Jiang Yin, China		100	–
Tranter Heat Exchangers (Beijing) Co Ltd		Beijing, China		100	–
Liyang Sifang Stainless Steel Products Co., Ltd		Liyang City, China		65	–
Alfa Laval (Taicang) Technologies Co Ltd		Taicang City, China		100	–
Alfa Laval Iran Ltd		Teheran, Iran	32,983	100	–
Framo Korea Ltd		Busan, South Korea	20,000	100	–
Alfa Laval Philippines Inc.		Makati, Philippines	72,000	100	–
Alfa Laval Singapore Pte Ltd		Singapore	5,000,000	100	–
Alfa Laval (Thailand) Ltd		Bangkok, Thailand	1,199,999	100	–
Alfa Laval Technologies Equipment and Service Solutions LLC		Abu Dhabi, United Arab Emirates	100	100	–
Alfa Laval Middle East Ltd		Nicosia, Cyprus	40,000	100	–
Alfa Laval Arabia for Maintenance Company LLC		Jubali, Saudi Arabia	5,000	100	–
Alfa Laval Service Operations Qatar LLC		Doha, Qatar	9,800	49	–
Alfa Laval Regional Headquarters LLC		Saudi Arabia		100	–
Alfa Laval Benelux NV/SA		Brussels, Belgium	98,285	100	–
N.V. Desmet Belgium S.A.		Zaventem, Belgium	146,540	100	–
Desmet Mexico Technologies S.A. de C.V.		Mexico City, Mexico	59,999	99.9	–
Desmet Argentina S.A.		Buenos Aires, Argentina	9,276,277	97.8	–
Desmet Brasil Ltda		Sao Paulo, Brazil	2,100,217	25	–
Desmet Brasil Ltda		Sao Paulo, Brazil	6,159,206	75	–
Desmet Ballestra (Shanghai) Co., Ltd.		Shanghai, China	9,144,505	100	–
Desmet India Corporation Private Limited		Bangalore, India	259,645	99.9	–
Desmet Engineering Center Private Limited		Bangalore, India	9,999	99.9	–
Desmet Malaysia Sdn. Bhd.		Shah Alam, Malaysia	1,000,000	100	–
Desmet Singapore Pte. Ltd.		Singapore	4,000,000	100	–

Specification of shares in subsidiaries

Company name	Registration number	Domicile	Number of shares	Share of capital %	Book value SEK millions
Desmet India Corporation Private Limited		Bangalore, India	1	0.1	–
Desmet Engineering Center Private Limited		Bangalore, India	1	0.1	–
Desmet Stolz France SAS		Wailly Beaucamp, France	168,819	100	–
Desmet Stolz Singapore Pte. Ltd.		Singapore	2	100	–
Desmet Stolz Vietnam LLC		Ho Chi Minh City, Vietnam	4,156,200,000	100	–
Desmet España Empresarial SA		Madrid, Spain	12,922,100	100	–
Desmet Mexico Technologies S.A. de C.V.		Mexico City, Mexico	1	0.1	–
Desmet Argentina S.A.		Buenos Aires, Argentina	207,259	2.2	–
Desmet Rosedowns Ltd		Hull, UK	23,408	100	–
Desmet Ballestra Rosedowns India Private Limited		Bangalore, India	9,900	99	–
Desmet Rosedowns GmbH		Eversen, Germany	54,252	80	–
Desmet Ballestra Rosedowns India Private Limited		Bangalore, India	100	1	–
Desmet Rus LLC		Moscow, Russia	1	100	–
Desmet Africa (Pty) Ltd		South Africa		100	–
Alfa Laval EOOD		Sofia, Bulgaria	100	100	–
Alfa Laval Slovakia S.R.O.		Bratislava, Slovakia		100	–
Alfa Laval Spol S.R.O.		Prague, Czech Republic		100	–
Alfa Laval Nordic OY		Espoo, Finland	20,000	100	–
Alfa Laval Benelux BV		Maarssen, Netherlands	12,101	100	–
Alfa Laval Rotterdam BV		Rotterdam, Netherlands	10,000	100	–
PHE Holding AB	556306-2404	Lund, Sweden	2,500	100	–
Tranter Heat Exchangers Canada Inc.		Edmonton, Canada	100	100	–
Tranter Indústria e Comércio de Equipamentos Ltda		Sao Paulo, Brazil	2,018,370	100	–
Tranter India Pvt Ltd		Pune, India	3,009,999	100	–
Alfa Laval India Pvt Ltd		Pune, India	1	0	–
Alfa Laval Korea Ltd		Seoul, South Korea	36,400	10	–
Alfa Laval Korea Holding Company Ltd		Chungnam, South Korea	13,318,600	100	–
Alfa Laval Korea Ltd		Seoul, South Korea	327,600	90	–
Alfa Laval Corhex Ltd		Daejeon, South Korea	50,000	100	–
LHE Co. Ltd		Gim Hae, South Korea	4,280,400	90	–
LHE Co. Ltd		Gim Hae, South Korea	457,600	10	–
Tranter International AB	556559-1764	Vänernsborg, Sweden	100,000	100	–
Multbran AB	556662-3988	Lund, Sweden	2,723	100	–
Alfa Laval India Pvt Ltd		Pune, India	1	0	–
Breezewind AB	556773-6532	Lund, Sweden	1,000	100	–
Alfa Laval India Pvt Ltd		Pune, India	1	0	–
Alfa Laval Corporate AB	556007-7785	Lund, Sweden	1,444,000	100	–
Alfa Laval S.A.		San Isidro, Argentina	64,419	5	–
Alfa Laval S.A.		Bogota, Colombia	632	5	–
Definox (Beijing) Stainless Steel Equipment Ltd		Beijing, China		100	–
Alfa Laval India Pvt Ltd		Pune, India	17,832,712	100	–
Tranter India Pvt Ltd		Pune, India	1	0	–
PT Alfa Laval Indonesia		Jakarta, Indonesia	16,250	100	–
Alfa Laval Malaysia Sdn Bhd		Shah Alam, Malaysia	10,000	100	–
Alfa Laval d.o.o.		Trzin, Slovenia	1,000	100	–
Alfa Laval Kolding A/S		Kolding, Denmark	40	100	–
Alfa Laval Nordic A/S		Rødovre, Denmark	1	100	–
Alfa Laval Copenhagen A/S		Søborg, Denmark	1	100	–
Alfa Laval Nakskov A/S		Nakskov, Denmark	242,713	100	–
Alfa Laval Aalborg A/S		Aalborg, Denmark	2,560,972	100	–
Alfa Laval Aalborg Indústria e Comércio Ltda		Petrópolis, Brazil	5,969,401	99.5	–
Alfa Laval Qingdao Ltd		Jiaozhou City, China	1	100	–
Alfa Laval Aalborg Oy		Rauma, Finland	3,000	100	–
Alfa Laval Nijmegen BV		Nijmegen, Netherlands	182	100	–
Alfa Laval Aalborg Header-coil Company A/S		Aalborg, Denmark	510,000	51	–
Alfa Laval Olmi SpA		Suisio, Italy	500,000	100	–
Alfa Laval Italy Srl		Milan, Italy		33.3	–
Alfa Laval Nordic AS		Oslo, Norway	100	100	–
Framo AS		Nesttun, Norway	95,347,695	100	–
Framo do Brasil Ltda		Rio de Janeiro, Brazil	303,002	95.33	–
Framo Shanghai Ltd		Shanghai, China	1,000	100	–

