FOREVER FORWARD

Integrated Report 2024

azelis

Innovation
through
formulation

CONTENTS

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Azelis at a glance

Applying science to drive **innovation**, **sustainability**, and **digital excellence**

Letter from our leadership

It is with great pride that we reflect on 2024 as a year of resilience and strategic progress for Azelis. In a challenging environment marked by volatility, prolonged normalization, geopolitical tensions including two wars affecting our largest region, and general uncertainty, Azelis once again demonstrated the strength of its business model and its ability to adapt and thrive. These challenges underscore the value of our robust strategy and dedicated teams, as we successfully navigated volatility and positioned ourselves for sustained growth in the years ahead.

2024 was a pivotal year for Azelis, marked by a seamless leadership transition. Our internal succession planning ensured stability and continuity, backed by stakeholder trust. This approach allowed the new leadership to build on a strong foundation and rapidly deploy proven strategies on a global scale.

We are pleased to report that 2024 marked a return to organic revenue growth in the second half of the year, reversing part of the decline in the first half of the year. Total revenue for the full year was EUR 4.2bn, broadly stable compared to the prior year. We achieved adjusted EBITA of EUR 471m, and conversion margin of 45.7%. Furthermore, we generated EUR 342m of free cash flow, reflecting the robust and cash-generative nature of our business model, even during challenging conditions. These financial results highlight Azelis' resilience and its ability to navigate volatility while continuing to lay the groundwork for future growth.

Building on our achievements in the last decade, we refreshed our strategy to incorporate the opportunities and challenges arising from both long-term and emerging industry trends, as well as Azelis' evolution in recent years. Our updated strategy marks our commitment to be the industry reference in our focus end markets—setting the standard for innovation, sustainability, and digitalization—and an active consolidator, actively pursuing consolidation opportunities with customers, principals, and through M&A. Last but not least, we are focused on executing our strategy as one agile Azelis, blending our global strength with a local footprint and entrepreneurial spirit.

In 2024, we made significant strides in executing our strategy. During the year, our teams won a total of five industry awards for their innovative solutions, bringing total accolades to 36 since 2015. This supports our reputation as an industry reference for delivering value to customers and principals alike through innovation. In digital, we remain focused on capitalizing on our investments and monetizing our platforms while enhancing customer experiences and operational efficiency, as reflected in the 60% increase in active users across our portals. Sustainability remains a cornerstone of our vision. In 2024, we advanced our commitment by signing the Science-Based Targets initiative (SBTi) commitment letter and the Antwerp Declaration, and developed our new *Impact 2030* sustainability program. These initiatives underscore our pledge to lead responsibly, shaping a future defined by environmental stewardship and societal impact.

During the year, we continued to execute on our growth strategy by expanding our lateral value chain. We completed eight acquisitions that either reinforce or complement our existing footprint in our focus end markets.

We took further steps to optimize our balance sheet through a successful refinancing of our debt. This ensures that Azelis has the financial flexibility to respond swiftly to emerging opportunities while remaining disciplined in our approach to capital deployment.

We also reinforced our corporate governance in 2024. Kåre Schultz succeeded Antonio Trius as Chair of the Board, bringing a wealth of leadership experience to Azelis. Additionally, Melanie Maas-Brunner joined the Board as an independent non-executive director, succeeding Alexandra Brand. Their fresh perspectives further enrich the oversight and strategic alignment that underpin our governance framework.

As we look back on 2024, we take pride in the progress we have made and the resilience demonstrated by our teams in a challenging period. The leadership transition brought stability and confidence, empowering our teams to execute with focus and agility. With a clear strategy, financial discipline, and a steadfast commitment to our values, Azelis is well-positioned to seize opportunities as the market recovers and re-orients itself.
We are excited about the future as we advance towards our objective to be the reference innovation service provider in our industry, and create value for all our stakeholders.

Thank you for your continued trust and support. Together, we are building a future of growth, excellence and leadership. Together, we move Forever *Forward*.

Warm regards,

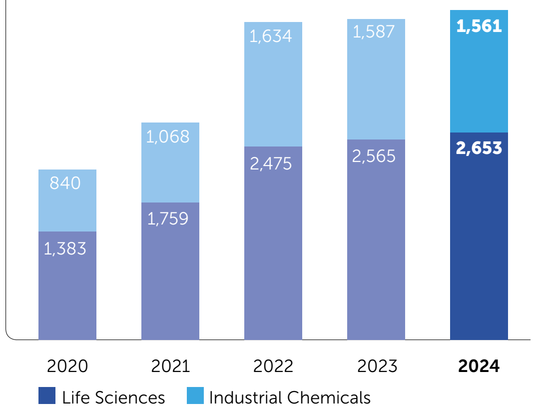
Anna Bertona
Chief Executive Officer

Kåre Schultz
Chair of the Board

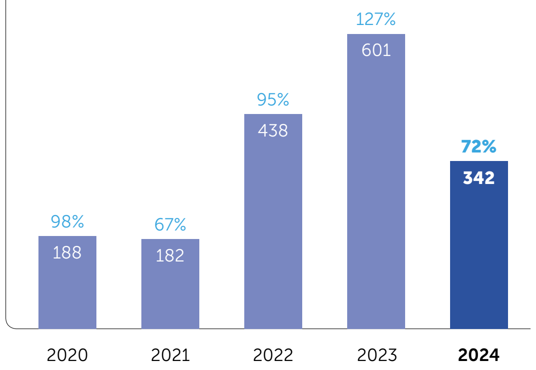
"We are proud of the progress made and the resilience of our teams in this challenging period. As we move Forever *Forward,* our goal is to be the global reference in our industry, driving innovation, sustainability, and digital excellence.

Key figures

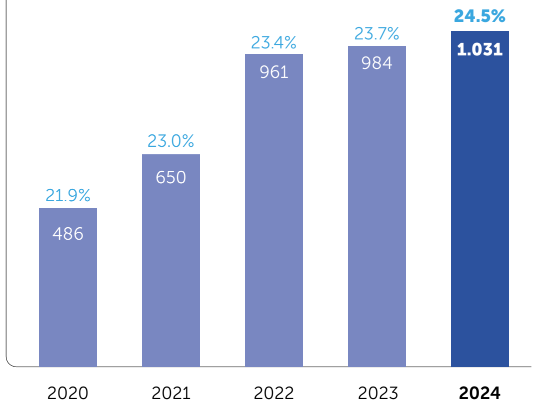
Revenue (€m)



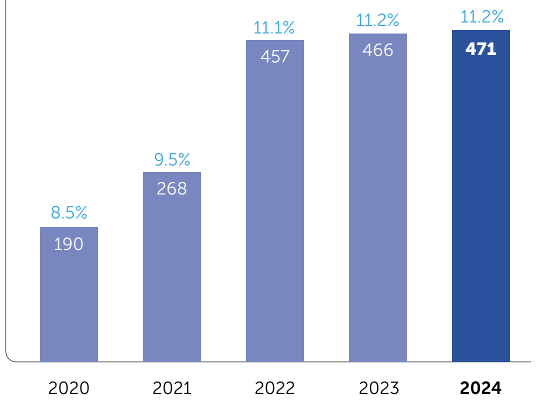
Free cash flow (€m)
FCF conversion margin (%)



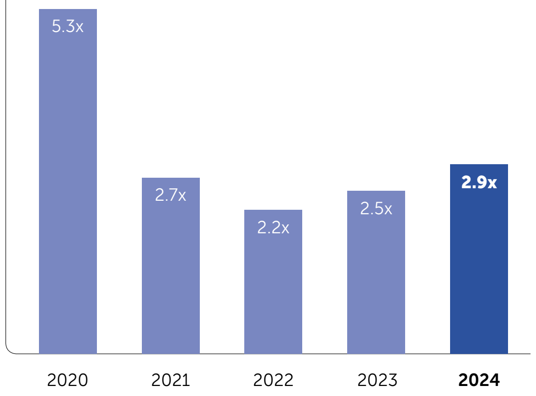
Gross profit (€m)
Gross profit margin (%)



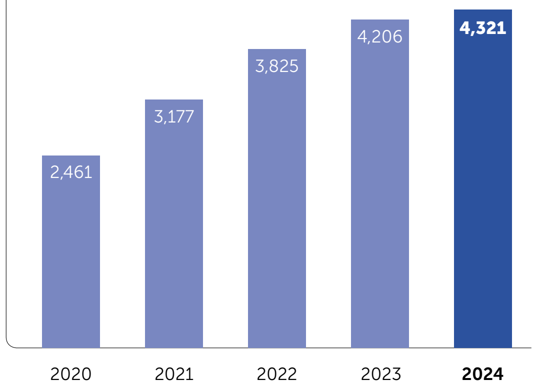
Adjusted EBITA (€m)
Adjusted EBITA margin (%)



Leverage ratio



Employees (FTEs)



Financial

Revenue
€ 4,214m

Adjusted EBITA
€ 471m

Free cash flow
€ 342m

Dividend per share
€0.23[1]

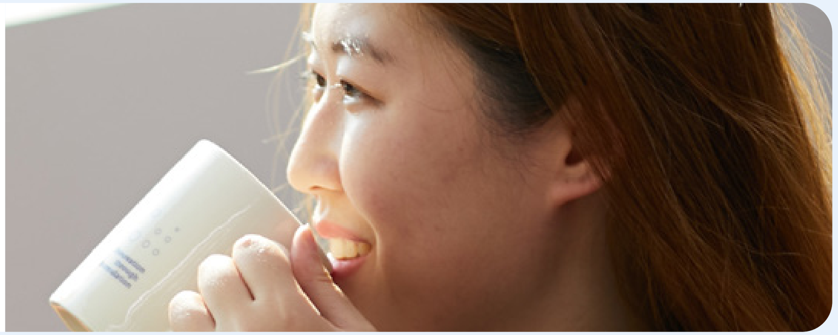
Social & Governance

Employees
4,321

Women in Azelis
54.5%

Women in senior management
32.6%

Employees trained in ethical and fair business practices
99.7%



Environment & Sustainable procurement

Scope 1 & 2 emissions (in tCO_2e, market-based)
13,121t

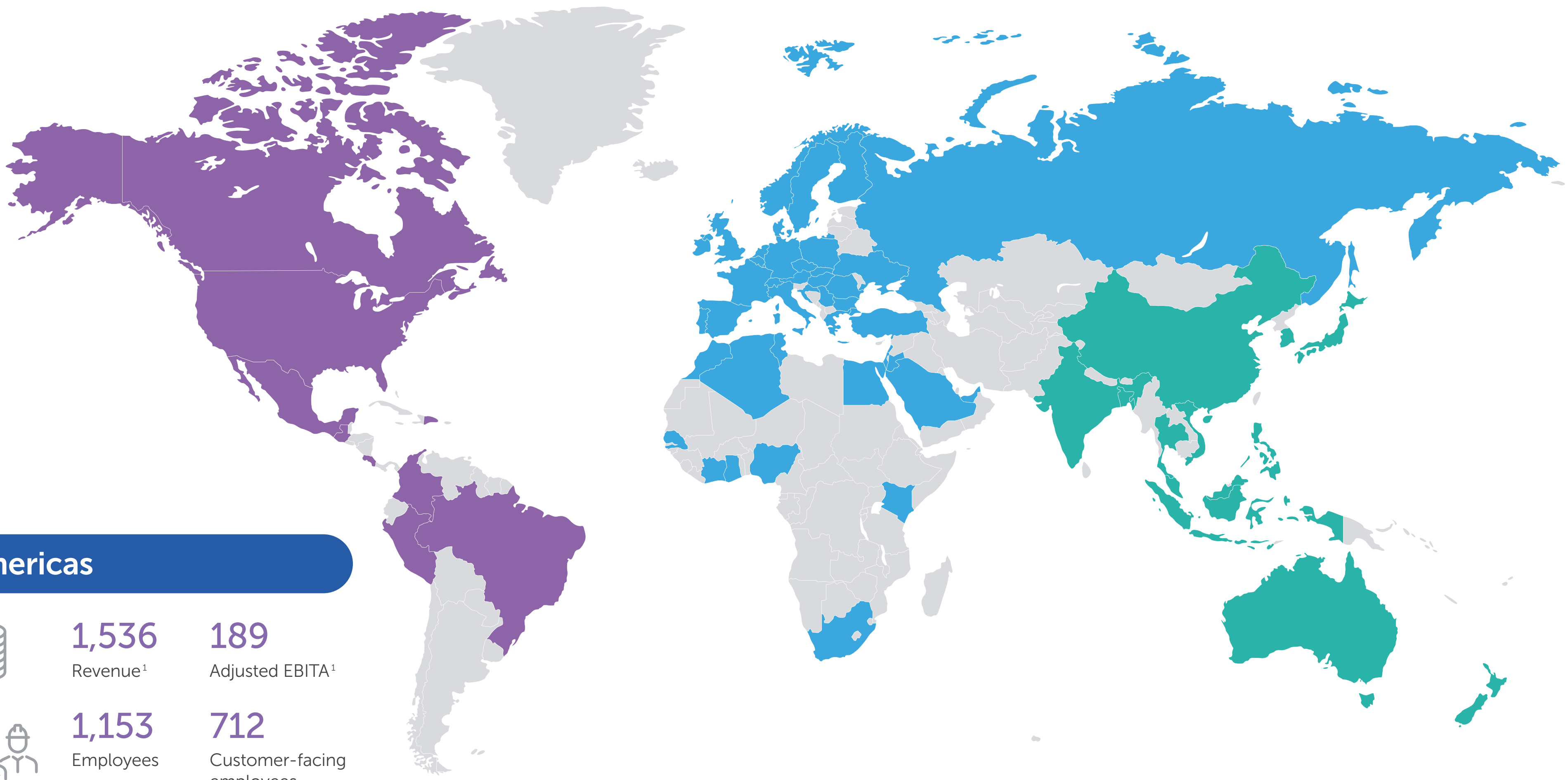
Scope 3 emissions (in tCO_2e)
5,405,164t

% of revenue covered with ESG-assessed suppliers
83.6%

Morningstar ESG risk rating
11.7, low risk

1 Refer to the dividend policy included in the Corporate governance statement

Our global presence



EMEA

1,793
Revenue[1]

228
Adjusted EBITA[1]

1,978
Employees

1,416
Customer-facing employees

63
Offices

33
Labs

[1] in millions of €

Americas

1,536
Revenue[1]

189
Adjusted EBITA[1]

1,153
Employees

712
Customer-facing employees

23
Offices

17
Labs

[1] in millions of €

Asia Pacific

885
Revenue[1]

88
Adjusted EBITA[1]

1,013
Employees

723
Customer-facing employees

30
Offices

23
Labs

[1] in millions of €

Highlights of 2024

Strengthening our foundations for the next chapter

Azelis entered 2024 with Anna Bertona stepping up as our next Group CEO. With Anna, a new chapter began — a year marked by agility, energy, and renewal. Also, the team carried out a significant exercise to sharpen the organization's founding principles: our purpose and values. Built upon an attuned purpose, and values that reflect a mindset fit for our future ambitions, a refreshed strategy was presented at our annual investor lab tour in Istanbul. A strategy for 2029, designed to move Azelis 'Forever *Forward*.'

Record number of industry recognitions

Our lab teams' in-depth technical knowledge and commitment to delivering innovative sustainable formulations were greatly recognized by the industry. Since 2015 we have won 36 innovation awards, five of which were awarded in 2024, including two *Ringier Technology Innovation Awards* for Personal Care in China, the *Coup de Coeur Award* for Food & Nutrition in France, and the *C&T Alle Award* for Personal Care in the Americas – a record breaker!


Antonio Trius

A new Chair and Board member

The Board of Directors is the ultimate decision-making body of the company and provides sound advice and guidance to our top executives. In 2024, we said goodbye and expressed our heartfelt gratitude to Antonio Trius, Chair of the Board of Directors, after 10 years of invaluable commitment to Azelis. We also said goodbye to Alexandra Brand, non-executive Board member for the past five years. We welcomed Kåre Schultz and Melanie Maas-Brunner who took their place as Chair and Non-executive Director, respectively.


Alexandra Brand

Driving operational excellence across the globe

In 2024, we opened a Global Business Service (GBS) center in Malaysia, strategically positioned near its Asia Pacific headquarters in Singapore to leverage the region's strong talent pool. Unlike traditional shared services, the GBS center acts as a strategic partner, centralizing business support functions to drive efficiency, cost-effectiveness, and process consistency.

Designed for global scalability, the center adapts to regional needs while utilizing digital technologies and data analytics to enhance decision-making and innovation. With a customer-centric focus, it strengthens service delivery for both internal teams and customers, reinforcing Azelis' commitment to operational excellence and long-term value creation.

Driving innovation together

True to our purpose, our market-focused labs are designed to deliver excellence to our customers, fostering greater collaboration, enhancing flexibility, and speeding up the development of cutting-edge, sustainable formulations. In 2024 we developed almost 5,000 formulations, provided over 6,000 training sessions to commercial teams, and documented around 6,500 technical projects designed to support our customers and design new product concepts together with our principals.

To better serve our customers' needs for Food & Nutrition in LATAM and Asia Pacific, we opened two new application and formulating laboratories, one in Brazil and one Thailand, bringing our technical expertise and innovative solutions closer to customers, providing local support and faster turnaround times.

Driving customer experiences with digital north stars

In 2024, we made significant strides in our digital transformation, building on our harmonized IT landscape with a single ERP, CRM, and PIM (product information management systems), and CRM enabling seamless integrations and data flows across operations. Through the launch of the 'Digital North Stars' initiative, we refined our digital strategy designed to translate digital value drivers across all functional areas of our business alongside the value chain. Anchored by four key objectives around customer experience, principal connectivity, innovation, and operational efficiency this initiative has already delivered tangible benefits, including faster time-to-market for customers, increased sales, and streamlined processes. In parallel, we continued to explore AI across platforms through two evaluation tracks: The AI solutions readily available in our I.T. environment in the areas of sales, finance and operations; and custom-built AI solutions to meet specific business needs. We launched a series of AI implementation projects to drive innovation, insights and efficiencies in regulatory services. The teams now have access to actionable insights into our sales process, are more efficient, and can focus on helping our customers to succeed and our principals to grow.

First edition of the Azelis Innovation Awards

In 2024 we held our first annual Azelis Innovation Awards - designed to steer and drive innovation as a business enabler and to foster a culture of cross-collaboration and entrepreneurship. The awards also highlight the collaborative effort between our commercial and technical colleagues and an opportunity to showcase how we leverage our expertise to apply ingredients in novel ways or utilize cross-market practices to solve customer challenges. Last year the gold award went to our Food & Nutrition lab team in the Americas for the Cappuccino Classic, the first high-protein, ready-to-drink coffee for a market in Brazil.

Consolidating the business, strengthening our footprint

In 2024 we strengthened our footprint with eight acquisitions in Americas, APAC, and EMEA. Focusing on the markets in which we already have a strong presence and ensuring a cultural fit every time, we further consolidated our business and built on our lateral value chain.

Improved Sustainalytics rating

At the end of 2024, we received a new rating from Morningstar Sustainalytics: a risk score of 11.7 (low risk). This places Azelis in the 2nd percentile in the trading and distribution industry and reinforcing our strong corporate and stakeholder governance performance and overall industry leadership in sustainability. Our strong management of material ESG issues and strong corporate and stakeholder governance performance contributed to the improved rating.

Paving our way to creating impact

In 2024, we defined *Impact 2030*, which will bring our sustainability efforts to the next level, covering all emission reduction targets under the Science-Based Targets initiative (SBTi). Customers rely on us to help them make more sustainable choices and reduce their own environmental footprint, and *Impact 2030* will provide even greater transparency. An example of this is the development of a Portfolio Sustainability Assessment tool, which segments products and formulations according to their sustainabilty performance and allows us to make sustainable recommendations to customers.

Thanks to our team's hard work and dedication, we achieved a B-score (Management) from CDP, a global non-profit that runs an independent environment disclosure system for stakeholders to manage their environmental impacts. Our Group CEO, Anna Bertona, further reinforced our commitment by signing the Antwerp Declaration, a call to policy makers to keep industry in Europe sustainable, competitive, and attractive to talent.

Delivering value to our investors, as a Euronext BEL20 company

On June 24, 2024, only three years after launching Azelis into the public market, we started trading as a constituent of the Euronext BEL20 index. Testament to our strong performance, we leveraged this milestone to further reinforce our commitment to leading our industry and making a positive impact in Belgium.

History

Our heritage can be traced back to the formation of Chance & Hunt in **1898**

Start-up 2001 – 2014

2001 **Azelis** was created through the merger of Novorchem and Arnaud to create a truly chemistry-driven specialty distribution platform, as envisioned by Azelis' founder, Dr. Hans Udo Wenzel

2011 Acquisition of several distributors across **Europe** to gain critical mass

2012 Launch of strategy focused on the **lateral value chain**

2014 Portfolio management –strengthening of specialty offering and rationalization of non-core businesses

Investments in IT and laboratory network

Build-up 2015 – 2019

2015 Expansion into **North America** with the acquisition of Koda in the US

Acceleration of growth with principals and strengthening of the **lateral value chain**

Intensification of investments in global laboratory network

Commitment to sustainability; creation of CSR program

2016 Acceleration of **Asia Pacific** expansion strategy; creation of regional hub in Singapore

Group sales reach €1 billion

2018 Start of digital efforts with e-Lab Americas

2019 **Innovation through formulation** – launch of company tagline reiterating focus on innovation

Commitment to sustainability: Azelis obtains EcoVadis Gold rating.

Scale-up 2020 →

2020 Launch of **e-Lab, customer and principal portals**; acceleration of digital strategy to be the leading digital services and insights provider

Commitment to sustainability: Launch of **Action 2025**; Together for Sustainability membership, publication of first Sustainability Report

2021 Strengthening of the lateral value chain: acquisition of Vigon (US) and Quimdis (FR) to provide compelling offer in Flavors & Fragrances

20 years of formulating ground-breaking and innovative solutions together with our stakeholders

Commitment to sustainability: Azelis obtains **EcoVadis Platinum rating**

Azelis lists on Euronext Brussels

2022 Azelis obtained #1 ESG industry ranking from **Sustainalytics**

Launch of cloud-based **ERP system**, an integral step on our digitalization journey

Completion of **global F&F platform** with the acquisition of Ashapura (India)

Entry into **South America** with the acquisition of ROCSA

Group sales exceed €4 billion

2023 Azelis is included in **Euronext's BEL®ESG Index**, and participates in **CDP's climate rating program** for the first time, earning a 'B' (Management) score.

Expansion into Latin America's largest economy with the acquisition of Vogler in Brazil. Entry into US food and nutrition market with acquisition of Gillco Ingredients

Launch of **Azelis innovation award**; numerous labs opened around the world, bringing Azelis' lab network to 70

2024 Anna Bertona succeeds Dr. Hans Joachim Müller as Group CEO

Sharpened purpose and values rolled out through the company

Azelis began trading on Euronext's BEL20 Index

Commitment to SBTi, developing greenhouse gas (GHG) emission reduction targets

Five innovation awards won by the group

Innovation in action formulations for customers

Improved patient palatability with taste-masked formulation of herbal products

A great example of customer-driven innovation. A customer was experiencing a drop in patient acceptance and sales due to the bitter taste of their formulations, caused by the 'ashwagandha' and 'bacopa monnieri' extracts they contained. These formulations, mostly in powder form, would need to effectively disguise the taste (taste masking) for wider patient acceptance and to improve business performance.

Our technical Pharma team recognized the complexity of the challenge of masking bitterness in powder-based products, as it involves coating individual particles to prevent them from directly contacting taste buds. After evaluating potential solutions, they chose an advanced coating technology to ensure effective taste masking. By building multiple layers of coating around the herbal extracts, the team successfully achieved 100% taste masking, resulting in a much smoother mouthfeel.

The formulation and process development were designed meticulously to meet the FDA's requirements, ensuring that all inactive ingredients complied with regulatory standards. The process was also created to be easily scalable for commercial production, making it applicable in technical development and practical for large-scale manufacturing.

After receiving the newly developed taste-masked formulations, the customer provided positive feedback, noting significant improvements in both taste and patient acceptance. Encouraged by this success, our team has expanded the concept to create taste-masked formulations for a broader range of herbal products.

How we create value

Helping employees **to thrive,** customers **to win,** and principals to **grow**

Megatrends shaping the industry

Seizing opportunities

In every challenge, there is an opportunity. Our strategy has been built to leverage our strengths and benefit from the opportunities presented by the megatrends shaping the chemical distribution industry:

Volatility is here to stay

COVID-19, geopolitical tensions, and trade wars have disrupted supply chains, and volatility is likely to persist. Thanks to our diversified footprint and flexible business model, we have the resilience to respond to market shifts, maintain supply chain stability, and pursue new opportunities.

EU-based chemical producers face challenges

High input costs, regulatory pressures, and competition from emerging Asian players have created competitive challenges for EU-based principals. Azelis' expertise and strong global position have proven key to principals who look for partners who understand markets, drive growth, and allow them to focus on their core business.

Increasing regulatory pressure and sustainability requirements

Increasing regulatory demands and the rising importance of sustainability are reshaping principal, customer, and employee expectations. By continuously investing in innovation, sustainability, and regulatory infrastructure, our partners trust Azelis to meet the highest compliance standards while delivering sustainable solutions.

New technology and AI changing the way we do business

Advances in new technologies, such as AI, are redefining market access and efficiency. As an industry pioneer in digitalization, we deploy these technologies to enhance customer experiences, provide data-driven insights to principals, and generally streamline operations.

Global workforce is tightening

In today's tightening global labor market, attracting and retaining talent is critical. With an increasing attention to work-life balance and mental health, our strong purpose and values, and focus on talent development position us as an employer of choice.

Matt Nancekivell's career at Azelis showcases the power of talent mobility and the impact of strong leadership. Matt joined Azelis in 2017 as Managing Director of New Zealand after the acquisition of Chemcolour (ANZ). His leadership in New Zealand laid a strong foundation, and in 2020, he moved to Antwerp to spearhead the company's digital transformation. His success in driving digital initiatives led to his role evolving into Digital Solutions Director, where he managed all commercial, principal, and customer-facing platforms. By 2024, Matt's proven track record and technical expertise earned him a promotion to Group IT Director, further establishing his role as a key figure in Azelis' digital journey.

Matt Nancekivell
Group IT Director

Strategy

Moving Forever Forward

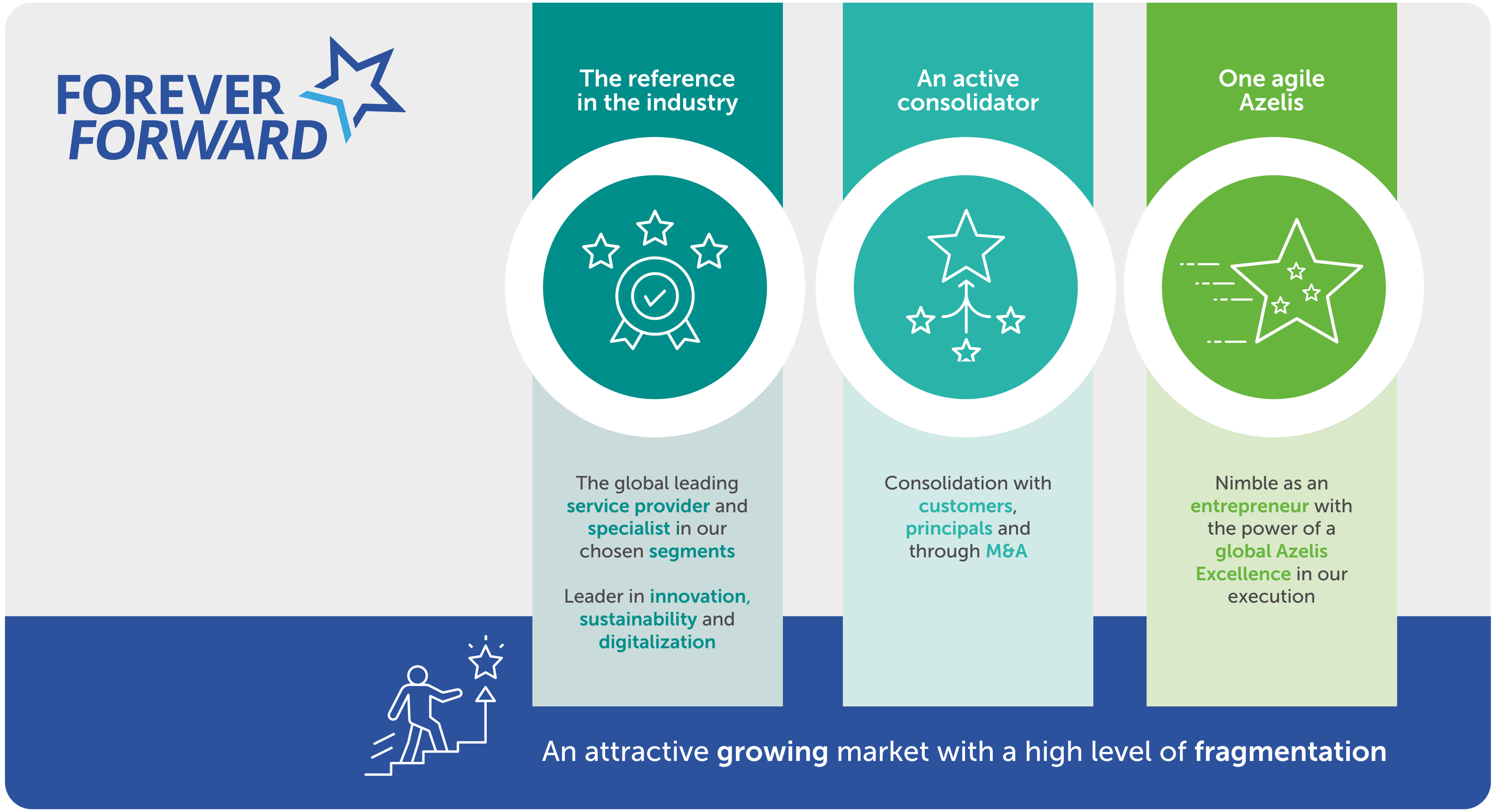
So, as we continuously adapt to a rapidly changing world, we have built a strategy that will enable us to proceed with building a successful business and generate sustainable long-term value.

Driven by the momentum of an attractive, growing specialty chemical distribution market, we are determined to set the industry standard and establish ourselves as the leading global service provider; the reference in the industry. Innovation, sustainability, and digital excellence are at the heart of our strategy.

We actively pursue growth opportunities—strengthening partnerships with customers and principals while accelerating expansion through strategic M&A. By combining our global strength and frameworks with a strong local presence and entrepreneurial mindset, we operate as one agile Azelis, ready to lead the future of our industry.

An attractive market

The specialty chemicals and food ingredients market is estimated to be over €200bn and is expected to grow by 3.9% annually in the next three years, outpacing the forecast global GDP growth[2]. This is driven by increased outsourcing from principals to distributors and increasing demand for technical support and reformulation services, spurred by changing legislation and growing sustainability requirements. Our diversified footprint allows us to benefit from this positive growth trend, offset the impact of weakness in some markets, and provide resilience in our business. The global chemical distribution market remains highly fragmented, as the top 10 distributors have less than 15% market share[3]. This presents a great opportunity for Azelis to grow through consolidation. We are one of only two global distributors truly



2 Boston Consulting Group, whitepaper September 2023, The-New-Age-of-Winning.pdf
3 Company information; ICIS Top 100 Chemical Distributors. Top 10 global players include: Azelis, IMCD, Brenntag Specialty, Univar Solutions (only Specialty-part based on management estimates), Caldic, Barentz, DKSH Performance Materials, Jebsen & Jessen, Behn Meyer, Safic-Alcan

focused on specialty chemicals, and the gap between the global specialty distributors and the others continues to widen.

Another driving factor behind the market's attractiveness is that principals are looking to partner with distributors with a comprehensive technical portfolio and a broad market presence to develop new applications for their products and generate organic growth. Similarly, customers are looking for distributors that provide access to a wide portfolio of products together with reliable technical advice and services.

To strengthen their position in this market, distributors will need to invest in digital tools and platforms and gain a significant advantage by increasing efficiency and reducing supply chain complexity—not only for themselves but also for principals and customers. Furthermore, distributors with robust regulatory frameworks will be better positioned to meet the demands of customers and principals to comply with increasingly stringent regulations. Ultimately, strong financial resources will prove crucial, allowing distributors to engage effectively in industry consolidation and thrive in a competitive landscape.

With the market's attractiveness and a strong digital, infrastructural, and financial backbone, we stand tall and are ready to execute our strategy.

The reference in our industry

Over the past years, we have worked diligently to expand our footprint worldwide, enhancing our resilience and delivering a compelling value proposition for our principals and customers. While we have established our presence in key markets, we continue to see significant growth potential within our regions.

Our priority remains steadfast on high-potential end markets within the Life Sciences and Industrial Chemical segments, where we aim to be the global reference in our focus end markets. We will also continue to refine our portfolio and emphasize high-quality, sustainable products from the world's leading specialty chemical producers, even as their own footprints shift.

Three pivotal accelerators underpin this journey: *innovation, sustainability,* and *digitalization*. By further harnessing the benefits of our investments in these areas, we will remain at the forefront and position ourselves as the undisputed reference in the industry.

Driving innovation together

At Azelis, we are driven by innovation; it is our very purpose. We run over 70 application and formulating labs worldwide, dedicated to co-creating with and for customers and principals. In these labs, we develop tailored solutions that meet their evolving needs and create new applications and opportunities. By prioritizing innovation, we enhance our core identity and drive growth for our principals – through the development of applications for their products – and for our customers – through creative solutions to enhance their products and grow their business.

Our commitment to innovation drives connectivity across our global lab network, seamlessly integrating knowledge from M&As and leveraging best practices across regions to fuel growth and excellence.

Creating impact together

Sustainability is at the core of our strategy, driving our leadership in the market shift toward responsible business practices. As consumer demand for sustainability grows, customers and principals seek partners who share their values and can help advance their sustainability goals.

Our enhanced sustainability program, *Impact 2030*, strengthens product transparency, empowering customers to make informed, sustainable choices. We are committed to reducing our environmental footprint across the value chain, directly supporting our customers' sustainability objectives.

By pledging to the Science Based Targets initiative (SBTi) and leveraging the Portfolio Sustainability Assessment tool, we ensure our products meet the highest sustainability standards. This reinforces our leadership in sustainability, creating new opportunities, and positioning us as the reference in an increasingly sustainability-driven marketplace.

Building connections together

Over the past decade, we have made bold investments in digitalization, establishing ourselves as industry leader. Since 2015, we have seamlessly integrated the ERP systems of over 100 legal entities into a single, centralized platform—alongside one unified CRM and master data lake. By migrating our interconnected digital ecosystem to the cloud, we have enhanced integration, strengthened cybersecurity, and optimized performance, creating a future-proof digital backbone built for scale.

Our digital transformation is not just about efficiency—it's about delivering best-in-class experiences to our customers and principals. By embedding digital solutions throughout our operations, we anticipate customer needs, accelerate service delivery, and reduce time to market. Our advanced digital ecosystem streamlines processes and generates actionable insights, empowering our principals to drive innovation in R&D.

As we continue advancing our digital initiatives, we are not just keeping pace with change—we are defining the standard for digital excellence, ensuring we remain at the forefront of industry transformation.

An active consolidator

Besides becoming the industry reference in the markets we serve, we aim to drive growth through consolidation – actively engaging with customers and principals, and leveraging opportunities for expansion through M&As.

Our wide, comprehensive portfolio across geographies and the high **customer** diversification in the markets we serve allow for significant growth opportunities. Our aim is to leverage our portfolio to benefit from cross-selling opportunities and develop market penetration. In addition, we have developed smart pricing and commercial strategies that support our market share expansion programs, increase customer loyalty, and expand our profitability.

While **principals** carry out their distributor consolidation activities, our strategy focuses on building strong partnerships with leading and emerging blue-chip principals across the world. We will continue to address their evolving needs and deliver growth, and we will expand our successful principal management program by actively consolidating the distributor landscape and positioning ourselves as a preferred partner for principals seeking reliable and innovative distribution solutions.

Mergers and acquisitions (M&As) are a core competency of Azelis. Onboarding small and profitable niche-businesses enables us to expand our market presence, enhance capabilities, and create long-term value. We focus on consolidating in key markets and look for businesses that align with our core values and complement our existing product and principal portfolio.

Our own M&A teams leverage our regional and local teams (including leadership and market segment experts) to engage with high-potential acquisition targets and maintain a rigorous pipeline. Since 2017, we have executed close to 60 acquisitions, adding over 2,300 employees and integrating over 20 different ERP systems. As a result, we have significantly strengthened our market position, accelerated our market penetration in Asia Pacific and Latin America, and built a market leading position in Africa.

Post-merger integration (PMI) is a critical component of our success. Our structured PMI process ensures seamless integration, maintaining business momentum, maximizing synergies, and unlocking full value. We achieve this by prioritizing business continuity, applying a disciplined, systematic integration process, deploying dedicated teams to collaborate closely with acquired company management, and being 'hard on tools, soft on people' to drive efficiency while respecting company heritage.

By expanding our geographical footprint and strengthening our lateral value chain, we deliver increased sales, mandate wins, and sustainable long-term value for our stakeholders. Our commitment to M&A excellence ensures that every acquisition strengthens our core business and positions us for continued success.

One agile Azelis

To support our strategy and move Forever *Forward,* we combine the best of our local expertise and the breadth of our global network. We have developed strong local competencies and country organizations that are closely connected to our customers and we aim to leverage our global platform to maximize our capabilities.

Our people play an essential role in our strategy and we foster an open, collaborative culture where sharing knowledge and best practices is the centerpiece. We also place great emphasis on their personal development and career advancement while building a diverse and inclusive workplace.

To ensure the effective execution of our strategy, we are dedicated to process excellence, implementing initiatives that enhance efficiency and speed. In other words, as we grow we commit ourselves to remain quick, flexible and agile like a small entrepreneur. By excelling in our core processes, we aim to boost customer and principal satisfaction and drive continued margin improvement.

This comprehensive approach ensures that we meet our growth ambitions and cultivate a motivated and engaged workforce that embodies our values and vision for success.

Innovation through formulation

Customers
62,000+

Principal relationships
2,800+

Application and formulating labs
70+

Innovation awards (since 2015)
36

Who we are

Azelis is the global reference in innovation services for the specialty chemicals and food ingredients industry, at the forefront of sustainability and digitalization excellence. Founded in 2001 through the merger of Novorchem (Italy) and Arnaud (France) under the leadership of Dr. Hans Udo Wenzel and headquartered in Antwerp (Belgium), we have always focused on providing customers a one-stop shop for sustainable solutions, best-in-class services, and, ultimately, innovative formulations that help them move their businesses forward.

Our passion for innovation, resonating across the over 70 application and formulating labs across the globe, has been recognized time and again by the industry through the 36 innovation awards we have won from 2015 to 2024. Our award-winning lab teams develop formulations and provide sound technical guidance to customers throughout their product development process, driving innovation excellence in the industry.

Digitalization is a key accelerator for our business. Powered by a centralized backbone, we are an AI-ready organization and our digital foundation helps us to develop new services and integrate new companies faster while minimizing our carbon footprint and ensuring a cyber-secure ecosystem. Based on our IT infrastructure, we optimize data-flows across the different value streams of our business driving process harmonization and end-to-end automation. This provides our customers and principals with 24/7 access to our innovative formulations, insights, and services through enhanced digital experiences catered to their needs and the markets they are active in.

Azelis has a proven track record in leading the industry in sustainability, with its first sustainability program introduced in 2015. Since then, we have increased our efforts, strengthened our commitment to sustainable business practices, and have embedded sustainability in our business' operations to create positive impacts for all our partners. Our efforts and achievements are recognized every year through several industry ratings and certifications.

At Azelis, we believe in building and nurturing solid, honest, and transparent relationships with our people and partners, to whom we are their preferred choice. Our people rely on an employer that helps them to thrive in the workplace and supports a healthy work-life balance; our principals count on a highly competent team that brings the best out of their products, and our customers rely on innovations and services that help them to respond to latest trends and secure their own sustainability agendas.

We are passionate, dedicated, and determined to drive our customers, principals, and our teams Forever *Forward*.

Azelis Group NV is listed on Euronext Brussels under ticker AZE and is included in the BEL20, BEL®ESG, MSCI Global Small Cap and MSCI Belgium indices.

Why we are here

Our common purpose guides our decisions and gives direction to all our actions. As we pave the way toward our vision of becoming the reference innovation service provider in the markets we serve, at the heart of all our actions, 'innovation through formulation' drives us toward it.

Innovation through formulation

At Azelis, we are driven by innovation. Through the application of science, we act as catalysts for innovations that positively impact people, communities, and our planet for a more sustainable future. By creating innovative and sustainable formulations, we enable our customers to win and our principals to grow.

What we stand for

Our people are bound by shared beliefs that underpin our culture and commitments. Our values shape us as we move forward, reflect our ambitions, and celebrate what it means to be part of our great team.

Innovative and resourceful

We are innovators united by technical expertise and a focus on helping our customers and principals to become market leaders and trendsetters.

Agile and empowered

We swiftly respond to change and remain close to our customers and principals. We take ownership of our work and make impactful decisions to maximize new opportunities to add value.

Collaborative and respectful

We are collaborative and foster trusting partnerships that enhance the customized nature of our solutions, respecting the diverse needs of our colleagues, customers, and principals.

Transparent and results oriented

We communicate honestly and address issues head-on. We get the job done, delivering results without delay or confusion, with a clear focus on our goals.

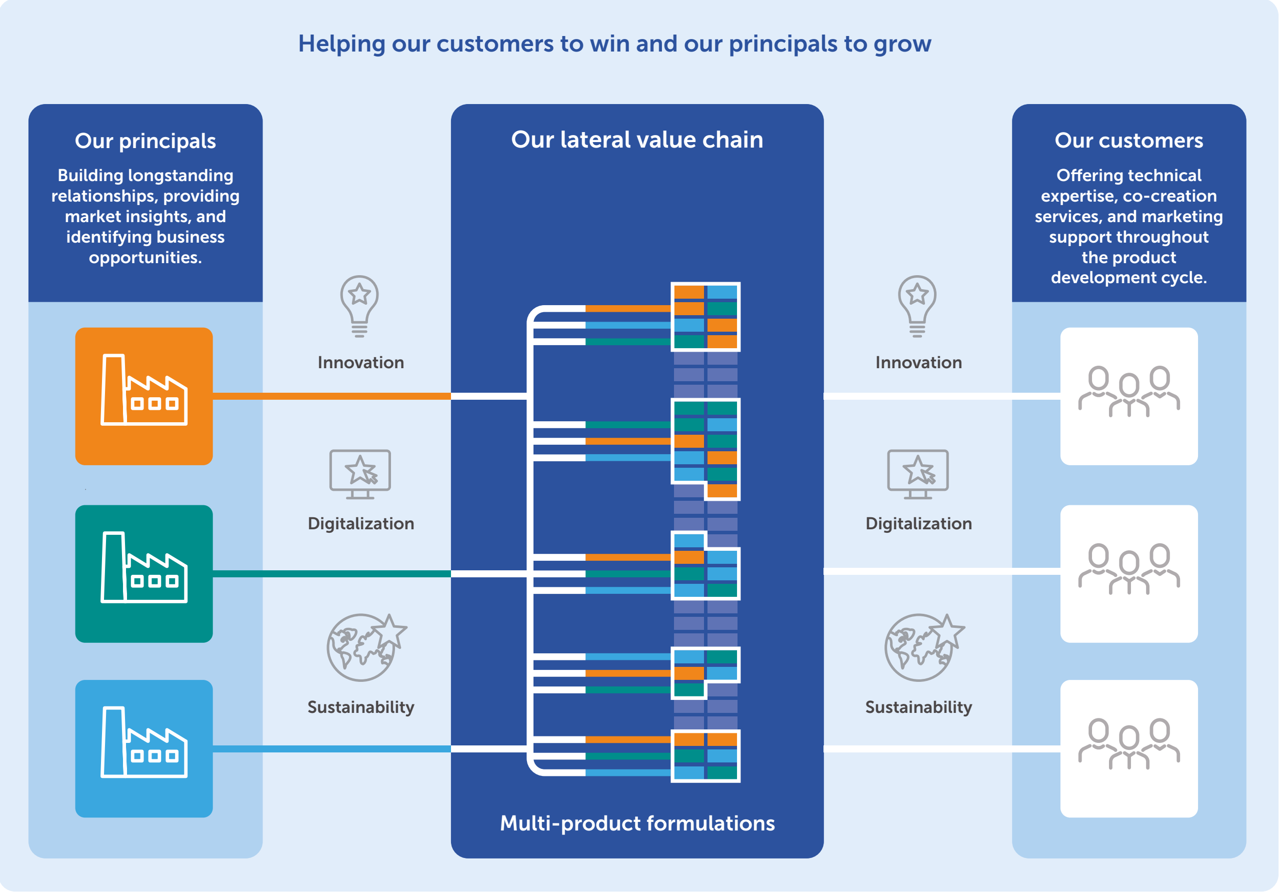
What we do

Azelis does much more than move goods. We move markets forward, by breaking new ground in our application and formulating labs, combining ingredients with ideas, and creating growth opportunities for our partners through innovation, sustainability and digitalization excellence.

We are innovation service providers: We support our principals with their sales and marketing challenges by acting as an extension of their teams, and provide market insights and anticipate trends to better understand their products' potential and reach those markets our principals can't. We provide customers with accurate regulatory information, in-depth technical expertise on the products we sell and the formulations we develop, high-quality solutions that meet their sustainability targets, and co-create with them to deliver product innovations that address ever-changing market trends.

Our comprehensive portfolio of chemistries and strong formulation expertise cater to a wide range of applications across market segments: the more products in our portfolio, the more formulations we can develop for a specific end market. This unique offering, which we call our 'lateral value chain,' differentiates us from our peers.

Driven by our purpose, acting upon our values, and leveraging our lateral value chain, we create value for our customers and principals with which we cultivate long-lasting relationships founded upon trust, respect, and success. While we help our customers to win and our principals to grow, we remove complexity, shorten time-to-market cycles, and provide a competitive edge with our in-depth technical knowledge and best-in-class digital capabilities. This positions us as undisputed industry leaders.



we provide innovation services

- **Market insights** and **anticipated trends** to move customers and principals forward.
- **In-depth** technical **product knowledge** and **formulation expertise.**
- **Ever-accurate regulatory information.**
- **Local approach** with **dedicated labs** to meet specific market needs.
- **Greater market reach** to help principals grow.
- **Supply chain transparency** for sustainable product choices.
- **Co-creation** services and **technical support**.

to create value for

Helping customers to win

We are a one-stop shop to customers, providing sound technical services, a vast product portfolio with a continuously growing list of sustainable alternatives for reformulations and customized solutions based on deep understanding of customer needs and challenges. Leading digitalization in our industry, we generate insights across channels and increase customer intimacy by accelerating data-driven, value-selling approaches across customer and market segments. We further add values for customers offering strong safety, health, environment and quality (SHEQ) services and advanced sourcing and supply chain solutions.

Helping principals to grow

As a trusted sales and marketing partner, we grow the market share of the principal product portfolios we represent. We know our markets well and have access to those our principals don't, consolidating geographies, connecting with emerging brands, and anticipating new trends. Moreover, our industry-leading digital capabilities and KPI-driven sustainability program are highly regarded by our principals and set us apart from our peers.

Helping employees to thrive

Our people are the driving force behind our purpose and our business model. We foster an open and collaborative company culture based on trust and empowerment, and our highly diverse teams work together across the globe in a hybrid work environment to meet common goals. With real growth opportunities and a strong talent mobility program, we are committed to becoming the global employer of choice in the industry.

Creating value for our shareholders

Our Investor Relations team are the connection between Azelis and the financial markets following our listing as a publicly traded company in 2021. Growing our business, delivering on our promise, and remaining an asset-light company are what bring value to our shareholders. Moreover, our performance in sustainability – being included in the BEL®ESG Index, having the top-rated ESG risk score in the industry by Sustainalytics – serve investors as a reference to identify us as sustainable investment for the future.

Markets we serve

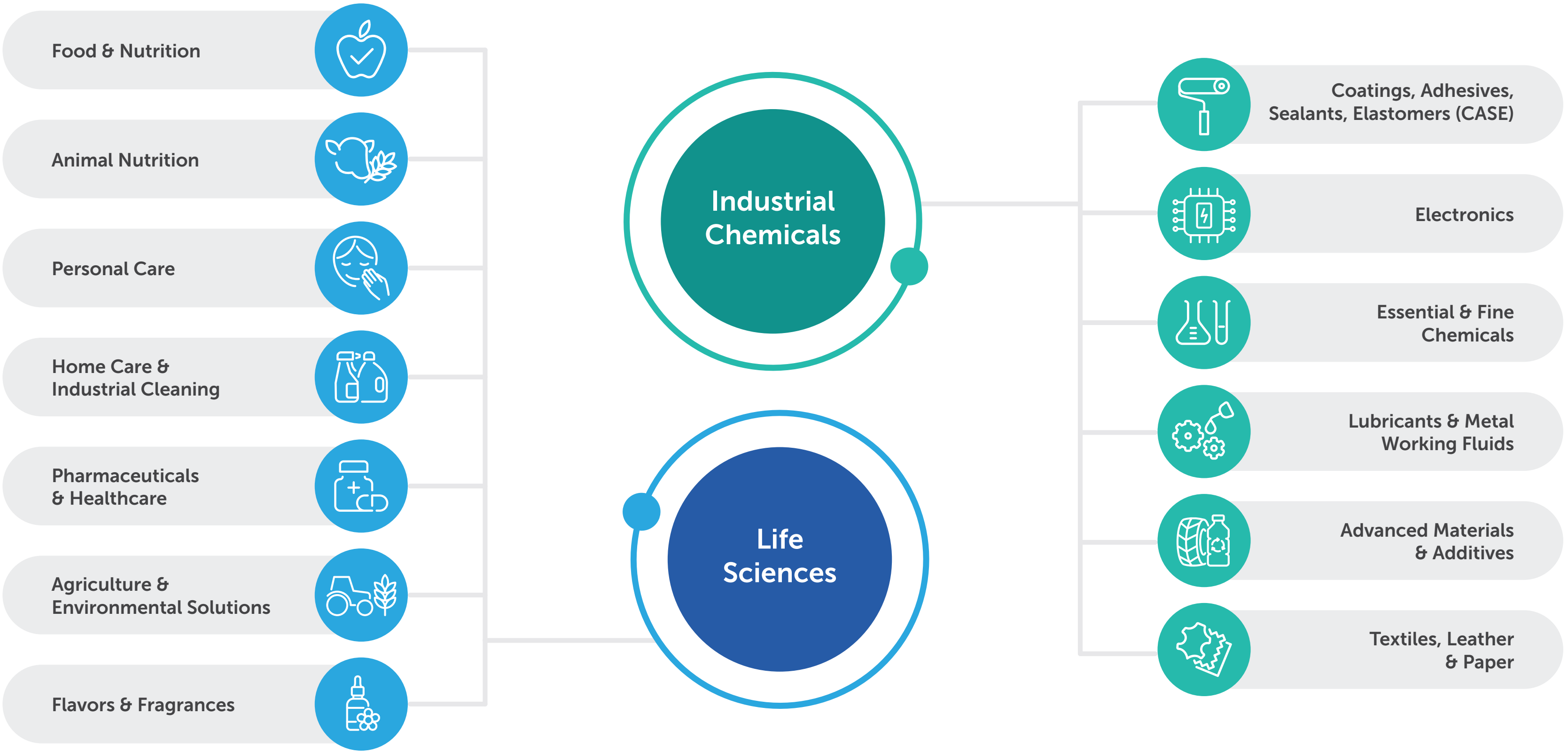
At Azelis, innovation is at the core of everything we do, driving progress across the diverse markets we serve. Our cutting-edge formulations set industry trends, delivering impactful solutions for both Life Sciences and Industrial Chemicals. From egg-free muffins and color-changing lipsticks to sulfate-free dishwashing tablets and sustainable anti-slip bathtub coatings, our products meet evolving consumer and business demands.

Our market-focused sales model ensures that our commercial teams are true experts in their respective segments. With over 70 specialized application and formulating labs, each dedicated to a specific market, we foster cross-segment collaboration, leveraging shared expertise to accelerate groundbreaking innovations.

At Azelis, operational excellence is the foundation of our logistics services, ensuring seamless, efficient, and value-driven service for our customers and principals. By leveraging a streamlined and harmonized way of working, we enhance efficiency through performance monitoring, digital tools, and best practice sharing.

Our expertise in AI-driven process optimization and sustainability-focused supply chain solutions positions us as the innovation service provider of choice.

Our HUB-and-spoke model, repacking capabilities, and blending facilities allow us to offer tailored logistics solutions that maximize flexibility while reducing costs. We continuously evolve our operations, implementing best-in-class systems that enable real impact—turning logistics from a cost factor into a strategic enabler. Our commitment to agility and continuous improvement makes us the preferred partner, empowering our customers with reliable, cost-effective, and innovative supply chain solutions.



Interest and views of stakeholders

Our strategy is also based on close and regular dialogue with our main stakeholders, including employees, principals, customers, debt and equity investors, public authorities, and trade associations. For our sustainability program specifically, these open dialogues helped shape and advance *Action 2025*, and have been instrumental in defining *Impact 2030*.

These continuous interactions allow us to better understand our stakeholders' views and interests and help to build transparent and effective relationships with each. Their feedback contributes to our business activities and is used in our double materiality assessment and due diligence processes. Moreover, the importance of the relationships with our stakeholders is emphasized in our Code of Conduct.

The feedback we receive from our stakeholders is part of the agenda of the Executive Committee and the Board of Directors, as described in the *governance and leadership* section.

The table below provides an overview of our main stakeholders, how we interact and how their needs and interests give shape to our business model.

Stakeholder	Interest and purpose	Engagement	Frequency	Outcome
Principals	• Develop their business, support them, add value, and enhance transparency • Access local markets and cater to the smaller-sized customers • Innovate with their products • Supply chain transparency and decarbonization • Comply with legislation: human and labor rights, health & safety	• Contracts and letters • Performance reviews regarding both financial and non-financial KPIs • Meetings • Informal dialogue at events • Satisfaction survey • ESG assessments and audits • Tradeshows	• On a need-basis, amongst others depending on order frequency and related revenue • Satisfaction survey held every two years • ESG assessment and audits depending on risk profile and performance	• Increased positive reputation • More transparency in the product stewardship process • New principals • New and extended partnerships with existing principals • Lower environmental footprint in value chain activities, and participating to the principal's ESG strategy • Increased range of sustainable products by looking at how ingredients can be used in formulations • Increased supply chain due diligence
Customers	• Provide a sustainable, diversified & innovative portfolio in line with established and emerging market trends • Offer a wide product portfolio via our technical and regulatory sales teams • Ensure market access	• Customer portals • Informal engagement • Customer visits • Tradeshows • Training, seminars and lab tours • Satisfaction survey • ESG ratings	• On a need-basis, amongst others depending on order frequency and related revenue • Regularly by our sales experts, chemists, and application engineers in our labs, customer sites, and via our digital tools • Satisfaction survey held every two years	• Joint opportunity pipeline for sustainable solutions and formulations, to facilitate reducing the environmental footprint in Azelis' downstream activities • Better respond to market trends for customers • Increased sales and market access • Increased visibility as leaders

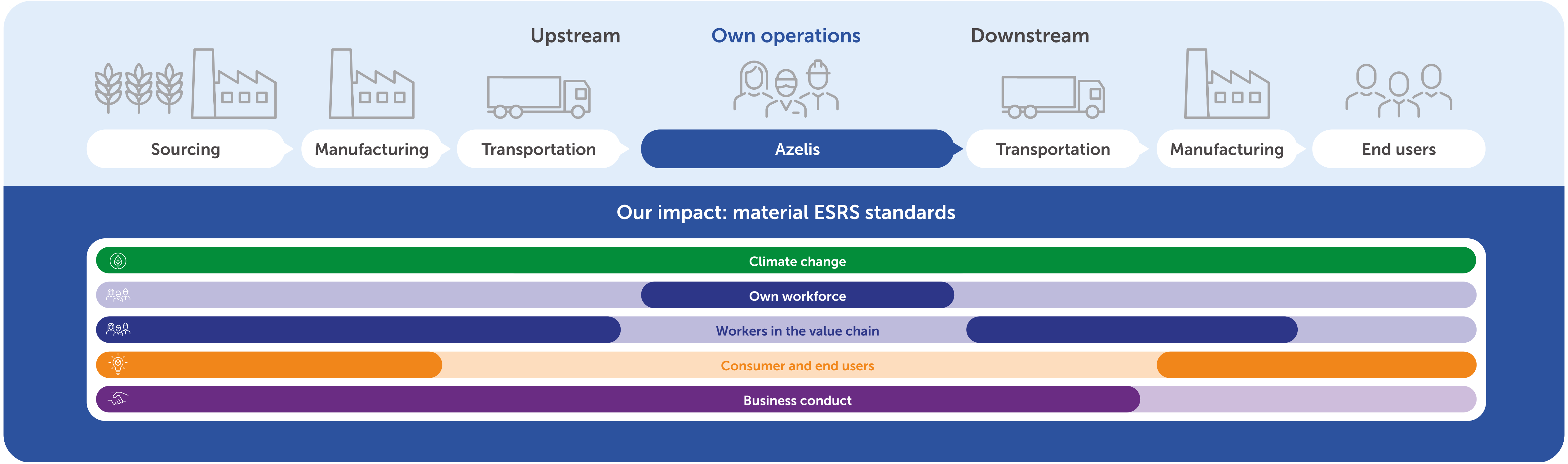
Stakeholder	Interest and purpose	Engagement	Frequency	Outcome
Employees	• Cultivate a common company culture and a sense of belonging and inclusivity • Provide continuous training and skills development • Ensure awareness of health, safety, and policy standards • Promote a sustainable and healthy work environment	• Annual performance appraisal • Internal communications: intranet, town hall meetings, email announcements • Onboarding and induction program for new joiners • Training on internal policies and procedures and applicable laws & regulations (including ethical business behavior) • Satisfaction survey • Informal engagement and regular dialogue between management, HR, and employees	• Satisfaction survey held every two years • Regular mandatory & voluntary trainings including, but not limited to annual mandatory leadership trainings on DE&I • Regular CEO town hall meetings • Regular interactions with HR through open and transparent communication	• Positive employer brand and value proposition • Safe working conditions and environment • Learning and development, promoting continuous growth • Fair business operations and ethical behavior • Enhanced diversity, equity and inclusion
Debt and equity investors	• Resilient business with long-term growth. Asset-light and cash-generative business model • Investment opportunity to participate in industry-leading sustainability agenda • Defensive revenue streams • Significant valuation upside	• Direct dialogue • Press releases • Investor calls • Investor (lab) tours • Annual General Meeting • ESG ratings • Questionnaires	• Frequent • Quarterly • Annually As per *financial calendar*	• Access to capital, including green financing, to continue funding growth • Sufficient resources to execute growth strategy and create value for all stakeholders
Industry partnerships	• Enhance sustainability in the chemicals sector • Improve health and safety standards: an ethical framework toward safe chemicals management and performance excellence • Collaborate to ensure industry has a consolidated viewpoint for presenting to decision makers	• Memberships • Accreditations • Association conferences • (In)formal meetings	• Annually, for conferences and accreditations • Biannual or quarterly for regional trade associations • Monthly, for national trade associations	• Improved working conditions, including health and safety standards • Achieved or exceeded industry standards • Improved sustainability standards for better connectivity and comparability (e.g. PCF) • Participation in (sector-specific) ESG improvement initiatives, like Together for Sustainability® (TfS) and Science Based Targets initiative (SBTi)
Public authorities	• Comply with national and international regulations • Address relevant ESG topics	• Published reports • Press releases • Letters • Dialogue	• Frequent	• Increased positive reputation • Continuous improvement • Risk mitigation from compliance perspective
Service providers	• Further business collaboration • Decarbonize the supply chain, both upstream and downstream • Comply with legislation (i.e. human and labor rights, health & safety standards)	• Contracts and letters • Meetings • Informal dialogue	• Frequent	• Lowered Azelis environmental footprint, both upstream and downstream, and took part in their ESG strategy • Reduced possibility of potential incidents

Value chain

Embedding sustainability in the value chain

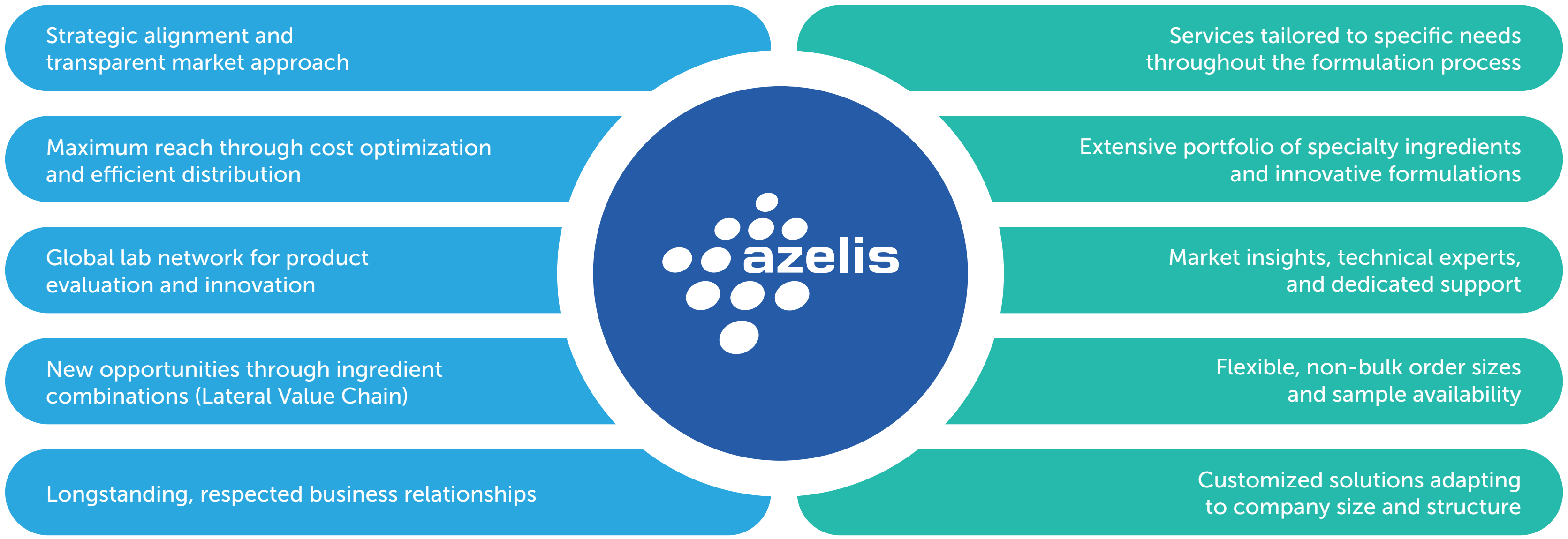
Azelis has a leading position in the highly fragmented specialty chemicals and food ingredients distribution industry. With a global market reach and a local footprint, we act as catalysts for specialty chemicals and food ingredients principals to distribute mandated products to those customers our principals cannot reach: small- and medium-sized players in the Life Sciences and Industrial Chemicals sectors. Please refer to our *value creation model* for a more detailed view on how we create value for our partners. Providing transparency throughout our operations and beyond, we have embedded sustainability across our upstream and downstream value chains. We linked the strategic pillars of *Action 2025* to the material ESRS reporting standards and our own impact areas, and allocated these impacts to the value chain stages to which they contribute. While developing *Impact 2030*, we mapped the ESRS impact areas and linked them to the sustainability pillars.

Sustainability pillars	Impact areas
Environment	Climate change
People	Own workforce
People	Workers in the value chain
Products and innovation	Consumer and end users
Governance	Business conduct



Benefits to suppliers

Benefits to customers



Upstream activities

Our upstream value chain includes chemical suppliers and partners who provide services that are essential to our operations. These include product transportation, and sourcing and manufacturing within all the market segments we are active in. The revenue linked to our different business segments can be found in *note 8* of the consolidated financial statements. We work closely together to ensure high standards of environmental, social, and governance (ESG) practices. Key initiatives include:

- **Collaboration:** We build long-term relationships with principals and suppliers, allowing us to improve the sustainability performance of our diversified product portfolio while supporting them in operations and business development
- **Supplier assessments**: We conduct regular assessments to evaluate compliance with our sourcing criteria.
- **Sustainable sourcing**: We constantly screen for principals and suppliers that demonstrate a commitment to sustainable practices, including the reduction of product-related carbon emissions

Own operations

Azelis is the central link between principals (upstream activities) and customers (downstream activities), and our innovative and knowledgeable experts deliver added value for both. Our own operations are performed in offices, warehouses, labs, and blending sites. Within our asset-light business model, most of our locations are not owned but leased.

We adhere to all four pillars of our sustainability program in our operations, creating a healthy, diverse and engaging workplace for our employees with a minimal impact on the environment, while fostering innovation with our partners. We are part of several industry partnerships and comply with all our legal obligations and our ethics policies as part of our due diligence processes.

Downstream activities

Our downstream value chain involves the distribution and sales of specialty chemicals and food ingredients to customers across the market segments we serve. We strive to minimize the environmental impact of our products throughout their lifecycle. Key initiatives include:

- **Product stewardship**: We ensure our products meet stringent safety and environmental standards from production to disposal
- **Service & innovation provider**: We work with customers to improve the sustainable performance of their product portfolio and providing guidance on best practices
- **Added value creation**: We create sustainable added value for our stakeholders by continuously improving our financial and ESG performance. We offer smaller and medium-sized customers a broad service and product portfolio - while principals have direct business with multinationals and larger players based on a limited product portfolio. Refer to our *value creation model* for more details.

Impacts, risks and opportunities

Understanding and managing the impacts, risks, and opportunities within our value chain is crucial. Our approach includes:

- **Impact assessment**: Conducting thorough assessments to identify the environmental, social and governing impacts of our operations and those of our value chain partners. This approach has been implemented in our double materiality analysis.
- **Risk management**: Implementing robust risk management processes to mitigate potential negative impacts and enhance resilience, as part of our ERM methodology.
- **Opportunity identification**: Leveraging opportunities to innovate and improve sustainability performance across our value chain and own operations. One example of how we tackle the identification of strategic opportunities is through our climate risk and opportunity assessment.

For more information, please refer to the *Risk management* section and the *Impacts, risks and opportunities* section included in our sustainability statement.

Industry partnerships

Azelis is a member of several international and national bodies that focus on sustainability in the chemical sector, including the safe handling and use of chemicals within our industry. We actively participate in key committees of many of these organizations and are committed to supporting the programs developed by them.

Responsible Care® and **Responsible Distribution®** are the chemical industry's initiatives to drive continuous improvement in health and safety standards. They provide an ethical framework toward the safe management of chemicals and performance excellence. Most of our entities are certified for Responsible Care® or Responsible Distribution®.

Together for Sustainability® (TfS) is a global industry initiative that supports and coordinates the measurement of sustainability performance of chemical companies and their suppliers with the aim to enhance efficiency and cost-effectiveness, and continuously improve. Azelis is part of the regional TfS workstreams in the Americas and Asia Pacific. Azelis is also part of TfS Workstream 5, that takes the lead for the chemical industry on product carbon footprint standardization and exchange, and wants to establish a drop-in solution for chemicals to adjacent industries as well.

The **International Chemical Trade Association** (ICTA) represents the interests of chemical distributors worldwide. We are active contributors to the global Responsible Distribution® program, which focuses on improving the safety, health, environment, security, and sustainability of chemical supply chains. To drive the program forward, we are part of a dedicated work group together with the Alliance for Chemical Distribution in the U.S. (ACD), the UK Chemical Business Association (CBA), the German Distributors Association (VCH), the Dutch Chemical Distributors Association (VHCP), the European Association of Chemical Distributors (FECC), and the Belgian Association of Chemical Distributors (BACD) to mention a few.

Innovation in action formulations for customers

Eco-friendly anti-wear lubricant additive as an alternative to ZDDP

The Lubricants & Metalworking Fluids (L&MWF) team recently took on a challenge to find a more sustainable alternative to zinc dialkyl dithiophosphate (ZDDP), a well-known anti-wear additive used in lubricants such as greases, hydraulic oils, and motor oils. For over 50 years, ZDDP has been the industry's go-to choice for anti-wear applications. However, increasing environmental concerns have pushed customers to seek ecological alternatives that do not compromise performance.

ZDDP is not without its environmental drawbacks. Studies have shown that it poses a significant risk to aquatic wildlife and has long-lasting toxic effects. When ZDDP contaminates soil and groundwater, it decomposes into sulfur and phosphorus-containing compounds, further contributing to environmental toxicity.

