# Alternative Performance Measures

**In short** A thematic review by the AFM into the disclosure of alternative performance measures (APMs) by Dutch-listed entities reveals that the use of APM's by companies in our sample is generally not up to the standards set by ESMA and often lacks the necessary level of transparency. In this edition of the Market Watch, we highlight how companies, supported by auditors and advisers, need to improve the disclosure of APMs to ensure the quality of (semi-)annual reports, prospectuses and press releases. Users of financial information should also be aware of the potential pitfalls of the use of APMs and engage critically with issuers on these alternative disclosures.

## 1. The importance of transparency in APM disclosures

When companies report financial measures that do not derive directly from their financial statements, it is crucial that these measures are reported in a way that is reliable and transparent. It is evident from our regular supervision of annual and semi-annual reports, prospectuses and press releases that reporting on APMs often lacks the necessary level of transparency. For example, it can be unclear how an APM is calculated or whether the same adjustments are made consistently each year. In extreme cases, it might be unclear that a displayed measure is in fact an APM, or APMs might even contradict and distract from the IFRS figures. Improper disclosure can therefore lead to (unintentionally) misleading information and cause difficulties for the users of financial reporting, including investors, analysts and supervisors.

Alongside IFRS measures, APMs can be important for investors in understanding and predicting the financial performance of an entity. As these measures are not defined in the applicable reporting framework, transparency regarding these APMs is crucial. The required transparency can be achieved by complying with the ESMA Guidelines on Alternative Performance Measures. This requires the attention of both the issuers of financial information and the users of the reports.

Users should be aware of the potential pitfalls of APMs and maintain a critical view of alternative disclosure, while issuers should ensure that their use of APMs is appropriate, transparent and reliable. Naturally, auditors and advisers also have a key role to play in this process.

**What is an APM?**
An Alternative Performance Measure (APM) is any financial measure that is not defined in the applicable financial reporting framework or specified by any other legislative requirement. Excluded are physical or non-financial measures, such as greenhouse gas emissions or sales per square meter.

In other words, any financial measure that is not specified by the issuer's applicable financial reporting framework or that the issuer is otherwise required to disclose is an APM. This is also the case even if the reported measure is exclusively based on performance measures in the financial statements. Common examples of APMs include Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Debt.

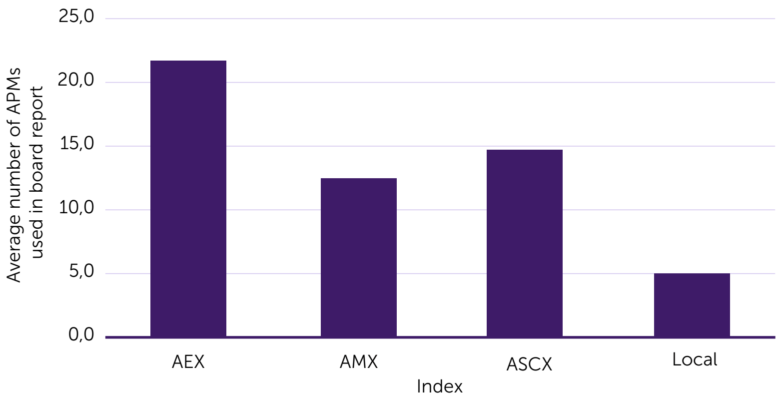
## Grounds for a thematic review

In our regular supervision on annual reports, press releases and prospectuses, we have noted some extreme cases regarding the use of APMs, such as issuers using more than 20 APMs to analyse their performance. As a result, some corporate communications (such as earnings releases or investor presentations) or reports read more like an analysis based on a company's homegrown accounting framework than on regular IFRS standards. Understanding and the ability to compare financial information can be impaired as a result. We have also seen examples where no information at all is provided regarding the calculation of certain APMs, resulting in a complete lack of transparency or clarity with respect to these measures.

Added to this, APMs are becoming increasingly common in financial reporting and other corporate communications, such as prospectuses and press releases. In this light, we conducted a thematic review on the use of APMs. We selected 32 Dutch listed entities and reviewed their semi-annual board reports and related press releases, where they were different from the board reports. In this Market Watch, we share our findings. 17 of these entities have received an individual letter in which we reported our company-specific findings.