Specification of shares in subsidiaries

Company name	Registration number	Domicile	Number of shares	Share of capital %	Book value SEK millions
Framo Singapore PTE Ltd		Singapore	1,000,000	100	-
Framo Nederland BV		Spijkensisse, Netherlands	502	100	-
Framo Nippon KK		Tokyo, Japan	600	100	-
Framo Fusa AS		Fusa, Norway	86,236	100	-
Framo Holsnøy AS		Frekhaug, Norway	25,000	100	-
Framo Flatøy AS		Frekhaug, Norway	45,330	100	-
Framo Services AS		Nesttun, Norway	10,000	100	-
StormGeo AS		Bergen, Norway	125,960	100	-
StormGeo Ltd		Aberdeenshire, UK	1,000	100	-
StormGeo Japan KK		Tokyo, Japan	500	100	-
StormGeo Pte Ltd		Singapore	100,000	100	-
StormGeo Inc		Seoul, South Korea	40,000	100	-
StormGeo PH Inc		Makati City, Philippines	2,000	100	-
StormGeo Ltd		Hong Kong, China	100	100	-
StormGeo Denmark A/S		Søborg, Denmark	400,000	100	-
StormGeo FZ LLC		Dubai, United Arab Emirates	50	100	-
StormGeo AB	556761-9472	Stockholm, Sweden	10,000	100	-
StormGeo do Brasil Servicos Meteorologicos Ltda		Rio de Janeiro, Brazil	353,000	100	-
ClimaTempo Participacoes SA		Sao Paulo, Brazil	1,933,062	100	-
Agência Brasileira de Meteorologia Ltda		Sao Paulo, Brazil	860,000	100	-
Climanet Serviços de Internet Ltda		Sao Paulo, Brazil	45,000	100	-
Southern Marine Weather Services Ltda		Sao Paulo, Brazil	1,400,000	100	-
UAB StormGeo		Vilnius, Lithuania	2,500	100	-
Alfa Laval Nordic AB	556243-2061	Tumba, Sweden	1,000	100	-
Scanjet Holding AB	556705-2286	Sjöbo, Sweden	1,300	100	-
Scanjet Asia Pacific Pte Ltd		Singapore	200,000	100	-
PT Scanjet Production		Batam, Indonesia	417,400	100	-
Scanjet Service EOOD		Varna, Bulgaria	200	100	-
Scanjet Benelux BV		Rotterdam, Netherlands	40	100	-
Scanjet Ariston AS		Porsgrunn, Norway	780,000	100	-
Scanjet Production sp z oo		Lobesz, Poland	100	100	-
Scanjet Marine & Systems AB	556291-2427	Sjöbo, Sweden	2,000	100	-
PSM Instrumentation Ltd		Haywards Heath, UK	600	100	-
Alfa Laval Treasury International (publ) AB	556432-2484	Lund, Sweden	50,000	100	-
Alfa Laval India Pvt Ltd		Pune, India	1	0	-
Alfa Laval Europe AB	556128-7847	Lund, Sweden	500	100	-
Alfa Laval Technologies AB	556016-8642	Lund, Sweden	100	100	-
Alfa Laval India Pvt Ltd		Pune, India	1	0	-
Alfa Laval International Engineering AB	556039-8934	Lund, Sweden	4,500	100	-
BeamTeam AB	559401-3517	Lund, Sweden	100,000	100	-
AO Alfa Laval Potok		Koroljov, Russia	31,092,940	100	-
Alfa Laval Makine Sanayii ve Ticaret Ltd Sti		Istanbul, Turkey	27,001,755	100	-
Alfa Laval SIA		Riga, Latvia	125	100	-
Alfa Laval Australia Pty Ltd		Homebush, Australia	2,088,076	100	-
Alfa Laval New Zealand Pty Ltd		Hamilton, New Zealand	1,000	100	-
Alfa Laval (Pty) Ltd		Isando, South Africa	2,000	100	-
Alfa Laval SA (Pty) Ltd		Isando, South Africa	100	100	-
Alfa Laval Holding SAS		Saint-Priest, France	2,000,000	100	-
Alfa Laval France & North West Africa SAS		Saint-Priest, France	606,700	100	-
Alfa Laval Moatti SAS		Elancourt, France	24,000	100	-
Alfa Laval Spiral SAS		Nevers, France	79,999	100	-
MCD SAS		Guny, France	71,300	100	-
Alfa Laval Vicarb SAS		Grenoble, France	200,000	100	-
Canada Inc.		Newmarket, Canada	480,000	100	-
Alfa Laval Inc.		Newmarket, Canada	481,600	33	-
SCI du Companil		Grenoble, France	32,165	100	-
Alfa Laval Packinox SAS		Courbevoie, France	348,115	100	-

Specification of shares in subsidiaries

Company name	Registration number	Domicile	Number of shares	Share of capital %	Book value SEK millions
Ziepack SA		Courbevoie, France	37,701	51	-
Tranter SAS		Nanterre, France	1,000	100	-
Definox SAS		Clisson, France	10,000	100	-
Alfa Laval Holding GmbH		Glinde, Germany	1	100	-
Alfa Laval Mid Europe GmbH		Wiener Neudorf, Austria	1	100	-
Tranter Warmetauscher GmbH		Guntramsdorf, Austria		100	-
Alfa Laval Mid Europe GmbH		Glinde, Germany	1	100	-
Tranter GmbH		Artern, Germany	1	100	-
Alfa Laval Heat Exchanger Service GmbH		Frechen, Germany	1	100	-
Alfa Laval Mid Europe AG		Dietlikon, Switzerland	647	100	-
StormGeo GmbH		Hamburg, Germany	25,000	100	-
Alfa Laval Single Member SA		Koropi, Greece	807,000	100	-
Alfa Laval Kft		Budapest, Hungary	1	100	-
Alfa Laval SpA		Monza, Italy	1,992,276	99	-
Alfa Laval Italy Srl		Milan, Italy		66.7	-
WCR Benelux BV		Veenendahl, Netherlands	180	100	-
Alfa Laval Polska Sp.z.o.o.		Warsaw, Poland	7,600	100	-
Alfa Laval Kraków Sp.z.o.o.		Krakow, Poland	80,080	100	-
Alfa Laval (Portugal) Ltd		Linda-A-Velha, Portugal		1	-
Alfa Laval SRL		Bucharest, Romania	38,566	100	-
Alfa Laval Iberia SA		Madrid, Spain	99,999	99.999	-
Alfa Laval (Portugal) Ltd		Linda-A-Velha, Portugal	1	99	-
Alfa Laval Holdings Ltd		Camberley, UK	14,053,262	100	-
Alfa Laval Ltd		Camberley, UK	11,700,000	100	-
Tranter Ltd		Doncaster, UK	10,000	100	-
Alfa Laval Eastbourne Ltd		Eastbourne, UK	10,000	100	-
Alfa Laval USA Inc.		Richmond, Virginia, USA	1,000	100	-
Alfa Laval US Holding Inc.		Richmond, Virginia, USA	1,801	100	-
Alfa Laval Inc.		Richmond, Virginia, USA	44,000	100	-
Framo Houston Inc.		La Porte, Texas, USA	5,000	100	-
Desmet USA Inc		Marietta, Georgia, USA	1,000	100	-
Alfa Laval US Treasury Inc.		Richmond, Virginia, USA	1,000	100	-
AGC Heat Transfer Inc.		Bristow, Virginia, USA	1,000	100	-
Tranter Inc.		Wichita Falls, Texas, USA	1,000	100	-
MCD Gaskets Inc.		Richmond, Virginia, USA	1,000	100	-
Definox Inc.		New Berlin, Wisconsin, USA	1,000	100	-
StormGeo Holding Inc.		Houston, Texas, USA	1,000	100	-
StormGeo Inc		Houston, Texas, USA	1,000	100	-
StormGeo Corp. Inc		Sunnyvale, California, USA	542,554	100	-
Alfa Laval IC Disc Inc.		Richmond, Virginia, USA	1,000	100	-
Alfa Laval Ltda		Sao Paulo, Brazil	2	0	-
Tranter Indústria e Comércio de Equipamentos Ltda		Sao Paulo, Brazil	1	0	-
Alfa Laval Benelux NV/SA		Brussels, Belgium	2	0	-
Alfa Laval SpA		Monza, Italy	20,124	1	-
Alfa Laval Iberia SA		Madrid, Spain	1	0.0001	-
Alfa Laval Ukraine		Kiev, Ukraine		100	-
Alfa Laval India Pvt Ltd		Pune, India	1	0	-
Alfa Laval Vietnam LLC		Ho Chi Minh City, Vietnam		100	-
Alfa Laval KK		Tokyo, Japan	1,200,000	100	208
Total					4,669

Specification of shares in joint ventures					
Company name	Registration number	Domicile	Number of shares	Share of capital %	Book value SEK millions
Alfa Laval Holding AB					
Alfdex AB	556647-7278	Landskrona, Sweden	500	50	115
Alfdex Kunshan Co Ltd		Kunshan, China		100	32
Alfdex US LLC		Camden, USA		100	0
Alfa Laval Corporate AB					
AlfaWall AB	556723-6715	Botkyrka, Sweden	500	50	14
AlfaWall Oceanbird AB	559333-0003	Botkyrka, Sweden	500	50	62
Framo AS					
Stadion Laks AS		Norheimsund, Norway	17,630	50	24
Alfa Laval Ltd					
Rolls Laval Heat Exchangers Ltd		Wolverhampton, UK	5,000	50	0
Total					248

Specification of shares in other companies					
Company name	Domicile	Number of shares	Share of capital %	Book value SEK thousands	
Alfa Laval US Holding Inc.					
Malta Inc	USA	19,575,713	19.15	125,038	
Alfa Laval Inc.					
AMI Global LLC	USA	0	20	38,558	
Alfa Laval Aalborg Indústria e Comércio Ltda					
Tractebel	Brazil	1,268		77	
Elektrobras	Brazil	7,107		103	
Alfa Laval Philippines Inc.					
Philippine Long Distance Telephone	Philippines	820		0	
Alfa Laval Nordic OY					
As Oy Koivulantie 7A	Finland	1		356	
Helsinki Halli	Finland	4		161	
Frank Mohn Nederland B.V.					
Triangle (Air) Freight Forwarders BV	Netherlands	12	33	103	
Framo Flatøy AS					
Gløde AS	Norway	8,960	5.37	27	
Alfa Laval Technologies AB					
Smedhålsan Holding AB	Sweden	566		61	
Alfa Laval Corporate AB					
Corporation (EDCC) NV	Curacao	36,129		0	
Industrikraft i Sverige AB	Sweden	5,000	20	2,005	
Multiprogress	Hungary	100	0.03	0	
Kurose Chemical Equipment Ltd	Japan	180,000	0.11	0	
Liquid Wind AB	Sweden	555,245	5.23	17,713	
Poljopriveda	former Yugoslavia	0	0	0	
Tecnica Argo-Industrial S.A.	Mexico	490	0.49	0	
Adela Investment Co S.A. (preference)	Luxembourg	1,911	0.3	0	
Adela Investment Co S.A.	Luxembourg	1,911	0.3	0	
Mas Dairies Ltd	Pakistan	125,000	0.05	0	
Total				184,202	

During 2024, Alfa Laval has invested in a new company, Industrikraft i Sverige AB, established to support the expansion of the Swedish electricity supply. The initiative is initially a collaboration with Alfa Laval, Boliden, SKF, Stora Enso and Volvo Group with 20% shareholding respectively.