Faced with this challenge, the team explored environmentally friendly alternatives within our lateral value chain. After carefully evaluating several options, the team identified an anti-wear additive that stood out as an eco-friendly replacement for greases and industrial lubricants.

The L&MWF Competence Center in Europe conducted extensive testing to validate its effectiveness, and results revealed that the new additive outperformed ZDDP in anti-wear performance and significantly reduced friction. Moreover, this new multifunctional additive, which can also provide oxidation control, is label-free and supported by NSF (National Sanitation Foundation) certification. This improvement is attributed to the product's unique chemical structure, which can be compared to a friction modifier. The solution proved to be both high-performing and sustainable.
The team took this sustainable offering to interested customers who are currently conducting tests.

Our performance

Fueling **growth** for our **partners** and **stakeholders**

Operational review

Headline results

Q4 2024	Q4 2023	Organic growth	Total growth	*(in millions of €)*	2024	2023	F/X trans-lation	M&A growth contri-bution	Organic growth	Total growth
437.2	415.2	0.4%	5.3%	EMEA	1,792.7	1,793.9	-1.2%	2.9%	-1.8%	-0.1%
356.8	338.8	5.6%	5.3%	Americas	1,536.2	1,454.3	-0.3%	5.4%	0.5%	5.6%
220.1	218.8	-1.3%	0.6%	Asia Pacific	885.1	904.0	-2.1%	2.5%	-2.5%	-2.1%
1,014.2	**972.7**	**1.8%**	**4.3%**	**Group revenue**	**4,214.0**	**4,152.2**	**-1.1%**	**3.7%**	**-1.1%**	**1.5%**
110.7	100.8	5.1%	9.8%	EMEA	462.8	468.1	-1.3%	2.9%	-2.8%	-1.1%
90.6	82.1	10.4%	10.4%	Americas	383.2	344.3	-0.4%	6.1%	5.6%	11.3%
46.1	41.1	6.8%	12.0%	Asia Pacific	185.0	171.7	-2.0%	4.9%	4.7%	7.7%
247.3	**224.0**	**7.4%**	**10.4%**	**Group gross profit**	**1,031.0**	**984.1**	**-1.1%**	**4.4%**	**1.5%**	**4.8%**
47.6	42.4	6.3%	12.4%	EMEA	228.2	237.6	-1.7%	2.4%	-4.6%	-4.0%
40.2	38.0	5.1%	5.7%	Americas	189.5	184.6	-0.4%	6.1%	-3.1%	2.7%
22.1	18.6	11.1%	18.5%	Asia Pacific	88.1	78.4	-2.2%	6.2%	8.2%	12.3%
101.4	**91.0**	**7.2%**	**11.4%**	**Group adjusted EBITA**[1]	**470.7**	**466.3**	**-1.5%**	**4.7%**	**-2.2%**	**0.9%**

1 Total Adjusted EBITA includes Holding companies.

Azelis achieved revenue of EUR 4,214.0m, representing a 1.5% increase over the prior year (+2.6% increase in constant currency), with revenue growth contribution from acquisitions offsetting organic revenue decline and FX headwind for the full year. In the fourth quarter, revenue increased by 4.3% driven by organic revenue growth of 1.8%.

Revenue from Life Sciences increased by 3.4% (+4.7% in constant currency) compared to the prior year, supported by stable organic revenue and contribution from recent acquisitions. Revenue in Industrial Chemicals declined by 1.7% (-0.9% in constant currency), driven by continued weakness in China and Canada, as well as the impact of the Group's portfolio optimization program.

EMEA

Q4 2024	Q4 2023	Reported change	*(in millions of €)*	2024	2023	Reported change	Constant currency
437.2	415.2	5.3%	Revenue	1,792.7	1,793.9	-0.1%	1.2%
110.7	100.8	9.8%	Gross profit	462.8	468.1	-1.1%	0.2%
25.3%	24.3%	103 bp	Gross profit margin	25.8%	26.1%	-28 bp	-26 bp
52.3	46.3	12.9%	Adjusted EBITDA	245.7	251.7	-2.4%	-0.7%
12.0%	11.2%	81 bp	Adjusted EBITDA margin	13.7%	14.0%	-33 bp	-26 bp
47.6	42.4	12.4%	Adjusted EBITA	228.2	237.6	-4.0%	-2.3%
10.9%	10.2%	69 bp	Adjusted EBITA margin	12.7%	13.2%	-52 bp	-46 bp
43.0%	42.0%	99 bp	Conversion margin	49.3%	50.8%	-145 bp	-125 bp

In EMEA, revenue for the full year was stable at EUR 1,792.7m, as revenue growth of 5.3% in the fourth quarter reversed the decline in the first nine months of the year. Organic revenue declined by 1.8% for the full year, with organic revenue growth in the second half reversing part of the decline in the first half of the year. Revenue growth contribution from recent acquisitions of 2.9% offset the organic revenue decline and the 1.2% negative impact from FX translation.

Performance varied across end markets, with Industrial Chemicals performing well driven by volume improvements throughout the year. Trend improvements in Life Science end markets accelerated in the second half of the year, notably in Agricultural and Environmental Solutions (A&ES).

The Group completed five acquisitions in the region in 2024. In March, we acquired Oktrade, strengthening our lateral value chain for the Personal Care market in Turkey. In June, we closed the acquisition of DBH, expanding our footprint in Advanced Materials & Additives in the DACH region. In the fourth quarter, we acquired CPS, Hortimex and Haarla Oy, reinforcing our portfolio in Industrial Chemicals in South Africa, Food & Nutrition in Poland and the Nordics, respectively. These five companies generated combined revenue of over EUR 110m in the prior year.

Gross profit in EMEA declined by 1.1% (+0.2% in constant currency) to EUR 462.8m, driving a 28bp contraction in gross profit margin to 25.8%, reflecting the mix shift towards Industrial Chemicals during the year. Adjusted EBITA decreased by 4.0% to EUR 228.2m, resulting in a 52 bp contraction in Adjusted

EBITA margin due mainly to dilution from new acquisitions as well as labor cost inflation in the region. Conversion margin for the year was 49.3%, representing a 145bp contraction versus the prior year.

Americas

Q4 2024	Q4 2023	Reported change	*(in millions of €)*	2024	2023	Reported change	Constant currency
356.8	338.8	5.3%	Revenue	1,536.2	1,454.3	5.6%	5.9%
90.6	82.1	10.4%	Gross profit	383.2	344.3	11.3%	11.8%
25.4%	24.2%	116 bp	Gross profit margin	24.9%	23.7%	127 bp	132 bp
43.7	41.3	5.8%	Adjusted EBITDA	204.2	196.1	4.2%	4.5%
12.2%	12.2%	5 bp	Adjusted EBITDA margin	13.3%	13.5%	-19 bp	-17 bp
40.2	38.0	5.7%	Adjusted EBITA	189.5	184.6	2.7%	3.0%
11.3%	11.2%	3 bp	Adjusted EBITA margin	12.3%	12.7%	-36 bp	-34 bp
44.3%	46.3%	-198 bp	Conversion margin	49.4%	53.6%	-417 bp	-421 bp

In the Americas, revenue increased by 5.3% in the fourth quarter, bringing revenue for the full year to EUR 1,536.2m, representing growth of 5.6% over the prior year, of which 0.5% was organic, and 5.4% came from revenue contribution from recent acquisitions.

The Group's Life Science business in the region delivered strong growth reflecting progressive improvement in trends across all end markets throughout the year. Performance from Industrial Chemicals remained muted given continued demand weakness in Canada and the impact from an acceleration in the Group's portfolio optimization program in Colombia, mitigated by the recovery in US CASE.

During the year, Azelis completed the acquisition of Localpack, reinforcing our footprint in Colombia. Localpack generated revenue of over EUR 10m in 2023.

Gross profit in the region increased by 11.3% to EUR 383.2m, driving gross profit margin to 24.9%. The 127bp expansion reflects the positive mix shift towards Life Sciences in the US, as well as margin improvements in Latin America. Adjusted EBITA increased by 2.7% year-on-year to EUR 189.5m, resulting in an Adjusted EBITA margin of 12.3%. The slower growth in EBITA compared to gross profit growth reflects the impact of dilution from Latin America, as well as higher bonus accruals given the improved performance in the region. Conversion margin for the year was 49.4% versus 53.6% in the prior year.

Asia Pacific

Q4 2024	Q4 2023	Reported change	*(in millions of €)*	2024	2023	Reported change	Constant currency
220.1	218.8	0.6%	Revenue	885.1	904.0	-2.1%	0.0%
46.1	41.1	12.0%	Gross profit	185.0	171.7	7.7%	9.7%
20.9%	18.8%	212 bp	Gross profit margin	20.9%	19.0%	190 bp	187 bp
24.1	20.7	16.6%	Adjusted EBITDA	96.4	86.3	11.6%	13.7%
11.0%	9.5%	150 bp	Adjusted EBITDA margin	10.9%	9.5%	134 bp	134 bp
22.1	18.6	18.5%	Adjusted EBITA	88.1	78.4	12.3%	14.5%
10.0%	8.5%	152 bp	Adjusted EBITA margin	9.9%	8.7%	128 bp	128 bp
47.9%	45.2%	266 bp	Conversion margin	47.6%	45.7%	195 bp	204 bp

APAC revenue was EUR 220.1m in the fourth quarter, bringing full-year revenue to EUR 885.1m, representing a 2.1% decline over the prior year. Revenue growth contribution of 2.5% from recent acquisitions mitigated some of the impact of the 2.5% organic revenue decline and 2.1% negative impact from FX translation during the year.

Revenue from Life Sciences in the region was stable, supported by strong performance in Flavors & Fragrances, Homecare and Pharma while Industrial Chemicals remained weak especially in China. The results from APAC also include the impact from the Group's portfolio optimization program, specifically in India, Australia and New Zealand.

In 2024, Azelis acquired Agspec and PT Marga Dwi Kencana, strengthening the Group's lateral value chains for the agricultural market in Australia and the personal care market in Indonesia, respectively. These two companies generated combined revenue of over EUR 20m in 2023.

Gross profit increased by 7.7% to EUR 185.0m, driving gross profit margin to 20.9%. The 190bp expansion reflects the positive mix shift across the business, including the positive margin impact of the portfolio optimization program. Adjusted EBITA was EUR 88.1m, representing a 12.3% increase, of which 8.2%

was organic. The 128bp step-up in Adjusted EBITA margin drove a 195bp increase in conversion margin in the region to 47.6%.

Holding companies

Q4 2024	Q4 2023	Reported change		2024	2023	Reported change	Constant currency
-8.4	-7.9	5.7%	Adjusted EBITA *(in millions of €)*	-35.1	-34.3	2.1%	2.1%
-0.8%	-0.8%	-1 bp	As % of group revenue	-0.8%	-0.8%	-1 bp	0 bp

Operating costs at the Group's holding companies, relating to the Group's non-operating entities as well as the head office in Belgium, were EUR 35.1m, compared to EUR 34.3m in the prior year. Relative to revenue, operating costs at the group's holding companies were stable compared to 2023 despite multiple growth initiatives, reflecting our commitment to controlling our costs at all levels across the Group.

Outlook

The market for specialty chemical and food ingredient distribution remains highly attractive. Azelis is confident that it has the right strategy to navigate the challenges, and benefit from the opportunities generated by the trends shaping its industry.

Financial review

Q4 2024	Q4 2023	Reported Change	*(in millions of €)*	2024	2023	F/X trans-lation	M&A growth contri-bution	Organic growth	Total growth
1,014.2	972.7	4.3%	Revenue	4,214.0	4,152.2	-1.1%	3.7%	-1.1%	1.5%
247.3	224.0	10.4%	Gross profit	1,031.0	984.1	-1.1%	4.4%	1.5%	4.8%
101.4	91.0	11.4%	Adjusted EBITA	470.7	466.3	-1.5%	4.7%	-2.2%	0.9%

Q4 2024	Q4 2023	Reported change	*(in millions of €)*	2024	2023	Reported change	Constant currency
643.9	600.1	7.3%	Life Sciences	2,653.5	2,565.5	3.4%	4.7%
370.2	372.6	-0.6%	Industrial Chemicals	1,560.5	1,586.7	-1.7%	-0.9%
1,014.2	**972.7**	**4.3%**	**Group revenue**	**4,214.0**	**4,152.2**	**1.5%**	**2.6%**
247.3	224.0	10.4%	Gross profit	1,031.0	984.1	4.8%	5.9%
24.4%	23.0%	135 bp	Gross profit margin	24.5%	23.7%	77 bp	77 bp
112.0	100.6	11.4%	Adjusted EBITDA	512.2	500.6	2.3%	3.8%
11.0%	10.3%	70 bp	Adjusted EBITDA margin	12.2%	12.1%	10 bp	15 bp
101.4	**91.0**	**11.4%**	**Adjusted EBITA**	**470.7**	**466.3**	**0.9%**	**2.4%**
10.0%	**9.4%**	**64 bp**	**Adjusted EBITA margin**	**11.2%**	**11.2%**	**-6 bp**	**-1 bp**
41.0%	40.6%	38 bp	Conversion margin	45.7%	47.4%	-173 bp	-154 bp
51.7	33.4	54.7%	Net profit	189.5	189.3	0.1%	0.0%

Revenue

Revenue increased by 4.3% in the fourth quarter, driven by organic revenue growth of 1.8%. This brought full-year revenue to EUR 4,214.0m, representing a 1.5% increase over the prior year, as revenue growth contribution from acquisitions of 3.7% offset the organic revenue decline and the negative revenue impact of FX translation. In 2024, the Group's organic revenue result includes the impact of its continuous portfolio optimization program, which represented 0.3% of group revenue for the full year 2024.

Revenue in Life Sciences increased by 3.4% (+4.7% in constant currency) to EUR 2,653.5m in 2024, supported by a recovery in the Agricultural & Environmental Solutions (A&ES) and Flavors & Fragrances market segments, improvements in Personal Care, and continued strong performance in Homecare & Industrial Cleaning (HIC). In Industrial Chemicals, revenue declined by 1.7% (-0.9% in constant currency) to EUR 1,560.5m, due mainly to continued weakness in China and Canada, as well as the impact of the Group's portfolio optimization program.

Profitability

In the fourth quarter, gross profit increased by 10.4% year-on-year to EUR 247.3m, bringing full year gross profit to EUR 1,031.0m, representing an increase of 4.8% over the prior year. The 77bp gross profit margin expansion to 24.5% reflects positive mix effect from higher contribution from Life Sciences.

Adjusted EBITA in the fourth quarter was EUR 101.4m, bringing full year Adjusted EBITA to EUR 470.7m, representing a year-on-year increase of 0.9%. Adjusted EBITA margin remained stable at 11.2%. The slower Adjusted EBITA growth in 2024 reflects salary cost inflation, as well as higher bonus accruals given improving performance especially in the US. Conversion margin in 2024 was 45.7%, compared to 47.4% in the prior year.

Net financial expense for the year was EUR 129.8m, with increased financial income partially offsetting the higher financial expense. This was driven by increased interest expense from higher gross debt, as well as a larger negative impact from FX translation. The Group's financial expense includes EUR 26m of non-cash financial cost from the impact of hyperinflation accounting (EUR 22m) and a one-off non-cash P&L charge of EUR 4m related to transaction costs from previous loans that were recently refinanced. Tax expense in 2024 was EUR 66.6m, implying an effective tax rate of 26.0%, versus 23.4% in 2023, and includes the tax impact of the non-cash costs associated with hyperinflation accounting and fair value adjustment of acquisition-related liabilities, which are not tax-deductible.

Reported net profit for 2024 was stable compared to the prior year at EUR 189.5m, translating to earnings per share (EPS) of EUR 0.74, and cash earnings per share of EUR 1.17.

(in millions of €)	2024	2023
Operating profit	**385.9**	**386.9**
Net financial expense	**-129.8**	**-139.8**
Financial income	48.4	17.7
Financial expense	-178.2	-157.4
Interest expense on bank loans and overdrafts	-97.8	-92.8
Interest lease commitments	-8.2	-4.6
Other financial cost	-72.2	-60.1
Share of associates' result	0.0	0.1
Profit before tax	**256.1**	**247.2**
Tax expense	-66.6	-57.9
Net profit	**189.5**	**189.3**
Earnings per share	0.74	0.74
Cash earnings per share	1.17	1.16

Cash flow and financing

Net working capital to revenue normalized for acquisitions was 15.9% at the end of 2024, versus 15.4% at the end of June, and 13.4% at the end of 2023. The increase in the Group's working capital investments was mainly driven by higher inventory levels to support demand recovery.

Free cash flow decreased by 43.1% to EUR 341.8m, driven by higher investments in working capital as volumes continue to recover. This drove the FCF conversion ratio to 72.1% in 2024, compared to the exceptional level of 127.4% achieved in 2023, when weak demand required limited working capital outlay.

At the end of December 2024, net debt was EUR 1,532.0m, reflecting lower operating cash flows driven by higher investments in working capital consistent with a strengthening of the order book. Leverage ratio stood at 2.9x, versus 2.7x at the end of June 2024, and 2.5x at the end of December 2023. In September, Azelis issued EUR 600m 4.75% 5Y Senior Unsecured Notes and a new EUR 600m Term Loan B to refinance its EUR 1.05bn loan facilities expiring in 2026, extending the majority of its debt maturity to 2029. Furthermore, the Group also re-paid EUR 78.5m of its remaining EUR 108.5m Schuldschein loans in December. At the end of the period, the Group had liquidity of EUR 803.9m in cash and unused credit facilities.

(in millions of €)	2024	2023
Operating cash flow	369.2	617.6
Free cash flow	341.8	601.2
FCF conversion	72.1%	127.4%
Net working capital / revenue normalized for acquisitions	15.9%	13.4%
Net indebtedness	1,532.0	1,275.4
Leverage ratio	2.9x	2.5x

Sustainability review

Performance

In 2024 we made significant strides in sustainability. We enhanced transparency and accountability across our operations by fully embedding our sustainability program into our company strategy and aligning with evolving investor expectations and Corporate Sustainability Reporting Directive (CSRD) requirements.

Impact 2030

Designed as our next-level sustainability program in 2024, and launched in 2025, *Impact 2030* elevates our sustainability efforts to the next level and encompasses all greenhouse gas emission reduction targets under the Science-Based Targets initiative (SBTi).

Customers rely on us to help them make more sustainable choices to reduce their own environmental footprint, and *Impact 2030* will provide even greater transparency. A key development for this is our Portfolio Sustainability Assessment (PSA) tool, which will help us to segment products and formulations according to their sustainability performance and enables us to make sustainable recommendations to customers. Our Group CEO Anna Bertona further reinforced our commitment by signing the Antwerp Declaration, a call to policymakers to keep Europe's industry sustainable, competitive, and attractive to talent.

To help guide the program's development and execution, we established a Sustainability Steering Committee (SSC) and formed regional SustainaBizz (commercial) and SustainOps (operational) teams to drive impactful projects and initiatives. We ensure that every decision contributes to positive long-term sustainability and business impact by embedding sustainability performance into management reports and budget planning.

Industry ratings

Our team's hard work and dedication led to a B-score (Management) from CDP, above the industry average, and an improved Sustainalytics ESG risk score, 11.7, placing us in the top 2nd percentile of the trading and distribution industry. These ratings, along with our 2023 EcoVadis® Gold assessment, affirm our strong performance and reliability as a sustainable partner.

Action 2025

Built on the pillars of People, Products and Innovation, Governance, and Environment, *Action 2025* continued to move toward its final delivery. Supporting our global vision to be a leading provider of sustainable products and services in our sector, in 2024 we made meaningful progress across all four pillars:

People

Underscoring our commitment to fostering a sustainable and inclusive workplace, we significantly increased the representation of women in senior management, from 29.5% in 2023 to 32.6% in 2024, reinforcing equal opportunities and gender diversity in leadership.

Further enhancing our dedication to Diversity, Equity, and Inclusion (DE&I), 99.8% of line managers completed training courses in diversity and inclusive leadership, ensuring inclusion is embedded in every aspect of leadership.

Our investment in people development resulted in an average of 19.2 training hours per employee, up from 16.8 hours in 2023. Additionally, 12.2% of our employees are now part of our talent pool, with which we are committed to nurturing and advancing high-potential individuals.

Products and Innovation

We fully implemented a global technology management system for all our labs to deliver faster and more effective solutions to drive innovation. This digital improvement accelerates knowledge-sharing and speeds up project execution, especially in lab-based solutions and formulation development. With this, customers can rely on faster and more effective project delivery.

Upgrading our laboratory infrastructure enhances the quality of technical service we provide and strengthens our ability to develop innovative, sustainable solutions that meet evolving customer needs. In 2024, we redesigned our Technology and Innovation Hub, featuring labs for Personal Care, Home Care & Industrial Cleaning, Food & Nutrition, and Pharma & Health in the UK.

Fostering a culture of innovation and sustainability across the organization, we introduced three internal awards recognizing technical excellence, commercial success, sustainability impact, and teamwork. These awards help to strengthen our common understanding of how to drive innovation, and awarding innovative performance encourages entrepreneurship, which is crucial to ensuring we deliver higher value and cutting-edge solutions to our business partners.

Our supply chain monitoring program made significant progress thanks to the work of our sustainability coordinators and our collaboration with Together for Sustainability®. In 2024, we were able to link 83.6% to ESG-assessed suppliers, surpassing the 80% target set for *Action 2025*.

Governance

We maintained a perfect (zero) score on our KPI for material breaches of internal ethics policies and law and regulations in 2024. Our compliance program prioritized adherence to evolving export control regulations across the globe, which led to a comprehensive review of our export control policy and upgrade to our automated screening capabilities and processes.

We also launched a conflict-of-interest policy and a company-wide training program that complements the principles of ethical behavior outlined in our Code of Conduct.

Our tenth annual knowledge review on ethical business behavior engaged 99.7% of employees, ensuring alignment with our values and commitment to integrity in our daily operations.

We also stepped up to safeguard business continuity and crisis management, developing site-specific plans covering 87% of our locations by year end. We aim to reach 100% coverage by the end of Q1 2025.

Environment

We achieved our *Action 2025* scope 1 and 2 carbon intensity (tCO_2 e/mn€ sales) target ahead of schedule, measuring 3.27 LB/ 3.11 MB against the 2025 target of 3.57 (baseline: 4.76 tCO_2 e/mn€ sales in 2019).

With a strong performance in 2024, *Action 2025* comes to an end, making way for *Impact 2030*. With a more holistic approach to portfolio sustainability and a heavier focus on the environment, *Impact 2030* will cover the entire supply chain, including suppliers, products, and solutions.

Zheng Hong Goh's journey at Azelis reflects the company's dedication to fostering talent mobility and career growth. He joined Azelis in July 2021 as Asia Pacific Digital Marketing Assistant. In this role, Zheng Hong advanced digital marketing initiatives across the region, with a strong focus on the Personal Care segment, which sparked his growing interest and expertise in the field, setting the stage for his next move.
Building on his success, Zheng Hong has now stepped into the role of Asia Pacific Business Development Executive for Personal Care, driving business growth in the region, strengthening customer relationships and pursuing opportunities. Zheng Hong's progression from digital marketing to business development highlights Azelis focus on providing talent mobility opportunities that align with individual growth and regional business needs.

Zheng Hong Goh
Business Development Executive APAC

Innovation in action formulations for customers

Improving resistance to weather conditions of PVC extruded profiles for construction

Environmental durability is a reoccurring concern for manufacturers of building materials, especially when producing lighter-colored products that are more prone to weather-induced degradation. A customer in the building sector dedicated to producing PVC extruded profiles approached our Advanced Materials & Additives (AM&A) team, seeking a solution to improve the weather resistance of their products. The customer specifically required an additive to enhance the UV resistance of their lighter-colored profiles, which suffered the most under prolonged sunlight exposure.

The main concern, however, was the chemical nature of the PVC profile. When exposed to high temperatures during extrusion or to UV light, PVC's chlorine content produces hydrochloric acid, accelerating material degradation. This makes maintaining the integrity of lighter-colored profiles particularly difficult.

Leveraging their expertise, our team proposed using a light stabilizer specifically suited for applications in acidic conditions. This stabilizer improves UV resistance while maintaining stability in harsh environments—ideal for PVC products exposed to extreme weather.
After receiving a sample, the customer produced a PVC extruded profile and subjected it to intense testing in an accelerated weathering chamber, simulating prolonged exposure to sunlight and heat.

The results proved effective, as the stabilizer significantly enhanced the profiles' weather resistance, reducing damage from UV light and acidic by-products.
This ultimately provided the customer with a more durable, longer-lasting solution for the building industry.
By applying in-depth knowledge of polymer chemistry and understanding the environmental challenges facing PVC materials, our team was able to tailor a solution that not only extended the product's lifespan but also created opportunities for use in other acid-prone environments, ensuring sustainable and reliable performance.

Corporate governance statement

Building
trust
for long-term
success

Corporate governance statement

Azelis Group NV (the 'Company') — headquartered in Antwerp, Belgium — is committed to maintaining high Belgian governance principles and seeks to continuously strengthen its corporate governance practices and disclosures, emphasizing transparency and promoting a culture of sustainable long-term value creation.

This corporate governance statement summarizes the rules and principles by which the Company's corporate governance is organized in accordance with the Belgian Code of Companies and Associations (the CCA), the 2020 Belgian Code of Corporate Governance (the Corporate Governance Code), the Company's Corporate Governance Charter (the Charter), and the articles of association of the Company (the Articles of Association).

Pursuant to the CCA, the Company uses the Corporate Governance Code as its reference code, which is available on the *website* of the Belgian Corporate Governance Committee.

In accordance with the CCA and the Corporate Governance Code, the Board of Directors adopted the Charter on September 4, 2021, with effect from September 21, 2021, and reviews the Charter at regular intervals to remain compliant with all applicable regulations, in line with international standards and adapted to the growth of Azelis. The Charter was last modified on August 1, 2023, to reflect the new responsibilities of the Audit and Risk Committee in the framework of ESG related non-financial reporting. No material amendments were made to the Charter in 2024.

The Articles of Association were last amended on June 13, 2024 to amend the date of the ordinary general shareholders' meeting, bringing it forward to align with market practice for listed companies in Belgium.

The Articles of Association and the Charter are available on the Company's website .

The Corporate Governance Code is based on a 'comply or explain' approach. Under the CCA, listed companies are required to justify any deviations from the Corporate Governance Code in the annual corporate governance statement, included in the integrated report.

This corporate governance statement includes all information required by law and describes how the Corporate Governance Code was applied in 2024. Except for the principles set out in Article 7.6 of the Corporate Governance Code (please refer to *Remuneration report* of the Report of the Board of Directors), the Company and this corporate governance statement fully comply with all the recommendations of the Corporate Governance Code.

Governance and leadership

Board of Directors

Composition

The Company has a 'one-tier' governance structure whereby the Board of Directors is the ultimate decision-making body, with overall responsibility for the management and control of the Company.

Pursuant to the Articles of Association, the Board of Directors must consist of a minimum of five and a maximum of 11 directors. On December 31, 2024, the Board of Directors was composed of eight directors, of whom six were non-executive directors (75%) and two were executive directors (25% - the Chief Executive Officer and the Chief Financial Officer).

On December 31, 2024, the Board of Directors was composed as follows:

Name	Age	Position	Director since	Mandate expires
Kåre Schultz	63	Independent Non-Executive Director (Chair)	AGM June 2024	AGM May 2028
Tom Hallam	58	Independent Non-Executive Director	AGM June 2022	AGM May 2025
Melanie Maas-Brunner	56	Independent Non-Executive Director	AGM June 2024	AGM May 2028
Ipek Özsüer	47	Independent Non-Executive Director	Sept 2021	AGM May 2025
Bert Janssens	48	Non-Executive Director	Sept 2021	AGM May 2025
Kristiaan Nieuwenburg	54	Non-Executive Director	Sept 2021	AGM May 2025
Anna Bertona[1]	57	Executive Director	AGM June 2024	AGM May 2025
Thijs Bakker[2]	50	Executive Director	Sept 2021	AGM May 2025

1 Ms. Anna Bertona acts as permanent representative of AU-R-ORA BV
2 Mr. Thijs Bakker acts as permanent representative of Cloudworks BV

Appointment

Directors are appointed, renewed, or dismissed by the Shareholders' Meeting upon the proposal of the Board of Directors after having sought the prior advice of the Remuneration and Nomination Committee. If the mandate of a director becomes vacant due to their death or voluntary resignation, the remaining directors have the right to appoint a new director on a temporary basis to fill the vacancy until the first Shareholders' Meeting after the mandate became vacant. The new director will complete the term of the director who died or resigned.

Following the announcement of the retirement of Mr. Hans Joachim Müller as executive director with effect as of December 31, 2023, the Board of Directors — upon the recommendation of the Remuneration and Nomination Committee — appointed Ms. Anna Bertona (via her management company AU-R-ORA BV) by means of co-option in accordance with Article 17, §1 of the Articles of Association as director and executive director as of January 1, 2024. Ms. Bertona's appointment was confirmed by the Annual General Meeting of the Company held on June 13, 2024.

Nomination right

The Articles of Association entitle the founder of the Company, EQT, to nominate candidates for the appointment of at least one director for each 10% of the shares held, directly or indirectly, by EQT and/or one or more companies affiliated therewith, acting alone or together, up to a shareholding of 50%.

On December 31, 2024, EQT (via its subsidiary Akita I S.à r.l.) held more than 30% of the total number of shares issued by the Company, meaning that EQT is entitled to nominate candidates for the appointment of maximum three directors.

There are currently two directors representing EQT in the Board of Directors: Mr. Bert Janssens and Mr. Kristiaan Nieuwenburg.

Independent directors

Pursuant to the Corporate Governance Code, a majority of the directors should be non-executive, and at least three directors should be independent in accordance with the independence criteria set out in the CCA and the Corporate Governance Code.

On December 31, 2024, there were four independent directors on the Board of Directors (50%): Mr. Kåre Schultz, Mr. Tom Hallam, Ms. Melanie Maas-Brunner and Ms. Ipek Özsüer.

Observers

The Articles of Association provide the Board of Directors the right to appoint (and dismiss) one or more observer(s) to the Board.

As of December 31, 2024, there were two observers on the Board of Directors: Mr. Floris van Halder and Mr. Will Boardman.

The observers are invited to each meeting of the Board of Directors and have the right to receive the same information as a director (including any information to which the directors are legally entitled pursuant to the CCA). They are subject to the same fiduciary and confidentiality duties as the directors and are therefore bound by the Company's policies and procedures as applicable to the directors (including the Code of Conduct). They do not participate in the deliberation or the voting process.

Company secretary

The Board of Directors appointed Mr. Gerrit De Vos, Group General Counsel & Chief Compliance Officer, as Company Secretary.

Term of office

Although the term of office of directors under the CCA is limited to six years (renewable), the Corporate Governance Code recommends it be limited to four years. The Articles of Association limit the term of office of directors to a maximum (renewable) period of four years.

Pursuant to the group's policy on the age of serving directors, membership of the Board of Directors ends at the time of the ordinary Shareholders' Meeting following the (proposed) member's 70th birthday.

Diversity

The Company strives for diversity within the Board of Directors, creating a mix of executive, non-executive, and independent directors. In line with the Corporate Governance Code and the Charter, the composition of the Board of Directors has therefore been determined to gather a wide range of competencies and expertise in the Company's areas of activity and ensures sufficient diversity of skills, background, nationality, age, and gender.

As the Company was listed in 2021, from January 1, 2027, the CCA requires that at least one-third of the directors are of the opposite gender of the gender of the majority of the directors. As of January 1, 2024, the Board of Directors included three female members (37.5%), meeting the gender diversity requirements stipulated in the CCA well in advance.

In addition, Azelis pursues a specific gender diversity policy with regard to the Executive Committee and senior management. With regard to the diversity policy pursued by the Azelis Group, please refer to the Diversity and Inclusion section.

The specific competencies and expertise that Azelis looks for in its directors include industry experience (specialty chemicals and food ingredients) combined with industry-relevant higher education degrees (e.g. university degree in Chemistry, Chemical Engineering, Food Technology, etc.), or outstanding functional expertise in the areas of strategic importance for the company (e.g. digital or sustainability).

Overall, out of the eleven members of the combined Board of Directors and Executive Committee on December 31, 2024, six had relevant industry experience prior to joining Azelis as a member of the Executive Committee or the Board of Directors, having worked at companies such as Akzo Nobel, BASF, Bayer, Brenntag, dsm-firmenich, Givaudan, H. Lundbeck A/S, Novo Nordisk, Nuplex Resins and Teva Pharmaceutical Industries. Four hold an academic degree in chemistry, and six have an MBA.

Responsibilities

The Board of Directors is responsible for defining the general strategy of the Company and its subsidiaries, deciding on all major strategic, financial and operational matters of the Company, preparation and approval of the periodic financial information of Azelis and the related communications, and overseeing the Company's executive management. The strategy includes not only financial, but also non-financial metrics, to ensure Azelis runs its business in a sustainable way.

Since 2021, Azelis has implemented its *Action 2025* sustainability strategy, aiming at generating long-term sustainable value for our stakeholders and ensuring that our operations have a positive impact on the environment and communities around the world. *Action 2025* was based on four pillars: People; Products and Innovation; Governance; and Environment. In the course of 2024, the Board of Directors discussed and approved the launch of the *Impact 2030* sustainability program. While the full Board of Directors is responsible for the definition and global oversight of the Company’s sustainability program, it is the Audit and Risk Committee that monitors the achievement of and reporting on financial and non-financial targets by the Company.

Biographies of the Board of Directors

Kåre Schultz

Chair of the Board of Directors

Joined Azelis as a non-executive director in 2024.

Most recently, Mr. Schultz served as President and CEO of Teva Pharmaceutical Industries from 2017 until his retirement in 2023. Previously, Mr. Schultz served as President and Chief Executive Officer for H. Lundbeck A/S and worked for a large part of his career at Novo Nordisk, serving in numerous leadership roles. Mr. Schultz has been a member of several boards, including International Flavor and Fragrances, LEGO A/S, and Royal Unibrew A/S.

Mr. Schultz holds a master's degree in economics from the University of Copenhagen.

Tom Hallam

Non-executive and Independent Director

Joined Azelis as a non-executive and independent director in 2022 and serves as Chair of the Audit and Risk Committee.

Mr. Hallam's career spans over 30 years of experience in finance leadership roles, including serving as the Chief Financial Officer at Givaudan, a global leader in Fragrance & Beauty and Taste & Wellbeing from 2017 to August 2024. He joined Givaudan in 2008 as Group Controller, responsible for financial reporting and compliance, strategic planning and management of Givaudan's business development process. Mr. Hallam began his career in the UK, working in various industries and positions. He moved to Switzerland in 1996 to join Serono in Geneva, where he held a number of positions of increasing responsibility, including Financial Director for Manufacturing Operations. In 2001, he was appointed Vice President, Corporate Finance. In February 2025, Mr. Hallam was appointed member of the Board of Directors at Florida Food Products (FFP).

A UK and Swiss national, Mr. Hallam holds a degree in Accounting and Finance from the University of Manchester and is a member of the Chartered Institute of Management Accountants (CIMA).

Melanie Maas-Brunner

Non-executive Director

Joined Azelis as a non-executive director in 2024.

Ms. Maas-Brunner began her career at BASF in 1997, holding numerous positions from Research Scientist focusing on plasticizers to her most recent roles serving as Chief Technology Officer, Industrial Relations Director, and member of their Board of Executive Directors. In January 2024, she stepped down from the BASF Executive Board. Ms. Maas-Brunner has spent time working in Asia and Europe, focusing on innovation, human resources, and sustainability.

Ms. Maas-Brunner holds a PhD in Chemistry from RWTH Aachen University.

Ipek Özsüer

Non-executive Director

Joined Azelis as a non-executive director in 2021.

Ms. Özsüer has been dsm-firmenich's Chief Digital & Information Officer since May 2023. She has over 20 years of significant international business experience in technology and digital roles.

She started her career at Procter & Gamble in 1999 and has since held numerous high-profile positions, including senior leadership roles in digital transformation, data and analytics, and business services at DSM, Bayer, and Hewlett Packard.

Ms. Özsüer holds a bachelor's degree in computer engineering from Boğaziçi University in Istanbul.

Bert Janssens

Non-executive Director

Joined Azelis as a non-executive director in 2018, having led EQT's investment in Azelis.

Mr. Janssens is a partner at EQT, where he is the Head of Private Equity Europe and a member of the Private Equity Investment Committee and management group. He joined EQT Group in 2015. Through his roles as a private equity principal, he holds or has held non-executive director roles at various companies, including idealista, Sitecore and Desotec.

Mr. Janssens holds an MBA from Harvard Business School, and a B.Sc. and M.Sc. in mechanical engineering from KU Leuven.

Kristiaan Nieuwenburg

Non-executive Director

Joined Azelis as a non-executive director in 2018.

Mr. Nieuwenburg has been a partner at EQT since 2013 and has led its expansion into the Western European region. He further served as Chair of EQT Partners Inc. and Head of Private Capital North America. Mr. Nieuwenburg is EQT's Head of Performance for Private Capital Europe & North America, a member of EQT's Private Capital Investment, Chair of EQT's Private Capital Portfolio Committee and of the EQT Foundation Investment Committee. Through his roles as a private equity principal, he holds or has held non-executive director and chairman roles at various companies, including Desotec, Bureau van Dijk and WS Audiology.

Mr. Nieuwenburg holds an MBA from Harvard Business School and an M.Sc. in Chemical Engineering from Delft University of Technology.

Anna Bertona

Chief Executive Officer

Joined Azelis in 2013 as Group Vice President of Strategic Planning & Implementation and, in 2024, stepped up as Group CEO.

Ms. Bertona was appointed as Chief Strategy & Principal Officer in 2014. Two years later Ms. Bertona was appointed CEO of Azelis EMEA and became Azelis' sponsor for sustainability within the Executive Committee.

With over 30 years of experience, Ms. Bertona has held numerous management roles in several industries including consumer goods and automotive. Prior to joining Azelis, she worked in strategy consultancy, most recently as a partner at the global management consultancy firm, A.T. Kearney, where she was involved in assignments within the chemical industry, amongst others, with a focus on strategy, sales excellence, growth, performance improvements and post-merger integration.

Ms. Bertona holds a master's in science in Industrial Design Engineering from the Delft University of Technology (the Netherlands), as well as an MBA from the Rotterdam School of Management.

Ms. Bertona also serves as a non-executive board member at Solabia.

Thijs Bakker

Chief Financial Officer

Joined Azelis as Chief Financial Officer in 2016.

With over 25 years of international experience, Mr. Bakker has held various finance roles in the Netherlands, the United States, and the Asia-Pacific region for leading companies in the paints, coatings, and specialty chemicals industries. Prior to joining Azelis, he worked at Nuplex Resins, a specialty chemicals manufacturing company, and served as Finance Director Marine and Protective Coatings at Akzo Nobel N.V.

Mr. Bakker holds a master's degree in business administration and economics from Erasmus University Rotterdam (the Netherlands) and a Postgraduate Master of Finance and Control (RC) from the Rotterdam School of Management.

In 2023, Mr. Bakker was appointed as an independent non-executive director at Oterra.

Functioning

In principle, the Board of Directors meets at least five times a year. Additional meetings may be called with appropriate notice at any time to address the specific needs of the business. Non-executive directors meet at least once a year in the absence of the Chief Executive Officer and the other executive directors. Such a meeting took place on October 22, 2024, where the general performance of the executive directors in relation to 2024 was discussed. The functioning of the Board of Directors is governed by the Articles of Association and the Charter, both available on the Company's *website*.

The Board of Directors met seven times in 2024. In addition, the Board of Directors resolved on certain matters by way of written resolutions.

Major matters reviewed and discussed by the Board of Directors in 2024 were:

- Strategic business plan 2024-2029
- Financial, overall performance, and strategy of the group and its regions Americas, EMEA and Asia Pacific more specifically
- Refinancing projects of the group
- Financial budget of the Group related to 2025 financial year
- M&A projects
- Corporate governance and remuneration matters
- Reports on the meetings of the Remuneration and Nomination Committee as well as of the Audit and Risk Committee, including recommendations and significant findings
- Sustainability program: Performance of non-financial KPIs, progress and monitoring of *Action 2025*, and the launch of *Impact 2030*
- Share buy-back program in relation to the LTIP

Evaluation

Aiming to improving its own effectiveness, the Board of Directors, under the direction of the Chair of the Board of Directors and the Chair of the Remuneration and Nomination Committee, will evaluate at least every two to three years its composition, its functioning, its information, and interactions with management, as well as the composition and functioning of the committees created by it.

Following the previous board evaluation process conducted in 2022, the Board of Directors started a new evaluation exercise in November 2024. The results were discussed in its meeting on January 23, 2025. The Board of Directors also initiated an evaluation process on its two committees, the results of which were discussed in 2025, on February 17, in the Audit and Risk Committee and on February 19, in the Remuneration and Nomination Committee.

Application of rules regarding conflicts of interest

Articles 7:96 and 7:97 of the CCA regarding conflicts of interest were applied in the following situations:

At the meeting of March 5, 2024, the Board of Directors had to approve the list of participants and performance criteria under the long-term management incentive plan 2024-2026 (the LTIP 2024-2026), the payment of variable compensation under the Company's variable compensation scheme 2023, and an increase of the salary and compensation of the Conflicted Directors as members of the Executive Committee, whereby the Group CEO (as a permanent representative of AU-R-ORA BV) and the Group CFO (as a permanent representative of Cloudworks BV) have each declared a direct or indirect interest of a financial nature that may conflict with the decision of the Board of Directors and with the interest of the Company in accordance with Article 7:96 of the CCA.

The minutes of the meeting mention the following in this respect:

"It is noted that the remuneration and nomination committee recommends to the board of directors to approve the list participants and performance criteria under the long-term management incentive plan 2024-2026 (the "LTIP 2024-2026"), whereby the Group CEO (as permanent representative of AU-R-ORA BV) and the Group CFO (as permanent representative of Cloudworks BV) have each declared to have a direct or indirect interest of a financial nature that may conflict with the decision of the board of directors and with the interest of the Company in accordance with article 7:96 of the Code of Companies and Associations.

The Group CEO (as permanent representative of AU-R-ORA BV) and the Group CFO (as permanent representative of Cloudworks BV) (the 'Conflicted Directors') are included on the list of participants to the LTIP 2024-2026, whereby their and the Company's interests may not be entirely aligned.

The financial consequences of the approval of the LTIP 2024-2026 consist of the obligation for the Company to pay to these Conflicted Directors the associated amount of awards provided under the LTIP 2024-2026 in the event the LTIP targets are satisfied.

In addition, it is noted that the remuneration and nomination committee recommends to the board of directors to approve the payment of the variable compensation under the short-term incentive plan (STIP) - for 2023 (the "STIP 2023"), whereby the Conflicted Directors have each declared to have a direct or indirect interest of a financial nature that may conflict with the decision of the board of directors and with the interest of the Company in *accordance with article 7:96 of the Code of Companies and Associations.*

The financial consequences of the approval of the pay-out of the variable compensation under the STIP 2023 consist of the obligation for the Company to pay these Conflicted Directors their variable compensation under the STIP 2023, which they are eligible to receive in relation to their performance in 2023.

Furthermore, the remuneration and nomination committee recommends to increase the compensation of the Group CFO (as permanent representative of Cloudworks BV) and to revise the consumer price index application clause in the respective consultancy agreements of both the Conflicted Directors as members of the Executive Committee (the "Compensation Review"), whereby the Conflicted Directors have each declared to have a direct or indirect interest of a financial nature that may conflict with the decision of the board of directors and with the interest of the Company in accordance with article 7:96 of the Code of Companies and Associations.

The financial consequences of the approval of the abovementioned Compensation Review consist of the obligation for the Company to pay an increased and varied compensation to these Conflicted Directors.

However, the participation of Conflicted Directors to the LTIP 2024-2026 in accordance with its rules, the payment of their variable compensation under the STIP 2023 and the Compensation Review is important to the strategic and financial management as well as the further development of the Company and the wider Azelis group. The terms of the LTIP 2024-2026, the STIP 2023 and the Compensation Review are at arm's length.

For these reasons, the board of directors believes that the proposed approval of the LTIP 2024-2026, the payment of the variable compensation under the STIP 2023 and the Compensation Review is in the interest of the Company and is therefore justified."

Attendance

The attendance of the directors at the meetings of the Board of Directors in 2024 was as follows:

Name	Attendance
Antonio Trius[1]	4/4
Alexandra Brand[1]	4/4
Kåre Schultz[2]	3/3
Melanie Maas-Brunner[2]	3/3
Tom Hallam	7/7
Ipek Özsüer	7/7
Bert Janssens	5/7
Kristiaan Nieuwenburg	6/7
Anna Bertona	7/7
Thijs Bakker	7/7

1 Until AGM 2024
2 As from AGM 2024

In addition, the directors adopted unanimous written resolutions on March 11, April 24, and September 6, 2024.

Committees of the Board of Directors

The Board of Directors established two advisory committees responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit and Risk Committee and the Remuneration and Nomination Committee. The terms of reference of these committees are primarily set out in the Charter.

The Audit and Risk Committee

Role and mission

In accordance with Article 7:99 CCA, the Audit and Risk Committee assists the Board of Directors in carrying out accounting, audit, and internal control matters and exercising general supervision in a broad sense. This Committee is also briefed at each meeting on information security matters.

The Audit and Risk Committee also reports regularly to the Board of Directors on the exercise of its duties, identifying any matters where it considers that action or improvement is needed and making recommendations on the steps to be taken.

Composition

In accordance with the CCA, the Audit and Risk Committee consists of at least three directors, all of them being non-executive directors and at least one of them being an independent director. At Azelis, a majority of the members are independent directors (67%) and the chair of the Audit and Risk Committee is also an independent director.

The members of the Audit and Risk Committee have collective competence in the business activities of the Company.

On December 31, 2024, the Audit and Risk Committee was composed as follows:

Name	Position	Independent	Member since	Mandate expires
Tom Hallam	Chair	Yes	2022	AGM 2025
Kåre Schultz	Member	Yes	2024	AGM 2028
Bert Janssens	Member	No	2021	AGM 2025

On August 2, 2022, Mr. Tom Hallam was appointed as a member and Chair of the Audit and Risk Committee. On June 13, 2024, Mr. Kåre Schultz was appointed as member of the Audit and Risk Committee following his appointment as director replacing Mr. Antonio Trius, who resigned, as per that date.

Based on various previous financial positions held by Mr. Tom Hallam as Financial Director, Group Controller, and Chief Financial Officer, the Company considers that Mr. Tom Hallam has the necessary competence in accounting and auditing as required by the CCA. Mr. Kåre Schultz has extensive experience in financial management, as previous President & CEO of Teva Pharmaceutical Industries, H. Lundbeck A/S and his directorship roles in other large companies; Mr. Bert Janssens as part of the Private Equity Investment Committee and management group team of one of the biggest private equity funds in the world.

Functioning

In principle, the Audit and Risk Committee meets at least four times a year and whenever deemed necessary in order to carry out its duties.

In 2024, the Audit and Risk Committee met four times. Major matters reviewed and discussed by the Audit and Risk Committee this year were:

- Accounting and financial reporting
- Renewal of the mandate of the external auditor
- Audit plan, activities and findings
- Internal audit
- ESG and integrated reporting
- Enterprise risk management
- IT security
- Sustainability
- Legal & compliance

The Remuneration and Nomination Committee

Role and mission

The Remuneration and Nomination Committee has an advisory role and prepares the decisions of the Board of Directors regarding remuneration and the appointment of Directors and members of the Executive Committee. The Remuneration and Nomination Committee is also responsible for the human capital management of the group, in terms of recruiting, retention, training and career development, DE&I, and other aspects of employees' wellbeing.

The Remuneration and Nomination Committee also reports regularly to the Board of Directors on the exercise of its duties.

In accordance with Article 7:89/1 of the CCA and the Corporate Governance Code, Azelis Group NV has established a remuneration policy applicable to the remuneration of Board members (executive and non-executive directors) and members of the Executive Committee. Azelis' remuneration policy has been applicable since the financial year starting on January 1, 2022. It was approved by its Remuneration and Nomination Committee on March 7, 2022, and its Board of Directors on March 8, 2022, and subsequently approved and ratified by the General Shareholders' Meeting on

June 9, 2022. The policy is intended to be applicable for four years from the date of approval at the General Shareholders' Meeting, unless the Remuneration and Nomination Committee seeks approval for material changes earlier.

Composition

The Remuneration and Nomination Committee consists of at least three directors, all of them being non-executive directors and two of them being independent directors (67%).

The members of the Remuneration and Nomination Committee have the necessary expertise in terms of remuneration policy.

On December 31, 2024, the Remuneration and Nomination Committee was composed as follows:

Name	Position	Independent	Mandate expires
Kåre Schultz	Chair	Yes	AGM 2028
Melanie Maas-Brunner	Member	Yes	AGM 2028
Bert Janssens	Member	No	AGM 2025

On June 13, 2024, Mr. Kåre Schultz was appointed as member and Chair of the Remuneration and Nomination Committee and Ms. Melanie Maas-Brunner was appointed as member of the Remuneration and Nomination Committee, following their appointment as director replacing Mr. Antonio Trius and Ms. Alexandra Brand respectively, who both resigned as per that date.

Functioning

In principle, the Remuneration and Nomination Committee meets at least twice a year and whenever deemed necessary in order to carry out its duties.

The Remuneration and Nomination Committee met four times in 2024. Major matters reviewed and discussed by the Remuneration and Nomination Committee during the year were:

- Remuneration policy and report
- Compensation General Management Team (GMT)
- LTIP
- Short-term variable compensation scheme
- Appointments, internal moves, and retirements, including changes to the Board of Directors and the GMT
- Succession planning
- Employee attrition rate

Executive Committee

General

The Executive Committee was established by decision of the Board of Directors on September 4, 2021, with effect from September 21, 2021. It is an informal executive committee within the meaning of Article 3:6, section 3, last sentence of the CCA. It does not constitute a management board (*directieraad / conseil de direction*) within the meaning of Article 7:104 of the CCA.

The Executive Committee exercises the duties delegated to it by the Board of Directors, and the members of the Executive Committee have the specific duties assigned to them by the Chief Executive Officer, under the ultimate supervision of the Board of Directors. On September 4, 2021, the Board of Directors resolved to delegate certain powers to the Executive Committee with effect from September 21, 2021.

Composition

The Executive Committee is composed of the Chief Executive Officer, who chairs the Executive Committee, and the other members of the Executive Committee. The Chief Executive Officer is appointed and removed by the Board of Directors, upon the advice of the Remuneration and Nomination Committee, and reports directly to the Board of Directors. The other members of the Executive Committee are appointed and removed by the Board of Directors, upon the advice of the Chief Executive Officer and the Remuneration and Nomination Committee.

On December 31, 2024, the Executive Committee consisted of the following members:

Name	Age	Position
Anna Bertona[1]	57	Chief Executive Officer
Thijs Bakker[2]	50	Chief Financial Officer
Todd Cottrell	50	CEO Americas
Sertaç Sürür	54	CEO Asia Pacific
Evy Hellinckx[3]	43	CEO EMEA

1 Ms. Anna Bertona acts as permanent representative of AU-R-ORA BV
2 Mr. Thijs Bakker acts as permanent representative of Cloudworks BV
3 Ms. Evy Hellinckx acts as permanent representative of Crescent Consulting BV

Following the appointment of Ms. Anna Bertona as Chief Executive Officer of the Company as of January 1, 2024, Ms. Evy Hellinckx — as successor of Ms. Anna Bertona as CEO EMEA — was appointed in September 2023 as a member of the Executive Committee with effect as from January 1, 2024.

Ms. Ilse Van den Brandt serves as secretary to the Executive Committee.

In accordance with Article 7.4 of the Corporate Governance Charter, the non-executive members of the Board of Directors evaluated the performance of the Executive Committee at the meeting of the Board of Directors on October 22, 2024.

Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day management of the Company. They may be granted additional well-defined powers by the Board of Directors. They have direct operational responsibility for the Company and oversee the organization and day-to-day management of the Company's subsidiaries, affiliates, and joint ventures. The Chief Executive Officer is responsible for the execution and management of the outcome of all the Board of Directors' decisions.

As of January 1, 2024, the Chief Executive Officer of the Company was Ms. Anna Bertona. The Board of Directors also entrusted Ms. Bertona with the powers of daily management of the Company in accordance with Article 7:121 of the CCA, with effect from January 1, 2024, and for the duration of her mandate as a member of the Executive Committee.

Executive Committee biographies

The following contains summaries of the *curricula vitae* of the members of the Executive Committee.

For the *curricula vitae* of Thijs Bakker and Anna Bertona, please see the Board of Directors section of this Corporate Governance Statement.

Evy Hellinckx
Chief Executive Officer, EMEA

Joined Azelis in 2016 as Strategy and Business Development Director for EMEA.

Ms. Hellinckx was responsible for principal management across all segments in the region.

Prior to taking up the role of CEO EMEA, Ms. Hellinckx served as Managing Director of Azelis Benelux, where she significantly increased the company's footprint and contributed to the development and implementation of key strategic programs in the region.

Before joining Azelis, Ms. Hellinckx spent two years in Johnson & Johnson's medical devices division and ten years in strategic consulting at Bain & Company. She holds a master's degree in commercial engineering from the Catholic University of Leuven in Belgium.

Todd Cottrell
Chief Executive Officer, Americas

Joined Azelis in September 2023 as CEO Americas.

Mr. Cottrell has had a three-decade-long career leading global chemicals and materials businesses focused on aerospace, coatings, sealants, adhesives, and composites markets.

Prior to Azelis, Mr. Cottrell was the Managing Director of Americas at Hempel A/S. Before Hempel, he held leadership positions at Birla Carbon, Huntsman, Kraton Polymers, and PPG. During his career, he has introduced disruptive specialty chemical technology and built and sold businesses around it.

Mr. Cottrell is an active member in multiple industry associations and a past Board member of the American Coatings Association and AMPP, the Association for Materials Protection and Performance. He holds a bachelor's degree in chemical engineering from Michigan Technological University and an MBA from Fuqua College of Business at Duke University.

Sertaç Sürür
Chief Executive Officer, Asia Pacific

Joined Azelis Turkey in 2015 as Managing Director.

From 2017 to 2019, Mr. Sürür combined his role as Managing Director of Azelis Turkey with the position of Market Segment Director, Rubber & Plastics Additives in EMEA.

He has more than 24 years of experience in sales and management roles in the chemical industry within global companies like DSM, Brenntag, and Ravago.

In 2022, Mr. Sürür was appointed CEO of Asia Pacific. He holds a bachelor's degree in chemical engineering from Istanbul Technical University and an MBA from the National University in San Diego.

Shares and shareholder information

Share capital and shares

Changes to the capital and share structure

The share capital of the Company on December 31, 2024, amounted to €5,879,999,963.10, represented by 243,921,719 shares.

Azelis (AZE) is listed on Euronext Brussels and is included in the Euronext Brussels Compartment A, Euronext Chemicals. As of December 2023, Azelis is included in Euronext's BEL®ESG Index, and as from June 24, 2024 it is part of the BEL20 Index.

Form and transferability of shares

All shares issued by the Company belong to the same class and are in registered or dematerialized form. The Board of Directors keeps a register in which the names and addresses of all holders of registered shares and any other mentions required by law are recorded. Shareholders may elect, at any time, to have their registered shares converted into dematerialized shares, and vice versa, at their own expense, subject to certain contractual (lock-up) restrictions for shares held by Azelis' management.

Under the CCA and the Articles of Association, the shares issued by the Company are freely transferable, subject to any contractual (lock-up) restrictions.

Rights attached to the shares

Each share entitles its holder to one (1) vote at the Shareholders' Meeting, shares in the profit and, unless otherwise decided by the Shareholders' Meeting or the Board of Directors pursuant to the authorized capital, a preferential subscription right to subscribe to new shares, convertible bonds or warrants of the Company. The Company has not issued any shares without voting rights, nor shares with double voting right.

The Articles of Association do not contain any restriction on voting rights. The Company is not aware of any shareholders' agreements that may give rise to restrictions on the exercise of voting rights. As far as the Company is aware, there are no holders of securities with special control rights in the Company, other than the nomination rights set out in the Nomination Right section of this Corporate Governance Statement.

Authorized capital

Under Article 9 of the Articles of Association, pursuant to an authorization granted by the Shareholders' Meeting on September 10, 2021, with effect from September 21, 2021, the Board of Directors may increase the share capital of the Company once or several times by a maximum cumulative amount of €5,679,999,978. Following the capital increase on May 19, 2023, the current authorization is limited to a maximum amount of €5,479,999,992.90.

The Board of Directors can determine the modalities of any such capital increase, such as the cancellation of preferential subscription rights, in accordance with the CCA. This authorization includes the restriction or cancellation of preferential subscription rights for the benefit of one or more specific persons (whether or not employees of the Company or its subsidiaries) and in connection with capital increases in the event of a public takeover bid (please refer to the Relevant information in the event of a takeover bid - Authorized capital below).

The capital increase can be organized by means of a contribution in cash or in kind or through conversion of reserves. The Board of Directors can also use this authorization for the issuance of convertible bonds, warrants or other securities.

The authorization is valid until September 30, 2026, except for capital increases in the event of a public takeover bid, of which the authorization has expired on September 21, 2024.

Acquisition of own shares

According to Article 15 of the Articles of Association, the Company may — within the limits set by this provision and by the CCA, itself or through a direct subsidiary — acquire, on or outside a regulated market, up to 20% of the Company's own shares at a price which complies with legal requirements, but which is in any case not more than 10% below the lowest closing price in the last 30 trading days preceding the transaction and not more than 10% above the highest closing price in the last 30 trading days preceding the transaction. This authorization is valid until September 30, 2026.

The Board of Directors was furthermore authorized, subject to compliance with the applicable provisions of the CCA, to acquire its own shares on behalf of the Company if such acquisition was necessary to avoid serious and imminent harm to the Company. This authorization was valid until its expiry on September 30, 2024.

Finally, the Board of Directors is authorized to divest, at any time and at a price it determines, all or part of the Company's shares acquired by it, within the conditions set out in the Articles of Association and the CCA.

Under the 2024 share buy-back program launched on March 12, 2024, the Company bought back 130,000 shares for a total amount of €2,507,125. This corresponds to 0.05% of the total shares outstanding and a par value of €3,133,792. Together with the 133,400 shares bought back under the 2022 share buy-back program and the 150,000 shares bought back under the 2023 share buy-back program, the Company now holds 413,400 shares, representing 0.17% of the total shares outstanding. Azelis did not dispose of any of its own shares during 2024. The purpose of this program is to cover obligations for share awards under Azelis' long-term incentive plan (LTIP).

Dividend policy

The Company's dividend policy is that, subject to the availability of distributable reserves and approval by the Shareholders' Meeting and barring exceptional circumstances, it intends to declare and distribute an annual non-cumulative dividend based on a target pay-out ratio of 25%-35% of the group's reported net profit. However, the amount of any dividend and the determination of whether to pay the dividend in any year may be affected by a number of factors, including the Company's business prospects, cash requirements and any material growth opportunities.

The proposed dividend for the year ending December 31, 2024, equals an aggregate amount of €54.9 million, currently resulting in (rounded) € 0.23 per share, based on the number of eligible shares outstanding on December 31, 2024. The actual value paid out per share will be determined based on the number of eligible shares on record date.

Liquidity of the Company's shares

In order to maintain a sufficiently active market for its shares traded on Euronext Brussels, Azelis has entered into a liquidity provider agreement with KBC Securities. This agreement entered into force on May 16, 2022, and was still in effect on December 31, 2024.

Annual Shareholders' Meeting

Each year, the annual Shareholder's Meeting was held on the second Thursday of June, at 11.00 AM CET. At the extraordinary Shareholders' Meeting held on June 13, 2024, the shareholders approved to bring this date forward to the second Thursday of May at 11.00 AM CET.

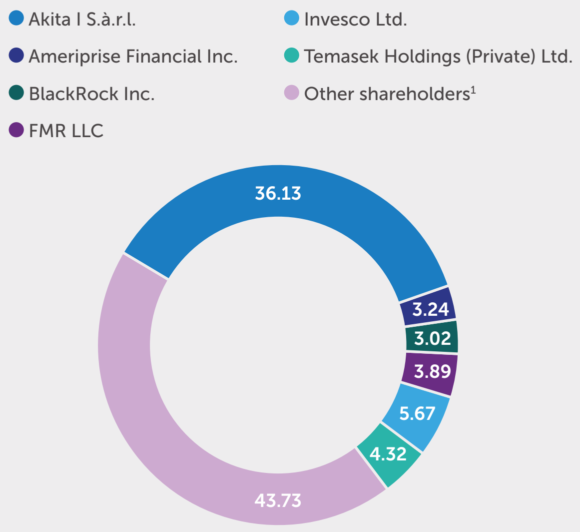
Shareholders

Major shareholders

The chart below represents the shareholder structure, based on the register of nominative shares of the Company and transparency notifications submitted by shareholders up to December 31, 2024. Transparency notifications are required by Belgian law and/or pursuant to the Articles of Association, every time a shareholding crosses the thresholds of 3%, 5% or any multiple of 5% upwards or downwards. All transparency notifications received by the Company are available on its website, under the section *Shareholder information/Transparency notifications*.

The free float of the Company is calculated in accordance with the Euronext definition, being the Azelis shares not held by the Company (treasury shares) or any shareholder(s) owning 5% or more alone or in concert, with the exception of pension funds or collective entities who are (i) open for investment to investors or tradeable on the market, (ii) have a diversified portfolio and (iii) have an open ended structure, both to the extent they are not represented in any governing body of the company.

Per 31.12.2024, based on transparency declarations (in %)



1 Including shares held by the Company and by Azelis management.

Agreements between the Company shareholders

In accordance with rule 8.7 of the Corporate Governance Code, "*the Board should debate whether it would be appropriate for the Company to enter into a relationship agreement with the significant or controlling shareholder*." The Board of Directors is of the opinion that there is currently no need for establishing a relationship agreement. The Articles of Association, the Corporate Governance Charter, the current composition of the Board of Directors and the rules of the CCA provide a sufficiently clear framework to the Board of Directors and EQT for their relationship. In addition, EQT is itself a listed company and, as such, is subject to extensive disclosure obligations.

The Company is not aware of any shareholders' agreements that may give rise to restrictions on the exercise of voting rights.

Relevant information in the event of a takeover bid

Article 34 of the Royal Decree of November 14, 2007, on the obligations of issuers of securities which have been admitted to trading on a regulated market, requires that listed companies disclose certain items that may have an impact in the event of a takeover bid.

Capital structure

A comprehensive overview of the Company's capital structure on December 31, 2024, can be found in the Share Capital and Shares section of this Corporate Governance Statement.

Restrictions on transfers of securities

Under the CCA and the Articles of Association, the shares issued by the Company are freely transferable, subject to any contractual (lock-up) restrictions.

Holders of securities with special control rights

As far as the Company is aware, there are no holders of securities with special control rights, other than the nomination rights set out in the Nomination Right section of this Corporate Governance Statement.

Employee share schemes

The members of the Board of Directors, the members of the Executive Committee and certain other key employees (including certain managers of newly acquired businesses) have had the opportunity to invest in the Group via a management participation plan. With effect immediately prior to the closing of the initial public offering (IPO), the securities held by the participants in the management participation plan have been replaced by shares in the Company. These shares, to the extent not sold as part of the IPO, were subject to certain contractual (lock-up) restrictions for periods ranging between one year and three years following the IPO. Nearly all of the shares held by key employees have been dematerialized and delivered to the individual securities accounts of the individuals concerned in the course of 2023 and 2024. The remaining shares were converted into nominative shares and recorded in the shareholders register of the Company in the name of their respective holders.

On September 4, 2021, the Board of Directors approved the proposal for an LTIP, which was approved by the Shareholders' Meeting on June 9, 2022, with effect from January 1, 2022. The LTIP foresees the award of a specified number of shares in the Company.

The LTIP does not provide for any control mechanism over the voting rights attached to the shares. Awards may be vested at the end of a three-year vesting period, i.e., the shares will only be delivered if pre-defined performance targets are met, which are measured over a three-year performance period. Although a target number of shares is awarded at the end of the three-year performance period, the target number of shares to be delivered may be adjusted up or down depending on the actual level of performance achieved. Upon vesting, the ownership of the shares (including the rights attached to such shares) is transferred to the participants. In 2024, a total of 228,770 share awards were granted under the LTIP.

Restriction on voting rights

The Articles of Association of the Company do not contain any restrictions on the exercise of voting rights by the shareholders, provided that the shareholders concerned comply with all formalities to be admitted to the Shareholders' Meeting and have complied with the relevant rules on the disclosure of major shareholdings.

Shareholder agreements

The Company is not aware of any shareholder agreement which includes or could lead to a restriction on the transfer of its shares or exercise of voting rights related to its shares.

Appointment of members of the Board of Directors

The rules applicable to the appointment and replacement of members of the Board of Directors are set out in the Appointment and Nomination sections of this Corporate Governance Statement.

Amendment of the Articles of Association

Amendments to the Articles of Association must be submitted to the Shareholders' Meeting. In order to be approved, the resolution requires at least 50% of the share capital to be present or represented and the holders of at least 75% of the votes cast to vote in favor. If the quorum is not reached, a second meeting may be convened at which no quorum applies. The aforesaid special majority voting requirement, however, remains applicable.

Authorized capital

The authorization of the Board of Directors to increase the share capital of the Company, as described in the Authorized Capital section of this Corporate Governance Statement, is suspended upon the notification to the Company by the Belgian Financial Services and Markets Authority (FSMA) of a public takeover bid for the securities of the Company. The Company no longer has a specific authorization in place for the Board of Directors to increase the capital of the Company in such a case, in accordance with the additional terms and conditions set out in Article 7:202 of the CCA.

Acquisition of own shares

The ability of the Board of Directors to acquire shares of the Company for the account of the Company is explained in the Acquisition of Own Shares section of this Corporate Governance Statement.

Change of control clauses

The following significant agreements to which the Company or some of its subsidiaries are a party contain change of control provisions:

- **Facilities Agreement**. On September 23, 2024, Azelis Finance NV entered into a Multicurrency Term and Revolving Facilities Agreement with certain financial institutions for the amounts mentioned in note *Loans and borrowings* (the 'Facilities Agreement'), with the purpose of refinancing the group. The Company acts as guarantor under this Facilities Agreement. If a change of control as defined in the Facilities Agreement occurs in respect of the Company (i.e. a party or parties other than EQT obtaining control), the lenders under the Facilities Agreement are no longer obliged to fund further utilizations thereof, and lenders individually have the right to require Azelis Finance NV to prepay the outstanding utilizations made by such lender.
  This change of control clause will be submitted for approval in accordance with Article 7:151 of the CCA to the Shareholders' Meeting on May 8, 2025.

- **LTIP**. The vesting of the awards granted under the long-term management incentive plan (the 'LTIP') may be accelerated under certain conditions (such as regulatory compliance and satisfaction of certain tax and social security liabilities), upon a public takeover of the Company. In addition, in the event of a public takeover of the Company, the Board of Directors may decide that an award will be automatically exchanged for an equivalent award over shares in the acquiring company or some other company. The terms and conditions of the LTIP were ratified and approved in accordance with Article 7:151 of the CCA at the Shareholders' Meeting of June 9, 2022.

- **Schuldschein Loan Agreements**. On December 15, 2022, Azelis Finance NV entered into seven *Schuldschein* loan agreements as borrower with certain financial institutions, to further finance the Group, for a total amount of €150.5 million, of which €30.0 million was outstanding as of December 31, 2024. The Company acts as guarantor under these *Schuldschein* loan agreements. If a change of control as defined in the *Schuldschein* agreements occurs in respect of the Company (i.e. a party or parties other than EQT and PSP obtaining control), the lenders under *Schuldschein* loan agreements individually have the right to require Azelis Finance NV to immediately repay their respective *Schuldschein* loan agreement together with accrued interest. The relevant change of control clauses have been ratified and approved in accordance with Article 7:151 of the CCA by the Shareholders' Meeting of June 8, 2023.

- **Notes**. On March 15, 2023, Azelis Finance NV issued notes for a total amount of €400 million, which are due in 2028, with the Company acting as parent guarantor. If a change of control as defined in the indenture governing the relationship between the issuer, the parent guarantor and the trustee, registrar, transfer agent and paying agent occurs in respect of the Company (i.e. a party or parties other than EQT, PSP and the management of the Company being or becoming the beneficial owner, directly or indirectly, of more than 50% of the total voting rights of the Company), each bond holder will have the right to require Azelis Finance NV to repurchase all or any part of the notes held by such bond holder. This change of control clause has been ratified and approved in accordance with Article 7:151 of the CCA by the Shareholders' Meeting of June 8, 2023.

