Navigating change together

Integrated Report 2023

CONTENTS


Stable Micro

Azelis at a glance

Ghislaine, Anne and Tanya tested out the new vegan patty developed by our Food & Nutrition team in Singapore. The team worked to develop a plant-based option that didn't compromise on the taste, texture and aroma of traditional meat, while also being formulated to maintain high levels of protein.

Letter from CEO and Chairman

For Azelis, 2023 was another year of accomplishments, with opportunities realized and challenges met. We delivered strong performance in the context of a challenging market environment, and we continued to execute on our growth strategy of strengthening our footprint in both new and existing markets. We marked an important milestone in our leadership with the announcement of our Group CEO succession, underscoring the success of our internal talent development program.

Our achievements during a difficult year are thanks entirely to the dedication of our colleagues across the group. It is their commitment to our shared vision that have allowed us to outperform our mid-term objectives. Over the last three years[1], we have delivered average revenue growth of 23% per year, of which an average of 10% was organic. During that time, we have expanded our adjusted EBITA margin by an average of 90 bps per year.

Our results for 2023 are another illustration of this commitment, as well as the inherent resilience of our business model. We increased our revenue to EUR 4.2 billion, despite the weaker demand due to macroeconomic pressures. We achieved €466 million of adjusted EBITA, and generated free cash flow of €601 million, implying a record cash conversion rate of 127.4%, demonstrating the benefit of our scale, and the defensive, cash-generative nature of our business.

During the year, we continued to execute on our strategic programs to support our objective to be the reference innovation solutions provider in our industry. We announced 10 acquisitions, of which seven were closed during the year. We entered the food market in North and South America with the acquisition of Gillco Ingredients in the US, and Vogler Ingredients in Brazil, which, in addition to the group's flavors & fragrance offering, creates a compelling portfolio for the food & nutrition market in the region. Furthermore, the acquisitions we completed in Asia Pacific and EMEA reinforce our footprint in the end-markets that we serve.

We have further strengthened our laboratory network with the opening of new laboratories for Personal Care in Spain and South Africa, for Agricultural & Environmental Solutions in India, and for Lubricants & Metal Working Fluids in Italy. These new laboratories represent additional technical capacity to create innovative formulations to serve both our customers and principals.

Our investments to expand our lateral value chain and strengthen our technical capabilities reflect our

> In preparing my first letter to our shareholders as Group CEO, I am once again reminded of our team's dedication to supporting our principals and customers in navigating the challenges that our industry faces, and their commitment to our shared vision of becoming the reference innovation solutions provider. I am honored to lead the team into our exciting future.
>
> Anna Bertona, Group CEO

commitment to supporting our principals by developing applications for their products, as well as our desire to provide the most innovative formulations to our customers. This has allowed us to win market share and secure more mandates from new and existing principals.

Our focus on innovation continues to be recognized in the industry. This year, we won the Gold award at in-cosmetics Asia for one of our haircare formulations. Azelis also won the 2023 Ringier Technology Award for Innovation in Personal Care, along with the Cosmébio Ingredient Trophy for extensive technical knowledge. These industry accolades highlight the appreciation from customers and principals of the technical innovations we provide, helping to develop the products and the relevant end markets.

We maintained our leadership in digital innovations, with 140+ customer portals and 30+ e-Labs deployed by the end of 2023, along with the roll-out of our principal portals well underway. We are leveraging our industry-leading digital and IT capabilities to improve the way we operate. During the year, we completed multiple integration projects involving a record 28 legal entities, thanks partly to the strength of our cloud-based ERP system.

We are well on-track with our *Action 2025* sustainability agenda. Reflecting the group's commitment to ESG, we have now revised the company's corporate governance charter reflecting the addition of ESG to the scope of responsibility of the board's Audit & Risk Committee. Furthermore, we have undertaken to combine our financial and sustainability progress in this edition of our annual report, ahead of the EU requirement for fully integrated reporting on financial performance and sustainability information under the Corporate Sustainability Responsibility Directive (CSRD) from next year onwards. Our focus on sustainability is reflected in the confirmation of our top industry ranking in the most recent Sustainalytics assessment, as well as our inclusion in the Euronext BEL®ESG Index in December 2023.

At the beginning of the year, we raised EUR 400m from the issuance of our inaugural bond, and EUR 200m from the issuance of new shares. These financing operations were performed to ensure that Azelis could fully participate in industry consolidation via acquisitions while remaining within its guidance of maintaining a leverage ratio of 2.5x-3.0x.

At Azelis, Enterprise Risk Management (ERM) is an ongoing process which allows us to drive a risk-intelligent culture and underpins well-informed decision-making closer to our operations and business. As part of our continuous risk management program, we updated our group risk register during the 2023 enterprise risk management cycle, identifying 11 top-priority risks out of a comprehensive list of 138. The Executive Committee has assigned these top priority risks to risk owners, and initiated risk mitigation actions in the final quarter of the year. Where necessary, risk owners are invited to executive meetings for deep dive discussions and analysis of the relevant mitigation programs. Our top three risks from our 2023 update were cybersecurity, supply chain concentration and foreign exchange risk. Further details on Azelis' ERM system, are set out in the Risk Management section of this report.

The CEO succession program announced in August 2023 was the culmination of a two-year long process, where our group governance played its full role. The selection process was based on a succession planning that was initiated in 2021 and steered by the Nomination and Remuneration Committee of Azelis' Board of Directors. An external party was mandated to support the process by providing the Board with a balanced short list of internal and external candidates. The committee is pleased with the outcome of the process, which accomplished a critical objective of the succession program to balance continuity with fresh perspectives within the senior leadership team to lead Azelis into the next stage of its development. The Board of Directors has the utmost confidence in the new group leadership's ability to continue Azelis' successful growth story.

There remains considerable uncertainty in the global economy, but the dedication of all our Azelis colleagues, along with the enthusiasm and fresh perspectives of the new leadership team, give us optimism that we will continue to deliver on our objective of becoming the reference innovation solutions provider in our industry and creating value for all our stakeholders.

As we prepare for this exciting new phase in our development, we would like to take this opportunity to thank our employees, our customers and principals, and our investors, for their unwavering support. A special note of appreciation goes to Dr. Hans Joachim Müller, for his vision, and the inspiration to get us to our current position of strength. Together with the entire Azelis Group, our new leadership team is excited to build on the strength that we have achieved, and forge ahead with the next phase of our development as a company.

Yours sincerely,

Anna Bertona, *Chief Executive Officer*

Dr. Antonio Trius, *Chair of the Board of Directors*

Following the appointment of Anna as Group CEO, Evy Hellinckx, formerly Managing Director of Azelis Benelux, has assumed the role of EMEA CEO. Todd Cottrell, who comes from Hempel A/S, was appointed Americas CEO after the retirement of Frank Bergonzi. Together with Sertac Sürür, APAC CEO, and Thijs Bakker, Group CFO, we have no doubt that the new Executive Committee will lead Azelis into an even stronger, more successful future.

Dr. Antonio Trius, Chair of the Board of Directors

[1] 2020-2023


azelis

Key figures 2023

Financial

Revenue
€ 4,152m

Adjusted EBITA
€ 466m

FCF
€ 601m

Dividend per share
€0.22

Social

Employees
4,206

% of females
53%

% of women in senior management
29.5%

Nationalities
80

Environment & Sustainable procurement

CO_2 Emissions - Scope 1 & 2[1] (in tCO_2e)
12,555t

Total waste
4,014t

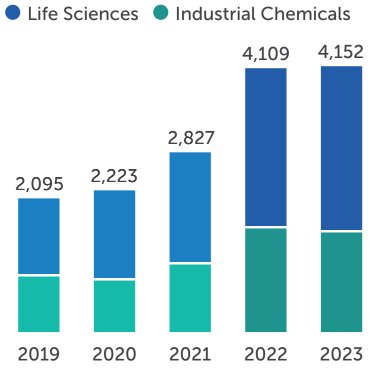
Environmental accidents
1

% of revenue covered with ESG-assessed suppliers
84.4%

1 The market-based method is used to calculate the Scope 2-CO_2 emissions.

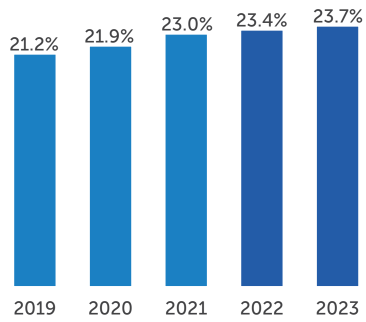
Revenue

(in millions of €)



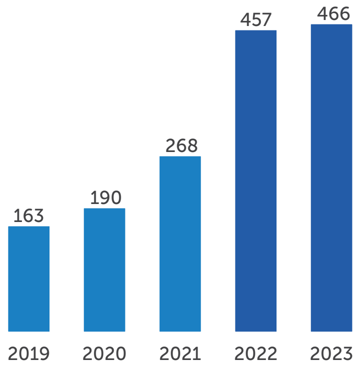
Gross profit margin

(as % of total revenue)