The value of the shareholding in Malta Inc. has during 2024 been written down with SEK 125 million.

None of the above mentioned other companies are reported as associated companies, despite ownership of 20 percent or more. This is because Alfa Laval does not have significant influence in any of these companies.

Note 21. Inventories

Type of inventory			
Consolidated			
SEK millions	2024	2023	
Raw materials and consumables	4,453	4,862	
Work in progress	4,597	3,871	
Finished goods & goods for resale	5,363	5,535	
Advance payments to suppliers	1,161	682	
Total	15,574	14,950	

Obsolescence related to inventories amounts to and has changed as follows:

Obsolescence						
Consolidated						
SEK millions	January 1	Translation difference	Acquired	Write down	Reversal of previous write down	December 31
Year:						
2023	1,709	-51	-	312	-209	1,761
2024	1,761	67	-	218	-176	1,869

The Group's inventories have been accounted for after deduction for inter-company gains in inventory due to internal sales within the Group. The inter-company profit reserve at the end of 2024 amounts to SEK 757 (731) million.

Note 22. Accounts receivable

Accounts receivable with a maturity exceeding one year of SEK 126 (125) million have not been accounted for as non-current assets as they are not intended for permanent use.

For each class of financial instruments disclosures shall be made on credit risk and an analysis of financial assets that are past due or impaired. Within Alfa Laval, credit risk is in reality mainly related to accounts receivable. Below, a three-step model for expected credit losses is used for calculating and assessing the provision for bad debt.

- Recorded at inception (normally an historical experience-based percentage);
- For credit risks that have increased significantly since initial recognition (the credit risk has increased significantly if the receivable is more than 30 days overdue; otherwise based on indications of the customer having payment difficulties or financial weakness); and
- Related to objective evidence of impairment (incurred losses).

Only at a final loss the receivable is written off. Accounts receivable are reported net of provisions for bad debts. The provision for bad debts amounts to and has changed as follows:

Bad Debts							
Consolidated							
SEK millions	January 1	Translation difference	New provisions and increase of existing provisions	Amounts used	Unused amounts reversed	Change due to discounting	December 31
Year:							
2023	495	-15	161	-101	-70	0	470
2024	470	2	250	-82	-91	-	549

The amount of accounts receivable being overdue is an indication of the risk the company runs for ending up in bad debts.

Provision for lifetime expected credit losses										
Consolidated										
	Relating to		Provision							
	Accounts and notes receivables		Recorded at inception		For credit risks that have increased significantly since initial recognition		Related to objective evidence of impairment		Total	
SEK millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Accounts and notes receivable										
Undue	8,395	8,541	4	5	1	17	32	45	37	67
Overdue 1-30 days	959	1,017	0	-	3	1	1	6	4	7
Overdue 31-60 days	545	565	-	-	11	8	0	5	11	13
Overdue 61-90 days	180	171	-	-	8	3	5	20	13	23
Overdue 91-365 days	503	521	12	16	143	110	44	44	200	170
Overdue >365 days	225	224	-	-	139	127	144	63	283	190
Total	10,807	11,039	16	21	306	266	226	183	549	470
Where of notes receivable	224	336								
Accounts receivable excl. notes	10,584	10,703								
Bad debt	-549	-421								
Total accounts receivable	10,034	10,282								

Of the total accounts and notes receivable, SEK 10,250 million pertains to contracts with external customers and SEK 8 million pertains to other external receivables. See Note 36 regarding contracts with external customers.

Note 23. Other short-term receivables

Split on type		
Consolidated		
SEK millions	2024	2023
Notes receivable	224	336
Contract assets, not invoiced (Note 36)	4,000	2,576
VAT receivable	573	438
Other receivables	2,007	2,022
Total	6,804	5,372

Other receivables relate to receivables on governments for export incitements, receivables on personnel, rent receivables and advances to suppliers.

Note 24. Prepaid costs and accrued income

Split on type		
Consolidated		
SEK millions	2024	2023
Prepaid expenses	552	544
Accrued income	83	34
Total	635	578

Note 25. Other current deposits

Split on type		
Consolidated		
SEK millions	2024	2023
Deposits with banks	198	586
Bonds and other securities	245	136
Other deposits	6	6
Total	450	728

Note 26. Cash and cash equivalents

The item cash and cash equivalents in the statement on financial position and in the cash flow statement is relating to cash and bank deposits.

Note 27. Defined benefit obligations

The Group has defined benefit commitments to employees and former employees and their survivors. The benefits are referring to old age pension, survivor's pension, disability pension, health care and severance pay.

The defined benefit plans are in place in Austria, Belgium, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Netherlands, Norway, Philippines, South Africa, Sweden, Switzerland, China (Taiwan), the United Kingdom and the United States. Most plans have been closed for new participants and replaced by defined contribution plans for new employees.

Risks

The cost for defined benefit obligations is impacted by several factors that are outside the control of the company, such as the discount rate, the return on plan assets, future salary increases, the development of the average length of life and the claim rates under medical plans. The size of and the development of these costs are therefore difficult to predict. According to the IAS 19 all of these remeasurements are reported in other comprehensive income.

The following table presents how the net defined benefit liability is arrived at out of the present values of the different defined benefit plans, less the fair value of the plan assets.

Net defined benefit liability		
Consolidated		
SEK millions	2024	2023
Present value of defined benefit obligation, unfunded	-781	-926
Present value of defined benefit obligation, funded	-4,339	-4,357
Present value of defined benefit obligation at year end	-5,120	-5,283
Fair value of plan assets	4,476	4,438
Net defined benefit liability	-644	-845
Less disallowed assets due to asset ceiling	-31	-6
(-) liability/(+) asset at December 31	-675	-851

The net plan cost for the defined benefit plans describes the different cost elements of the plans. The net plan cost is reported in the consolidated comprehensive income statement on the lines where personnel costs are reported. The interest cost/income is not part of the financial net, but instead just a way to categorize the components of the net plan cost. All remeasurements are reported in other comprehensive income and will never be reclassified to net income.

Total plan cost		
Consolidated		
SEK millions	2024	2023
Net plan cost		
Current service cost	-47	-46
Net interest cost/income	-26	-31
Less interest income on disallowed assets due to asset ceiling	-1	-
Past service cost/income from plan amendments and curtailments and gains and losses on settlements	147	109
Net plan (-) cost/(+) income	73	32
Remeasurements		
Actuarial losses/gains arising from changes in demographic assumptions	8	46
Actuarial losses/gains arising from changes in financial assumptions	208	-159
Actuarial losses/gains arising from changes in experience	45	41
Return on plan assets less interest on plan assets	-296	-48
Change in disallowed assets due to asset ceiling	7	-6
Other comprehensive income (OCI)	-28	-126
Total plan cost	45	-94

The following table presents how the present value of the defined benefit liability has changed during the year and lists the different components of the change.

Present value of defined benefit liability		
Consolidated		
SEK millions	2024	2023
Present value of defined benefit liability at January 1	-5,283	-5,432
Acquired businesses	-	-
Translation difference	-273	79
Current service cost	-47	-46
Interest cost	-209	-183
Employee contributions	-1	-1
Actuarial losses/gains arising from changes in demographic assumptions	8	46
Actuarial losses/gains arising from changes in financial assumptions	208	-159
Actuarial losses/gains arising from changes in experience	45	41
Past service cost/income from plan amendments and curtailments and gains and losses on settlements	147	109
Benefit payments	284	263
Settlement payments	1	0
(-) liability at December 31	-5,120	-5,283

The liability has the following duration and maturity:

Duration and maturity		
Consolidated		
	2024	2023
Weighted average duration of the defined benefit obligation (years)	8	6
Maturity analysis of benefit payments (non-discounted amounts) SEK millions		
maturity ≤ 1 year	302	272
maturity > 1 ≤ 5 years	1,272	1,120
maturity > 5 ≤ 10 years	1,732	1,592
maturity > 10 ≤ 20 years	3,180	3,029
maturity > 20 years	3,782	3,748

The following table presents how the fair value of the plan assets has developed during the year and lists the components of the change.

Fair value of plan assets		
Consolidated		
SEK millions	2024	2023
Fair value of plan assets at January 1	4,438	4,486
Translation difference	250	-81
Employer contributions	125	130
Employee contributions	1	1
Interest on plan assets	183	152
Return on plan assets less interest on plan assets	-296	-48
Benefit payments	-225	-202
(+) asset at December 31	4,476	4,438

The plan assets are split on the following types of assets:

Split of plan assets		
Consolidated		
SEK millions	2024	2023
Cash and cash equivalents	51	379
Equity instruments	19	788
Debt instruments	2,622	2,174
Real estate	11	95
Investment funds	1,773	1,002
Fair value at December 31	4,476	4,438

The plan assets are in all essentials valued at quoted market prices in active markets.

The table below presents how the net defined benefit liability has changed and the factors affecting the change.

Net defined benefit liability/asset		
Consolidated		
SEK millions	2024	2023
Defined benefit liability/asset at January 1	-851	-991
Translation difference	-55	43
Net plan cost	73	32
Employer contributions	125	130
Remeasurements (other comprehensive income)	-28	-126
Benefit payments, unfunded plans	59	61
Settlement payments, unfunded plans	1	0
(-) liability/(+) asset at December 31	-675	-851

The gross plan assets and gross defined benefit liabilities of each plan are to be reported as a net amount. The following table shows how the net asset and the net liability are calculated.