- **Notes**. On September 25, 2024, Azelis Finance NV issued an additional series of notes for a total amount of €600 million, which are due in 2029, with the Company acting as parent guarantor. If a change of control as defined in the indenture governing the relationship between the issuer, the parent guarantor and the trustee, registrar, transfer agent and paying agent occurs in respect of the Company (i.e. a party or parties other than EQT, PSP and the management of the Company being or becoming the beneficial owner, directly or indirectly, of more than 50% of the total voting rights of the Company), each bond holder will have the right to require Azelis Finance NV to repurchase all or any part of the notes held by such bond holder. This change of control clause will be submitted for approval in accordance with Article 7:151 of the CCA to the Shareholders' Meeting of May 8, 2025.

Severance pay

The Company has not concluded any agreement with members of the Board of Directors, service providers or employees which would result in the payment of specific severance pay if, pursuant to a takeover bid, the members of the Board of Directors, service providers or employees are dismissed or their service or employment agreements are terminated.

Measures regarding market abuse

The Company implemented measures to comply with the Belgian Law on the supervision of the financial sector and on financial services of August 2, 2002 and the Royal Decree of November 14, 2007 related thereto, and the Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, as transposed into Belgian legislation, in order to prevent market abuse such as insider trading, tipping and market manipulation.

In addition, the Company has laid down rules concerning reporting of transactions related to the Company's shares. The Company adopted a dealing code (the 'Dealing Code') as part of the Charter on September 4, 2021, with effect from September 21, 2021, which is available on its *website* as part of the Charter.

The Dealing Code describes the obligations related to prior notification, post-event disclosure and conduct which apply to the Board of Directors, members of the Executive Committee, certain other senior employees and other persons with respect to transactions in shares and other financial instruments of the Company. The Dealing Code sets limits on carrying out transactions in shares and other financial instruments of the Company and allows dealing by the above-mentioned persons only during certain windows, subject to prior clearance by the Group General Counsel.

The Dealing Code will be kept up to date to reflect legislative developments. The Group General Counsel & Chief Compliance Officer is in charge of compliance with regulatory requirements regarding disclosures and filings to be made to the FSMA and any other relevant stock exchange or supervisory authority.

When Azelis identified the need to strengthen its corporate finance team, Vicki Zhao emerged as the perfect candidate for an international assignment. Having joined Azelis in 2021 as Head of Finance in China, Vicki quickly demonstrated her talent by seamlessly integrating multiple acquisitions and optimizing financial processes in the region. Her efforts not only enhanced operational efficiency but also strengthened commercial capabilities across the Asia Pacific.

In November 2024, Vicki transitioned to the Antwerp Corporate office as Corporate FP&A Manager, a move that underscores Azelis's commitment to nurturing and mobilizing talent globally. Vicki's journey from China to Belgium is a testament to her dedication and our strategic approach to career development.

Vicki Zhao
Corporate Financial Planning & Analysis Manager

Remuneration report

In response to feedback from select investors and proxy advisors regarding the remuneration report in the 2023 Integrated Report, the Company has strengthened its disclosures to ensure enhanced clarity and transparency. These enhancements include comprehensive details on both financial and non-financial performance targets, such as the individual performance criteria under the Short-Term Incentive Plan (STIP), as well as the weighing and target-setting of performance conditions, the peer group benchmark used for Total Shareholder Return under the Long-Term Incentive Plan (LTIP), and the termination provisions applicable to each Executive Committee member.

Remuneration policy

In accordance with Article 7:89/1 of the Belgian Code of Companies and Associations (the CCA) and the 2020 edition of the Corporate Governance Code, Azelis Group NV has established a remuneration policy applicable to the remuneration of Board members (executive and non-executive directors) and members of the Executive Committee. Azelis' remuneration policy has been applicable since the financial year starting on January 1, 2022.

The policy is intended to be applicable for four years from the approval date by the Shareholders' Meeting unless the Remuneration and Nomination Committee seeks approval for material changes before then. The remuneration policy is publicly available on Azelis' website.

The main objectives of the remuneration policy are to:

- Support Azelis in achieving its business strategy by enabling the recruitment, retention, and motivation of directors and Executive Committee members of the necessary caliber to execute this strategy for the benefit of all stakeholders;
- Balance the need to create long-term sustainable growth in company value while keeping a strong focus on short-term financial results to drive appropriate behaviors;
- Provide competitive remuneration levels relative to companies similar in size, sector, and complexity and that also reflect the level of responsibility and competency of the individual;
- Provide for higher remuneration levels only if an overachievement of organizational financial performance targets are achieved that have a clear link to strategy and sustainable value creation;
- Align the interests of directors and Executive Committee members with shareholders by partly rewarding Executive Committee members in shares and requiring both Directors and Executive Committee members to build up and maintain a shareholding;
- Support the achievement of environmental, societal, and governance-related objectives by linking remuneration policy and remuneration levels to stakeholder interests; and
- Align with best practices and market practices while providing an appropriate level of flexibility to ensure the Remuneration and Nomination Committee can respond to business needs as they arise.

Remuneration of the Board of Directors

Azelis Group NV's directors are remunerated in line with the company's remuneration policy. The remuneration of the non-executive directors takes into account their role as a Chair or member of the Board of Directors and/or its different Committees, in view of their associated responsibilities and time commitment.

Each independent non-executive director receives a fixed annual fee paid in cash, with expenses reasonably associated with attending board meetings reimbursed by the company. There is no automatic adjustment of the fixed fee level. Independent non-executive directors do not receive any variable remuneration linked to results or other performance criteria.

The remuneration of the independent non-executive directors was last reviewed by the Shareholders' Meeting dated June 13, 2024, and is currently defined as follows:

- Director fee: annual fee of €70,000 gross;
- Additional fee for the Chair of the Board of Directors: annual fee of €60,000 gross;
- Additional fee for the chairs of the Remuneration and Nomination Committee and Audit and Risk Committee: annual fee of €20,000 gross.

The additional fees for the Chair of the Board of Directors and the chairs of the Remuneration and Nomination Committee and Audit and Risk Committee can be cumulated. There is no additional fee for committee membership and there are no attendance fees.

The non-executive directors do not receive any part of their remuneration in the form of shares. This is a deviation from the recommendations set out in Article 7.6 of the Corporate Governance Code. The interests of the non-executive members of the Board of Directors are currently considered to be sufficiently oriented to the creation of long-term value for the Company even if they do not receive any part of their remuneration in the form of shares.

However, independent non-executive directors are required to build up and maintain a shareholding equal to the value of their fixed annual fee within a period of five years following their appointment. This requirement is effective from January 1, 2022.

Non-independent non-executive directors are not remunerated for their director role, and it is EQT policy not to allow their directors to own stock in companies in which they participate.

Executive directors (CEO and CFO) are not remunerated for their director role.

Remuneration of the Executive Committee

Remuneration structure

The Board of Directors determines the level and structure of the remuneration of the CEO, CFO, and other Executive Committee members, upon recommendation of the Remuneration and Nomination Committee.

Levels of remuneration are reviewed regularly to assess their competitiveness compared with companies similar in size, sector, and complexity along with the pay and conditions of Azelis employees. There is no automatic adjustment of remuneration levels and the remuneration policy seeks to closely align the interests of the CEO, CFO, and other Executive Committee members with shareholders by rewarding partly in company shares.

The total remuneration packages for the CEO, CFO, and other Executive Committee members generally comprise, but may not always include, the following key elements:

Base pay

Base pay is determined to attract and retain qualified, competent individuals by considering compensation levels for similar roles in comparable companies, the responsibilities of the position, the individual's experience, and their performance. The Remuneration and Nomination Committee may propose an adjustment to the base pay, along with a justification, either annually or at other times, for approval by the Board of Directors. Any increase is typically aligned with salary adjustments for employees in the country in which the executive is based, although this may exceed to account for changes in role, responsibilities, or individual performance.

Benefits

Azelis provides benefits consistent with local market practices that are necessary to recruit and retain qualified and competent individuals. Executive Committee members, apart from those operating via a Management Company or on a self-employed basis,

Remuneration of the members of the Board of Directors in 2024

Name	Position	Remuneration (in €)
Antonio Trius	Independent Non-Executive Director (Chair)[1]	54,500
Kåre Schultz	Independent Non-Executive Director (Chair)[2]	81,875
Alexandra Brand	Independent Non-Executive Director[1]	32,080
Melanie Maas-Brunner	Independent Non-Executive Director[2]	38,262
Ipek Özsüer	Independent Non-Executive Director	70,000
Thomas Hallam	Independent Non-Executive Director	90,000
Bert Janssens	Non-Executive Director	-
Kristiaan Nieuwenburg	Non-Executive Director	-
Anna Bertona	Executive Director (CEO)	-
Thijs Bakker	Executive Director (CFO)	-
Total remuneration		*366,717*

1 Independent non-executive directors Antonio Trius and Alexandra Brand served on the Board of Directors from January 1, 2024 to June 13, 2024, and the remuneration figures in the table above reflect the pro-rated amount for their tenure in 2024.

2 Independent non-executive directors Kåre Schultz and Melanie Maas-Brunner served on the Board of Directors from June 13, 2024 to December 31, 2024, and the remuneration figures in the table above reflect the pro-rated amount for their tenure in 2024.

are eligible for various benefits. Benefits offered may include, but are not limited to, the following:

- Company car with fuel card or car allowance;
- Health or hospitalization insurance;
- Accommodation allowance;
- Pension insurance.

Variable remuneration: Short-term variable pay

Short-term variable pay supports key annual priorities in line with the overall company strategy, with a strong focus on short-term financial performance and rewarding behavior that supports long-term sustainable value creation.

Short-term variable remuneration is contingent on collective performance targets (at group and regional levels for positions with a regional scope) and individual performance targets. Group and regional targets are all quantitative and financially oriented.

Actual short-term variable remuneration is determined based on achievement against performance targets set at the beginning of each financial year.

The CEO and CFO receive short-term incentives in cash with a target opportunity of 85% of the annual base salary, capped at 150% of the target. The other Executive Committee members receive short-term incentives in cash with a target opportunity ranging from 41% to 100% of the annual base salary, capped at 150% of the target.

This cash bonus depends upon the achievement of adjusted EBITA (with a focus on organic growth), cash flow, and individual performance. Wherever relevant, regional EBITA and working capital will also be taken into account.

The short-term incentive (STI) plan consists of the following performance components:

- Group performance (otherwise also referred to as Group Target Achievement) is measured in terms of proforma EBITA (w/o STI) + ((budget net debt minus actual net debt)/factor) vs. budgeted Proforma EBITA (w/o STI). The Group Performance has a dual role:
  a. It determines the total amount of short-term variable remuneration to be paid out and distributed among all eligible STI participants.
  b. It is one of the three STI components whose payout percentage is the baseline for the calculation of all STI plan components;
- Organizational performance region (Americas, EMEA, or Asia Pacific) is measured in terms of regional EBITA and working capital, actual vs. budget;
- Individual performance target is measured against non-financial, quantitative objectives according to four levels of target achievement (fails to meet expectations, partially meets expectations, meets expectations or exceeds expectations) as determined in the prevailing calendar's year annual performance review cycle. During each annual performance review cycle, the three individual performance targets for each Short-Term Incentive (STI) participant, reviewed and approved at the start of each calendar year by the respective line manager (or: Chair of the Board of Directors for the CEO) and recorded in the Human Capital Management system, Workday™, are meticulously assessed and evaluated against four levels of target achievement. The determination of each target's achievement level is carried out by the line manager (or: Chair of the Board of Directors for the CEO) during the annual performance review process. The overall level of achievement, which directly influences the payout of the individual performance target component, is calculated as the average of all three individual performance targets in which the payout percentages are determined as follows:
  a. Exceeds expectations: 100%
  b. Meets expectations: 100%
  c. Partially meets expectations: 60%
  d. Fails to meet expectations: 0%

The STI payout will be zero if threshold performance is not met. For the avoidance of doubt, the threshold performance is the Group Performance of the previous year, as defined above. With other words: if the Group Performance of the current year does not exceed last year's performance, there is no STI payout, irrespective of regional performance and individual performance. The respective weight of group performance, regional performance and individual performance targets for the Executive Committee members is defined as follows:

Eligible STI plan participants	Group performance - weight	Regional performance - weight[1]	Individual performance - weight
CEO, CFO	80%		20%
Other Executive Committee members	40%	30% EBITA 10% GWC[2]	20%

1 Regions: EMEA, Americas and Asia Pacific.
2 GWC: gross working capital.

The Board of Directors is responsible for approving performance targets and reviewing performance against them, considering any feedback from the Remuneration and Nomination Committee and, in the case of the CFO and each other member of the Executive Committee, the views and recommendations of the CEO.

Short-term variable remuneration is payable wholly in cash before the end of the second quarter of the financial year following the performance year, once audited results are available and subject to final approval of the Remuneration and Nomination Committee. There is no deferral of payment.

Variable remuneration: Long-term variable pay

Long-term variable pay supports the policy objective of creating long-term sustainable growth in value by rewarding for the achievement of long-term performance goals and aligning the interests of the CEO, CFO, and other Executive Committee members with those of shareholders by rewarding in Azelis shares.

Until December 31, 2021, Azelis did not operate a long-term incentive plan (LTIP). The current and former non-executive directors and members of the Executive Committee, together with certain other employees or consultants of the group, held shares in Akita Topco S.à r.l. and became shareholders of Azelis Group NV immediately prior to the closing of the IPO in September 2021.

On September 10, 2021, an extraordinary Shareholders' Meeting of the Company approved the proposal to setup a long-term incentive plan for directors, members of the Executive Committee, employees, consultants or self-employed managers of a group member.

As of January 1, 2022, the CEO, CFO, and other Executive Committee members were eligible to participate in the new LTIP which involves the (annual) grant of an award of a specified number of Azelis shares. These awards are subject to a vesting period of at least three years, i.e. the shares will only be delivered if performance conditions targets are met, measured over a three-year performance period. The Board determines the targets and assesses performance against them on recommendation by the Remuneration and Nomination Committee.

Although a target number of performance shares is awarded at grant (target award), the target number of performance shares to be delivered at the end of the three-year performance period may be adjusted up or down depending on the actual level of performance achieved.

The target award for the CEO, CFO, and other Executive Committee members is calculated by reference to a percentage of their base pay, with the maximum award opportunity capped at 150% of the target award. The target awards for the CEO, CFO, and other Executive Committee members are set out in the table *Amount of equity-based remuneration granted to the CEO, CFO, and other members of the Executive Committee in 2024*.

Performance conditions are measured against objectively measurable key performance indicators (both financial and non-financial) that reflect the performance of Azelis as a whole. Three metrics are operated in the LTIP 2024 (performance period: 01/01/2024 - 31/12/2026):

1. Total Shareholder Return (TSR) relative to a peer group consisting of 18 companies, Azelis not included, at 50% weighting. The peer group consists of direct competitors of Azelis (companies active in the distribution of specialty chemicals and food ingredients) and other distribution companies, including companies operating in more than one sector, across several geographies to reflect the international footprint of Azelis[4]. The high weightage of the TSR metric demonstrates accountability and fairness, fostering trust among stakeholders. It ensures that the CEO, CFO, and other Executive Committee members are incentivized to focus on long-term growth and shareholder value. The performance target for this metric is at the second quartile ranking;
2. Organic EBITA growth at 35% weighting. The performance target for this metric is at 6% growth;
3. ESG Metric; Scope 1 and Scope 2 CO_2 reduction per EUR 1 million sales at 15% weighting. The performance target for this metric is at 50% reduction from 4.76 tCO_2e/€mn sales.

Here, also, financial based metrics dominate over non-financial metrics. Outcomes of the LTIP performance conditions are evaluated and assessed against the targets at the end of the three-year performance period. Performance conditions targets are communicated at the time of award and will be broadly vested as follows:

- Total Shareholder Return (TSR):
  a. Fourth quartile ranking (Threshold): 0% vest
  b. Third quartile ranking: 50% vest
  c. Second quartile ranking: 100% vest
  d. First quartile ranking: 150% vest

- Organic EBITA growth:
  a. 90% of the target (Threshold): 0% vest
  b. 100% of the target: 100% vest

4 The peer group of 18 companies: Brenntag AG (Germany), Bunzl Plc (UK), DKSH Holding AG (Switzerland), Electrocomponents Plc (UK), Rexel SA (France), Diploma Plc (UK), Indutrade (Sweden), Beijer Ref (Sweden), IMCD (Netherlands), DCC (UK), W.W. Grainger (US), MSC Industrial Direct (US), Applied Industrial Technologies (US), Fastenal (US), Rentokil (UK), Intertek (UK), Eurofins (France) and SGS (Switzerland)

c. 120% of the target: 150% vest

- ESG metric:
  a. 90% of the target (Threshold): 0% vest
  b. 100% of the target: 100% vest
  c. 120% of the target: 150% vest

The number of shares vested is zero for below-threshold performance. Achievement between threshold and target: The number of shares vested is increased on a linear pro-rata basis from zero to the number of shares granted. At-target performance, the number of shares awarded on the date of the grant are fully vested. Above-target performance, the number of shares awarded on the date of grant that will be vested will increase on a linear pro-rata basis and in accordance with the performance achieved, subject to a maximum of 150% in case of overachieved performance. For the avoidance of doubt, the performance targets may be reviewed and amended at any point in time, subject to final approval of the Board, on recommendation by the Remuneration and Nomination Committee, and any new performance target will be communicated to all LTIP participants.

If long-term variable remuneration becomes payable, the vesting date for the awards is expected to occur before the end of the second quarter of the financial year following the conclusion of the performance period. This will take place after the audited results are finalized and subject to the Board's final approval, based on the recommendation of the Remuneration and Nomination Committee.

During the performance period, participants have no right to receive dividends in respect of the performance shares. However, should the relevant performance targets be achieved, then the Board, on recommendation from the Remuneration and Nomination Committee, may determine that the number of shares due to the participant is increased by an amount equivalent to the dividends that the performance shares would have received during the performance period. Such adjustment may also be made as a cash payment.

By law, certain restrictions apply to the remuneration of the Chief Executive Officer and the members of the Executive Committee. Variable remuneration can only be paid to the Chief Executive Officer and the members of the Executive Committee if the performance criteria explicitly mentioned in the contractual or other provisions governing the relationship were met in the relevant period. If the variable remuneration constitutes more than 25% of the total annual remuneration package, at least 25% of the variable remuneration must relate to pre-determined and objectively measurable performance criteria deferred over a minimum period of two years, and at least another 25% must relate to such criteria deferred over a minimum period of three years (except where the Articles of Association provide otherwise or the Shareholders' Meeting expressly approves an exception) (refer to Article 7:91 of the Belgian Code of Companies and Associations, or CCA). The Company is even more stringent than required by law, as more than 50% of the variable remuneration of the Executive Committee members is subject to performance criteria deferred over a period of three years.

Pension

Azelis provides market-competitive pension plans in line with local market practice and those available to employees. Executive Committee members, apart from those operating via a Management Company or on a self-employed basis, are entitled to receive pension benefits.

Possibility to reclaim variable remuneration (clawback)

The Company has the right to reclaim, during a period of three years from the date of the payment, undue amounts paid out on the basis of erroneous results that were subsequently adjusted or corrected.

Deviation from the remuneration policy

Azelis does not deviate from its remuneration policy.

Compensation paid and other benefits granted directly or indirectly to CEO, CFO and other members of the ExCom in 2024

In €	Fixed remuneration		Variable remuneration		Pension	Total remuneration	Proportion of fixed and variable remuneration	
			Annual short-term incentive (STI)[1]	Value of vested equity (LTI)[2]				
Name, position	**Base pay**	**Other benefits**	*Single year*	*Multiple years*				
Anna Bertona, CEO[3]	765,000		411,899	200,526		1,377,425	F	55.5%
							V	44.5%
Thijs Bakker, CFO[3]	578,630		320,127	235,125		1,133,882	F	51.0%
							V	49.0%
Other Members of the Executive Committee[3]	1,157,330	296,795	475,583	26,809	13,283	1,969,801	F	74.5%
							V	25.5%
Total	***2,500,960***	***296,795***	***1,207,610***	***462,460***	***13,283***	***4,481,107***		
Total of which Fixed remuneration (incl. pension)						2,811,038		62.7%
Total of which Variable remuneration						1,670,070		37.3%

1 Short-term incentive ('STI') based on 2024 results.
2 The Azelis long-term incentive plan ('LTIP') involves the grant of an award consisting of a specified number of Azelis performance shares. The figures represent the value of the vested LTIP 2022-2024 cycle based on the closing market value on December 31, 2024.
3 Anna Bertona, Thijs Bakker and Evy Hellinckx are self-employed and they operate via their respective management companies.

Short-term incentive granted for performance year 2024 to CEO, CFO and the other members of the ExCom

Name, position	Target STI percentage 2024 (% of gross base pay)	Performance metrics & target weights			Payout by performance metric and total payout (currency: €)	
Anna Bertona, CEO	85%	Weight group performance metric	80%		Group performance metric - payout	338,547
		Weight individual performance metric	20%		Individual performance metric - payout	73,352
					Total payout	***411,899***
					STI payout - actual vs target	63%
Thijs Bakker, CFO	85%	Weight group performance metric	80%		Group performance metric - payout	256,102
		Weight individual performance metric	20%		Individual performance metric - payout	64,025
					Total payout	***320,127***
					STI payout - actual vs target	65%
Other members of the Executive Committee	63.7%[1]	Weight group performance metric	40%		Group performance metric - payout	211,880
		Weight regional performance metric	EBITA 30%	GWC 10%	Regional performance metric - payout EBITA and GWC combined)	169,560
		Weight individual performance metric	20%		Individual performance metric - payout	94,143
					Total payout	***475,583***
					STI payout - actual vs target	58%

1 CEO EMEA (Evy Hellinckx): 41%, CEO Americas (Todd Cottrell): 100%, CEO APAC (Sertaç Sürür): 50%

Amount of equity-based remuneration of CEO, CFO, and other members of the ExCom, granted, vested, or forfeited in 2024

In 2024, 122,597 performance shares equal to a market value of €2,421,293 at grant were awarded to the Chief Executive Officer, Chief Financial Officer, and other members of the Executive Committee. The LTIP 2022-2024 cycle is expected to vest on March 17, 2025, but disclosed as vested below, as the last performance year of this cycle has ended December 31, 2024.

	Characteristics of the equity-based plan				Information regarding the reporting year					
					Opening	Changes during the year			End balance	
Name, Position	Equity-based remuneration plan	Performance period	Grant date	Vesting date	Number perf. shares 01/01/2024	Shares granted[1]	Shares forfeited	Shares vested[2]	Shares granted not vested 31/12/2024	Number of shares to hold
Anna Bertona, CEO[3]	Perf. shares LTIP 2022	01/01/2022-31/12/2024	17/03/2022	17/03/2025	14,072		3,518	A) 10,554 B) EUR 200,526	0	N/A
	Perf. shares LTIP 2023	01/01/2023-31/12/2025	01/03/2023	01/03/2026	13,049				13,049	N/A
	Perf. shares LTIP 2024	01/01/2024-31/12/2026	05/03/2024	05/03/2027		A) 38,734 B) EUR 765,000			38,734	N/A
				Total:	***27,121***	***A) 38,734 B) EUR 765,000***	***3,518***	***A) 10,554 B) EUR 200,526***	***51,783***	***N/A***
Thijs Bakker, CFO	Perf. shares LTIP 2022	01/01/2022-31/12/2024	17/03/2022	17/03/2025	16,500		4,125	A) 12,375 B) EUR 235,125	0	N/A
	Perf. shares LTIP 2023	01/01/2023-31/12/2025	01/03/2023	01/03/2026	22,474				22,474	N/A
	Perf. shares LTIP 2024	01/01/2024-31/12/2026	05/03/2024	05/03/2027		A) 27,254 B) EUR 538,260			27,254	N/A
				Total:	***38,974***	***A) 27,254 B) EUR 538,260***	***4,125***	***A) 12,375 B) EUR 235,125***	***49,728***	***N/A***
Todd Cottrell, CEO AMERICAS	Perf. shares LTIP 2022	01/01/2022-31/12/2024	17/03/2022	17/03/2025						
	Perf. shares LTIP 2023	01/01/2023-31/12/2025	01/03/2023	01/03/2026						
	Perf. shares LTIP 2024	01/01/2024-31/12/2026	05/03/2024	05/03/2027		A) 25,723 B) EUR 508,036			25,723	N/A
				Total:	***0***	***A) 25,723 B) EUR 508,036***	***0***	***A) 0 B) EUR 0***	***25,723***	***N/A***

Name, Position	Characteristics of the equity-based plan				Information regarding the reporting year					
					Opening	Changes during the year			End balance	
	Equity-based remuneration plan	Performance period	Grant date	Vesting date	Number perf. shares 01/01/2024	Shares granted[1]	Shares forfeited	Shares vested[2]	Shares granted not vested 31/12/2024	Number of shares to hold
Evy Hellinckx, CEO EMEA[4]	Perf. shares LTIP 2022	01/01/2022-31/12/2024	17/03/2022	17/03/2025						N/A
	Perf. shares LTIP 2023	01/01/2023-31/12/2025	01/03/2023	01/03/2026	1,987				1,987	N/A
	Perf. shares LTIP 2024	01/01/2024-31/12/2026	05/03/2024	05/03/2027		A) 16,567 B) EUR 327,190			16,567	N/A
				Total:	*1,987*	*A) 16,567* *B) EUR 327,190*	*0*	*A) 0* *B) EUR 0*	*18,554*	*N/A*
Sertaç Sürür, CEO APAC[5]	Perf. shares LTIP 2022	01/01/2022-31/12/2024	17/03/2022	17/03/2025	1,882		471	A) 1,411 B) EUR 26,809	0	N/A
	Perf. shares LTIP 2023	01/01/2023-31/12/2025	01/03/2023	01/03/2026	12,019				12,019	N/A
	Perf. shares LTIP 2024	01/01/2024-31/12/2026	05/03/2024	05/03/2027		A) 14,319 B) EUR 282,807			14,319	N/A
				Total:	*13,901*	*A) 14,319* *B) EUR 282,807*	*471*	*A) 1,411* *B) EUR 26,809*	*26,338*	*N/A*
Total					***81,983***	***122,597***	***8,114***	***24,340***	***172,126***	

1 Shares granted: A) Target award = number of performance shares granted. B) Value of the performance shares at grant (market value).
2 Shares vested: A) Vested award = number of performance shares vested. B) Value of the performance shares vested (closing market value on December 31, 2024).
3 The target award, i.e. the value of the performance shares granted to Anna Bertona for her participation to the LTIP 2022 and LTIP 2023 was lower in her previous role as CEO EMEA.
4 The target award, i.e. the value of the performance shares granted to Evy Hellinckx for her participation to the LTIP 2023 was lower in her previous role as Managing Director Benelux.
5 The target award, i.e. the value of the performance shares granted to Sertaç Sürür for his participation to the LTIP 2022 was lower in his previous role as Managing Director Turkey.

Other quantitative information

Comparative information on evolution of compensation and company performance 2020-2024

The remuneration of the independent non-executive directors (Remuneration of the Board) does not include travel and other expenses reimbursed by Azelis Group NV for meetings related to their Board and Board Committee mandates.

The ratio between the highest remuneration of a member of the Executive Committee (CEO) and the lowest remuneration of an employee of Azelis Group NV in 2024 is 33.9 (in full-time equivalent) (2023: 27.0)[5]. The lowest remuneration of an employee of Azelis Group NV is calculated in the same manner and according to the same criteria used to calculate the remuneration of the CEO.

in €	2024	2023	2022	2021	2020
Remuneration of the Board[1]	366,717	350,000	326,662	280,800	240,000
Remuneration of the CEO[2]	1,377,425	1,080,360	1,993,015	1,734,501	1,415,687
Remuneration of the CFO	1,133,882	833,531	1,160,250	1,236,224	882,314
Remuneration of other Members of the Executive Committee	1,969,801	2,244,146	4,817,753	4,179,438	3,147,825
Total remuneration	***4,847,824***	***4,508,036***	***8,297,681***	***7,430,962***	***5,685,826***
Azelis performance (in thousands of €, unless stated otherwise)					
Adjusted EBITA	470,684	466,260	456,873	267,922	189,553
Net profit	189,468	189,312	218,244	70,225	71,012
Group Target Achievement: degree of target achievement[3]	97.3%	90.5%	112.2%	110.8%	106.2%
Working capital actual vs. budget: degree of target achievement[4]					
EMEA	97.4%	91.6%	100.0%	99.4%	101.3%
Americas	104.0%	94.4%	109.3%	94.7%	91.6%
Asia Pacific	98.0%	90.2%	93.7%	103.6%	92.1%
Average employee remuneration on a full time equivalent basis[5]					
% change year on year at the level of Azelis Group NV	-17.6%	10.7%[6]	-[7]	-	-
% change year on year Azelis Group (consolidated)	0.7%	-9.5%	-0.1%	3.4%	0.9%

1 Prior to the IPO in the second half of 2021, the Company had 3 independent directors. Following the IPO in the second half of 2021, the number of independent directors increased to 4.
2 Remuneration of the CEO 2020 - 2023: Hans Joachim Müller; and Remuneration of the CEO 2024: Anna Bertona.
3 KPI of the short-term incentive (STI) plan for senior management. Metric definition: "Proforma EBITA (w/o STI) + ((budget net debt minus actual net debt)/factor) vs. budgeted Proforma EBITA (w/o STI)". In 2022, the factor was adjusted. Proforma in this respect defined as like-for-like comparison for acquisitions.
4 KPI of the short-term incentive (STI) plan for senior management.
5 Remuneration includes wages and salaries and other personnel related expenses and social charges.
6 In view of the merger between Azelis Group NV and Azelis Corporate Services NV in the course of 2023, the average employee remuneration of 2022 has been calculated by combining Azelis Group NV and Azelis Corporate Services NV, to provide a like-for-like comparison.
7 As Azelis Group NV was incorporated in the course of 2021, no full year numbers were available, therefore not allowing a like-for-like comparison.

5 This ratio is not like-for-like comparable between the current year and prior year. This is mainly due to the difference in employment status: Anna Bertona, CEO since 1 January 2024, is self-employed while Hans Joachim Müller, CEO until 31 December 2023, was an Azelis employee. Consequently, there are differences in cost structure.

Other information

Minimum number of shares to be held

In line with provision 7.9 of the 2020 Belgian Code of Corporate Governance, the Board has set a minimum threshold of shares to be held by the CEO, CFO, and each other member of the Executive Committee as follows:

- The CEO is required to build and maintain a holding of shares equal in value to 200% of base pay;
- Each other member of the Executive Committee is required to build and maintain a holding of shares equal in value to 100% of base pay.

This requirement is effective as of January 1, 2022, and must be reached over a period of five years. It will apply to all current and future appointments to the Executive Committee. As per December 31, 2024, all current members of the ExCom fulfil this requirement.

Severance pay

All agreements with the CEO, CFO, and other Executive Committee members are for an indefinite period.

On termination of the employment of the CEO, CFO, or another member of the Executive Committee, the termination terms are determined as follows:

- The management agreement of the CEO, Anna Bertona, may be terminated by either party subject to a notice period of 12 months. Azelis may terminate the management agreement at any moment and without justification by respecting a notice period of 12 months or with immediate effect by paying a lump sum termination fee equal to 12 months of the fixed fee paid pursuant to the management agreement;
- Pursuant to the employment agreement of the CEO Americas, Todd Cottrell, in case of termination by Azelis without 'cause' or by the employee for 'good reason', is entitled to any accrued and vested benefits, any base salary earned but not paid through termination date, reimbursement expenses owed, and subject to the execution of a release of claims in favor of Azelis, continued pay for a period of 12 months following termination, payable in accordance with Azelis' payroll practices;
- The employment agreement of the CEO Asia Pacific, Sertaç Sürür, may be terminated by either party subject to a notice period of 6 months. In case notice of termination is given by Azelis for reasons other than 'cause', Azelis is entitled to terminate the employment of the CEO Asia Pacific immediately without prior notice subject to payment of an indemnity equal to the severance indemnity as calculated in accordance with the applicable laws of Singapore;
- The other members of the Executive Committee (i.e. the CFO, Thijs Bakker and the CEO EMEA, Evy Hellinckx), are subject to a management agreement that may be terminated by either party subject to a notice period of 6 months. In case of termination by Azelis with immediate effect, they are entitled to receive a termination fee equal to 6 months of the fixed fee paid pursuant to their management agreements.

Restrictive covenants

The members of the Executive Committee are each bound by post-termination non-compete clauses.

- The CEO of the Group, Anna Bertona, is bound by a post-termination non-compete clause covering all countries where Azelis and/or Group companies carried out their business at any time during the 24 months prior to the termination of the management agreement and/or during the 12 months after such termination, that applies for a period of 12 months following the effective termination date of her management agreement;
- The CFO, Thijs Bakker, is bound by a post-termination restrictive covenant clause covering all countries where Azelis and/or Group companies carry out their business, for a period of 12 months following the effective termination date of his management agreement;
- The CEO Asia Pacific, Sertaç Sürür, is bound by a post-termination non-compete clause for 12 months after effective termination of the employment agreement in all countries where Azelis carries on its business in the Asia Pacific region. During this 12-month period, the CEO Asia Pacific is entitled to compensation in the amount of one-twelfth of 60% of his last annual base gross salary for each month of the duration of the non-compete period, unless the application of the non-compete clause is waived by Azelis, which would take immediate effect, at any point during the term of the employment agreement and for 15 days following the notice of termination of the employment agreement;
- The CEO Americas, Todd Cottrell, is bound by a post-termination non-compete clause for 12 months after effective termination of the employment agreement in all countries in which Azelis or any of its affiliates carries on or is planning to carry on its business as of the date of such termination;
- The CEO EMEA, Evy Hellinckx, is bound by post-termination non-compete clause for a period of 12 months, geographically limited to the EMEA region, following the effective termination of her management agreement.

In respect to variable pay, to receive short-term variable pay, participants must provide services to the group and not be serving notice. Good and bad leaver vesting provisions consistent with market practice are in place for the LTI plan.

Risk management

Risk management is a fundamental feature of the Azelis business model that strengthens our performance. Effective risk management supports us in delivering our strategic objectives and growing our business sustainably.

How we assess risk

Our Enterprise Risk Management (ERM) framework includes a global risk management approach, fully integrated with our strategy and operations. This risk-based approach offers a comprehensive view of effectively aligning the interests of our business with those of our stakeholders. Our risk assessment is made of the potential financial impact of individual risks, and whether they are of a short-term (0-2 years), a medium-term (2-5 years), a long-term (5+ years), or a recurring nature. All our risks are then consolidated and evaluated at group level.

Business risks are defined as incidents that, with some likelihood, will materialize and cause a negative impact on our earnings and costs and hence impact our credit rating and value. Many of our risks are interdependent, and movements in the macroeconomic environment will likely impact multiple business risks.

The top six business risks identified are shown to the right where they are illustrated based on their potential impact (post-risk mitigation) on our value and credit metrics over the next years. You can read more about these risks on the following pages.

We regularly face business uncertainties, and it is through a structured approach to risk management that we proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. Despite ongoing challenges such as increased geopolitical uncertainty and a turbulent macroeconomic environment, our performance continues to highlight the resilience of our people, our business model and our proven track record to deliver through uncertainty.

How we manage risk

The Board of Directors assesses the risks facing the business and determines our risk appetite. This process is conducted with the active participation and input of the Azelis Executive Committee. Risks are assessed, and mitigation measures are implemented for priority risks.

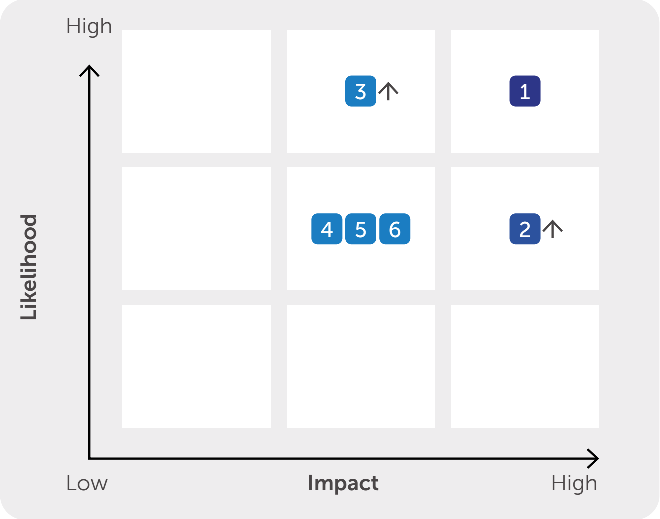
The Executive Committee considers how adequate the measures in place are to mitigate and manage risks and assigns responsibility to designated risk owners to implement these measures. Internal audit tests how effective risk mitigation measures are, and findings are reported to the Audit and Risk Committee so that progress and identified risks can be monitored independently from management. Internal and external audit interact periodically to discuss and share audit plans and results.

Quarterly attestation meetings on our legal and compliance programs are held between our Group CEO, Group CFO and Chief Compliance Officer. The Chair of our Audit and Risk Committee and our Group CFO act as sponsors for all matters relating to audit, data security, and compliance.

Top 6 business risks

Risks		Position in previous ERM update
1	*Cybersecurity*	1
2	*Dependence on strategic principals*	3
3	*Foreign currency risk*	4
4	*Financial uncertainty*	–
5	*Consolidation of suppliers and distributors*	5
6	*Inventory management*	9

For detailed risk descriptions, impact and mitigations for the above priority risks, please see **Risk Overview**.



Development in risks in 2024

During the year, the Board considered the group's principal risks against our risk appetite. Whilst our appetite for risk will vary over time, in general we maintain a balanced approach to risk, considering our risk appetite across five categories varying from minor risk to major risk. Our approach is to minimize exposure to financial, operational, IT/cyber and legal and compliance risks, while accepting and recognizing a risk and reward trade-off in pursuit of our strategic objectives.

Emerging risks are considered as part of the risk assessment process. These are identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. Due to the inherent nature of these risks, they can be difficult to quantify given the lack of data or longer time horizons. During 2024, business risks have continued to evolve in response to geopolitical, economic, technological and environmental changes. Emerging risks we are monitoring include inflation and financial uncertainty, ESG regulatory changes, labor model disruption and technology innovation and disruption.

Enterprise Risk Management process

The Azelis risk management framework is a five-step cycle, focusing on timely risk identification, systematic assessments and adequate response in line with the company's risk appetite. The Azelis risk assessment process follows the COSO ERM framework, which defines essential risk components, discusses key principles and concepts, and provides clear direction and guidance for ERM. Its purpose is to focus management's attention on the most important threats and opportunities, lay the groundwork for risk response and make sure that risk levels are managed within defined tolerance thresholds, without being subject to excessive controls which could result in Azelis missing out on opportunities.

Our ERM process is embedded across the group to support the delivery of our strategic objectives. This risk assessment incorporates a group-wide top-down and bottom-up evaluation to determine the likelihood of occurrence and potential impact of risks on the group at a residual level. Input is obtained from senior business and functional management through a series of surveys and one-to-one interviews, which are consolidated to produce the group risk register. Our risk universe forms the basis of conversations, and during our three-year ERM update cycle, new and emerging risks are added as they are identified and assessed. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluating risks.

The output from this process is consolidated to determine principal risks and uncertainties. The ExCom reviews and validates these risks, providing further input where necessary before submission to the Audit and Risk Committee and Board for final consideration and approval.

Internal Control over Financial reporting (ICFR)

Azelis internal control over financial reporting (ICFR) forms an integral part of operations, which also includes risk assessments, policies, procedures, and compliance. At group level, Group Controlling manages the reporting process to ensure completeness and accuracy of financial reporting and compliance with IFRS requirements.

Financial reporting and variance analysis to budget and to previous year is prepared monthly at a local entity level and reviewed at each level of responsibility, from regional Finance and Accounting Directors to Group Controlling, to Group CFO levels. Monthly reporting is prepared in our ERP systems and consolidated in our group reporting platform. In addition to monthly financial reporting, local controllers perform cash flow analysis, balance sheet reconciliations, business trend analyses, update forecasts, and have monthly updates with Group Controlling to discuss variance analysis.

The foundation for Azelis ICFR is defined by the Azelis Finance Manual, policies and procedures and enforced by the organizational structure with clear lines of responsibility and authority.

Internal Control over Sustainability reporting (ICSR)

Internal controls over sustainability reporting (ICSR) are processes and procedures that Azelis has implemented to ensure the accuracy, reliability, and integrity of the sustainability information we disclose. These controls are similar to financial reporting controls but focus on non-financial data related to environmental, social, and governance factors. The goal is to provide our stakeholders, such as investors, regulators, and the public, with high-quality and credible sustainability information.

Some of the ICSR controls we have implemented are as follows:

- The Azelis Board and management set the tone for accurate reporting, approving sustainability objectives, and ensuring alignment with overall corporate strategy;
- Azelis has a standardized and group-wide tool which manages the accuracy, completeness, and timeliness of data collection. This includes defining clear data ownership, ensuring proper documentation, policies and procedures to aggregate sustainability data;
- Azelis' external auditor provides further assurance over its CSRD compliance of sustainability data and reporting.

Risk overview

1. Cybersecurity	Potential impact	Opportunity	Mitigating actions
Cybersecurity risks are a product of individuals, groups, and nations actively working to harm and profit from Azelis. The exponential rise of cyberattacks and ransomware can threaten the stability of businesses such as Azelis and creates an imperative for business leaders and boards to assess, quantify, and mitigate cyber risk. The frequency and sophistication of cyberattacks continue to rise. Supply chain attacks, data breaches, and ransomware remain top threats, prompting increased investment in cybersecurity measures. Our adversaries' capacities and capabilities are constantly improving, and we must strive to stay ahead. Furthermore, macroeconomic difficulties have resulted in increased cyber threats in a geopolitical context where hackers are known to target international companies.	Minor digital risk events, such as viruses and attempted break-ins, are everyday risks without significant impact. However, major cyberattacks, or events may impact all or part of our business or, in the event of a ransomware attack, have an impact on our financial position. Without measures to counter cyber risk, we are more exposed to cross-business impacts from customer, supplier, and partner relationships that are integrated into our ecosystems.	Our sound management of cybersecurity risks can reduce financial loss from cyber threats. Cybersecurity measures, like data backups, disaster recovery, and incident response plans, help ensure business continuity after an attack or technical failure.	We face different types of cyber risks. We mitigate cyber risks with several different initiatives, which are continuously assessed and prioritized based on our strategic cybersecurity risk assessment with the aim of lowering our risk exposure. We have deployed cyber defenses to enhance protection against on-site and off-site attacks. In addition, we have a top-level information and cybersecurity management system and framework supported by our global governance model. We also have regular training and roll-out of new security measures as they are approved, including mandatory training at least once a year for all employees. This way, our cyber capability is managed in order to protect the Azelis business.

2. Dependence on strategic principals	Potential impact	Opportunity	Mitigating actions
Azelis is dependent on mandates from its over 2,800 principals to develop and supply our product portfolio that we market, sell and distribute. In the year ended December 31, 2024, 32.1% of the Azelis revenue was derived from products acquired from our top ten principals. Azelis has had an ongoing relationship with our top ten principals in multiple countries for approximately 30 years on average and we have not lost any of such principals in the past ten years.	The loss of one or more of the Group's key principals or of a significant portion of the mandates currently in place with such principals could have a material adverse effect on Azelis product portfolio, sales volumes, revenue, cash flow and gross profit.	Close relationships with strategic principals allow for strong partnerships which often leads to better pricing, favorable payment terms, or exclusive distribution rights, as principals value long-term partnerships.	Azelis maintains close relationships with principals which is essential for achieving our growth strategy. Building long-term, mutually beneficial partnerships with key principals encourages transparency, innovation, and improved responsiveness. Additionally, regularly assessing principal performance and developing contingency plans help to mitigate risks associated with over-reliance on any single principal. By acting in this open and transparent way towards principals and with a focus on growing principals product brands, Azelis seeks to maintain long-term relationships. Azelis consistently seeks ways to expand with our most important strategic principals so as to fortify the relationship and protect the company.

3. Foreign currency risk	Potential impact	Opportunity	Mitigating actions
The international nature of the Group's operations means that it has transactions and activities across many jurisdictions which expose it to liquidity, foreign exchange, interest rate and counterparty risks.	Failure to manage these risks could negatively impact on the financial performance of the Group.	With effective currency management, Azelis can take advantage of favorable exchange rates, reducing costs when purchasing foreign goods or materials.	The Treasury department monitors treasury risk on an ongoing basis. The group has a strong credit rating and maintains access to global debt markets. Significant cash balances and long-dated debt facilities are in place to ensure the Group's liquidity requirements are met. The treasury function actively manages treasury risks through cash flow forecasts, monitoring funding requirements, foreign currency exposure netting and hedging, interest rate hedging and management of counterparty risk. Azelis hedges a significant part of its foreign currency exposure in respect of sales and purchases via natural hedges within its operational portfolio. In addition, in appropriate circumstances where Azelis is unable to naturally offset its exposure to currency risks, Azelis uses derivative financial instruments in order to reduce the effects of currency fluctuations on its cash flows and financial condition. Our currency exposure is managed by hedging more in the near years and less in the later years over a five-year horizon.

4. Financial uncertainty	Potential impact	Opportunity	Mitigating actions
Financial uncertainty arises from unpredictable factors such as market volatility, economic downturns, inflation, interest rate fluctuations, and investor caution, making it difficult to forecast future financial outcomes and plan effectively.	Resulting risk of over / under investment, overzealous cost cutting or rapidly outdated cash flow forecasts. Risk of increased pressure to reduce costs and revisit growth strategies. Failure to manage these risks could negatively impact on the financial performance of the Group.	By implementing the mitigations mentioned, Azelis can gain strategic flexibility and competitive advantage. Solid cash reserves and contingency planning allow Azelis to turn financial uncertainty into competitive advantage, for example, by expansion into new markets	Given our global footprint, Azelis has a balance of sales across key regions and also between developed and emerging markets. We continuously monitor the financial landscape in all our key markets to anticipate potential problem areas, so that we can quickly adjust our business activities accordingly upon any change in conditions. Potential adjustments may be: • Reallocation of investments to alternative, more attractive markets; • Changes in product pricing; • More conservative product purchasing; • Tight working capital management; • An increased focus on cost control.

5. Consolidation of suppliers and distributors	Potential impact	Opportunity	Mitigating actions
Loss of relationship with principals and customers and market share due to accelerated industry consolidation among suppliers and distributors, often driven by private equity owned competitors. Consolidation among principals could create conflicts between the distributors of the acquirer and the target or result in the consolidated principal taking up distribution itself, either of which may cause the Group to lose existing relationships with its principals.	Failure to recognize and respond to consolidation in the industry could lead to increased dependency on particular principals, reduced bargaining power, and, consequently, margin erosion. Although the Group has benefited from the increasing trend of consolidation among principals by winning mandates from consolidated principals, there is a risk that the future rationalization of existing distribution networks by principals could result in the termination of distribution relationships with the Group to the advantage of the Group's competitors.	Azelis can benefit from the increasing trend of consolidation among principals by winning mandates from consolidated principals.	• Ensure the principal base is analyzed on a regular basis to assess principal consolidation, dominance and related risks; • Strengthen principal relationships by developing and implementing superior value adding services; • Ensure regional principal base is tracked and sufficiently diversified; • Based on principal input, take action on key development needs.

6. Inventory management	Potential impact	Opportunity	Mitigating actions
In order to meet customer demand and maintain service levels, Azelis must maintain local inventories near to local markets. Azelis must estimate demand from its customers and purchase supplies in various local markets that substantially correspond to the actual demand in those markets. Inadequate inventory management can be caused by a lack of ownership and ineffective sales and operations planning.	If Azelis overestimates demand and purchases too much of a particular product, for instance due to ineffective sales or operations planning, it faces a risk that the market price of that product will fall, leaving Azelis with inventory that it cannot sell profitably or can only sell at significantly lower margins. In addition, Azelis may have to write down such inventory if it is unable to sell it for its recorded value. If Azelis underestimates demand and purchases insufficient quantities of a particular product and prices of that product rise, it could be forced to purchase that product at a higher price or incur urgent transportation costs and forgo profitability in order to meet customer demand.	Robust inventory management has a direct positive impact on improved cash flow, better demand forecasting, enhanced customer satisfaction, operational efficiency and minimizing lost sales.	• Robust inventory management processes are in place including the maintenance of appropriate safety stock levels; • Ongoing program of work to enhance our end-to-end planning processes through improved cross functional collaboration and decision making; • Ongoing investment in warehousing facilities to increase capacity and enhance reliability and continuity of supply; • All facilities have insurance cover to mitigate the impact of significant disruption; • Experienced customer service teams enable a responsive and agile operation.

ESG risks

Environment risks

We are committed to continually reducing the environmental impact of our operations, particularly in the areas of climate change. On climate change, we focus on improving energy efficiency and increasing the use of renewable energy in our own operations, while also engaging with principals and suppliers to foster decarbonization in the chemical industry. For more details on our decarbonization strategy, please refer to *our climate transition plan*.

We also place a strong focus on meeting our target of zero environmental accidents and ensuring that every business we acquire is brought into line with our environmental standards.

Non-compliance with environmental regulations creates a risk of legal penalties, increased operational costs and reputational damage.

Social risks

At Azelis, our people are our greatest asset, serving as the driving force behind our innovation, productivity, and growth. Their agility, skills, and knowledge empower us to adapt, solve complex problems, and deliver value to our stakeholders. Without highly skilled and dedicated employees, we risk diminished productivity, innovation, which impacts our overall organizational performance. This could result in lower-quality work, poor decision-making, increased employee turnover, and challenges in adapting to evolving market changes, ultimately weakening our competitiveness and long-term success.

Governance risks

Deploying a strong governance within Azelis demonstrates our strategy to manage our business in a responsible manner. For Azelis, governance risks include the risks related to ethical and legal management failure to ensure transparent and accurate financial reporting and lack of involvement in other ESG initiatives important to its stakeholders. Poor governance can lead to non-compliance with laws and regulations, breaches of policies on ethical behavior, and misalignment with stakeholder expectations. This exposes the company to penalties, reputational damage, deteriorated commercial relationships and loss of investor trust, ultimately undermining its long-term viability and sustainability goals.

Connecting Enterprise Risk Management risks to our Double Materiality Assessment

In Q1 2024 Azelis fully completed its latest ERM cycle with priority risks identified and risk mitigations set by risk owners. At the same time Azelis conducted a Double Materiality Analysis (DMA). In order to ensure our ERM and DMA processes are interlinked, all DMA risks are included in our group risk register and were scored by management per our ERM processes described above.

The Double materiality analysis allowed us to assess two distinct perspectives of materiality: financial materiality and impact materiality. This assessment enabled us to clearly evaluate our Environmental, Social and Governance risks in terms of financial and non-financial impacts.

After linking and analyzing our ERM and DMA results, Azelis identified that Climate Change was a material risk factor, amongst others, which can impact our operations, financial results and long-term performance.

Having identified climate risk and preparing for the transition to a carbon neutral economy, as of high importance, Azelis then performed a dedicated climate risk assessment. This included a full analysis of the climate risks and opportunities impacting our business.

For further details on specific Azelis ESG risks, opportunities and impacts please see the *impacts, risks and opportunities* section, as well as the respective statements.

Auditor

The external audit of Azelis Group NV's statutory and consolidated annual accounts is entrusted to PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL, Culliganlaan 5, B-1831 Diegem, Belgium, represented by Peter Van den Eynde BV, with permanent representative, Peter Van den Eynde. As of 2024, the mandate of PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL is also extended with the mandate of providing the assurance opinion in respect of the corporate sustainability reporting (CSRD) as set forth in Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, and transposed into belgian law per 28 November 2024.

The statutory auditor is appointed by the Shareholders' Meeting for renewable terms of three years. The current mandate of PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL is to act as the statutory auditor of the Company for the three years ending on the date of the Shareholders' Meeting convened to deliberate on the annual accounts as of and for the year ending December 31, 2026.

The auditor conducts its audits in accordance with the International Standards on Auditing (ISA) and delivers a report, which confirms whether the Company's annual accounts and the consolidated financial statements of the Company provide a true and fair view of the assets, financial condition, and results of the Company.

Base fees for auditing the annual financial statements of Azelis Group NV and its subsidiaries are determined by the Shareholders' Meeting after review and approval by the company's Audit and Risk Committee and Board of Directors.

For details on the audit (including the assurance of the sustainability reporting) and non-audit fees paid to the auditor in the year ended December 31, 2024, we refer to note *External services and other expenses* in the consolidated financial statements of the Company.

Statement of the Board of Directors

To the best of its knowledge, the Board of Directors of Azelis Group NV declares, on behalf and for the account of the Company, that:

- The consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation scope;
- We confirm our commitment to sustainability by ensuring that our operations, decision-making processes, and reporting practices align with applicable non-financial sustainability standards and frameworks, more particularly in conformity with the Corporate Sustainability Reporting Directive (CSRD) and in accordance with European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation;
- The Report of the Board of Directors related to the consolidated financial statements gives a true and fair view of the development and performance of the business and the position of the Company and the entities included in the consolidation scope, together with a description of the principal risks and uncertainties they face.

Antwerp, Belgium, March 4, 2025

On behalf of the Board of Directors,

Anna Bertona
Chief Executive Officer

Thijs Bakker
Chief Financial Officer

Innovation in action formulations for customers

Enhanced taste and mouthfeel with reduced-sugar flavored milk

Flavored milk is a popular beverage enjoyed by children and adults alike, offering endless possibilities with various flavors. However, with increasing concerns around sugar intake and new regulations that require labels to highlight "excess sugars," manufacturers are under pressure to reduce the sugar content of their products and still maintain product appeal. Moreover, sugar doesn't just add sweetness—it plays a crucial role in enhancing flavor, color, and texture.

Faced with this challenge, our Food & Nutrition team set out to find a solution that would allow a high-potential customer to develop a reduced-sugar flavored milk without compromising on the sensory experience that consumers expect.

The team began by exploring various options, evaluating ingredients that could reduce sugar while preserving the taste, mouthfeel, and appearance of full-sugar milk. After testing a range of possibilities, a clear winner emerged: licorice extract. This natural ingredient, used at low concentrations, works with sugar to amplify sweetness and enhance the flavor and mouthfeel. The result is a product that retains flavored milk's creamy, indulgent taste with significantly less sugar.

With this innovative approach, the team met the customer's needs—a solution that satisfied both regulatory requirements and consumer expectations. By incorporating licorice extract, we preserved the delicious sensory qualities of the original product while significantly reducing its sugar content. With the customer satisfied and all guidelines adhered to, the reduced-sugar flavored milk has been set to launch in the market.

Auditor's reports

Bringing **transparency** to complexity to make **better decisions**

Report on financial statements

Statutory auditor's report to the general Shareholders' Meeting of Azelis Group NV on the consolidated accounts for the year ended December 31, 2024

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Azelis Group NV (the Company) and its subsidiaries (jointly, the Group). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting *d.d.* June 13, 2024, following the proposal formulated by the Board of Directors and following the recommendation by the Audit and Risk Committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended December 31, 2026. We have performed the statutory audit of the Group's consolidated accounts for 4 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 5.762.880 thousand and a profit for the year of EUR 189.468 thousand.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the Board of Directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment test of Goodwill and Distribution Rights *Refer to notes 2.4, 2.5 and 15 in the Group financial statements* Azelis grows its business organically and through acquisitions. The Group has recorded on its balance sheet as at December 31, 2024 goodwill of EUR 2.537 million and intangible assets for an amount EUR 1.392 million, of which EUR 1.039 million is related to distribution rights and EUR 317 million is related to the Azelis brand name. In 2024, goodwill and intangible assets increased with EUR 170 million, mainly due to several acquisitions which were made in the course of 2024. Goodwill is allocated to the three Cash Generating Units ('CGU') identified by the Group as described in note 15.1. The Group is required to perform an annual impairment assessment on goodwill and intangible assets with indefinite useful lives. The definite lived intangible assets are reviewed for any impairment triggers at each reporting period on an individual basis. The carrying value of these assets are contingent on future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations. The impairment reviews performed by the Group contain a number of significant judgments and estimates, including the pre-tax Weighted Average Cost of Capital, terminal growth rate and Adjusted EBITA margin. This is an area of focus for our audit due to the significant value of these assets on the balance sheet and the inherent judgement by the Directors and management about the future results of the business in assessing these assets for impairment.	Our audit procedures included the following: • We assessed the appropriateness of the CGU's identified in view of management structure and internal reporting to Chief Operating Decision Maker. • We reconciled goodwill and intangible assets balances to the consolidated financial statements, and reconciled the goodwill of each new acquisition made throughout the period to the related purchase price allocation. We verified that these were allocated to the correct CGU. • We obtained the Group's impairment analysis and assessed the adequacy of the valuation methodology. • We checked the mathematical accuracy of management's model and supporting calculations. • We reconciled input data to supporting evidence, such as the business plan being approved by the Board of Directors, and considered the reasonableness of these budgets by comparing them to prior year's assumptions. • We performed a sensitivity analysis and identified the most significant management estimates as being the pre-tax Weighted Average Cost of Capital, terminal growth rate and Adjusted EBITA margin. As part of our sensitivity analysis, we performed our independent calculations to quantify the downside to management's models required to result in impairment. • We considered the reasonableness of management's key assumptions based on (i) the current and past performance of each cash-generating unit (ii) the consistency with external market and industry data, (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit and (iv) analysis of sensitivities in the Company's discounted cash flow model. • We involved our own valuation experts to support our procedures. • We obtained management's review for impairment triggers of the distribution rights. • We considered the appropriateness and sufficiency of related disclosures in the consolidated financial statements. Based on the evidence obtained from our audit, we consider the valuation method and the underlying assumptions to be an appropriate basis for the impairment testing of goodwill and of distribution rights.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations *Refer to note 7 in the Group financial statements* The Group has entered into various Share Purchase Agreements and Asset Purchase Agreements throughout the year which have resulted into business combinations under IFRS 3. The most significant assets identified in these acquisitions consist of goodwill and distribution rights of EUR 76 million and EUR 73 million respectively. IFRS 3 requires management to apply judgement and use assumptions in determining the fair value of identified assets and liabilities and to determine the resulting goodwill to be recognized. In estimating the fair values, management needed to make significant assumptions with regards to future cash flows, in particular to estimate the fair value of the distribution rights. The key assumptions relate to the discount rate, the attrition rate for suppliers and the part of revenues attributable to the main suppliers as well as those revenue growth rates. We have identified accounting for Business Combinations as a Key audit Matter because of the magnitude of these acquisitions in the aggregate and the management judgements involved to estimate the fair values.	Our audit procedures included the following: • We obtained and inspected the Share Purchase Agreements and Asset Purchase Agreements, the related due diligence reports, and financial records. • We performed audit procedures over the opening balances as per date of acquisition. • We obtained management's purchase price allocations, including underlying supporting calculations and supporting documentation, and assessed the adequacy of the valuation methodology. • We checked the mathematical accuracy of management's model and supporting calculations. • We performed a sensitivity analysis and identified the most significant management estimates, being the discount rate, the attrition rate for suppliers and the part of revenues attributable to the main suppliers as well as those revenue growth rates. • We evaluated the reasonableness of management's key assumptions based on (i) the current and past performance (ii) the consistency with external market and industry data, (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit and (iv) analysis of sensitivities in the Company's discounted cash flow model. • We involved our own valuation experts to support our procedures. • We considered the appropriateness and sufficiency of related disclosures in the consolidated financial statements. • We compared the consistency of the key assumptions across all purchase price allocations. Based on the evidence obtained from our audit, we consider the valuation method and the underlying assumptions to be an appropriate basis for determining the fair value of identified assets and liabilities from the Business Combinations.

Responsibilities of the Board of Directors for the preparation of the consolidated accounts

The Board of Directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the Board of Directors' current or future business management at group level. Our responsibilities in respect of the use of the going concern basis of accounting by the Board of Directors are described below.

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 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the directors' report on the consolidated accounts including the sustainability information and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

The director's report on the consolidated accounts includes the consolidated sustainability information that is the subject of our separate report, which contains an Unqualified conclusion on the limited assurance with respect to this sustainability information. This section does not concern the assurance on the consolidated sustainability information included in the directors' report on the consolidated accounts.

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Single Electronic Format (ESEF)

We have also verified, in accordance with the draft standard on the verification of the compliance of the annual report with the European Single Electronic Format (hereinafter "ESEF"), the compliance of the ESEF format with the regulatory technical standards established by the European Delegated Regulation No. 2019/815 of December 17, 2018 (hereinafter: "Delegated Regulation") and with the Royal Decree of November 14, 2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market.

The Board of Directors is responsible for the preparation of an annual report, in accordance with ESEF requirements, including the consolidated accounts in the form of an electronic file in ESEF format (hereinafter "digital consolidated accounts").

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial accounts complies in all material respects with the ESEF requirements under the Delegated Regulation.

Based on our procedures performed, we believe that the format of the annual report and marking of information in the digital consolidated accounts included in the annual report of Azelis Group NV per December 31, 2024 complies, and which will be available in the Belgian official mechanism for the storage of regulated information (STORI) of the FSMA, are, in all material respects, in compliance with the ESEF requirements under the Delegated Regulation and the Royal Decree of November 14, 2007.

Other statements

This report is consistent with the additional report to the Audit and Risk Committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Antwerp, Belgium, March 4, 2025

The statutory auditor
PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
Represented by

Peter Van den Eynde*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Peter Van den Eynde BV

Report on sustainability statement

Limited assurance report of the statutory auditor to the general Shareholders' Meeting on the consolidated sustainability statement of Azelis Group NV for the accounting year ended on December 31, 2024

We present to you our statutory auditor's report in the context of our legal limited assurance engagement on the consolidated sustainability statement of Azelis Group NV (the "Company") and its subsidiaries (jointly "the Group"). The consolidated sustainability statement of the Group is included in the sustainability statements section of the Azelis Integrated Report on December 31, 2024 and for the year then ended (hereafter "the consolidated sustainability statement").

We have been appointed by the general meeting *d.d.* June 13, 2024, following the proposal formulated by the Board of Directors and following the recommendation by the Audit and Risk Committee to perform a limited assurance engagement on the consolidated sustainability statement of the Group.

Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended December 31, 2026. This is the first year that we have performed our assurance engagement on the consolidated sustainability statement.

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of the Group.
Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated sustainability statement of the Group, in all material respects:

- has not been prepared in accordance with the requirements of article 3:32/2 of the Companies' and Associations' Code, including compliance with the applicable European Sustainability Reporting Standards (ESRS);
- is not in accordance with the process (the "Process") carried out by the Group, as disclosed in note "Impacts, risks and opportunites", to identify the information reported in the consolidated sustainability statement on the basis of ESRS; and
- does not comply with the requirements of article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation") disclosed in note "EU Taxonomy" within the environmental section of the consolidated sustainability statement.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), as applicable in Belgium.

Our responsibilities under this standard are further described in the "Responsibilities of the statutory auditor on the limited assurance engagement on the consolidated sustainability statement" section of our report.

We have complied with all ethical requirements that are relevant to assurance engagements of sustainability statements in Belgium, including those related to independence.

We apply International Standard on Quality Management 1 (ISQM 1), which requires the firm to 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 have obtained from the Board of Directors and Company officials the explanations and information necessary for performing our limited assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The scope of our work is limited to our limited assurance engagement regarding the consolidated sustainability information of the Group. Our limited assurance engagement does not extend to information related to the comparative figures included in the consolidated sustainability information.

Responsibilities of the Board of Directors relating to the preparation of the consolidated sustainability statement

The Board of Directors is responsible for designing and implementing a Process and for disclosing this Process in note "Impacts, risks and opportunities" of the consolidated sustainability statement. This responsibility includes:

- Understanding the context in which the activities and business relationships of the Group take place and developing an understanding of its affected stakeholders;

- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long- term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

The Board of Directors is further responsible for the preparation of the consolidated sustainability statement, which includes the information established by the Process:
- In accordance with the requirements referred to in article 3:32/2 of the Companies' and Associations' Code, including the applicable European Sustainability Reporting Standards (ESRS); and
- In compliance with the requirements of article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation") disclosed in note "EU Taxonomy" within the environmental section of the consolidated sustainability statement.

This responsibility comprises:
- Designing, implementing and maintaining such internal control that the Board of Directors determines is necessary to enable the preparation of the consolidated sustainability statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

The Audit and Risk Committee is responsible for overseeing the Group's sustainability reporting process.

Inherent limitations in preparing the consolidated sustainability statement

In reporting forward-looking information in accordance with ESRS, the Board of Directors is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected and the deviation from that can be of material importance.

Responsibilities of the statutory auditor on the limited assurance engagement on the consolidated sustainability statement

Our responsibility is to plan and perform the assurance engagement with the aim of obtaining a limited level of assurance about whether the consolidated sustainability statement contains no material misstatements, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), as applicable in Belgium, we apply professional judgment and maintain professional scepticism throughout the engagement. The work performed in an engagement aimed at obtaining a limited level of assurance, for which we refer to the section "Summary of work performed," is less in scope than in an engagement aimed at obtaining a reasonable level of assurance. Therefore, we do not express an opinion with a reasonable level of assurance as part of this engagement.

As the forward-looking information in the consolidated sustainability statement and the assumptions on which it is based, are future related, they may be affected by events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different from the assumptions, as the anticipated events frequently do not occur as expected, and the deviation from that can be of material importance. Therefore, our conclusion does not provide assurance that the reported actual outcomes will correspond with those included in the forward-looking information in the consolidated sustainability statement.

Our responsibilities regarding the consolidated sustainability statement, with respect to the Process, include:
- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing work to evaluate whether the Process is consistent with the description of the Process by the Group, as set out in note "Impacts, risks and opportunities".

Our other responsibilities regarding the consolidated sustainability statement include:
- Acquiring an understanding of the entity's control environment, the relevant processes, and information systems for preparing the sustainability information, but without assessing the design of specific control activities, obtaining supporting information about their implementation, or testing the effective operation of the established internal control measures;

- Identifying where material misstatements are likely to arise, whether due to fraud or error, in the consolidated sustainability statement; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated sustainability statement. 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.

Summary of work performed

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated sustainability statement. The procedures carried out in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing, and extent of procedures selected depend on professional judgment, including the identification of areas where material misstatements are likely to arise in the consolidated sustainability statement, whether due to fraud or errors.

In conducting our limited assurance engagement with respect to the Process, we have:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management; and
  - reviewing the Group's internal documentation relating to its Process.
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Group was consistent with the description of the Process set out in note "Impacts, risks and opportunities".

In conducting our limited assurance engagement, with respect to the consolidated Sustainability Statement, we have:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its consolidated Sustainability Statement including the consolidation processes, by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
- Evaluated whether the information identified by the Process is included in the consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the consolidated sustainability statement;
- Performed substantive assurance procedures on selected information in the consolidated sustainability statement;
- Evaluated the methods/assumptions for developing estimates and forward-looking information as described in the section *Responsibilities of the statutory auditor on the limited assurance engagement on the consolidated sustainability statement*;
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated sustainability statement.

Statement related to independence

Our registered audit firm and our network did not provide services which are incompatible with the limited assurance engagement, and our registered audit firm remained independent of the Group in the course of our mandate.

Antwerp, Belgium, March 4, 2025

The statutory auditor
PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
Represented by

Peter Van den Eynde*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Peter Van den Eynde BV

Sustainability statement

Creating **impact** for a **sustainable** industry

Innovation in action formulations for customers

Environmentally friendly crop protection with water-based suspension concentrate of Bispyribac sodium

Developing stable, cost-effective formulations for crop protection and weed management in the agricultural sector is a complex task. So, when a customer requested that our team create a water-based formulation of Bispyribac sodium—a broad-spectrum post-emergent herbicide—that would be both efficient and environmentally friendly, the team saw this as an opportunity to innovate and push the boundaries of sustainable agricultural solutions.

In certain markets, the formulation of Bispyribac sodium relies heavily on a blend of primary, secondary, and polymeric non-ionic surfactants, which comprise around 70% to 80% of the formulation. Added, it does not contain water. Bispyribac sodium has low solubility in water, which makes transitioning to a water-based system extremely difficult. The lab team faced issues with crystallization and separation, particularly when subjected to accelerated stability conditions, which are critical in determining long-term product viability.

Nevertheless, our lab team embarked on extensive research, experimenting with a combination of various formulating agents and stabilizers. After various tests, they achieved a breakthrough with an innovative blend that ensured the formulation's physical and chemical stability while being more cost-effective and environmentally friendly than the existing products.

By carefully selecting dispersing and wetting agents, the team achieved the perfect balance needed to maintain the stability of the active ingredient in water. This allowed the final product to meet all performance standards while reducing the reliance on harmful chemicals.