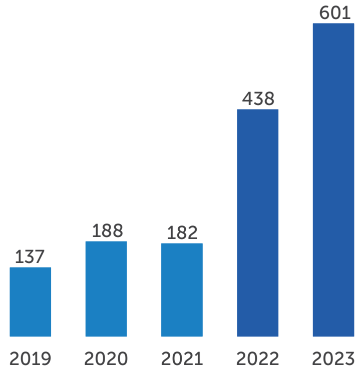
Adjusted EBITA

(in millions of €)

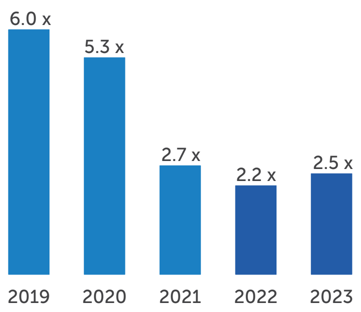


Free cash flow

(in millions of €)

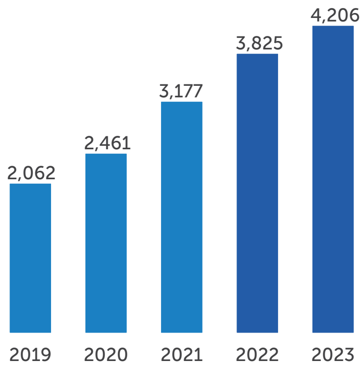


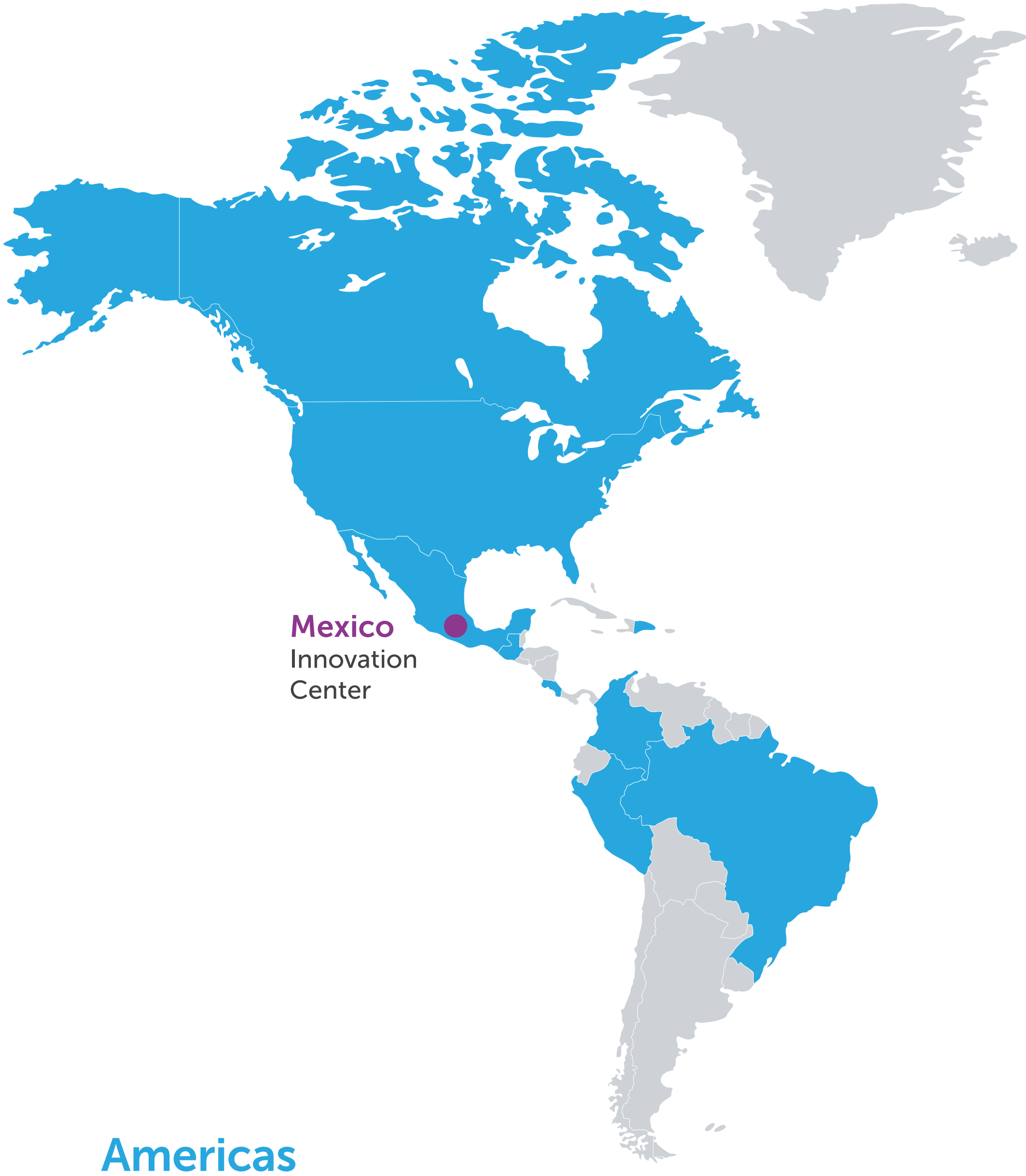
Leverage ratio



Employees

(in FTEs)

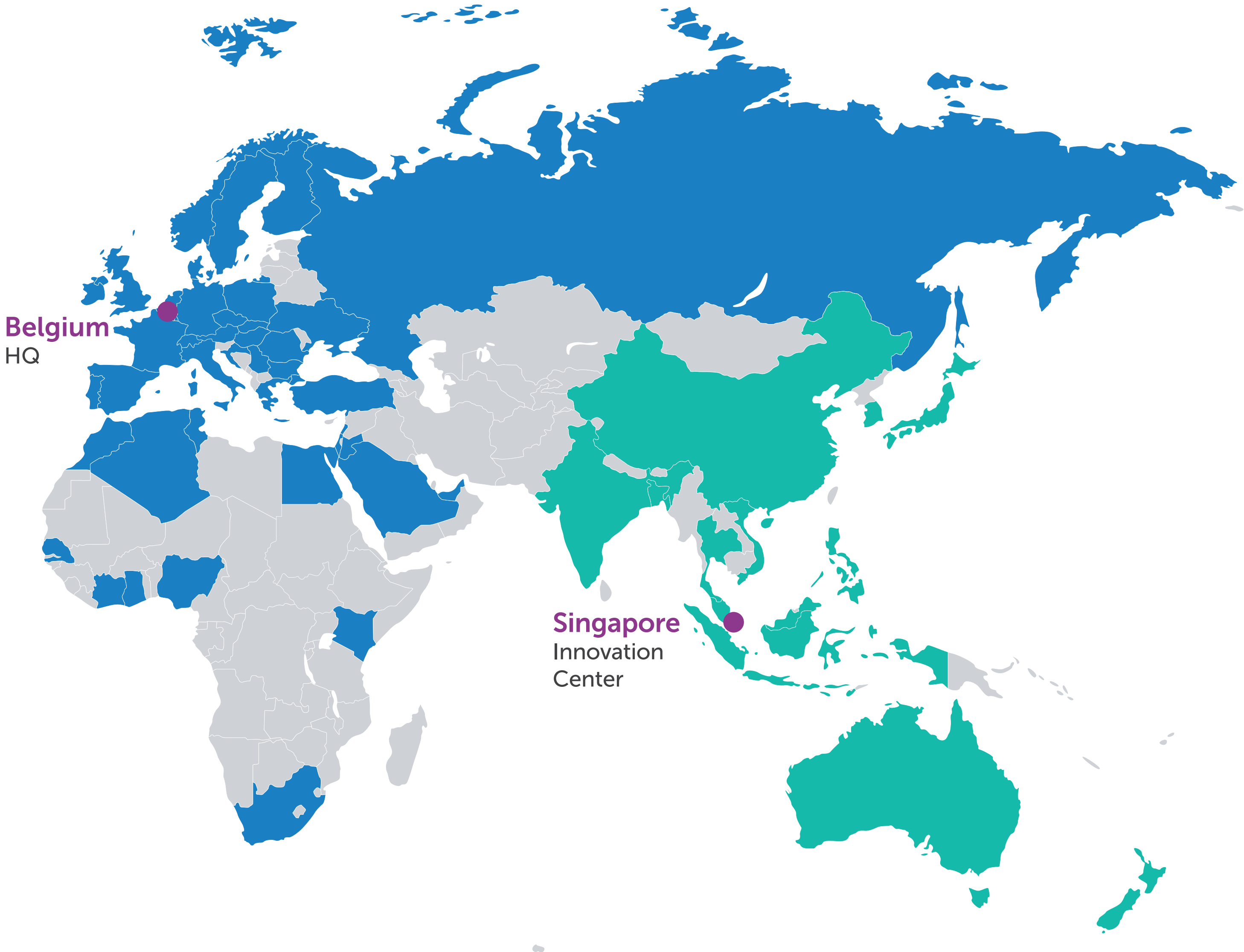




Americas

	1,454 Revenue[1]	**185** Adjusted EBITA[1]
	1,111 Employees	**665** Customer-facing employees
	23 Offices	**17** Laboratories

[1]in millions of €



EMEA

1,794
Revenue[1]

238
Adjusted EBITA[1]

1,884
Employees

1,340
Customer-facing employees

61
Offices

31
Laboratories

Asia Pacific

904
Revenue[1]

78
Adjusted EBITA[1]

1,031
Employees

716
Customer-facing employees

32
Offices

22
Laboratories

Highlights of 2023

Demonstrating the strength of the organization

At Azelis, our people are our number one asset, and our long-term organizational planning is developed with that in mind. The appointment of Anna Bertona as Group CEO, succeeding Dr. Hans Joachim Müller, is a testament to our succession planning and ensures continuity as we continue to execute our growth strategy.