Gross defined benefit liability/asset		
Consolidated		
SEK millions	2024	2023
Assets		
Fair value of plan assets	4,476	4,438
Less disallowed assets due to asset ceiling	-31	-6
	4,445	4,432
Netting	-4,176	-4,193
Assets in statement on financial position	269	239
Liabilities		
Present value of defined benefit obligation at year end	-5,120	-5,283
Netting	4,176	4,193
Provision in statement on financial position	-945	-1,090

The weighted averages for the more significant actuarial assumptions that have been used at the year-end are:

Actuarial assumptions		
Consolidated		
SEK millions	2024	2023
Discount rate (%)	4.50	3.88
Expected average retirement age (years)	64	64
Life expectancy for a 45-year-old male (years)	83	81
Life expectancy for a 45-year-old female (years)	86	85
Claim rates under medical plans (%)	5	5
Expected rate of salary/wage increase (%)	4	3
Change in health care costs (%)	5	5
Index for future compensation increases (%)	2	2

Note 28. Other provisions

Movement schedule

Consolidated							
SEK millions	January 1	Translation difference	Acquired	New provisions and increase of existing provisions	Amounts used	Unused amounts reversed	December 31
2023							
Claims & warranty	1,118	-31	4	541	-481	-106	1,045
Deferred costs	182	0	-	219	-169	-12	220
Restructuring	626	-51	-	59	-371	-49	214
Onerous contracts	96	-2	-	37	-79	-1	51
Environmental	50	-	-	-	-	-	50
Litigations	208	-3	-	117	-138	-13	171
Other	334	-15	-	187	-120	-44	342
Total	2,614	-102	4	1,125	-1,322	-225	2,094
Of which:							
current	2,164						1,757
non-current	450						337
2024							
Claims & warranty	1,045	41	-	524	-454	-118	1,039
Deferred costs	220	7	-	179	-188	-31	187
Restructuring	214	-1	-	78	-75	-4	211
Onerous contracts	51	1	-	124	-42	-13	122
Environmental	50	-	-	14	-	-	64
Litigations	171	-3	-	61	-62	-7	160
Other	342	25	-	396	-225	-30	508
Total	2,094	71	-	1,417	-1,087	-203	2,291
Of which:							
current	1,757						1,858
non-current	337						434

Unused amounts reversed refer to, among other items, changed classifications and reversals of provisions made in prior years that have not been used.

Claims & warranty refers to claims from customers according to the conditions in issued warranties. The claims concern technical problems with the delivered goods or that promised performance has not been achieved.

Deferred costs are partly costs that are known but not yet debited at the time of invoicing, partly costs that are unknown but expected at the time of invoicing. The provision for deferred costs is charged to costs of goods sold in order to get a correct phasing of the gross margin.

Provisions for restructuring are usually relating to closure of plants or closure or move of production lines, businesses, functions etc. or reduction of the number of employees in connection with a downturn in the

Future contributions	
Consolidated	
SEK millions	2025
Expected employer contributions to the plan for the next calendar year	-112
Expected employer contributions for the next calendar year to multi-employer plans reported as defined contribution plans	-9

business climate. The provisions for restructuring are affecting approximately 94 (6) employees.

The provision for onerous contracts is relating to orders where a negative gross margin is expected. Provisions are made as soon as a final loss on the order can be expected. This can in exceptional cases happen already at the time when the order is taken. Normally this provision is relating to larger and complex orders where the final margin is more uncertain.

The provision for litigations refers to ongoing or expected legal disputes. The provision covers expected legal costs and expected amounts for damages or settlements.

Other refers to miscellaneous provisions that do not fall within any of the above categories.

Note 29. Borrowings and net debt

Net debt		
Consolidated		
SEK millions	2024	2023
Credit institutions	115	145
Swedish Export Credit	2,292	2,207
Corporate bonds	7,867	10,921
Borrowings*	10,274	13,273
Cash and cash equivalents and current deposits	-7,818	-5,863
Net debt excluding lease liabilities***	2,455	7,410
Lease liabilities**	3,038	2,601
Net debt including lease liabilities***	5,493	10,011

* Equals the sum of the non-current and current liabilities to credit institutions etc in the statement of consolidated financial position, which is also displayed in the below table "Maturity of loans by currency".

** Equals the sum of the non-current and current lease liabilities in the statement of consolidated financial position.

*** Alternative performance measure.

The changes in the loans during the year are explained by the following table:

Loans				
Consolidated				
SEK millions	January 1	Cash flows	Exchange rate effects	December 31
Year:				
2023	15,062	-1,696	-93	13,273
2024	13,273	-3,186	187	10,274

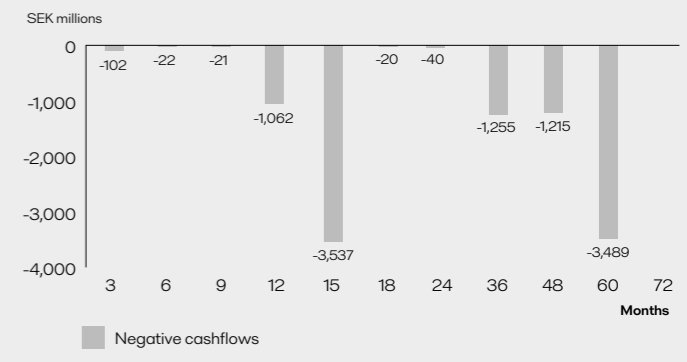
Lease liabilities are reported separately in Note 35.

The loans are distributed among currencies as follows:

Provision for lifetime expected credit losses						
Consolidated						
SEK millions	Current		Non-current		Total	
	2024	2023	2024	2023	2024	2023
Currency:						
BRL	23	17	-	-	23	17
CAD	3	1	-	-	3	1
DKK	9	6	-	-	9	6
EUR	7	3,371	9,172	8,830	9,179	12,201
GBP	15	20	-	-	15	20
INR	5	8	-	-	5	8
PLN	41	21	-	-	41	21
SEK	1,000	-	-	999	1,000	999
Total	1,102	3,444	9,172	9,829	10,274	13,273
Of which, not due within five years:						
			-	3,315	-	3,315

The maturity structure of the loans is presented in the bar chart in the section "Liquidity risk and refinancing risk" under Financial risks.

Maturity analysis for loans



Loans with floating interest rate

Bilateral term loans with other lenders

Alfa Laval has two loans of EUR 100 million from Svensk Exportkredit that mature in 2027 and 2028 that accrue interest at a floating interest rate based on EURIBOR plus a margin.

The average interest rate for the loans with floating interest rate was 3.72 (4.62) percent at the end of 2024. The Group has chosen not to hedge the loans to fixed interest rate.

Loans with fixed rate

Loan from credit institutions

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 8,029 million on December 31, 2024 with a banking syndicate. The facility has a maturity of five years from April 2023 and includes a possibility to increase it by EUR 200 million. On December 31, 2024 the facility was not utilized.

At year end the commitment fee on the un-utilised facility was 14.0 (14.0) basis points.

Corporate bonds

On December 31, 2024, Alfa Laval had three tranches of corporate bonds listed on the Irish stock exchange. Two of them corresponding to EUR 300 million each that mature in February 2026 and in February 2029 respectively, whereas the third of SEK 1,000 million matures in November 2025.

At the end of 2024 the loans were accruing interest in the range of 0.875 % - 4.235 % (0.250 % - 4.235 %). The average interest rate at the end of 2024 was 1.52 (1.14) percent.

Commercial papers

The commercial paper programme amounts to SEK 4,000 million with varying maturity dates during the first quarter of 2025. SEK 0 million was utilized at December 31, 2024.

Transaction costs

The transaction costs in connection with raising the loans or issuing the bonds have been capitalized and are being amortized over the maturity of the loans. At the end of the year the capitalized amount was SEK 12 (21) million. The current year's cost for the fee amortization is SEK -9 (-10) million.

Average interest duration

The average interest duration for all loans is 23 (26) months at the end of 2024.

Financial covenants

The corporate bonds, the commercial papers and the loans from Svensk Exportkredit and the banking syndicate are not linked to any financial covenants that must be fulfilled throughout the life of the loans.

Note 30. Other current liabilities

Split by type		
Consolidated		
SEK millions	2024	2023
VAT liabilities and employee withholding taxes	209	231
Contract liabilities – prepaid income, invoiced (Note 36)	2,298	2,455
Other non-interest bearing liabilities	3,582	3,410
Total	6,089	6,096

Other non-interest bearing liabilities include, amongst other liabilities for goods not yet invoiced, bonuses, service tax, audit fees, customs duty and deposits.

Note 31. Accrued costs and prepaid income

Split by type		
Consolidated		
SEK millions	2024	2023
Accruals for social security	347	342
Reserve for severance pay	43	51
Accrued interest expenses	90	118
Other accrued expenses	2,242	2,041
Prepaid income	71	84
Total	2,792	2,636

Note 32. Pledged assets and contingent liabilities

Split by type		
Consolidated		
SEK millions	2024	2023
Pledged assets		
Other pledges and similar commitments	2	9
Total	2	9
Contingent liabilities		
Discounted bills	12	10
Performance guarantees	2,002	2,030
Other contingent liabilities	1,403	1,142
Total	3,416	3,182

As of December 31, 2024, the Group had sold receivables with recourse totalling SEK 12 (10) million. These are disclosed as discounted bills above.