As a result, this novel formulation has been approved, and commercial trial orders are underway.

General disclosures

With a more holistic approach to portfolio sustainability and a heavier focus on the environment, *Impact 2030* will provide more transparency to the entire supply chain.

Basis for preparation

Framework

For the reporting year ended December 31, 2024, the company reports its sustainability information for the first time in accordance with article 3:32/2 of the CCA, including compliance with the applicable European Sustainability Reporting Standards (ESRS).

This includes:

- Compliance of the process carried out by the Company to identify the information reported in the Sustainability Statement (the Process) is in accordance with the description set out in *double materiality assessment*
- Compliance of the disclosures in sub-section EU taxonomy of the sustainability statement with Article 8 of EU Regulation 2020/852 (the Taxonomy Regulation)

In addition, a number of guiding frameworks were applied to support the interpretations and disclosures made in accordance with the ESRS standards. These include the GRI disclosure guidelines that are still used as a reference for the *Action 2025* KPIs, and as part of our KPI performance reporting, we also disclosed our progress on the United Nations 2030 Agenda for Sustainable Development using the SDG framework.

The statement covers the period starting January 1, 2024 and ending December 31, 2024 (hereinafter '2024'). The comparative period reflects the performance of the Group starting January 1, 2023 and ending December 31, 2023 (hereinafter, 2023), that was not yet in scope of the CSRD and subsequent reporting requirements.

The statement includes ESRS data points that are identified as material in the double materiality assessment (ESRS E1, S1, S2, S4 and G1) and are mandatory to be disclosed in accordance with ESRS, as well as voluntary data points. The voluntary disclosures are labeled as such.

Azelis also applies the ESRS recommendations on the phased-in disclosure requirements allowing companies to omit disclosing information required by ESRS 2 SBM-3 (DR. 48e), ESRS E1-9, ESRS S1-14 (DR. 88d and 88e) and ESRS S1-14 for non-employees (DR. 88c) in the first year(s) in accordance with appendix C of ESRS 1. Azelis has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

The table disclosed in *overview of disclosure requirements* highlights the material ESRS data points as well as their respective location throughout the report. The ESRS data points that have been addressed through the principle of 'incorporation by reference' are also disclosed in this section.

Reference to other EU legislation, in accordance with appendix B of ESRS 2, is disclosed in the *overview of disclosure requirements*. All greenhouse gas data points (GHG scope 1, 2 and 3) are reported based on the Greenhouse Gas Protocol.

All data points disclosed in the sustainability statement related to 2024 are subject to limited assurance by an external auditor. The comparative information 2023 has not been subject to limited assurance, unless mentioned otherwise. Since the reporting year 2021, Azelis gains voluntary ISAE 3000 limited assurance on selected non-financial KPIs. Ahead of the requirements of the EU CSRD, Azelis obtained ISAE 3000 limited

Evy Hellinckx's mobility story at Azelis is a testament to her strategic vision and leadership skills and a prime example of our commitment to leadership development. Since joining Azelis in 2016 as Strategy and Business Development Director for EMEA, Evy has played a key role in shaping the company's regional strategy and driving business growth. Her strategic insight led to significant multi-country mandate gains and the launch of key projects within the region.

In 2021, she took on the role of Managing Director Benelux, where she worked closely with operational and sales teams to strengthen Azelis's market position. This move offered Evy a chance to engage more closely with operational and sales functions. Her growing leadership and strategic contributions culminated in her promotion to Chief Executive Officer (CEO) of EMEA on January 1, 2024.

Evy Hellinckx
CEO EMEA

assurance for 11 *Action 2025* KPIs as reported in its *Integrated Report 2023*. No data points have been validated by an assurance provider other than the external auditor, unless specifically disclosed.

Scope of consolidation

The consolidated sustainability statement of the Company for the period January 1, 2024 to December 31, 2024 covers the same scope as the consolidated financial statements, refer to note *26.4 Group entities*.

The consolidation scope has changed compared to prior year: In 2023, controlled entities were integrated in the sustainability statement of the Company starting 12 months after acquiring them. In 2024, controlled entities are integrated in the sustainability statement starting moment of control, fully aligned with Azelis' financial reporting under IFRS.

The report covers the consolidated group's entire value chain and provides information, where material, on upstream, downstream and own operations in accordance with ESRS 1. Refer to *value chain* for further details.

Disclosures in relation to specific circumstances

Time horizons

The same definition of 'short-term' time horizon is used for the sustainability statement as well as the financial statements. The definition for 'medium-term' (up to five years) and 'long-term' (more than five years) horizons are in accordance with the definitions set out in ESRS 1 and the definitions applied in the double materiality assessment.

Significant estimates and judgments

In the process of applying accounting policies and preparing the sustainability statement, the Group has made judgments (assessments and estimates) for the reporting of GHG emission-related KPIs. Estimates are based on past experience and on additional knowledge obtained, and are reviewed on an ongoing basis. In 2024, the calculation method for the most material scope 3 categories changed from spend-based to activity-based.

- Scope 1 and 2 emissions were calculated based on actual data. If actual data was not available, consumption data and resulting emissions were estimated based on commonly applied estimation methods (e.g. extrapolation from previous comparable periods). External databases were used to retrieve the relevant emission factors. The carbon inventory has been compiled in accordance with the GHG protocol (operational control)
- Scope 3 emissions were calculated in compliance with the WRI/ WBCSD GHG Protocol. No primary emission data from our value chain has been used, we rely on internal datasets which are linked to the value chain including product related data (purchase & sales volumes, product composition). To calculate scope 3.1, emission factors, derived from external chemical databases, were matched to our product portfolio

For more details on the methodology applied to calculate scope 1, 2 and 3, refer to *E1 Climate change*.

Comparative figures

The KPIs of the comparative period 2023 were yet outside of the scope of the CSRD, and based - amongst others - on the GRI guidelines as a reference for the *Action 2025* KPIs. The comparative information in the sustainability statement and thereto related disclosures are presented on a voluntary basis and have not been subject to reasonable or limited assurance procedures, unless stated otherwise.

Changes in preparation, presentation or due to specific circumstances

To improve comparability, certain comparative figures were adjusted, due to the change in definition, in alignment with ESRS, the change in methodology or additional information obtained throughout the current period. It is clearly indicated in case comparative data was adjusted.

In 2024, we improved our scope 1 and 2 operational reporting scope, based on the ownership of the cars included in our reported fleet. Due to practical reasons and lacking data availability, 2023 data has not been updated to reflect this methodological change.

In view of our SBTi commitment we changed the methodology of our scope 3 calculations for the reporting year ending December 31, 2024 and baseline year 2022, by shifting from spend-based to activity-based data where available. The updated methodology was not applied to the scope 3 data of 2023, hence, the 2023 data was not adjusted. Therefore, we opted to not disclose comparative data on scope 3, except for the current period and baseline year.

Forward-looking information

The sustainability statement includes forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur.

Sustainability governance

Governance structure of Azelis' sustainability program

Azelis' Corporate Social Responsibility (CSR) program was initiated in 2015 after the Paris Agreement on climate change and the release of the 2030 Agenda for Sustainable Development by the United Nations.

Sustainability has always been embedded in Azelis' existing *corporate governance structure*, with clear responsibilities for and high involvement from the Executive Committee (ExCom). The ExCom reports to the Board of Directors on the progress made, being part of the regular meetings with them throughout the year.

Led by Anna Bertona, a multidisciplinary global sustainability task force with representatives from all regions was created in 2020, with the objective to align Azelis' sustainability strategy with the emerging sustainability challenges faced by its businesses.

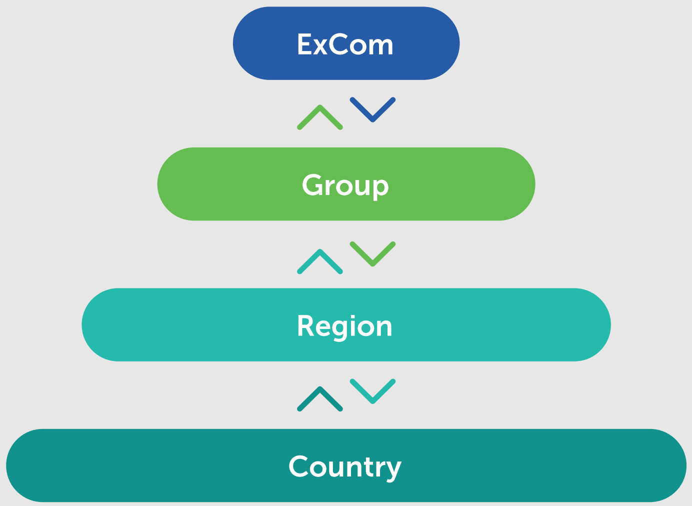
Since 2015, Azelis has had a Sustainability Steering Committee. The current composition of the Sustainability Steering Committee includes the owners of the four pillars of the sustainability program, as well as the Group Directors for SHEQ, Communication, Enterprise Risk Management and Accounting & Reporting.

The three regions are represented via their Regional SHEQ Directors, and the committee is led by the Group Sustainability Director.

This composition assures that all relevant knowledge and responsibilities are combined, as a sound basis for actioning, implementing and embedding Azelis' sustainability program into its processes and systems.

The Sustainability Steering Committee is responsible to define the company's sustainability program and to steer the implementation. The committee is also responsible to develop the necessary sustainability policies and guidelines and frameworks. It also advises the ExCom on sustainability topics and target setting, supporting the ExCom's decision making. Finally, the Sustainability Steering Committee was in charge of developing the *Impact 2030* strategy.

Monthly reporting and review cycle



Sustainability governance and operational model

Reflecting the importance that Azelis places not just on its sustainability agenda, but also on the integrity of the sustainability reporting, the Safety, Health, Environment and Quality (SHEQ) and Sustainability function have been split in two separate roles since early 2024. The previous Group SSC SHEQ Manager was appointed as Group SHEQ and Regulatory Affairs Director, and a dedicated and experienced Group Sustainability Director was appointed with a sound background in Sustainability and Compliance matters in multinational organizations.

Since Azelis launched its long-term management incentive plan (LTIP) in 2022, the performance of ESG-metrics (more specifically Scope 1 and Scope 2 CO_2 reduction) has explicitly been part of incentive schemes for members of the ExCom and certain other key employees. Also, as from 2025, it is proposed that the measurement of the performance of certain ESG-metrics will be part of the variable compensation under the short-term incentive plan (STIP). This ensures that the entire Group General Management Team (the GMT) will have clear incentives for the improvement and achievement of Azelis' non-financial targets.

Operationalization of Azelis' sustainability program

To ensure a well aligned and impactful implementation of the sustainability program across the organization, the company has set up for each region a so-called SustainOps and a SustainaBizz team.

The SustainOps teams ensure that Azelis implements the program on its own operational footprint, with focus on Environmental and HR elements.

The SustainaBizz teams focus on sustainability in Azelis' upstream and downstream value chain. Upstream, the teams take action for a sustainable principal and supplier portfolio, for sustainable procurement as well as for embedding sustainability criteria into Azelis' M&A due diligence and integration process. On product level, the teams apply portfolio sustainability assessment and are engaged in product specific carbon management. Downstream, the SustainaBizz teams embed sustainability into the Company's innovation and solution portfolio and selling proposition as well as providing market trends on sustainability back to the internal sustainability intelligence. By this, Azelis ensures that market needs and the principal and product portfolio are ready for an increasing demand for sustainable products.

Regional SustainOps and SustainaBizz teams report their sustainability programs and progress as part of quarterly reviews to the Sustainability Steering Committee.

All required non-financial data and data points are included in dedicated systems, for example for HR data and for emission data. Via automated data-exchange, the non-financial data are included in Azelis' global Consolidation & Reporting system that is also used for financial data. The integration in this one system makes also the non-financial data part of Azelis' regular review and reporting cycle.

Each month, all data points are reported on a local country level, a regional level and on a group level. As such, the non-financial data is part of Azelis' monthly review cycle, and is reported to the ExCom and to the Board of Directors, together with the Company's financial data.

By connecting the sustainability program to Azelis' Audit and Risk Committee, the Company ensures that all reporting and disclosures are related to applicable standards based on materiality.

Due diligence

The below table describes in which sections Azelis' due diligence measures are disclosed.

Core elements of due diligence	Paragraphs in the sustainability statement	Page Nr.
a) Embedding due diligence in governance, strategy and business model	Risk management	68
	Remuneration report	57
	Governance structure of Azelis' sustainability program	89
	Governance framework (G1 Business conduct)	156
	Increased screening capabilities (G1 Business conduct)	159
b) Engaging with affected stakeholders in all key steps of the due diligence	Interests and view of stakeholders	25
	Risk management	68
c) Identifying and assessing adverse impacts	Double materiality assessment	95
	Risk management	68
	Engaging with value chain workers (S2 Workers in the value chain)	148
	Climate risk assessment (E1 Climate change)	114
	Fight against corruption and bribery (G1 Business conduct)	156
	SpeakUp! (G1 Business conduct)	156
d) Taking actions to address those adverse impacts	Our actions and resources (E1 Climate change)	118
	Our actions and resources (S1 Own workforce)	130;133;135;136
	Taking action, remediation and channels to raise concerns (S2 Workers in the value chain)	148
	Taking action (S4 Consumers and end users)	153
	Our actions and resources (G1 Business conduct)	159
e) Tracking the effectiveness of these efforts and communicating	Metrics and targets (E1 Climate change)	120
	Metrics and Targets (S1 Own workforce)	140
	Taking action, remediation and channels to raise concerns (S2 Workers in the value chain)	146
	Targets (S2 Workers in the value chain)	146
	Targets (S4 Consumers and end users)	154
	Metrics and Targets (G1 Business conduct)	161

The program

From taking action to creating impact

Azelis launched its first sustainability program, *Action 2025*, in 2021. The program was based on insights gained from in-depth interviews with our principals and customers, the results of our EcoVadis® assessment, and input from Azelis business representatives. It was also based on the results of a materiality assessment carried out in 2019 that aimed to identify and understand the relative importance of specific ESG and sustainability topics to our organization.

Action 2025 reflects the principles of international benchmarks used to track progress in sustainability, including the UN Sustainable Development Goals (SDGs), the ISO 26000 standard, the Responsible Care® / Responsible Distribution® programs, and the guidelines of the Global Reporting Initiative (GRI) that are used as a reference. For each pillar, we prioritized the United Nations Sustainable Development Goals (UN SDGs) that we could best contribute to with our sustainability program.

As the program reached its goals and headed toward the end of its lifespan, our teams started to review it, placing particular focus on the environmental and product-related aspects. They took it to the next level, from 'taking action' to 'creating impact'. This is how, in 2024, *Impact 2030* came into being, with a new set of goals and ambitions that answer the need to adapt to changing times and help our partners move their sustainability agendas forward. From 2025 onwards, we will report our progress under the *Impact 2030* target and KPI framework.

Pillar	*Action 2025* targets	Our achievements in 2024	SDGs
People	**Employee attraction, development and retention** • **77** points score for 'engagement' and **85** points score for 'loyalty' in ESS (Employee Satisfaction Survey). • **>10%** of employees in the company's 'talent pools'. • Average of **24** hours of training per employee **Diversity and inclusion** • **100%** of line managers will be trained in diversity and inclusive leadership. • **30%** of senior management positions will be held by women. **Good working conditions** • **76** points score for 'working conditions' in ESS. • **0** workplace accidents with lost time.	**Employee attraction, development and retention** • **72** points score for 'engagement' and **80** points score for 'loyalty' in ESS. • **12.2%** of employees in the company's 'talent pools'. • Average of **19.2** hours of training per employee **Diversity and inclusion**[1] • **99.8%** of line managers will be trained in diversity and inclusive leadership. • **32.6%** of senior management positions will be held by women. **Good working conditions** • **73** points score for 'working conditions' in ESS. • **10** workplace accidents with lost time.	3, 4, 5, 8
Products and innovation	**Sustainable products** • We aim to establish a segmentation of our products and solutions with regards to their sustainability performance profile. This approach includes the selection of a methodology that allows comparability across the portfolios in the overall industry, segmentation of the portfolio and defining baseline and target composition. **Sustainable sourcing** • **80%** of our revenue will come from ESG assessed or audited suppliers, thanks to our Together for Sustainability® membership.	**Sustainable products** • PSA 2.0 WBCSD selected as reference for methodology. • First impact categories piloted. **Sustainable sourcing** • **83.6%** of 2024 revenue covered with ESG assessed or audited suppliers.	3, 9, 12, 13, 17

Pillar	*Action 2025* targets	Our achievements in 2024	SDGs
Governance	**Compliance** • No material breaches of laws and regulations in any country in which we operate. **Ethics and fair business practices** • **100%** of employees trained in policies and procedures relating to ethics. • No material breaches of these policies and procedures. **Crisis management** • **100%** of Azelis sites to have effective crisis management and business continuity plans in place.	**Compliance** • **0** material breaches of laws and regulations. **Ethics and fair business practices** • **99.7%** of employees trained in ethical and fair business practices and policies. • **0** material breaches of ethical and fair business practices and policies. **Crisis management**[1] • **87%** sites with crisis management and business continuity plans in place.	11, 16
Environment	**Energy management and mitigating climate change** • Following the establishment of an inventory in 2021 of our greenhouse gas emissions (GHG), we will identify carbon reduction measures across our organization. • Establish a roadmap for sourcing renewable electricity. • Achieve our carbon intensity reduction target of **50%** (Scope 1 and Scope 2 emissions) by 2030 from a baseline year of 2019, with a mid-term target of **25%** carbon intensity reduction by 2025. **Waste management and prevention of pollution** • Development of a robust waste management and reporting strategy. • Establish a reporting baseline, based on the CSRD requirements, and linked to our scope 3 emission reporting and reduction. **Preventing environmental accidents** • **0** environmental accidents.	**Energy management and mitigating climate change** • Scope 1 and scope 2 carbon emission intensity is reduced by **36%** in 2024 compared to a 2019 baseline. • Renewable electricity is covering **30%** of the total 2024 electricity consumption. • Committed to SBTi, 2030 intensity target replaced by *Impact 2030* absolute emission reduction targets. **Waste management and prevention of pollution**[1] • We further improved our waste reporting and included the result in our scope 3 calculations. **Preventing environmental accidents** • **3** environmental accidents.	7, 13, 14, 15

1 Topics have been included in view of consistency of information with prior Azelis sustainability reports on Action 2025, though have not been concluded to be material as part of the DMA 2024.

ESG and sustainability commitments

ESG and sustainability recognitions

Industry leader in sustainability

Top 2nd percentile in the trading and distribution industry.

Impact 2030 was officially launched at the beginning of 2025. Overseeing all three carbon emissions scopes and setting ambitious reduction targets, our renewed sustainability program upholds the same pillars as its predecessor but has extended the scope of the 'Products and Innovation' pillar to include both our suppliers and our products and solutions. As a result, in 2025, we will launch supplier engagement and sustainable procurement programs and further segment products and solutions in terms of sustainability. We also gave this pillar a new name to better reflect its broader scope: Portfolio.

Our proactive approach aligns with the evolving demands of our stakeholders and markets and unlocks significant opportunities for growth. True to our purpose, *innovation through formulation*, we embed sustainability into our core operations and portfolio of products and solutions. Our Portfolio Sustainability Assessment tool, which will enable us to segment the products we sell regarding sustainability, enhances our appeal to customers who require reformulations for their products to meet their new sustainability standards and follow the increasing market demand for more sustainable end products. We also attract principals who prioritize responsible partners that help them meet their sustainability goals.

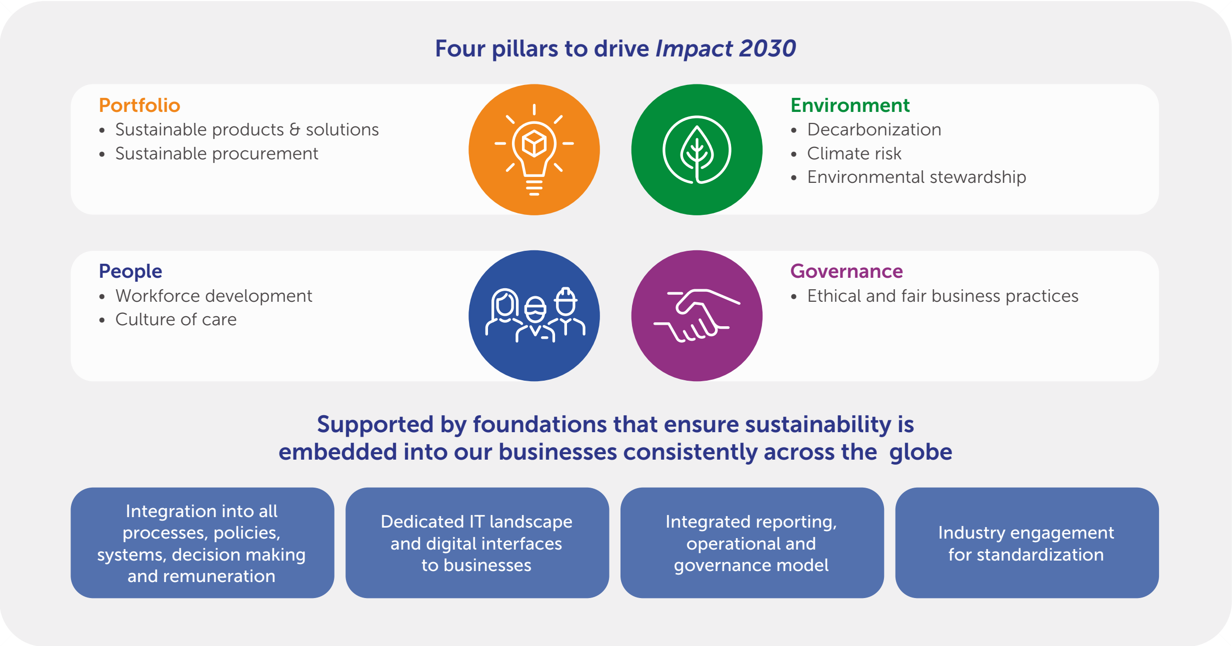
Azelis will complement its running activities with sustainability projects in each region, to further develop actions to reduce emissions in line with its 2030 SBTi target trajectory. The goal for 2030 is to reduce scope 1 and 2 emissions by 42% via energy efficiency programs and switches from fossil fuels to renewable energy. Scope 3 will include the enhanced supplier engagement program mentioned above, and it will define and follow up on clear actions to reduce emissions by 25% within the program's timeframe.

At Azelis, we invest substantially in personal and professional development, talent mobility, and diversity and inclusion, resulting in a high employee engagement rate. Over the past years, the proportion of women in Azelis' workforce has remained above 50%, and 30% of senior management positions have been taken by women. We want to be the employer of choice within the industry by providing career opportunities that align with employees' sustainability values and provide purpose in their professional lives.

Azelis abides by fair business practices and has a robust framework in place to ensure compliance with all laws and regulations, embedding trust and ethics in the organization's foundation. With established crisis management and business continuity planning at most of our sites, we incorporate sound governance and fair business practices into the heart of our daily operations.

By embedding sustainability into the core of our values, business practices, product portfolio, solutions, and corporate social responsibility, our appeal to be the first choice for our industry stakeholders will only continue to grow.

A more detailed account of *Impact 2030* will be given in our 2025 Integrated Report.



Double materiality assessment

Azelis' first materiality assessment was performed in 2019 as part of the Non-financial Reporting Directive (NFRD) disclosures. The material topics identified in this assessment were reflected in the *Action 2025* sustainability strategy.

Throughout 2023 and 2024, Azelis carried out its double materiality analysis in accordance with the requirements of the European Corporate Sustainability Reporting Directive (CSRD).

Double materiality methodology

The purpose was to identify the most relevant environmental, social and governance (ESG) topics, from an impact and financial materiality perspective. As part of the double materiality assessment, a score is allocated to each European Sustainability Reporting Standard (ESRS) topic, based on:

- Impact materiality (inside-out): How the company impacts, either positively or negatively, society and environment
- Financial materiality (outside-in): The risks and opportunities that could impact the company's financial results

This methodology was applied throughout our assessment and split into four steps: The formalization of the sustainability topics and impacts, risks and opportunities (IROs); the financial materiality analysis of these topics through the existing ERM exercise; the impact materiality analysis and assessment through individual interviews of internal and external stakeholders and the validation of the outcome by the relevant governance bodies.

Formalization of the sustainability topics and IROs

The relevant impacts, risks and opportunities applicable for Azelis and its value chain have been determined based on information collected via the following sources:

- Review of the CSRD requirements and ESRS guidelines
- Review of internal documents, including policies, strategy and reports, and including the existing Enterprise Risk Management process as embedded in Azelis' business model
- Review of sectoral studies and analyses, including industry analysis on ESG trends on sustainability standards and organizations (MSCI, SASB, etc.)
- Review of materiality tools of rating agencies and reporting standards
- Perform benchmark studies of peer companies to support the justification (if exclusion/inclusion)
- Key stakeholder interviews (external stakeholder feedback)
- Internal interviews (internal stakeholder proxies)

This information was used to identify a longlist of IROs and was validated by internal stakeholders who have an overall thorough understanding of our business activities. This resulted in a shortlist of IROs covering Azelis' activities and its entire value chain. The identified IROs were then grouped and categorized into topics, subtopics and sub-subtopics, aligned with ESRS and linked to each of Azelis' strategic sustainability pillars. Next, the IROs were assessed by the respective subject matter experts in different workshops, and validated by dedicated focus groups. Complementary workshops allowed adjusting the scores (if needed) obtained in the ERM assessment.

The subject matter experts involved in identifying and assessing the IROs were mainly external experts (or internal stakeholder proxies) from specific domains, i.e. HR, compliance, sustainability, SHEQ. The stakeholders involved in validation workshops, were mainly internal stakeholders who have an overall thorough understanding of our business activities, such as legal, internal audit, investor relations, finance, sustainability.

The following assumptions were made throughout the process:

- Within its asset-light business model, Azelis has limited owned warehouses, offices and labs. Additionally, given its diversified geographical spread, no material concentration risk has been identified with regard to its labs, warehouses and offices
- Customers: For the impact towards or through our downstream customers, we selected a representative customer sample across our regions and market segments
- Suppliers: For the impact towards or through our upstream principals, we selected a representative principal sample across our regions and market segments
- Internal proxies were used for specific knowledge and views on stakeholder perspectives, with an overall thorough understanding of Azelis' business activities, such as legal, internal audit, investor relations, finance and sustainability

We applied the following process to identify material IROs:

Climate change: Climate change related impacts, risks and opportunities have been identified across our entire value chain.

- Impacts: We considered historical GHG footprint data in the DMA exercise to identify the impacts. Our operational boundary footprint is included in historical scope 1 & 2 data. As a distributor, the majority of our emission footprint is linked to scope 3 (purchased goods and services)
- Risks & opportunities: The risks and opportunities relate to climate mitigation and climate adaptation. We performed a climate risk assessment to identify physical and transition risks and opportunities by considering the Shared Socio-economic Pathways (SSPs) climate scenarios provided by the Intergovernmental Panel on Climate Change (IPCC). Physical risks are limited, given Azelis' asset-light business model. Transition risks and opportunities are related to policies and

regulation, technological advancement and market changes. Please refer to our *climate risk assessment* for more details

Resource use and circular economy: Impacts, risks and opportunities related to resource use focus on our operations, more specifically our historical operational and chemical product waste amounts. Waste reporting is being tracked by Azelis for multiple years.

Pollution & water and marine resources: For the purpose of identifying material impacts, risks and opportunities for the thematic ESRS standards on pollution, the assessment has focused on our historical data available on environmental accidents reported for our own operations and external sites. For water and marine resources, only Azelis' own activities have been assessed based on historical water consumption reporting.

Biodiversity: Due to our asset-light business model, limited blending activity and diversified product portfolio across the value chain, no material dependencies, transitional, systemic or physical risks are expected with regards to biodiversity. We do not operate sites affecting biodiversity-sensitive areas, neither is it necessary to implement biodiversity mitigation measures in accordance with equivalent national provisions or international standards. Actual and potential impacts on biodiversity and ecosystems were analyzed by means of environmental accidents historically reported for our own operations and external sites.

Consumers and end users: Due to our strategic focus on providing innovation through formulation, our strategic sustainability pillar 'products and innovation' has been assessed in detail during the DMA process. This pillar ensures we are able to provide innovative, sustainable solutions to our customers and end users, and is linked to the thematic ESRS S4 standard. For the purpose of identifying material impacts, risks and opportunities for this standard, the assessment has focused on our product portfolio, formulation work and product stewardship claims.

Business conduct: Business conduct is considered across Azelis' own operations and value chain considering our activities as global, diversified food ingredients and specialty chemical distributor.

Cybersecurity, data protection and privacy: Cybersecurity, data protection and privacy is an entity-specific topic for which material risks were identified. As part of our ERM exercise, it is also scored as our top risk. These entity-specific disclosures are linked to the governance-pillar and therefore disclosed as part of G1 Business conduct.

IROs relating to cybersecurity are not derived from an ESRS disclosure requirement based on the DMA outcome, but to be considered as an entity-specific disclosure.

The (material) sustainability topics are also reflected in the double materiality outcome. Refer to section *Overview of incorporation by reference and disclosure requirements* whereby the material topics have been linked to the relevant ESRS standard.

Financial materiality analysis

The latest Azelis Enterprise Risk Management process has been integrated into the relevant sustainability topics, and we have identified the dependencies (resource availability, business relationships, public and certifying authorities, access to capital, social and societal contexts) related to our four sustainability pillars. Refer to the *Enterprise Risk Management process* for more information regarding our ERM methodology.

Any necessary interviews and additional workshops have been conducted with internal stakeholders involved in the ERM process to assess the risks and opportunities based on magnitude (hence, including the potential financial effects) and likelihood. The potential financial effects were assessed and analyzed in close collaboration with key stakeholders from the corporate finance departments, considering various sources of financial information. Any sustainability related risks are included in Azelis' overall risk taxonomy and ERM, also considering Azelis' asset-light business model and diversified business portfolio across geographies, suppliers, customers and market segments.

The scoring of the risks and opportunities has been based on:

- Magnitude: minor to major
- Likelihood: low to high

Impact materiality analysis

We identified key stakeholders among all stakeholders in our value chain - employees, principals, customers, investors, and industry partners - and we used proxies for specific knowledge and views on stakeholder engagement. The interests and views of all stakeholders are described in the section *Interests and views of stakeholders*.

As part of the impact materiality assessment, individual interviews were conducted with external stakeholders (such as principals and customers) to assess the scale of potential and actual impacts. External stakeholders were selected based on their importance and level of relationship, covering all regions and market segments where Azelis is active.

Internal focus groups, dedicated to each strategic sustainability pillar, assessed and reviewed the positive or negative impact scale which was scored by external stakeholders. At the same time, the internal stakeholders and selected proxies assessed the impact scope, the likelihood and irremediable character (only for negative impacts), as well as the time horizon.

Establishing the involvement of external and internal stakeholders ensures both impacts related to our own operations and through our business relationships are assessed during the materiality analysis.

Scoring of identified impacts by internal and external stakeholders has been mapped to the ESRS categories with main relevance for Azelis. The scoring of the impact has been based on:

- Scale: low to critical
- Scope: limited to widespread
- Remediability: easy to impossible
- Likelihood: unlikely to certain/real
- Evolution and time horizon: <1 year, 1-5 years, >5 years

The threshold to identify both financial, material topics and impact, material topics is assessed in detail on the score for probability and likelihood on the one hand, and for magnitude and impact on the other hand.

Connection to Azelis' risk management framework

We further prioritize sustainability-related risks and opportunities by integrating them into our overall risk management framework. We evaluate these risks alongside financial, operational, and strategic risks, using a comprehensive risk-assessment process. This includes impact and likelihood assessments, risk interviews and materiality evaluations to quantify their potential effects on our business. Sustainability risks are given weight based on their long-term implications and alignment with our corporate values, ensuring they are addressed with the same rigor as other critical business risks.

Our risk register functions as a dynamic, 'live' database that is regularly reviewed and updated to reflect emerging risks or changes in existing risks. This approach ensures that our risk management process remains responsive and relevant, enabling us to proactively address potential challenges as they arise.

After risk scores are gathered, we prioritize risks based on their severity (score from 1 to 4) and likelihood (or probability, score from 1 to 4) and then assign responsibility of each priority risk to a dedicated risk owner that also is involved in the ERM and ExCom sponsor. The risk owner then develops actionable plans to mitigate the risk, and these mitigation strategies are reviewed and approved by our ExCom. Following this, we monitor risk mitigation progress to ensure risks are managed effectively and adapt to changing conditions.

For a full understanding of how we assess and manage risks, refer to the *Risk management* section. The Azelis risk management framework focuses on timely risk identification, systematic assessments and adequate response in line with the company's risk appetite. The outcome is then consolidated to determine the main risks and uncertainties. The ExCom reviews and validates these risks and provides further input where necessary before submitting them to the Audit and Risk Committee and Board for final consideration and approval.

Within this ERM cycle, our Internal Audit team gives an annual update on the Group level ERM process to the ExCom. In 2024, this update included a review of top priority risks, assigned risk owners, and an update on risk mitigation implementation. The Internal Audit team also provides quarterly updates to the Audit and Risk Committee on risk assessment, internal controls and internal audit. Sustainability reporting is embedded in this quarterly reporting cycle.

For a full description of the ICSR processes and procedures that we have implemented to ensure the accuracy, reliability, and integrity of the sustainability information we disclose, refer to the *ICSR* section .

Validation process

Overall, our DMA and ERM processes both highlighted the same material focus areas for the Group. We identified one deviating result, since our DMA identified product stewardship as a priority risk, while this risk was scored as low priority in our ERM process. This can be explained due to strong mitigating procedures already in place, while we have considered a gross prospective risk for the DMA.

The outcome of our double materiality assessment, including the consolidated overview of material IROs and ESRS standards has been reviewed and validated first by the internal function group. Together with the outcome of the Climate Risk Assessment, it was presented to and approved by both the ExCom and Audit and Risk Committee.

Double materiality outcome

The outcome reflects the material sustainability topics which are impacted by Azelis, either positively or negatively, and the risks and opportunities connected to Azelis' business activities, including our up- and downstream value chain. ESG impacts, risks and opportunities ("IRO") often span a longer time horizon in comparison to traditional financial and operational risks.

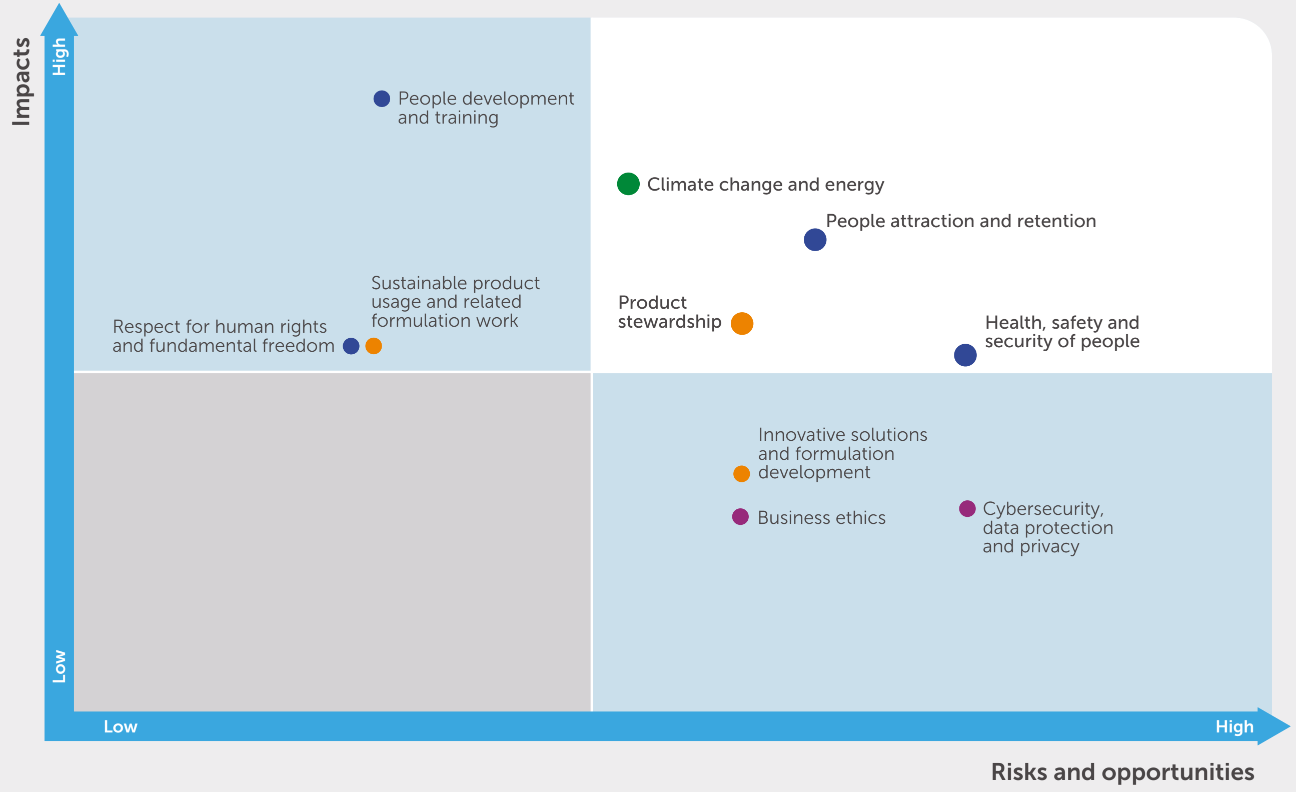
ESG IROs extend beyond short-term cycles and are assessed from the short-term (within the reporting period), to medium-term (between the reporting period and five years) and long-term (more than five years).

Ten sustainability topics were identified as material, of which four from both an impact and financial materiality perspective.

As the double materiality assessment is a continuous process, it will be reviewed regularly in the future reporting periods and updated if needed. Azelis will initiate the next revision cycle of the DMA in the course of 2025.

Double materiality matrix

	People	Governance	Environment	Products and innovation[1]
Double material	• People attraction and retention • Health, safety and security of people		• Climate change and energy	• Product stewardship
Material	• People development and training • Respect for human rights and fundamental freedom	• Cybersecurity, data protection and privacy • Business ethics		• Sustainable product usage and related formulation work • Innovative solutions and formulation development



1 Products and innovation will be changed to Portfolio going forward, in accordance with *Impact 2030*.

Impacts, risks and opportunities

As Azelis is currently making its transition from *Action 2025* towards *Impact 2030*, we also have presented additional and voluntary IROs that may not be directly linked to the outcome of the DMA, but are deemed to remain important for Azelis' strategy, Forever *Forward*. The impact areas of the identified IROs on our value chain - including upstream, own and downstream operations - are visualized on page 27.

ESRS E1 – Climate change

Climate change			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (inside-out)	Positive impact	**Renewable energy deployment**: Azelis can have a positive impact by increasing the share of renewable energy in its energy consumption mix (scope 1&2). Renewable energy is a key technology to succeed in limiting global warming to 1.5°C.	Short-term Medium-term Long-term
	Positive impact	**Low carbon products:** Azelis can have a positive impact by engaging with principals and suppliers on products with a lower carbon footprint (scope 3).	
	Negative impact	**Energy consumption own operations**: GHG emissions linked to fossil-based energy use in our daily operations contribute to global warming.	
Financial materiality (outside-in)	Risk – Technology	**Transition risk:** Product and supply chain decarbonization risk • The push towards supply chain decarbonization requires companies to assess and reduce emissions across their entire supply chain. The shift toward environmentally friendly, non-fossil-fuel-based products necessitates R&D, a transition to principals and suppliers that offer these alternatives, and the challenge of integrating new technologies without compromising quality or safety. • Consequences include risks in inability to meet a changing market demand, the improvement of competitor's positions, regulatory non-compliance and increased costs.	Medium-term Long-term
	Risk – Policy & legal	**Transition risk:** Reduction of ESG-related external ratings • With the growing importance of ESG in business partnerships, external rating scores serve as a benchmark for such performance. Lower scores may signal to stakeholders a lack of commitment to sustainable practices. • Consequences include potential loss of mandates and clients, reduced access to capital, reputational damage and talent attraction.	
	Risk – Policy & legal	**Transition risk:** Decarbonization regulations and disclosure requirements • Companies must comply with stricter regulations on decarbonization, reducing their carbon footprint and ensuring transparent reporting. There is a need to have a climate transition plan and 1.5°C aligned targets. Differences in local legislations further complicate matters for multinational companies like Azelis. • Consequences include potential penalties and fines, increased costs and reduced access to capital.	
	Opportunity – Products & Services	**Transition opportunity:** Pioneering sustainable solutions in chemicals • Develop cutting-edge sustainable products that reduce environmental impact, catering to the increasing demand for green alternatives in the industries Azelis serves. Shift to bio-based products instead of fossil fuel-based products. • Offer value-added services that assist clients in achieving their sustainability targets and to gain competitive advantage, such as PCF data. • Consequences include premium pricing and competitive advantage on sustainable solutions, access to new markets, an improved brand reputation, transition risk mitigation by ability to meet structural shifts in demand due to sustainability trends and competitive positioning changes in response to climate transition.	
	Opportunity – Market	**Transition opportunity:** Gaining a competitive advantage through strategic partnerships and M&As • Forming strategic partnerships in sustainability leads to collaborative advantages, opening avenues for innovation in clean technology and shared research that can drive the industry forward. • Strategically acquiring companies to enhance sustainability practices, increase market share, and incorporate innovative technologies. • Consequences include access to new revenue streams and markets, talent attraction and a strengthened company reputation.	

ESRS S1 – Own workforce

Employee attraction & retention			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• The focus on employee attraction and retention brings about enhanced employee engagement and job satisfaction. The implementation of initiatives that recognize employee achievements and promote a positive work culture significantly boosts engagement. • Providing fair wages, equitable bonuses, and a strong compensation review process empowers our employees by recognizing their contributions, enhancing financial stability, and fostering job satisfaction. This not only strengthens our workforce well-being but also reduces economic disparities and supports thriving communities. • Strong attractiveness and retention strategies play a key role in fostering opportunities for young talent, internships, and apprenticeships, which can significantly contribute to reducing unemployment. By positioning our company as an appealing and supportive employer, we can attract young professionals seeking growth, career development, and preparing the next generation of skilled professionals.	Medium-term Long-term
	Negative impact	• Failure to provide adequate training opportunities may lead to disengagement and lower employee morale. • Failing to address harassment and discrimination in the workplace creates an unsafe and inequitable environment, leading to employee distress and reinforcing social injustices that extend beyond the workplace. • Insufficient wages contribute to financial insecurity, increase employee turnover, and deepen social and economic inequalities, ultimately weakening both the workforce and the broader community.	
Financial materiality (Outside-in)	Risk	• Failure to invest in employee attraction and retention by fostering a positive working environment may damage our reputation, leading to potential negative publicity related to employee treatment, discrimination, or insufficient workplace protocols. Consequently, this can significantly hinder our ability to attract and retain top talent. • A lack of compliance with labor regulations or workplace safety protocols may result in an increase in legal penalties and a negative impact on employer branding. • Poor employee experience and failure to retain our talent will lead to an increase in employee turnover resulting in frequent hiring and training, which increases costs and creates operational disruptions.	Medium-term Long-term
	Opportunity	• The importance of strengthening our employer branding through the promotion of a positive workplace culture, employee wellbeing and mental health and career development. By doing so will make our company more attractive to prospective employees and retaining our current talent. • Providing employees with upskilling and reskilling opportunities ensures adaptability to industry changes, contributing to a resilient workforce and reducing the risk of skill shortages.	

Health & safety			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• Promoting a *Safety First* culture within the organization by implementing proactive measures beyond basic workplace safety protocols and emergency response training positively influences a culture of care and responsibility within communities. Safety is not a choice, it's a necessity. This approach helps safeguard the most valuable asset on our planet: people.	Medium-term Long-term
	Negative impact	• Insufficient health and safety protocols or under-investing in health and safety can lead to an increase in accidents, injuries, or health issues, which violate the fundamental right to a safe workplace.	
Financial materiality (Outside-in)	Risk	• Inadequate health and safety measures can lead to workplace accidents, injuries, or illnesses. Non-compliance can result in legal penalties, higher insurance premiums, or loss of employee trust, potentially increasing employee turnover and harming the company's reputation. • The lack of mental health support can lead to burnout, impacting productivity and increasing absenteeism. This risk can erode employee well-being, morale, and our overall company performance.	Medium-term Long-term
	Opportunity	• Investing in well-being initiatives, including mental health support, and hybrid work policies, can enhance productivity, reduce absenteeism, and foster a positive company culture. • Building a safety-first culture by prioritizing safety can improve morale, demonstrate company values, and position the company as a responsible employer, attracting top talent.	

Human & labor rights

Impact, Risk and Opportunity		Description	Time horizon
Impact materiality (Inside-out)	Positive impact	• By providing adequate wages in line with applicable legislations, along with competitive benefits, we contribute positively to economic security and reduce income inequality. • By upholding human and labor rights, we foster economic stability, reduce social inequalities, and strengthens communities, creating a more just and sustainable society for all.	Short-term Medium-term Long-term
	Negative impact	• Failure to provide adequate wages may lead to financial insecurity and violate fair wage standards. • Failure to address or put in place measures to tackle discrimination or harassment may lead to unfair work environment, impacting employee morale and mental health.	
Financial materiality (Outside-in)	Risk	• Non-compliance with labor laws or international labor standards can result in fines, sanctions, or even forced shutdowns, especially for multinational companies. Such non-compliance risks regulatory scrutiny and stakeholder trust. • A lack of adequate wages, benefits, or career growth opportunities can increase employee turnover and make it harder to attract new talent. Furthermore, high employee turnover is costly and disrupts business continuity, impacting overall company's operational stability. • Failure to address discrimination, harassment, or bias within the workforce can lead to lawsuits, reputational damage, and reduced employee morale. This can impact our employer value proposition resulting in an increase in employee turnover and making it harder to attract and retain talent.	Short-term Medium-term Long-term
	Opportunity	• Offering competitive wages, career development opportunities, and a positive work environment helps attract and retain talent, improve operational efficiency, reduce hiring costs, and build a more skilled and effective workforce. Proactively meeting regulatory standards and addressing human and labor rights risks can improve resilience against external disruptions (e.g., regulatory changes). • A fair and inclusive work environment boosts employee loyalty, reducing employee turnover and associated costs.	

Training & skill development

Impact, Risk and Opportunity		Description	Time horizon
Impact materiality (Inside-out)	Positive impact	• Offering professional development, training, and educational programs fosters career growth and skill acquisition, supporting employees' personal and professional development. By doing so helps employees to advance within our company. • Investing in training and skills development not only empowers employees with opportunities for growth but also strengthens industries, drives economic progress, and reduces social inequalities. By aligning workforce capabilities with evolving industry demands, we create a more skilled, resilient society where communities and individuals thrive together.	Medium-term Long-term
	Negative impact	• Neglecting employee training and upskilling stifles personal and professional growth, contributing to a less adaptable workforce, lower job satisfaction, and widening social and economic disparities.	
Financial materiality (Outside-in)	Risk	• Without adequate training, employees may leave for other companies offering better development opportunities, impacting our company's talent pool. • With rapid changes in technology, industry trends and innovation, without the appropriate upskilling in place will lead to skills gap, reducing our company's competitiveness. • Insufficient training can increase our regulatory risks in the countries where we operate, particularly in jurisdictions where training is legally mandated.	Medium-term Long-term
	Opportunity	• Implementing robust training and upskilling programs supports a dynamic workforce that can quickly adapt to industry changes. This proactive approach promotes innovation, reduces skill gaps, and prepares employees for evolving roles. • A robust training and development program significantly enhances our company's reputation by showcasing our dedication to employee growth and success. By fostering continuous learning and providing opportunities for skill-building and career advancement, we are able to create a dynamic workplace culture that attracts top talent.	

ESRS S2 – Workers in the value chain

Workers in the value chain			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• Azelis can have a positive impact on workers in the value chain by working with principals and suppliers on human rights and safety improvements.	Short-term Medium-term Long-term
	Negative impact	• By working with principals, suppliers and service providers present in multiple countries and regions and at several levels of the supply chain, the company must remain vigilant with regard to respect for human and labor Rights in order to prevent breaches of local & international regulations within the supply chain.	
Financial materiality (Outside-in)	Risk	• Non-compliance with regulatory requirements in respect of human rights leading to penalties or damaged business relationships.	Short-term Medium-term Long-term
	Risk	• If the company is linked to poor human rights management, it could struggle with employee recruitment and retention, and damage business relationships.	
	Risk	• Failure to respect human rights in the supply chain and the Group's duty of care would expose it to potentially significant fines and convictions.	
	Opportunity	• Forming strategic partnerships in human rights management leads to collaborative advantages, and a shared approach that can drive working conditions in the industry forward.	

ESRS S4 – Consumers and end users

Innovative solutions and formulation development, sustainable product usage and related formulation work			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• Positive impact on society by deploying sustainable products and solutions that have a positive environmental impact. This can be, for example, more environmentally friendly products and solutions with lower green house gas emissions. • Positive impact by driving innovation in the industry towards more environmentally friendly products.	Medium-term Long-term
Financial materiality (Outside-in)	Risk	• Inability to anticipate and keep up with market trends and customer needs, decrease of customer satisfaction and loyalty, lack of competitiveness.	Medium-term Long-term
	Opportunity	• Changing customer expectations (demand for certified sustainable materials) lead the way to define the future product portfolio of Azelis, allowing further growth. • Opportunity to detect sustainable products and develop the winning formulations of the future for our customers and so help them to reach their sustainability ambitions. • Opportunity to manage the lifecycle impacts of products (packaging, distribution, use) and to reinforce sustainable digital transformation and business reinvention by provision of sustainability transparency on product level towards customers.. • Changing customer expectations (demand for certified sustainable materials) lead the way to define the future product portfolio of Azelis, allowing further growth. Opportunity to detect sustainable products and develop the winning formulations of the future for our customers. • Opportunity to strengthen business relations via offering more sustainable products thanks to innovative solutions (productivity gains, delivery quality and competitive advantage for Azelis customers). • Opportunity to conduct research and product development to commercialize innovative and sustainable products.	

Product stewardship			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• Implementing robust product stewardship protocols ensures information regarding product application and disposal is efficiently communicated to downstream users. This helps to reduce waste generation and foster safer product disposal practices in industry. • Transparent & comprehensive information on chemicals enables consumers to make an informed decision on developing safe & sustainable solutions e.g. More durable products which are easier to recycle thus saving cost for end users.	Medium-term Long-term
	Negative impact	• Improper handling or disposal of chemical products due to untrained personnel across the downstream supply chain may lead to harmful exposure of toxic chemicals to humans & environmental pollution.	
Financial materiality (Outside-in)	Risk	• Non-compliance with applicable regulatory requirements leads to reputational damage and significant financial fines along with penal risk. • Complex regulatory requirements may lead to limited availability of materials, reducing choice for consumers or end users leading to risk on continuity of business with customers, suppliers etc. and therefore a risk on the company's sales. • Increase in products recalls or withdrawal due to safety or quality non-compliance leads to financial loss, erode consumer trust and increase regulatory scrutiny by authorities.	Short-term Medium-term Long-term
	Opportunity	• Azelis can leverage its commitment to safety and environmental responsibility to foster strategic partnership with both suppliers and customers. This will also help to attract new partners who prioritize responsible business practices.	

ESRS G1 – Business conduct

Corporate culture			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• A strong compliance culture will positively affect the wider value chain of the chemical distribution sector and the countries and communities in which Azelis is active.	Short-term Medium-term Long-term
	Negative impact	• Lack of a strong compliance culture at Azelis may result in negative contribution to the reputation of the chemical industry and the wider ecosystem in which Azelis is operating. It may furthermore indirectly contribute to sustaining and financing unethical or illegal activities and operations throughout the value chain, which may lead to economic and political instability in the countries and regions where Azelis is present.	
Financial materiality (Outside-in)	Risk	• Absence of a strong compliance culture may result in Azelis' inability to profile itself as a reliable partner towards its commercial counterparts, to attract and retain talent and to access financing and capital from investors, which will adversely affect its overall profitability. • A weak compliance culture increases Azelis' exposure to breaches of laws and regulations and may consequently expose Azelis and its management to prosecution, fines and penalties and damages.	Medium-term Long-term
	Opportunity	• A strong compliance culture will enable Azelis to foster strong and long-term relationships with its customers and suppliers, to benefit from increased competitiveness, to attract and retain talent and to have improved access to the financial and investors' market.	

Business conduct policies			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• A sound set of business conduct policies will set a high standard of ethical business behavior at Azelis, which will equally benefit the relations with its stakeholders and contribute to creating an overall environment where strong business ethics are upheld within the industry and communities where Azelis operates.	Short-term Medium-term Long-term
	Negative impact	• Failure to set appropriate ethical standards within the Azelis organization may lead to a distortion of fair market mechanics and a general deterioration of the compliance landscape where decisions are made by its stakeholders without consideration of business ethics and compliance with applicable laws and regulations.	
Financial materiality (Outside-in)	Risk	• Lack of appropriate business conduct policies may expose the Azelis group (including its management) to breaches of contract as well as prosecution, fines and penalties and damages, which in turn adversely affects its reputation and operational and financial results. • When employees are not properly protected against retaliation when reporting ethical issues, Azelis might not be able to (timely) identify malpractices in its organization, which may result in reputational damage and exposure to prosecution, fines and penalties and damages.	Medium-term Long-term
	Opportunity	• Having a strong compliance framework with appropriate business conduct policies in place will provide confidence to Azelis' current and potential commercial counterparts, employees, financing partners and investors that Azelis operates in an ethical manner, and will result in strong and long-term relations with its stakeholders and positive effects on the group's operational and financial results.	

Prevention and detection of corruption and bribery			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Positive impact	• With a robust compliance program focused on the prevention and detection of bribery, Azelis contributes high ethical behavior and fair business practices throughout its entire value chain which lead to economic and political stability and prosperity.	Short-term Medium-term Long-term
	Negative impact	• Corruption and bribery have a negative impact on society and is linked to political and economic conflicts and instability, which undermine the social and economic development of Azelis' stakeholders and the countries and regions where it is present.	
Financial materiality (Outside-in)	Risk	• Lack of a designated anti-corruption and bribery policy and dedicated compliance resources may expose the Azelis group (including its management) to breaches of contract as well as prosecution, fines and penalties and damages, which in turn adversely affects its reputation and operational and financial results.	Medium-term Long-term
	Opportunity	• Having a proven record on preventing and detecting corruption and bribery, Azelis attracts business and finance partners who share the same ethical values, which results in a competitive advantage and an increase of operational and financial results, especially in those businesses, countries and regions which are particularly vulnerable to corruption and bribery practices.	

Cybersecurity, data protection and privacy			
Impact, Risk and Opportunity		**Description**	**Time horizon**
Impact materiality (Inside-out)	Negative impact	• Sensitive personal data is highly protected by regulations. Problems may arise for stakeholders, particularly customers and employees, if their data is accessed for fraudulent or abusive purposes. • A data leak would expose the stakeholders concerned (employees, consumers, suppliers, etc.) to vulnerabilities: i.e. personal data, purchase prices.	Short-term Medium-term Long-term
Financial materiality (Outside-in)	Risk	• Financial risk through repercussions on business continuity, the ability to sign future tenders and therefore on the revenue. • Risks of non-compliance with regulatory requirements leading to penalties. • Impact on business continuity, and in particular on catching up on the backlog of activity that will mobilize teams: systems failures, business interruptions, loss of data and unauthorized access to confidential and sensitive information. • The company's image could be damaged if it cannot guarantee the protection of personal customer data or partner data. • A data leak would expose the stakeholders concerned (employees, consumers, suppliers, etc.) to vulnerabilities: i.e. personal data, purchase prices. • Impact of the GDPR regulation with possible sanctions.	Short-term Medium-term

Overview of incorporation by reference and disclosure requirements

Incorporation by reference

We have applied the principles of incorporation by reference to streamline and integrate other parts of our Integrated Report. The overview below refers to the ESRS disclosure requirements and data points that have been incorporated by reference to sections outside of the sustainability statements, ensuring that readers of the Integrated Report can easily locate this information:

- **The role and expertise of the administrative, management and supervisory bodies (ESRS 2 GOV-1):** The composition and experience of Azelis Group NV's Board of Directors and members of the ExCom have been disclosed in the *Governance and leadership* chapter in the corporate governance statements.
- **The integration of sustainability-related performance in incentive schemes (ESRS 2 GOV-3):** See variable remuneration: Long-term variable pay disclosed in the *Remuneration report* in the corporate governance statement.
- **Strategy, business model and value chain (ESRS 2 SBM-1):** Information on our business model can be read in the *Innovation through formulation* chapter. For an explanation of our *strategy* and *value chain*, see respective sections.
- **Interests and views of stakeholders (ESRS 2 SBM-2**): See *Interests and views of stakeholders*, included in the 'how we create value' chapter.
- For more information on compliance, governance and risk management, refer to *corporate governance statements* and *risk management*.

Disclosure requirements

General disclosures			Section	Page	Link to DMA topic	Reference to datapoints from other EU legislations
ESRS 2	BP-1	General basis for preparation of the sustainability statement	Basis for preparation	87	N/A	
ESRS 2	BP-2	Disclosures in relation to specific circumstances	Basis for preparation	87	N/A	
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	Governance and leadership; Governance structure of Azelis' sustainability program	41; 89	N/A	SFDR; Benchmark Regulation
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance structure of Azelis' sustainability program	89	N/A	
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration report (Variable remuneration: Long-term variable pay); Governance structure of Azelis' sustainability program	58; 89	N/A	
ESRS 2	GOV-4	Statement on due diligence	Statement on due diligence	91	N/A	SFDR
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	Internal control over sustainability reporting	69	N/A	
ESRS 2	SBM-1	Strategy, business model and value chain	Strategy; The program	15;92	N/A	SFDR Pillar 3; Benchmark Regulation
ESRS 2	SBM-2	Interests and views of stakeholders	Interests and views of stakeholders	25	N/A	
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Impacts, risks and opportunities; topical standards	99;114; 130;146; 151;156	N/A	
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Double materiality assessment	95	N/A	
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statements	Disclosure requirements	106	N/A	

Climate change			Section	Page	Link to DMA topic	Reference to datapoints from other EU legislations
EU taxonomy	N/A	Disclosures pursuant to Article 8 of regulation (EU) 2020/852 (taxonomy regulation)	EU taxonomy	111	N/A	
ESRS E1	E1-1	Transition plan for climate change mitigation	Climate risk assessment; Decarbonization of own operations and value chain: our transition plan explained	114; 117	Climate change	Pillar 3; Benchmark Regulation; EU Climate Law
ESRS E1	E1-2	Policies related to climate change mitigation and adaptation	Our approach related to climate change mitigation and adaptation	118		
ESRS E1	E1-3	Actions and resources in relation to climate change policies	Our actions related to climate change	119		
ESRS E1	E1-4	Targets related to climate change mitigation and adaptation	Our climate change target development	120		SFDR; Pillar 3; Benchmark Regulation
ESRS E1	E1-5	Energy consumption and mix	ESRS E1-5: Energy consumption and mix	122		SFDR
ESRS E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	ESRS E1-6: Greenhouse gas emissions (Scopes 1, 2 and 3); ESRS E1-6: Greenhouse gas intensity	123;124		SFDR; Pillar 3; Benchmark Regulation
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities.	Phase-in approach applied			Pillar 3; Benchmark Regulation

Own workforce			Section	Page	Link to DMA topic	Reference to datapoints from other EU legislations
ESRS S1	S1-1	Policies related to own workforce	Our approach and policies of the respective topics	130;131; 134;135	People attraction and retention; Health, safety and security of people; People development and training; Respect for human rights and fundamental freedom	SFDR; Benchmark Regulation
ESRS S1	S1-2	Processes for engaging with own workforce and workers' representatives about impacts				
ESRS S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns				SFDR
ESRS S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Our actions and resources of the respective topics	130;133; 135:136		
ESRS S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Metrics and targets	140		
ESRS S1	S1-6	Characteristics of the undertaking's employees	ESRS S1-6: Characteristics of Employees in Own Workforce	140	People attraction and retention	
ESRS S1	S1-7	Characteristics of non-employees in the undertaking's own workforce	ESRS S1-7: Characteristics of Non-Employee in Own Workforce	140	People attraction and retention	
ESRS S1	S1-10	Adequate wages	Adequate wages	131	Respect for human rights and fundamental freedom	
ESRS S1	S1-13	Training and skills development metrics	ESRS S1-13: Average Training Hours	142	People development and training	
ESRS S1	S1-14	Health and safety metrics	ESRS S1-14: Work-related Accidents & Ill-Health	142	Health, safety and security of people	SFDR; Benchmark Regulation
ESRS S1	S1-17	Incidents, complaints and severe human rights impacts	ESRS S1-17: Incidents, complaints and severe human rights impacts	143	Respect for human rights and fundamental freedom	SFDR; Benchmark Regulation

Workers in the value chain			Section	Page	Link to DMA topic	Reference to datapoints from other EU legislations
ESRS S2	S2-1	Policies related to value chain workers	Our approach and policies	146	Respect for human rights and fundamental freedom	Benchmark Regulation
ESRS S2	S2-2	Processes for engaging with value chain workers about impacts	Engaging with value chain workers	148		
ESRS S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Taking action, remediation and channels to raise concerns	148		
ESRS S2	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions				SFDR
ESRS S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets	149		

Consumers and end users			Section	Page	Link to DMA topic	Reference to datapoints from other EU legislations
ESRS S4	S4-1	Policies related to consumers and end users	Our approach and policies	151	Innovative solutions and formulation development; Product stewardship; Sustainable product usage and related formulation work	SFDR; Benchmark Regulation
ESRS S4	S4-2	Processes for engaging with consumers and end users about impacts	Processes for engaging with consumers and end users, raising concerns and remediate negative impacts	152		
ESRS S4	S4-3	Processes to remediate negative impacts and channels for consumers and end users to raise concerns				
ESRS S4	S4-4	Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions	Taking action	153		SFDR
ESRS S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets	154		

Business conduct			Section	Page	Link to DMA topic	Reference to datapoints from other EU legislations
ESRS G1	G1-1	Business conduct policies and corporate culture	Our approach and policies	156	Business ethics; Cybersecurity, data protection and privacy	SFDR
ESRS G1	G1-3	Prevention and detection of corruption and bribery	Our approach and policies	156	Business ethics	
ESRS G1	G1-4	Incidents of corruption or bribery	Metrics and targets	161	Business ethics	SFDR; Benchmark Regulation
ESRS G1	G1-5	Political influence and lobbying activities	Our approach and policies	156	Business ethics	

Environment

"At Azelis, we care about our planet. Going beyond our own operations and covering the entire supply chain, we help our stakeholders to take care of their safety and health and protect the environment with everything they do.

EU taxonomy

The EU Taxonomy Regulation (EU 2020/852) is a common classification system for sustainable economic activities. It defines the criteria for environmentally sustainable activities and plays an important role in helping the EU scale up sustainable investments by redirecting capital flows to sustainable economic activities. It is part of the action plan to reach the European Green Deal objectives and make the European Union climate-neutral by 2050.

An economic activity must meet four conditions to qualify as environmentally sustainable:

1. Be considered a taxonomy-eligible economic activity, i.e. the activity is listed in the Delegated Acts, including its annexes.
2. Meet the technical screening criteria (TSC) by contributing to one or more of six environmental objectives, as defined in the Climate Delegated Act (EU 2021/2178 and EU 2023/2485) and Environmental Delegated Act (EU 2023/2486).
   a. Climate change mitigation
   b. Climate change adaptation
   c. Sustainable use and protection of water and marine resources
   d. Transition to a circular economy
   e. Pollution prevention and control
   f. Protection and restoration of biodiversity and ecosystems;
3. Do no significant harm to any of the other environmental objectives (DNSH);
4. Comply with the minimum safeguards as set out in the Taxonomy Regulation (MS).

An economic activity is taxonomy-eligible if the activity has been included in the Delegated Acts. An eligible activity is considered taxonomy-aligned when it also meets the technical screening criteria, without harming the other five environmental objectives, and complies with the minimum safeguards.

Companies are required, in accordance with the Taxonomy Regulation, to disclose the proportion of turnover, capital expenditures (CapEx) and operating expenditures (OpEx) related to eligible and aligned economic activities.

Nuclear energy related activities	
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
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
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	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
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
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

Eligibility assessment

Based on our activities as a leading global innovation service provider for specialty chemicals and food ingredients, we have examined all taxonomy-eligible economic activities that are listed in the Climate Delegated Act and Environmental Delegated Act. After a thorough analysis and review of the Group's divisions and functions, we concluded that our core economic activities are not covered by the Delegated Acts. Consequently, they are neither taxonomy-eligible nor taxonomy-aligned. This is in line with Azelis' asset-light distribution business model (e.g. *no* chemical manufacturing activities), hence limited eligible activities that are part of the European Green Deal objectives.
Therefore, the share of taxonomy-eligible turnover in any of the six environmental objectives is 0% and consequently the related capital and operating expenditure are also 0%.

Moreover, Azelis does not carry out activities in the nuclear or fossil fuel sectors.

CapEx to be reported should also include CapEx that meet the criteria set out in Section 1.1.2 of the Delegated Act:

- They relate to assets or processes associated with taxonomy-eligible activities;
- They are part of a (CapEx) plan to expand taxonomy-eligible activities or allow activities to become Taxonomy-aligned; and
- They relate to the purchase of outputs from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions and provided that such measures are implemented and operational within 18 months;

OpEx to be reported should also include OpEx that meet the criteria set out in Section 1.1.3 of the Delegated Act:

- They relate to assets or processes associated with taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalized costs that represent research and development;
- They are part of the CapEx plan to expand taxonomy-aligned economic activities or allow taxonomy-eligible economic activities to become taxonomy-aligned; and
- They relate to the purchase of outputs from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions and provided that such measures are implemented and operational within 18 months.

Based on our assessment, we have identified purchases of output (CapEx or OpEx) from following eligible economic activities, and thus, resulting in taxonomy-eligible CapEx and OpEx:

Economic activity	Description
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Expenditures related to leasing and renting of the car fleet, including intended for employee use, and in some cases small commercial vehicles.
7.2 Renovation of existing buildings	Renovation works and leasehold improvements to change outdated aspects of buildings and improve energy performance.
7.3 Installation, maintenance and repair of energy efficiency equipment	Energy-efficiency improvement works performed in owned and leased buildings.
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Expenditures relating to installation, maintenance and repair of electric vehicle charging stations at Azelis' buildings and/or associated parking spaces. Charging stations installed at employee's premises are not considered as owned or leased buildings of Azelis and therefore excluded.
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation of zoned thermostats and control systems to improve efficient management of energy usage.
7.6 Installation, maintenance and repair of renewable energy technologies	Expenditures related to various renewable energy technology measures, such as solar panels and heat pumps.
7.7 Acquisition and ownership of buildings	The economic activity includes purchase of new buildings, as well as entering into new leasing agreements for buildings (Right of Use, or RoU). Although RoU may not technically be considered as owning a building, it is considered as taxonomy-eligible CapEx, as set out in the EU taxonomy CapEx definition.

Turnover KPI

The proportion of taxonomy-eligible economic activities in Azelis' total revenue (or: net turnover) is the part of revenue derived from products and services that are associated with taxonomy-eligible economic activities (numerator) divided by total revenue (denominator).

The denominator is based on the Group's consolidated revenue, in accordance with IAS 1.82(a), as reported in *note 8* Revenue of the IFRS consolidated financial statements.

Azelis did not identify any turnover generating taxonomy-eligible activities, as explained above. Therefore, the share of taxonomy-eligible economic activities in our total turnover is 0% for the year ending December 31, 2024 (2023: 0%).

CapEx KPI

The KPI for capital expenditures (CapEx KPI) is defined as taxonomy-eligible CapEx (numerator) divided by the total CapEx (denominator).

The denominator is determined by all additions to intangible (excluding goodwill) and tangible (including right of use) assets, before depreciation, amortization and re-measurements, and including additions from business combinations (at acquisition-date fair value). It includes additions of tangible assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). The total CapEx (denominator) can be reconciled with the items reported in *note 15* Intangible assets and *note 16* Tangible assets.

Eligible CapEx as purchases of output from taxonomy activities mainly relate to new lease agreements for vehicles and buildings, renovations of existing buildings and installation, maintenance or repair of energy efficiency equipment or renewable energy technologies.