Anna, who was instrumental in building our long-term strategy prior to her appointment as CEO of Azelis EMEA in 2016, was succeeded by Evy Hellinckx from Azelis Benelux. This follows other internal succession programs, including the appointment of Sertaç Sürür, who took over as CEO of Azelis Asia Pacific, having previously led our fast-growing business in Turkey, along with Matthias Hofmann, who was promoted to the role of Group Director of Innovation and Technology Management, from Managing Director DACH, and Dennis Hublitz who was promoted to Group Director Digital Transformation from Market Segment Director Personal Care, EMEA.

At Azelis, we continuously invest in talent development and mobility programs to ensure more of our people become future leaders.

Read more
Talent Mobility ›

Growing our food & nutrition platform in the Americas

2023 was a year of expansion for our food & nutrition platform in the Americas. Vogler in Brazil was a strategic expansion of our life sciences footprint in the largest economy in Latin America and reinforced our growth strategy in the region. Gillco Ingredients expanded our footprint in the attractive food & nutrition market in the US and brought many exciting synergies within the flavors & fragrances segment. These acquisitions reinforce Azelis' lateral value chain for the broader life sciences segment in the region.

Connecting the world through scent and taste

Azelis runs a global flavors & fragrance (F&F) platform, with world-class lab and innovation facilities in France, the US and India serving EMEA, the Americas and Asia Pacific respectively. The acquisition of BLH in 2023 perfectly complements our F&F footprint in France, with its renowned competence in fine perfumery.

In addition to addressing this highly specialized market, our F&F capabilities also further strengthen our lateral value chains for the food & nutrition and personal care markets, supporting a truly differentiated and compelling portfolio for both principals and customers.

Expanding our footprint in EMEA

Azelis' footprint in EMEA grew further with three acquisitions, including Smoky Light BV and Sirius International, complementing our lateral value chains for the Benelux food & nutrition and home care markets. With the addition of Lidorr Elements in Israel, our footprint in the agricultural & environmental solutions market strengthened in the Middle East and Africa.

Expanding our Asia-Pacific footprint

2023 saw significant growth for Azelis in Asia-Pacific, fully in line with our growth strategy in the region. We proudly opened our first office in Dhaka, marking our entry into Bangladesh, one of the fastest-growing economies in APAC, and a great reflection of our commitment to organic business growth.

The acquisition of Chemiplas further strengthened our market position in Australia and New Zealand, and the addition of Agspec in Australia enhanced our portfolio in the local market.

Creating technical hubs for innovation

At Azelis, we're committed to building a network of laboratories where we can bring our formulation expertise and technical capabilities to the forefront, benefiting our customers and principals.

In 2023, we opened two new Personal Care application laboratories in Spain and South Africa, further supporting the fast-growing personal care market and its customers.

We inaugurated our third Pharmaceuticals & Healthcare laboratory for the EMEA region in France, focused on APIs and excipients and complementing our pharmaceutical labs in the UK and Turkey.

In India, we opened a new laboratory dedicated to serving the local agricultural & environmental solutions (A&ES) market. The laboratory focuses on formulation support for crop protection, seed treatment, and micronutrient formulations that are aligned with international methods and standards for formulations.

In November, we hosted our second annual investor lab tour at our A&ES lab in Lodi, Italy, where we were able to put the spotlight on our technical expertise and innovative formulations that bring tangible value to the market.

Read more
Innovation ›

Leveraging our digital strength to integrate our future growth drivers

After a successful migration to our cloud-based ERP system in 2022, our Post Merger Integration (PMI) team completed 17 M&A integration projects in 2023, involving 28 legal entities. With the significant growth Azelis has had, combined with our ever-expanding business, our team is able to leverage our digital backbone and the interconnectedness of our global IT systems. Our experienced team of digital experts, along with our robust infrastructure and processes, were key to making this happen group-wide.

Read more
Digitalization ›

Continuous drive for excellence

In 2023, Azelis continued its focus on working capital optimization and overall efficiencies, specifically engaging in a program to unify and roll out the use of MRP and S&OP systems throughout the organization and newly onboarded acquisitions. This initiative is facilitating better stock control and, in turn, responsiveness to principals and customer needs. This year the team also began implementing an AI-powered sales order automation system, drastically reducing the need for manual administrative work in the ERP system, reducing errors, and allowing teams to focus on customer value activities. Underlying these operational initiatives, the organization continues to invest in ensuring certification to best practice standards, in particular, achieving now a unified ISO 9001:2015 certification for APAC, ensuring standardized and harmonized processes across the region.

A reference innovation solutions provider

At Azelis, our people drive our success. With a team of dedicated experts, we consistently deliver top-notch services to our partners, and the industry has recognized this commitment. In 2023, our team was awarded on numerous occasions; we won the Gold award in the hair care category at in-cosmetics Asia 2023, we were recognized with the Cosmébio Ingredient Trophy for extensive ingredient knowledge, and our team was recognized with the Ringier Technology Innovation Award for Personal Care.

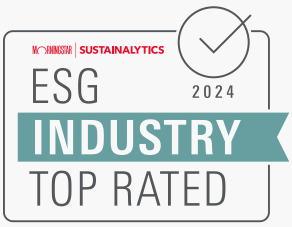
These recognitions illustrate Azelis' commitment to providing innovative solutions through comprehensive ingredient knowledge together with formulation expertise and seamless collaboration with its strategic principals.

Building connections across our industry

We continue to lead the market in digitalization, with more than 140 customer portals live as of the end of the year. These market-specific portals provide our customers access to our technical capabilities, industry and product resources, as well as highly curated insights into market trends.

Our principal portal roll-out is also underway with our strategic partners. Seamless API connectivity through our principal portals reduces the administrative burden for our suppliers and provides them with real-time insights and market intelligence.

We have launched more than 30 e-Labs, which provide a gateway for product development for our customers. We are also rolling out principal portals, which provide our suppliers with unparalleled market intelligence on their products.



Leading the industry towards a more sustainable world

Our commitment to our sustainability agenda is reflected in our relentless pursuit of innovative solutions to help all our stakeholders reduce our collective environmental footprint.

We maintained the top ESG industry ranking in the most recent Sustainalytics assessment with an ESG risk score of 11.9. We also obtained the highest ESG industry score of 77 in the latest assessment from EcoVadis. In addition, Azelis has been included in Euronext's BEL®ESG Index, as one of 20 listed that demonstrate the best ESG practices.

The recognition of our initiatives provides additional motivation for our objective to be the world-leading distributor of sustainable solutions and services in the specialty chemicals distribution industry.

Toward integrated reporting

In November 2022, the Corporate Social Reporting Directive (EU CSRD) was adopted by the European Parliament and the Council of the EU. Like the Non-Financial Reporting Directive (EU NFRD), the EU CSRD sets out ESG reporting requirements for companies, but it has expanded the reporting requirements from the previous EU NFRD. The EU CSRD introduces a certification requirement for sustainability reporting as well as improved accessibility of information, by requiring a dedicated section in company management reports. EU CSRD will start to apply in 2025 for the 2024 financial year to companies already subject to the EU NFRD.

Ahead of this deadline, Azelis has set out a roadmap to secure compliance with the EU CSRD, which includes adapting the reporting processes toward integrated reporting, external certification by auditors, updating our materiality assessment to incorporate the concept of double materiality i.e. financial and impact materiality, adopting the mandatory European Sustainability Reporting Standards (ESRS) and carrying out an impact assessment of climate change risks and disclosures. The matrix, based on the double materiality outcome, will be disclosed as part of the integrated report in 2025 for financial year 2024.

In 2023, a multidisciplinary team consisting of internal representatives from Legal, HR, SHEQ & Sustainability, and Finance was formed. The objective of this team was to align on the different requirements of the EU CSRD and implement its requirements ahead of the 2025 deadline. To do this, the core team did a gap assessment against the EU CSRD and ESRS requirements, and the outcome was structured in the form of an action plan, which became the basis for discussion during the frequent meetings that the team had in 2023.

To monitor our progress toward the ambitions of *Action 2025* and the forthcoming regulatory requirements, we have implemented integrated reporting across the organization. Monthly and quarterly reporting on KPIs related to People, Products & Innovation, Governance and Environment provide us with actionable insights in the areas where we are improving as well as those where we need to do better. Our Chief Financial Officer sponsors the implementation of integrated reporting, and we allocate all the resources necessary to ensure that a robust framework is in place to deliver timely, reliable, and accurate data.