Out of this random sample of 32 semi-annual board reports, we found only two reports that did not use any APMs. This indicates how widespread the use of APMs has become. Based on our sample, entities in the AEX use the most APMs, with an average of roughly 21 per semi-annual board report. Entities in the Small and Mid-Cap indices report an average of 15 and 12 APMs, respectively. Besides these averages, we also noted more extreme cases of 37, 34, and 33 APMs per report.

Figure 1. Average number of APMs across the indices




In section 02, we summarise the findings of our thematic review on the disclosure of APMs by Dutch listed entities. In section 03, we distil a number of key messages for issuers of financial information. In sections 04 and 05, we summarise messages for users of financial information as well as auditors and advisers, respectively. Our concluding remarks follow in section 06.

## 2. Findings: Disclosure of APMs often lacks necessary level of transparency

For issuers, ESMA has published its Guidelines for Alternative Performance Measures[1]. These Guidelines set out the requirements for issuers when using performance measures other than those identified by IFRS, for example. Compliance with the Guidelines should ensure transparent and reliable reporting of APMs. This guidance has been further complemented with the publication of ESMA's Q&A[2] on the Guidelines.

These Guidelines outline a number of disclosure principles, further developed in the Q&A, which issuers should adhere to in order to ensure transparent APM reporting. The disclosure principles formed the basis of our thematic review and led to a number of conclusions regarding APM disclosures.[3]

### Prominence

> *APMs should not be displayed with more prominence, emphasis or authority than measures stemming directly from financial statements. Moreover, the presentation of APMs should not distract from the measures directly stemming from financial statements.*

Prominence of APMs is not simply a requirement to 'mention an IFRS measure first'; it also entails more subtle possibilities. Issuers should exercise judgement when complying with the principle of prominence, since the Guidelines do not define this concept. Certain cases are relatively simple: we have seen examples where semi-annual board reports focus exclusively on APMs at the outset and only feature IFRS measures after 10 pages, thus giving greater prominence to the APMs than the IFRS measures.

Other indicators of prominence include:
- the amount of APMs;
- the measures featured in the heading of a press release;
- formatting (e.g. displaying APMs in an eye-catching font);
- the overall emphasis of the press release or board report.

Aside from semi-annual board reports that fall into the 'clear' categories, we also noted several reports in which the prominence of APMs over the measures from the financial statements is less obvious. Nonetheless, the indicators mentioned above provide a workable framework to assess disclosure and whether excessive emphasis is placed on APMs.

In general, issuers who rely on a large number of APMs run a much higher risk of failing to comply with this requirement. APMs demand significantly more attention from financial reporting users than IFRS measures when the entire business and financial analysis hinges on adjusted figures, excluding various costs or benefits or currency effects. In five semi-annual board reports, we identified well over 25 different APMs. By including so many APMs, issuers run the risk of effectively creating a separate accounting framework specific to itself rather than using generally accepted accounting principles.

### Reconciliations

> *A reconciliation should disclose how each APM is calculated from the most directly reconcilable line item. The material reconciling items must also be identified and explained.*

1 See ESMA website: https://www.esma.europa.eu/sites/default/files/library/2015/10/2015-esma-1415en.pdf

2 See ESMA website: https://www.esma.europa.eu/document/qa-esma-guidelines-alternative-performance-measures

3 This Market Watch includes a number of good and bad practices derived from our thematic review. These are real-life examples from our review of semi-annual reporting. Given the results of our review, all examples have been anonymised so that they cannot be traced to a specific issuer. Any text or tables cited in good or bad practices have been altered so that they cannot be used to identify the relevant issuer.

Providing users of financial information with insights into the basis for calculating an APM is undoubtedly crucial to ensuring transparency. Where an APM is used, a clear outline and explanation must be given of how this figure is calculated from the nearest, most directly reconcilable line item from the financial statements.

In 27 of the 32 semi-annual board reports we reviewed, we concluded that not all APMs were reconciled to line items in the financial statements. This means that a large number of APMs used by Dutch listed entities are characterised by a serious lack of transparency regarding their basis of calculation. The risks of this situation are clear: without disclosure on how an APM is calculated, users of financial information have no way to evaluate the reliability or appropriateness of the adjustments made to arrive at the reported figure.