Azelis' CapEx in absolute terms is limited because of its asset-light distribution model. For the period ending December 31, 2024, the additions - without considering additions to goodwill and from business combinations - are: €9.5m intangible assets, €9.1m property, plant and equipment (PPE) and €67.4 right of use assets (RoU assets) – most of the latter relates to long-term lease-contracts of warehouses. Azelis follows the broader definition of CapEx under the EU Taxonomy Regulation, whilst entering into new lease agreements for real estate (increasing RoU accordingly) may not technically be considered acquiring or owning a building.
For the period ending December 31, 2024, 41.5% of Azelis' CapEx is considered as eligible in terms of the EU taxonomy definition. For the period ending December 31, 2023, Azelis reported CapEx of 0%,

considering it had limited eligible CapEx against the CapEx denominator following the taxonomy definition of CapEx. As from 2024, the Group opts to disclose the actual eligible CapEx.

OpEx KPI

The KPI for operating expenditures (OpEx KPI) is defined as taxonomy-eligible OpEx (numerator) divided by the total OpEx (denominator).

The denominator consists of the direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the company or third parties that are necessary to ensure the continued and effective operation of such assets. These costs are largely included in *note 12* External services and other expenses of the IFRS consolidated financial statement.

Eligible OpEx as purchases of output from taxonomy activities mainly relate to maintenance and repair expenditures or short-term lease expenditures.

In 2024 34.0% of Azelis' OpEx was considered taxonomy-eligible . For the period ending December 31, 2023, Azelis has reported OpEx of 0%, considering the OpEx denominator following the taxonomy definition of OpEx is insignificant compared to the Group's total operating expenses. As from 2024, the Group opts to disclose the actual eligible OpEx.

Alignment assessment

Substantial contribution

The first and second conditions of the alignment assessment are that the economic activity substantially contributes to one of the six environmental objectives and meets the technical screening criteria (TSC) as set out in the Delegated Acts.

Azelis identified CapEx and OpEx-related economic activities eligible for the climate change mitigation objective. We also identified economic activities related to renovation of existing buildings, eligible for climate change mitigation and circular economy objectives. In accordance with the Environmental Delegated Act (EU 2023/2486), non-financial undertakings will indicate in bold the most relevant environmental objective - in case an economic activity contributes substantially to multiple environmental objectives - to compute the KPIs while avoiding double counting. Based on a thorough review to avoid double counting, all eligible activities are most relevant for the climate change mitigation objective.

After assessing the substantial contribution criteria for its relevant eligible economic activities, described in the aforementioned table, 0% of those eligible activities are aligned under the applicable taxonomy requirements. This is mainly because our business model is focused on the distribution of specialty chemicals which is asset-light, and therefore, most of our eligible activities relate to the rental or leasing of buildings from landlords and rental or leasing of company cars from leasing companies that not (yet) provide (full) transparency of alignment with taxonomy requirements. This may be affected by suppliers that are not in scope of the EU taxonomy, size-wise or regionally, i.e. Americas and APAC.

Do no significant harm

The third condition requires the undertaking to demonstrate that an economic activity does not significantly harm (DNSH) any of the other five environmental objectives. Azelis assessed the DNSH criteria for its relevant eligible activities. And although important to Azelis' objectives, the available level of detail is not sufficient or reliable enough to make a consistent assessment, hence 0% of the eligible activities is considered to be aligned based on this criterion.

Minimum safeguards

The last condition is to perform an assessment on compliance with the minimum safeguards (MS). These safeguards refer to a set of social and governance criteria to ensure that companies align with international guidelines on human rights and business ethics (i.e. corruption, taxation and fair competition), such as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the Fundamental Conventions of the International Labor Organization (ILO) and International Bill of Human Rights. See *Human and labor rights*, *Workers in the value chain* and the *Governance* chapter. During 2024, there were no reported cases of severe human right violations, no material breaches of ethical behavior policies and no material breaches in laws and regulations across any country in which we operate.

Metrics

Please refer to the Annexes (*Turnover KPI*; *CapEx KPI* and *OpEx KPI*) for the disclosure of the EU taxonomy tables.

E1 climate change

Impacts, risks and opportunities

Based on the outcome of the DMA, climate change is a double material topic for Azelis. It is impacted by the company, either positively or negatively, and the risks and opportunities connected to Azelis' business activities, including its up- and downstream value chain have been identified as reflected in our double materiality matrix. Azelis identified specific impacts, such as renewable energy deployment and low carbon products, together with risks and opportunities (technology, policy, products & market) related to this topic and our activities.

Against the backdrop of this focus area and related IROs, Azelis has built a comprehensive environmental program and has put together a full suite of policies and procedures (including a climate risk assessment) in place to adequately address these topics in terms of Azelis' impact thereon and the risk and opportunities associated therewith.

Climate risk assessment

Context and objectives

Azelis climate risks and opportunities assessment (CRA) was performed in alignment with the requirements of the EU Taxonomy & CSRD regulations. The purpose of the CRA is to understand the different physical and transition risks and opportunities (R&O) that could affect Azelis in the future, considering various climate scenarios and time horizons. Such assessment provides a holistic view on the potential risks that could threaten the assets & business activities of Azelis. Our approach consisted of the identification of R&O through a consultation round with key internal stakeholders (covering all business activities and geographies), followed by a qualitative evaluation to identify the key R&O for the company.

The CRA covers the assessment of Azelis' own operations, as well as our upstream and downstream value chain (refer to page 27). Transition R&O (such as regulatory changes) are covering the entire business activities and assets of Azelis across all market segments and regions, while physical risks (like extreme weather events) cover the main assets under Azelis' operational control (warehouses, labs, offices and blending units). Main assets in scope for the assessment are selected based on the type of operational asset (blending sites are more difficult to redeploy compared to offices), the proportion of revenue represented by the asset, and the physical risk exposure linked to geographical location.

Scenarios, time horizons & risk identification

Scenarios

The most frequently applied types of climate scenarios are called Shared Socio-economic Pathways (SSPs) which are provided by the Intergovernmental Panel on Climate Change (IPCC) in the AR6 report. IPCC is the United Nations body for assessing the science related to climate change. SSP climate scenarios are based on detailed models that combine the amount of greenhouse gas emissions with changes in society and the economy. The scenarios do not only include how much we are able to reduce GHG emissions, but also consider factors like how many people live on Earth, how they live together in cities, the level of education people achieve, land-use, and the overall wealth of societies. Two scenarios were selected for Azelis CRA, the SSP1-2.6 scenario and the SSP5-8.5 scenario.

Scenario	2100 Warming	Description
SSP 1-2.6 (Best Case)	+1.8°C	The scenario supports the Paris Agreement's goal while remaining realistic, using 1.7°C in 2050 as a threshold (climate scenario in line with limiting global warming to 1.5°C with no or limited overshoot). This scenario implies that global CO_2 emissions are reduced severely, reaching net-zero after 2050. It suggests relatively low challenges in adapting to the impacts of climate change, through effective adaptation measures, resilient infrastructure, and successful management of climate-related risk, with a focus on renewable energy, efficient resource use and sustainable land and water management. Consumption is oriented toward lower resource and energy intensity, foreseeing a much larger share of energy coming from renewable sources, with some electrification of current fossil fuel end-uses. This aligns with Azelis' sustainability aspirations, which are not only focusing on energy efficiency, but also electrification and the use of renewable energy within our operations. For more information, please refer to our E1 (transition plan) disclosures.
SSP 5-8.5 (Worst Case)	+4.4°C	The worst case scenario for meeting the Paris Agreement goals, that can demonstrate a real difference in climate data projections. This scenario implies that current CO_2 emissions levels roughly double by 2050. The global economy grows quickly, but this growth is fueled by exploiting fossil fuels and energy-intensive lifestyles.

Time horizons

Climate R&O are considered over 3 time-horizons:

- Short-term: the period adopted by Azelis as the yearly reporting period in its financial statements. The year 2025 was selected.
- Medium-term: 2030 was selected, aligned with Azelis' sustainability strategy program *Impact 2030*.
- Long-term: 2050 is used based on the long-term target year of the Paris Agreement sustainability Net Zero goals.

Risk identification

To identify the material physical and transition R&O within each time horizon & climate scenario, the impact scale (risk/opportunity level) is aligned with Azelis' ERM methodology.

To initiate the CRA, Azelis defined a long list of potential climate R&O. This list is sourced from a benchmark analysis of selected peers, a value chain analysis and an internal consultation of various regional experts (to capture region-specific physical and transition R&O) as well as business activities experts.

All experts were gathered into a workshop session in order to (i) assess the current (short-term) R&O for each selected scenario and (ii) anticipate the evolution of this risk over the long-, mid- and short-term time horizon for each climate scenario. The workshop result was a ranked short list of climate physical and transition R&O, which was used by our external consultant for further analysis. The outcome of this analysis is described in the next sections.

Transition risks and opportunities

Transition R&O were identified by using the Taskforce on Climate-related Financial disclosures framework (TCFD), and were derived from two climate scenarios across three time horizons as introduced above. As the SSP1-2.6 scenario is characterized by robust sustainability policies and societal shifts toward green practices, the qualitative assessment showed on average a higher level of R&O in this scenario for most of the identified transition R&O. In contrast, the SSP5-8.5 scenario projects a lower severity for transition risks and opportunities, anticipating persistent fossil fuel dependency, low consumer sustainability engagement, and lack of regulations. This analysis was conducted on Azelis' business activities, including our owned & leased assets (see before). Due to Azelis' asset light business model (for example limited locked-in emissions), transition R&O are more relevant to business activities than assets itself. The diagram on this page illustrates the outcome for the most material transition R&O. Detailed descriptions of the risks and opportunities can be found in the *impacts, risks and opportunities* section of this report.

Note that Azelis will follow the phase-in requirements from the Delegated act on E1-9. Currently, the qualitative assessment on transition R&O has been performed. Assumptions of financial effects were made, during the 'risk identification' workshops, to classify potential R&O in the existing ERM framework (risk/ opportunity level). While this first analysis identifies transition risks to be material for Azelis, a quantitative assessment on financial effects of transition R&O is required to finetune this first analysis and to confirm initial findings. Azelis will show alignment with key climate-related assumptions made in financial statements once E1-9 disclosures are included.

	TCFD Category	Type	Name	SSP 1-2.6 2025	SSP 1-2.6 2030	SSP 1-2.6 2050	SSP 5-8.5 2025	SSP 5-8.5 2030	SSP 5-8.5 2050
Transition	**Policy and legal**	Risk	Decarbonization regulations and disclosure requirements	Significant	Major	Major	Significant	Moderate	Moderate
	Policy and legal	Risk	Reduction of ESG-related external ratings	Major	Major	Significant	Significant	Moderate	Low
	Technology/ market	Risk	Product and supply chain decarbonization risk	Major	Major	Major	Significant	Moderate	Moderate
	Products and services	Opportunity	Pioneering sustainable solutions in chemicals	Significant	Significant	Major	Moderate	Moderate	Moderate
	Market	Opportunity	Gaining a competitive advantage through strategic partnerships and M&As	Significant	Significant	Major	Low	Low	Moderate
Physical	**Acute**	Risk	Heat waves	Low	Low	Low	Low	Low	Moderate
	Acute	Risk	River flood	Low	Moderate	Moderate	Moderate	Moderate	Significant
	Acute	Risk	Precipitation	Low	Moderate	Moderate	Moderate	Moderate	Significant

Risk/Opportunity level: Low, Moderate, Significant, Major

Physical risks

Physical risks projections were derived from two climate scenarios across three-time horizons as introduced above. The SSP5-8.5 scenario, which anticipates the greatest temperature rise, presents the most substantial climate hazards. Asset exposure data was sourced from IPCC, ensuring that it is based on recent scientific datasets. The analysis is covering the main assets under Azelis' operational control (see before), for both chronic and acute physical climate risks. The previous diagram illustrates the outcome of the analysis for the most material physical risks. All physical risks included in the scope of the assessment are presented in the table below.

The analysis showed that 6 owned assets and 7 leased assets are exposed to physical climate risks. Those assets are located in various regions of the globe, including EMEA, APAC and Americas. However, given Azelis' decentralized company structure and a robust global warehouse network, the potential business consequence of this risk is considered to be limited and not material across the different time horizons included.

Adaptation plan

For Azelis, the CRA – conducted in 2024 - served as the tool to evaluate the resilience of the company's strategy and business model in relation to climate change (scope of resilience analysis: see *Context & objectives*). By conducting a CRA and using it as a resilience analysis, we can better navigate the uncertainties of climate change. This ensures our strategy and business model are robust and adaptable, based on the following milestones:

1. **Identifying risks and opportunities**: This evaluation helped to understand our vulnerabilities and areas for improvement.
2. **Scenario analysis**: Various climate futures might impact our operations, supply chains, and markets we serve. This foresight allows for the development of robust strategies that are resilient to a range of possible outcomes.
3. **Strategic integration**: The insights from the climate risk assessment are integrated into our overall *Impact 2030* sustainability strategy, in order to mitigate identified risks and capitalize on opportunities.
4. **Enhanced decision-making**: With a clear understanding of our climate risks, we can make informed decisions that enhance long-term resilience. This includes setting targets for reducing emissions and an increased focus on the sustainability of our product and principal portfolio.
5. **Stakeholder confidence**: Demonstrating a proactive approach to climate risks can build trust with investors, customers, principals and other stakeholders.

For physical risks, CRA demonstrated that Azelis is not subject to major physical risks. Since a detailed adaptation plan is only required for major physical risks, this section is currently not applicable for Azelis. We will continue to monitor our new and existing assets during next assessment cycles.

For transition R&O, the results show material topics to be considered under scenario SSP 1-2.6. Please refer to our sustainability statement included in E1 (*transition plan*) and S4 (*development of a sustainable portfolio*) as introduction to our strategy and planned mitigation actions concerning our material R&O. Our climate change target ambitions included in *Impact 2030* will be aligned with the SBTi target-setting framework, which will enable the company to drive impactful emission reductions as well as to ensure access to finance at an affordable cost of capital, maintain high ESG rankings and to be compliant to more strict decarbonization regulations across the different time horizons included in the resilience analysis. Besides this, *Impact 2030* will further increase the focus to a more sustainable products, principals, suppliers and services portfolio.

Classification of physical climate-related hazards[1]

Temperature

- Changing temperature
- Heat stress
- *Temperature variability*
- *Permafrost thawing*
- Heat wave
- Cold wave/frost
- Wildfire

Water

- Precipitation/ hydrological variability
- Sea level rise
- *Changing precipitation patterns/types*
- *Ocean acidification*
- *Saline intrusion*
- *Water stress*
- Heavy precipitation (rain, hail, snow,/ice)
- Flood (coastal, fluvial, pluvial, groundwater)
- *Glacial lake outburst*

Wind

- *Changing wind patterns*
- Cyclone, hurricane, typhoon
- Storm (blizzards, dust, sandstorms)
- Tornado

Solid mass

- *Coastal erosion*
- *Soil degradation*
- *Soil erosion*
- *Solifluction*
- Avalanche
- Landslide
- *Subsidence*

Chronic
Acute
Hazard not relevant to include due to limited consequences for Azelis or geographical location of assets

1 The TCFD classification and the EU Taxonomy's Climate Delegated Act

Decarbonization of own operations and value chain: our transition plan explained

At Azelis, it is our vision to fulfill our role as a specialty chemical service provider by empowering the sustainability aspirations of our customers and principals into innovative sustainable solutions.

With *Impact 2030*, we have truly integrated sustainability into all our operations: from suppliers to customers and, within Azelis, from our Executive Committee down to each and every one of all of our employees. At the same time, we have sound sustainability governance and low ESG risk, so we can create value for our principals and customers and a positive impact on all our stakeholders.

Michael Heite
Azelis' Group Sustainability Director

These aspirations drive our determination to continuously work on reducing the environmental impact of our own operations, but also throughout our value chain in order to foster decarbonization in the chemical industry.

By focusing not only on energy efficiency, electrification and the use of renewable energy within our operations, but also on engaging with our principals and suppliers on products with a lower carbon footprint and supply chain commitment to the Science Based Targets initiative (SBTi), we are actively contributing to a defossilization of the global economy aligned with the Paris' Agreement goals.

Our *Action 2025* sustainability program and climate-related targets contributed to the mature emission management framework established within Azelis' operational sites, which has been proven by the annual progress on our scope 1+2 carbon intensity targets which are in place since 2021. As sustainability is a core pillar of our business strategy, Azelis has the aspiration to stay a sustainability frontrunner within our industry. Within our *Impact 2030* sustainability framework, we will work on new decarbonization targets in line with the SBTi and the Paris' Agreement. In July 2024, we submitted our commitment letter to SBTi to underline our efforts in tackling global climate change. This framework will help us to manage GHG emissions linked to our own operations and locked-in GHG emissions in products across the market segments we serve, by stimulating the development of chemicals with a lower environmental footprint - if the application allows it. For more information, please refer to the climate change target section below. Due to Azelis' asset light business model and decentralized company structure, locked-in emissions are considered to be not applicable to our own operations.

The *Impact 2030* sustainability program and our SBTi commitments are a key part of our strategy and are fully embedding sustainability into our business activities. The program and commitments are approved by our Board and the Azelis' Executive Committee and anchored in our Sustainability Steering Committee, chaired by the Group Sustainability Director. Our progress in implementing the transition plan is tracked through KPIs, which are reported monthly to the Group CEO and CFO. The operationalization is supported by four sustainability coordinators (Group and three regions), and the SustainaBizz and SustainOps frameworks setup as part of our *sustainability governance structure*. Sustainability, and thereby our climate transition plan, is fully embedded in the annual budget planning. KPIs critical to achieve our ambitious global climate targets are part of yearly sustainability budgeting rounds on all company levels, in parallel to our financial budget planning.

Financial resources

As a global specialty chemicals distributor, the turnover that Azelis generates with its core economic activities are neither Taxonomy-eligible, nor Taxonomy-aligned. Nevertheless, Azelis reports Taxonomy-eligible CapEx and OpEx.

Azelis' contribution to eligible or aligned economic activities is rather limited, as most of its CapEx relates to right-of-use assets, which is in line with its asset-light distribution business model. No major deviations are expected in the future. Therefore, Azelis has no CapEx plan in place to upgrade taxonomy-eligible activities, as it has no taxonomy-eligible activities, other than those relating to purchases of outputs from Taxonomy-eligible economic activities, to render them taxonomy-aligned within a period of five years. Please refer to *EU taxonomy*, wherein Azelis Taxonomy-eligible and Taxonomy-aligned activities are disclosed (including reference to the financial statements).

Regardless of Taxonomy definitions and reporting requirements, Azelis is committed to execute its sustainability program which is further embedded in its financial planning. For example, absolute carbon reduction targets are expected to further stimulate sustainable capital expenditures that will lead to reduced emissions.

Azelis also has no coal, oil and gas-related economic activities. Therefore, no significant CapEx investments have been made related to such activities throughout the period. Neither does Azelis fall under the exclusion for the EU Paris-aligned benchmarks, as set out in articles 12.1 (d) to (g) 53 and 12.2 of the Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation).

Our approach related to climate change mitigation and adaptation

Azelis is dedicated to not only measuring and tracking GHG emissions, but also actively working towards their reduction. We have different policies and procedures in place to underscore our commitments.

Environmental sustainability framework

Azelis' environmental program is managed by the sustainability & SHEQ team under the supervision of the Group Sustainability Director and Group SHEQ Director, supported by a Group Sustainability Coordinator.

Wherever we operate, Regional Sustainability Coordinators support the implementation of emission reduction initiatives and help monitor compliance with applicable laws and regulations. They also support our M&A integration processes and our Sustainability and Sustainable Sourcing policies. In addition, group and local SHEQ teams develop our environmental management systems. HR teams share responsibility with the compliance department to ensure compliance with laws and regulations, including our Code of Conduct.

The Sustainability Steering Committee meets quarterly to oversee all sustainability matters and related IROs and to make sure about our progress against our targets. From there, as part of his direct reporting line, the Group Sustainability Director reports to the Group CEO, who acts as sustainability sponsor within the Executive Committee.

At the Board of Directors level, the Audit and Risk Committee oversees the company's sustainability program at group level. It reviews any significant legal, compliance and regulatory matters that may have a material effect on the financial and ESG related non-financial statements or the Company's business, financial position or sustainability policies.

Policies covering our operations

Our Sustainability policy includes aspects related to measuring, analyzing and reducing our carbon footprint by incorporating energy efficiency measures and promoting renewable energy use in our operations, in alignment with our climate change mitigation commitments. This is directly linked to the guiding principles of Responsible Care® (RC) and Responsible Distribution® (RD) in addition to Azelis' sustainability strategy, including SBTi commitment and carbon reduction targets.

The Code of Conduct covers our commitment to continuous improvement in environmental performance, including lowering emissions, establishing environmental objectives and targets, and at the same time raising awareness amongst our employees through education and training, thereby encouraging everyone within the organization to become more environmentally responsible. Our Group Safety, Health, and Environment policy underscores our requirement that employees must be mindful of the environment and reduce the use of natural resources.

Environmental management systems

We have long been committed to Responsible Care® (RC) or Responsible Distribution® (RD) programs, which are voluntary initiatives dedicated to the continuous improvement of Health, Safety, and Environment (HSE) in the global chemical industry. Our environmental strategy aligns with RC and RD programs from national associations, promoting sustainable resource use.

M&A integration

Once we have acquired new businesses, we look at how we can help make improvements to their environmental performance as part of our post-merger integration (PMI) program. Wherever countries have environmental or sustainability standards below those we maintain within the Azelis Group, we aim to bring newly acquired businesses up to our standards.
As a first step, we integrate all new acquisitions into our internal reporting regime for environmental data. This allows us to identify climate change mitigation and adaptation areas for improvement, for example related to energy efficiency, renewable energy deployment and climate adaptation risks. After that, we monitor the environmental impact of our acquisitions just as closely as their financial performance and ensure their environmental data is fully consolidated into our public reporting.

Supply chain policies

In our Sustainable Sourcing policy we explain our expectations from our principals and suppliers regarding environmental protection and reducing the carbon footprint of their operations and products.

Our due diligence procedures allow us to assess the policies of our principals/suppliers and their level of implementation, in alignment with Azelis climate change mitigation and adaption commitments (refer to the climate change target section below).

Our actions related to climate change

In the US, we opened a newly leased energy efficient warehouse in August 2024 for our Vigon business. This larger facility consolidated three existing Vigon warehouses into one, adding capacity to further consolidate other warehousing needs in the US. From consolidating our Vigon warehouses alone, we expect annual energy savings of approx. 410,000 kWh, with subsequent scope 1 & 2 emission reductions of over 175 tCO_2e annually.

EMEA has seen a large increase in the total solar energy produced in 2024, equivalent to a year-over-year increase of 23,5%. Approx. 285,000 kWh of on-site produced renewable electricity has been consumed which, given the individual country's respective grid emissions, leads to a carbon emission reduction of approx. 100 tCO_2e annually.

As part of our ongoing efforts to optimize operations and reduce our environmental footprint, we transitioned from an owned warehouse in Christchurch (New Zealand) to a third-party logistics (3PL) provider and consolidated two office locations. This strategic shift allows us to operate more efficiently, reduce costs, and enhance flexibility while contributing to our decarbonization goals. By leveraging a 3PL, we now benefit from optimized distribution networks and improved transportation efficiency, which help lower emissions associated with storage and logistics. At the same time, consolidating our office spaces supports more effective collaboration, reduces energy consumption, and maximizes the use of sustainable workplace practices. This transition has resulted in a direct annual Scope 1 emissions reduction of approx. 130 tCO_2e by eliminating LPG consumption from our owned fleet previously used at the warehouse.

Over the last few years, we have taken specific carbon mitigation measures to cut scope 1 and 2 emissions, to create a meaningful scope 3 baseline and to interact with our supply chain. We continued this work during the past year.

The potential GHG emission reductions, linked to the actions listed below, are based on Marginal Abatement Cost Curve (MACC) created during the SBTi target development with support of an external consultant.

In 2024:
- We submitted our SBTi commitment letter for setting near-term targets aligned to the Paris Agreement (scope 1,2,3) as part of the launch of our new *Impact 2030* sustainability program.
- We updated our scope 3 methodology, starting with our 2022 baseline and the 2024 reporting year. We are establishing an activity based inventory wherever possible, moving away from global averages towards granular and product specific emission factors sourced from within our value chain or based on renowned chemical emission factor databases. This will enable us to take targeted action, based on actual data, to drive emission reductions in our value chain (refer to the target section below to see how this action translates into emission targets).
- We further worked on the efforts to source or produce renewable electricity within our three regions (estimated annual scope 2 emission reduction potential of approx. 4,000t CO_2e). Globally, the share of renewables in our total electricity consumption accounted for 30%.
- We further electrified our company fleet, in combination with introducing mobility budgets to promote sustainable employee commuting (estimated annual scope 1 emission reduction potential between approx. 2,500 and 5,000t CO_2e).
- To address risks resulting from climate change and the potential impact of physical and transition risks on our operations and business, we assessed all our operated assets towards the occurrence of climate-related hazards. For more information, please refer to *climate risk assessment* section.
- As part of our membership of 'Together for Sustainability' we continued to support the development and launch of an industry-wide 'PCF guideline'. A common PCF calculation methodology will help to increase transparency and drive carbon reductions across the entire value chain. Estimated scope 3 emission savings related to lowering product carbon footprints are included in our future actions.

Future actions include:
- Switching from fossil fuels to clean power sources. Switching to renewable energy will be a key decarbonization lever to reduce absolute scope 1+2 emissions. We will continue to focus on the deployment of renewable electricity sourcing and on-site

generation wherever possible (estimated annual scope 2 emission reduction potential of approx. 4,000t CO_2e).
- Promotion of low-carbon production processes. Azelis is aware locked-in GHG emissions may drive transition risks related to product and supply chain decarbonization. We are committed to further work with our suppliers and principals to enhance the availability of product carbon footprints and thereby drive the decarbonization of our product portfolio (also refer to the target section). We will continue to seek out partnerships with our principals to promote low-emission products.
- Purchasing materials from suppliers with reduction targets. We will start engaging on the SBTi alignment of suppliers linked to our purchased goods and services. The estimated annual scope 3 emission reduction potential of SBTi aligned suppliers and low-carbon products needs to be combined to avoid double counting and fluctuates between approx. 200,000 and 2,000,000t CO_2e compared to our 2022 baseline (depending on the adoption rate in our upstream value chain).
- We will keep focusing on the improvement of our waste reporting and, wherever possible avoid disposal of operational and product waste (estimated annual scope 3 emission reduction potential of approx. 500t CO_2e).

Ongoing access to finance at an affordable cost of capital can be critical for the implementation of the actions mentioned above. Since the majority of Azelis' emissions is linked to scope 3, the successful implementation of future actions and achievement of our overall carbon reduction targets in line with the Paris' Agreement, depend on the supply and demand changes of low-carbon products mandated to Azelis within the market segments we serve. Access to finance will help the company to continue its focus on acquisitions and further develop and expand its market influence towards a low-carbon product portfolio, combined with an ongoing focus on R&D and innovation within our labs. Scope 1&2 target achievement will be influenced by the access to low-carbon energy and infrastructure to electrify our operations, in combination with the energy intensity decrease of national grids in all the countries we are active in. Access to finance at an affordable cost of capital will be critical for our ongoing investments in electrification and renewable energy deployment.

Targets and metrics

Our climate change target development

In 2021, Azelis launched scope 1-2 intensity reduction targets as part of the *Action 2025* sustainability program. The targets include a carbon intensity reduction of 25% by 2025, compared to a 2019 base year (of 4.76 tCO_2e/millions of €). In 2024, we met our 2025 target by decreasing the scope 1-2 carbon intensity with 36%, if we consider the same calculation methodology for both base year and reporting year (following the methodology of 2019, this amounts to 3.18 in 2023 and 3.07 in 2024, both in tCO_2e/millions of €). The performance of our target has mainly been driven by our efforts in the electrification of our operations, in combination with producing or sourcing of renewable electricity.
The *Action 2025* targets (based on the United Nations Global Compact (UN GC) initiative, ISO 26000 and the Global Reporting Initiative (GRI)) are neither science based nor in line with a decarbonization pathway limiting global warming to 1.5°C as outlined by the Paris Agreement. To further improve the insights in our decarbonization progress, we developed a new set of near-term, science-based targets (SBTs) covering scope 1, 2 & 3 emissions using 2022 as base year. 2022 is considered as a representative baseline value, as this is the second year with limited assurance on scope 1 & 2 emissions by our external auditor and the first year we started reporting on both location-based (LB) and market-based (MB) scope 2 emissions.
The new absolute carbon targets are challenging to establish a consistent GHG inventory boundary, as the large number of mergers and acquisitions we undertake increases the size of our business - and our emissions - each year. To factor in the emission increase through mergers and acquisitions, the baseline value will be evaluated each year and, if required, a rebaselining calculation will be performed in line with SBTi guidelines, to ensure a proper tracking of our decarbonization performance. Rebaselining will also take place if a methodological change would occur with a material impact on the calculated emissions for the company. Due to the global scope of our target setting, the baseline value is considered to be representative in terms of the influences from external factors (e.g. expected temperature anomalies influencing the energy consumption for a certain year will level out across the countries and regions we are active in).

SBTi provides a cross-sector framework and economy-wide scenario pathway for setting targets related to our own operations that align with a 1.5°C climate change trajectory. Our new targets provide us with a pathway for our short- and medium term actions to engage with our supply chain (scope 3, WB2D), while also decarbonizing our own operations (scope 1&2, 1.5°C) (see earlier, *our actions related to climate change*) and taking into account our identified risks & opportunities based on IPCC SSP scenarios (see *climate risk assessment* section).

In July 2024, we submitted our commitment letter to SBTi. We plan to undergo the SBTi validation process for our near-term targets throughout 2025. At a later stage, we additionally plan to develop long-term science-based targets compatible with the objective of achieving climate neutrality (Net Zero) by 2050 with no or limited overshoot.

KPI	Unit	Baseline value (year)	2023	2024	*Target 2025*	*Target 2030*
Action 2025 *Carbon intensity (Scope 1 & 2 CO_2 emissions per million€ of sales)*	tCO_2e/millions of €	4.76 (2019)	3.42 LB / 3.23 MB	3.27 LB / 3.11 MB	3.57 (-25%)	-
Impact 2030 *Scope 1 & 2 (ambition: 1.5 °C)*	tCO_2e (market-based)	12,734 (2022)	11,933	13,121	-	7,386 (-42%)
Impact 2030 *Scope 3.1 (ambition: WB2D)*	% suppliers with SBTs, by spend	-	-	TBD	-	TBD
Impact 2030 *Scope 3.2 – 3.15 (ambition: WB2D)*	tCO_2e	354,861 (2022)	-	338,873	-	266,146 (-25%)

Notes to table

1. For determining the Carbon intensity (Scope 1 & 2 CO_2 emissions per million€ of sales), the methodology and emission factors have resulted in separate MB and LB reporting after 2019. Unlike our *Impact 2030* absolute carbon base year, the 2019 baseline value (of 4.76) for *Action 2025* intensity targets has not been re-baselined.

2. The *Action 2025* figures of the year 2023 have been restated to reflect updated, more accurate data. Values reported in our Integrated Report 2023: 3.62 LB/3.40 MB (and 3.35 under the 2019-methodology) & 12,555.3 tCO_2e scope 1 & 2 MB. Unlike baseline values, previous year datapoints are not recalculated to reflect acquisitions closed during the reporting year.

3. The *Action 2025* carbon intensity target-year 2030 will be discontinued after the reporting year 2024 and will be replaced by SBTi aligned absolute carbon targets. *Impact 2030* targets are still in the SBTi validation process and subject to change.

4. Base year (2022) emission values used for our SBTi committed targets have been recalculated to reflect acquisitions closed since 2022, combined with a fleet reporting methodology update implemented throughout 2024 (base year scope 1 & 2 (MB) increased by 1,712 t CO_2e compared to previous disclosures). Scope 1 emissions represent 66% of the baseline value used for target setting, scope 2 (MB) emissions 34%. Scope 3 values are fully revised due to a methodology update applied for 2024 and 2022.

ESRS E1-5: Energy consumption and mix

	Energy consumption and mix	2023[1]	2024
(1)	Fuel consumption from coal and coal products (MWh)	0	0
(2)	Fuel consumption from crude oil and petroleum products (MWh)	21,881	19,734
(3)	Fuel consumption from natural gas (MWh)	15,017	13,638
(4)	Fuel consumption from other fossil sources (MWh)[2]	2,471	10,282
(5)	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	8,520	8,309
(6)	Total fossil energy consumption (MWh)	47,889	51,962
	Share of fossil sources in total energy consumption (%)	***93.6%***	***90.9%***
(7)	Consumption from nuclear sources (MWh)	Not disclosed	1,392
	Share of consumption from nuclear sources in total energy consumption (%)	***Not disclosed***	***2.4%***
(8)	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
(9)	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	3,184	3,198
(10)	The consumption of self-generated non-fuel renewable energy (MWh)	84	605
	Total renewable energy production on-site (MWh)	Not disclosed	954
(11)	Total renewable energy consumption (MWh)	3,268	3,803
	Share of renewable sources in total energy consumption (%)	***6.4%***	***6.7%***
	Total energy consumption (MWh)[3]	***51,157***	***57,157***
	Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/millions of €)[4]	***13.9***	***13.6***

1 Figures have been restated due to updated, more accurate data.
2 LPG and oil consumed by Azelis is linked to fuel consumption from other fossil sources (MWh) for reporting purposes.
3 All activities of the Group are identified as activities in high climate impact sectors. Hence, total energy consumption reflects the total energy consumption from activities in high climate impact sectors.
4 The total net revenue can be reconciled with total revenue reported in IFRS note 8 of the consolidated financial statements. For 2023, organic revenue has been used.

The share of renewable sources in our total energy consumption mix increased from 6% in 2023 to 7% in 2024. Despite our business growth and acquisitions, we were able to slightly increase this percentage, primarily due to our continued efforts to source and (on-site) produce renewable electricity within our three regions (refer to section *our actions related to climate change*).

We were able to decrease our consumption of petroleum products in 2024 by 10%, compared to 2023. One of the main drivers of this trend is the electrification of our company fleet. At the same time, this is causing an increase in our total electricity consumption. However, this increase is partly absorbed by the increased electricity consumption coming from renewable sources.

Another effect contributing to the decrease in consumption of petroleum products is linked to a correction of our company fleet reporting. We finetuned our scope 1&2 operational reporting scope, based on the ownership of the cars included in our reported fleet. Due to practical reasons and data availability, 2023 data has not been updated to reflect this methodological change.

ESRS E1-6: Greenhouse gas emissions (Scope 1, 2 and 3)

	Retrospective				Targets	
Overview absolute GHG emissions by source type	**2022 (base year)[1]**	**2023[2]**	**2024**	**% vs prior year**	**2030 reduction**	**2024 vs base year 2022**
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO_2eq)	8,404	8,759	9,620	+10%	-42%	+14%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	NA	NA	NA
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO_2eq)	5,133	3,879	4,164	+7%	NA	-19%
Gross market-based Scope 2 GHG emissions (tCO_2eq)	4,330	3,174	3,501	+10%	-42%	-19%
Significant scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	7,046,291	Not disclosed	5,405,164	NA	NA	-23%
1. Purchased goods and services	6,691,430	Not disclosed	5,066,291	NA	NA[3]	-24%
2. Capital goods	16,646	Not disclosed	10,131	NA		
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	3,553	Not disclosed	3,879	NA		
4. Upstream transportation and distribution	36,704	Not disclosed	57,094	NA		
5. Waste generated in operations	1,898	Not disclosed	4,193	NA		
6. Business traveling	3,545	Not disclosed	4,122	NA		
7. Employee commuting	3,851	Not disclosed	3,779	NA		
8. Upstream leased assets	NA	NA	NA	NA	-25%	-5%
9. Downstream transportation	21,026	Not disclosed	56,959	NA		
10. Processing of sold products	214,619	Not disclosed	164,716	NA		
11. Use of sold products	NA	NA	NA	NA		
12. End-of-life treatment of sold products	53,019	Not disclosed	34,000	NA		
13. Downstream leased assets	NA	NA	NA	NA		
14. Franchises	NA	NA	NA	NA		
15. Investments	NA	NA	NA	NA		
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2eq)	7,059,828	Not disclosed	5,418,948	NA	NA	-23%
Total GHG emissions (market-based) (tCO_2eq)	7,059,025	Not disclosed	5,418,285	NA	NA	-23%

1 Base year emission values used for our SBTi committed targets have been recalculated. Refer to footnote linked to Azelis' emissions target table for details.
2 2023 scope 1 & 2 figures have been restated due to updated, more accurate data (values reported in our FY2023 report: 9,283 tCO2e scope 1 ; 4,069 tCO2e scope 2 LB; 3,273 tCO2e scope 2 MB). Due to impracticability, 2023 scope 3 data have not been updated based on the new methodology applied for 2022&2024, hence not disclosed.
3 SBT supplier engagement target in place. Please refer to Azelis' emissions target table.

Scope 1

Absolute scope 1 emissions increased from 2023 to 2024 (+10%). This is in line with our increase in fossil energy consumption (+9%), mainly driven by inorganic growth linked to our general M&A activities.

Scope 1 emissions increased by 14% compared to our 2022 rebaselined absolute emissions. The increase is mainly linked to an increase in LPG consumption in Asia Pacific due to the addition of a new warehouse.

Scope 2

Absolute scope 2 emissions increased from 2023 to 2024 (+10% MB). The efforts to increase the amount of renewable energy in our consumption mix (consumption of self-generated renewable energy increased by 620%), were counteracted by the increased electrification of our operations, mainly driven by a shift to electric vehicles within our fleet and our warehouses, and inorganic growth linked to our general M&A activities.

The combined efforts of switching to renewable energy contracts and the increased on-site production of renewable electricity, led to a decrease of absolute scope 2 (MB) emissions by 19% compared to our 2022 rebaselined emissions. These measures are also resulting in a decreased GHG emission intensity compared to 2023.

Globally, the share of renewables in our total electricity consumption accounted for 30% in 2024. This percentage only takes into account consumption of on-site generated renewable electricity and renewable electricity consumption from the grid whenever it is specified as such in our energy contracts or renewable energy certificates (RECs) are available.

If we do not have contractual information available that meet the criteria, we use residual mix emission factors to calculate market-based scope 2 emissions.

Scope 3

Our scope 3 calculation methodology has been reviewed during 2024 as part of our SBTi target setting project (see before). The updated methodology has been applied for 2022 (base year) and 2024 (reporting year), whereby year-on-year comparison with 2023 is not representative. From 2024 onwards, we will consistently apply the new calculation method so comparison of data becomes easier and tracking of progress towards our targets more accurate.

Category 3.1 (purchased goods and services) is representing the biggest part of our scope 3 footprint for both our baseline year and reporting year. The bulk observed variation between the baseline and current year for Category 3.1. is accounted for in a corresponding change in volume of products. In addition to this, there are lesser contributing factors also at play. Including, varying emission factors between 2022 and 2024 and the fluid nature of Azelis' product portfolio, namely, changing ratio between Industrial chemicals and Life Science products.

Categories 3.4 and 3.9 increased in 2024 compared to the base year as higher volatility in global markets caused a shift towards smaller, more frequent deliveries. Secondly, as these emission categories are calculated via the spend-based method, the increase in emissions is driven by increased transportation costs, and due to an increase in ratio of downstream versus upstream deliveries.

Improvements in our reporting and waste estimation methodologies applied across the Group led to increased category 3.5 emissions.

ESRS E1-6: Greenhouse gas intensity

GHG intensity per net revenue[1]	2023[2]	2024	% vs prior year
Scope 1 & 2 GHG emissions (location-based) per net revenue (tCO_2eq/millions of €)	3.42	3.27	-4%
Scope 1 & 2 GHG emissions (market-based) per net revenue (tCO_2eq/millions of €)	3.23	3.11	-4%
Total GHG emissions (location-based) per net revenue (tCO_2eq/millions of €)	Not disclosed	1,285.93	NA
Total GHG emissions (market-based) per net revenue (tCO_2eq/millions of €)	Not disclosed	1,285.78	NA

1 The total net revenue can be reconciled with total revenue reported in IFRS note 8 of the consolidated financial statements. All activities of the Group are identified as activities in high climate impact sectors. For 2023, organic revenue has been used.
2 Due to impracticability, 2023 scope 3 data have not been updated based on the new methodology applied for 2022&2024, hence not disclosed.

GHG intensity

In 2024 (3.11 tCO_2e/ million€ of sales, MB), we further reduced our scope 1&2 carbon emission intensity by 4% compared to 2023 (3.23 tCO_2e/million€ of sales, MB). Please refer to our scope 1&2 trends as explained above for the main drivers of this reduction. The total net revenue can be reconciled with total revenue reported in *IFRS note 8* of the consolidated financial statements. All activities of the Group are identified as activities in high impact climate sectors.

Methodology

Scope 1 & 2

Reporting boundary

The carbon inventory has been compiled in accordance with the relevant GHG protocol standards (operational control).

Reporting methodology and definitions

To collect and report scope 1 and 2 emission data, we use dedicated online ESG calculation software. Emissions are calculated based on actual data. If actual data was not available at the time of reporting, consumption data and resulting emissions will have been estimated based on commonly applied estimation methods (e.g. extrapolation from previous comparable periods, and/or like-for-like comparison with other available actual data).

Scope 1 activity and emission data include on-site stationary combustion of fossil-fuel-burning equipment (e.g. heating boilers) or process-based emissions (e.g. back-up electricity generators) and natural gas. Emissions from company-owned or leased vehicles are also included.

Scope 2 activity data and emissions include the purchase of electric power, steam, heating, and cooling from the local utility[6]. Location-based reporting calculates emissions based on the average emission intensity of the power grids we are physically connected to. Market-based reporting reflects emissions from the specific electricity we purchase based on energy contracts. Contractual instruments included in market-based calculations are energy attribute certificates (green energy contracts, 28% of energy consumption related to scope 2 emissions) and default emission factors representing the untracked or unclaimed energy and emissions (residual mix, 72%).

Refrigerant emissions and other fugitive emissions are excluded from the scope as they are not material.

External databases are used to retrieve the latest available version of emission factors. If we have specific regional or local emission factors available, those are preferred over generic emission factors to better account for the energy mix of the regions where we operate. Scope 1 and 2 emission factors included for the 2024 reporting cycle are based on IEA 2024, ADEME Base Carbone V15.1, DEFRA 2024, US EPA 2024, Green-e 2023 and Canada's National Inventory Report 2024.

Azelis used an alternative calculation method in 2019 for emissions related to electricity consumption. In 2022, we adopted location-based and market-based methodologies in line with the GHG protocol. The alternative 2019 calculation formula is included below:

- CO_2 emission from electricity consumption (tCO_2e) = renewable electricity consumption (kWh) x 0 (tCO_2e/kWh) + non-renewable electricity consumption (kWh) x location-based emission factor (tCO_2e/kWh)

Scope 3

The scope 3 inventory has been compiled in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard. The reporting boundaries of this analysis are in line with the consolidated accounting group reporting boundaries. Scope 3 quantitative metrics are subject to measurement and outcome uncertainty.

Additional details regarding the calculation methodology per category are provided below. No primary emission data from our value chain has been used, we rely on internal datasets which are linked to the value chain incl. product related data (purchase & sales volumes, product composition). We will continue to strive to increase the specificity of data collections with a focus on primary emissions data for our most material categories. This primarily means increasing the percentage of products covered by primary product carbon footprint (PCF) data, which can result in different outcomes in the future.

Category 3.1 'Purchased goods & services' – The calculation detailed in 2023 was based on an average and 'financial based' estimation method, for 2024 we have moved to an 'activity based' calculation method. An emission factor (in $kgCO_2e$/kg product) is matched to each product found in our portfolio, regardless of the amount purchased in year 2024. Matching of the emission factors to our product portfolio are completed using bespoke coding and executed via a hierarchical cascading method, starting with the most accurate match on product level before cascading to less specific emissions factors. Purchased amounts in 2024 are multiplied by the matched emission factor for each product. The emission factors used included databases supplied by CarbonMinds (version 2.01 - Mar2024) & EcoInvent (version 3.10 - 8/2/2024).

Scope 3.1 is Azelis' most material emission category. The move from a spend- to activity-based calculation method has required proxies

6 Cooling is not applicable based on current Azelis' activities included in this report.

to be used and assumptions to be made. For example, proxy CAS numbers are used when actual CAS numbers do not have corresponding emissions factors within the referenced databases and assumptions are made equating all CAS numbers to have equal ratios in product mixtures.

Category 3.2 'Capital goods' – Emissions are calculated in line with our financial accounting procedures. Financial data reported in our ERP system is linked to the most applicable NAICS codes. Spend-based emission factors, selected from the USEPA EEIO database, have been linked to our activities using the related NAICS codes.

Category 3.3 'Fuel- and energy-related activities' – The applied conversion factors are based on DEFRA & IEA emission factors, to obtain Well-To-Tank (WTT) data for the production and distribution of fuels/energy consumed and reported in Scope 1 & 2.

Category 3.4 'Upstream transportation & distribution' – Calculations for this category are based on financial data reported in our ERP system. Emissions are calculated based on the most applicable NAICS codes and monetary emissions factors based on EEIO 2021 and GWP AR6 databases.

Category 3.5 'Waste treatment' – Waste amounts are reported through dedicated ESG reporting software. The applied activity-based emission factors are split into 'pre-treatment' (ADEME Base Carbone®) and 'final treatment' (Incineration and landfill, US EPA EF Hub 2023 AR5). The proportion of recycled waste and disposed waste is considered in choosing relevant emissions factor. Wastewater treatment uses emissions factors from (DEFRA - 2023 AR5).

Category 3.6 'Business travel' – Distance-based business travel data is reported through dedicated ESG reporting software. The applied emission factors come from DEFRA – Flights average, Tank-To-Well (TTW) and DEFRA Rail average. A WTT AR6 adjustment has been applied to the calculated emission values to obtain the reported Scope 3 value for Azelis.

Category 3.7 'Employee commuting' – The applied emission factors come from DEFRA, estimated calculations are based on the number of employees and the company policy regarding office vs hybrid working days.

Category 3.9 'Downstream transportation & distribution' – Calculations for this category are based on financial data reported in our ERP system related to upstream transportation, assumptions have been made to identify the downstream transportation & distribution costs. Emissions are calculated based on the most applicable NAICS codes and monetary emissions factors based on EEIO 2021 and GWP AR6 databases.

Category 3.10 'Processing of sold products' - Calculations are based on the average percentage contribution (3.04%) to the Scope 3 categories, as it is reported in the 2023 status report of the chemicals sector published by the Science Based Targets initiative (SBTi).

Category 3.12 'End-of-life of sold products' – As Azelis' ingredients are almost exclusively sold B2B, they only make up a part of final products which are themselves going through end-of-life treatment. This category includes the emissions from waste treatment of both chemical products and their packaging. A waste category is assigned to each chemical product and a packaging weight is estimated for each pack size. Based on this categorization, products are linked to specific waste emission factors (obtained from ADEME Base Carbone® and US EPA databases) which are then applied to each product amount and its packaging. Most conservative waste disposal emissions are presumed in the case of unknowns.

Five scope 3 categories are deemed to be not applicable to Azelis:

- **Categories 3.8 & 3.13 'Upstream & downstream leased assets'** are excluded because our use of leased assets are included within the emission values reported for scope 1&2;
- **Category 3.11 'Use of sold products'** is deemed as not applicable**.** Since Azelis' products are primarily chemicals we assume there is no (or very limited) energy usage connected to the usage of our sold products;
- **Categories 3.14 & 3.15 'Franchises and investments'** are excluded as Azelis does not have any franchises or joint ventures.

Action 2025 environmental disclosures

Environmental accidents

At Azelis, an environmental accident is an event that causes or could cause harm to the air, water, land, wildlife, or local habitat. This could include anything from chemical spills to air pollution incidents, fly tipping, or fires from chemicals on our premises. Environmental accidents are those not contained on our sites and/or incidents which require reporting to local authorities.

Our new Group Safety, Health, and the Environment policy underscores requires our employees to be mindful of the environment, reduce the use of natural resources, minimize waste generation, and comply with all waste management requirements.

Our in-house developed HSE app helps employees register and track any accidents or near misses in a standardized manner, with any remedial action shared across the business so that lessons can be learned globally. With this user-friendly app, our team is able to carry out in-depth analyses and gain valuable insights to identify trends and areas for improvement in our future workplaces and on our environmental impact. The reporting is integrated into our system and has an automated notification system for status reporting, providing timely updates on the progress of incident resolution.

Incidents occurring on our own sites and direct activities are reportable. Additionally, the HSE app allows recording incidents occurring in external warehouses, and during third-party transportation. Regrettably, we had three reportable environmental accident in 2024. Two incidents occurred in New Zealand where wastewater was discharged into the local wastewater system, before having the pH treated. One incident was due to a malfunctioning pump actuator, which diverted the wastewater into the local system rather than to our treatment tank. The other occurrence was due to heavy rains which caused the water level in the holding tanks to reach the overflow level and into the local wastewater system. In the USA there was a partial collapse of a warehousing facility due to a severe storm with wind speeds up to 130 kmph, which resulted into an uncontrolled discharge into the local environment. Azelis commits to the safe and responsible distribution of our products. For more information on product stewardship, please refer to *S4 consumers and end users*.

Environmental accidents outside of our premises

Azelis uses the UK's National Chemical Emergency Centre (NCEC) as our first response emergency service provider globally. Through its CareChem 24 program, it provides 24/7 coverage for any accidents involving Azelis products that occur outside our premises (for instance, while transporting materials or in relation to products held in external warehouses). NCEC has direct access to our Safety Data Sheets, allowing them to provide up-to-date emergency response information for our customers. As of December 31, 2024, we have not yet had to call on the NCEC for any severe incidents.

	2024	2023	2022	Target 2025
Number of environmental accidents	3	1	2	0

Innovation in action formulations for customers

Ecolabel-friendly auto-dishwash gel for spotless results with short cycles

Our Home Care & Industrial Cleaning team took the initiative to develop a new, innovative dishwasher gel formulation. The challenge was to replace phosphonates with a more environmentally friendly ingredient while still maintaining good cleaning and anti-scale properties.

Phosphonates are a common but environmentally disadvantageous ingredient, so the lab team needed to develop a solution that replicated traditional phosphonate-based products' cleaning and anti-scale properties. They also replaced polyacrylates with a biodegradable dispersant, ensuring the formula meets strict environmental standards without sacrificing performance.

Additionally, the team incorporated a hydrophilic polymer to further enhance the formula that improves anti-scaling and anti-spotting, creating an eco-friendly alternative comparable to leading retail auto-dishwasher gels.

The result was a gel that combines eco-conscious ingredients while maintaining top-tier cleaning performance, even with short dishwasher cycles.

Social

"At Azelis, we invest in our people, nurturing talent, fostering a culture of care, and embracing belonging, equity, and opportunity. Why? Because a thriving workforce builds a stronger, more sustainable future for all.

S1 Own workforce
People attraction & retention

Impacts, risks and opportunities
At Azelis, attracting and retaining employees has a direct impact on society as we shape a skilled, empowered, and resilient workforce. By prioritizing human and labor rights, health and safety, and continuous skills development we enhance job satisfaction and career growth. Moreover, we strengthen communities by fostering economic stability and social mobility. Ensuring fair treatment and equitable opportunities helps to create a diverse and capable workforce, driving innovation and long-term societal progress. Conversely, neglecting these fundamental aspects can contribute to widespread skill shortages, social inequalities, and diminished economic opportunities, particularly for younger generations and underrepresented groups. To mitigate these risks, we see clear opportunities to invest in the areas which are detailed further within each chapter of the *S1 Own workforce* section of this report.

Our approach and policies
At Azelis, we take a structured and proactive approach to employee attraction and retention, ensuring a fair, inclusive, and engaging work environment. Our policies are designed to uphold ethical employment practices, safeguard employee rights, and create a workplace where people feel valued, supported, and empowered to grow. We have established robust policies that reinforce our commitment to human and labor rights, including our Anti-Harassment policy, SpeakUp! policy, Code of Conduct, Anti-Slavery and Human Trafficking Statement, and our commitment to adequate wages. These policies help create a safe, ethical, and respectful workplace where employees can thrive. Further details can be found in the *human and labor rights* section within S1 (Own workforce) of this report.

Azelis also prioritizes employee health, safety, and well-being through our SHE (Safety, Health, and Environment) policy and targeted well-being initiatives. We recognize that a healthy and safe workplace is fundamental to employee engagement, productivity, and retention. More information on our health and safety commitments can be found in the *Health & safety* section within S1 (Own workforce) of this report.

To strengthen positive impacts and minimize negative ones, we are dedicated to advancing diversity, equity, and inclusion. This includes setting ambitious targets of having at least 30% of women in senior management roles (General Management Team) and 100% of managers trained in diversity and inclusive leadership by 2025.

Furthermore, we are dedicated to training and skills development as a key driver of employee growth, retention, and attraction. We invest in structured learning programs, leadership development initiatives, and career progression opportunities to equip our employees with the skills needed for long-term success. Our full approach and policies in this area are detailed in the *training and skills development* section of the S1 (Own Workforce) chapter.

Our actions and resources
We take actions to strengthen employee attraction and retention by addressing key material topics, including human and labor rights, health and safety, and training and skills development. Our commitment goes beyond compliance — we actively invest in initiatives that foster a positive and engaging workplace culture, ensuring employees feel valued, supported, and empowered to grow.

Additionally, we implement targeted workforce engagement initiatives to proactively mitigate the risks identified within each material topic. These efforts not only enhance job satisfaction and organizational resilience but also drive long-term business success. A comprehensive breakdown of our actions and resources can be found within each material topic in the S1 (Own Workforce) chapter of this report.

> At Azelis, creating a diverse, equitable, and inclusive workplace isn't just a statement—it's our commitment. This drives our core values of innovation, empowerment, collaboration, and transparency, where every voice is heard, every perspective is welcomed, and everyone is empowered to thrive, contributing to our purpose: Innovation through formulation.
>
> ***Lim Xiao Xuan***
> *APAC Senior HR Generalist*

Human and labor rights

Impacts, risks and opportunities

At Azelis, human and labor rights are an important impact material topic. We enhance economic security, reduce inequality, and strengthen our reputation as an employer of choice by providing fair wages and by fostering an inclusive workplace aligned with international standards of the International Labor Organization (ILO), Organization for Economic Co-operation and Development (OECD) guidelines and UN Global Compact. We recognize that failure to uphold these commitments could lead to financial insecurity, unfair treatment, and diminished employee wellbeing. We remain dedicated to proactive measures that promote fairness, inclusivity, and a supportive work environment for all.

Our approach and policies

Our responsibility to uphold human rights and maintain fair working conditions is grounded in the recognition that our employees are not only key to our success but also essential stakeholders whose interests, views, and rights are integrated into our strategy and business model. We are deeply committed to being an equitable and inclusive employer that fosters a culture of mutual respect, collaboration, and empowerment. To this end, we actively engage with our workforce and their representatives, where applicable, to ensure their voices are heard, respected, and incorporated.

We take actions to understand and address the needs of our employees by conducting employee satisfaction surveys and one-on-one discussions. This allows us to gauge employee satisfaction, gather insights into workplace challenges, and identify opportunities for improvement. Workers' representatives are key partners in this dialogue, helping to ensure that collective concerns are addressed, and fair practices are upheld. This collaborative engagement fosters trust and ensures alignment between our business objectives and the wellbeing of our workforce. Our commitment to human and labor rights extends beyond compliance, as we actively pursue initiatives that promote fair treatment, equality, and safe working conditions. These principles are embedded in comprehensive policies such as our Code of Conduct, Corporate Social Responsibility policy, Anti-harassment policy, Ethical Business Conduct Statement, Anti-slavery and Human Trafficking Statement, and our SpeakUp! policy. These policies not only safeguard employee rights but also establish mechanisms for employees to voice their concerns safely and anonymously, ensuring they are empowered to participate in maintaining an ethical workplace. We prioritize the rights of our workforce by adhering to international frameworks, including the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, OECD Guidelines for Multinational Enterprises, the Charter of Fundamental Rights of the European Union, and the UN Global Compact. These standards guide us in protecting fundamental freedoms, promoting decent work, and addressing any potential violations proactively, including those processes and mechanisms to monitor compliance with these frameworks and ensure ongoing alignment with our commitments to human rights and ethical labor practices.

Furthermore, our annual Knowledge Review reinforces our commitment to ethical business practices. It ensures that all employees fully understand our policies and procedures, which are well designed to uphold ethical standards and guarantee we fully comply with labor and human rights legislation. Through the Knowledge Review exercise, we foster a culture of accountability and integrity across the organization.

The implementation and accountability for managing material sustainability matters at Azelis are overseen by our senior management team, including the Group HR Director, Chief Compliance Officer, and the Executive Committee. This leadership team, along with local management teams, are responsible for ensuring the effective execution and continuous monitoring of our policies across all operations. In setting these policies, careful consideration is given to the interests of key stakeholders, including employees, customers, investors, and local communities, ensuring that our actions align with their expectations and the broader sustainability landscape.

Furthermore, any amendments or updates to these policies undergo a thorough review process and are subject to approval by the Board of Directors. This rigorous oversight ensures that our sustainability strategy is both responsive to emerging challenges and opportunities and firmly aligned with our long-term goals and governance standards.

Code of Conduct

Our Code of Conduct defines the fundamental principles guiding business conduct at Azelis, ensuring strict adherence to high ethical standards and full compliance with all applicable laws and regulations. It serves as a global framework that applies across our own operations and workforce, reinforcing our commitment to fostering a responsible, inclusive, and ethical workplace.

The Code underscores our dedication to anti-discrimination, equality, and ethical workplace behavior, promoting a culture where all employees are treated with fairness and respect. It includes clear provisions for equal opportunity, diversity and inclusion, collective bargaining rights, and ethical business practices, ensuring that our policies align with internationally recognized labor standards.

Additionally, we maintain a zero-tolerance approach to forced labor, child labor, modern slavery, and human trafficking across our operations, emphasizing our responsibility to uphold and protect fundamental human rights. These principles are integral to how we operate globally, ensuring that all employees, regardless of location, benefit from a safe, fair, and inclusive working environment.

Anti-slavery and Human Trafficking Statement

In 2024, we issued a statement that outlined the steps taken in the previous financial year to prevent slavery and human trafficking within our business and supply chains. We have established robust systems and processes across the organization to identify, audit, and assess potential risk areas in our supply chains. These measures help mitigate the risk of slavery and human trafficking, continuously monitor high-risk areas, and protect whistleblowers. Additionally, we provide annual training to our employees on the risks of modern slavery and human trafficking, ensuring they can identify and address non-compliant practices within our operations and supply chains. In addition, Azelis is a member of Together for Sustainability® (TfS), a global network of chemical companies that sets the *de facto* standard for the environmental, social and governance performance of chemical supply chains. Through our TfS membership, we can independently audit the environmental, labor and human rights, ethical and sustainable procurement performance of our suppliers and identify risks for slavery and human trafficking within our supply chain.

Anti-harassment policy

Our Anti-harassment policy is a cornerstone of how we manage human and labor rights as a material sustainability topic, enhancing our commitment to ethical business conduct and a respectful workplace. The policy prohibits all forms of harassment, including verbal, physical, and digital harassment, and ensures a zero-tolerance approach toward inappropriate behavior. Key contents of the policy include a comprehensive framework that addresses harassment based on sex, race, ethnicity, disability, age, sexual orientation, and other protected attributes. It also emphasizes the importance of maintaining an environment where all employees, regardless of their background, feel valued, respected, and safe. Furthermore, the policy outlines proactive measures to prevent harassment, such as regular employee training, awareness campaigns, and the establishment of clear reporting and grievance mechanisms. This ensures that any concerns raised are addressed promptly and transparently, fostering a culture of accountability and trust.

The policy is designed to be globally applicable, covering all workplace environments - whether physical, remote, or at company-sponsored events - and applies to both internal employees and external parties, including contractors. To ensure its effective implementation, the policy is overseen by the Group HR Director and Chief Compliance Officer, who are responsible for driving its integration into the company's broader human and labor rights strategy. The policy's development and ongoing revision are informed by the input and feedback of key stakeholders, including the ExCom, labor unions, and other relevant parties, ensuring that it remains responsive to evolving workplace dynamics and cultural considerations. Additionally, the policy is made easily accessible to all employees through internal platforms such as the company's intranet and is incorporated into onboarding materials, ensuring its broad dissemination and understanding. By embedding human and labor rights principles at the core of our business practices, this policy not only protects our employees' rights and wellbeing but also aligns with our broader commitment to sustainability, ethics, and corporate responsibility, ensuring that we uphold the highest standards of behavior across all facets of our operations.

SpeakUp! policy

With the launch of our SpeakUp! policy, we have established a clear and transparent process for reporting any concerns related to the Azelis Code of Conduct, its supplementary compliance policies, or any applicable laws and regulations. This policy also covers confirmed or suspected breaches involving Azelis, ensuring that all reports are treated with the highest level of confidentiality. Details on our SpeakUp! policy may be found under the *Promoting awareness on grievance reporting channels and speaking up* section under *workforce engagement*.

To reinforce our commitment to accountability, we have implemented a rigorous internal reporting system. The Chief Compliance Officer delivers quarterly updates on all reported cases, including their status, to both the Group CEO and the Group CFO. Additionally, a comprehensive annual report is presented to the Audit and Risk Committee of the Azelis Group, underscoring our dedication to maintaining high ethical standards.

Adequate wages

At Azelis, we are dedicated to providing fair and competitive wages for all our employees, ensuring compliance with local minimum wage standards as outlined by Eurostat, the ILO, or applicable local legislation. Through our compensation framework, we strive to promote equity and enhance the overall wellbeing of our people, underscoring our commitment to sustainable social practices and safeguarding human rights. Furthermore, as a company, we conduct annual robust compensation reviews and make necessary wage adjustments, ensuring compliance with legal standards. This cultivates a positive workplace culture that values employee contributions, fosters retention and supports long-term organizational growth.

Our actions and resources

We remain committed to our human rights impact assessment across our operations, including high-risk countries, and to enhance monitoring of human rights risks across our operations and supply chain. Doing so aligns with our commitment to combating forced labor, child labor, and human trafficking.

- We carry out comprehensive human rights impact assessments across our operations and supply chain regularly. These assessments involve in-depth interviews with internal and external stakeholders, consultations with experts, and thorough reviews of our existing policies. The insights gained from these evaluations are instrumental in shaping our strategies and developing targeted action plans to mitigate potential human rights risks effectively.
- We have rolled out a company-wide anti-harassment training through our learning management system on Workday™, our human capital management platform. This training offers comprehensive guidance and detailed explanations of our unwavering zero-tolerance policy toward harassment. It emphasizes that this policy applies within the workplace and extends to social gatherings and any events organized by third parties, ensuring a safe and respectful environment in all contexts.
- We have implemented a mandatory annual knowledge review exercise that educates all employees, including managers, on creating an equitable and inclusive workplace. To further enhance our commitment to human and labor rights specifically in relation to diversity, equity, and inclusion, we will work on reviewing our global recruitment policy by embedding principles ensuring equitable opportunities for all applicants, which enhancing innovation and representations across our own workforce.
- We are in the final stages of reviewing our global code of conduct policy. The goal is to further strengthen our commitment to upholding and actively protecting labor, employment, and human rights standards across our entire workforce. This updated policy will reinforce our dedication to fostering an ethical and responsible work environment, ensuring that these fundamental principles remain a core priority in all our operations globally.

While our *Action 2025* KPIs do not include specific targets for human and labor rights, our actions and resources are dedicated to amplify positive impacts and proactively addressing and mitigating potential negative ones, ensuring that fairness, respect, and responsibility in relation to human and labor rights within our own workforce remain at the core of our operations. During the reporting year, we have reported 0 severe human right incidents.

Health & safety

Impacts, risks and opportunities

At Azelis we recognize the critical importance of health and safety in the workplace. Our commitment to a 'safety first' culture goes beyond basic protocols and emergency response training. We believe that safety is not a choice, it is a necessity. By fostering a culture of care and responsibility, we aim to protect our most valuable asset: our people.

However, we understand that insufficient health and safety measures can lead to increased accidents, injuries, and health issues, violating the fundamental right to a safe workplace. Additionally, the lack of mental health support can negatively impact productivity and increase absenteeism, affecting our overall performance.

From a financial perspective, inadequate health and safety measures pose significant risks, including legal penalties, higher insurance premiums, and loss of employee trust. These factors can lead to higher turnover rates and damage our reputation.

Despite these challenges, we see great opportunities in investing in well-being initiatives, including mental health support and hybrid work policies. These investments can enhance productivity, reduce absenteeism, and foster a positive company culture. By prioritizing safety, we can improve morale, demonstrate our company values, and position ourselves as a responsible employer, attracting top talent.

We are dedicated to creating a safe and supportive environment for all our employees, ensuring their well-being and contributing to our long-term success.

> The workplace of Azelis is one that values mental health, creating a safe space for open conversations, empathy, and genuine support for every individual.
>
> ***Lara Constantine***
> *HR Manager MEA*

Our approach and policies

Championing employee health & safety

At Azelis, safety is a deliberate choice, not just a coincidence; it is a fundamental commitment embedded in our core values. By prioritizing health and safety and excellent working conditions, we protect our most valuable asset — our people — and cultivate an environment where individuals can thrive personally and professionally. The Azelis Code of Conduct enforces a commitment to perpetually upholding a secure working environment. Our dedication extends to guaranteeing the safety and wellbeing of our employees and all stakeholders impacted by our operations. We conduct routine health and safety risk assessments within our warehouses and manufacturing sites, coupled with comprehensive health and safety training, which we provide not only to our employees and contractors but also to subcontractors and visitors. We are proud members of Responsible Care® or Responsible Distribution® management systems to govern health and safety risks effectively.

Our Group Safety, Health and Environment (SHE) policy sets out a series of basic principles that must be followed in all our entities. It covers a wide variety of safety considerations, including the importance of a safety-first culture, the requirement to report any accidents and near misses, as well as the need for rigorous risk assessments, risk management processes and individual control measures. The policy also contains guidelines on the use of equipment and machinery, chemical handling and storage, ergonomics, driving, and how to prevent slips, trips and falls. In accordance with our SHE policy, all sites are required to have an emergency response plan and practice good housekeeping. They must also promote communication among employees to raise awareness about issues related to health and safety and act on any constructive suggestions to improve our performance. These apply in all regions where we operate, with no exceptions.

The implementation and accountability for managing material sustainability matters related to health & safety at Azelis are overseen by our senior management team, including the Group SHEQ & Regulatory Affairs Director, Regional SHEQ Directors and the Executive Committee. This leadership team, along with local management teams, are responsible for ensuring the effective execution and continuous monitoring of our policies across all operations. Furthermore, any amendments or updates to this policy undergo a thorough review process and are subject to approval by the Board of Directors. This rigorous oversight ensures that our sustainability strategy is both responsive to emerging challenges and opportunities and firmly aligned with our long-term goals and governance standards.

At site level, our organization performs risk evaluations of the processes and classifies them based on risk exposure and consequences. The combination of risk and consequences determines how critical the process is and the need to implement preventive and/or corrective measures.

Prioritizing the health & safety of our people, our Executive Committee members delivered an important safety message on the occasion of World Day for Safety and Health at Work on April 28th. Safety being the real MVP, the message emphasized the importance of a safer workplace and how critical it is to ensure sustainability in everything we do at Azelis.

The wellbeing of our people

We launched a group wide wellbeing and mental health initiative aimed at connecting minds and fostering the overall health of our people. We are dedicated to supporting our employees' mental health and wellbeing, understanding that it is essential for a thriving workplace. Our commitment includes offering continuous support, accessible resources, and fostering a culture where open conversations about mental health are encouraged. We aim to create an environment where every employee feels valued, supported, and empowered to prioritize their wellbeing.

Building on the success of our Mental Health First Aid (MHFA) training in the UK, we have now extended mental health training to all line managers. Recognizing the importance of raising mental health awareness within the business, we established a dedicated team of qualified first aiders led by Astrid Bodard. This team distributes a monthly mental health bulletin to all employees, offering practical tips, available resources, and contact information for the MHFA team for those who may want to reach out for support. Each newsletter is complemented by a wellbeing calendar, suggesting small daily actions to promote mental wellbeing throughout the month.