We have embedded additional controls in our internal processes and internal organization, that help ensure the accuracy of all reported data.

Integrated reporting is vital for our roadmap toward a sustainable operating model. It builds trust and drives progress for a more sustainable future. Our proactive approach, well in advance of deadlines, not only underscores our commitment, but serves as a testament to our robust reporting capabilities. Our solid efforts toward integrated reporting are a reflection of our dedication to transparent communication and showcases the strength of our financial stewardship.

Thijs Bakker, Chief Financial Officer

The data generated by our integrated reporting provide stakeholders such as ESG investors with a clear oversight about the rollout of *Action 2025*.

To make our sustainability reporting more tangible, and ahead of the requirements of the EU CSRD, we have obtained limited assurance for 11 *Action 2025* KPIs. Having sustainability KPIs certified by our external auditor sets us up well for a robust integrated reporting process.

As a process and results-driven organization, we apply the same rigorous, transparent approach to measuring our sustainability performance as we do in measuring our financial performance.

As of 2023, our ESG disclosures, in accordance with the requirements of the Belgian law regarding the disclosure of non-financial information (transposition of the European Non-Financial Reporting Directive (NFRD) 2014/95/EU), are incorporated in our Integrated Report. Therefore, as of 2023, no standalone Sustainability report is published.

2015

Creation of CSR & Sustainability Steering Committee.

Creation of Azelis CSR program.

2016

Azelis joins UN Global Compact initiative.

2017

Launch of first CSR policy and Sustainable Procurement policy.

2020

Joins Together for Sustainability.

Creation of multidisciplinary global sustainable task force.

First Sustainability report based on NFRD requirements.

Launch of SpeakUp! policy and SpeakUp! Line.

2021

Launch of Action 2025 sustainability strategy.

Achieved EcoVadis Platinum rating.

2022

Voluntary limited assurance (by Azelis' external auditor) on selected non-financial data.

Top ESG industry ranking from Sustainalytics.

Creation of a dedicated global sustainability team, with representatives in every region.

2023

Double materiality assessment (outcome will be disclosed as part of IR over FY2024).

CSRD compliance analysis.

Launch of Physical Climate Risk assessment (outcome will be disclosed as part of IR over FY2024).

Launch of project to define new carbon reduction goals.

Sustainalytics score improved, maintaining top industry ESG ranking.

Included in Euronext's BEL®ESG Index.

Awarded 'B' (Management) by CDP's global climate rating project.

Assessment eligibility and aligned activities in accordance with EU Taxonomy.

Annual Sustainability Report and Annual Report combined into one Integrated Report.

Launch of climate fund.

2024

CSRD compliant – First integrated report 2024 (to publish early 2025), assurance by external auditor.

Updated strategy anticipating on outcome of double materiality assessment.

Improvements in processes, controls and reports around non-financial performance, launch of separate module within Azelis' existing integrated ERP-landscape.

EU Taxonomy

The EU Taxonomy is a classification system that establishes a list of environmentally sustainable economic activities.

To be eligible, an economic activity should substantially contribute to at least one of the six environmental objectives of the EU Taxonomy. In prior year, only activities that contribute to the first two environmental objectives (Climate Change Mitigation and Adaptation) were formally adopted. In 2023, the environmental objectives of the Climate Change Mitigation and Adaptation have been amended, as well as activities contributing to the four remaining climate and environmental objectives (Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control and Protection and restoration of biodiversity and ecosystems) have been adopted.

An eligible activity becomes taxonomy-aligned when it meets all the following three criteria:

1. Substantially contribute to one of the six economic activities in line with the technical screening criteria (TSC)
2. Do-no-significant-harm (DNSH) in relation to the other environmental objectives
3. Comply with minimum social safeguards (MSS) as described in the Taxonomy Regulation.

Based on our activities as a global specialty chemicals distribution group, we have examined all Taxonomy-eligible economic activities that are listed in the amended EU's Climate Delegated Act. The Climate Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the objective of climate change mitigation, i.e. the need to reduce the greenhouse gas emissions or to increase greenhouse gas removals and long-term carbon storage.

After a thorough analysis and review involving all relevant divisions and functions, we concluded that our core economic activities are not covered by the amended Climate Delegated Act (Delegated Regulation (EU) 2021/2178 amended by Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486) and consequently are Taxonomy-non-eligible, therefore not Taxonomy-aligned either. Neither do we have nuclear-energy or gas-related activities, as published in Article 2 of the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (the "Complementary Climate Delegated Act") amended Delegated Regulation (EU) 2021/2178 (the "Climate Delegated Act"). Therefore, the share of Taxonomy-eligible economic activities in our total turnover is 0% and consequently the related capital and operating expenditure are also 0%. The capital and operating expenditure to be reported should also include those that are related to the purchase of output from Taxonomy-aligned economic activities and certain individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. As these expenditures are limited given the asset-light business model of Azelis, the proportion of Taxonomy-eligible capital expenditure equals 0%, and the proportion of Taxonomy-eligible operating expenditure equals 0%.

Please refer to the Annex I to this Integrated Report for the disclosure on the methodology, in accordance with the Climate Delegated Act, applied to determine the Taxonomy-eligible KPIs applicable for Azelis.
Please refer to the Annex II to this Integrated Report for the disclosure on KPIs of non-financial undertakings as required by Annexes I and II of Commission Delegated Regulation (EU) 2023/2486.

History

2001-2014: Start-up

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

Creation of Azelis European network follows acquisition of several distributors across the region.

2012

Appointment of Chief Executive Officer, Dr. Hans Joachim Müller, solidified the strategy focused on the lateral value chain and international expansion.

Launch of Asia Pacific growth strategy.

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

2001-2014: Build-up

2015

Azelis wins its first two innovation awards.

Expansion into North America with the acquisition of Koda.

Commitment to sustainability through creation of CSR program and CSR & Sustainability Steering Committee underscoring group's commitment to the industry's efforts to contribute to a better world.

Azelis obtains EcoVadis® Bronze rating.

2016

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

Group sales reach €1 billion.

Azelis joins UN Global Compact initiative.

2017

Azelis obtains EcoVadis® Silver rating.

First CSR policy and Sustainable Procurement policy is launched.

2018

Start of digital efforts with e-Lab Americas.

Azelis obtains EcoVadis® Gold rating.

2019

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

As members of the trade associations FECC and NACD, Azelis joins ICTA, the International Chemical Trade Association.

2020-Present: Scale-up

2020

Global expansion to strengthen scale and profitability of the group.

Reinforced global innovation strategy with the creation of the Azelis global lab community.

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

Together for Sustainability® membership, and publication of first Azelis Sustainability Report.

Azelis obtains EcoVadis® Gold rating for the second time.

Rollout of Global Case Management System for all compliance matters related to ethical business conduct and launch of SpeakUp! Policy and SpeakUp! Line.

First ESG assessments of 100+ suppliers.

All scopes of Azelis carbon footprint measured.

2021

Strengthening of the lateral value chain: entered Flavors & Fragrances market with the acquisition of Vigon (US) and Quimdis (FR).

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

Commitment to sustainability strengthens: Azelis obtains EcoVadis® Platinum rating.

Launch of *Action 2025* sustainability strategy and implementation of quantitative targets.

Azelis lists on Euronext Brussels.

2022

Entered South America through acquisition of Rocsa (Colombia).

Creation of global Flavors & Fragrances platform with the acquisition of Ashapura in India.

Commitment to innovation: opening of Regional Innovation Centers (RIC) for the Americas in Mexico City, and for Asia Pacific in Singapore. Opening of Regional Competence Center for Meat and Meat Alternatives in Poland.

Azelis wins three innovation awards across EMEA and Asia Pacific.

Launch of the cloud-enabled ERP system, a crucial milestone in Azelis' digitalization journey to become fully cloud-based.

Azelis receives #1 ESG industry ranking from Sustainalytics, placing Azelis in top 5th percentile of companies rated by the firm worldwide.

PwC ISAE 3000 limited assurance on selected non-financial data of 2021.

Group sales exceed €4 billion.

2023

Azelis announces leadership succession plan to take the Group to the next phase of its growth journey:

- Azelis appoints Anna Bertona to succeed Dr. Hans Joachim Müller as Group CEO from January 2024.
- Evy Hellinckx succeeds Anna Bertona as Azelis EMEA CEO.
- Todd Cottrell succeeds Frank Bergonzi as Americas CEO in October 2023.

Sustainalytics further elevates sustainability score, cementing Azelis' industry-leading position.

Azelis included in Euronext's BEL®ESG Index.

Azelis participated in CDP's climate rating program for the first time, earning a 'B' (Management) score.

Azelis expands its footprint 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.

Azelis innovation award launched championing cross-functional and cross-regional innovation.

Azelis obtains industry top score of 77/100 from EcoVadis.

Numerous labs opened around the world bringing Azelis' lab network to 70.

Innovation awards won by the group reaches 31, with three awards this year:

- Gold award from Spotlight On in the hair care category at in-cosmetics Asia 2023.
- 2023 Cosmebio Ingredient Trophy for Personal Care.
- 2023 Ringier Technology Innovation Award for Personal Care.