Our review also revealed that even where issuers include a reconciliation of the APMs, these are often not sufficiently detailed. The following example of a bad practice for reconciliation, for instance, only displays the IFRS measure, a generic adjustment and the final APM.

| | |
|---|---|
| Profit | 14,032 |
| 'Adjusting items' | 1,254 |
| **Adjusted profit** | **15,286** |

A reconciliation of this type does not provide transparent and specific insight into the basis of calculation of an APM. Users of financial information would be better served with reconciliations that identify and explain all material reconciling items, as required by the ESMA Guidelines.

A good practice for reconciliations is to provide the calculations in a clearly labelled table for each reconciliation. Our review found a number of semi-annual reports that include a separate section specifically for the reconciliations of APMs. This makes the necessary disclosure easy to find and convenient to read for users of financial information.

### Presentation

*A definition must be disclosed for each APM in a clear and readable way, and these APMs must be given meaningful labels that reflect their content and basis of calculation.*

Many issuers use APMs with common labels such as 'Adjusted EBITDA' or 'Organic Revenue', although their use and calculation can vary considerably between issuers. As such, it is very important that these APMs are well defined in financial corporate communications. Without a readable definition, users of financial information will not be able to identify any obstacles to comparing measures between issuers and might even be (unintentionally) misled in their interpretation of certain figures. Despite the importance of these definitions, we still found that 22 of the 32 semi-annual board reports we reviewed did not include clear and readable definitions for all APMs.

Besides being clearly defined, the APMs must also be given a meaningful label that accurately reflects what the APM actually measures and entails. In the Guidelines, ESMA gives examples that include measures labelled 'Guaranteed Profit' or 'Protected Returns'. In our review, we found that 5 out of the 32 semi-annual board reports included an APM with a label that leaves too much room for misinterpretation. This also applies to APMs that do not accurately reflect their basis of calculation.

A particularly bad practice in this regard is to present an APM labelled 'EBITDA', even though the actual measure has been adjusted for various effects, such as restructuring costs or currency effects. A meaningful label in this instance would obviously be 'Adjusted EBITDA'. If it omits crucial information or presents an image that does not reflect the basis of calculation, the label of the APM severely harms the transparency of financial information.

An example of a good practice that we noted in our thematic review is the consistent use of footnotes to identify all APMs used throughout the semi-annual board report. This use of footnotes makes clear that an APM is being used and refers the user of the financial information to the relevant paragraph for more information and disclosure regarding this APM. This approach to presenting APMs greatly enhances transparency and ease of use.

### Comparatives

*APMs should be accompanied by comparative figures for the corresponding previous periods. All comparatives must also be presented with consistent reconciliations to the most directly reconcilable line item.*

In order to interpret and analyse any measure, it is important that users of financial information are also provided with comparative figures for corresponding periods. For example, the statement that adjusted revenue has increased year-over-year is only meaningful if the previous year's adjusted revenue is also presented.

In 19 of the 32 semi-annual board reports we reviewed, we concluded that not all APMs were accompanied by comparative figures. This is a serious concern in terms of the transparency and reliability of financial information. One phenomenon we encountered in our thematic review is APMs that are only presented as part of a textual analysis, without being included in a tabular overview. This increases the likelihood that comparative figures are not included. A good practice for APM disclosure would therefore be to include an easy-to-analyse table that provides an overview of all the APMs used.

### Explanation on the use of APMs

*APMs must be accompanied with an explanation of their use, outlining why they provide useful information. This explanation must also enable users to understand the relevance and reliability of an APM.*

For an APM to be useful to a user of financial information, the necessary guidance must be provided. ESMA requires an issuer to explain both the way in which management uses an APM and how the user of the information can benefit from the APM. This requirement applies to each APM individually; a semi-annual board report containing ten different APMs should therefore include ten explanations on the use of each APM.

Our thematic review revealed that an explanation on the use of APMs is often not included in the semi-annual report. In some reports, the explanation is merely generic and does not provide guidance for each individual APM. Of the 32 semi-annual board reports we reviewed, we found that 26 reports did not include an explanation on the use of each APM. Even those that did include a statement for each APM still frequently failed to provide sufficient insight. Users of the information need to be able to understand why an APM provides a more comprehensive understanding of the issuer than any corresponding IFRS measure.

As suggested above, an example of a bad practice of explaining the use of APMs would be the following:

*"These APMs can be used to gain a better insight into the results, cash flows, or solvability of the issuer".*

This type of explanation does not add sufficient value to the understanding of the APM and is a boilerplate solution to tick a box. Users of financial information would be better served by an explanation of the use of each individual APM, outlining how management uses the measure and how readers should interpret the figures. However, we have also seen examples of good practices when it comes to explaining the use of APMs.