Our actions and resources

Championing employee health & safety

- We launched our global training module on 14 Golden Rules for Safety, Health & Environment awareness. This e-learning, coupled with comprehensive health and safety training, which we provide our employees, contractors, subcontractors, and visitors, ensures a secure working environment.
- Our employees in different countries participated in multiple safety-related activities to improve awareness and reinforce their commitment to workplace safety through practical training on evacuation drills, fire extinguishers, chemical awareness, and equipment handling.
- In March 2024, we concluded our comprehensive HSE risk management baseline assessment conducted by a renowned multinational consultancy firm. Improvement potential and risk identified during this assessment were mitigated by implementing short—to medium-term action plans.
- In 2023, we launched an HSE app that facilitates reporting workplace incidents and near misses. The app is crucial to maintaining a safe and healthy workplace. It allows us to identify potential hazards and take preventative measures to minimize the risk of future incidents, varying from accidents in the lab or office, injuries during working time, or even an environmental impact. In 2024, we made some key updates to the tool to incorporate CSRD reporting requirements and scope. In 2024, we reported a total of 27 work-related accidents including employees & non-employees as per the new reporting directive. Out of 27 reportable accidents, 10 accidents were with lost time of more than 3 days, which is an important KPI for our *Action 2025* program. Our *Action 2025* target is to reduce work-related accidents with lost time more than 3 days to zero.

The wellbeing of our people

To uphold our commitment to supporting the mental health and wellbeing of our employees:

- We offer mental health resources, including counseling services, wellness programs, and educational materials, ensuring that support is readily available to everyone within our organization.
- We rollout regular awareness campaigns to destigmatize mental health issues, educate employees about recognizing and addressing mental health concerns, and promote proactive wellbeing practices.
- In applicable and relevant legal entities in which we operate, we have implemented and maintained support systems such as helplines and Employee Assistance Programs (EAP) that provide confidential and immediate help for those in need.

Training and skills development

Impacts, risks and opportunities

At Azelis, training and skill development are recognized as critical impact material topics that drive employee growth, retention, and organizational success. By offering robust professional development, training, and educational programs, we empower employees to advance their careers, fostering personal and professional development while strengthening workforce retention. These initiatives also ensure our employees remain agile and equipped to meet evolving industry and market demands. Conversely, insufficient investment in training and upskilling could hinder employee growth, lower job satisfaction, and increase employee turnover. We are committed to prioritizing development opportunities that keep our workforce agile, engaged, adaptable, and prepared for the future.

Our approach and policies

At Azelis, continuous learning is a cornerstone of our people-related strategy, crucial for maximizing individual potential and advancing overall organizational success. To showcase our commitment, we have committed to an ambitious target of having at least 24 training hours on average per employee and more than 10% of our workforce represented in our 'talent pools' by 2025.

Our approach includes strategically investing in robust training programs that provide our teams with the knowledge and skills required to excel in their roles, stay ahead of industry trends, and significantly contribute to our long-term objectives. Our dedicated Learning & Development Center of Excellence has implemented various learning methods, including an intuitive authoring tool that

Training and development are essential to our organization's growth. By continuously investing in our team's skills and knowledge, we foster innovation, improve performance, and ensure that we are well prepared to meet the challenges and opportunities of tomorrow.

Sofie Asselbergh
Senior HR Officer, Corporate

empowers employees to create interactive and dynamic learning modules. This approach enables us to effectively deliver training and foundational courses through the learning management system integrated within Workday™. While we do not yet have a formal policy in place, we have established a comprehensive learning framework that spans the entire organization, ensuring that all employees have access to ongoing development opportunities. This framework is designed to continuously support skills enhancement, promote a culture of learning, and address key material topics, including diversity, and inclusion, through targeted learning initiatives and resources.

Our actions and resources

- We have launched a new performance review program to create a structured yet impactful appraisal process. This program is designed to facilitate meaningful development discussions between employees and line managers, focusing on ambitious personal goals, specific role responsibilities, and behavioral metrics aligned with our core values. Through this enhanced performance review process which is conducted yearly within Workday™, we are committed to driving both professional and personal growth. Metrics and targets are reflected in *ESRS S1-13* tables.
- We have introduced a new talent identification and nomination process designed to identify talents within our organization. This process categorizes employees into three distinct groups: Local Talents, Regional Talents, and Group Talents. Within these groups, we also pinpoint potential successors for key roles in our general management team. The process is thorough and collaborative, involving in-depth discussions within the Human Resources Council, which includes input from HR departments, local management teams, and the Executive Committee. This structured approach ensures a strong pipeline of leadership talent across all levels of the company.
- To remain at the forefront of innovation and align with our strategic objectives, we have initiated a series of projects, also known as 'the CEO Challenges,' that involve diverse individuals from various geographical locations. These projects foster collaboration, enabling cross-regional and cross-country knowledge sharing while also promoting the professional growth of our employees. By participating, our people have the opportunity to showcase their expertise, leadership, and creativity, directly contributing to the achievement of our collective organizational goals. This approach enhances our agility and empowers our workforce to drive meaningful impact and development within our organization.
- We are in the final stage of establishing a mentorship program to provide personalized guidance, allowing our talents to develop their skills and knowledge more effectively through tailored advice and support. Doing so helps facilitate the transfer of valuable organizational knowledge and industry expertise from mentors to emerging talents, ensuring continuity and preserving industry knowledge.
- To demonstrate our continued commitment to training and skills development, we will partner with our Learning & Development department to explore external learning platforms – allowing us to provide our people access to a wide-ranging library of courses designed to enhance professional skills across various areas such as leadership, technology, business, sales and marketing, and personal development. Through this initiative, we aim to offer scalable training solutions with personalized learning paths, address skill gaps, and foster a culture of continuous professional growth within our workforce.

In the Americas, we enhanced our annual compliance training by introducing a new series of courses titled 'Working with Everyone.' These courses are designed to emphasize the importance of diverse teams, the strength of an inclusive culture, and the negative effects of stereotypes and biases in the workplace.

By broadening our compliance training to cover these critical areas, we are proactively fostering a workplace environment where respect, inclusion, and diversity are not just values but key drivers of our success. Our aim is to empower every team member to leverage their unique talents and perspectives, ultimately making our organization more innovative, cohesive, and resilient.

The outlined actions are designed to provide meaningful remedies to address both the positive and negative impacts of training and skill development. By launching a structured performance review program and talent identification process, we create clear pathways for career growth and align individual goals with organizational priorities, fostering employee retention and engagement. Initiatives like the CEO Challenges and the mentorship program promote cross-regional collaboration, leadership development, and knowledge sharing, ensuring our workforce remains agile and equipped to meet industry demands. Furthermore, our commitment to exploring external learning platforms in partnership with the Learning & Development department ensures access to scalable, personalized training solutions that address skill gaps and support continuous professional growth. Together, these actions reinforce our dedication to fostering a culture of development while mitigating risks such as low job satisfaction and employee turnover. The quantitative information of this chapter can be found in tables *ESRS S1-13*.

In Asia Pacific, our laboratory and marketing teams have joined forces to develop a virtual training program tailored for our Food & Nutrition teams. This initiative is designed to equip commercial staff with essential knowledge of the key selling points and functional properties of pectin and standard gelatin in gummy formulations. The course, which is self-paced and takes approximately 20 minutes to complete, is accessible through our learning management system, seamlessly integrated within Workday™. This collaboration ensures that our teams are well-prepared to engage clients with technical expertise and product insights.

Workforce engagement

Our approach and actions in workforce engagement is vital in fostering a workplace that champions human rights, promotes development, and values diversity and the wellbeing of our people. Initiatives that protect and respect human rights, not only through compliance with global standards but also to create an inclusive environment where all our employees can thrive. We ensure that our actions are fully aligned with the policies, initiatives, and resources we have in place to address material sustainability topics within *ESRS1 - Own Workforce*.

We demonstrate our commitment to safeguard against the negative impact of the material topics within our own workforce by actively gathering employee feedback and fostering engagement through multiple channels:

- Positive and collaborative relationship with unions and workers' representatives in applicable legal entities where we operate
- SpeakUp!
- Employee satisfaction and engagement survey
- Annual Knowledge Review training for all employees, covering our key policies
- Robust hiring and promotion processes to promote fair practices, enhance equal opportunities and safeguard against discrimination

The senior management teams of Azelis are responsible for ensuring that workforce engagement on actual and potential impacts on the relevant entity's workforce are monitored, mitigated, and acted upon when detected.

Positive and collaborative relationship with unions and workers' representatives

Although we do not have a Global Framework Agreement with unions or workers' representatives specifically addressing the respect of human rights within our workforce, we are fully committed to upholding freedom of association, collective bargaining, and the protection of workers' representatives across all applicable legal entities where we operate. This approach is decentralized, with each legal entity handling these matters in alignment with local regulations and practices. We ensure that decisions are made impartially and without discrimination by engaging in regular dialogue and consultations with union representatives at the local level. This applies to areas such as collective bargaining, workplace policies and changes, health and safety, and compliance with legislative and regulatory requirements. Through these ongoing collaborations, we strengthen trust, improve workplace morale, and ensure that company decisions are well-informed, legally compliant, and aligned with both employee needs and organizational objectives.

The Human Resources department, working closely with union representatives and other relevant stakeholders across all applicable legal entities, is responsible for gathering and incorporating employee feedback. This collaboration ensures that the perspectives of our workforce are considered in decision-making, safeguarding against potential negative impacts related to material topics, particularly those affecting our workforce. By fostering this transparent and inclusive approach, we strive to address any challenges proactively and create a supportive environment that prioritizes the wellbeing and rights of our employees.

Promoting awareness on grievance reporting channels and speaking up

It is the aim of Azelis to establish a culture where our employees are comfortable speaking up in a safe environment where they will not feel victimized. We do not tolerate any retaliation against individuals who, in good faith, voice concerns, questions, grievances, or complaints. All reports are kept confidential, swiftly reviewed, and, if needed, fairly and thoroughly investigated. The Integrity Officers will ensure that all reported cases are investigated and documented appropriately.

Our people are encouraged to report any suspected breaches of our policies or incidents of misconduct through our standard reporting procedures. Reporting procedure is made available to all employees through Azelis internal interact and employee induction program. Reinforcement of such reporting channels is also made during our annual Knowledge Review exercise.

If an individual does not feel comfortable raising a concern through our internal reporting channels, they may do so through the SpeakUp! line, hosted off-site by an independent third party. This line allows for reports and communication to be made anonymously. Upon receipt of a report of alleged Misconduct, an acknowledgement of receipt is sent within seven days (or any shorter period imposed by applicable laws and regulations) and the Integrity Officers will evaluate and assess the information received and determine the appropriate course of action. This will, in most cases, result in the responsibility for next steps in the investigation being assigned to the most appropriate person(s) within Azelis. Azelis expects management at all levels to handle all matters concerning any alleged misconduct seriously and confidentially, and to promptly escalate them to the Integrity Officers. Management is obliged to fully cooperate with and assist whoever is appointed to investigate the misconduct.

The effectiveness of our SpeakUp! platform is rigorously assessed to ensure it serves as a reliable and impactful reporting channel. This includes comprehensive investigations of all reported cases by the Azelis Group Integrity Officers, in collaboration with the relevant management teams. A strong emphasis is placed on conducting thorough due diligence to evaluate the root cause of each issue, defining clear corrective actions to address any shortcomings, and implementing enhanced monitoring measures to prevent recurrence. Regular updates on platform performance and case outcomes are provided to senior management, ensuring accountability and continuous improvement of the channel.

Additionally, we have established an annual review process to assess and reinforce our employees' knowledge and understanding of our grievance reporting channels and the procedures for speaking up in cases of confirmed or suspected policy breaches within Azelis. This initiative ensures that all employees remain well-informed and confident in utilizing these channels, fostering a culture of transparency, accountability, and ethical behavior across the organization. By regularly revisiting these protocols, we reinforce our commitment to maintaining a safe, open, and compliant work environment for all. Furthermore, in our anonymous biannual Employee Satisfaction & Engagement survey, we include a question to assess the trustworthiness of our grievance reporting channels and procedures for our employees.

This enables us to ensure that discrimination, amongst other violations or suspected breaches of our policies are prevented, mitigated and acted upon with utmost confidentiality.

Employee Satisfaction & Engagement Survey

We are dedicated to actively listening to our employees and continually enhancing their satisfaction, motivation and overall engagement.

To uphold this commitment, we have implemented a comprehensive biannual anonymous Employee Satisfaction Survey in partnership with ENNOVA. This initiative is designed to offer our workforce a channel for sharing feedback on key factors that influence motivation, satisfaction, loyalty, and overall working conditions.

The insights gained from these surveys are carefully reviewed and incorporated into townhalls and workshops where action plans are defined with the commitment to fostering meaningful dialogue and driving targeted actions to further elevate our workplace. The effectiveness of this is monitored through defined actions captured in the ENNOVA Suite platform which allows local teams to access, analyze and track actions with clear next steps, timelines, and responsibilities defined to improve overall employee satisfaction all in one place. By leveraging this valuable data, we can create a more responsive and dynamic workplace that not only meets but exceeds our employees' expectations.

To demonstrate our commitment, we have set ambitious 2025 targets of 77 points for engagement, 85 points for loyalty and 76 points for working conditions.

Furthermore, we continuously enhance our people analytics capabilities to empower our managers with the insights they need for data-driven decision-making. As part of this commitment, we are working to introduce an anonymous feedback channel that integrates advanced analytics and machine learning. This will provide real-time, actionable insights into employee sentiment, enabling us to track trends, identify concerns, and address them proactively. By leveraging this cutting-edge technology, we can take targeted actions to improve employee experience and engagement, ensuring timely and effective interventions.

> When we know how to report concerns, we strengthen accountability and create a culture where everyone feels valued and heard.
>
> ***Renee Deemy***
> *HRIS Project Analyst*

Ultimately, this initiative fosters a more positive, productive, and supportive work environment for everyone.

Through our various workforce engagement channels, including anonymous channels, we offer all employees/at-risk employees regardless of, but not limited to sex, race, color, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation the opportunity to voice their concerns, share feedback, and offer their perspectives. This approach enables us to uphold the highest standards of human and labor rights, fostering an inclusive and respectful work environment.

In addition to the actions, resources and approaches we have in place to identify, mitigate and assess effectiveness of the material issues, we take the following measures to ensure we continuously manage material negative impacts, advance positive impacts, as well as to effectively address our material risks and opportunities:

- Conduct annual materiality assessment to identify key environmental, social and governance (ESG) issues that are most relevant to our operations and stakeholders. This process involves engaging internal and external stakeholders through surveys and consultations, reviewing of regulatory trends, industry benchmarks, and global sustainability framework, and mapping of our risks and opportunities to our core business strategy and value chain.
- We get ambitious targets to address our risks and impacts – targets are developed in alignment with our commitment to mitigating negative impacts, enhancing positive contributions and managing material risks and opportunities that are aligned with stakeholders' expectations such as improving workforce diversity, and enhancing employee wellbeing. The target-setting process is overseen by the Sustainability Steering Committee, which works closely with our Audit and Risk Committee as well as the Executive Committee. This includes reviewing of proposed targets with relevant functional leaders such as HR, SHEQ, Finance, approval of such targets through the Board of Directors to ensure alignment with our long-term strategy, as well as integrating targets into key performance indicators for senior management compensation.
- Furthermore, we use robust data collection systems to monitor our progress against targets and report on them to senior management on a regular basis. Adjustments to targets are also made as necessary, based on changes in the operating environment or emerging risks and opportunities.

Metrics and targets

ESRS S1-6: Characteristics of employees in own workforce

	2024				2023	2022
Gender/Employment Category	Americas	Asia Pacific	EMEA	Azelis Group	Azelis Group	Azelis Group
Permanent						
Female	525	469	1,175	2,169	2,091	1,883
Male	521	479	864	1,864	1,830	1,683
Others	0	0	0	0	0	1
Not Reported	1	0	0	1	4	0
Temporary/Fixed-Term						
Female	64	89	22	175	159	153
Male	27	49	17	93	104	108
Others	0	0	0	0	0	0
Not Reported	0	0	0	0	0	1
Non-guaranteed Hours						
Female	0	1	0	1	0	2
Male	0	1	2	3	5	1
Others	0	0	0	0	0	0
Not Reported	0	0	0	0	0	0
Total	***1,138***	***1,088***	***2,080***	***4,306***	***4,193***	***3,832***

Notes to table

- Figures are based on headcount figures as of December 31, 2024 as reported in Workday™
- Comparative figures (2023 and 2022) are restated to include M&A. In previous years, a 12-month exemption rule was applied for M&As
- Figures differ from the number of employees reported in *note 11* of the consolidated financial statements due to
  a. different unit: headcount (sustainability statement) vs. FTE (consolidated financial statements)
  b. different 'employee' definition: excluding non-employees (sustainability statement) vs. including non-employees (consolidated financial statements)
  c. different allocation key for Holding employees: by location (sustainability statement) vs. by function (consolidated financial statements)
- Azelis Group refers to the total

ESRS S1-6: Employee turnover

	2024				2023	2022
	Americas	Asia Pacific	EMEA	Azelis Group	Azelis Group	Azelis Group
Number of leavers	176	217	258	651	Not disclosed	Not disclosed
Rate	15.8%	20.0%	12.9%	15.5%	Not disclosed	Not disclosed

Notes to table

- The number of employees by headcount who left voluntary, or due to dismissal, retirement or death in service
- The rate is calculated by taking the average of the monthly headcount (i.e. beginning headcount figure of each month plus the ending headcount figures of each month, and dividing those by two) during the reporting period
- Azelis Group refers to the total

ESRS S1-7: Characteristics of non-employees in own workforce

	2024				2023	2022
	Americas	Asia Pacific	EMEA	Azelis Group	Azelis Group	Azelis Group
Number of non-employees	36	30	64	130	104	87
Rate of non-employees	3.1%	2.7%	3.0%	2.9%	2.4%	2.2%

Notes to table

- Figures are based on headcount figures as of December 31, 2024 as reported in Workday™.
- Figures differ from the number of employees reported in *note 11* of the consolidated financial statements due to
  a. different unit: headcount (sustainability statement) vs. FTE (consolidated financial statements)
  b. different 'employee' definition: excluding non-employees (sustainability statement) vs. including non-employees (consolidated financial statements)
  c. different allocation key for Holding employees: by location (sustainability statement) vs. by function (consolidated financial statements)

- Employees: Relationship is governed by an employment contract or agreement. An employee is someone who performs specific job duties and responsibilities on a full-time, part-time, fixed-term, or ad-hoc basis depending on business needs. Unlike contingent workers, employees are typically entitled to benefits such as health insurance, retirement plans, and paid time off. Their remuneration is usually processed through Azelis' payroll.
- Non-employees: The type of non-employees considered are Intern/Student, Self-employed Individual, and Agency Worker. Service providers are not considered in the definition of non-employee:
  a. Intern/Student: A person who is a student or recent graduate who works temporarily (paid/unpaid) within the organization to gain professional experience.
  b. Self-employed individual: A contingent worker often operates independently or through a management company, offering specialized knowledge or skills required for particular tasks or projects. The management fee is processed through the individual's management company and invoiced directly to Azelis.
  c. Agency worker: Agency workers are individuals employed by staffing or employment agencies to perform tasks similar to those of regular employees. They are often brought in to temporarily replace absent employees or to address short-term staffing needs. Their assignments are typically shorter in duration, ranging from routine to specialized tasks, and they often perform these tasks on-site at Azelis' premises. The staffing or employment agency maintains a contract with Azelis to supply these workers. While agency workers are assigned to Azelis for the duration of a specific project or need, their employment relationship remains with the staffing agency.
  d. Service provider (out of scope): Service providers are individuals employed by third-party companies (e.g., warehouse companies, logistics companies, cleaning or building management companies, and management companies providing IT-related implementation services) that have direct contracts with Azelis, to provide specific services.

ESRS S1-13: Annual performance review

Percentage of completed performance reviews by gender

	2024		2023		2022	
Gender	**No. of performance reviews**	**Percentage**	**No. of performance reviews**	**Percentage**	**No. of performance reviews**	**Percentage**
Female	2,053	87.6%	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Male	1,666	85.0%	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Other	N/A	N/A	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Not Reported	1	100.0%	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Total	*3,720*	*86.4%*	*2,940*	*77.8%*	*2,523*	*69.0%*

Notes to table

- Figures are based on headcount figures as reported in Workday™.
- The percentage is calculated using a denominator that includes all employees hired before December 31, 2024

Percentage of completed reviews by gender in accordance with management's planned performance review

	2024		2023		2022	
Gender	**No. of performance reviews**	**Percentage**	**No. of performance reviews**	**Percentage**	**No. of performance reviews**	**Percentage**
Female	2,053	99.9%	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Male	1,666	99.8%	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Other	N/A	N/A	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Not Reported	1	100.0%	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Total	*3,720*	*99.9%*	*2,940*	*79.1%*	*2,523*	*84.2%*

Notes to table

- Figures are based on headcount figures as reported in Workday™

- The percentage is calculated using a denominator that includes all employees hired before 1 October 2024, excluding those who were on leave for the entire performance review period and employees from companies acquired during the reporting year

ESRS S1-13: Average training hours

Gender	2024	2023	2022	Target 2025
Female	17.4	Not disclosed	Not disclosed	
Male	21.2	Not disclosed	Not disclosed	
Other	N/A	Not disclosed	Not disclosed	
Not Reported	6.4	Not disclosed	Not disclosed	
Total average training hours	***19.2***	***16.8***	***15.9***	***24.0***

Notes to table

Training refers to the following taken by employees in our own workforce:

- Classroom training and virtual training
- All types of vocational, job-related training, e.g. product and technical training, sales training, etc.
- Any other training such as IT, languages, managerial skills (including but not limited to coaching), first aid, etc.
- Any educational, study and exam leave paid for by the company
- Any external training and education attended and paid for - either totally or partially - by the company
- Training completed via Workday Learning, as part of our human capital management system, Workday™

ESRS S1-14: Work-related accidents & ill-health

	2024				2023	2022
Employees	Americas	Asia Pacific	EMEA	Azelis Group	Azelis Group	Azelis Group
Number of recordable work-related accidents	11	6	8	25	Not disclosed	Not disclosed
Rate of recordable work-related accidents	5.1%	3.0%	2.2%	3.2%	Not disclosed	Not disclosed
Number of recordable work-related ill health	0	0	0	0	Not disclosed	Not disclosed
Rate of recordable work-related ill health	0.0%	0.0%	0.0%	0.0%	Not disclosed	Not disclosed
Number of days lost (accidents/ill health)	22	0	197	219	Not disclosed	Not disclosed

	2024				2023	2022
Non-employees	Americas	Asia Pacific	EMEA	Azelis Group	Azelis Group	Azelis Group
Number of recordable work-related accidents	0	1	1	2	Not disclosed	Not disclosed
Number of recordable work-related ill health	0	0	0	0	Not disclosed	Not disclosed
Number of days lost	0	7	4	11	Not disclosed	Not disclosed

Notes to table

- Work-related accident refers to a discrete occurrence in the course of work which leads to physical harm. The data is collected, for the entire workforce, for accidents at work requiring medical treatment beyond first aid. Accidents occurring during business trips are counted as workplace accidents and are included in this indicator, but accidents resulting from commuting to work are not unless corresponding local/national regulations state otherwise.
- Rate of recordable work-related injuries refer to the number of recordable work-related accidents divided by the number of estimated hours worked by own workforce and multiplied by 1,000,000.
- Number of days lost refers to calendar days including first full day and last day of absence during which an employee or non-employee is unable to perform its duties due to work-related accident or ill health.
- Azelis Group refers to the total.

ESRS S1-14: Fatalities due to work-related accidents

	2024	2023	2022
Number of fatalities due to work-related accidents (own workforce)	0	Not disclosed	Not disclosed
Number of fatalities due to work-related accidents on Azelis sites (other workers)	0	Not disclosed	Not disclosed
Total	*0*	*Not disclosed*	*Not disclosed*

ESRS S1-14 Fatalities due to work-related ill-health

	2024	2023	2022
Number of fatalities due to work-related ill health (own workforce)	0	Not disclosed	Not disclosed
Number of fatalities due to work related ill health on Azelis sites (other workers)	0	Not disclosed	Not disclosed
Total	*0*	*Not disclosed*	*Not disclosed*

ESRS S1-17: Incidents, complaints and severe human rights impacts

	2024	2023	2022
Number of incidents of discrimination, including harassment	0	2	1
Number of complaints filed through channels available for own workforce (including discrimination and harassment incidents, excluding the cases reported in the KPI above)	2	0	1
Amount of material fines, penalties, and compensation for damages as a result of the above incidents and complaints	0	0	0

Notes to table

- Number of discrimination incidents, including harassment refers to the number of the incidents which have been reported and qualified in the Azelis' Case Management System as a substantiated discrimination, harassment or similar breach of Azelis' Code of Conduct or Anti-harassment policy.
- Number of complaints filed through channels available for own workforce (including discrimination and harassment incidents, excluding the reported cases in the KPI above) refers to the number of the unsubstantiated harassment and discrimination issues which have been reported via the third-party hosted Azelis SpeakUp! Line, and are not included in the KPI 'Number of discrimination incidents, including harassment'.
- Total amount of material fines, penalties, and compensation for damages as a result of the above incidents and complaints refers to the total aggregate amount of fines, penalties and compensation for damages which were paid or are payable by any Azelis company as a result of any discrimination, harassment or similar breach of Azelis' Code of Conduct or Anti-harassment policy as set out in Azelis' Case Management System.

	2024	2023	2022
Number of severe human rights incidents	0	0	0
Total amount of fines, penalties and compensation for damages for the incidents related to human rights	0	0	0

Notes to table

- Number of severe human rights incidents refers to the number of incidents which have been reported and qualified in the Azelis' Case Management System as a substantiated violation of human rights under Azelis' Code of Conduct.
- Total amount of fines, penalties and compensation for damages for the incidents related to human rights refers to the total aggregate amount of fines, penalties and compensation for damages which were paid or are payable by any Azelis Group company as a result of any violation of human rights under Azelis' Code of Conduct as set out in Azelis' Case Management System.

Action 2025 social disclosures

'Engagement' and 'loyalty' points score in our Employee Satisfaction Survey

Point score	2024	2023	2022	Target 2025
Engagement	72	75	75	77
Loyalty	80	83	83	85

Notes to table

- Since 2014, Azelis has systematically monitored the degree of engagement, motivation, and loyalty of all employees, using an anonymous Employee Satisfaction Survey carried out biennially, and managed by an independent third-party provider to guarantee full employee confidentiality.
- The scores generated by the survey are measured against an external benchmark, the Global Employee & Leadership Index (GELx).

Percentage of workforce in our talent pools

	2024	2023	2022	Target 2025
Percentage of workforce in our talent pools	12.2%	8.0%	10.0%	> 10%

Notes to table

- Talents within the company are employees strategically placed into talent pools based on a rigorous annual performance review and talent identification process.
- The nomination of talents adheres to stringent criteria, requiring a minimum of two years of consistently strong performance, as well as certain soft criteria that serve as a reference point for relevant stakeholders during the talent identification process.
- For talents who do not meet the minimum two years of consistently strong performance, this is set to not exceed the 25% threshold across the Azelis Group talent pool population.
- The talent identification process takes place with annual frequency, supported by the Human Capital Management System Workday™.
- In 2024, the rigorous talent identification process took place in the period May to August, including review and validation by the ExCom.

Average number of training hours per employee

Notes

- Refer to disclosure under *ESRS S1-13*

Percentage of line managers trained in diversity and inclusive leadership

Points score	2024	2023	2022	Target 2025
Percentage of line managers trained in diversity and inclusive leadership	99.8%	99.3%	99.3%	100%

Notes to table

- Line managers are all employees having people management responsibility (i.e., at least one person reporting directly) regardless of their level in the organization. All line managers take the mandatory training in diversity and inclusive leadership.

Percentage of senior management positions held by women

	2024		2023		2022	
Gender	Headcount	Percentage	Headcount	Percentage	Headcount	Percentage
Female	31	32.6%	26	29.5%	27	31.8%
Male	64	67.4%	62	70.5%	58	68.2%
Other	0	0.0%	0	0%	0	0%
Not Reported	0	0.0%	0	0%	0	0%
Total	***95***	***100.0%***	***88***	***100%***	***85***	***100%***

Notes to table

- Senior managers are the employees belonging to the Group GMT (General Management Team) because of their position / role. The eligible roles in 2024 were
  a. Members of the Executive Committee
  b. Regional COOs and CFOs and Regional Head of / Director / (S)VP of: Operations (Americas) / Business Development / Commercial Excellence / HR / Legal / SHEQ / Marketing / M&A / PMI / Labs / ... For the avoidance of doubt, this list is not exhaustive and may change in accordance with business needs over time

c. All roles holding country / country cluster P&L responsibility if country / country cluster sales > €30 million
d. Corporate Functional Heads
e. Market Segment Directors APAC / EMEA if MS Sales > €50 million and Group Principal Managers: only roles holding global principal responsibility
f. Other strategically significant roles upon invitation of the Executive Committee, up to a maximum of 10% of the total number of GMT members
g. Eligible roles due to M&A (transactions closed) in the reference year are not included

'Working conditions' point score in our Employee Satisfaction survey

Point score	2024	2023	2022	Target 2025
Working Conditions	73	75	75	**76**

Notes to table
- Since 2014, Azelis has systematically monitored the degree of engagement, motivation, and loyalty of all employees, using an anonymous Employee Satisfaction Survey carried out biennially, and managed by an independent third-party provider to guarantee full employee confidentiality.
- The scores generated by the survey are measured against an external benchmark, the Global Employee & Leadership Index (GELx).

Work-related accidents with lost time

	2024	2023	2022	Target 2025
Number of Accidents with LTI > 3 days	10	6	6	**0**
Number of Lost Time (In Days)	222	295	199	**0**

Notes to table
- This indicator has been defined as part of *Action 2025* sustainability strategy to prevent severe work-related accidents with lost time more than 3 days.
- LTI refers to work-related injury that prevents an employee from performing their regular job duties for at least one full day.
- In 2024, number of days lost refers to calendar days including first full day and last day of absence during which an employee or non-employee is unable to perform its duties due to work-related accident or ill health according to CSRD requirements. For 2023 & 2022 days lost referred to actual working days excluding weekends and public holidays.

S2 Workers in the value chain

Impacts, risks and opportunities

Based on the outcome of the DMA, respect for human rights and fundamental freedom are impacted by Azelis, either positively or negatively, and the risks and opportunities connected to Azelis' business activities, including its up- and downstream value chain have been identified as reflected in our double materiality matrix.

Azelis identified specific impacts, such as working with principals and suppliers, together with risks and opportunities (regulatory requirements, reputation, strategic partnerships) related to this topic and our activities.

Against the backdrop of this focus area and related IROs, Azelis has built a comprehensive due diligence program and has put together a full suite of policies and procedures in place to adequately address these topics for all workers in the value chain in terms of Azelis' impact thereon and the risk and opportunities associated therewith.

Our approach and policies

Supply chain due diligence framework

Our complex supply chain means we source products from a high number of suppliers who are located in many different countries and regions, which implicates our dependency on the workers in our value chain. This exposes us to ESG risks (see before), and we need to make sure that we respect labor and human rights by reducing the risk of potential negative impacts on people across our value chain. The type of value chain workers subject to material impacts through our business relationships, are those employed by entities in our upstream supply chain. At the same time, to reach all who can potentially be materially impacted by Azelis' operations and through our value chain, Azelis has whistleblowing systems in place with free access to all workers in our downstream and upstream value chain to raise ESG concerns and issues. For this purpose, Azelis has installed a third-party managed SpeakUp! line, which can be accessed via the Azelis website. As per its SpeakUp! policy, Azelis adheres to a strict policy of non-retaliation and confidentiality to the benefit of each reporter. Further details on the Azelis SpeakUp! Line are set out in section *ESRS G1 – Business conduct*.

In order to continue to support a just value chain across the chemical industry, and to ensure compliance to regulatory requirements, we do not have a single designated policy related to human rights in place, but rather have several policies and processes to create a positive impact on all workers in our value chain by upholding human & labor rights. All elements are collected within the sustainable sourcing policy, whistleblowing policy and the code of conduct which are supplemented by Azelis' anti-slavery and human trafficking statement. By all these elements, all value chain workers who can be materially impacted are included in the scope of disclosure under ESRS S2.

As part of our sustainability program, Azelis is committed to ensure that most of its revenue comes from suppliers who have been evaluated and meet our standards for environmental, social, and governance (ESG) performance. If deemed necessary, corrective action plans are activated and followed-up. Severe negative impacts have not been observed up to now based on our on-site ESG audits we perform as a member of Together for Sustainability® (TfS).

The due diligence program is managed in a joint effort of the sustainability and the legal & compliance teams under the supervision of the Group Sustainability Director and the Chief Compliance Officer.

Wherever we operate, regional legal counsels and sustainability coordinators help monitor compliance with applicable laws and regulations and support the implementation of ESG assessments and audits.

Each quarter, the Chief Compliance Officer formally reports on all outstanding compliance matters and risks to the Group CEO and Group CFO, who act as 'compliance sponsors' within the Executive Committee, and both have significant experience on business conduct matters.

At the Board of Directors level, the Audit and Risk Committee oversees the company's compliance program at group level. It reviews any significant legal, compliance and regulatory matters that may have a material effect on the financial and ESG related non-financial statements or the Company's business, financial position or compliance policies.

Sustainable sourcing policy

Under the Azelis Sustainable sourcing policy, we require all principals and suppliers to make a number of commitments linked to our sustainability standards. Although Azelis does not systematically and formally impose its Sustainable sourcing policy to all its principals and suppliers, we expect compliance with applicable local laws and regulations, respect for human rights and for the 8 fundamental conventions of the International Labor Organization (ILO) with regard to child labor, forced labor, freedom of association, minimum legal wages, working and resting time, respect of diversity and rejection of discrimination. These legal and ethical standards are equally replicated in the Azelis Code of

Conduct. Next to this, the principal or supplier should commit to provide a healthy and safe work environment to its employees and on-site sub-contractors. Through our membership of TfS, Azelis has access to a framework that allows the assessment of the environmental, labor and human rights, ethical and sustainable procurement performance of its principals and suppliers and helps them develop their own sustainability policies and improve standards across the value chain.

Code of Conduct

Although Azelis does not systematically and formally impose its Code of Conduct to all its principals and suppliers, we continue to expect that they share our sustainability ambitions and adhere to similar principles as set out in our Code of Conduct. We strongly oppose any form of slavery, servitude, forced or compulsory labor, human trafficking or child labor within our organization and supply chain. As a consequence, Azelis adheres to the minimum working age requirements in all countries where we are present and will under no circumstances make use of forced labor throughout its operations.

Anti-slavery and human trafficking statement

Already since 2017, Azelis has been publishing its annual anti-slavery and human trafficking statement. This statement confirms Azelis' commitment to ensure that modern slavery does not occur throughout its own operations and those of its commercial partners.

Each year, we publish this statement and describe which steps the Azelis Group has taken and will be taking during the year to prevent slavery and human trafficking from taking place within our business and supply chains.

Automated supplier screening

As part of our due diligence efforts concerning ethical business behavior and compliance with regulations throughout our operations, Azelis has embedded an automated screening process of all its partners (customers and suppliers) within its central business systems. Partners are being screened against sanctions issued by competent governmental agencies, including embargos and designated restricted party lists, which may include countries, regions as well as entities and individuals associated with human rights violations. The automated screening process is managed by the Compliance department with support of regional management, including supply chain.

Whistleblowing policy

Azelis has a designated SpeakUp! policy in place which provides guidance to our employees on how to report any breach of our Code of Conduct or its ancillary compliance policies.

At the same time, we have installed a third-party operated SpeakUp! line through which both our own employees but equally third parties can anonymously raise any ethical concerns. This includes any issue related to violations of human rights, such as human trafficking, forced and child labor.

Since 2020, Azelis is a member of Together for Sustainability® (TfS). TfS delivers the de facto global standard for environmental, social and governance performance of chemical supply chains. TfS provides strong and independent due diligence procedures using ESG assessments and audits in the supply chain and evaluates suppliers against CSR principles, including social issues and environmental and governance practices. It provides the necessary shared infrastructure to conduct assessments and audits, resulting in supply security, resilience and proactive management of reputational and regulatory risks. TfS members are chemical companies representing a global annual revenue of over €800 billion (April 2023).

Engaging with value chain workers

Our membership of Together for Sustainability® (TfS) provides us with strong due diligence procedures and tools that minimize the risks in our supply chain (EcoVadis® assessments and TfS audits).

TOGETHER FOR SUSTAINABILITY

TfS audits provide a deeper look into ESG practice at a principal or supplier and are conducted by TfS approved external auditors. Performance is verified against a defined set of audit criteria on management, environment, health & safety, labor & human rights, and governance issues. TfS audit questionnaires are based on, among others, ILO, UNGC and OECD Guidelines for Multinational Enterprises.

During TfS audits of our suppliers, active engagement with supply chain workers is included through on-site employee interviews. By doing this, we could obtain insights into labor practices, compliance to international and local regulations and the presence of management systems within our supplier network. Through these interviews, it is also possible to gain insights of workers who are particularly vulnerable to negative impacts such as migrant workers, minorities or young workers. The obtained perspectives of value chain workers are taken into account in the audit report and corrective action plan (refer to next section).

ecovadis

During an EcoVadis® assessment, a principal or supplier completes an online questionnaire based on leading standards including GRI, the UN Global Compact (UNGC), Responsible Care® principles, and ISO26000. Evaluation criteria include policies, actions, and results. Documentary evidence is required, and third-party certifications are considered. This provides supporting information of their environmental, social, ethical and supply chain practice and is externally reviewed, evaluated, and supplemented with a "360° watch" of external stakeholder opinion.

Taking action, remediation and channels to raise concerns

This section sets out how Azelis takes action to address and manage material potential & actual impacts, risks and opportunities related to value chain workers, and the effectiveness of those actions.

ESG audits, assessments and corrective action plans

When we work with principals and suppliers, sustainability is a crucial factor. As a member of TfS, we carry out EcoVadis® assessments and TfS audits to evaluate our supply chain in areas including labor practices and human rights. We screen our partners for these types of risks as well through our third party screening tool. In 2024, most significant risks of child labor, or of forced labor or compulsory labor, among workers in the undertaking's value chain were mainly related to Asia.

Our due diligence procedure incorporates these assessments and audits, helping us identify and prevent violations of human rights across our supplier operations — including on health and safety, working hours, freedom of association and child and forced labor.

In 2024, we further prioritized which suppliers we ask to undergo EcoVadis® assessments based on risk assessment approach and generated revenue. We utilized a third-party supplier risk evaluation tool to ensure the availability of in-depth supplier risk profiles. Suppliers invited for an on-site TfS audit were selected based on the lowest-scoring EcoVadis® assessments during our 2023 campaign.

By engaging suppliers in ESG evaluations, we have a better understanding of our supply chain and are able to improve performance over time in line with our sustainable sourcing policy, IRO management and sustainable procurement target. If TfS audits find that corrective measures are needed for certain suppliers, we work with the principal/supplier to help them improve and then monitor progress.

Our main focus is on the remediation of major and critical audit findings in our upstream supply chain across our market segments and regions. Based on valid TfS audits conducted on behalf of Azelis and means available to Azelis, no indication is present of any critical (severe) findings/impacts, which are defined as concerns of high immediate priority (i.e. situations of immediate danger for employees, contractors, environment or neighborhood). It also includes cases of forced labor, child labor or physical/ sexual abuse and cases of attempted bribery of the audit team). 3% of potential negative impacts were linked to environmental topics, 53% to health & safety issues and 44% to labor & human rights. The majority of labor & human rights findings with a potential negative impact were linked to either insufficient documentation on wages or working hours.

Progress on corrective actions are overseen by the Group Sustainability Coordinator and Group Sustainability Director through a dedicated and secure online tool, the TfS OASIS Audit Sharing Platform. By year-end, 82% of findings with a potential negative impact were followed-up by the supplier by implementing one or more corrective actions. These can include for example safety training for employees, improved working hours registration and workplace improvement works. The remediation of remaining findings is still ongoing. Once the TfS audit expires, we expect from our suppliers to perform a follow-up audit in which corrective actions are approved and closed by an external auditor. As from 2025, follow-up on TfS audit corrective action plans will be part of our internal targets we set as a TfS member company.

Whistleblower hotline

Any issue raised and reported via the Azelis SpeakUp! line will be handled by the designated integrity officers, who will determine whether or not a matter will be subject to further investigation. Based on the outcome of the investigation and whether or not an alleged breach of human rights is substantiated, the appropriate measures will be taken, which may include termination of ongoing contractual relationships with partners, reporting to competent authorities and claim for damages. No cases of severe human rights violations, meaning concerns of high immediate priority (i.e. situations of immediate danger for employees, contractors, the environment or neighborhood) were reported in 2024. Cases can be reported through the SpeakUp! Line, as well as any other channels as set out in the SpeakUp! policy, by both Azelis' own employees as well as any third parties. All compliance issues are managed centrally in the central Case Management System (CMS by SpeakUp). In accordance with our SpeakUp! policy, Azelis ensures a strict non-retaliation policy to the benefit of those who report any compliance incident.

Automated supplier screening

In the event a partner of the Azelis Group is identified - through its automated third-party screening process – as sanctioned or concerned in malpractices associated with a violation of human rights, such partner will be blocked for business and the matter will be handled by the compliance department who will determine whether any further action is required. No actual severe human rights violations cases concerning our business partners and counterparts were reported within Azelis' supply chain in 2024.

Targets

Our sustainability assessments of suppliers in 2024 covered 83.6% of our total 2024 revenue (compared with 84.4% in 2023[7]), note it should be taken into account that the definition of revenue included in the KPI scope has changed in 2024 to align the scopes of financial and sustainability reporting). This means we achieved our 2025 objective of 80% coverage of revenue, as part of our *Action 2025*[8] sustainability strategy. The target has been achieved in part due to the appointment of sustainability coordinators in each region and at group level, which enabled better monitoring and follow-up with our suppliers. It has also been due to the training offered to suppliers through EcoVadis and TfS, along with increased communication with suppliers about the advantages of assessments and how they work.

The target was not developed with direct involvement of workers in the value chain. EcoVadis® assessment and TfS audits are used as proxies for target development and performance tracking of our sustainable sourcing policy and IRO management by establishing insights in the impacts, risks, opportunities and improvements for workers in our value chain. These tools are also used to identify any lessons or improvements as a result of the undertaking's performance (cfr. EcoVadis® assessment performance and TfS audit corrective action plans).

An ESG-assessed supplier is defined as one that has a valid audit in the TfS audit pool or has undergone an EcoVadis® assessment, and by the end of 2024, has completed the questionnaire and their scorecard has been published or is under evaluation by EcoVadis®. Suppliers with EcoVadis® scores that suggest an increased ESG risk will be assessed every year, while those with low risk will be assessed every three years.

Definitions

ESG assessment

For an ESG assessment, a supplier must complete an EcoVadis® questionnaire. Assessments are conducted entirely online, remaining valid for one year. If an EcoVadis® medal is obtained, an assessment is considered valid for three years for Azelis. Aside from

7 It should be taken into account the definition of revenue included in the KPI scope has changed in 2024. Until 2023, share deal acquisitions were only taken into account 12 months after the closing date. As from 2024, total revenue is used for KPI calculation (including acquisitions from closure date).
8 The KPI was calculated for the first time as part of our 2020 sustainability statement (52%).

suppliers with a valid assessment, suppliers connected to and completing the questionnaire or under evaluation by EcoVadis® are considered to be in scope for the indicator 'ESG assessed revenue'.

ESG audit

A TfS-approved external auditor conducts the ESG audit and can cover a single or combined business location of the selected supplier, such as a production site or warehouse. Audits are valid for three years. Accepted alternatives to a TfS audit are SQAS, SMETA, PSCI, or CRSAS audits conducted in the last 24 months before sharing the audit report with Azelis and TfS.

ESG assessed supplier

An ESG-assessed supplier is defined as a supplier that has a valid ESG audit in the TfS audit pool or was asked to undergo an ESG assessment by TfS partner EcoVadis® in 2024 and by the end of 2024, the supplier completed the questionnaire, their scorecard was published, or it was under evaluation by EcoVadis®. The ESG assessment of suppliers that have obtained an EcoVadis® medal remains valid for three years after the scorecard publication date.

% ESG assessed revenue

The revenue generated by suppliers with a valid ESG audit or valid ESG assessment, including those being assessed after successful registration on the EcoVadis® platform, as a percentage of the total revenue generated by Azelis in the reporting year.

S4 Consumers and end users

Impacts, risks and opportunities

Azelis acts as a B2B company, directly working together with its customers, who use Azelis products as inputs for their products. Like we explained in our *value chain* chapter, Azelis is part of the global chemicals and life sciences value chain and we provide our goods and services to customers which we see as our end users, we do not serve consumers directly.

In its role as innovation service provider, Azelis globally serves companies across various industries and market segments, it sources and distributes demanded chemicals and ingredients and develops formulations to address the needs of the markets it operates in.

Products supplied by Azelis are subject to strict regulations across markets we operate. Azelis complies with those regulations by implementing robust product stewardship programs across our operations.

As we expect our markets to evolve towards increased demand for products taking sustainability criteria into account, we are preparing ourselves to be able to deliver on these requests. This is for Azelis an important lever to approach the financial growth opportunities that result from an increasing need for sustainable products.

Our general approach to determining material impacts, risks and opportunities is described in the *double materiality assessment*.

Consumers and end users are impacted by Azelis, either directly or indirectly and positively or negatively. Risks and opportunities linked to this topic are identified across our value chain. The outcome of our analysis around material impacts, risks and opportunities regarding consumers and end users is linked to:

- Our commitment to safety & responsible distribution, enabling new business opportunities and support our customers to develop safe solutions.
- Transparent and comprehensive information on chemicals is essential to prevent potential exposure to hazardous chemicals due to unsafe handling.
- Potential social risks / human rights considerations and corruption risks in the value chain as we source globally from our suppliers.
- Environmental impact as well as GHG emissions linked to sourcing, production and usage of our distributed products across the value chain. We have an opportunity to detect sustainable products and develop sustainable formulation solutions that have a positive social and environmental impact and enable sustainable growth for Azelis.

Under those IROs our DMA shows that product stewardship is double material, while sustainable product usage and related formulation work as well as Innovative solutions and formulation development are single material topics for Azelis. To adequately address these topics in terms of Azelis' impact thereon and the risk and opportunities associated therewith, we have a comprehensive program in place which is explained in more detail below.

Our approach and policies

Product stewardship

The Azelis Group SHE policy ensures implementation of procedures for safe handling and storage of chemicals throughout the lifecycle. Azelis follows robust product stewardship standards to on-board products. Products supplied by Azelis are validated by our Corporate SHEQ team to ensure all safety and quality related parameters are met in accordance with the applicable regulations. Product safety information including hazard identification, intended use, disposal, occupational exposure limits, transport information etc. are communicated to downstream users in the form of Safety Data Sheets (SDS) and product labels provided by manufacturers or suppliers of the products. Our in-house Safety Data Sheet authoring team also creates Safety Data Sheets (SDS) & product labels in different languages as legally required by customers to comply with local requirements.

Our Regulatory Information Management (RIM) team follows region/country specific regulatory checklists to review products. A product is ready for sale to relevant markets only after successful validation of safety, quality and regulatory information and documents. In addition to the centralized review and validation of products, we have a network of regional and local SHEQ experts who ensure compliance with additional local regulations and certifications.

The implementation and accountability for managing material sustainability matters related to product stewardship at Azelis is overseen by our senior management team, including the Group SHEQ & Regulatory Affairs Director and the Executive Committee. This leadership team, along with Regional SHEQ Directors, Local SHEQ Managers and local management teams, are responsible for ensuring the effective execution and continuous monitoring of our policies across all operations.

Sustainable product usage, innovative solutions and related formulation work

Azelis covers all these topics in a combined approach as part of its activities to segment its products and solutions with respect to their sustainability performance.

We realize an increasing demand on our customers side towards sustainable products and formulations. The criteria for this differ from market to market and include regulatory changes, products with lower carbon footprint, lower toxicity profiles, enabling circular practices, biobased materials, ethical sourcing and further environmental and human friendly features. To enable for our customers well informed decisions about the sustainability features of the products we distribute, we have started in 2024 to deploy the Portfolio Sustainability Assessment Methodology (PSA) to enable over time sustainability assessments of the whole Azelis product and formulation portfolio that we bring to our customers. By this we aim to provide valuable information on the sustainability performance of our products and solutions to our customers. This will enable them to shape their products and applications towards the enhanced sustainability needs of the consumers and creating positive social and environmental impact. For Azelis this will create value via having sustainable offerings for our markets and customers, leading into sustainable business growth based on such products and formulations. Besides this, a regular review of the product segmentation ensures Azelis' market segments to have strategy up to date and connected to the upcoming changes in the markets.

Sustainable procurement

Respecting human rights is a material topic for Azelis. In line with our internal processes and policies, and regulatory requirements, Azelis wants to ensure a just supply chain for all products we distribute. This covers our customers downstream as well as our suppliers upstream. Therefore sustainable procurement is an important element of our management approach.

With our membership in TfS, we make sure that we have a good oversight of the sustainability performance of our suppliers and make sure that we mitigate environmental and human rights risks on our supplier side via assessments and audits. Evaluation criteria include policies, actions, and results related to environmental, social, ethical and supply chain practices of our suppliers. Please refer also to *S2 Workers in the value chain* which provides a comprehensive overview of our current Sustainable Procurement practices. All those activities under Sustainable Procurement will complement our product specific Portfolio Sustainability Assessment with the look at the suppliers' overall sustainability ambitions and good practices.

The implementation and accountability for managing material sustainability matters related to Portfolio Sustainability Assessment and Sustainable Procurement at Azelis is overseen by our senior management team, including the Group Sustainability Director and the Executive Committee. This leadership team, along with Regional Sustainability Coordinators and local management teams, are responsible for ensuring the effective execution and continuous monitoring of our policies across all operations.

Combining all three approaches (Product Stewardship, Portfolio Sustainability Assessment and Sustainable Procurement) will enable us to mitigate risks that result from non-intended use and application of our products, risks that result from the upstream supply chain and enable tailored, sustainable use of our products in the final products of our customers.

Processes for engaging with consumers and end users, raising concerns and remediate negative impacts

Azelis' customers are an important stakeholder group. We engage regularly with them as part of:

- Regular business interactions
- Technical marketing
- General marketing activities
- Tradefairs
- Global customer satisfaction surveys
- Customer training
- Embedding them into our DMA process

More details about our engagement with customers and further stakeholders can be found in the *Interest and views of stakeholders* section.

To reach all who can potentially be materially impacted by Azelis' operations and through our value chain, Azelis has whistleblowing systems in place with free access to all stakeholders in our downstream and upstream value chain to raise ESG concerns and issues. For this purpose, Azelis has installed a third-party managed SpeakUp! line, which can be accessed via the Azelis website. As per its SpeakUp! policy, Azelis adheres to a strict policy of non-retaliation and confidentiality to the benefit of each reporter. Further details on the Azelis SpeakUp! Line are set out in section *G1 – Business conduct*.

Taking action

Product stewardship

Customers receive product Safety Data Sheet (SDS) for every hazardous product delivered by Azelis. Customers registered on our customer portals can access product information and related document 24/7. Product related information & documents are stored centrally and accessible to all Azelis team members through our IT systems. Additionally, our customer service team caters to customer needs for product information by providing them with required information and documents on request.

We have a dedicated team of experts responding to queries from consumers/end -users received via e-mail related to information on Safety Data Sheets or any additional information required to fulfil product compliance. In addition to above engagements, end users or actors from the downstream supply chain having access to the product can contact – emergency contact numbers listed on product labels or Safety Data Sheet to get more information with regards to safe use and handling of chemicals. This 24/7 emergency response service is provided by our supplier's or service providers appointed by them. For Azelis branded products, we have appointed first response emergency response service provider – NCEC (National Chemical Emergency Center) based in UK to provide product related safety information across the supply chain or during any emergencies including any accidents outside Azelis premises. In 2024 we have not received any correspondence through this emergency response channel for any product related safety information.

Portfolio Sustainability Assessment (PSA)

For Azelis, PSA is the major activity to identify, address and manage the impacts, risks and opportunities around our product portfolio in a holistic methodology.

In 2024, we continued with our global efforts to assess our portfolio based on factors such as toxicity profiles for humans and the environment, safe usage, and circularity potential.

The ongoing enhancement and evaluation of the methodology has presented us an opportunity to adopt the PSA framework developed by World Business Council for Sustainable Development (WBCSD) to our existing product portfolio.

The PSA framework's adoption by businesses has already demonstrated its value in helping companies manage uncertainty and improve decision-making, ultimately reducing risks and minimizing socio-environmental impacts as well as directing innovation and product portfolio decisions towards sustainable growth opportunities. The assessment scope of this framework includes different assessment categories, applying criteria based on environmental, social and economic impacts, fact-based impacts on stakeholder action and absolute & relative performance criteria through a benchmark scenario and full life cycle assessment of the product. It also entails a deeper look at the carbon footprints of the products and solutions that we bring to the market. By this we will enable a higher transparency level on the carbon intensity products that will help to defossilize chemical value chains in our suppliers´ portfolio, on the Azelis side as well as on our customer side. We started in 2024 to actively ask our suppliers to provide us with carbon footprints of products and see an increasing availability in our suppliers' portfolio.

Anastazja Biskupska's career at Azelis truly showcases internal growth possibilities. She began her journey in 2017 as SHEQ Manager for Poland, Central Europe, Russia, and Ukraine. In this role, Anastazja strengthened safety, health, environment, and quality (SHEQ) procedures across these regions, laying a solid foundation for her future contributions.

In 2021, she advanced to the position of SHEQ Manager EMEA, where she collaborated closely with the corporate team to enhance Azelis' regulatory compliance and procedures across the EMEA region. Building on her extensive experience and proven leadership, in 2024 Anastazja took on the role of Regulatory and Quality Assurance Manager EMEA. From her home country, Poland, she continues to contribute significantly to Azelis' regional and EMEA-wide operations.

Anastazja Biskupska-Kindziuk
Regulatory and Quality Assurance Manager EMEA

To achieve synergy for this cross functional assessment, a working group consisting of experts from Regulatory compliance, Sustainability and Innovation functions has initiated the process of collaboration and brainstorming methodologies. The approach thus began by identifying the impacted products under the categories that govern the chemical hazards and their exposure along with the anticipated regulatory developments and global conventions. We have established a provision in Product Information Management to centralize this data. Our Group SHEQ and MDM support services team will be responsible for verifying and enriching this information for the products.

As part of the continued development of our method, we will commence in 2025 the adoption of the remaining categories of the PSA framework, focusing on product applications and regional aspects as well. Beyond that we will establish our baseline for selected business segments.

For Azelis that baseline of sustainable products and solutions will serve as a key indicator of our goals, and we are committed to diligently work towards achieving its objectives. Adopting the PSA framework to our portfolio of products and solutions will provide a foundation for the future developments and sustainable business growth. We will not only use those assessment results internally but also provide them with the general product specifications towards our customers to allow them to make informed product choices.

Targets

Product stewardship

We continue to strive to be compliant with all applicable laws and regulations including product stewardship related compliance. To ensure we fulfil our commitment towards robust compliance culture within Azelis, we have zero tolerance towards any non-compliance. In 2024, we had 0 incidents of any non-compliance reported. Refer to *Action 2025 - governance disclosures* section of our G1 Business conduct which covers 'Material breaches of laws and regulations' for detailed methodology on this metrics.

Portfolio Sustainability Assessment

As the methodology adoption continues during 2025, we will develop targets for PSA as the methodology matures. This will in the first step mean that all relevant impact categories are properly covered. Once we have deeper experience with selected business segments, we will define coverage targets that measure the percentage of products and formulations under PSA.

Decarbonization targets

We will track the benefit created for our customers linked to lower greenhouse gas emissions overall and product specific via our decarbonization effort under SBTi. This will allow for a company-wide Scope 3 management, but also deliver product specific carbon footprints as important input for our PSA methodology. Please refer to the *decarbonization* section.

Sustainable procurement targets

As part of our sustainability program, Azelis is committed to ensure that most of its revenue comes from suppliers who have been evaluated and meet our standards for environmental, social, and governance (ESG) performance. Our sustainability assessments of suppliers in 2024 covered 83.6% of our total 2024 revenue. Please refer to *S2 statement* for more details on this target.

Governance

> At Azelis, we foster a culture of strong governance, embedding high ethical values in our daily routine. This positively impacts the entire supply chain and communities we are active in.

G1 Business conduct

Impacts, risks and opportunities

Based on the outcome of the DMA, the following material sustainability topics which are impacted by Azelis, either positively or negatively, and the risks and opportunities connected to Azelis' business activities, including its up- and downstream value chain have been identified as reflected in our double materiality matrix: Cybersecurity and data protection and privacy and business ethics.

In addition, Azelis identified and prioritized other sustainability topics which we deem important from a sustainability perspective, namely regulatory compliance and crisis and risk management.

Against the backdrop of these focus arears, Azelis has built a comprehensive compliance program and has put a full suite of policies and procedures in place to adequately address these topics in terms of Azelis' impact thereon and the risk and opportunities associated therewith.

Our approach and policies

Compliance culture

As part of Azelis' renewed sustainability strategy, *Impact 2030*, we continue to strive to be fair in our business practices and compliant with laws and regulations as well as our internal ethics policies, embedding trust and strong ethics in the foundation of our operations.

Strong governance and compliance remain core values of the Azelis Group. Our robust compliance culture is built around an elaborate set of policies and procedures tailored to our business and geographical presence combined with a holistic educational program. It furthermore benefits from the steadfast commitment of the Board of Directors and the Executive Committee.

Governance framework

Azelis' compliance program is managed by the Legal & Compliance team under the supervision of the Chief Compliance Officer, who has held various senior legal and compliance functions throughout his 25+ year career.

Wherever we operate, regional legal counsels support the implementation of business ethics initiatives and help monitor compliance with applicable laws and regulations as well as our Code of Conduct and its ancillary policies. In addition, group and local HR teams share responsibility with the compliance department to ensure compliance with laws and regulations and our internal rules on ethical business behavior. Furthermore, the Internal Audit team works closely together with the Compliance department and plays a pivotal role in making sure that laws and regulations as well as ethical business principles are adhered to and compliance therewith is monitored across the company.

Each quarter, the Chief Compliance Officer formally reports on all outstanding legal and compliance matters and risks to the Group CEO and Group CFO, who act as "compliance" sponsors within the Executive Committee. Both have significant experience on business conduct matters.

At the level of the Board of Directors, the Audit and Risk Committee oversees the company's compliance program. It reviews any significant legal, compliance and regulatory matters that may have a material effect on the financial and ESG related non-financial statements or the Company's business, financial position or compliance policies. The career of the chair of the Audit and Risk Committee spans over 30 years of experience in finance leadership roles, including overseeing business conduct matters.

Ethics policies & procedures

Since the launch of the Code of Conduct in 2010, Azelis has developed a comprehensive set of ancillary compliance policies and procedures touching upon the key risk areas such as anti-bribery & fraud prevention, export control, competition, data protection. These policies and procedures are all aimed at providing our employees the necessary guidance to act ethically and in line with applicable laws and regulations and equip them to appropriately and adequately deal with certain events and circumstances which pose a compliance issue or risk.

All policies are regularly made subject to a fitness check in order to determine whether they are still fit for their intended purpose.

Training program

Training our staff on compliance matters remains a critical aspect of nurturing a strong ethics culture throughout the organization. The launch of each new or revised compliance policy is accompanied by a designated training program. Azelis has recently started to digitize its training programs and now offers a digital training module for several of its compliance policies. For specific and more complex compliance areas, such as competition law and export control regulations, additional live training sessions are organized by the compliance department

Each year, Azelis organizes an online knowledge review on ethical business behavior. The knowledge review is a scenario-based compliance e-learning, which is mandatory for all staff (including senior management and members of the Executive Committee) and touches upon all key compliance policies and procedures, including bribery and fraud prevention. Employees who failed to participate or did not pass the knowledge review (≥ 80%) are required to go through a mandatory compliance training on ethical business behavior.

Fight against corruption and bribery

Within our renewed *Impact 2030* sustainability strategy, we continue to highlight the need to combat fraud, bribery and other forms of corruption as we expand our global presence through organic growth in new territories and acquisitions. Our due diligence and post-merger integration processes place a major emphasis on fighting fraud, bribery and corruption.

Within the framework of the Code of Conduct a designated anti-bribery and fraud prevention policy has been put in place that is consistent with the United Nations Convention against Corruption and focuses on:

- How to respond to and deal with a request for a bribe or facilitation payment
- Carrying out due diligence on associated persons (agents, service providers, etc.)
- Restrictions on receiving and giving gifts and hospitality
- Prohibiting political contributions and how to approve charitable contributions and sponsorships

Our employees who are operating in a customer or supplier-facing role, as well as staff who are dealing with regulatory agencies are particularly vulnerable to risks associated with bribery and fraud. By translating all key compliance policies and procedures, including our anti-bribery and fraud prevention policy, into local languages and training all existing staff but also employees of newly acquired businesses in our ethical standards, we ensure they fully understand our principles and commitments. For all joiners to the company in the Americas, EMEA and APAC, training in the anti-bribery and fraud prevention policy is an integral part of their induction.

Azelis' anti-bribery and fraud prevention program is managed by the Chief Compliance Officer and the regional legal & compliance teams. At group level, the Audit and Risk Committee reviews together with the Group CEO and CFO (as sponsors within the Executive Committee) Azelis' fraud prevention, detection and response measures and investigations of any unethical behavior or non-compliant acts. The main preventive measures within Azelis' compliance framework consist of designated training and awareness campaigns related to bribery and fraud prevention for all personnel (e.g. annual knowledge and dedicated e-learnings). In terms of detection, primarily the legal & compliance department has the responsibility to monitor and flag any breaches of laws and regulation as well as internal ethics policies. In addition, the internal audit department will monitor and review compliance with laws and regulations and ethical business behavior by the local and regional management as part of its annual internal audit plan. In addition, the Azelis SpeakUp! line (see below), which is available to both Azelis' employees but equally to any third party, provides an additional resource to surface malpractices which might exist throughout the Group. Should a malpractice related to bribery or corruption be established, Azelis has the ability to deploy a variety of different corrective and mitigating measures to address such incident, which may include the review of existing or creation of new policies and procedures, enhanced training and disciplinary actions.

Any (alleged) incident of misconduct, including bribery and fraud - whether through a breach of laws and regulations or our internal ethics policies - are promptly, independently and objectively investigated by and under the supervision of the compliance department. Other departments, such internal audit assist in such investigations if and when deemed appropriate. To ensure an independent and objective investigation of any compliance matter, a conflict-of-interest analysis is made at the start of the investigation in order to appoint the appropriate department and individual investigators who will at all times operate separately from the chain of management involved in the matter. The outcome of the investigation and recommendations (including disciplinary and preventive actions) are reported for approval to the Group CEO and Group CFO on a case-by-case basis. In addition, the Chief Compliance Officer reports on all misconduct matters and malpractices under Azelis' compliance policies at the occasion of a fixed quarterly reporting cycle to senior executive management as well as the Audit and Risk Committee.

Finally, Azelis has established a third-party screening process under its export control policy, whereby all customers and vendors of the Group are actively screened against trade restrictions in those countries where Azelis operates. Third parties are being screened against (supra) national restricted party lists and embargoes. Similarly, parties are screened against sensitive and negative media lists, including any alleged malpractices related to fraud and bribery.

SpeakUp!

As part of Azelis' robust compliance framework, our SpeakUp! policy provides guidance to our staff on how to report malpractices. In addition, a third-party operated SpeakUp! line, available online as well as via telephone, can be used anonymously by anyone who has dealings with the company. Employees, business partners and other third-party stakeholders can make confidential and secure reports of alleged malpractices related to applicable laws and regulations and Azelis' ethics policies at any time, in their native language.

Issues reported via SpeakUp! line

Misconduct category	Country	2024	2023	2022
Harassment	Germany		1	
	India	1		
	Kenya			1
	Poland	1		
Inappropriate managerial behavior	Belgium		1	
	Brazil	1	1	
	Mexico		10[2]	
	Singapore		3[3]	
	South Africa	1	1	
	United States		2	
	Vietnam	1		
Other	Belgium	1		
	Croatia	1		
	India	1		
	Israel	5[3]		
	Thailand	1		
	United Kingdom	1		
	United States	1		
Total		16	17[1]	1

1 3 issues reported are excluded from the above overview as they were either (i) unrelated to Azelis, (ii) without any narrative or (iii) with an unclear concern or allegation
2 Out of the 10 issues, 9 issues were related the same allegation
3 All issues reported were related to the same allegation

We continue to encourage our employees to voice their ethics concerns as an integral part of a safe working environment. This will allow us to not only better detect but equally address and implement the necessary action to mitigate any ethical issues within our organization. Azelis has a strict policy of protecting those who report under this SpeakUp! policy against any form of retaliation. The identity of the person making a report will only be disclosed insofar this is allowed or required to handle the report in accordance with applicable laws and regulations. The Azelis Group and its assigned officers will treat all information received under this SpeakUp! policy in strict confidence. The privacy of any person who reported misconduct, is suspected of misconduct, forms part of the investigation or is mentioned in any report will be protected. Information will only be shared on a strict need-to-know basis.

The implementation of the SpeakUp! policy relies on the processing of personal data. As a consequence, data protection rules are applicable. Azelis will ensure full compliance with applicable data privacy and protection rules in accordance with Azelis' Data Protection policy. The third-party host of the SpeakUp! Line is fully certified to operate in compliance with applicable data privacy laws, including GDPR (EU).

Political neutrality & no lobbying

In accordance with our Code of Conduct, it is Azelis' explicit policy to remain politically neutral at all times. Consequently, the Azelis Group will refrain from participating in any political activities, making any political statements, or making any direct or indirect contributions to political parties, organizations, or individuals engaged in politics. In this respect, it is confirmed that none of the members of the Board of Directors nor the Executive Committee currently hold or held in the two years preceding their appointment a comparable position in a public administration.

Furthermore, Azelis' employees shall not engage in lobbying activities. This implies that Azelis – neither directly nor indirectly via any of its representatives – uses any company funds or resources to influence government officials with respect to any pending or proposed legislation, resolution, or measure.

Ensuring business continuity

Our business relies on extended supply chains and on facilities spread across the world, which means we are exposed to the risk of business interruption caused by various external factors, such as pandemics, natural disasters and armed conflicts. As a result, business continuity has been a strategic priority of our *Action 2025* sustainability strategy, and we are committed to implementing crisis management and business continuity plans at all sites. In 2022 we agreed on a program to develop plans for our different types of sites: offices, application and formulating labs, warehouses, manufacturing sites and a combination of these.

During 2023 we developed our templates for business continuity and crisis management planning in a first set of the countries where we operate. Once these plans were adjusted in line with Azelis' operational requirements and business model, they were rolled out across all territories in 2024, and further adapted to the specific local and regional circumstances of each site.

In 2023, already 31% of our sites had a crisis management and business continuity plan in place. In line with the *Action 2025* sustainability strategy, we continued to adapt our current and developed new plans in accordance with the aforesaid group standard in 2024 with a clear target to have all our sites at all times covered by a comprehensive crisis management and business continuity plan.

Digitalization & cybersecurity

Cybersecurity and information protection is led by the Group Information Security Officer. Security at Azelis follows the ISO 27001 framework which incorporates an extensive control program, revolving around risk management. We have four primary polices which include an Information Security policy, IT acceptable usage, Information Security Risk Management policy, and a Systems Baseline policy. The Security Office meets annually with key stakeholders and line of business leaders to discuss information security risks, with the expected outcome of identifying new risks and mitigating existing risks via treatment plans.

Our actions and resources

Scope of key actions

Azelis has a holistic approach to compliance. This implies that its ethics policies and procedures – as part of our overall risk management and compliance program – are aimed at covering all of Azelis' activities across the globe as well as both up and downstream the value chain where we can actively influence our own exposure and that of our stakeholders to such relevant ethics and regulatory risks.

The same principle applies to the actions Azelis takes and resources the Group deploys in execution of the above referenced policies and procedures. Whether an action is a response to a particular incident or circumstance or addresses a general risk to which the company or its stakeholders are exposed, Azelis is committed to making the appropriate resources available to deal with each compliance matter in an adequate and timely manner but equally to put the necessary mitigating actions in place in order to avoid such incident or event to re-occur in the future.

As a mean to realize the aforesaid ambition, the Azelis Group regularly reviews its ethics policies and procedures, which is complemented by organizing risk awareness campaigns and training of its staff at regular intervals. Finally, we continuously invest in the necessary compliance tools, including digital automated solutions in support of the different compliance processes such as third-party screening.

Regular fitness checks

In order to ensure that our compliance policies remain up-to-date and fit for their intended purpose, all policies and procedures are regularly reviewed. In 2024, both our Code of Conduct as well as our export control policy have gone through such review.

A comprehensive fitness check of the anti-bribery & fraud prevention policy will be finalized in 2025. Within this review process, we will explore the possibility to (partially) automate the approval process for both receiving and giving of gifts and hospitality which surpass the pre-approved financial thresholds. This will cater to a more user-friendly and efficient process and at the same time improves visibility on the internal compliance process itself.