Other contingent liabilities are among other items referring to bid guarantees, payment guarantees to suppliers and retention money guarantees.

Note 33. Transactions with related party

Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer with 6.7 (5.4) percent of net sales. In June 1999, Tetra Pak entered into a purchasing agreement with Alfa Laval that governs the distribution, research and development, market and sales information, use of trademarks and intellectual property. The following areas shall be agreed upon from time to time between representatives of the parties: products that are subject to the agreement, prices and discounts of such products, geographical markets and product areas where Tetra Pak is Alfa Laval's preferred distributor, the right of Tetra Pak to affix its trademarks to Alfa Laval products, sales goals for Tetra Pak in defined geographical markets, products and technologies that are the

focus of joint research and development and the ownership rights of the research and development result and use of market and sales information. The agreement aims at the applications within liquid food where Tetra Pak has a natural market presence through the deliveries of packaging equipment and packaging material.

The agreement has a 12-month period of notice. The prices Tetra Pak receives are not lower than the prices Alfa Laval would obtain when selling to a comparable third party. The prices are fixed on a calendar year basis.

The Board of Directors of Alfa Laval AB (publ) has two members, Finn Rausing and Jörn Rausing, that are also members of the Tetra Laval Group Board.

At year-end, Alfa Laval has the following balance items against companies within the Tetra Laval group (Tetra Pak and DeLaval).

Receivables on/payables to related parties		
Consolidated		
SEK millions	2024	2023
Receivables:		
Accounts receivable	171	153
Liabilities:		
Accounts payable	6	47

Alfa Laval has had the following transactions with companies within the Tetra Laval group (Tetra Pak and DeLaval).

Revenues from related parties		
Consolidated		
SEK millions	2024	2023
Net sales	4,504	3,431

Note 34. Interests in joint ventures

Alfa Laval owns 50 percent in the following five different joint ventures:

- Rolls Laval Heat Exchangers Ltd with Rolls Royce as partner,
- Alfdex AB with Concentric as partner,
- Stadion Laks AS with Lingalaks AS partner, and
- AlfaWall AB and AlfaWall Oceanbird AB, with Wallenius as partner.

Alfdex AB has two fully owned subsidiaries; Alfdex Kunshan Co Ltd and Alfdex US LLC.

None of these joint ventures are of significant importance and therefore no disclosures are made regarding each individual joint venture. Instead, aggregated information is provided about the reported value of Alfa Laval's share in these individually insignificant joint ventures. The companies are consolidated using the equity method, which means that the net result from the jointly owned companies is recorded in one line item in the operating income. The counter entry is an increase or decrease in the value of shares in joint ventures. Received dividends reduce the value of the shares in joint ventures.

Shares in joint ventures		
Consolidated		
SEK millions	2024	2023
Opening balance	262	205
Acquisition/capital contribution	-	64
Comprehensive income	33	52
Received dividends	-47	-59
Shares in joint ventures	248	262

The effect on comprehensive income is the same as the net income.

Note 35. Leasing

Leasing disclosures		
Consolidated		
SEK millions	2024	2023
Lessee		
Financial position		
Right-of-use assets	2,877	2,456
Lease liabilities	3,038	2,601
New or adjusted leases	970	546
Income statement		
Depreciation	-565	-504
Interest cost on lease liabilities	-109	-94
Expenses		
Expense for not capitalized short-term leases	76	80
Expense for not capitalized leases of low-value assets not included in above line	3	4
Expense for not capitalized leases of low-value assets according to Alfa Laval's higher materiality thresholds not included in above lines	16	12
Expense for variable lease payments not included in lease liabilities	12	9
Cash flow		
Total cash outflow for all leases, including leases that are not capitalized, excluding non-lease components	893	831
Lessor		
Financial position		
Financial lessor receivable	0	0
Income statement		
Finance income	2	3
Income from subleasing	2	1
Lease income from operating leases	19	19

The leasing periods are between 1 and 25 years. The latter figure relates to a very limited number of properties. Normally the maximum leasing period is 10 years for buildings and 3-5 years for all other assets.

The weighted average incremental borrowing rate used to discount the value of the lease liabilities during 2024 is 4.23 (4.30) percent.

Maturity analysis of lease liabilities and receivables						
Consolidated						
SEK millions	Lease payments by the lessee		Finance lease payments received by the lessor		Operating lease payments received by the lessor	
	2024	2023	2024	2023	2024	2023
Maturity in year:						
2024	N/A	642	N/A	-	N/A	-
2025	678	545	-	-	0	-
2026	617	446	-	-	0	-
2027	479	350	-	-	0	-
2028	368	262	-	-	0	-
2029	308	N/A	-	N/A	0	N/A
Later	1,365	886	-	-	-	-
Total	3,816	3,131	-	-	2	-

Note 36. Revenue recognition from contracts with customers

Revenue recognition from contracts with customers		
Consolidated		
SEK millions	2024	2023
Income statement		
Net sales from:		
Contracts with customers	66,954	63,355
Leasing	-	243
Total net sales	66,954	63,598
Net sales from contracts with customers with a contract duration of:		
≤ 1 year	52,135	50,403
> 1 year	14,820	12,952
Total	66,954	63,355
Performance obligations towards customers satisfied:		
at a point in time	54,673	52,535
over time	12,282	10,820
Total	66,954	63,355
Additional information		
Net sales:		
included in contract liability at January 1	5,344	6,336
from performance obligations satisfied or partially satisfied in previous periods	1,421	930
Contract balances		
Accounts and notes receivables, contracts with external customers (Note 22)	10,258	10,610
Contract assets, not invoiced (Note 23)	4,000	2,576
Contract liabilities:		
- Prepaid income, invoiced (Note 30)	2,298	2,455
- Advance payments from customers	10,595	7,975

Net sales per Business Division, per geography and per product is shown in Note 1, 2 and 3. Since customer contracts account for 100 (99.6) percent of net sales and leasing only – (0.4) percent, the figures for net sales are presented in total in these notes and not separately for customer contracts.

A contract asset is Alfa Laval's right to receive compensation for goods or services transferred to a customer when Alfa Laval has fulfilled the agreed performance obligations. This can include obligations that have not yet been invoiced (unbilled receivables) as well as inventory

related to revenue recognized over time (such as work in progress). A contract asset related to work in progress refers to the right to payment for this work, which is dependent on Alfa Laval fulfilling its agreed obligations.

A contract liability is Alfa Laval's obligation to transfer goods or services to a customer for which Alfa Laval has received, or will receive, compensation from the customer. This can include advance payments from customers or prepaid revenue for invoiced but not yet fulfilled performance obligations.

Note 37. Remuneration policy for executive officers

The executive officers, i.e. the CEO and other members of Group Management reporting to the CEO, fall within the provisions of this policy. The policy must be adopted by the annual general meeting once every four years or when changed. The policy is forward-looking, i.e. applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the policy by the annual general meeting. This policy does not apply to any remuneration decided or approved by the general meeting. The below policy was adopted by the annual general meeting 2023.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel, consequently it is necessary that the company offers market competitive remuneration.

For information regarding Alfa Laval's business strategy, please visit <https://www.alfalaval.com/investors/in-brief/#xaa>

This policy enables the company to offer the executive officers a competitive total remuneration. The remuneration shall be on market terms and may consist of the following components: fixed base salary, variable cash remuneration (including STI and LTIP), pension benefits and

other benefits. The components, their purpose and link to the company's business strategy are described below.

The decision-making process to determine, review and implement the policy

The Board of Directors has established a Committee within the Board (the Remuneration Committee), with the tasks of preparing, within the Board of Directors, the policy for remuneration for executive officers. The Board of Directors shall propose a revised policy at least every fourth year and submit it to the general meeting. The policy shall be in force until a new policy is adopted by the general meeting.

Unless otherwise stated herein, the Board of Directors shall resolve on matters regarding remuneration and employment provisions for all other executive officers. The Board of Directors may delegate decision-making to the Remuneration Committee. The Committee shall continuously report to the Board of Directors. The CEO and the other executive officers shall not be present when their respective remuneration terms are decided.

Additionally, the general meeting may – irrespective of this policy – resolve on, among other things, share-related or share price-related remuneration.

Fixed Base Salary

Purpose and link to strategy	Supports the attraction and retention of the best talents. Ensures competitiveness while controlling fixed costs to maximise efficiency.
Operational Details	<ul style="list-style-type: none"> Normally reviewed annually and increases will usually be effective from 1 January or following a change in responsibilities. The Remuneration Committee will consider, among other things, the following parameters when reviewing fixed base salary: <ul style="list-style-type: none"> Economic and salary conditions and trends. The individual's performance and responsibilities. Base salaries and total remuneration at other companies that operate in the same markets, typically benchmarked against similar roles.

Variable Cash Remuneration

A portion of the total remuneration for the executive officers is linked to business performance so that total remuneration will increase or decrease in line with performance, thus promoting the company's business strategy and long-term interests.

Annual Short-Term Incentive (STI)

Purpose and link to strategy	To incentivise and create focus on the delivery of annual financial and strategic criteria.
Operational Details	<ul style="list-style-type: none"> The performance criteria, weighting and targets are to be determined annually. Targets shall be set by reference to the company's operating plan and historical and projected performance. The outcome of criteria for awarding STI is to be measured over a period of one year and depend on the degree of fulfilment of predetermined targets. The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to reclaim in whole or in part STI paid on incorrect grounds (so-called claw-back).
Opportunity Levels	The maximum opportunity for STI can amount up to 50 percent of fixed base salary. For the CEO the maximum opportunity can amount up to 60 percent of fixed base salary. The Remuneration Committee shall have the possibility to review the opportunity levels in order to ensure market competitiveness.
Performance Criteria	The STI plan awards shall be based on mainly financial criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests.