*"The Company reports on free cash flow as Management believes it to be a useful measure providing insight into the cash flows available for debt reduction and dividend payments. This measure is derived from the financial statements, though is not calculated in accordance with IFRS and may not therefore be comparable to similar measures by other companies. Free cash flow should not be read as an alternative to, for example, operating cash flow."*

This explanation discloses meaningful insights into the use and presentation of the individual APM, and comments effectively on its reliability. In particular, it is good practice to remind users of financial information that APMs may not be comparable to similar measures reported on by other companies, especially for a common APM such as Free Cash Flow, or EBITDA.

### Consistency

*The definition and calculation of an APM must remain consistent over time, throughout a company's reporting, or the reasons and effects of changes over time must be reported.*

Many of the semi-annual board reports covered in our thematic review provided insufficiently transparent definitions, comparatives or reconciliations. This often made it difficult, if not impossible, to evaluate whether APM disclosure is consistent throughout reporting periods. As such, we have not been able to formulate any specific conclusions regarding compliance with this disclosure principle.

Difficulty in assessing the consistency of APM disclosure is not just a problem for our thematic review; this lack of transparency also creates obstacles for users of financial information. If users cannot determine whether the basis of calculation of an APM has changed over the years, the reliability of this measure cannot be evaluated.

That said, we noted in our thematic review that a number of Dutch listed entities disclose certain APMs only in their annual reports and not in semi-annual reporting. In most cases, this is understandable and not problematic. For example, it makes sense that tax-related measures are only disclosed for full-year periods. In other cases, we noticed that issuers disclose ESG-related APMs only in annual reporting and not for semi-annual periods. While not immediately problematic, we expect that users of financial information could also benefit from more frequent reporting of these APMs in semi-annual board reports.

### Compliance by reference

*Compliance with the various disclosure principles may be achieved by reference to other documents. Compliance with the guidelines can then be assessed by reading the documents together.*

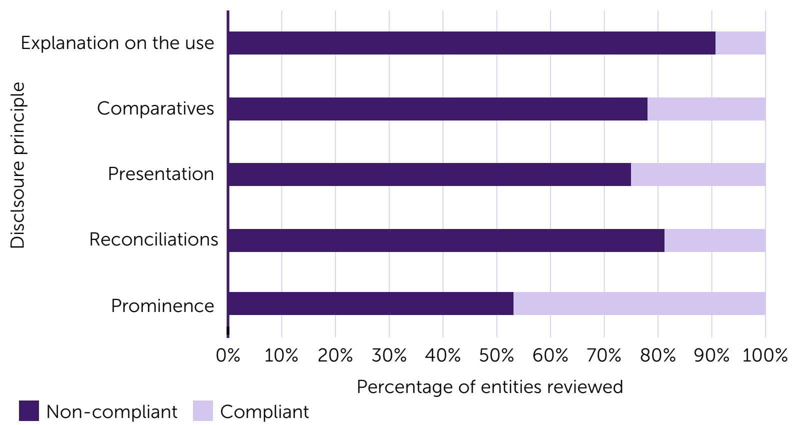
Where practical and relevant, reporting on APMs may refer to other published documents that contain the necessary disclosure that is compliant with the principles laid out above. A press release may, for example, refer to the corresponding annual or semi-annual report for reconciliations and definitions of APMs.

Our thematic review revealed that compliance by reference is rarely used in semi-annual reporting or related press releases. Nonetheless, we wish to point out that this could be a useful instrument for issuers. APM disclosure that is fully compliant with all disclosure principles would naturally be difficult to achieve in a shorter press release, and compliance by reference can present a neat form of disclosure in some circumstances.

## 3. Issuers should improve their understanding of and compliance with ESMA Guidelines

Based on the results of our thematic review, we conclude that there is much work to be done by issuers regarding the transparency of their APM disclosure. As the overview and analysis of our results above have shown, the disclosure principles set out in the ESMA Guidelines are still frequently not adhered to. This poses a threat to the transparency of financial reporting and forms an obstacle to users of financial information, including investors and analysts.

Figure 2. Compliance with Guidelines is lacking




We urge issuers to evaluate their compliance with the ESMA Guidelines and to ensure the transparency of their own financial reporting. Besides the more fine-grained findings presented in the previous section, our thematic review also revealed a number of general points of attention that issuers should bear in mind when compiling their financial reporting.