How we create value

Reformulating for sustainability

Ed Caballero and the Home Care & Industrial Cleaning team are at the forefront of innovation in the market. Recently, the team reformulated a customer's laundry pod formulation to improve the sustainability profile with bio-based ingredients, while increasing soil and stain removal.

Who we are

We innovate through formulation

We are a leading global innovation service provider in the specialty chemicals and food ingredients industry. We create value for our principals and customers with the breadth of our technical expertise and the strength of our lateral value chain. We have brought our one-stop shop for chemistries to the digital era and place a strong focus on sustainable solutions and services.

Azelis was founded in 2001 through the merger of Novorchem (Italy) and Arnaud (France) to create a chemistry-driven specialty distribution platform, as envisioned by founder, Dr. Hans Udo Wenzel. Our roots can be traced back to 1898 with the formation of Chance & Hunt (United Kingdom), which became part of Azelis in 2002. Our emphasis on innovation through formulation is part of our heritage, and our values of entrepreneurship, knowledge, focus and respect are very much part of what drives us today. Our 4,206 employees serve customers at locations in 65 countries across EMEA, Asia Pacific and the Americas, with group headquarters in Antwerp, Belgium. In 2023, we generated a total revenue of €4.2 billion.

Our business model and strategy for value creation are driven by innovation, digitalization and sustainability. We have 70+ laboratories worldwide, where we enhance existing formulations and develop new ones for our customers, including products that meet increasing sustainability demands, and where we benchmark product performance.

Azelis (AZE) has been listed on Euronext Brussels since 2021.

Countries
65

Employees
4,206

Our purpose and values

Our values

Our purpose inspires us. Our growth drivers power us forward. But it is our values that define who we are and what we stand for.

On our journey toward a more sustainable and innovative future, our values are embedded into everything we do and each step we take.

We are entrepreneurial

Embracing a culture of ambition and innovation that empowers our people, ensuring they can explore different ways of thinking for our customers and principals.

We are respectful

Balancing hunger with humility as we strive to become a benchmark for innovation, sustainability, and digital offerings, dedicating our professional lives to the future of our customers, our principals, and our planet.

We are focused

We deliver unrivaled service and build trusted partnerships by providing uniquely tailored solutions in response to deep local knowledge and emerging market trends.

We are knowledgeable

Collaborating with principals, colleagues, and customers to blend ideas and expertise that deliver market-leading solutions that will improve people's lives globally.

What we do

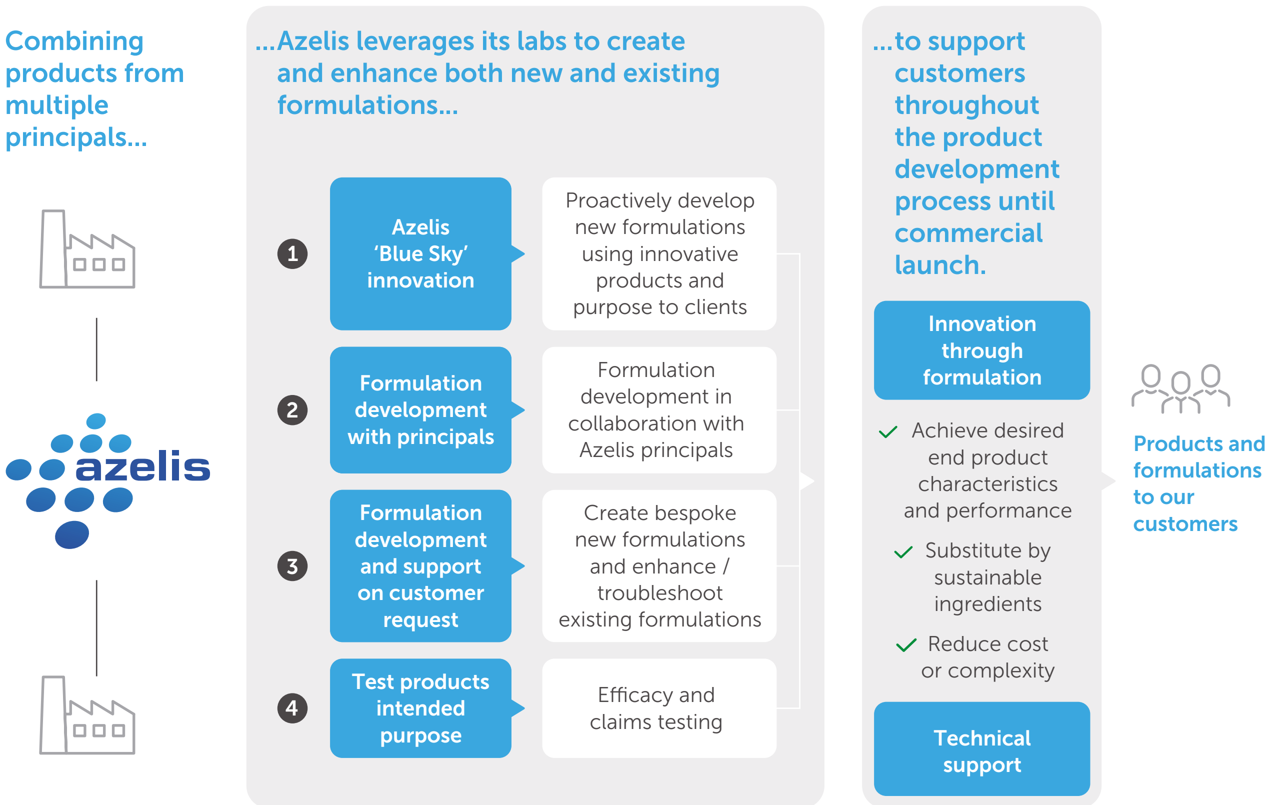
Innovation and technical services at the core

As a global innovation service provider, we generate revenue as an outsourced sales and marketing partner for our principals. We combine high-quality solutions from multiple principals, which we sell to our customers. Unlike traditional distributors, we offer a one-stop shop of high-quality solutions combined with deep technical and formulation expertise, giving our customers' products a competitive edge, removing complexity and shortening our customers' time to market.

We provide innovative and sustainable formulations to over **63,000 customers**, and market insights and channels to grow the market for products of over **2,800 principals**.

Our activities are supported by industry-leading digital capabilities powered by a robust IT infrastructure. Our mission is guided by our commitment to sustainability and contributing to a better world.

Our comprehensive portfolio of chemistries and strong formulation expertise for a wide range of applications across market segments (our lateral value chain) differentiate us from our competitors. Over the years, we have continually grown our lateral value chain and technical services by expanding with existing principals to new geographies and adding new principals and products to our portfolio. In addition to this organic growth strategy, we are one of the main industry consolidators that pursue strategic acquisition opportunities to grow both in developed and emerging markets.



We sustain our future value creation by continuing to invest in commercial and operational excellence and our strategic growth drivers:

- **Innovation:** Growing and strengthening our network of application laboratories and technical hubs
- **Digitalization:** Investing in digital platforms, connections and digital marketing
- **Sustainability:** *Action 2025* sustainability agenda, including investments in decarbonizing our operations

As an industry service partner, our services deliver value for both our principals and customers, as seen below.

Value to principals

- Outsourced sales partner to grow market share
- Global reach and local footprint with reduced fixed costs
- Market knowledge, data and insights
- Capabilities across end markets
- Lateral value chain for principal product evaluation

Value to customers

- One-stop-shop for specialty chemicals & food ingredients
- Technical, consultative sales
- Highly customized solutions & innovative formulations
- Sourcing sustainable products
- Access to non-bulk order sizes, speed and reliability of delivery

Markets we serve

Specialty chemicals and food ingredients distribution market

The market for third-party chemicals distribution was estimated at €446 billion at the end of 2022. Roughly 49% of this market (approx. €218 billion) is in specialty chemicals[2]. This market involves multiple sectors and market segments and is highly fragmented, where a handful of regional and global players benefit from ample consolidation opportunities.

Overall, the degree of outsourcing to third-party distributors is expected to increase. Principals continue to expand to growth markets using distributors for local access. Growing demand from customers for value-added services plays an important role, with digital capabilities enabling efficiency and differentiation.

Other key market characteristics and trends include more stringent regulatory requirements and an increasing focus on sustainability. Azelis is well positioned to meet these demands with our strong compliance and capabilities in developing alternative sustainable solutions.

Our business segments

We serve a diverse customer base that produces for millions of consumers or businesses across multiple sectors. Our formulations are used for different applications, from food production to car manufacturing. We have organized our business along with the end market segments we address, all of which you can find in the tables that follow.

“We have been expanding our footprint in Latin America since the establishment of our office in Mexico in 2020, followed by development of our regional innovation center. In 2022 our growth continued with the acquisition of Colombian-based ROCSA, S.A. Over the past year, we have continued our South American expansion through the inclusion of Vogler Ingredients Ltda. in Brazil in 2023 and, most recently, the addition of LocalPack in Colombia. These strategic acquisitions demonstrate our commitment to growth in the region, and we look forward to further strengthening our lateral value chain and service offerings for our valued customers and principals.