Long-Term Incentive Plan (LTIP)

Purpose and link to strategy	Give extra focus on the long-term value creation for the shareholders.
Operational Details	<ul style="list-style-type: none"> An annual grant of the LTIP, with a three-year performance period, can be decided by the Board of Directors each year. Payment to the participants of the program is made after year three, provided, that they are still employed at the date of payment. The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to reclaim in whole or in part LTIP paid on incorrect grounds (so-called claw-back). In the event of a restructuring of the Company or any other extraordinary event which the Remuneration Committee considers will affect the value of an award, the method of calculating the proportion of the maximum value of the award which will be paid to a Participant on vesting may be adjusted in such manner as the Remuneration Committee shall determine to be fair and reasonable.

Opportunity Levels	For executive officers the maximum opportunity for LTIP can amount up to 40 percent of fixed base salary for each three-year performance period. For the CEO the maximum opportunity can amount up to 50 percent of fixed base salary for each three-year performance period.
Performance Criteria	The performance criteria of the LTIP are to be related to financial targets over a business cycle, including but not necessarily limited to, Operating margin (adjusted EBITA margin) and Net invoicing growth. Maximum outcome is awarded when the externally communicated long-term financial targets are clearly exceeded.

For retention or recruitment purposes or extraordinary performance beyond the individual's ordinary tasks the Remuneration Committee based on proposal of CEO, may decide on a specific cash remuneration. Such remuneration may not exceed an annual amount corresponding to 40 percent of fixed annual cash salary and may not be paid more than once each year per individual.

Pension Benefits

Purpose and link to strategy	Provide competitive and cost-effective pension benefits.
Operational Details	<ul style="list-style-type: none"> Pension benefits shall be defined contribution (premium defined) unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall not qualify for pension benefits unless the executive officer is part of mandatory collective agreed provisions where this is stipulated. Early retirement may be offered selectively and only after a special decision by the Remuneration Committee, with a defined contribution early retirement scheme. For executive officers governed by rules other than Swedish, pension benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of this policy.
Opportunity Levels	The pension premiums for defined contribution pension shall amount to not more than 50 percent of the pensionable salary (for the CEO fixed annual base salary).

Other Benefits

Purpose and link to strategy	Provide competitive and cost-effective benefits.
Operational Details	<ul style="list-style-type: none"> Other benefits may include but is not limited to life insurance, disability insurance and medical insurance/cover and a company car or car allowance. For executive officers governed by rules other than Swedish, benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of this policy. Executive officers who are international assignees (for example expatriates) to or from Sweden may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the international assignment arrangement, taking into account, to the extent possible, the overall purpose of this policy.
Opportunity Levels	Other benefits may amount to not more than 5 percent of the fixed annual cash salary and shall be set at a level which the Remuneration Committee considers to: <ul style="list-style-type: none"> provide the relevant level of benefit depending on role and the individual circumstances, be in line with comparable roles in companies with similar size and complexity in the local market, and be appropriate compared to the benefits offered to the wider workforce in the local market.

Termination of employment

Details	<ul style="list-style-type: none"> If notice of termination of employment is made by the company: The notice period may not exceed twelve months. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for two years. When termination is made by the executive officer the period of notice may not to exceed six months without any right to severance pay. Appropriate so-called good leaver/bad leaver principles are to be applied for STI and LTIP. Repatriation – If the executive officer is an international assignee the company may reimburse reasonable cost for the repatriation of good leavers, taking into account, to the extent possible, the overall purpose of this policy. <p>For executive officers governed by rules other than Swedish, payments in connection with termination may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of this policy.</p>
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Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for this remuneration policy, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time. The development of the difference between the remuneration to executive officers and remuneration to other employees will be disclosed in the remuneration report.

Derogation from the policy

The Board of Directors may temporarily resolve to derogate from the policy, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the policy.

Note 38. Government grants

In 2024 Alfa Laval has received SEK 37 (93) million in government grants, out of which, SEK 21 (72) as employment or company support, SEK 0 (12) million as energy support and SEK 16 (9) million as investment support. Most of it pertains to China, with a portion also related to Italy.

Note 39. Events after the closing date

On February 5, 2025, Alfa Laval announced that they had entered into an agreement to acquire NRG Marine, headquartered in the United Kingdom. The acquisition is expected to go through during the second quarter of 2025. NRG Marine is a leading provider of ultrasonic anti-fouling solutions for marine, oil and gas, and industrial applications. The solution will contribute to all three divisions within Alfa Laval, and the acquisition will be part of the Marine Division.

On January 30, 2025, it was announced that Pascale Gimenez will be leaving Alfa Laval during 2025. Pascale assumed the role of Vice President Human Resources and have been a member of Group Management since 2018. The process of finding a replacement is ongoing.

Note 40. Proposed disposition of earnings

The unrestricted equity in Alfa Laval AB (publ) is SEK:	
Profit brought forward	6,193,368,432
Repaid dividend	29,096
Net income 2024	1,379,336,318
	7,572,733,846

The Board of Directors propose a dividend of SEK 8.50 (7.50) per share corresponding to SEK 3,513,273,678 (3,099,947,363) and that the remaining income of SEK 4,059,460,169 (6,193,368,432) be carried forward.

The Board of Directors are of the opinion that the proposed dividend is in line with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Board and CEO Assurance

The undersigned certify that the annual report for the Group and the Parent company has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles respectively, and gives a true and fair view of the financial positions and results of the Group and the Parent company, and that the Board of Directors' report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent company and describes substantial risks and uncertainties that the Group companies face.

	Lund, March 26, 2025	
Dennis Jönsson <i>Chairman</i>	Lilian Fossum Biner <i>Director</i>	Nadine Crauwels <i>Director</i>
Henrik Lange <i>Director</i>	Bror Garcia Lantz <i>Employee representative</i>	Ray Mauritsson <i>Director</i>
Anna Müller <i>Director</i>	Henrik Nielsen <i>Employee representative</i>	Johan Ranhög <i>Employee representative</i>
Finn Rausing <i>Director</i>	Jörn Rausing <i>Director</i>	Ulf Wiinberg <i>Director</i>
	Tom Erixon <i>President and CEO</i>	

Our Auditors' Report concerning this Annual Report has been issued on March 28, 2025

Andreas Troberg
Authorized Public Accountant

Hanna Fehland
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Alfa Laval AB (publ), corporate identity number 556587-8054

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Alfa Laval AB (publ) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 81-149 and 154-157 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31st December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31st December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill	
<p>Description</p> <p>Book value of goodwill amounts to 25 630 MSEK per 31st December 2024 which corresponds to 29% of the group's total assets. The company evaluates whether the book value of goodwill exceeds its recoverable amount on an annual basis or upon indications of declining value. The recoverable amount is determined for each cash-generating unit through means of a calculation of net present value of future cash flows. Future cash flows are based on management's business plans and forecasts and includes various assumptions such as development in earnings, growth, investment needs and discount rates. If a decision is made to wind-up or dispose a business a separate impairment test is performed and a write down is recorded if the recoverable amount is lower than the recorded value for the business. Changes to the assumptions could have a major impact on the calculation of the recoverable amount and the assumptions applied by the company are thus important to the assessment as to whether an impairment is present. We have thus determined valuation of goodwill to represent a key audit matter for the group. A description of goodwill and the impairment tests is included in note 18.</p>	<p>How our audit addressed this key audit matter</p> <p>During our audit we have evaluated and tested the company's process for the impairment test, for example by evaluating historic growth and current forecasts. We have also benchmarked with peer companies in order to evaluate the reasonableness of the valuation and, through support of our valuation specialists, evaluated the chosen discount rate and assumptions on long-term growth. We have also evaluated the company's model and method for executing the impairment test and made sensitivity analyses. In our audit we have also examined whether the disclosures in the annual report are appropriate and in accordance with the assumptions applied by group management.</p>

Other provisions	
<p>Description</p> <p>Book value of other provisions in the group amounts 2 292 MSEK per 31st December 2024. The provisions amongst other relates to provision for expected expenses for warranties, litigation, restructuring and deferred costs, as expressed in note 28 Other provisions. The provisions include assumptions about future outcome, primarily as it relates to amount, timing and magnitude of the final settlement. Provisions for this type of expenses are uncertain and are based on various assumptions made by the company. Changes to the assumptions upon which the provisions are based could have a major impact on the reported earnings.</p>	<p>How our audit addressed this key audit matter</p> <p>We have obtained the group's documentation of the provisions. We have evaluated the provisions recorded and discussed the assumptions and risk assessments made by the company for each major provision in order to establish that the provisions are in compliance with applicable accounting standards. We have also followed up the provisions with legal assessments, documented decisions and historic outcome. In our audit we have also examined whether the disclosures in the annual report are appropriate.</p>

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-80. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in

Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss.

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Alfa Laval AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the

company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Alfa Laval AB (publ) for the financial year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Alfa Laval AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Andreas Troberg, Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Alfa Laval AB (publ) by the general meeting of the shareholders on the 25th of April 2024 and has been the company's auditor since the 25th of April 2023.

Hanna Fehland, Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Alfa Laval AB (publ) by the general meeting of the shareholders on the 25th of April 2024 and has been the company's auditor since the 25th of April 2024.