Training is key!

At Azelis, we continuously focus on raising compliance awareness of our staff by means of organizing both general as well as dedicated training programs. These training modules remain a critical success factor in the roll-out of our compliance program and foster a culture built around high ethical standards. We will also continue to increase the digital training offering for our compliance policies through Azelis' centralized learning management system.

In November 2024, Azelis organized its mandatory and group-wide online knowledge review on ethical business behavior for the tenth consecutive time, in which 99.71 % of all staff participated.

Increased screening capabilities

Considering the rapidly changing geopolitical climate, Azelis has also in 2024 further invested in its automated capabilities to screen its partners within our central business systems.

In accordance with our export control policy, we focus on avoiding doing business with any restricted parties under applicable regulations, but equally concentrate on bribery and fraud incidents involving current and future customers and suppliers.

Restricted party screening will remain a sphere point of Azelis' compliance program in 2025.

Business continuity plans

In 2024, we have further developed dedicated business continuity plans (BCP) for our sites across all 3 regions, which resulted in a coverage ratio of 87%. By the end of the first quarter of 2025, it is anticipated that all sites will have a BCP in place.

Digitalization & cybersecurity

Cybersecurity accomplishments of 2024

In 2024, we grew our internal team in the area of governance, risk and compliance. We also successfully transitioned from ISO 27001 version 2013 to version 2022 which required a lot of effort from our team and the business. In an effort to tighten our third-party risk management, we onboarded a security posture monitoring platform which allows us to publicly monitor key partners. Leveraging the same tool, we are able to perform clean up actions after a business integration is complete, reducing the existence of exploits in legacy systems.

Security at Azelis in 2025

With technology in a constant state of change, 2025 is our year to expand coverage of information protection. By implementing advanced compliance features, we can better protect internal information. To comply with new information security regulations (NIS2 and AI Act), we are initiating an AI Governance Committee. This committee with be in charge of setting a usage policy, monitoring activity and being fully informed on where AI is incorporated within the business.

Metrics and targets

ESRS G1-3: Prevention and detection of corruption and bribery

	2024	2023	2022
Percentage of functions-at-risk covered by anti-corruption and anti-bribery training programs	100.0%	Not disclosed	Not disclosed

ESRS G1-4: Incidents of corruption or bribery

	2024	2023	2022
Number of convictions for violations of anti-corruption and anti-bribery laws	0	0	0
Total amount of fines for violations of anti-corruption and anti-bribery laws	0	0	0
Total number of confirmed incidents of corruption or bribery	0	3	3
Number of confirmed incidents of corruption and bribery in which own workers were dismissed or disciplined	0	3	3
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	0	0	0

Notes to table

- Number of convictions for violation of anti-corruption and anti-bribery laws refers to the number of convictions for violation of anti-corruption and anti-bribery laws by any Azelis Group company or any individual acting its capacity of director, officer or employee of the Azelis Group as set out in Azelis' case management system.
- Total amount of fines for violations of anti-corruption and anti-bribery laws refers to the total aggregate amount of fines which were paid or are payable by any Azelis Group company as a result of any violation of anti-corruption and anti-bribery laws by any Azelis Group company as set out in Azelis' case management system.
- Number of confirmed incidents of corruption or bribery refers to the number of incidents which have been reported and qualified in the Azelis' case management system as a substantiated incident of corruption or bribery under Azelis' Code of Conduct.
- Number of confirmed incidents of corruption and bribery in which own workers were dismissed or disciplined refers to the number of incidents which have been reported and qualified in the Azelis' case management system as a substantiated incident of corruption or bribery under Azelis' Code of Conduct as a result of which the mandate or contractual relationship with any director, officer or employee of an Azelis Group company has been terminated.
- Number of confirmed incidents relating to relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery refers to the number of incidents which have been reported and qualified in the Azelis' case management system as a substantiated incident of corruption or bribery under Azelis' Code of Conduct as a result of which a contract with a business partner was terminated or not renewed.

Action 2025 governance disclosures

	2024	2023	2022	Target 2025
Material breaches of laws and regulations	0	0	0	0
Material breaches of policies and procedures related to ethical and fair business practices	0	6	5	0

Notes to table

- Number of material breaches of laws and regulations in any country where we operate refers to the number of reported breaches of applicable laws and regulations in any country where Azelis operates which resulted in (i) a total aggregate liability, damage, loss, cost, or expense of €500,000 or more and/or (ii) Azelis or its directors, officers or employees being held criminally liable under the laws and regulations of such country as a result of such breach.
- Number of material breaches of ethical behavior policies refers to the number of breaches of policies and procedures related to Azelis' ethics and fair business practices, which have been reported within Azelis' case management system and resulted in disciplinary action by Azelis against the relevant director, officer, employee or consultant. For the aforesaid KPI, "disciplinary action" includes, among other things, a formal warning letter and suspension or termination of a mandate, employment, or service relationship and/or termination of mandate, employment, or service contract (for cause or otherwise). These policies include the Code of Conduct, SpeakUp! policy, Anti-Bribery and Fraud Prevention policy, Competition and Antitrust Policies, Export Control policy, Data Protection policy and the Internal Rules of Procedure.

	2024	2023	2022	Target 2025
% of sites with crisis management & business continuity plan in place	87.0%	Not reported	Not reported	100%

Notes to table

- This indicator has been defined as part of *Action 2025* sustainability strategy. It assesses whether a crisis management and business continuity plan are in place for each site which Azelis operates.

	2024	2023	2022
Number of issues reported via the SpeakUp! line	16	17	1

Notes to table

- This indicator refers to the number of the issues which have been reported via the third-party hosted Azelis SpeakUp! line
- In 2023, ten issues were reported in Mexico, of which nine issues related the same allegation. In Singapore, all three issues reported were related to the same allegation
- In 2024, five issues have been reported in Israel and were related to the same allegation

	2024	2023	2022	Target 2025
% of employees trained on policies and procedures related to ethical and fair business practices	99.7%	99.6%	98.6%	100%
% of employees who passed the annual training on ethical behavior and compliance	98.9%	98.9%	98.5%	100%

Notes to table

- This indicator relates to the ratio of the number of employees who have completed the annual online knowledge review about the Code of Conduct and ethical business behavior as a proportion of the number of employees who were invited to take part in this review[9]. The following employees are considered for calculating this KPI: all employees at the end of the reporting period with a full or part-time contract, a permanent or fixed-term contract, a work/study contract, or a training contract.

9 This number concerns both the employees who passed (≥ 80% score) and those who failed (< 80% score) the online knowledge review on ethical business behavior.

Innovation in action formulations for customers

Improved cost efficiency at specified performance level with titanium dioxide replacement in white paint

A customer wanted to maintain the optical properties of white paint and reduce overall formulation costs. To fulfill this request, our CASE team's main goal was to replace a portion of titanium dioxide (TiO_2), a crucial but expensive component of this formulation, without compromising whiteness, opacity, or overall optical performance.

During the dispersion process, the team trialed replacements ranging from 8% to 25% of TiO_2 content. They found that even with a 25% replacement, they could maintain or improve the paint's whiteness and yellowness values. This was thanks to the smooth integration of a functional filler / pigment extender commonly used in paints and coatings to reduce the amount of TiO_2 without clumping or other application shortfalls. Introducing this filler enhanced the efficiency of the manufacturing process, allowing for significant cost savings in production without sacrificing the paint's essential optical properties.

Initial trials in the lab environment were validated in a customer product environment. Significant cost savings were achieved by reducing TiO_2 usage by 25% which translated into considerable cost reductions in overall production.

Consolidated financial statements

Consolidated income statement

(in thousands of €)	Note	2024	2023
Revenue	*8*	4,214,014	4,152,225
Other operating income	*9*	23,956	23,448
Total income		***4,237,970***	***4,175,673***
Costs for goods and consumables	*10*	-3,206,924	-3,191,553
Gross profit		***1,031,046***	***984,120***
Employee benefits expenses	*11*	-314,552	-303,793
External services and other expenses	*12*	-215,646	-192,325
Depreciation of tangible assets	*16*	-41,478	-34,339
Amortization of intangible assets	*15*	-73,444	-66,760
Operating profit / loss (-)		***385,926***	***386,903***
Financial income	*13*	48,376	17,674
Financial expenses	*13*	-178,213	-157,439
Net financial expense		***-129,837***	***-139,765***
Share of result of associates	*17*	19	100
Profit / loss (-) before tax		***256,108***	***247,238***
Income tax income / expense (-)	*14*	-66,640	-57,926
Net profit / loss (-) for the period from continuing operations		***189,468***	***189,312***
Attributable to:			
Equity holders of the parent		180,693	177,704
Non-controlling interests		8,775	11,608
Net profit / loss (-) for the period		***189,468***	***189,312***
		in €	in €
Basic earnings per share	*21.1*	**0.74**	**0.74**
Diluted earnings per share	*21.1*	**0.74**	**0.74**

The notes are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

(in thousands of €)	Note	2024	2023
Net profit / loss (-) for the period		**189,468**	**189,312**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	*21.4*	50,068	-102,988
Income tax relating to these items		6,615	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / losses (-) on employee benefits	*11*	471	-202
Income tax relating to these items		-165	17
Total other comprehensive income		***56,989***	***-103,173***
Total comprehensive income for the period		***246,457***	***86,139***
Attributable to:			
Equity holders of the parent		234,815	78,199
Non-controlling interests	*26.4*	11,642	7,940
Total comprehensive income for the period		***246,457***	***86,139***

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(in thousands of €)	Note	December 31, 2024	December 31, 2023
Assets			
Goodwill	*15*	2,536,844	2,409,251
Intangible assets	*15*	1,391,781	1,349,133
Property, plant and equipment	*16.1*	66,063	73,577
Right of Use assets	*16.2*	161,546	123,048
Investments in associates	*17*	254	285
Other financial assets	*22*	1,388	7,749
Deferred tax assets	*14*	22,100	15,693
Total non-current assets		***4,179,976***	***3,978,736***
Inventories	*18*	677,945	562,790
Trade and other receivables	*19*	589,031	521,896
Income tax receivables	*14*	11,379	23,872
Other financial assets		604	60
Cash and cash equivalents	*20*	303,945	484,874
Total current assets		***1,582,904***	***1,593,492***
Total assets		***5,762,880***	***5,572,228***

(in thousands of €)	Note	December 31, 2024	December 31, 2023
Equity and liabilities	*21*		
Share capital		5,880,000	5,880,000
Reserves		-3,880,188	-3,927,077
Retained earnings		695,633	459,372
Unappropriated result		180,693	177,704
Issued capital and reserves attributable to owners of the parent		***2,876,138***	***2,589,999***
Non-controlling interests		***44,008***	***86,579***
Total equity		***2,920,146***	***2,676,578***
Loans and borrowings	*22*	1,613,916	1,550,634
Lease obligations	*22.1.2*	134,475	100,347
Employee benefit obligations	*11*	13,882	13,637
Provisions	*23*	2,517	3,158
Other non-current liabilities	*24*	33,166	69,816
Deferred tax liabilities	*14*	225,904	218,306
Total non-current liabilities		***2,023,860***	***1,955,898***
Bank overdrafts	*20*	19,146	18,286
Loans and borrowings	*22*	47,175	80,560
Lease obligations	*22.1.2*	29,278	26,271
Provisions	*23*	2,487	3,670
Income tax payables	*14*	20,221	11,495
Trade and other payables	*24*	700,567	799,470
Total current liabilities		***818,874***	***939,752***
Total liabilities		***2,842,734***	***2,895,650***
Total equity and liabilities		***5,762,880***	***5,572,228***

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in thousands of €)	Note	2024	2023
Cash flows from operating activities			
Net profit / loss (-) for the period		189,468	189,312
Adjustments for:			
Depreciation, amortization and impairment expenses	15/16	114,922	101,099
Net financial expense	13	129,837	139,765
Cost of share-based payment		1,278	1,373
Income tax income / expense	14	66,640	57,926
Share of result of associates	17	-19	-100
Change in inventories	18	-98,108	123,604
Change in trade and other receivables and other investments	19, 22	-55,167	79,347
Change in trade and other payables	24	22,713	-77,762
Change in provisions	23	-2,337	3,011
Cash flow from operating activities		***369,227***	***617,575***
Interest received		14,824	10,689
Income tax paid		-61,112	-103,166
Net cash flow from operating activities		***322,939***	***525,098***
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets	15/16	-13,877	-15,485
Acquisition of subsidiaries, net of cash acquired	7	-241,453	-584,570
Net cash flow from investing activities		***-255,330***	***-600,055***

(in thousands of €)	Note	2024	2023
Cash flows from financing activities			
Payments of lease obligation	22.1.2	-38,073	-28,704
Acquisition of non-controlling interests	21	-53,397	-
Dividend payment to shareholders of the group	21	-53,311	-67,772
Purchase of treasury shares	21	-2,507	-3,408
Capital increase		-	200,000
Expenses related to capital increase		-	-2,234
Interest paid		-122,410	-99,337
Proceeds from loans and borrowings	22	1,281,601	768,147
Repayments of loans and borrowings	22	-1,237,254	-453,376
Transaction costs related to loans and borrowings	22	-13,037	-8,074
Other cash flows from financing activities		-8,606	-320
Net cash flow from financing activities		***-246,994***	***304,922***
Net (decrease) increase in cash and cash equivalents		***-179,385***	***229,965***
Effect of exchange rate fluctuations on cash held		-2,404	-1,125
Cash and cash equivalents minus Bank overdraft at beginning of the period	20	466,588	237,748
Cash and cash equivalents minus Bank overdraft at December 31	20	***284,799***	***466,588***

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in thousands of €)	Share capital	Other reserves	Reserves available for distribution	Translation reserve	Retained earnings	Unappropriated result	Total equity holders of the parent	Non-controlling interests	Total equity
Balance as of December 31, 2022	**5,680,000**	**-4,099,463**	**392,988**	**5,245**	**192,570**	**213,193**	**2,384,532**	**55,145**	**2,439,677**
Appropriation of result prior year					213,193	-213,193	-		-
Capital increase	200,000						**200,000**		**200,000**
Capitalized transaction expenses		-2,234					**-2,234**		**-2,234**
Written put options on non-controlling interests		-50,754					**-50,754**		**-50,754**
Share-based payment		1,373					**1,373**		**1,373**
Treasury shares		-3,408					**-3,408**		**-3,408**
Dividend attributed to shareholders of the group			-67,777				**-67,777**		**-67,777**
Adjustments hyperinflation					53,609		**53,609**		**53,609**
Net profit / loss (-) for the period						177,704	**177,704**	11,608	**189,312**
Other comprehensive income		-185		-99,319			**-99,504**	-3,669	**-103,173**
Other movements		-3,542					**-3,542**	23,495	**19,953**
Balance as of December 31, 2023	***5,880,000***	***-4,158,213***	***325,211***	***-94,074***	***459,372***	***177,704***	***2,589,999***	***86,579***	***2,676,578***
Appropriation of result prior year					177,704	-177,704	-		-
Written put options on non-controlling interests		-2,003					**-2,003**		**-2,003**
Share-based payment		1,278					**1,278**		**1,278**
Treasury shares		-2,507					**-2,507**		**-2,507**
Dividend attributed to shareholders of the group			-53,311				**-53,311**		**-53,311**
Adjustments hyperinflation					58,557		**58,557**		**58,557**
Net profit / loss (-) for the period						180,693	**180,693**	8,775	**189,468**
Other comprehensive income		306		57,172			**57,478**	-489	**56,989**
Other movements		45,955					**45,955**	-50,857	**-4,901**
Balance as of December 31, 2024	***5,880,000***	***-4,115,185***	***271,900***	***-36,902***	***695,633***	***180,693***	***2,876,138***	***44,008***	***2,920,146***

The notes are an integral part of these consolidated financial statements.

General notes to the consolidated financial statements

1. General

Azelis Group NV (the 'Company') is a publicly traded company listed on Euronext Brussels (ticker: AZE) and part of the BEL20 and BEL® ESG Index. The Company has its registered office and principal place of business at Posthofbrug 12 box 6, 2600 Antwerp, Belgium. Azelis Group NV is registered in Belgium under number 0769.555.240.

The Company acts as the parent company of the Azelis Group, a global group based in Belgium primarily involved in the distribution of specialty chemical products used in the Life Sciences (Personal Care, Home Care & Industrial Cleaning, Pharmaceuticals & Healthcare, Food & Nutrition, Animal Nutrition, and Agricultural & Environmental Solutions, and Flavors & Fragrances) and Industrial Chemicals industry (CASE, Advanced Materials & Additives, Lubricants & Metalworking Fluids, Electronics, Essentials and Fine Chemicals, and Textiles, Leather & Paper).

The consolidated financial statements of the Company for the period January 1, 2024 to December 31, 2024 cover the Company and its subsidiaries (together referred to as the 'Group' or as 'Azelis', being the trade name of the group) and the Group's interest in associates.

Azelis is well positioned to face challenges across the globe, on the basis of its diversified specialty chemicals portfolio, but also based on its asset-light business model. Azelis' cost base, other than payroll and some other predominantly fixed costs, is mostly variable. Azelis has multiple cost levers that can be activated to mitigate the impact of downturns, which enables it to react rapidly to slumps or economic crises and furthers the Group's resilience.
Due to its global footprint, Azelis is sensitive to economic and geopolitical uncertainty. The Group monitors closely the political events in Russia and Ukraine, Israel, Palestina and neighboring countries and supports its employees throughout the affected regions with a focus on employee safety.

2. Summary of material accounting policies

The consolidated financial statements for the period ended December 31, 2024, were authorized for issue by the Board of Directors on March 4, 2025, and will be submitted for approval to the Shareholders' Meeting to be held on May 8, 2025.

New accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted in the European Union (IFRS). The Group has consistently applied the accounting policies as set out below to all periods presented in these consolidated financial statements. Changes to the accounting policies in the current year are limited to the changes in IFRS below and are applied starting on January 1, 2024.

New and amended standards adopted by the Group

The following standards and amendments to standards are mandatory for the first time in the financial year beginning January 1, 2024, and have been endorsed by the European Union:

- Amendments to IAS 1 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants*
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - *Supplier Finance Arrangements*
- Amendments to IFRS 16 Leases - *Lease Liability in Sale and Leaseback*

Their adoption has not had any material impact on the amounts reported in these financial statements. The adoption of the amendments to IAS 7 and IFRS 7 resulted in increased disclosures for liabilities under supplier financing arrangements as well as the associated cash flows in the consolidated financial statements for the year ending December 31, 2024.

New and amended standards not yet adopted by the Group

Certain new standards and amendments have been published but are not mandatory for reporting periods ended December 31, 2024, and have not yet been adopted by the Group. These standards and amendments are not expected to have a material impact on the financial statements of the Group in future reporting periods, except for the adoption of IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027) will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the implications of applying the new standard on the Group's consolidated financial statements.

European Single Electronic Format (ESEF)

This Integrated Report is required to be published in the European Single Electronic Format, as determined by and according to the requirements set out in the Commission Delegated Regulation (EU) 2019/815 of December 17, 2018, supplementing Directive 2004/109/EC. The PDF version of the Integrated Report is not ESEF-compliant and has been solely prepared for ease of use of readers. The Group's official reporting package in ESEF can be found on the Group's *website*.

Climate change

With its application and formulating labs, the Company is well positioned to support its customers with many new formulations that are necessitated as a result of changing conditions. Azelis is helping its customers and its principals to respond to climate-changes, and to achieve their sustainability goals by, for example, promoting sustainable products and product development, encouraging sustainable formulation creation in its labs, and assessing its principals and implementing corporate social responsibility due diligence procedures when selecting and onboarding principals. Over the recent years, the Company has rapidly increased its percentage of revenue covered with ESG assessed suppliers.

Alongside sustainability, innovation and digitalization form the pillars of Azelis' strategy for creating value: investments in innovation centers, application and formulating labs, e-Labs, principal portals and customer portals are helping to accelerate the supply of sustainable products.

As a specialty chemicals distributor, the Company has an asset-light business model, outsourcing to the extent possible capital-intensive aspects such as logistics and warehouse operations. Next to outsourcing, it has a focus on leasing warehouses and offices and, as such, has a limited number of owned properties. Having limited impact capacity, the Company does undertake initiatives to reduce its climate impact where possible: reduction of carbon emissions (eg. electrification of company car fleet and warehouse fleet), reduction of energy consumption (eg. installation of solar panels, switching to LED light bulbs), reduction of water consumption, reduction of waste, etc.

As from December 2023, the Company has been included in Euronext's BEL®ESG Index as one of the 20 listed companies in Belgium that demonstrate the best ESG practices. This recognizes Azelis' commitment to a sustainable future and is a testament to its leadership in sustainability. The BEL®ESG Index identifies and tracks the 20 highest-ranking companies in Belgium that demonstrate the lowest environmental, social and governance (ESG) risks. It also serves investors as a reference to better identify those companies that focus on a more sustainable future by combining economic results with sustainability goals. Also, Morningstar Sustainalytics – a global leader in ESG research and data - grants Azelis the top industry ESG ranking.

In addition to the above, and supported by its asset-light business model, Azelis' revenue mix is very diversified across its end markets and geographies, across the number of principals and customers, and across its products. Therefore, there is limited concentration risk, also regarding any related climate risks. In 2024 the Company has finalized its physical climate risk assessment, concluding that the potential business consequence of this risk is limited as sufficient mitigation measures are in place. Refer to section *E1 climate change* in the sustainability statements for further detail on the Company's climate risk assessment.

In preparation of its consolidated financial statements, the Company has considered the impact of climate change mainly for the following areas where climate change generally is expected to have the largest impact:

- Significant judgments, major sources of estimation uncertainty & accounting policies (refer to note *3*): Climate change does not substantially impact the significant judgments made by the Company, nor its major sources of estimation uncertainty, specifically taking into account the Company's asset-light business model and its diversified revenue mix across markets, geographies, products, principals and customers.
- Impairment of non-financial assets: In assessing the recoverable amounts to assess both the impairment of non-financial assets such as property, plant and equipment, right-of-use assets, intangible assets, as well as goodwill, the Company did not identify climate change related matters to have a significant impact, also driven by its portfolio diversification.
- Useful lives of tangible and intangible assets: Any impact from climate change or climate-related initiatives undertaken by the Company does not have a significant impact on the useful lives of its assets. As an example, the Company is electrifying its company car and warehouse fleets but approaches this from a phase-out scenario for its fossil fuel vehicles.
- Provisions: The Company is not significantly exposed to provisions or contingent liabilities arising from potential litigation, regulatory requirements to remediate environmental damage, additional levies or penalties related to environmental requirements as well as contracts that may become onerous, or restructurings to achieve climate-related targets, based on its asset-light business model and its diversification of supplier portfolio combined with the continuously increasing percentage of revenues covered by ESG assessed suppliers.
- Sustainable finance: For the Term and Revolving Facilities agreement concluded in September 2024, sustainability adjustments may be included at the latest as from September 2025. For the progress of the Company's sustainability KPIs, refer to the *Sustainability review* of this Integrated Report.
- Share-based payments: As described in note *11.3*, one of the share-based payment plans' performance conditions relates to the Company's reduction of carbon emissions to be assessed over the vesting period of three years.

2.1. Financial period

The financial period is the calendar year starting January 1, 2024 and ending December 31, 2024 (hereinafter '2024').
The comparative period is reflecting the financial performance of the Group starting January 1, 2023 and ending December 31, 2023 (hereinafter '2023').

2.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by the Company as at December 31, 2024. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2.2.1. Subsidiaries

Subsidiaries are entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e. existing rights to direct relevant activities)
- Exposure, or rights, to variable returns from its involvement in the investee
- The ability to use its power to affect the investee's returns

Generally, there is a presumption that having a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

2.2.2. Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. A choice of measurement is made on an acquisition-by-acquisition basis. For its current non-controlling interests in subsidiaries, the Group has opted to measure at the proportionate share of the acquiree's identifiable net assets. After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction between shareholders.

2.2.3. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred for each acquisition is measured at the aggregate of the fair values on the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition on the balance sheet are recognized at their fair value on the acquisition date, except for deferred tax assets or liabilities, and liabilities and assets related to employee benefit arrangements.

The difference between the fair value of the consideration transferred and the fair value of the identified assets, liabilities and contingent consideration is recorded as goodwill. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, this purchase bargain is included in the profit or loss, after the Group has re-assessed whether it has correctly identified all of the assets acquired and all of the liabilities assumed. Acquisition-related costs are recognized in profit or loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed on the acquisition date that, if known, would have affected the amounts recognized on that date. The measurement period to finalize the valuations is subject to a maximum of one year after the acquisition date.

2.2.4. Associates

Associates are entities over which the Group has significant influence, but no control. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Associates are accounted for under the equity method and are recognized initially at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate. The Group's investment includes goodwill on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expense and the equity movements of the investments accounted within equity, after aligning the accounting policies to those of the Group, from the day significant influence commences until the day significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero, and no further losses are recognized except for losses arising from the Group's obligation or payments on behalf of the investee.

2.2.5. Change in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in other reserves within equity attributable to owners.

When the Group ceases to consolidate or equity-account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3. Foreign currency

2.3.1. Functional and presentation currency

The consolidated financial statements are presented in euros, which is the Group's presentation currency. The Group companies determine their functional currency based on the primary economic environment in which they operate. The main indicators to determine the functional currency is the currency of the sales, expenses and financing activities.

2.3.2. Transactions and balances

The Group operates in different currency environments, but mainly in EUR and USD. Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currency on the reporting date are translated to the functional currency of the entity at the exchange rate that date. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated to the functional currency of the entity at the exchange rate on the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency differences arising from this operational translation are recognized in the income statement.

2.3.3. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated to euros at exchange rates on the reporting date. The income and expenses of foreign operations are translated to euros at average exchange rates.

Foreign currency differences are recognized in other comprehensive income and accumulated in equity. These differences have been recognized in the translation reserve. When the Group loses control over a foreign operation, the accumulated foreign translation amount of the subsidiary is transferred from equity to the profit or loss.

Foreign exchange gains and losses arising from a monetary item to be received from or paid to a foreign operation for which the settlement is neither planned nor likely to occur in the foreseeable future are included in the value of net investment in a foreign operation and recognized directly in equity in the translation reserve.

2.3.4. Hyperinflation

Non-monetary assets and liabilities, equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. These re-measured amounts are used for conversion into the Group reporting currency at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, multinational companies that have subsidiaries with the hyperinflationary currency as their functional currency are not required to restate comparative amounts as those were presented previously in a stable currency.

Since 2022, the Group has applied hyperinflation accounting for its subsidiaries having their functional currency in Turkish lira. The relevant price index used for the restatement of the financial statements of Azelis' Turkish subsidiaries is the consumer price index (CPI) based on data of the Turkish Statistical Institute. The consumer price index and the exchange rate between euros and the Turkish lira have changed in 2023 and 2024 as follows:

Year (31st December)	Turkey CPI	Change (%)	EUR/TRL exchange rate
2023	18.59	64.77%	32.69
2024	26.85	44.38%	36.74

2.4. Impairment of non-financial assets

The carrying amounts of the Group's non-current non-financial assets are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group performs an impairment test. For goodwill and intangible assets with indefinite lives, an impairment test is performed every year.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to (groups of) cash-generating units that are expected to benefit from the synergies of the combination.

Corporate assets are assets that do not generate cash inflows independently, and their carrying amounts need to be allocated to the cash-generating units on a reasonable and consistent basis. If a corporate asset cannot be allocated to cash-generating units on a reasonable and consistent basis, the Group performs the goodwill impairment test in two stages: first on the level of the cash-generating units, and secondly on the level of the smallest group of cash-generating units to which the corporate asset can be allocated on a reasonable and consistent basis.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of goodwill will not be reversed afterwards. In respect of other assets, impairment losses recognized in prior periods are assessed on each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.5. Intangible assets

Goodwill

Goodwill is initially measured at cost, the excess of the aggregate of the consideration transferred and the amount recognized for the assets acquired and liabilities assumed in a business combination. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. In the event of disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Research and development

Research activity expenses, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in the income statement when incurred.

Development expenses for which the Group has the technical feasibility, intention and means to complete the intangible assets and the economic future benefits of the assets will flow to the Group are capitalized at cost.

Other intangible assets

Other intangible assets with finite useful lives are measured at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date when the asset is ready for use. The estimated useful lives of intangible assets and their residual value (if applicable) are reviewed every year.

The estimated useful lives for the current and comparative period are as follows:

Intangible assets	Economic lifetime
Trademarks and brands	Indefinite
Customer lists	5 to 10 years
Distribution rights	20 years
Other intangible assets	3 to 7 years

2.6. Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Components of property, plant and equipment with separate useful lives are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in other income or other expenses in the income statement.

2.6.1. Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each component of property, plant and equipment to their residual values. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

Property, plant and equipment	Economic lifetime
Buildings	20 to 33 years
Plant and equipment	5 to 10 years
Other property, plant and equipment	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed on each reporting date.

2.6.2. Leased assets

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:
- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate on the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the term reflects the Group exercising that option

The Group elects to not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made on or before the commencement date, less any lease incentives received
- any initial direct costs
- restoration costs

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate on the effective date of the modification

2.7. Financial instruments

2.7.1. Classification, recognition and initial measurement

Financial assets and liabilities are classified into three categories: measured at amortized cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit and loss (FVTPL).

The Group recognizes financial instruments when it enters into a contract. Financial instruments are derecognized when the contractual rights to the cash flows of the asset expire, or the rights to receive the contractual cash flows on the financial asset are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. With regard to its trade receivables, the Group engages in non-recourse factoring programs. Receivables are derecognized when the factor pays the Group, which also triggers a fee to be paid for the credit risk assumed by the factor. Factoring fees are recognized in the Group's financial expenses.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized on the initial measurement date, except for financial instruments measured at FVTPL. Transaction costs related to FVTPL financial instruments are recorded in the profit or loss at initial recognition.

Financial assets

The classification of financial assets is based on two criteria: the objective of the Company's business model for managing the assets, and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (known as the 'SPPI-test').

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Other receivables are initially measured at fair value and subsequently measured at amortized cost.

Financial liabilities

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

An exchange between an existing borrower and lender of financial liabilities with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. However, costs or fees that are incremental and directly related to the issue of the new debt instrument are treated as transaction costs of the new liability, and hence are spread forward by adjusting the effective interest rate.

Derivatives

The Group uses derivative financial instruments such as forward exchange contracts, interest rate swaps to hedge its foreign currency risk and interest rate risk, and interest rate cap to hedge its interest rate risks associated with floating-rate borrowings under the Group's credit facilities.

Derivatives are initially recognized as other financial assets at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value through profit and loss at the end of each reporting period. The derivative is only used for economic hedging purposes and not as a speculative investment. The Group does not apply hedge accounting. Therefore, changes in the fair value of the Group's derivative financial instrument are recognized immediately in the consolidated statement of profit or loss and are included in finance costs.

Put options on non-controlling interests

The Group has granted put options for remaining non-controlling interests in acquired companies, giving the holders the right to sell to the Group their investments in these subsidiaries. These financial liabilities do not bear interest. In accordance with IAS 32, the Group recognizes a redemption liability corresponding to the present value of the estimated exercise price of the option. The redemption liability is included in other current and non-current liabilities, and the counterpart is a reduction from the Group's equity. At the end of each reporting period, the liability is adjusted to reflect changes in the estimated exercise price. These subsequent changes are accounted for in the income statement.

If the Group has also obtained a call option on the same remaining non-controlling interests of the acquired companies, this option is taken into account for the control assessment in respect of the business combination.

The cash outflow for acquisition of non-controlling interest due to call/put option settlement is included in the financing activities of the consolidated statement of cash flows.

Financial liabilities under supplier finance arrangements

The Group classifies financial liabilities that arise from supplier finance arrangements within loans and borrowings and bank overdrafts in the statement of financial position if they have a similar nature and function to bank loans and bank overdrafts. This is the case if the supplier finance arrangement is part of the financing used in the Group's normal operating cycle, the level of security provided is similar to bank loans and the terms of the liabilities of the supplier finance arrangement are extended compared to trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in loans and borrowings in the consolidated statement of financial position are included in financing activities in the consolidated statement of cash flows.

2.7.2. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all financial assets that are not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk; if so, the loss allowance is measured as the lifetime expected credit loss. If not, the allowance is measured as the 12-month expected credit loss. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the receivables (see note 4.1 for further details). While cash and cash equivalents and other loan receivables are also subject to the impairment requirements of IFRS 9, no impairment loss was identified as these assets are considered as low-credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses of financial assets are recognized in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

2.7.3. Netting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7.4. Cash & cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.8. Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the income statement unless it relates to items recognized in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable (receivable) on the taxable income (loss) for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.9. Inventories

The Group applies the first-in, first-out (FIFO) method to represent inventory movements. Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Impairments of inventories to net realizable value are recognized in the profit or loss as part of 'cost for goods and consumables'. If the value of impaired inventories increases, the impairment will be reversed to the lowest of the increased net realizable value and the original cost.

2.10. Equity

2.10.1. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized in equity net of tax.

2.10.2. Share premium

The share premium consists of additional paid-in capital exceeding the par value of outstanding shares.

2.10.3. Treasury shares

Treasury share purchases are recognized as a deduction from equity (section other reserves). No gain or loss is recognized on the purchase, sale, issue or cancellation of treasury shares. Consideration paid or received is recognized directly in equity.

2.11. Employee benefits

2.11.1. Pensions, other post-employment benefits and termination benefits

The Group operates several defined benefit pension plans.

The liability or asset recognized in the balance sheet of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance expense in the income statement. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the income statement as past service costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2.11.2. Short-term and long-term employee benefits

The cost of all short-term employee benefits, such as salaries, holiday pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service. The Group recognizes those costs only when it has a present legal or constructive obligation to make such payment and a reliable estimate of the liability can be made.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Other long-term employee benefits are calculated using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

2.11.3. Share-based payment

The Group has performance share plans for key management, qualifying as equity-settled share-based payment plans. Equity-settled share-based payment transactions are transactions in which the entity receives goods or services in exchange for its own equity instruments (e.g. shares, options).

Goods or services received in equity-settled share-based payment transactions are measured at their fair value, unless they cannot be estimated reliably, in which case they are determined in accordance with the fair value of the equity instruments granted. The fair value is determined on the grant date, and the value incorporates market conditions using a Monte Carlo calculation. This value remains unchanged over the vesting period. Service conditions and non-market conditions do not affect the fair value of the instruments granted, but are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, an estimate which is revised on each reporting date until the vesting period has lapsed. Azelis accounts for the equity-settled share-based payment transaction in the other reserves section of the equity, and its initial recognition and subsequent changes are accounted for in employee expenses.

2.12. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Unwinding of the discount of provisions is recorded as financial expenses.

2.13. Revenue

2.13.1. Goods sold (sales)

Revenue from product sales is recognized when the performance obligation is satisfied, i.e. when the customer obtains control over the promised goods. For the Group, control transfer is generally driven by the agreed upon incoterm. Revenue is measured at the fair value of the consideration received, net of returns, trade discounts and volume rebates. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

2.13.2. Commissions

When the outcome of a commission transaction can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period. When the Group acts in the capacity of an agent rather than as a principal in a transaction, the revenue recognized is the net amount of commission made by the Group. The Group acts as an agent when it does not take title and is not exposed to risks of the goods, when the risks are borne by the supplier and when the selling prices are set by the suppliers.

2.14. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The segmentation used by the Group is based on geography, organization and management structure, and commercial interdependencies.

Segment results that are reported to the CEO include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses and income tax assets and liabilities, and are presented in a separate reporting unit 'Group holding & other'.

The reporting segments used are defined as follows:

- EMEA: all operating companies in Europe, Middle East and Africa

- Americas: all operating companies in the United States of America, Canada, Mexico and South America (mainly Colombia and Brazil)
- Asia Pacific: all operating companies in Asia, South-East Asia and the Pacific region
- Group holding & other: all non-operating companies, including the corporate service center and headquarters in Belgium

2.15. Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related expenses for which the grants are intended to compensate. Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

2.16. Consolidated statements of cash flows

The consolidated statement of cash flows is prepared using the indirect method. Cash is defined as cash and cash equivalents, less bank overdrafts. Cash flows are presented separately in the statement of cash flows as cash flows from operating activities, investing activities and financing activities.

2.17. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Intangible assets

The fair value of trademarks and distribution rights acquired in business combinations are measured using the income approach (relief from royalty and multi-period excess earning method, respectively). The fair value of other intangible assets is mainly based on the cost approach.

Inventories

The fair value of inventories is determined based on their estimated selling price in the ordinary course of business, less the estimated costs of completion and sale.

Investments in equity and debt securities

The fair value of financial assets at FVTPL and FVTOCI financial assets is determined by reference to their quoted bid price on the reporting date. If no market prices are available, the instruments are measured using the present value of the expected future cash flows, discounted at the market rate of interest on the measurement date.

Trade and other receivables

The fair value of trade and other receivables is determined as the present value of future cash flows, discounted at the market rate of interest on the measurement date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract, using a risk-free interest rate increased by an appropriate additional spread related to the credit risk of the Group and the risk of the counterparty.

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at measurement date, including the Group's credit risk.

The fair value of contingent consideration qualifying as earnout, recognized in relation to business combinations, is calculated based on a forecast of the underlying performance measure (generally EBIT(D)A) and is discounted at the market rate of interest on the measurement date. The fair value of contingent consideration constituting a mere fixed deferred payment is determined as the present value of future cash flows and discounted at the market rate of interest on the measurement date.

The redemption value of put options on non-controlling interests, recognized in relation to business combinations, is calculated based on specific contractual specifications, consisting mostly of a combination of a multiple on a future performance measure and the balance of certain net working capital items upon exercise of the option.

Fair value hierarchy

Assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly
- Level 3: valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data

3. Significant estimates and judgments

In the process of applying accounting policies and preparing the consolidated financial statements, the Group has made certain judgments (other than those involving estimates) that affect the reported amounts of assets and liabilities, income and expenses.

In addition, the Group is required to make certain estimates and assumptions that affect the measurement and presentation of reported figures. Estimates are based on past experience and on additional knowledge obtained on transactions to be reported, and are reviewed on an ongoing basis. Actual amounts may differ from these estimates. The most critical accounting judgments and estimates related to uncertainties with significant risk of causing material adjustment and applied in the consolidated financial statements are described below:

Use of judgments

Intangible assets

The Group has judged that the Azelis trademark has an indefinite useful life. As a consequence, the trademark is not amortized. On each reporting date, the Group reviews this judgment and assesses whether the circumstances continue to support the indefinite useful life. The trademark is part of the yearly impairment test. (See note *15*).

Deferred taxes

In assessing the realization of deferred tax assets, management considers the extent to which it is probable that the deferred tax asset will be realized (note *14*). The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profit during the periods in which those temporary differences and tax loss carry forwards are available. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. (See note *14.2*)

Right of use assets

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. (See note *16.2*)

Supplier finance arrangements

Under supplier finance arrangements, trade payables are transferred by the Group to a financial institution who assumes its creditor obligations. Following this transfer, the Group will no longer be to offset any of the transferred payables against credit notes received from the supplier.
For the purpose of the consolidated statement of cash flows, management considers that the finance provider settles the invoices as a payment agent on behalf of the entity. The payments made by the finance provider are therefore presented as operating cash outflows and financing cash inflows in equal but opposite amounts at the point when the finance provider pays the supplier. When the Group subsequently pays the amount outstanding to the finance provider, this is presented as a financing cash outflow.

Use of estimates

Business combinations

In a business combination, the acquired assets and liabilities are measured at fair value. The Group uses assumptions and non-observable information to prepare fair value of the assessed, where no observable information is available. The actual market performance can subsequently differ from the assumptions. The most important assumptions are disclosed in the note for business combinations. (See note *7*).

Goodwill & intangible assets - Impairment assessment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash-generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period, incorporating estimates for sales growth and margin growth. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. (See note *15.2*).

4. Financial risk management

Azelis is exposed to several financial and other risks, including:

- Credit risks
- Liquidity risks
- Market risks
- Operational risks

Azelis has a risk management framework in place to mitigate those risks. The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

4.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

As of December 31, the main credit risk can be summarized as follows:

(in thousands of €)	2024	2023
Trade and other receivables	589,031	521,896
Cash and cash equivalents	303,945	484,874
Other financial assets	1,992	7,809
	894,969	***1,014,578***

4.1.1. Trade and other receivables

The Group applies the IFRS 9 simplified approach (refer to note *2.7.2*).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. The Group has no significant concentration of credit risk.

The Group has a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer.

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. The Group's credit policy includes suspension of further deliveries if customers fail to pay their debts on time. Moreover, the Group engages in non-recourse factoring for the majority of its revenue in the EMEA region, which is used as an efficiency program in its credit collection processes. No other credit insurance programs are deemed to be necessary.

A significant portion of the Group's customers have been transacting with the Group companies for many years and losses have occurred infrequently. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets, adjusted for forward-looking information through an assessment of both the current and projected direction of economic conditions at the reporting date.

At year-end, the aging of the trade receivables after the deduction of the factoring received is constituted as follows:

2024

(in thousands of €)	Gross	% of total	Impairment	% Impaired
Not due	384,209	73.0%	1,256	0.3%
Between 0 and 2 months	94,618	18.0%	2,421	2.6%
Between 2 and 12 months	35,411	6.7%	14,221	40.2%
More than 12 months	11,999	2.3%	11,960	99.7%
	526,237	*100.0%*	*29,858*	*5.7%*

2023

(in thousands of €)	Gross	% of total	Impairment	% Impaired
Not due	340,390	71.8%	2,483	0.7%
Between 0 and 2 months	93,354	19.7%	5,636	6.0%
Between 2 and 12 months	31,000	6.5%	12,068	38.9%
More than 12 months	9,507	2.0%	9,200	96.8%
	474,250	*100.0%*	*29,387*	*6.2%*

The loss allowances for trade receivables on December 31 reconcile to the opening loss allowances as follows:

(in thousands of €)	2024	2023
Balance at 1 January	29,387	38,912
Business combination	2,176	3,203
Provisions made in the year	11,912	5,168
Decrease on impairment losses	-13,566	-16,881
Exchange rate differences	-51	-1,015
Balance at December 31	*29,858*	*29,387*

4.1.2. Cash

The Group's exposure to credit risk is insignificant as the Group deals with highly rated banks for its cash deposits.

4.1.3. Guarantees

The Group's policy is to provide financial guarantees only in favor of wholly owned subsidiaries. On the balance sheet date, no other material guarantees were outstanding.

4.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Group ensures that it has sufficient cash on hand and unused credit facilities to meet expected operational expenses for the respective planning horizon, including the servicing of financial obligations.

Maturities of financial liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements at year-end:

31-12-2024

(in thousands of €)	Carrying amount	Undiscounted contractual Cash flows	Less than 1 Year	1 to 5 Years	More than 5 Years
Loans and borrowings	1,661,091	2,039,722	130,843	1,908,879	0
Lease obligation (IFRS16)	163,753	216,759	36,056	88,091	92,612
Derivatives	112	112	112	0	0
Trade and other payables	733,622	739,437	702,269	37,169	0
Bank Overdrafts	19,146	19,146	19,146	0	0
	2,577,724	***3,015,176***	***888,425***	***2,034,139***	***92,612***

Loans and borrowings are primarily to be repaid in 2029 (December 31, 2023: in 2026).

31-12-2023

(in thousands of €)	Carrying amount	Undiscounted contractual Cash flows	Less than 1 Year	1 to 5 Years	More than 5 Years
Loans and borrowings	1,631,194	1,942,106	176,219	1,749,928	15,959
Lease obligation (IFRS16)	126,619	141,658	28,213	79,863	33,582
Derivatives	3,921	3,921	3,921	0	0
Trade and other payables	865,365	872,078	797,363	74,715	0
Bank overdrafts	18,286	18,286	18,286	0	0
	2,645,385	***2,978,048***	***1,024,002***	***1,904,506***	***49,541***

4.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group buys and sells derivatives in order to manage its market risks.

4.3.1. Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in various currencies. The main currencies are euros (€), pound sterling (GBP) and US dollars (USD).

At any point in time, the Group hedges a significant part of its foreign currency exposure in respect of sales and purchases orders via natural hedges within its operational portfolio. The Group uses mainly forward exchange contracts to hedge its remaining currency risk, all with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity. The Group has not applied hedge accounting.

Interest on borrowings is denominated in currencies that predominantly match the cash flows generated by the underlying operations of the Group, primarily euros (€), pound sterling (GBP) and US dollars (USD). This provides an economic hedge without derivatives being entered into and therefore the Group has not applied hedge accounting.

The Group's investments in foreign non-euro subsidiaries are considered to be long-term operations of the Group and are therefore not hedged. Currency translation differences on these long-term operations are reported in the translation reserve in equity.

Exposure to currency risk

The exposure to foreign currency risk in current assets and current liabilities is mainly related to balances denominated in USD and GBP, for which the notional amounts (stated in €) amount to:

(in thousands of €)	2024		2023	
	USD	GBP	USD	GBP
Financial assets except for cash and cash equivalents	210,778	3,086	158,478	3,240
Cash and cash equivalents	70,961	448	66,774	37,186
Financial liabilities	-284,785	-17,291	-173,622	-151,927
Gross balance sheet exposure	***-3,045***	***-13,757***	***51,630***	***-111,501***

Sensitivity analysis of currency risk

A 10% strengthening of the euro against the USD and GBP at year-end would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(in thousands of €)	2024		2023	
	Profit or loss	Equity	Profit or loss	Equity
USD	277	277	-4,694	-4,694
GBP	1,251	1,251	10,136	10,136

A 10% weakening of the euro against the USD and GBP at year-end would have had the equal but opposite effect in euros to the amounts shown above, on the basis that all other variables remain constant.

4.3.2. Interest rate risk

The Group adopts a policy of carefully managing its interest rate risk. On a regular basis, the Board of Directors assesses the Group's interest rates versus external benchmarks, ensuring that management will affect financial transactions resulting in fixed borrowing interest rates in case limits are exceeded. As of the reporting date, the external bank borrowings are on a floating interest rate basis.

The Group's main interest rate risk arises from a long-term borrowing with variable rate (EURIBOR), which exposes the Group to cash flow interest rate risk. The cash flow risk is mitigated through the usage of an interest rate cap.

Interest profile

On the reporting date, the interest rate profile of the Group's interest-bearing financial instruments expressed in their carrying amounts was:

(in thousands of €)	2024	2023
Fixed rate instruments		
Financial liabilities	-1,005,746	-407,478
	-1,005,746	***-407,478***
Variable rate instruments		
Financial assets	303,945	484,874
Financial liabilities	-838,244	-1,368,621
	-534,299	***-883,747***

Cash flow sensitivity analysis for variable rate instruments

An increase (decrease) of 100 basis points in interest rates on the reporting date would have decreased (increased) equity and the income statement (not considering income tax impact) by the annual amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates and the potential mitigating effect of the interest rate cap, remain constant.

(in thousands of €)	Profit or loss - 2024		Equity - 2024	
	100 bp	100 bp	100 bp	100 bp
	Increase	Decrease	Increase	Decrease
Variable rate instruments	-8,382	8,382	-8,382	8,382
Cash flow sensitivity (net)	***-8,382***	***8,382***	***-8,382***	***8,382***

(in thousands of €)	Profit or loss - 2023		Equity - 2023	
	100 bp	100 bp	100 bp	100 bp
	Increase	Decrease	Increase	Decrease
Variable rate instruments	-13,686	13,686	-13,686	13,686
Cash flow sensitivity (net)	***-13,686***	***13,686***	***-13,686***	***13,686***

4.4. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

4.5. Financial instruments: fair value and hierarchy

On a selective basis, the Group has outstanding foreign exchange swap contracts to manage the exposure to foreign currency risk on outstanding foreign currency receivables/payables, as well as an interest rate cap relating to its variable rate interest risk.

Interest rate cap

To limit its interest rate risk exposure, the Group entered into interest rate cap agreements (interest rate cap) in May 2022, that will expire on March 31, 2025. The interest rate cap modifies the Company’s exposure to interest rate risk by converting a portion of the Company’s variable-rate debt to a fixed-rate basis, thereby reducing the impact of interest rate changes on interest expense. The Group recognizes fair value gains and losses within the financial result.

Acquisition-related liabilities

In connection with business combinations, the Group has outstanding liabilities for contingent consideration and for put options on non-controlling interests. The Group’s financial instruments per category are shown below including the fair value and hierarchy information.

Fair value hierarchy

The interest rate cap qualifies for the level 2 category in the fair value hierarchy due to the fact that it is not traded in an active market and the fair value is determined using valuation techniques (option pricing model) which maximize the use of observable market data. Since all significant inputs required to fair-value the instrument are observable, the instrument is classified as level 2. All derivatives related to forward exchange contracts are classified as level 2. Contingent consideration qualifying as earnout and put options on non-controlling interests are classified as level 3. For the calculation basis of fair values, see also note 2.17.

The carrying amount of the other financial assets and liabilities approximates their fair value.

2024

(in thousands of €)	Note	Fair value through P&L	Amortized cost	Total book value	Level 1	Level 2	Level 3	Total
Assets								
Non-current assets								
Other financial receivables	4		370	**370**		370		**370**
Derivatives	4	-		**-**		0		**-**
Other investments	4	10	1,258	**1,268**		1,268		**1,268**
Current assets								
Trade receivables	19		496,379	**496,379**		496,379		**496,379**
Other receivables	19	16,816	75,837	**92,653**		92,653		**92,653**
Other financial receivables			4	**4**		4		**4**
Derivatives	4	600		**600**		600		**600**
Cash and cash equivalents	20		303,945	**303,945**		303,945		**303,945**
Total financial assets		***17,426***	***877,793***	***895,219***	***0***	***895,219***	***0***	***895,219***
Liabilities								
Non-current liabilities								
Interest bearing	22		1,748,391	**1,748,391**		1,748,391		**1,748,391**
Other financial liabilities		26,707	6,459	**33,166**		6,459	26,707	**33,166**
Current liabilities								
Interest bearing	22		76,453	**76,453**		76,453		**76,453**
Bank overdraft	20		19,146	**19,146**		19,146		**19,146**
Trade payables	24		486,804	**486,804**		486,804		**486,804**
Other current liabilities excl derivatives	24	77,624	136,028	**213,651**		136,028	77,624	**213,651**
Derivatives	24	112		**112**		112		**112**
Total financial liabilities		***104,443***	***2,473,281***	***2,577,724***	***0***	***2,473,393***	***104,331***	***2,577,724***

2023

(in thousands of €)	Note	Fair value through P&L	Amortized cost	Total book value	Level 1	Level 2	Level 3	Total
Assets								
Non-current assets								
Other financial receivables	*4*		726	**726**		726		**726**
Derivatives	*4*	6,131		**6,131**		6,131		**6,131**
Other investments	*4*	0	1,178	**1,178**		1,178		**1,178**
Current assets								
Trade receivables	*19*		444,863	**444,863**		444,863		**444,863**
Other receivables	*19*	11,591	65,442	**77,033**		77,033		**77,033**
Other financial receivables			4	**4**		4		**4**
Derivatives	*4*	57		**57**		57		**57**
Cash and cash equivalents	*20*		484,874	**484,874**		484,874		**484,874**
Total financial assets		***17,778***	***997,086***	***1,014,864***	***0***	***1,014,864***	***0***	***1,014,864***
Liabilities								
Non-current liabilities								
Interest bearing	*22*		1,650,982	**1,650,982**		1,650,982		**1,650,982**
Other financial liabilities		65,072	4,744	**69,816**		4,744	65,072	**69,816**
Current liabilities								
Interest bearing	*22*		106,831	**106,831**		106,831		**106,831**
Bank overdraft	*20*		18,286	**18,286**		18,286		**18,286**
Trade payables	*24*		434,085	**434,085**		434,085		**434,085**
Other current liabilities excl derivatives	*24*	133,969	227,495	**361,464**		227,495	133,969	**361,464**
Derivatives	*24*	3,921		**3,921**		3,921		**3,921**
Total financial liabilities		***202,961***	***2,442,423***	***2,645,385***	***0***	***2,446,344***	***199,041***	***2,645,385***

5. Capital management

The Board of Directors' policy is to maintain a good capital base so as to maintain investor, creditor, and market confidence and to sustain future profitable development of the business. The Board monitors the return on capital and seeks to maintain a balance between the returns on equity versus the levels of borrowings, as well as the advantages and security afforded by a sound capital position.

The Group defines its capital as its equity and its net interest borrowing loans:

(in thousands of €)	2024	2023
Equity	2,920,146	2,676,578
Other interest-bearing loans	1,843,990	1,776,099
Less: Cash and cash equivalents	-303,945	-484,874
Total capital	***4,460,191***	***3,967,803***

The Group is not exposed to significant external capital requirements other than covenant requirements from the Term Loans (refer to note *22*).

6. Operating segments

The Group's reportable segments are based on the regions in which it operates: EMEA, Americas, and Asia Pacific. This reflects how the Group is structured, providing its specialty chemicals distribution services in all these regions.

Operating expenses of non-operating companies are reported in the Group Holding segment. Adjusted EBITA of Group Holding represents costs related to corporate activities and central support services, mainly at the Group's service center and headquarters in Belgium.

Transactions between companies within an operating segment have been eliminated. Revenue therefore represents external sales. Transactions between operating segments are based on arm's length principle.

The performance of the operating segments is assessed based on a measure of Adjusted EBITA. The Group currently uses Adjusted EBITA in its business operations to develop budgets, measure its performance against those budgets, and evaluate the performance of its operations, among other things.

Gross profit is defined as income less cost of goods and consumables (as disclosed in note 10), before outbound distribution cost.

Total assets and liabilities per segment are not being measured and/or reported to the key decision makers on a regular basis, whereas Net Working Capital is used as a major performance indicator of the operating segments[10].

Results of the operating segments are reflected in the below table:

2024

(in thousands of €)	EMEA	Americas	Asia Pacific	Group holding & other	Total
Revenue	1,792,716	1,536,223	885,076	-	4,214,015
Gross profit	462,825	383,233	184,988	-	1,031,046
Adjusted EBITA	228,232	189,478	88,054	-35,081	470,684
Operating profit					385,926
Net Working Capital	196,248	280,783	217,906	-7,416	687,521

2023

(in thousands of €)	EMEA	Americas	Asia Pacific	Group holding & other	Total
Revenue	1,793,858	1,454,320	904,047	-	4,152,225
Gross profit	468,092	344,281	171,747	-	984,120
Adjusted EBITA	237,623	184,577	78,407	-34,347	466,260
Operating profit					386,903
Net Working Capital	160,780	227,056	192,712	-6,990	573,558

'Group holding & other' mainly includes the operating expenses for the Group holding activities and limited gross profit that remain unallocated to EMEA, Americas, or Asia Pacific.

The Group does not have material intercompany revenue across its segments. The Group has a diverse customer base in all of its reportable segments and has no individual material customers. The Group's non-financial non-current assets are broken down over its country of domicile and regions as follows:

(in thousands of €)	2024		2023	
Belgium	926,256	22.3%	53,954	1.4%
Rest of EMEA	747,945	18.0%	1,528,151	38.6%
EMEA	*1,674,201*	*40.3%*	*1,582,105*	*40.0%*
Americas	1,853,980	44.6%	1,787,248	45.2%
Asia Pacific	628,307	15.1%	585,942	14.8%
	4,156,488	*100.0%*	*3,955,295*	*100.0%*

7. Business combinations

The Group completed the below acquisitions during the 2024 financial year:

On January 31, 2024, Azelis acquired 100% of the shares of Agspec Pty Ltd (Agspec), a leading distributor of crop nutrition, crop protection and specialty agricultural products in Australia. Agspec's portfolio of crop protection and crop nutrition products complements Azelis' existing offering, enabling it to offer a wider and more diversified range of products and services to its customers in the agricultural and horticultural markets.

On February 1, 2024, Azelis acquired 100% of the shares of Localpack SA (Localpack), a specialty chemical distributor active in both the life sciences and industrial chemicals segments in Colombia. Localpack is one of the leading specialty chemical distributors in the domestic market. Localpack's long-standing relationships with global and regional principals, and the technical product expertise that it has built over the years, expand Azelis' lateral value chain across Latin America.

On March 1, 2024, Azelis acquired 100% of the shares of Oktrade Kimya Sanayi ve Ticaret Anonim Şirketi (Oktrade), a distributor of specialty personal care ingredients based in Istanbul, Türkiye. Already active

10 For a definition and reconciliation of Alternative performance measures (non-GAAP) such as Adjusted EBITA and Net working capital included in this report, refer to the Alternative Performance Measures section.

in the Turkish personal care market, Azelis enhances its offering by strengthening its lateral value chain with this acquisition, enabling it to become a leader in this fast-growing market.

On June 1, 2024, Azelis acquired control over the distribution business of DBH Osthandelsgesellschaft mbH (DBH), a specialty chemicals distributor focused on AM&A (Advanced Materials & Additives) in Germany and Central & Eastern Europe (CEE). Azelis enhances its lateral value chain by leveraging DBH's diverse product portfolio, its expertise in the German rubber and plastic additives market and its long-standing partnerships with blue-chip principals.

On August 12, 2024, Azelis acquired 100% of the shares of PT Marga Dwi Kencana Ltd (MDK), one of the leading distributors serving the personal care market in Indonesia. MDK's product portfolio strategically complements Azelis' lateral value chain, expanding the Group's platform to serve the high-growth personal care market, and reinforces its footprint in the broader life sciences market in the country.

On October 1, 2024, Azelis acquired 100% of the shares of CPS Chemicals (Coatings) Pty Ltd (CPS) in South Africa, a specialty chemicals distributor to the paint, ink, resins, paper, plastics, and rubber industries. The acquisition expands the Group's footprint in South Africa, complementing Azelis' lateral value chain in the CASE segment.

On November 29, 2024, Azelis acquired 100% of the shares of Hortimex Sp. z o.o. (Hortimex), a specialty chemicals distributor active in the food ingredients and nutraceuticals segments serving the Polish market. The acquisition expands the Group's footprint in Poland, complementing Azelis' lateral value chain in the Food & Nutrition segment.

On December 31, 2024, Azelis acquired 100% of the shares of Haarla Oy, a specialty distributor of food ingredients and industrial chemicals based in Finland. Its product portfolio strategically enhances Azelis' lateral value chain, reinforcing its footprint in Life Sciences and Industrial Chemicals in the Nordics.

These aforementioned acquisitions together generate over €140 million of revenue annually. In 2024, these acquisitions together added €58.6 million of revenue, €11.2 million of Adjusted EBITA and €5.4 million of net profit to the Group's net result.

(in thousands of €)	2024	2023
Assets acquired and liabilities assumed		
Distribution rights	72,957	247,748
Other intangible assets	178	6,336
Property, plant and equipment	857	16,901
Right-of-use assets	981	17,907
Deferred tax assets	1,566	6,511
Other non-current financial assets	10	56
Inventories	14,349	82,050
Trade and other receivables	20,314	96,885
Cash and cash equivalents	6,809	23,616
Loans and borrowings non current	-188	-9,182
Lease liabilities non current	-197	-14,510
Deferred tax liabilities	-15,576	-68,395
Trade and other payables	-18,440	-52,417
Bank overdrafts	-173	-3,300
Loans and borrowings current	-1,867	-53,316
Lease liabilities current	-784	-3,396
Provisions	-799	-906
Employee benefit obligations	-234	-872
Total fair value identified assets acquired and liabilities assumed	***79,764***	***291,716***
Non-controlling interests	***-390***	***-18,945***
Estimated earnout liabilities	7,570	33,701
Deferred payments	4,587	6,565
Consideration paid in cash	143,174	488,211
Total consideration	***155,332***	***528,478***
Goodwill	***75,958***	***255,705***

The fair values of the acquired identifiable assets and liabilities, and the value of the consideration paid are accounted for on a provisional basis. Based on currently available information, Azelis does not foresee significant adjustments to these provisional amounts. The purchase price allocations will be finalized at a later stage and may result in adjustments to provisional values as a result of completing the initial accounting from the acquisition date. The fair values of the acquired net assets, based on a provisional assessment, are summarized in the table above. No significant indemnification assets or contingent liabilities had to be recognized in the business combinations.

The considerations are primarily paid for in cash and, depending on the acquisition, also consist of deferred payments and/or accruals for estimated earnout. For 2024 acquisitions, deferred payments and initial earnout liabilities, recognized as part of the consideration paid, total €12.2 million (2023: €40.3 million). Earnout payments are all contingent on the profitability of the acquired company at a future point in time and have been estimated based on the business plan of the acquired company.

Total goodwill of Azelis has increased by €127.6 million in 2024, of which €76.0 million is attributable to the abovementioned acquisitions in 2024. The remainder is mainly attributable to currency translation and reflected in other comprehensive income, and to adjustments for hyperinflation.

Acquisitions are accounted for using the acquisition method. Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities, and mainly represents the business knowledge and the qualified staff. Goodwill is generally not deductible for tax purposes. The trademark and the distribution rights have been valued based upon the expected return being generated through strategic mandates. The trade and other receivables include an amount of €2.2 million for expected credit loss provisions. Certain transactions relating to key employees' compensation plans are considered as separate transactions and are not included in the business combination accounting in accordance with IFRS 3.

If the above acquisitions would have occurred at the start of 2024, management estimates that, for 2024, the consolidated revenue would have been €4,312.5 million, the consolidated Adjusted EBITA would have been €481.3 million and the consolidated net result for the year would have been €198.6 million.

During 2024, the Group incurred acquisition-related expenses of €3.2 million (2023: €5.6 million) in total, in connection with the costs of external advisors, due diligence, and fees paid to the institutions involved. These expenses are recognized in the consolidated income statement as part of external services and are considered as part of adjustments to determine Adjusted EBITA of the period.

Notes to the consolidated income statement

8. Revenue

(in thousands of €)	2024	2023
Revenue from sales, net of discounts	4,197,242	4,133,899
Revenue from commercial services	1,970	2,270
	4,199,212	*4,136,169*
Commissions received	14,802	16,056
	4,214,014	*4,152,225*

The Group's revenues are broken down over product group as follows:

(in thousands of €)	2024		2023	
Life Sciences	2,653,493	63.0%	2,565,485	61.8%
Industrial Chemicals	1,560,521	37.0%	1,586,740	38.2%
	4,214,014	*100.0%*	*4,152,225*	*100.0%*

The Group's revenues are broken down over its country of domicile and regions as follows:

(in thousands of €)	2024		2023	
Belgium	99,509	2.4%	120,729	2.9%
Rest of EMEA	1,693,207	40.2%	1,673,128	40.3%
EMEA	*1,792,716*	*42.5%*	*1,793,857*	*43.2%*
Americas	1,536,223	36.5%	1,454,320	35.0%
Asia Pacific	885,076	21.0%	904,047	21.8%
	4,214,014	*100.0%*	*4,152,225*	*100.0%*

9. Other operating income

(in thousands of €)	2024	2023
Recharge of expenses to customers	15,637	8,689
Other income	8,319	14,759
	23,956	*23,448*

10. Costs for goods and consumables

(in thousands of €)	2024	2023
Purchase of goods including change in inventory	3,128,291	3,122,521
Freight and additional charges on purchases	78,633	69,032
	3,206,924	*3,191,553*

11. Employee benefits

11.1. Expenses

Wages and salaries include managers' fees and current service costs from employee benefits.

(in thousands of €)	2024	2023
Wages and salaries and other personnel related expenses	275,263	269,003
Social charges	39,289	34,790
	314,552	*303,793*

The number of employees (FTE, including contingent workers) located in the regions is set out below:

	2024	2023
EMEA	1,978	1,884
Americas	1,153	1,111
Asia Pacific	1,013	1,031
Holdings	177	180
	4,321	*4,206*

In 2024, the workforce has increased by 160 employees due to acquisitions completed during the year.

11.2. Defined obligation benefit schemes

The Group is subject to the following defined benefit obligations:

(in thousands of €)	2024	2023
German companies	606	640
Belgian companies	5,376	4,849
French companies	1,971	1,945
Italian companies	1,875	1,950
UK companies	4,850	5,653
Other companies	1,917	1,460
Total present value of obligations	***16,594***	***16,497***
Fair value of plan assets	-10,727	-12,795
Amounts not recognized as asset due to asset ceiling	410	2,345
Recognized liability for defined benefit obligations	***6,277***	***6,047***
Liability for long-service leave and other employees' benefits	**7,605**	**7,590**
Total employee benefits recognized in the balance sheet	***13,882***	***13,637***

The Group has defined benefit plans in place in Belgium (partly funded), France (unfunded), Italy (unfunded), United Kingdom (wholly funded), Germany (partly funded), Thailand (unfunded), Indonesia (unfunded), and the Philippines (unfunded).

The Group's net defined benefit obligation is based on the difference between the present values of the defined benefit obligations and the plan assets.

Both defined benefit plans and defined contribution plans are in place. Charges for defined contribution schemes amount to €3.8 million (2023: €4.2 million). Expenses for all plans are included in 'Wages, salaries and other personnel related expenses'.

The pension plans in place in Belgium are all legally structured as defined contribution plans but qualify as defined benefit plans due to their guaranteed minimum return, which exposes the employer to a financial risk; there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

In the United Kingdom, the defined benefit pension plan is financed through the accumulation of plan assets held separately from those of the Group in an independently administered fund.

Actuarial assumptions

The actuarial calculations of the present value of defined benefit obligations were based on the following main assumptions:

	2024	2023
Discount rate	2.84% - 7.1%	3.2% - 6.3%
Inflation	3.2% - 10.1%	2.5% - 4.47%
Future pension increases	0% - 6%	0% - 6%
Future salary increases	0% - 10%	0% - 6%

In the event that the discount rate would increase or decrease by 0.5%, the defined benefit obligation would decrease by €0.6 million or increase by €0.6 million, respectively.

The following table shows the changes in the present value of the defined benefit obligations:

(in thousands of €)	2024	2023
Liability for defined benefit obligations at the beginning of period	**16,497**	**15,703**
Current service costs and interest	1,966	809
Benefits paid	-1,123	13
Remeasurement arising from changes in demographic assumptions	79	-496
Remeasurement arising from changes in financial assumptions	-359	228
Remeasurement arising from experience	-593	202
Business combination	118	72
Exchange rate differences	9	-34
Liability for defined benefit obligations at 31 December	***16,594***	***16,497***

The following table shows the changes in the plan assets:

(in thousands of €)	2024	2023
Fair value of plan assets at the beginning of the period	**12,795**	**12,625**
Contributions paid into the plan	501	822
Benefits paid by the plan	-647	-273
Expected return on plan assets	585	-63
Return on assets excluding amounts in net interests	-2,336	-361
Exchange rate differences	-171	45
Fair value of plan assets at 31 December	***10,727***	***12,795***

At year-end, the plan assets consisted mainly of equity instruments.

The net periodic cost for defined benefit obligations recognized in the income statement is shown in the following table:

(in thousands of €)	2024	2023
Current service costs	-1,340	-1,680
Interest on obligation	-520	-230
Interest on assets	585	-63
	-1,275	***-1,973***

The changes in actuarial gains and losses from defined benefit obligations and plan assets recognized in other comprehensive income are shown in the following table:

(in thousands of €)	2024	2023
Return on assets, excluding amounts in net interests	-2,336	-361
Actuarial gains and losses on benefit obligations	872	66
Effect of changes in asset ceiling	1,935	153
Exchange rate differences	188	-36
	659	***-178***

11.3. Share-based payment

The Group has long-term incentive plans (LTIPs) in place, granting share awards to certain directors, employees, and self-employed managers of the Group. The granting of share awards is subject to a three-year performance period (starting January 1) and takes into account the following metrics and weightings: 50% relative total shareholders' return (market condition), 35% Adjusted EBITA (non-market condition), and 15% carbon emissions reduction (non-market condition). The awards are subject to a vesting period of three years starting from the grant date and are dependent on the Remuneration and Nomination Committee determining whether performance targets have been met. Based on performance delivered, the number of performance shares awarded will be vested and become unconditionally owned by the participant.

The movement in number of performance shares outstanding and the related weighted average fair value per share are as follows:

	2024		2023	
(in number of shares and €)	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
Outstanding as of 1 January	**246,632**	**21.75**	**165,605**	**19.19**
Granted during the year	228,770	16.91	172,817	24.07
Forfeited during the year	- 29,977	N/A	- 91,790	N/A
Performance adjustment	- 202,315	N/A	-	N/A
Outstanding as of 31 December	***243,110***	***22.71***	***246,632***	***21.75***

The fair value of the performance shares was measured on the basis of Azelis' share price on the grant date and has been discounted with the sum of the expected dividend yield for the performance period. The expected dividend yield has been determined based on target pay-out ratio and consensus figures for net profit, divided by market capitalization. The market condition of total shareholders return was embedded in the fair value based on a Monte Carlo simulation incorporating a number of assumptions (volatility, expected dividend yield, and the correlation coefficients between the share price returns of the peer companies).