### Self-identification of APMs

We noted in our review that several issuers failed to self-identify all APMs in their semi-annual board report. In fact, we found an average of six more APMs than issuers had identified themselves. Alongside this average, there were also extreme outliers in which we identified 25 and 30 more APMs than the issuer had self-identified. It stands to reason that, when an issuer fails to identify a measure as an APM, the disclosure requirements for this APM tend not to be met. However, even with regard to self-identified APMs, a number of issuers still failed to adhere to most of the above-mentioned requirements.

This leads us to conclude that not all issuers are currently aware of either what an APM is or what the specific requirements are for reporting on APMs.

### Disproportionate amount of APMs

As mentioned in the overview of our thematic review, issuers that use a greater number of APMs run a higher risk of presenting these APMs with greater prominence than measures stemming directly from the financial statements. In effect, the IFRS figures are ‘snowed under’ by APMs. In our thematic review, we found a number of extreme cases with over 20 APMs included in the semi-annual board report.

Alongside IFRS measures, APMs can be important in enabling investors to understand and predict the financial performance of an entity. As these measures are not defined in the applicable reporting framework, transparency on these APMs is very important. The required transparency can be achieved by complying with the ESMA APM Guidelines. In our view, the amount of APMs included in financial information should be proportionate to the particular business. For example, there is no need for an entity with a relatively simple business model to present users of financial information with a large number of APMs to provide users of financial information with the required insights. In fact, using more than a proportionate amount of APMs may put the issuer at risk of presenting alternative measures with more prominence than the financial statements. The use of APMs also tends to become less orderly as their number grows, which can also cause a lack of disclosure with regard to the other principles, such as proper reconciliations and individual explanations on the use of APMs.

### Selectiveness of APMs

In our discussions with issuers in recent years, we noticed that several issuers had introduced certain APMs at the request of a specific user or group of users of their financial information. We urge issuers to be critical and selective in their published financial information when it comes to APMs. The inclusion of an APM in financial reporting should be appropriate and serve a specific purpose for management and the users of financial information, as reflected in the explanations on their use.

The fact that one analyst prefers a certain APM is not necessarily a good reason for an APM to be used. Issuers have a responsibility to ensure that their financial reporting provides valuable and appropriate insights into their company's performance and position.

### Transparency of organic growth

A commonly used APM is 'Organic Growth'. Yet, this is also a measure in respect of which we most often see a lack of transparency. Our thematic review indicated that many issuers need to pay closer attention to both the definition and reconciliation of organic growth. This is especially important when one considers how common this measure is, as users of financial information will have a preconceived idea of organic growth which does not necessarily reflect how a specific issuer uses this APM.

With regard to the definition of organic growth, issuers should clearly indicate what they understand this measure to entail and, crucially, what it does not entail. Without a clear definition, this measure runs the risk of presenting mixed messages and being misinterpreted by users of financial information. A good practice for the reconciliation of organic growth is to provide calculations in a clearly labelled table, specifying every reconciling item. This enables users of financial information to see at a glance, which adjustments have been made, which exceptional items have been excluded and whether adjustments are made consistently throughout the years. Highlighting particular impacts such as currency effects and investments/divestments with percentage contributions can also provide useful insights, as in the example of a good practice below.

It is good practice when reporting on organic growth to make clear what has impacted on the measure and to what extent. The below example offers transparent disclosure of how acquisitions and currency effects have had an impact on organic growth in the reporting period. Similar presentations could be valuable for other adjusting or impactful items, such as volumes and pricing increases.

| Line item | H1 2023 | H1 2022 | Δ% | M&A effects % | Currency effects % | Organic growth % |
|---|---|---|---|---|---|---|
| Revenue | 200 | 190 | 5.3 | 1.7 | 2.0 | 1.6 |
| Operating profit | 80 | 77 | 3.9 | 1.2 | 2.0 | 0.7 |
| Net profit | 20 | 18 | 11.1 | 2.7 | 4.3 | 4.1 |

## 4. Users of financial information should be aware of transparency pitfalls in APMs

The late Charlie Munger once described EBITDA as ‘Bullshit Earnings’. While we do not necessarily agree with this description of one of the most commonly used APMs, we do believe it is important to highlight that users of financial information should maintain a healthy scepticism when it comes to APM disclosure. Adjustments and alternative measures can be very helpful in deepening the understanding of the results of an entity, especially where specific transactions cloud the overall view of those results. However, it is crucial that investors, analysts and financial journalists are circumspect in their use of reported APMs.