Eduardo Salinas, Managing Director, LATAM

2 Chemical Distribution, New Age of Winning, BCG September 2023

Life Sciences

Market	Categories		Market characteristics
Food & Nutrition	• Bakery • Dairy and dairy alternatives • Nutritional ingredients • Pet food • Confectionary • Flavors, spices, seasonings	• Beverages (powdered/liquid, carbonated soft drinks (CSD), non-CSD, juices) • Savory (ready meals, soups, sauces and snacks) • Meat and meat alternatives	• Increased focus on health regulations, wellness, immunity and functional foods • Increasing demand for plant-based food • Increasing trend toward natural ingredients and sustainability
Personal Care	• Hair care • Skin care • Oral care • Bath and shower	• Sun care • Decorative cosmetics • Fragrance and ingredients	• Market continues to evolve toward more sustainable ingredients and packaging • Product performance, environmental and ethical elements are high priority to consumers • Push for innovative products and concepts remains strong, new manufacturing methods around fermentation and enzymatic processes drive innovation • Independent brands are driving growth and new engagement levels with consumers in different regions
Agricultural & Environmental Solutions	• Crop protection • Crop nutrition/ fertilizers • Forestry • Vegetation mgmt. • Aqua culture • Weed control	• Seed treatment • Vector control • Fertilizers and biostimulants • Fertilizer efficacy enhancers • Biopesticides	• Very technical industry • Need for formulation work • Focus on performance, health, and environmental benefits
Pharmaceuticals & Healthcare	• Pharmaceutical excipients • APIs • Medical devices • Nutraceutical actives and excipients	• Veterinary medicine • Wound care • Biologicals and process aids	• Highly regulated • Products require iterations of development, testing and approvals • NPD protected by long patent period to justify the investment • Generics market growing faster than branded NPD • Focus on patient-centric delivery systems
Home Care & Industrial Cleaning	• Air care • Automotive • Fragrances • Cleaning	• Disinfection • Laundry • Animal care • Surface maintenance	• Increased regulatory triggers new developments • Strong focus on sustainability but market cost sensitive • Biodegradability and renewable feedstocks important • Trend for concentrates, refills and returnable packaging • Fragmented
Animal Nutrition	• Monogastric • Ruminant • Pet • Aqua	• Equine • Feed hygiene • Feed preservation • Biosecurity	• Focused on sustainable food production • Reduction of reliance on antibiotics • Market driven by multinationals and local champions • Regulated product and companies

Industrial Chemicals

Market	Application categories		Market characteristics
CASE	• Coatings (paints and varnishes) • Adhesives and sealants • Elastomers	• Inks • Building and construction	• Price-driven end markets and niche, specialty subsegments with product properties and features allowing differentiation and sophistication through formulation enhancements • Gradual to slow, yet consistent trend supporting more sustainable offerings (water-based formulations and biobased feeds/green products)
Advanced Materials & Additives	• Rubber • Plastic additives	• Flooring • Wires and cables	• Governed by regulations • Green innovation (carbon footprint reduction, biodegradable plastics) • Automotive trends to improved life-cycle, weight and cost efficiency • Increased use of recycling and recycled materials • Change in material requirements due to electrification of cars
Lubricants & Metalworking Fluids	• Additives • Base oils • Thickeners • Amines	• Packages for automotive and industrial lubricants • Additives and components: AW/EP, VII, PPD, antioxidants, defoamers,... • Synthetics base oils • Surfactants and emulsifiers	• Very technical industry • Large exposure to automotive and industrial manufacturing • Innovation driven by emissions and efficiency regulations • EV driving changes in type and performance of traditional auto lubricants • Sustainable components gaining interest
Electronics	• High-purity metals for MBE (purest in the world) • Precursors for chemical depositions on substrates • Top quality substrates	• Equipment and tooling for chip bonding • Lead-free alloys (SN100C®) and consumables for electronic assembling industry	• High-end technologies, requiring highly specialized team • Fundamental and industrial research driven • Large span of applications, (consumer, telecom, healthcare, transports, military...)
Essential and Fine Chemicals	• Basic chemicals and solvents • Reagents and advanced intermediates • Catalysts • Exclusive chemicals • Chemical synthesis • Process aids	• Custom manufacturing services • Water treatment, ice-melters, and non-toxic antifreeze • pH adjustment • Battery industry	• Fragmented and regionally organized • Very technical industries, requiring product and service specialists • Increased focus on sustainable solutions (circular economy, regenerated solvents, bio-based products) • Large volume
Textiles, Leather & Paper	• Pulp and paper production	• Textile and leather production	• Focus on increasing performance • Fragmented and regionally organized • Very technical industries, requiring product and service specialists

How we create value

Our resources

Financial

Shareholders equity
€ 2,590m

Net working capital
€ 574m

Net indebtness
€ 1,275m

People

Employees[1]
4,206

of which female[1]
53%

Nationalities
80

Average training hours[2] **per FTE** 16.8

Intellectual

Labs
70+

Customer portals live
140+

e-Labs live
30+

Countries
65

Environmental

Electricity[2]
11,500 MWh

of which was renewable[2]
3,684 MWh

Water usage[2]
127 megaliters

Our business

Driving innovation together
Innovation

Taking action together
Sustainability

Building connections together
Digitalization

Fueling growth together

- Organic growth with customers
- Organic growth with principals
- Growth through M&A

Value created

Financial

Revenue
€ 4,152m

Adjusted EBITA
€ 466m

Free Cash Flow (FCF)
€ 601m

Dividend per share
€ 0.22

People

Senior management positions held by women[2]
29.5%

Employee engagement point score[2]
75

Line managers trained in diversity and inclusive leadership[2]
99.6%

Intellectual

Principal satisfaction survey results[3]
4.3/5

Formulations
4,000+ shared through customer meetings, tradeshows or digital channels

Environmental

Scope 1 emissions[2]
9,283 tCO_2e

Scope 2 emissions[2,4]
3,273 tCO_2e

Waste[2]
4,014t

Environmental accidents
1

Contributing to UN SDGs

1 Represents the employee count per December, 31, 2023 including M&A contribution
2 The ESG KPIs are calculated by excluding M&A contribution of share deals for the first 12 months after acquisition. Refer to Annex III – Methodology on ESG KPIs
3 Based on the Global Principal survey conducted in 2022
4 Based on the market-based calculation method

Stakeholders and materiality

Our sustainability strategy is based on close and regular dialogue with our stakeholders, including employees, principals, customers, investors, public authorities and trade associations. It is only with their help that we will be able to achieve our *Action 2025* targets.

Engaging with our stakeholders

Dialogue with employees

Every two years, we run a global Employee Satisfaction Survey to gather employee views on topics such as working conditions, learning and development, and diversity and inclusion. The most recent survey was held in 2022, and we will hold the next in 2024. For more details of the 2022 results, please see the **Our team** section.

Dialogue with principals

We work closely and regularly with our principals to help them increase their range of sustainable products by looking at how ingredients can be used in formulations. Every two years, we also run surveys to gauge the opinion of our principals more formally. Our most recent survey was in 2022, with significant improvements that reflect our principals' growing trust in our business model. The next survey will be held in 2024.

Dialogue with customers

We formally gauge our customers' needs and perceptions on a regular basis, with the next survey planned for Q4 2024. Much of our dialogue with customers is conducted on a more regular basis by our sales experts, chemists, and application engineers in our laboratories, customer sites, and via our digital tools. It is this more informal engagement that plays a major part in shaping our sustainability strategy and actions.

“In our goal of being the reference innovation service provider of the specialty chemicals and food ingredients industry, our principals and customers are the key stakeholders. For our principals, we work tirelessly to reduce complexity, acting as an extended sales force, delivering exceptional service to customers and gathering valuable market insights that we share through our many digital tools. We foster business growth through market share gains and promotion of innovative technologies. Our commitment is reflected in the principal satisfaction survey, held every two years. We use those results as a compass, guiding us toward continuous improvement and excellence.

Stijn Vandevoorde, Principal Development Director EMEA

> Having meaningful interactions with shareholders is crucial to Azelis. Each dialogue, each exchange is a testament to our commitment to transparency and shared success. Our shareholders are valued partners in Azelis' growth journey.
>
> Pam Antay, SVP Investor Relations

Relations with shareholders

We have established an investor relations department to serve as a conduit between Azelis and the financial markets following our listing as a publicly traded company in 2021. This department helps to address questions from investors on sustainability issues, which are increasingly a priority in the investment sector.

Industry partnerships

Azelis is a member of several international and national bodies that focus on sustainability in the chemicals sector, including the safe handling and use of chemicals within our industry.

We actively participate in key committees of many of these organizations, and we are a committed supporter of the Responsible Care® (RC) or Responsible Distribution® (RD) programs developed by these associations. Responsible Care® (RC), the chemical industry's initiative to drive continual improvement in health and safety standards, provides an ethical framework toward safe chemicals management and performance excellence. Most of our entities are certified for RC or RD.

In 2020, we first became a member of Together for Sustainability® (TfS), an alliance of companies dealing with chemicals that works to improve sustainability standards in the global supply chain. We are still active with our TfS membership today.