Lund March 28, 2025
Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

Hanna Fehland
Authorized Public Accountant

Ten-year overview

Ten-year overview										
Consolidated										
SEK millions, unless otherwise stated	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Profit and loss										
Net sales	66,954	63,598	52,135	40,911	41,468	46,517	40,666	35,314	35,634	39,746
Comparison distortion items	-	-	-767	-192	-796	189	151	-	-1,500	-
Operating income	10,435	9,256	6,519	6,126	5,580	7,198	5,831	4,589	2,989	5,717
Financial net	-439	-606	-340	16	-603	23	65	-218	336	-273
Result after financial items	9,996	8,650	6,179	6,142	4,977	7,221	5,896	4,371	3,325	5,444
Taxes	-2,564	-2,269	-1,610	-1,341	-1,397	-1,713	-1,359	-1,383	-1,013	-1,583
Net income for the year	7,432	6,381	4,569	4,801	3,580	5,508	4,537	2,988	2,312	3,861
Financial position										
Goodwill	25,630	25,069	26,258	22,480	19,080	21,112	20,537	19,775	20,436	19,498
Other intangible assets	3,929	4,553	5,159	3,441	2,204	3,134	3,873	4,692	5,946	6,556
Tangible assets and right-of-use assets	14,490	11,769	10,710	9,075	8,321	8,943	5,732	4,851	4,940	4,773
Other non-current assets	2,684	2,668	2,666	3,216	3,633	2,081	1,958	1,654	2,100	1,804
Inventories	15,574	14,950	14,775	10,525	9,223	10,077	9,253	8,424	7,831	7,405
Current receivables	18,678	17,416	17,018	11,977	10,631	12,582	11,807	8,808	8,431	8,964
Current deposits	450	728	311	291	2,618	873	617	1,208	1,075	1,021
Cash and cash equivalents	7,369	5,135	4,352	3,356	5,150	5,594	4,295	3,137	2,619	1,876
TOTAL ASSETS	88,803	82,288	81,249	64,361	60,860	64,396	58,072	52,549	53,378	51,897
Equity	42,282	37,378	35,704	32,344	29,071	27,747	23,599	20,500	20,276	18,423
Provisions for pensions etc.	945	1,090	1,192	1,907	2,494	2,321	2,118	2,297	2,425	1,931
Provisions for taxes	2,392	2,372	2,293	1,838	1,553	1,662	1,945	2,100	2,722	2,925
Other non-current liabilities	2,559	1,863	2,139	1,928	2,259	2,571	802	677	636	521
Non-current loans	9,172	9,829	13,362	3,059	8,043	10,600	8,540	11,092	12,169	12,484
Current liabilities	31,454	29,756	26,559	23,285	17,440	19,495	21,068	15,883	15,150	15,613
TOTAL EQUITY & LIABILITIES	88,803	82,288	81,249	64,361	60,860	64,396	58,072	52,549	53,378	51,897

Changes in accounting standards

A reader of the ten-year overview should observe that accounting standards have changed over this period of time. The major change is the implementation of IFRS 16 for Leases as from year 2019.

Ten-year overview										
Consolidated										
SEK millions, unless otherwise stated	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Key ratios										
Orders received	74,592	70,742	58,645	45,718	39,833	44,119	45,005	36,628	32,060	37,098
Order backlog at year end	52,319	45,325	37,020	22,954	18,969	21,551	23,168	18,289	16,870	20,578
EBITA	11,089	10,221	7,462	6,922	6,435	8,178	6,869	5,610	4,680	6,811
EBITDA	12,853	11,780	8,911	8,113	7,569	9,251	7,495	6,239	5,323	7,478
EBITA-margin %	16.6%	16.1%	14.3%	16.9%	15.5%	17.6%	16.9%	15.9%	13.1%	17.1%
EBITDA-margin %	19.2%	18.5%	17.1%	19.8%	18.3%	19.9%	18.4%	17.7%	14.9%	18.8%
Adjusted EBITA	11,089	10,221	8,229	7,114	7,231	7,989	6,718	5,610	5,553	6,811
Adjusted EBITDA	12,853	11,780	9,678	8,305	8,365	9,062	7,344	6,239	6,196	7,478
Adjusted EBITA-margin %	16.6%	16.1%	15.8%	17.4%	17.4%	17.2%	16.5%	15.9%	15.6%	17.1%
Adjusted EBITDA-margin %	19.2%	18.5%	18.6%	20.3%	20.2%	19.5%	18.1%	17.7%	17.4%	18.8%
Profit margin %	14.9%	13.6%	11.9%	15.0%	12.0%	15.5%	14.5%	12.4%	9.3%	13.7%
Excl. goodwill and step-up values:										
Capital turnover rate, times	3.5	3.4	3.5	3.8	3.9	4.4	7.4	5.7	8.6	10.6
Capital employed	18,884	18,509	15,087	10,839	10,751	10,649	5,474	6,201	4,146	3,734
Return on capital employed %	58.7%	55.2%	49.5%	63.9%	59.9%	76.8%	125.5%	90.5%	112.9%	182.4%
Incl. goodwill and step-up values:										
Capital turnover rate, times	1.4	1.3	1.2	1.2	1.2	1.3	1.3	1.1	1.2	1.3
Capital employed	47,859	48,753	43,060	34,677	33,678	35,550	30,729	31,698	30,663	31,512
Return on capital employed %	23.2%	21.0%	17.3%	20.0%	19.1%	23.0%	22.4%	17.7%	15.3%	21.6%
Return on equity %	18.8%	17.6%	13.5%	15.8%	12.7%	21.3%	20.3%	13.9%	11.8%	21.7%
Solidity %	47.6%	45.4%	43.9%	50.3%	47.8%	43.1%	40.6%	39.0%	38.0%	35.5%
Net debt *	5,493	10,011	13,070	7,024	3,635	8,175	6,985	8,200	9,619	11,688
Net debt to EBITDA, times *	0.43	0.85	1.47	0.87	0.48	0.88	0.93	1.31	1.81	1.56
Debt ratio, times *	0.13	0.27	0.37	0.22	0.13	0.29	0.30	0.40	0.47	0.63
Interest coverage ratio, times	26.2	23.1	27.9	38.4	27.3	32.8	39.3	28.4	24.5	22.3
Cash flow from:										
operating activities	12,159	9,169	3,291	5,264	7,723	5,223	4,883	4,463	4,979	5,850
investing activities	-3,281	-2,687	-5,518	-5,025	-1,058	-1,027	-1,293	-721	-795	-710
financing activities	-6,738	-5,543	3,093	-2,081	-6,917	-2,945	-2,445	-3,159	-3,566	-5,229
Investments	3,336	2,440	1,853	1,229	1,232	1,337	1,490	675	617	674
Average number of employees	21,910	20,803	19,002	17,419	17,160	17,387	16,785	16,521	17,305	17,486
Earnings per share, SEK	17.88	15.31	10.89	11.38	8.47	13.08	10.77	7.09	5.46	9.15
Free cash flow per share, SEK **	21.60	16.50	3.52	9.71	15.76	9.28	8.38	9.09	10.49	12.40

* Lease liabilities have increased by SEK 2,766 million as per year 2019 due to the initial application of IFRS 16 Leases.

** Free cash flow is the sum of cash flows from operating activities, investments and divestments of fixed assets.

Observe that certain financial measures above constitute alternative performance measures.

Alternative performance measures

Alfa Laval follows the guidelines for alternative performance measures issued by ESMA (European Securities and Markets Authority). An alternative performance measure is a financial measure of historical financial performance, financial position or cash flows, other than a financial measure defined or specified in the financial reporting framework.

In the annual report, the below alternative performance measures have been used.

Measures to achieve full comparability over time

These measures are mainly related to the impact from amortization of step-up values both over time and compared to external companies. For the same reasons adjustments are also made for comparison distortion items. How they are calculated is exhibited in the Income analysis table on page 93, except for the last one.

- **EBITA** or Earnings Before Interests, Taxes and Amortization is defined as operating income before amortization of step-up values. This measure of result is fully comparable over time, independent of the financing costs and the amortization of step-up values that from time to time burden the Group.
- **EBITA margin (%)** is defined as EBITA in relation to net sales and expressed in percent.
- **EBITDA** or Earnings Before Interest, Taxes, Depreciation and Amortization is defined as operating income before depreciation and amortization of step-up values. This measure of result is fully comparable over time independent of the financing costs, the depreciation and the amortization of step-up values that from time to time burden the Group.
- **EBITDA margin (%)** is defined as EBITDA in relation to net sales and expressed in percent.
- **Adjusted EBITA** or Adjusted Earnings Before Interests, Taxes and Amortization is defined as operating income before amortization of step-up values, adjusted for comparison distortion items. This measure of result is fully comparable over time independent of the comparison distortion items, the financing costs and the amortization of step-up values that from time to time burden the Group.
- **Adjusted EBITA margin (%)** is defined as Adjusted EBITA in relation to net sales and expressed in percent.
- **Adjusted EBITDA** or Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization is defined as operating income before depreciation and amortization of step-up values, adjusted for comparison distortion items. This measure of result is fully comparable over time independent of the comparison distortion items, the financing costs, the depreciation and the amortization of step-up values that from time to time burden the Group.
- **Adjusted EBITDA margin (%)** is defined as Adjusted EBITDA in relation to net sales and expressed in percent.