### Understand the calculation

Users of financial information should never take an APM at face value. They should always refer to the definition and reconciliation to gain a proper understanding of how an APM has been calculated and defined. In particular, users should be aware of any ‘wiggle room’ left open by a lack of transparency. For example, where a reconciliation does not identify or explain the material reconciling items, users should be sceptical of the reliability of the APM concerned.

It is important for users of financial information to make their own evaluation of an APM, and even more so when a commonly used label is involved. These include APMs such as ‘Organic Profit’, ‘Underlying Revenue’ or ‘Adjusted EBITDA’. While these titles may seem relatively straightforward and common practice, their underlying calculations or definitions can differ vastly between issuers. It is crucial that users understand the APM fully and come to their own conclusions.

### Engage with the issuer

All told, users should also be aware of the ESMA Guidelines so that they can analyse for themselves whether the APMs presented have been reported on correctly. If users conclude that financial information includes an excessive amount of APMs or that the use of APMs is lacking in transparency, they should engage with the issuer and make their concerns known.

Financial journalists, analysts and investors themselves all have a crucial role to play in this regard. Financial information should ultimately benefit the users of such information and any improper disclosure or lack of transparency should be flagged and challenged appropriately.

### Do not get distracted

While APMs certainly have their place and can provide significant added value, there is no substitute for the reliability and comparability of financial statements based on accounting frameworks such as IFRS. Users of financial information should never base their analysis of financial information exclusively on APMs and always keep in mind the measures stemming directly from the financial statements.

## 5. Auditors/advisers of issuers should incorporate the ESMA Guidelines in their services

In the reporting trinity of issuers, users and auditors, each has their own role and responsibilities. Our thematic review was aimed at semi-annual board reports and related press releases. These are not necessarily documents in which auditors and advisers have a big part to play. The situation is different for annual reports and prospectuses. To ensure consistent transparency of APM disclosure across the board, we urge auditors and advisers to incorporate the ESMA Guidelines on the use of APMs in their services.

In our view, both auditors and advisers can play a pivotal role in ensuring that APMs do not obscure the transparency of financial information by advising on how to comply with the ESMA Guidelines. We urge auditors and advisers to strengthen their role in the wider corporate communication activities of their clients. This can be done by discussing the use of APMs (and compliance with the ESMA Guidelines) with their clients, both for the documents in which they have an active role and for other corporate reporting activities.

### Auditors of financial information

In terms of audited annual reports, the auditor has a responsibility to ensure the compliance of the board report with relevant legislation. It is therefore part of the audit to ensure that the ESMA Guidelines are adhered to by the issuer. Issuers are entitled to count on the expertise of their auditors regarding the ESMA Guidelines on APMs. We recommend that auditors actively incorporate these Guidelines in their services and regularly discuss compliance with the Guidelines with their clients.

### Advisers for prospectuses, press releases and other communications

The scope of the ESMA Guidelines extends beyond the management board report that forms part of the annual report. Wherever APMs are used in prospectuses, this disclosure must also comply fully with the Guidelines. Here, advisers to issuers have an important role to play in the prospectus approval process. We recommend that advisers further familiarise themselves with the ESMA Guidelines and provide their clients with the necessary expertise to best guide them through the prospectus approval process when it comes to the use and disclosure of APMs.

The above also applies to advisers in general corporate communications. In our review, we saw instances of APMs being included in press releases, investor presentations and other publications. We reiterate that the disclosure of APMs must be transparent and reliable across the board.

## 6. Closing Remarks

The results of our thematic review lead us to conclude that the disclosure of APMs by the Dutch listed entities in our sample of 32 semi-annual board reports often lacks the necessary transparency. This situation presents certain risks, such as (unintentionally) misleading figures, and creates obstacles for users of financial information in terms of gaining meaningful insights from disclosure. We therefore urge issuers to evaluate their compliance with the ESMA Guidelines in their financial reporting, prospectuses, press releases and broader corporate communications.

We highlight the relevance of these Guidelines to transparency and disclosure requirements. For prospectuses, scrutiny and approval under the Prospectus Regulation are informed by the Guidelines; press releases under the Market Abuse Regulation must adhere to various relevant requirements on transparency; and for financial reporting, compliance with the Guidelines contributes to a true and fair view of the situation on the balance sheet date, the development during the financial year and the result.