Through our membership of the International Chemical Trade Association (ICTA), we are involved in a unique collaboration with other chemical distribution associations and companies to develop a global Responsible Distribution program, focused on improving the safety, health, environment, security and sustainability of chemical supply chains. To drive this forward, we are members of the working group, which includes the Alliance for Chemical Distribution in the USA (ACD) (formerly known as National Association of Chemical Distributors (NACD)), the UK Chemical Business Association (CBA), the German Distributors Association (VCH) and the Dutch Chemical Distributors Association (VHCP).

PROUD TO BE A PART OF acd™ ALLIANCE FOR CHEMICAL DISTRIBUTION

Fecc EUROPEAN ASSOCIATION OF CHEMICAL DISTRIBUTORS

icta

Responsible Care® OUR COMMITMENT TO SUSTAINABILITY

RDC | DRC Responsible Distribution Canada Distribution Responsable Canada

TOGETHER FOR SUSTAINABILITY

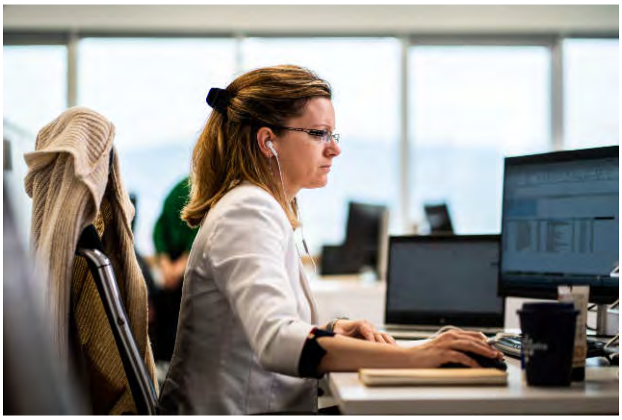
UN GLOBAL COMPACT

Our materiality matrix

Action 2025 is based on our materiality matrix, which maps out the sustainability issues that are most important to our stakeholders and which pose the greatest potential risks — and opportunities — to our business.

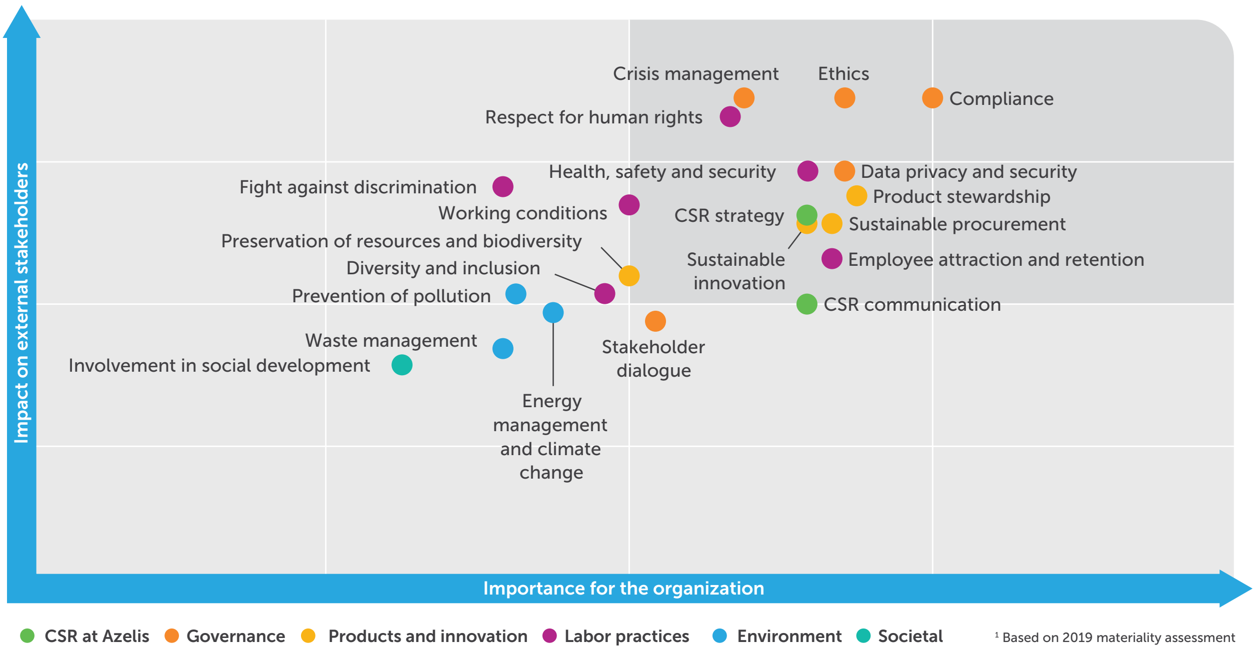
Our initial materiality assessment was undertaken in 2019, with 127 potential topics identified by our Sustainability Steering Committee and assessed by internal and external stakeholders. We identified 21 topics following this process as being material to the business and therefore worthy of special focus in our *Action 2025* strategy.

Our double materiality assessment was carried out in 2023 to ensure that our approach is aligned with the requirements of the EU Corporate Sustainability Reporting Directive (EU CSRD). The new matrix will be communicated in 2025 in company management reports on the 2024 financial year. Our Sustainability Steering Committee carries out a review each year to ensure any emerging issues are not missed. It also maps the materiality assessment annually against the more general business risks and opportunities defined by our Enterprise Risk Management unit.



Martina from the team in Croatia

The Azelis materiality matrix[1]



[1] Based on 2019 materiality assessment

Our strategy

At Azelis, we strive to make the world a better place. We combine products, ingredients and ideas — providing the expertise that will always matter in our changing world. Our ambition is to be the world-leading innovation service provider to the specialty chemicals and food ingredients industries, bringing value to our employees, customers, principals and investors.

Azelis' strategy to achieve our long-term goals is to address the needs of our different stakeholders.

For employees, Azelis offers a modern, global, and diverse workplace. Investments in digitalization, professional shared services and strong group services are key to driving world-class innovation and technical sales capability development globally. Azelis aims to be recognized as a global employer of choice in the industry and to deliver long-term sustainable growth for our investors through three growth components.

Growth with customers

For customers, Azelis offers personalized technical services and a robust, effective lateral value chain that enables them to grow their market share in increasingly competitive global markets. Our lateral value chain proposition allows us to combine our technical expertise and multiple products from different principals to create innovative and sustainable solutions for customers. We aim to create customer value by offering a real one-stop shop for specialty chemicals and ingredients.

Customers benefit from access to local technical sales, a product portfolio with a continuously growing list of sustainable alternatives, and customized solutions based on deep understanding of customer needs and challenges. Today, we are at the forefront generating these insights across channels. We further increase customer intimacy by accelerating data-driven value-selling approaches across customer and market segments. Strong safety, health, environment and quality (SHEQ) services and advanced sourcing and supply chain solutions are additional value-adding services for customers.

Growth with principals

As an outsourced sales and marketing partner for our principals, Azelis' foremost goal is to grow the market share of the principal product portfolios that we represent. We create principal value by extending reach to new geographies, customer segments and application areas, enabling growth without increasing complexity for principals. This strategy includes industry-leading digital capabilities to reach new customers and generate customer insights to accelerate growth.

Our strong technical sales team works to increase sales of existing principals' products, while our mandate wins and long-term partnerships with blue-chip principals continuously develop our business and improve our product offerings.

Growth through acquisitions

Azelis' M&A strategy works to complement organic growth with acquisitions. By consolidating the industry in key countries and market segments, we are able to improve our lateral value chain and geographical footprint. In line with our objective to be the industry reference for innovation, digitalization and sustainability, we look for companies with the same values and a complementary product and principal portfolio to reinforce our core value proposition.

Our objective is to be the preeminent global innovation service provider for the specialty chemicals and food ingredients markets. Our strategy for achieving this objective is to drive growth centered on our lateral value chain, guided by our commitment to innovation, sustainability and digitalization.

Driving innovation together
Innovation

- Fully integrated and innovation solution provider
- Technical laboratories that break new ground by combining ingredients with ideas and creating opportunities through expertise

Taking action together
Sustainability

- Convert the sustainability aspirations of our principals and customers into innovative sustainable solutions
- Sustainability program pillars: People, Products and innovation, Governance and Environment

Building connections together
Digitalization

- Harmonized ERP & CRM systems
- Customer portal with eCommerce capabilities that deliver marketing insights for principals
- E-Lab for virtual collaboration with lab professionals to develop inspiring formulations

Fueling growth together

Organic growth with customers
Increased sales by our sales teams to grow our footprint with existing suppliers

Organic growth with principals
Mandate wins to continuously develop our business and improve our product offerings

Growth through M&A
M&A in key countries and market segments to strategically complement our increased sales and mandate wins

Driving innovation together

At Azelis, innovation is at the core of everything we do. We believe in the endless possibilities of formulations and strive to bring chemistry to action in better ways and shapes than ever before. Our dedication to innovation has been recognized globally in the industry, with numerous awards and accolades over the years.