- **Adjusted gross profit** is defined as gross profit excluding amortization of step-up values. This measure of result is fully comparable over time independent of the amortization of step-up values that from time to time burden the Group.
- **Adjusted gross margin (%)** is defined as Adjusted gross profit in relation to net sales and expressed in percent.
- **Earnings per share, excluding amortization of step-up values and the corresponding tax** is defined as net income attributable to the owners of the parent, excluding amortization of step-up values and the corresponding tax divided by the average number of shares. The net income attributable to the owners of the parent is presented in the consolidated comprehensive income statement and the amortization of step-up values is exhibited in the Income analysis table on page 93. This key figure is fully comparable over time independent of the amortization of step-up values that from time to time burden the Group.

Measures to show how the Group is funded and manages its capital

- **Return on capital employed (%)** is defined as EBITA in relation to average capital employed, calculated on 12 months' revolving basis and expressed in percent. Capital employed is defined as total assets less liquid funds, other long-term securities, accrued interest income, operating liabilities and other non-interest-bearing liabilities, including tax and deferred tax, but excluding accrued interest costs. The measure shows how well the capital that is used in the operations is managed.
- **Net debt** is defined as interest-bearing liabilities and lease liabilities less cash and cash equivalents and current deposits. The calculation of net debt is exhibited in the Net debt table in Note 29. The measure shows the net financial indebtedness.
- **Net debt to EBITDA, times** is defined as Net debt in relation to EBITDA, calculated on 12 months' revolving basis and expressed as a multiple of EBITDA. This is one of the covenants of Alfa Laval's loans and an important key figure when reviewing the proposed dividend. EBITDA or Earnings Before Interest, Taxes, Depreciation and Amortization is defined as operating income before depreciation and amortization of step-up values.
- **Debt ratio, times** is defined as Net debt in relation to equity at the end of the period and expressed as a multiple of the equity. This is another measure of how the Group is funded.
- **Interest coverage ratio, times** is defined as EBITDA plus financial net increased by interest costs in relation to interest costs. Expressed as a multiple of interest costs. Gives an expression for the Group's ability to pay interest. The reason EBITDA is used as the starting point is that this forms the starting point for a cash flow perspective on the ability to pay interest. Financial items classified as comparison distorting are excluded from the calculation.

- **Free cash flow per share** is sum of cash flows from operating activities, investments and divestments of fixed assets for the year divided by the average number of shares. This represents the cash flow available for interest payments, acquisition of businesses and dividends to investors.

Definitions of other performance measures

Net sales

Revenues from goods sold and services performed that are part of the ordinary operations of the Group, after deduction for given discounts, value added tax and other tax directly linked to the sales.

Comparison distortion items

Items that are not directly related to the group's normal operations or that are of a non-recurring nature, where reporting together with other items in the consolidated comprehensive income statement would have caused a comparison distortion effect, making it more difficult to assess the development of normal operations. Distorting items are reported gross on the income statement lines to which they relate and are specified in a note.

Orders received

Incoming orders during the year, calculated in the same way as net sales. The orders received give an indication of the current demand for the Group's products and services, that with a varying delay appear in net sales.

Order backlog at year-end

Incoming orders that not yet have been invoiced, translated at the current closing rate. The order backlog at the end of the year is equal to the sum of the order backlog at the beginning of the year plus the orders received during the year less the net sales for the year. It gives an indication of how the net sales can be expected to develop in the future.

Profit margin %

Result after financial items in relation to net sales, expressed in percent.

Capital turnover rate, times

Net sales in relation to average capital employed, expressed as a multiple of capital employed. Shown excluding and including goodwill, step-up values and the corresponding deferred tax liability.

Capital employed

Average total assets less liquid funds, other long-term securities, accrued interest income, operating liabilities and other non-interest-bearing liabilities, including tax and deferred tax, but excluding accrued interest costs. Shown excluding and including goodwill and step-up values and the corresponding deferred tax liability. Shows the capital that is used in the operations. The capital employed for the Group differs from the net capital for the operating segments concerning taxes, deferred taxes and pensions.

Return on equity %

Net income for the year in relation to average equity, expressed in percent.

Solidity %

Equity in relation to total assets, expressed in percent.

Cash flow from operating activities

Shows the Group's cash flow from operating activities, that is the cash flow generated in the daily operational activities.

Cash flow from investing activities

Shows the Group's cash flow from investing activities, i.e. the cash flow generated by mainly the Group's investments in fixed assets, divestments and acquisitions of businesses and divestments of real estate.

Cash flow from financing activities

Shows the Group's cash flow from financing activities, that is mainly dividends, increase and amortization of loans and the cash flow components of the financial net.

Investments

Investments represent an important component in the cash flow for the Group. The level of investments during a couple of years gives a picture of the capacity build up in the Group.

Average number of employees

The number of employees is measured and reported as full time equivalents. The average number of employees is calculated based on the number of employees at the end of the last 5 quarters. The costs that are related to the number of employees represent a large part of the total costs for the Group. The development of the average number of employees over time in relation to the development of the net sales therefore gives an indication of the cost rationalisation that is taking place.

Earnings per share

Net income for the year attributable to the equity holders of the parent divided by the average number of shares.

General information

Alfa Laval uses a number of channels to provide information about the company's operations and financial development. The website – www.alfalaval.com/investors – is updated continuously with annual reports, quarterly reports, press releases and presentations. Annual reports are also sent to those shareholders who have notified the company that they wish to receive a copy. Conference calls with analysts, investors and the media are arranged by Alfa Laval in conjunction with the publication of the company's quarterly reports. A capital markets day is organized each year, during which representatives from the financial market are offered more in-depth

information regarding the company's operations. In addition, representatives of Group management meet with analysts, investors and journalists on an ongoing basis to ensure that they have correct and current information. Pursuant to the company's agreement with Nasdaq Stockholm, information that could have an effect on the share price and that is not yet publicly known is never disclosed in conjunction with these types of meetings or contacts. Alfa Laval employs a so-called silent period of three weeks prior to the publication of a quarterly report. The President and Chief Financial Officer do not meet or speak to representatives from the financial market during this period.

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Financial information for fiscal year 2025

Alfa Laval will publish quarterly reports on the following dates in 2025:

First quarter report:
April 29, 2025

Second quarter report:
July 22, 2025

Third quarter report:
October 28, 2025

Year-end report:
February 3, 2026

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Annual General Meeting 2025

The Annual General Meeting of Alfa Laval AB will be held on April 29, 2025, at 4.00 p.m. CET at Stadshallen, Stortorget 9, Lund, Sweden. The notice of the Annual General Meeting will be inserted as an announcement in the Swedish Official Gazette and on the company's website, not more than six and not less than four weeks prior to the Meeting. An announcement that the notification has been issued will thereafter be published in Dagens Nyheter. Supporting documentation will be published on Alfa Laval's website well in advance of the general meeting. Copies of the documents will also be sent to those shareholders who request them and state their address. The following information concerning the Meeting does not constitute legal notice.

Notification of participation

A shareholder who wishes to participate in the Annual General Meeting must be recorded in the share register maintained by Euroclear Sweden AB relating to the circumstances on April 17, 2025, and notice participation as follows below.

- A shareholder who wishes to participate in the Annual General Meeting by advance voting must notify its intention to participate in the general meeting by casting its advance vote, so that the advance vote is received by Euroclear Sweden AB no later than April 23, 2025.
- A shareholder who wishes to participate in the Annual General Meeting at the venue in person or represented by a proxy, must notify participation at the latest April 23, 2025, to Euroclear Sweden AB. Notification of participation can either be made by phone to +46 8 402 91 98, Monday to Friday 9:00 a.m. to 4:00 p.m., or on the website <https://anmalan.vpc.se/euroclearproxy>.

A special form for advance voting (postal voting) is available on Alfa Laval's website. The completed voting form can either be sent by email to GeneralMeetingService@euroclear.com or by mail to *Alfa Laval AB, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden*. A shareholder can also exercise its voting right electronically through Bank-ID verification. Further instructions on voting can be found in the Notice.

In addition to providing notification of participation as described above, a shareholder whose shares are held in the name of a nominee must register its shares in its own name so that the shareholder is recorded in the share register relating to the circumstances on April 17, 2025. The registration may be temporary (so-called voting right registration) and is requested from the nominee in accordance with the nominee's procedures. This means that the shareholder must notify the nominee in ample time. A voting right registration completed no later than the second banking day after April 17, 2025, is considered when preparing the register of shareholders.

Dividend

The Board of Directors proposes a distribution of profits in an amount of SEK 8,50 per share. Record date for the right to receive dividend is proposed to be May 2, 2025. If the general meeting resolves in accordance with this proposal, Euroclear Sweden AB is expected to pay the dividend on May 7, 2025.



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This is Alfa Laval

Alfa Laval is active in the areas of Energy, Marine, and Food & Water, offering its expertise, products, and service to a wide range of industries in some 100 countries. The company is committed to optimizing processes, creating responsible growth, and driving progress – always going the extra mile to support customers in achieving their business goals and sustainability targets.

Alfa Laval's innovative technologies are dedicated to purifying, refining, and reusing materials, promoting more responsible use of natural resources. They contribute to improved energy efficiency and heat recovery, better water treatment, and reduced emissions. Thereby, Alfa Laval is not only accelerating success for its customers, but also for people and the planet. Making the world better, every day. It's all about Advancing better™.

How to contact Alfa Laval

Up-to-date Alfa Laval contact details for all countries are always available on our website at www.alfalaval.com