For users of financial information, such as investors, analysts and financial journalists, the results of our thematic review provide another reason to maintain a healthy scepticism when it comes to the use of APMs. Furthermore, we urge auditors and advisers to play a strong role in this process and support their clients in this matter.

The outcome of this thematic review is also an important signal for us as a financial supervisor. In our role as an independent market conduct authority, we contribute to sustainable financial well-being in the Netherlands. The transparency of financial and investment information is absolutely vital to that mission. Going forward, our review of financial reporting, prospectuses and press releases will be further informed by these findings. In the coming year, the AFM will closely monitor compliance with the ESMA Guidelines by issuers, enforce compliance where necessary and in doing so work to improve the transparency of financial information.

# FACTS & FIGURES

This section of the AFM Market Watch provides facts and figures concerning developments in the Dutch financial markets. In the first chart, we provide information on the total number of semi-annual financial reports that the AFM received in 2023 and the timeliness of these filings. In the second chart, the number of insider notifications
in the past four years is shown per year.

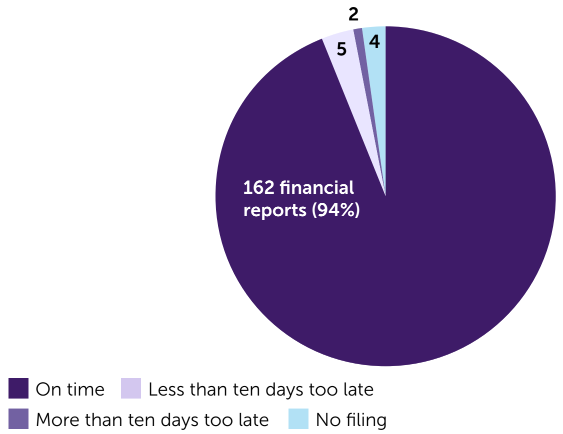
## 1. Timeliness of the semi-annual report filings 2023

Financial reports of listed companies are an important source of information for persons who want to form an opinion about a company's financial position and performance. Listed companies must therefore comply with several statutory requirements. One of those requirements is filing a semi-annual financial report with the AFM within three months after the end of the first six months of the financial year.

The pie chart shown here is a graphical representation of the timely submissions of the semi-annual financial reports for the 2023 financial year. Please note that this chart also includes three submissions that were delayed due to technical complications.

As the chart shows, 94% of the financial reports were submitted on time in 2023. Starting in 2024, the AFM will intensify its enforcement measures to increase this percentage even more.

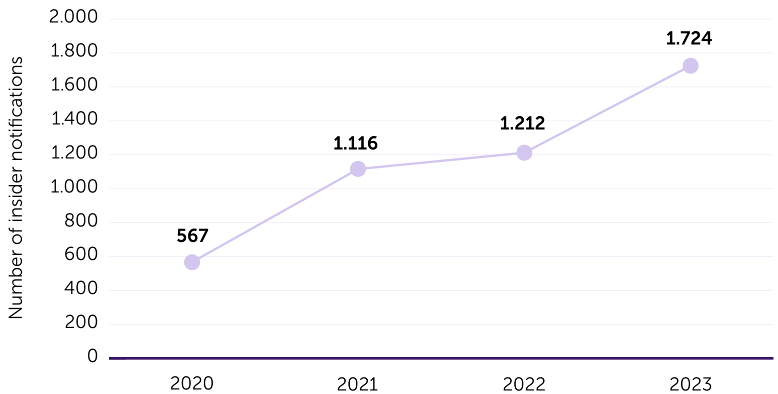
Figure 3. Semi-annual Financial Report Filings 2023




## 2. Insider notifications

Article 19 of the Market Abuse Regulation (MAR) provides that persons discharging managerial responsibilities within issuers as well as persons closely associated with them (together: **insiders**) must notify their transactions in financial instruments relating to that issuer. These insider notifications represent a valuable source of information for investors, and publishing them helps to prevent market abuse.

Figure 4. Insider Notifications in the Past Four Years




There has been an increase in the number of insider notifications in the past three years, with the number of notifications having more than tripled in 2023 compared to 2020. The AFM has increased its focus in recent years to ensure that insider notifications are being filed, and will continue to do so in future.