In 2024, above changes in outstanding performance shares resulted in an expense of €1.3 million (2023: €1.4 million), which is recognized in the consolidated income statement as part of employee benefits expenses.

12. External services and other expenses

(in thousands of €)	2024	2023
Distribution	95,033	86,534
Utilities, communication, insurance and administrative expenses	50,400	51,356
Commercial expenses	11,616	10,489
Professional service fees	29,535	28,880
Lease expenses	1,833	449
Other expenses	27,229	14,618
	215,646	*192,325*

The professional services & other expenses of 2024 include €3.2 million (2023: €5.8 million) mainly regarding M&A activities.

Audit fees included under professional service fees in the below table:

(in thousands of €)	2024	2023
Audit fees		
Total fees for the audit of the annual accounts	2,693	2,098
Total fees for audit by non-PWC companies	703	645
Non-audit fees paid to group auditor network		
Total fees for other attestation	453	512
Total fees for other non-audit services (incl. tax)	64	56
	3,914	*3,311*

In 2024, audit fees increased mainly due to audit requirements for the sustainability statement under CSRD.

13. Net financial expenses

(in thousands of €)	2024	2023
Financial income		
Interest income	14,824	10,689
Gains on financial instruments at FV through P&L	32,451	6,663
Other financial income	1,101	321
	48,376	*17,674*
Financial expenses		
Interest expense on loans and borrowings	-97,770	-92,805
Interest lease commitments	-8,206	-4,562
Transaction costs for bank loans	-7,558	-3,113
Losses on changes in fair value of derivatives	-4,657	-6,741
Monetary loss on hyperinflation	-22,055	-21,071
Foreign exchange losses	-12,119	-7,677
Other financial expenses	-25,848	-21,470
	-178,213	*-157,439*

The fair value adjustment on financial instruments relates to acquisition-related earnout liabilities and put options on non-controlling interests. The gain of €32.5 million is composed of €36.7 million gains and €4.3 million losses.

The fair value adjustment on derivatives relates mainly to the interest rate caps.

The monetary loss on hyperinflation relates to the translation of foreign exchange impact regarding Azelis' subsidiaries in Turkey. The majority of the loss relates to translation of their balance sheets, funded by equity mainly, with low exposure to cash and debt in local currencies. The translation-impact on the income statement is limited as operational activities are merely settled in hard currencies (USD, EUR). The main impact of the application of hyperinflation accounting relates to intangible assets, property, plant and equipment and equity and is shown in note *15*, *16* and in the *statement of changes in equity*, respectively.

The foreign exchange losses include unrealized translation of intercompany loans, mainly relating to non-EUR nominated loans to subsidiaries.

Other financial expenses primarily relate to factoring fees and other bank fees.

14. Income taxes

14.1. Income tax expense

Income tax expenses in consolidated income statement

The income tax expenses consist of:

(in thousands of €)	2024	2023
Current period tax expense (-) / income	-78,110	-78,013
Adjustments to prior years income tax expense (-) / income	257	-1,419
Provisions for tax risks	-45	-38
	-77,898	*-79,470*
Deferred tax income / loss (-)	11,258	21,544
Total income tax income / expense (-)	***-66,640***	***-57,926***

Income tax expense consists primarily of income taxes for the current period and prior period of Group companies.

The differences between the taxable income related to the Belgian tax rate and the effective tax rate are reconciled as follows:

(in thousands of €)	2024		2023	
Profit/loss (-) before tax	**256,108**		**247,238**	
Income tax using the domestic corporation tax rate	**-63,617**	**-25%**	**-61,810**	**-25%**
Impact of tax in different jurisdictions with difference to domestic rate	1,763	1%	1,013	0%
Tax effect of income not subject to tax	11,026	4%	9,381	4%
Tax effect of expenses not deductible for tax purposes	-12,272	-5%	-16,482	-7%
Utilization of previously unrecognized tax losses	109	0%	1,622	1%
Tax effect of unrecognized current tax losses	-3,164	-1%	-2,706	-1%
Deferred tax assets on previously unrecognized tax losses	4,330	2%	15,707	6%
Adjustments on applicable tax rate	-819	0%	-2,505	-1%
Adjustments to prior year income tax expense (income)	257	0%	-2,739	-1%
Pillar Two	-1,115	0%	0	0%
Other	-3,138	-1%	593	0%
Total income tax income / expense (-) in income statement	***-66,640***	***-26.0%***	***-57,926***	***-23.4%***

The effective tax rate 2024 has mainly been affected by:

- Non-deductible expenses mainly driven by monetary loss on hyperinflation
- Fair value adjustment on financial liabilities regarding acquisition-related earnout liabilities and put options on non-controlling interests
- Recognition of deferred tax assets on previously unrecognized tax losses, based on the projection of future tax profits

14.2. Deferred taxes

Deferred tax assets and liabilities are attributable to the following:

2024

(in thousands of €)	1 January	Business combinations	Income statement	OCI	Other	Translation differences	December 31
Property, plant and equipment	**-35,699**	-2,237	13,954	-	-	192	**-23,790**
Intangible assets	**-255,071**	-14,097	-385	-	65,234	-4,390	**-208,708**
Inventories	**10,323**	749	-3,738	-	-6,857	-48	**429**
Trade receivables	**5,636**	589	-1,454	-	-2,985	-92	**1,694**
Loans and borrowings	**37,657**	233	-4,670	6,508	-34,094	-100	**5,535**
Employee benefits	**6,343**	54	489	-165	-5,510	144	**1,355**
Provisions, derivatives and other items	**2,212**	-	5,122	-	-3,617	131	**3,848**
Untaxed reserves	**76**	-	32	-	-38	-3	**67**
Tax value of loss carry-forwards	**25,910**	-	1,908	-	-12,133	82	**15,766**
	-202,613	***-14,709***	***11,258***	***6,343***	***-***	***-4,084***	***-203,804***
Deferred Tax liability	**-218,306**						**-225,904**
Deferred Tax assets	**15,693**						**22,100**
	-202,613						***-203,804***

2023

(in thousands of €)	1 January	Business combinations	Income statement	OCI	Other	Translation differences	December 31
Property, plant and equipment	**-2,640**	-6,123	-2,787	-	-27,305	3,156	**-35,699**
Intangible assets	**-190,198**	-66,188	-3,719	-	3,908	1,126	**-255,071**
Inventories	**9,589**	5,445	-4,432	-	-	-279	**10,323**
Trade receivables	**3,835**	1,863	10	-	-	-72	**5,636**
Loans and borrowings	**1,792**	5,133	6,486	-	27,305	-3,059	**37,657**
Employee benefits	**1,492**	402	4,626	-17	-	-160	**6,343**
Provisions, derivatives and other items	**714**	123	1,473	-	-	-98	**2,212**
Untaxed reserves	**8,344**	-	-8,142	-	-	-126	**76**
Tax value of loss carry-forwards	**-3,078**	125	28,029	-	-	834	**25,910**
	-170,150	***-59,220***	***21,544***	***-17***	***3,908***	***1,322***	***-202,613***
Deferred Tax liability	**-190,755**						**-218,306**
Deferred Tax assets	**20,605**						**15,693**
	-170,150						***-202,613***

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible for the Group companies, management believes it is probable that the Group will realize the benefits of these deductible differences.

14.3. Unrecognized deferred income tax assets

The following deferred tax assets related to compensable losses of Group companies have not been recognized:

	2024		2023	
(in thousands of €)	Gross	Tax	Gross	Tax
Tax losses	41,324	10,331	75,321	18,830

Unrecognized carry forward losses of €37.0 million (2023: €69.8 million) can be used unlimited in time, and €4.3 million (2023: €5.6 million for period 2023-2037) need to be used until 2031.

No deferred tax assets have been recognized on these carry forward losses, due to the fact that they do not meet the recognition criteria for a deferred tax asset.

The Group may have unrecognized tax liabilities in respect of taxable temporary differences relating to the non-distributed reserves of one of its subsidiaries that would be taxed when distributed. No deferred tax liability has been recognized because the Group controls whether the liability will be incurred, and management is satisfied that the liability will not be incurred in the foreseeable future.

14.4. OECD Pillar Two

The Group is within the scope of the OECD Pillar Two model rules. In Belgium, the jurisdiction in which Azelis Group NV is incorporated, Pillar Two legislation has come into effect from January 1, 2024. Under the legislation, the parent company is liable to pay a top-up tax for the difference between the GloBE effective tax rate per jurisdiction and the 15% minimum rate for its subsidiaries that are taxed at a GloBE effective tax rate of less than 15%. The Group has a limited number of jurisdictions with an effective tax rate lower than 15%. As at December 31, 2024, €15.7 million of the Group's GloBE income is taxed at an average effective tax rate of 8.2% and is subject to the top-up tax. As of December 31, 2024, the Group has recognized in its corporate income tax expense a Pillar Two top-up tax expense for €1.1 million.

Notes to the consolidated statement of financial position

15. Intangible assets

(in thousands of €)	Goodwill	Trademarks	Distribution rights	Concessions and licenses	Development costs	Customer lists	Other	Intangibles in progress	Total
As of December 31, 2022									
Cost	2,174,256	317,378	964,516	8,159	7,738	5,670	26,372	5,371	3,509,462
Accumulated amortization and impairment	-	-	-137,552	-4,702	-3,904	-1,663	-13,789	-3,106	-164,720
	2,174,256	*317,378*	*826,964*	*3,456*	*3,834*	*4,007*	*12,583*	*2,265*	*3,344,742*
Changes in 2023									
Business combination	256,106	-	246,125	30	35	-	6,271	-	508,567
Additions	-	-	1,086	73	1,284	567	1,667	5,490	10,166
Amortization	-	-	-57,319	-395	-1,434	-937	-4,372	-	-64,458
Impairment charge	-	-	-1,662	-	-	-	-	-	-1,662
Disposals	-	-	-	-	-	13	-383	12	-358
Reclassifications	-	-	-	-15	-4	508	911	-1,224	177
Hyperinflation	19,627	-	12,419	2	-	-	36	-	32,083
Translation differences	-40,738	-	-29,657	-90	1	-370	68	-87	-70,873
Changes in the Period	*234,995*	*-*	*170,993*	*-395*	*-118*	*-220*	*4,198*	*4,191*	*413,642*
As of December 31, 2023									
Cost	2,409,251	317,378	1,194,490	8,159	9,054	6,387	34,942	9,562	3,989,224
Accumulated amortization and impairment	-	-	-196,534	-5,097	-5,338	-2,600	-18,162	-3,106	-230,840
	2,409,251	*317,378*	*997,956*	*3,061*	*3,716*	*3,786*	*16,780*	*6,456*	*3,758,384*
Changes in 2024									
Business combination	73,560	-	76,613	178	-	-	-	-	150,350
Additions	-	-	1,094	42	1,269	17	435	6,612	9,469
Amortization	-	-	-62,791	-819	-1,660	-691	-5,205	-	-71,166
Impairment charge	-	-	-1,567	-	-	-	-	-	-1,567
Disposals	21	-	-	-96	-10	-	36	-82	-132
Reclassifications	-	-	-	2,011	4,139	-1	6,038	-11,683	505
Hyperinflation	23,036	-	13,276	1	-	-	30	-	36,344
Translation differences	30,976	-	14,905	160	139	77	104	77	46,438
Changes in the Period	*127,593*	*-*	*41,528*	*1,476*	*3,878*	*-598*	*1,439*	*-5,076*	*170,241*
As of December 31, 2024									
Cost	2,536,844	317,378	1,300,377	10,453	14,592	6,480	41,586	4,486	4,232,198
Accumulated amortization and impairment	-	-	-260,893	-5,916	-6,998	-3,292	-23,366	-3,106	-303,573
	2,536,844	*317,378*	*1,039,484*	*4,538*	*7,594*	*3,189*	*18,219*	*1,380*	*3,928,625*

The reclassifications relate mainly to internal project costs, which are recognized at year-end as intangibles.

The trademark relates to the Azelis name. Azelis uses its name globally, and its trade name is considered to be a key asset of its distribution activities given its status as a major distributor in the specialty chemicals sector. The name both supports the Group in onboarding principals and customers, and in acquiring companies that want to become part of the Group as they know that their business will grow being part of it. The Azelis trademark is estimated to have an indefinite economic life for amortization purposes; therefore, effectively no amortization expenses are being booked through Azelis' income statement. The total value of €317.4 million on December 31, 2024, originates entirely from the EQT/PSP acquisition in November 2018 and remained unchanged since that date.

The translation differences of €46.4 million gain (2023: €70.9 million loss) are recognized in other comprehensive income and accumulated in the translation reserve within equity. Reference is made to note *21.4*.

15.1. Allocation of assets for impairment testing

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of impairment testing, goodwill is allocated to the following CGUs:

(in thousands of €)	2024	2023
EMEA	843,470	782,687
Americas	1,295,037	1,251,715
Asia Pacific	398,337	374,849
Total goodwill	***2,536,844***	***2,409,251***

All goodwill acquired in the business combinations was allocated to a CGU at the end of the reporting period. Goodwill is allocated on a regional level as it is the Group's regions that are expected to benefit from the business combinations, and as goodwill is also monitored internally at regional level. The Group expects synergies to be realized in the region of acquisition.

Trademarks with a book value of €317.4 million (2023: €317.4 million) have an indefinite life. These do not generate cash inflows independently and qualify as corporate assets. As their carrying amount cannot be allocated to the CGUs on a reasonable and consistent basis, the corporate assets are allocated to the Group as a whole, and the impairment test is performed in two stages.

15.2. Impairment test

The impairment tests have been performed by discounting future pre-tax cash flows from continuing operations of the unit. The recoverable amounts of the CGU's on December 31, 2024, have been determined based on a value in use calculation using cash flow projections from a five-year detailed business plan, which is approved by senior management and serves as a basis to determine the future free cash flows and the Adjusted EBITAs. The business plan is based on the market growth assumptions and on some general economic indicators (inflation, GDP, etc.). It also properly reflects the future strategy of the CGUs. For cash flows beyond the business plan period, an extrapolation was made based on steady terminal growth rates.

The key assumptions used in the impairment tests are the pre-tax WACC, terminal growth rate, and Adjusted EBITA margin. The pre-tax WACC is estimated per CGU based on a weighing of the countries' WACCs and is consistent with external sources of information. The terminal growth rates are based on industry benchmarks by region and are consistent with the Group's past experience and based on external sources of information. Adjusted EBITA margin reflects the Group's past experience and future expectation of regional business development.

The key assumptions used for the second stage impairment test, at the level of the Group as a whole including corporate assets, are identical to those used for the CGU impairment tests.

The values attributed to pre-tax WACC and the growth rates are as follows:

Cash Generating Unit	2024		2025-2029 assumptions
	Pre-tax WACC	Growth rate for terminal value	EBITA %
EMEA	11.9%	2.7%	12.58% - 14.15%
Americas	12.9%	2.5%	12.45% - 14.21%
Asia Pacific	11.1%	3.9%	9.49% - 11.63%

Cash Generating Unit	2023		2024-2028 assumptions
	Pre-tax WACC	Growth rate for terminal value	EBITA %
EMEA	13.5%	3.3%	12,7% - 13,0%
Americas	13.4%	2.7%	11,7% - 13,1%
Asia Pacific	12.0%	5.1%	8,7% - 9,3%

The impairment tests on the recoverable amount of CGUs show sufficient headroom on the carrying amount of goodwill. In the second stage impairment test, the recoverable amount of the CGUs considered as a whole exceeds the carrying amount of the CGUs including the carrying amount of the corporate assets.

Sensitivity to changes in assumptions

In order to test the resilience of the headroom against changes in key assumptions, Azelis has selected reasonably expectable changes in the assumptions as follows:

- A WACC increase by 1%
- A decrease of the growth rate in the terminal value by 1%
- A decrease of Adjusted EBITA margin by 0.5%

In each of the above independent scenarios and for each CGU, the sensitivity test shows sufficient headroom on the carrying amount of goodwill.

16. Tangible assets

16.1 Property, plant, and equipment

(in thousands of €)	Land and buildings	Plant and equipment	Other	Total
As of December 31, 2022				
Cost	32,491	15,193	30,403	78,086
Accumulated depreciation and impairment	-4,144	-4,877	-11,182	-20,203
	28,347	***10,316***	***19,221***	***57,884***
Changes in 2023				
Business combination	840	3,398	11,909	**16,148**
Additions	431	1,605	6,463	**8,499**
Depreciation	-1,143	-2,278	-5,345	**-8,765**
Reversal of impairment	3,311	-	-	**3,311**
Disposals	-2,136	-353	82	**-2,407**
Reclassifications	47	65	-223	**-111**
Hyperinflation	-	2	129	**131**
Translation differences	-752	-9	-351	**-1,112**
Changes in the Period	***598***	***2,430***	***12,664***	***15,693***
As of December 31, 2023				
Cost	30,921	19,901	48,412	99,234
Accumulated depreciation and impairment	-1,976	-7,154	-16,526	-25,657
	28,945	***12,747***	***31,886***	***73,577***
Changes in 2024				
Business combination	353	265	239	857
Additions	90	1,198	7,833	9,121
Depreciation	-1,189	-2,347	-5,827	-9,363
Impairment	-284	-	-30	-314
Disposals	-3,850	-684	-612	-5,147
Reclassifications	27	1	-889	-861
Hyperinflation	-	9	36	46
Translation differences	-265	56	-1,644	-1,853
Changes in the Period	***-5,118***	***-1,502***	***-894***	***-7,514***
As of December 31, 2024				
Cost	27,276	20,746	53,375	101,397
Accumulated depreciation and impairment	-3,449	-9,501	-22,383	-35,334
	23,827	***11,245***	***30,992***	***66,063***

The category 'Other' mainly relates to leasehold improvements, comprising also an insignificant amount of assets under construction.

Security

On December 31, 2024, the Group had not pledged any land and buildings, or plant and equipment as security for the bank loans (2023: zero). Other restrictions are mainly related to leasehold improvements and leased machinery.

16.2 Right of use assets

The right of use assets mainly relates to rental agreements for offices, warehouses, and cars.

(in thousands of €)	Land and buildings	Other	Total
As of December 31, 2022			
Cost	130,385	27,642	158,027
Accumulated depreciation and impairment	-42,829	-18,215	-61,045
	87,555	*9,426*	*96,982*
Changes in 2023			
Business combination	16,174	1,796	17,971
Additions	19,432	9,776	29,209
Depreciation	-19,357	-5,950	-25,307
Disposals	-1,309	-98	-1,407
Remeasurements	6,212	1,273	7,485
Hyperinflation	3,566	-188	3,378
Translation differences	-4,775	-487	-5,262
Changes in the Period	*19,945*	*6,122*	*26,066*
As of December 31, 2023			
Cost	169,686	39,714	209,399
Accumulated depreciation and impairment	-62,186	-24,166	-86,352
	107,500	*15,548*	*123,048*
Changes in 2024			
Business combination	817	164	981
Additions	56,851	10,543	67,394
Depreciation	-24,958	-7,134	-32,092
Disposals	-9,045	-454	-9,499
Remeasurements	8,743	417	9,159
Hyperinflation	3,011	257	3,268
Translation differences	-621	-93	-714
Changes in the Period	*34,799*	*3,699*	*38,498*
As of December 31, 2024			
Cost	229,443	50,547	279,990
Accumulated depreciation and impairment	-87,144	-31,300	-118,444
	142,299	*19,247*	*161,546*

Remeasurements mainly relate to the prolongation of the lease period of existing contracts.

The Group has lease contracts that have not yet commenced as of December 31, 2024 with future lease payments of around €4.4 million (2023: €82.2 million).

17. Investments in associates

Azelis holds a 50% investment in Chemlog S.A.S. (refer to note 26.4). Chemlog's aggregated figures are presented as follows:

(in thousands of €)	Assets	Liabilities	Equity	Revenue	Net result for the period
31 December 2024	949	441	508	1,881	28
31 December 2023	974	393	581	1,925	111

18. Inventories

(in thousands of €)	2024	2023
Inventories	714,574	619,636
Valuation allowance/write downs	-36,629	-56,845
Net carrying amount of inventories	*677,945*	*562,790*

Azelis' inventories mainly consist of finished goods.

Usage of inventories is recorded under 'Costs for goods and consumables' in the consolidated income statement. In 2024, write-downs of inventory of €15.6 million (2023: €10.3 million) are included under 'Costs for goods and consumables'.

19. Trade and other receivables

(in thousands of €)	2024	2023
Trade receivables	496,379	444,863
Other receivables	92,653	77,033
	589,031	*521,896*

See note 4.1.1 for aging and allowance of these receivables. Other receivables relate mainly to prepayments.

20. Cash and cash equivalents and bank overdrafts

(in thousands of €)	2024	2023
Bank balances and cash on hand	303,945	484,874
Bank overdrafts (-)	-19,146	-18,286
Cash and cash equivalents (net) in the cash flow statement	***284,799***	***466,588***

Interest rates payable for bank overdrafts used have a variable interest rate based on Euribor plus a margin.

21. Capital and reserves

Per Belgian regulations and the Company's Articles of Association, Azelis Group NV must allocate to legal reserve a minimum of 5% of the standalone net profit, until such reserve reaches 10% of the share capital. As of December 31, 2024, the legal reserve (as included in other reserves) amounts to €488.2 thousand (2023: €26.0 thousand).

21.1. Earnings per share

The basic earnings per share and diluted earnings per share are calculated as follows:

	2024	2023
Net group profit/loss (-) attributable to shareholders *(in thousands of €)*	180,693	177,704
Average number of shares *(in thousand shares)*	243,536	239,856
Basic earnings per share	***0.74***	***0.74***
Dilution adjusted average number of shares *(in thousand shares)*	243,779	240,102
Diluted earnings per share	***0.74***	***0.74***

The average number of shares are calculated as:

(in thousands)	2024	2023
Ordinary shares issued (entitled to dividend)	243,922	233,846
Weighted effect of treasury shares	-386	-246
Weighted effect of new ordinary shares issued	0	6,256
Average number of shares for basic EPS	***243,536***	***239,856***
Weighted effect of share-based payment	243	247
Average number of shares for diluted EPS	***243,779***	***240,102***

21.2. Share capital

On May 19, 2023, Azelis increased its share capital by (rounded) €200 million, following the issuance of 10,075,566 new shares, at a price of €19.85 per share and with the same rights as the existing shares of the Company. After this capital increase, the capital of the Company amounted to €5,879,999,963.10, represented by 243,921,719 equal shares. There were no changes in the share capital during 2024.

21.3. Other reserves

Other reserves are part of the Reserves in the consolidated statement of financial position. These include the equity effect of the capital reorganization under common control in 2021 mainly due to the cancellation of the historical share capital and share premium, the initial recognition of written put options on non-controlling interests, transactions with treasury shares, and other adjustments to equity.

As of December 31, 2024, the Group has recognized within other reserves, the initial recognition of put options for a total amount of €86.0 million mainly related to the minority stakes in Ashapura (India) and Vogler Ingredients (Brazil). In 2023, other reserves included the initial recognition of put options for a total amount of €148.4 million.

In 2024, the Group purchased 130,000 treasury shares on Euronext Brussels for a total amount of €2.5 million to fund its long-term incentive plan (2023: 150,000 treasury shares for a total amount of €3.4 million).

21.4. Translation reserve

Translation reserve is part of the Reserves in the consolidated statement of financial position.

Exchange differences arising on translation of the foreign controlled entities are recognized in other comprehensive income and accumulated in the translation reserve within equity.

The majority of the intangible assets on Azelis' statement of financial position relate to the EQT/PSP acquisition in November 2018. The respective amounts have been allocated to Azelis' three operating segments and, per IFRS, also on the basis of the underlying foreign currencies in Azelis' respective jurisdictions (of which a major part relates to Azelis' activities in the United States). Exchange differences arising on translation of the intangible assets are recognized in other comprehensive income and accumulated in the translation reserve within equity.

In 2024 the translation reserve has increased by €57.2 million (2023: decrease by €99.3 million), mainly originating from the translation to EUR of the financial positions of subsidiaries having their local currency in USD, TRL and COP.

21.5. Retained earnings

Retained earnings includes the unappropriated result of previous years.

21.6. Reserves available for distribution

Reserves available for distribution is part of the Reserves in the consolidated statement of financial position.

In September 2021, and in connection with Azelis' IPO, the Group reduced its share capital by €400 million against reserves available for distribution, in order to create funds for distribution to the shareholders. No capital contributions were repaid to the shareholders in the context of this capital reduction.

At the Annual General Meeting of the Company held on June 13, 2024, the shareholders approved the payment of a total dividend amount of €53.3 million regarding the 2023 financial year, i.e. a gross dividend of (rounded) €0.22 per share outstanding at the moment of the dividend payout. The total amount of €53.3 million was paid to the shareholders in 2024.

On March 4, 2025, a dividend of €54.9 million, implying €0.23 dividend per share[11], was proposed by the Board of Directors. The dividend will be paid out to the shareholders upon approval by the Shareholders' Meeting on May 8, 2025.

11 Based on 2024 net profit attributable to equity shareholders of €180.7 million and 243.9 million shares outstanding as of December 31, 2024.

21.7. Non-controlling interests

Non-controlling interests reflect the share of equity ownership in the Group's subsidiaries that is not owned by the Group, even though those subsidiaries are consolidated in the Group's consolidated financial statements. Ashapura Aromas (India), Vogler Ingredients (Brazil) and Azelis South Africa (South Africa) are the main contributors for the non-controlling interests. Refer also to note *26.4*.

In 2024, the Group acquired the full non-controlling interests in Catalite (Thailand), MKVN Chemicals (Vietnam), Viet Chemicals Trading (Vietnam), Asia Primera Kimika (Philippines), Phil-Asiatic Supply & Services (Philippines) and part of the non-controlling interest in Vogler Ingredients (Brazil) by settling the related put option redemption liabilities.

22. Loans and borrowings

The Group's debt finance consists mainly of the following financial instruments:

2024

(in thousands of €)	Interest rate (base)	Interest rate (margin)	Expiration	Notional amount	Carrying amount
EUR term loan	3.20%	1.90%	2029	600,000	592,664
Revolving Credit Facility	N/A[1]	1.65%	2029	0	0
Bond 2023	5.75%	N/A	2028	400,000	395,083
Bond 2024	4.75%	N/A	2029	600,000	595,663
Schuldschein	2,64% (variable) & 4.74% (fixed)	2.55%	2027 & 2029	30,000	29,949
Other bank loans	1,00% - 14,56%	N/A	2026	23,698	23,698
Accrued interest				24,032	24,032
				1,677,730	***1,661,091***
Non-current borrowings and loans				1,630,555	1,613,916
Current borrowings and loans				47,175	47,175
				1,677,730	***1,661,091***

1 Base rate dependent on drawing cycle.

2023

(in thousands of €)	Interest rate (base)	Interest rate (margin)	Expiration	Notional amount	Carrying amount
First lien €	4.07%	1.90%	2026	900,000	896,911
First lien GBP	5.26%	2.15%	2026	148,196	147,623
Revolving Credit Facility	N/A[1]	1.65%	2028	0	0
Bond 2023	5.75%	N/A	2028	400,000	392,478
Schuldschein	2.64%-3.92% (variable & fixed)	1.9%-2.5%	2025-2029	108,500	108,439
Other bank loans	0,50% - 17,62%	N/A	2026	59,215	59,215
Accrued interest				26,528	26,528
				1,642,439	***1,631,194***
Non-current borrowings and loans				1,561,879	1,550,634
Current borrowings and loans				80,560	80,560
				1,642,439	***1,631,194***

1 Base rate dependent on drawing cycle.

22.1. Changes in loans and borrowings

22.1.1. Loans and borrowings

(in thousands of €)	2024	2023
As of January 1	**1,631,195**	**1,303,717**
Cash flows from loans and borrowings	42,293	252,274
Transaction costs paid	-13,072	-8,117
Changes arising from business combinations	2,054	62,497
Capitalized transactions cost amortized	7,745	3,113
Changes in interest accruals	-2,496	14,904
Currency translation differences	-6,628	2,806
As of the end of the period	***1,661,091***	***1,631,195***

In September 2024, the Group concluded a €600 million Term Loan Facility (maturing in 2029) and additionally issued a new bond totaling to €600 million (due in 2029), to refinance its existing EUR and GBP Term Loans (maturing in 2026) as well as the portion of the outstanding Schuldschein loans due in 2025. At the same time, the Group has refinanced and increased its Revolving Credit Facility to maturity in 2029 (with 2 one-year extension possibilities) and €500 million, respectively.
Related to these refinancing transactions, a total of €13.1 million transaction costs were capitalized in 2024 and are amortized over the lending period of the underlying instruments. The remaining capitalized transaction costs paid in relation to the refinanced EUR and GBP Term Loans were amortized in 2024.

In December 2024, a portion of €78.5 million of the outstanding Schuldschein loan due in 2027 was repaid as well.

Loan facilities

As at December 31, 2024, the Group holds bank borrowings at variable interest rates from a lender's syndicate in the form of a Term Loan Facility of €600 million (2023: €900 million and GBP 128.8 million) and a Revolving Credit Facility of €500 million (2023: €350 million). The Revolving Credit Facility is fully undrawn as of December 31, 2024 (2023: facility of €350 million fully unused).

The variable interest rates are based on EURIBOR (capped at a floor of 0%), and a margin based on the Group's total net leverage. The margin is capped at 2.40% for the € Term Loan Facility (1.90% until March 26, 2025), and 2.15% (1.65% until March 26, 2025) for the Revolving Credit Facility. At the latest in September 2025, the Group may incorporate an adjustment to the margin linked to its new *Impact 2030* sustainability targets.

In addition to the Term Loan Facility and Revolving Credit Facility, the Group also holds different Schuldschein agreements, of which €30.0 million was used as of December 31, 2024 (2023: €108.5 million). The Schuldschein is a semi-private bond type of financing, with maturity dates of the outstanding tranches in 2027 and 2029. Interest charges are partly fixed at 4.74% and partly variable (6m Euribor plus margin 2.55%). The Schuldschein agreements can be repaid in advance under certain conditions.

Bonds

In March 2023, Azelis Group issued a €400 million bond at a fixed interest rate of 5.75%, which is due in 2028. In September 2024, the Company issued a €600 million bond at a fixed interest rate of 4.75%, which is due in 2029.

Interest rate cap

In accordance with its policy on managing the risk related to interest rates (refer to the *Risk Management section*), Azelis has interest rate cap agreements for a total loan amount of €700 million, expiring March 31, 2025, providing the Group with an interest rate cap of 3% on EURIBOR until that date.

22.1.2. Lease liabilities

(in thousands of €)	2024	2023
As of January 1	**126,619**	**101,558**
Business combination	981	17,907
New contracts	67,114	29,863
Remeasurements	6,836	6,096
Cash out	-38,073	-28,704
Currency translation differences	277	-101
As of the end of the period	***163,753***	***126,619***

For disclosure on the Group's right-of-use assets, refer to *note 16.2*.

22.2. Supplier finance liabilities

The carrying amount of loans and borrowings and bank overdrafts concluded under supplier finance arrangements are €26.2 million as of December 31, 2024 (as of December 31, 2023: €35.3 million), of which suppliers fully received the payment from the financial institution. The non-cash flows of trade payables substituted by loans and borrowings under the Group's supplier finance arrangements during 2024 amount to €70.7 million (2023: €156.3 million). The extended period provided under supplier financing arrangements increased from 31-60 days to 90-180 days in average.

22.3. Covenants

The financing arrangements of Azelis Group NV and its subsidiaries contain, since September 2021, a financial maintenance covenant, being the total net leverage ratio, which needs to be less than 4.50: 1.00 and is tested twice annually.

As of December 31, 2024, the total net leverage ratio is 2.9: 1.0 (2023: 2.5: 1.0), therefore the Group has complied with the financial covenants. The Group monitors compliance with all covenants on the basis of the monthly reporting process and the continuous cash flow forecasts.

23. Provisions

(in thousands of €)	Tax Claims	Other provisions	Total
As of January 1 2023	**2,997**	**5,144**	**8,141**
Business combination	626	280	**906**
Provisions made	648	506	**1,154**
Provisions used	-73	-1,055	**-1,128**
Provisions released	-588	-1,394	**-1,982**
Translation differences	-208	-55	**-263**
As of December 31, 2023	***3,402***	***3,426***	***6,828***
Non-current	2,226	932	**3,158**
Current	1,176	2,494	**3,670**
Total provisions	***3,402***	***3,426***	***6,828***
As of January 1 2024	**3,402**	**3,426**	**6,828**
Business combination	799	-	**799**
Provisions made during the period	237	1,011	**1,248**
Provisions used during the period	-548	-959	**-1,507**
Provisions released during the period	-1,311	-799	**-2,110**
Translation differences	-216	-40	**-256**
As of December 31, 2024	***2,363***	***2,639***	***5,002***
Non-current	1,640	877	**2,517**
Current	723	1,764	**2,487**
Total provisions	***2,363***	***2,641***	***5,004***

The provisions relate to tax risks, administrative fines, labor, and commercial matters including claims and litigations, concerning the past and current activities of the Group companies.

24. Trade and other payables and other non-current liabilities

(in thousands of €)	2024	2023
Trade payables	486,804	434,085
Other taxes	12,199	13,032
Employee and social security payables	69,191	71,409
Derivatives	112	3,921
Other payables	132,261	277,023
Total current payables	***700,567***	***799,470***
Other payables	33,166	69,816
Other non-current liabilities	***33,166***	***69,816***

The other current and non-current payables mainly consist of put options over non-controlling interests totaling €81.6 million (2023: €171.1 million), and earnouts and deferred payments in connection with acquisitions. The decrease in 2024 is mainly attributable to settlement of put option liabilities (Note *21.7*).

Other notes to the consolidated financial statements

25. Capital commitments and contingencies

There are no tax and other contingencies as of December 31, 2024 (for 2023: none). The Group monitors the possible risks and potential implications closely.

26. Related parties

26.1. Identity of related parties

The Group has a related party relationship with certain of its subsidiaries, shareholders, managers, executive officers, and associates. The Group has one minor investment in associates, see note *17*.

26.2. Loans to or from related parties

As of December 31, 2024 (and 2023), there are no significant outstanding loans to or from related parties.

26.3. Key personnel remuneration

(in thousands of €)	2024	2023
Board members (non-executive)	367	350
Other members of key management personnel		
Fixed remuneration	2,811	2,818
Variable remuneration	1,670	1,340
	4,848	***4,508***

Post-employment benefits: Details of the transactions between the Group and its pension plans are disclosed in Note *11*.

26.4. Group entities

The following table lists the Group's subsidiaries:

Name	Country of incorporation	Type	% of interest 2024	% of interest 2023
Consolidated companies				
Azelis Group NV	**Belgium**	**Non-operating**	**Parent company**	**Parent company**
Direct Investments				
Azelis Finance NV	Belgium	Non-operating	100	100
Indirect Investments				
Orkila Algérie spa	Algeria	Operating	100	100
Agspec Australia Pty Ltd	Australia	Operating	100	0
Azelis Australia Pty Ltd	Australia	Operating	100	100
Chemcolour Industries Australia Pty Ltd	Australia	Operating	100	100
TimTechChem Australia Pty Ltd	Australia	Operating	100	100
EB1 Pty Limited	Australia	Operating	100	100
CW Pacific Specialties Pty Limited	Australia	Operating	100	100
Elle Bee Exports Pty Limited	Australia	Operating	100	100
CW Pacific Pty Ltd	Australia	Operating	100	100
Chemiplas Australia Pty Ltd	Australia	Operating	100	100
Azelis Austria GmbH	Austria	Operating	100	100
Azelis Benelux N.V.	Belgium	Operating	100	100
Azelis EMEA Hub NV	Belgium	Operating	100	100
Azelis Products International SA	Belgium	Operating	100	100
Azelis Brasil Ltda	Brazil	Operating	100	100
Viveiruz Participações Ltda.	Brazil	Operating	40	20
Ybiapê Participações Ltda.	Brazil	Operating	100	100
Vogler Ingredientes Ltda.	Brazil	Operating	70	60
Azelis Bulgaria EAD	Bulgaria	Operating	100	100
Azelis Canada Inc.	Canada	Operating	100	100
Azelis China Ltd	China	Operating	100	100
Azelis (Shanghai) Co. Ltd.	China	Operating	100	100
Azelis (Shanghai) International Trading Co., Ltd	China	Operating	100	100
Azelis Hong Kong Ltd	China	Operating	100	100

Name	Country of incorporation	Type	% of interest 2024	% of interest 2023
CosBond China Ltd	China	Operating	100	100
CosBond (Shanghai) International Trading Co. Ltd	China	Operating	100	100
Azelis Trading Ltd	China	Operating	100	100
Danxia Trading (Shanghai) Co, Ltd	China	Operating	100	100
Guangzhou Danxia Trading Co, Ltd	China	Operating	100	100
Azelis Industrial Chemical Ltd	China	Operating	100	100
Azelis Chemical (Guangzhou) Co. Ltd	China	Operating	100	100
Danxia Tianjin Co. Ltd	China	Operating	100	100
Danxia Shanghai Co. Ltd	China	Operating	Dissolved	100
Rocsa Colombia S.A.	Colombia	Operating	100	63
CI Inproquim Exports SAS	Colombia	Operating	Dissolved	63
Localpack S.A.	Colombia	Operating	100	0
Rocsa DCR SA	Costa Rica	Operating	100	63
Soluciones en Innovacion Famaceutica S A S	Colombia	Operating	100	0
Azelis Croatia D.O.O.	Croatia	Operating	100	100
Azelis CEE Holding A.S.	Czech Republic	Operating	100	100
Azelis Czech Republic S.R.O.	Czech Republic	Operating	100	100
Azelis Denmark A/S	Denmark	Operating	100	100
Rocsa RD SA	Dominican Republic	Operating	100	63
Orkila Egypt Chemicals SAE	Egypt	Operating	99	99
Orchem for Import and Export LLC	Egypt	Operating	49	49
Azelis Finland OY	Finland	Operating	100	100
Haarla Oy	Finland	Operating	100	0
Azelis France S.A.S	France	Operating	100	100
Azelis France Holding S.A.S	France	Operating	100	100
BLH SAS	France	Operating	100	100
NATSOE SAS	France	Operating	Merged	100
Azelis Deutschland GmbH[1]	Germany	Operating	100	100
Azelis Deutschland Holding GmbH[1]	Germany	Operating	100	100
Azelis Deutschland Immobilien GmbH[1]	Germany	Operating	Merged	100
Azelis Deutschland Kosmetik GmbH[1]	Germany	Operating	90	90
Azelis Chemicals Ghana Ltd	Ghana	Operating	100	100
Azelis Greece Single Member SA	Greece	Operating	100	100
Rocsa GT SA	Guatemala	Operating	100	63
Azelis Hungary Kft.	Hungary	Operating	100	100
Azelis India Private Ltd	India	Operating	100	100
Ashapura Aromas Private Limited	India	Operating	70	70

Name	Country of incorporation	Type	% of interest 2024	% of interest 2023
PT Azelis Indonesia Distribusi	Indonesia	Operating	100	100
PT Marga Dwi Kencana	Indonesia	Operating	100	0
Azelis Ireland Ltd.	Ireland	Operating	100	100
Azelis Israel Distribution Ltd	Israel	Operating	100	100
Lidorr Elements Ltd;	Israel	Operating	100	100
ProAgro Ltd;	Israel	Operating	100	100
Liad Agro Ltd;	Israel	Operating	100	100
Darbal Ltd.	Israel	Operating	100	100
Azelis Italia Logistica S.r.L	Italy	Operating	100	100
Azelis Italia S.r.L	Italy	Operating	100	100
Eurotrading SpA	Italy	Operating	100	100
Azelis Côte d'Ivoire S.A.	Ivory Coast	Operating	100	100
Azelis Japan K.K.	Japan	Operating	100	100
Azelis Jordan LLC	Jordan	Operating	50	50
Azelis Kenya Ltd	Kenya	Operating	100	100
Azelis Korea Co. Ltd	Korea	Operating	100	100
Azelis Middle East Africa Holding SAL	Lebanon	Operating	100	100
Azelis Lebanon SAL	Lebanon	Operating	100	100
Azelis International (Offshore) SAL	Lebanon	Operating	100	100
Chempart Polymers SAL Offshore	Lebanon	Operating	100	100
Chemical Partners Middle East SAL	Lebanon	Operating	100	100
Akita Topco S.à r.l.	Luxembourg	Non-operating	100	100
Azelis S.A.	Luxembourg	Non-operating	100	100
Azelis Malaysia Sdn Bhd	Malaysia	Operating	100	100
Chemical Solutions Sdn Bhd	Malaysia	Operating	100	100
Azelis Mexico SA de CV	Mexico	Operating	100	100
Azelis Morocco Sarl	Morocco	Operating	100	100
Orkila Invest SA	Morocco	Operating	100	100
Azelis Netherlands B.V.	Netherlands	Operating	100	100
Sirius International Detergents B.V.	Netherlands	Operating	Merged	100
Sirius International Water Treatment B.V.	Netherlands	Operating	Merged	100
Azelis Nigeria Specialty Chemicals Ltd	Nigeria	Operating	100	100
Azelis Norway AS	Norway	Operating	100	100
Azelis New Zealand Ltd	New Zealand	Operating	100	100
Chemiplas Agencies Ltd	New Zealand	Operating	Merged	100
Chemiplas (N.Z.) Ltd	New Zealand	Operating	Merged	100
Element Trading SAC	Peru	Operating	100	63
Asia Primera Kimika Inc.	Philippines	Operating	100	51

Name	Country of incorporation	Type	% of interest 2024	% of interest 2023
Phil-Asiatic Supply & Services Inc.	Philippines	Operating	100	51
Azelis Poland SP Z.o.o	Poland	Operating	100	100
Hortimex Sp. Z.o.o.	Poland	Operating	100	0
Azelis Romania SRL	Romania	Operating	100	100
Azelis Rus LLC	Russia	Operating	100	100
Azelis Arabia LLC	Saudi Arabia	Operating	75	75
Azelis Senegal SA	Senegal	Operating	100	100
Azelis d.o.o Beograd	Serbia	Operating	100	100
Azelis Singapore Pte. Ltd	Singapore	Operating	100	100
Bellekimia Singapore Pte. Ltd.	Singapore	Operating	100	51
Azelis Slovakia S.R.O.	Slovakia	Operating	100	100
Azelis South Africa Holding (Pty) Ltd.	South Africa	Operating	85	85
Azelis South Africa (Pty) Ltd.	South Africa	Operating	85	85
Orbichem Petrochemicals (Pty) Ltd	South Africa	Operating	85	85
CPS Chemical (Coatings) (Pty) Ltd	South Africa	Operating	85	0
Azelis España S.A.	Spain	Operating	100	100
Azelis Iberica Holding SL.	Spain	Operating	100	100
Azelis Espana Holding SL	Spain	Operating	100	100
Azelis Sweden AB	Sweden	Operating	100	100
Azelis Switzerland AG	Switzerland	Operating	100	100
Azelis Thailand Ltd	Thailand	Operating	100	100
Catalite Co. Ltd	Thailand	Operating	100	51
Azelis Tunisie Sarl	Tunisia	Operating	100	100
Azelis TR Kimya End. Ur.Ith.Ihr.Tic ve San A.S.	Turkey	Operating	100	100
Oktrade Kimya Sanayi ve Ticaret Anonim Şirketi	Turkey	Operating	Merged	0
Dağaltı Kauçuk ve Kİmyevİ Maddeler Sanayİ Tİcaret Anonİm Şİrketİ	Turkey	Operating	Merged	100
Azelis Ukraine LLC	Ukraine	Operating	100	100
Orkila FZE	United Arabic Emirates	Operating	100	100
Azelis UK Holdings Ltd.	United Kingdom	Operating	100	100
Azelis UK Ltd.	United Kingdom	Operating	100	100
Azelis UK Finance Ltd	United Kingdom	Operating	100	100
Whitfield Chemical Group Ltd	United Kingdom	Operating	Dissolved	100
Whitfield Chemical Holdings Ltd	United Kingdom	Operating	Dissolved	100
WhitChem Ltd	United Kingdom	Operating	Dissolved	100
ADAPCO LLC	United States	Operating	100	100
Azelis Americas LLC	United States	Operating	100	100

Name	Country of incorporation	Type	% of interest 2024	% of interest 2023
Azelis US Holding Inc.	United States	Operating	100	100
Dewolf Chemical LLC	United States	Operating	100	100
Glenn LLC	United States	Operating	100	100
P.T. Hutchins Company LLC	United States	Operating	100	100
Marcor Development LLC	United States	Operating	100	100
Monson Companies LLC	United States	Operating	100	100
Precision Control Technology LLC	United States	Operating	100	100
Azelis Americas Case LLC	United States	Operating	100	100
Red River Specialties LLC	United States	Operating	100	100
C.L. Zimmerman Co. of Delaware LLC	United States	Operating	100	100
Ross Organic Specialty Sales Inc.	United States	Operating	100	100
Vigon International LLC	United States	Operating	100	100
Gillco Products, LCC	United States	Operating	100	100
Azelis Vietnam Company Ltd	Vietnam	Operating	100	100
MKVN Chemicals Co, Ltd	Vietnam	Operating	100	51
Viet Chemicals Trading and Service Company Limited	Vietnam	Operating	100	51
Companies accounted for using the equity method				
Indirect Investments				
Chemlog S.A.S.	France	N/A	50	50

1 These German companies that have the legal form of incorporated entities exercise the optional exemption from certain provisions regarding the preparation, auditing and disclosure of the annual financial statements and management report pursuant to Section 264 (3) of the German Commercial Code (Handelsgesetzbuch - HBG).

27. Subsequent events

Part of the growth trajectory of the Group is expansion through strategic acquisitions, complementary to the corporate strategy of organic growth. As of December 31, 2024, the following transaction was not closed, but is expected to close in 2025:

In January 2025, Azelis signed an agreement to acquire assets of a Performance Chemical distributor in Asia Pacific, that will allow the Group to become an intermediate supplier to certain leading suppliers of active pharmaceutical ingredients.

This acquisition is expected to be funded from the Group's current existing liquidity.

No material subsequent events after December 31, 2024, have been identified that may have had a material or significant effect on the 2024 consolidated financial statements.

Statutory financial statements

The following information has been extracted from the separate Belgian GAAP financial statements of Azelis Group NV. These separate financial statements, together with the management report of the Board of Directors to the General Shareholders' Meeting and the auditor's report, will be filed with the National Bank of Belgium within the statutory period. These documents are also available on request from: Posthofbrug 12 box 6, 2600 Antwerp, Belgium.

It should be noted that only the consolidated financial statements as set forth above present a true and fair view of the financial position and performance of the Group, and these separate financial statements present no more than a limited view of the financial position of Azelis Group NV, being a holding company which recognizes its investments at cost in its non-consolidated financial statements. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated statement of financial position for the year ended December 31, 2024 and the income statement for the same year, prepared in accordance with Belgian GAAP.

The abbreviated non-consolidated statement of financial position for the year ended December 31, 2024, and the income statement for the same year of Azelis Group NV prepared in accordance with Belgian GAAP are consistent, in all material respects, with the accounts from which they have been derived.

Abbreviated non-consolidated statement of financial position

(in thousands of €)	*2024*	*2023*
Foundation costs	-	***95***
Intangible assets	256,213	275,937
Tangible assets	562	186
Financial assets	5,864,528	5,864,523
Non-current assets	***6,121,303***	***6,140,646***
Current assets	***68,569***	***93,429***
Total assets	***6,189,871***	***6,234,170***
Share capital	5,880,000	5,880,000
Legal reserves	849	488
Reserves not available for distribution	8,914	6,407
Reserve available for distribution	223,713	274,280
Unappropriated result	-	-
Equity	***6,113,476***	***6,161,175***
Non-current liabilities	***5,629***	***5,575***
Current liabilities	***70,766***	***67,420***
Total liabilities	***76,395***	***72,995***
Total equity and liabilities	***6,189,871***	***6,234,170***

Abbreviated non-consolidated income statement

(in thousands of €)	*2024*	*2023*
Operating income	75,108	84,694
Operating expenses	-67,253	-77,252
Operating result	***7,855***	***7,442***
Net financial result	1,329	60,305
Profit / loss (-) before tax	***9,184***	***67,747***
Income tax income / expense (-)	-1,977	-1,974
Result for the year available for profit appropriation	***7,207***	***65,773***

Alternative performance measures

Definitions

Throughout its Integrated report and in other financial communication (website, press releases, presentations, etc.), Azelis presents certain financial measures and adjustments that are not in accordance with IFRS, or any other internationally accepted accounting principles. Some of these measures are termed 'alternative performance measures' (APMs) because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group presents the APMs as (i) they are used by its management to measure operating performance, including profitability and liquidity, in presentations to its Board members, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures that are widely used by certain investors, securities analysts, and other parties as supplemental measures of performance. These measures enhance management's and investors' understanding of the Group's financial performance, for example, by excluding items that are outside of ongoing operations such as income taxes, costs of capital, and non-cash expenses.

The Group has defined the following APMs as set out below:

APM	Definition	Use
Gross profit margin	Gross profit divided by revenue.	The Group considers Gross profit margin to be a useful metric for evaluating how efficiently the Group generates revenue by accounting for the direct costs of producing its products.
EBITA	Operating profit before amortization and impairment of intangible assets.	The Group considers EBITA, Adjusted EBITA and Adjusted EBITDA to be useful metrics for evaluating the Group's performance as they facilitate comparisons of the Group's core operating results from period to period by removing the impact of, among other things, its capital structure, asset base, tax consequences and other specified adjustments. The Group uses Adjusted EBITA for the purposes of calculating its Adjusted EBITA margin and its Conversion margin, and uses Adjusted EBITDA for the purposes of calculating its Adjusted EBITDA margin.
Adjusted EBITA	Operating profit or loss before amortization and impairment of intangible assets and excluding Adjustments.	
Adjustments	Income and expense items that are not directly related to the daily performance of the Group, such as expenses relating to corporate restructurings and reorganizations, costs with regard to acquisitions and mergers, financing and capital restructuring and gains or losses on sale of fixed assets.	
Adjusted EBITA margin	Adjusted EBITA divided by revenue.	
Adjusted EBITDA	Adjusted EBITA before depreciation of tangible assets.	
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue.	
Conversion margin	Adjusted EBITA as a percentage of gross profit.	
Organic growth	Increase or decrease for the period, excluding the impact of acquisitions until the first anniversary of their consolidation, and excluding the impact of foreign currency translation.	The Group presents organic growth and growth from acquisitions because it is actively acquiring businesses, making these metrics important elements of its strategy that management measures and investors use to evaluate the Group's results from one period to the next, including and excluding the impact of the contributions of businesses that the Group acquires during the relevant periods.
Growth from acquisitions	Growth attributable to acquired businesses in the first twelve months following their date of acquisition. Growth from acquisitions is calculated as the sum of (i) amounts attributable to acquired businesses in the year of acquisition, from the date of acquisition to December 31 of the year of acquisition, and (ii) amounts attributable to businesses that were acquired in the prior year, from January 1 in the subsequent year to the first anniversary of their acquisition.	
Free cash flow	Adjusted EBITDA less lease payments, plus changes in Net Working Capital, plus changes in other assets, liabilities and provisions, less net capital expenditures.	The Group presents Free cash flow and Free cash flow conversion because it believes that these metrics are useful to investors to highlight its asset-light business model and to understand the funds that the Group has available to meet its financial obligations.
Free cash flow conversion	(i) Free Cash Flow divided by (ii) Adjusted EBITDA less lease payments.	
Net working capital	Inventories plus trade receivables, less trade payables.	The Group's daily operations are driven by its investment in Net working capital. The Group closely monitors its levels of Net working capital not only to support its daily operations and its continued expansion, but also to minimize costs for working capital (including warehouse costs and funding
Net working capital/revenue	(i) Net Working Capital as at the end of a period divided by (ii) revenue for such period (with revenue amounts for periods of less than one year being annualized).	

APM	Definition	Use
Net working capital/revenue normalized for acquisitions	(i) Net Working Capital as at the end of a period divided by (ii) revenue including those from acquisitions for the full period (with revenue amounts for periods of less than one year being annualized).	costs). The Group closely monitors its Net working capital as percentage of revenue throughout the year.
Net indebtedness	The notional amount of the group's non-current and current loans and borrowings (including non-current and current lease obligations, and excluding interest accruals) plus bank overdrafts, less cash and cash equivalents.	The Group presents its Net indebtedness as a measure that is used by the Group's management and the lenders under its debt facilities to assess its financial position at a specific date, including the impact of the Group's cash position compared to its indebtedness. Net indebtedness is used by the lenders under the Azelis' debt facilities in order to determine Net leverage.
Financing EBITDA	Adjusted EBITDA further adjusted to account for (i) the earnings (before interest, taxation, depreciation and amortization) of businesses acquired by the group during the relevant period from the first day of the relevant period to the relevant acquisition date and (ii) anticipated cost savings, expense reductions and synergies expected to be realized within a set period following the calculation date.	The Group presents Financing EBITDA as a measure that is used by the Group's management and the lenders under its debt facilities to assess its earnings for a period, including: (i) the earnings (before interest, taxation, depreciation and amortization) of businesses acquired by the Group during the relevant period from the first day of the relevant period to the relevant acquisition date; and (ii) anticipated cost savings, expense reductions and synergies expected to be realized within a set period following the calculation date. Financing EBITDA is determined according to the definition agreed with the lenders under the Group's debt facilities. The Group calculates Financing EBITDA for purposes of determining its Net Leverage.
Net leverage	Net Indebtedness divided by Financing EBITDA for the preceding twelve months.	The Group presents its Net leverage because it believes that this measure provides an indicator of the overall strength of its statement of financial position and can be used to assess the impact of the Group's earnings as compared with its indebtedness. In addition, Net leverage is also used to determine the applicable margin under the New Debt Facilities.
ROTIC	Return on tangible invested capital' represents (a) Adjusted EBITA for a period (with Adjusted EBITA amounts for periods of less than one year being annualized) as a percentage of (b) the group's property, plant and equipment (excluding right-of-use assets) as at the end of such period plus Net Working Capital as at the end of such period. The calculation of ROTIC excludes goodwill and intangible assets.	The Group presents ROTIC because it views it as meaningful metric to measure how efficiently it generates Adjusted EBITA from its main operational invested capital (i.e., Net working capital and, to a lesser extent, also property, plant and equipment).
Cash EPS	Result for the year before amortization and impairment of intangible assets and excluding monetary loss on hyperinflation, divided by the weighted average number of outstanding shares.	The Group presents Cash EPS because it believes that this metric is useful to investors to highlight its asset-light business model. In 2024, the definition of Cash EPS was updated to also exclude the monetary loss on hyperinflation, because it constitutes an item originating from technical accounting not representing a cash impact. The 2023 Cash EPS reported in 2023 was 1.07.

Reconciliations

EBITA, Adjusted EBITA, EBITDA, Adjusted EBITDA, Free cash flow

(in thousands of € unless otherwise specified)	2024	2023
Revenue	**4,214,014**	**4,152,225**
Gross profit	**1,031,046**	**984,120**
Gross profit margin	*24.5%*	*23.7%*
Net profit/(loss) for the period	**189,468**	**189,312**
Income tax (income)/expense	66,640	57,926
Share of result of associates	- 19	- 100
Financial income	-48,376	-17,674
Financial expenses	178,213	157,439
Operating profit	**385,926**	**386,903**
Amortization of intangible assets	73,444	66,756
EBITA	**459,370**	**453,659**
Adjustments	11,315	12,601
Adjusted EBITA	**470,684**	**466,260**
Adjusted EBITA margin	*11.2%*	*11.2%*
Conversion margin	*45.7%*	*47.4%*
Depreciation of tangible assets	41,478	34,339
Adjusted EBITDA	**512,162**	**500,599**
Adjusted EBITDA margin	*12.2%*	*12.1%*
Payments of lease obligations	-38,073	-28,704
Adjusted EBITDA less payments of lease obligations	**474,089**	**471,895**
Change in Net Working Capital, other assets, liabilities and provisions	-118,391	144,829
Net capital expenditures	-13,877	-15,485
Free Cash Flow	**341,821**	**601,238**
Free Cash Flow Conversion	*72.1%*	*127.4%*

(in thousands of €)	2024	2023
Transactions	3,204	5,642
Employees	6,725	11,532
Property, plant and equipment	-3,556	-6,979
Other	4,942	2,406
EBIT(D)A Adjustments	**11,315**	**12,601**

(in thousands of €)	2024	2023
Change in inventories	-98,108	123,604
Change in trade and other receivables and other investments	-55,167	79,347
Change in trade and other payables	22,713	-77,762
Change in provisions	-2,337	3,011
Foreign currency translation	14,508	16,629
Change in Net Working Capital, other assets, liabilities and provisions	**-118,391**	**144,829**

(in thousands of €)	2024	2023
Intangibles	9,304	9,805
Tangibles	4,573	5,679
Net capital expenditures	**13,877**	**15,485**

Net working capital

(in thousands of € unless otherwise specified)	2024	2023
Current assets		
Inventories	677,945	562,790
Trade receivables	496,378	444,853
Current liabilities:		
Trade payables	486,802	434,085
Net working capital	**687,521**	**573,558**
Annual Revenue	**4,214,014**	**4,152,225**
Net working capital/revenue	*16.3%*	*13.8%*
Revenue normalized for revenue of acquisitions	**4,312,528**	**4,268,090**
Net Working Capital/revenue normalized for acquisitions	*15.9%*	*13.4%*

ROTIC

(in thousands of € unless otherwise specified)	2024	2023
Adjusted EBITA	**470,684**	**466,260**
Property, plant and equipment	66,063	73,577
Net working capital	687,521	573,558
Property, plant and equipment plus Net Working Capital	**753,584**	**647,135**
ROTIC	*62.5%*	*72.0%*

Revenue growth

	2024	2023
Organic growth	-1.1%	-5.9%
Growth from acquisitions	3.7%	11.2%
Foreign currency translation impact	-1.1%	-4.2%
Reported growth	**1.5%**	**1.0%**

Net indebtedness, financing EBITDA and net leverage

(in thousands of €)	2024	2023
Non-current borrowings and loans	1,765,031	1,662,226
Current borrowings and loans	51,752	79,711
Total gross debt	**1,816,783**	**1,741,938**
Cash and cash equivalents	-303,945	-484,874
Bank overdrafts	19,146	18,286
Net indebtedness	**1,531,984**	**1,275,350**

(in thousands of €)	2024	2023
Adjusted EBITDA (last 12 months)	**512,162**	**500,599**
Earnings (before interest, taxation, depreciation and amortization) of entities acquired	10,421	9,420
Anticipated cost savings, expense reductions and synergies	8,938	2,350
Financing EBITDA (last 12 months)	**531,521**	**512,369**

(in thousands of €)	2024	2023
Net indebtedness	1,531,984	1,275,350
Financing EBITDA (last 12 months)	531,521	512,369
Net Leverage *(multiple)*	**2.9**	**2.5**

Cash EPS

(in thousands of €)	2024	2023
Net result of the period	189,468	189,312
Amortization and impairment of intangible assets	73,444	66,756
Monetary loss on hyperinflation	22,055	21,071
Result of the period before amortization and hyperinflation	**284,967**	**277,139**
Weighted average number of shares *(thousands)*	243,536	239,856
Cash Earnings Per Share	**1.17**	**1.16**

Annex

Turnover KPI

Financial year N	*2024*			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		kEUR	%	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which Transitional		0	0%	0%													0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of Taxonomy eligible activities (A1+A2)		***0***	***0%***	***0%***	***0%***	***0%***	***0%***	***0%***	***0%***								***0%***		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		4,214,014	100%																
TOTAL		***4,214,014***	***100%***																

CapEx KPI

Financial year N	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		kEUR	%	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/ EL*	*Y; N; N/ EL*	*Y; N; N/EL*	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which Transitional		0	0%	0%													0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/ EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**	9,520	5.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Renovation of existing buildings	**CCM 7.2/CE 3.1**	1,945	1.2%	**EL**	N/EL	N/EL	N/EL	EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6**	19	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	**CCM 7.7**	56,739	34.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		68,223	41.5%	41.5%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy eligible activities (A1+A2)		*68,223*	*41.5%*	*41.5%*	*0%*	*0%*	*0%*	*0%*	*0%*								*0%*		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		96,001	58.5%																
TOTAL		*164,224*	*100%*																

OpEx KPI

Financial year N	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		kEUR	%	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which Transitional		0	0%	0%													0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**	903	11.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Renovation of existing buildings	**CCM 7.2/CE 3.1**	462	5.7%	**EL**	N/EL	N/EL	N/EL	EL	N/EL								0%		
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3**	26	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	**CCM 7.4**	10	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**CCM 7.5**	46	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6**	12	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	**CCM 7.7**	1,311	16.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,769	34.0%	34.0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy eligible activities (A1+A2)		*2,769*	*34.0%*	*34.0%*	*0%*	*0%*	*0%*	*0%*	*0%*								*0%*		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		5,385	66.0%																
TOTAL		*8,154*	*100%*																

Glossary of terms

ACD
Alliance for Chemical Distribution in the US

ADEME
French Environment and Energy Management Agency

Akita
Akita I S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg, which is indirectly controlled by EQT VIII SCSp, a fund managed and advised by subsidiaries of EQT AB

AM&A
Advanced Materials & Additives

Articles of Association
The Articles of Association of the Company, as last amended on June 13, 2024

Audit and Risk Committee
The audit and risk committee of the Board of Directors

BACD
The Belgian Association of Chemical Distributors

BCP
Business continuity plan

Board of Directors
The Board of Directors of the Company

CBA
The UK Chemical Business Association

CCA
The Belgian Code of Companies and Associations

CDP
Carbon Disclosure Project, a sustainability and carbon disclosure rating system

Charter
The corporate governance charter of the Company, available on the Company's *website*

Chief Executive Officer
The chief executive officer of the Company, as of December 31, 2024, Ms. Anna Bertona (acting as permanent representative of AU-R-O-RA BV)

Chief Financial Officer
The chief financial officer of the Company, as of December 31, 2024, Mr. Thijs Bakker (acting as permanent representative of Cloudworks BV)

CMS
Case Management System

Company
Azelis Group NV

Corporate Governance Code
The 2020 Belgian Code of Corporate Governance, available on the *website* of the Belgian Corporate Governance Committee

COSO
Committee of Sponsoring Organizations of the Treadway Commission

CRA
Climate risk assessment

CRM
Customer Relationship Management

CRSAS
Chemical Road Transportation Safety Assessment System

CSR
Corporate social responsibility

CSRD
Corporate Sustainability Reporting Directive

Dealing Code
The dealing code of the Company set out in Appendix 5 of the Charter

DEFRA
U.K. Department for Environment, Food & Rural Affairs

DE&I
Diversity, Equity & Inclusion

DMA
Double materiality assessment

DNSH
Do not significant harm

e-Lab
A one-of-a-kind digital experience that supports our customers in creating and adapting formulations online

EAP
Employee Assistance Program

EPA
U.S. Environmental Protection Agency

ERM
Enterprise Risk Management

EQT
EQT AB and/or any one or more of its direct or indirect subsidiaries (excluding the EQT funds and their portfolio companies)

ESEF
European Single Electronic Format

ESG
Environment, Social and Governance

ESS
Employee Satisfaction Survey

Executive Committee (or: ExCom)
The executive committee of the Company

ERM
Enterprise Risk Management

FECC
European Association of Chemical Distributors

FSMA
The Financial Services and Markets Authority *(Autoriteit voor financiële diensten en markten / Autorité des services et marchés financiers)*

GHG
Greenhouse Gas

GMT
General management team

GRI
Global Reporting Initiative

Group
The Company and its consolidated subsidiaries

HSE
Health, Safety and Environment

ICFR
Internal Control over Financial reporting

ICSR
Internal Control over Sustainability reporting

ICTA
International Chemical Trade Association

IEA
International Energy Agency

ILO
International Labor Organization

IPCC
Intergovernmental Panel on Climate Change

IPO
The initial public offering of the Company on the regulated market of Euronext Brussels in September 2021

IRO
Impact, Risk, and Opportunity

ISO
International Organization for Standardization

LB
Location-based

L&MWF
Lubricants & Metalworking Fluids

LTIP
The Company's long-term incentive plan

LVC
Lateral Value Chain

MB
Market-based

MS
Minimum safeguards

NCEC
National Chemical Emergency Centre

NFRD
European Non-Financial Reporting Directive

OECD
Organizations for Economic Co-operation and Development guidelines

Partnerships
Akita Management Participation 1 SCSp and Akita Management Participation 2 SCSp

PCF
Product Carbon Footprint

PIM
Product Information Management

PMI
Post-merger integration

PSA
Portfolio Sustainability Assessment methodology

PSCI
Pharmaceutical Supply Chain Initiative

PSP Europe
PSP Investments Holding Europe Limited

QMS
Quality Management System

RC
Responsible Care®

RD
Responsible Distribution®

R&D
Research and Development

Remuneration and Nomination Committee
The remuneration and nomination committee of the Board of Directors

RIM
Regulatory Information Management

RoU
Right of Use

RSPO
Roundtable on Sustainable Palm Oil

SBTi
Science Based Target initiative

SDG
Sustainable Development Goal

SDS
Safety data sheet

Shareholders' Meeting
The general meeting of shareholders of the Company

SHEQ
Safety, Health, Environment and Quality

SMETA
Sedex Members Ethical Trade Audit

SQAS
Safety & Quality Assessment for Sustainability

SSC
Sustainability Steering Committee

SSP
Socio-economic Pathways

STIP
The Company's short-term incentive plan

TCFD
Taskforce on Climate-related Financial disclosures framework

TDS
Technical data sheet

TfS
Together for Sustainability®

TSC
Technical Screening Criteria

TSR
Total Shareholder Return

UNFCCC
United Nations Framework Convention on Climate Change

UN GC
United Nations Global Compact initiative

VCH
The German Distributor Association

VHCP
The Dutch Chemical Distributor Association

WBCSD
World Business Council for Sustainable Development

Financial calendar & contact

Financial calendar

Date	Event
April 24, 2025	Q1 2025 trading update
May 8, 2025	Annual General Meeting 2025
June 27, 2025	Ex-dividend date
June 30, 2025	Dividend record date
July 1, 2025	Dividend payment date
July 31, 2025	Half year 2025 results
October 23, 2025	Q3 2025 trading update

Contact

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Disclaimer

This Integrated Report may contain statements relevant to Azelis Group NV (the 'Company') and/or its affiliated companies (collectively 'Azelis' or the 'Azelis Group') which are not historical facts, contain wording like "potential", "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", "continue" and similar expressions, and are hereby identified as 'forward-looking statements'. Such forward-looking statements, include, without limitation, those relating to the future business prospects, revenue, working capital, liquidity, capital needs, interest costs, and profit, in each case relating to the Azelis Group.

The forward-looking statements and estimates contained herein represent the judgment of and are based on the information available to the Board of Directors and the Company's management as of the date of this Integrated Report. They are subject to a number of known and unknown risks, uncertainties, assumptions and other factors that could cause actual results, financial condition, performance or achievements, or industry results to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements should not be considered as guarantees for the future performance of the Azelis Group and should, therefore, be considered in light of various important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements. These include without limitation global spread and impact of military conflicts and pandemics, changes in economic, and business cycles, the terms and conditions of the Azelis' financing arrangements, foreign currency rate fluctuations, competition in Azelis' key markets, acquisitions or disposals of businesses or assets, potential or actual data security breaches, changes in laws and regulations, changes or uncertainties in tax laws or the administration thereof, hiring and retention of employees, and trends in Azelis' principal industries or economies. Azelis efforts to acquire and integrate businesses may not be as successful as Azelis may have believed at the moment of acquisition. Last but not least, a breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of Azelis' data and systems.

The foregoing list of important factors is not exhaustive. When considering forward-looking statements, careful consideration should be given to the foregoing factors and other uncertainties and events, as well as factors described in any other document published by the Company with the Belgian Financial Services and Markets Authority (FSMA) or on the Azelis website from time to time. No undue reliance should be placed on such forward-looking statements, which are relevant only as of the date of this publication and do not reflect any potential impacts from the evolving military conflicts, pandemics or other adversity, unless indicated otherwise. Except as required by the FSMA, Euronext, or otherwise in accordance with applicable law, the Company disclaims any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Certain financial information in this Integrated Report has been rounded according to established commercial standards. As a result, this Integrated Report may show minor rounding differences versus comparable periods as presented earlier.

Pursuant to Belgian Law, Azelis is required to prepare its Integrated Report in Dutch. Azelis has also made this report available in English.

The Integrated Report is available on the investor website. Other information on the website of Azelis or any other website does not form part of this Integrated report.

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