Consistently striving for improved business offerings is in the DNA of our business model. A high level of application performance, improved cost competitiveness and sustainable solutions are growth drivers in all market segments we serve.

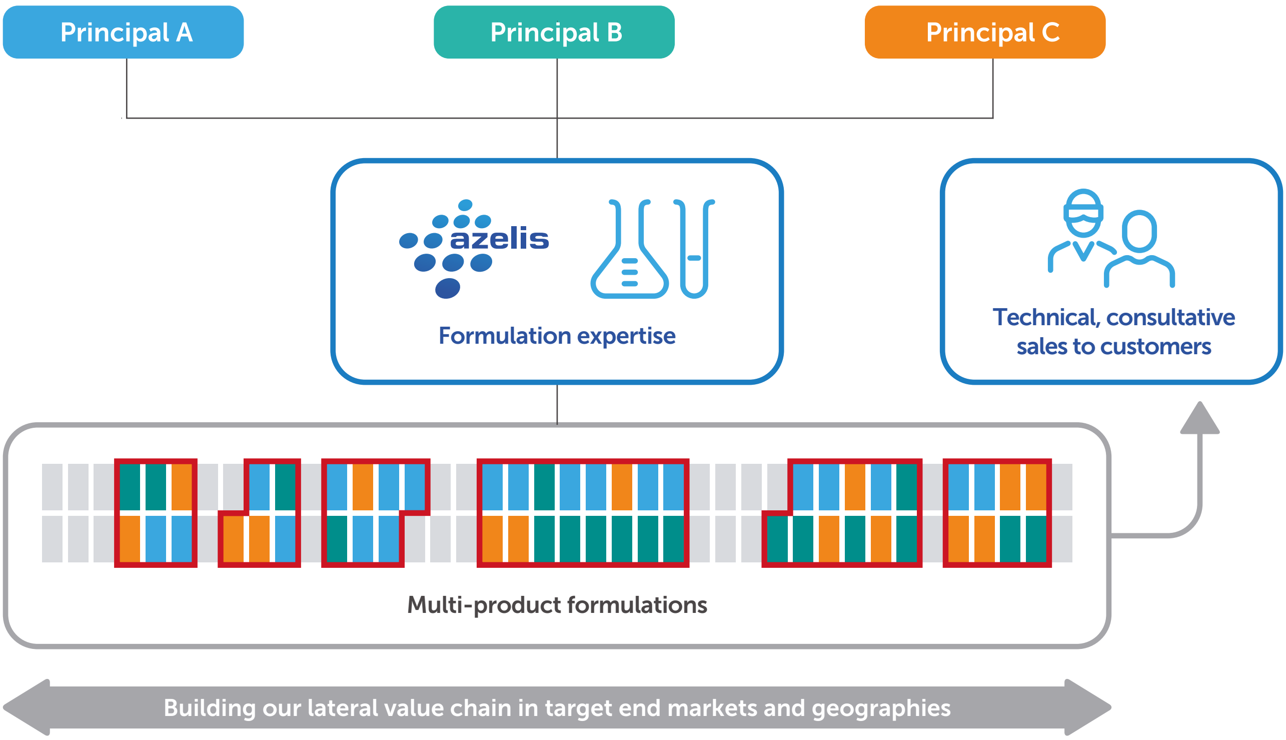
We aim to be a leading solution provider in the distribution and application of reliable and sustainable ingredients. Our global network of 70+ application laboratories — strengthened by a set of technical hubs — enables us to work with our customers to develop new, better-performing, sustainable formulations for their products or processes. We focus on helping them become more competitive and more sustainable by responding to trends and growth opportunities. We leverage local knowledge through our global knowledge management system and corporate-wide formulation tool, fully integrated into our customer relationship management (CRM) tool.

Our commitment to supporting our customers' innovation capabilities is reflected in the range of tailored solutions we offer, with an emphasis on sustainability, trends and cost-effectiveness.

Lateral value chain

Azelis' value proposition is powered by a comprehensive product portfolio, called the lateral value chain. By combining multiple products from different principals, we're able to leverage our broad portfolio of ingredients and create innovative and sustainable formulations for our customers, while building new markets for our principals.

Our lateral value chain, together with extensive technical expertise and a diverse range of formulations, allows our team to strategically combine products to develop innovative formulations and solutions,



resulting in an unparalleled one-stop-shop experience for customers. Our principals also benefit from our extensive product range, as our team can uncover and develop more application opportunities for their products, creating a broader market and delivering higher growth. Through our expertise in combining products across the lateral value chain, we foster customer and principal intimacy, and our team can develop meaningful relationships with our partners.

World-class technical network, in-person and online

With 70+ application labs, along with additional service and testing facilities, we have created a world-class technical network.

Our team works to develop new formulations, enhance existing ones and benchmark product performance. As evident from the recent recognitions, our team takes pride in becoming experts within the field, extensively testing, assessing and researching the products within our lateral value chain.

Our lab presence isn't limited to physical interactions; our online tools, such as the customer portal, allow customers to explore formulations and our lateral value chain by using our digital support, and our seamless API connectivity provides real-time insights for our suppliers. For more information on our digital tools, take a look at the digitalization section that follows.

Strengthening our food & nutrition footprint

With growth through acquisitions being a key part of our strategy, our lab capabilities are constantly expanding into new regions and market segments. In 2023, our Latin American presence expanded with the acquisition of Vogler in Brazil, active in the food & nutrition and animal nutrition markets. This strategic acquisition brought three laboratories to service the industry; a bakery lab, a beverages lab, and a dairy, ice cream and meat lab.

> With the acquisition of Vogler in Latin America, we significantly upgraded our technical competence for the entire food market. Operating three specialist food labs under one roof, the Brazil competence center is fully integrated into the Azelis technical network and supports our business development.

Dr. Jessica Silva, Director of Innovation, Americas

Technical resource management & global knowledge sharing

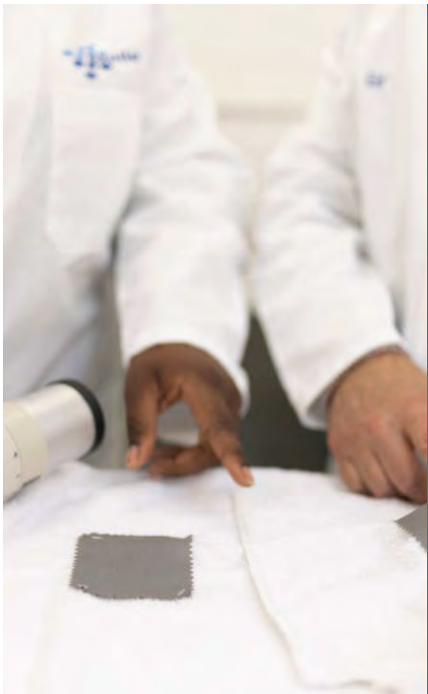
Azelis operates one ERP system, with a range of globally standardized functionalities, including our cloud-based CRM. In 2023, this technical setup saw its functionality extended for technical project management as well as formulation documentation. Fully considering IP legislation, we now run one global system for technical project management, improving our capabilities for technical portfolio management as well as pipeline management.

Delivering sustainable solutions

Aligned with our *Action 2025* sustainability strategy, we aim to become the leading distributor of sustainable solutions and services, with a sustainable product portfolio augmented with sustainability-oriented application services. Our innovation capabilities not only meet our customers' needs and expand the market for our principals' products, but also advance our sustainability agenda. We leverage our technical expertise to develop new sustainable formulations, promoting eco-friendly materials in the end markets.

At Azelis, we believe in innovating for a better world. Our commitment to sustainability drives our innovation efforts, ensuring that we create a more sustainable future for our industry and stakeholders.

Dipti from the Food & Nutrition team in India



Home Care & Industrial Cleaning

A great example of innovating for sustainability and utilizing the lateral value chain recently came from our Home Care & Industrial Cleaning team. At a customer's request, our team embarked on a mission to reformulate a laundry detergent, making it more sustainable by decreasing the number of surfactants. To overcome the challenge without losing overall effectiveness, our lab team utilized our extensive lateral value chain and incorporated a blend of six enzymes, reducing surfactant content by 20%.

In addition to superior cleaning performance and no significant difference in foam volume, a cost analysis determined that using the enzyme blend also saved on costs.

Building connections together

In today's dynamic business landscape, digital presence is a strategic must. A robust digital backbone facilitates seamless interactions, opens new avenues for growth and provides a catalyst for innovation and efficiency. That is why we consider digitalization one of the key strategic drivers for our company's and business's continued development.

Digital capabilities play a vital role as an enabler and differentiator. A new generation of formulators and buyers prefer to do product searches online to narrow down suppliers, innovations and products in line with their needs. Our marketing and sales teams are supported by real-time data that allow them to generate insights into customers' needs and market trends, and steer the development and delivery of value-added services. Our insights enable our principals to identify new commercial and application development opportunities.

Recent advancements in new technologies, such as artificial intelligence (AI), will continue to drive real-time insights into our end markets, help us identify new solutions and drive efficiencies across our value chain. They allow us to support our customers with personalized information and insights at the right time, while increasing service levels with the advanced planning and forecasting capabilities these new technologies offer.

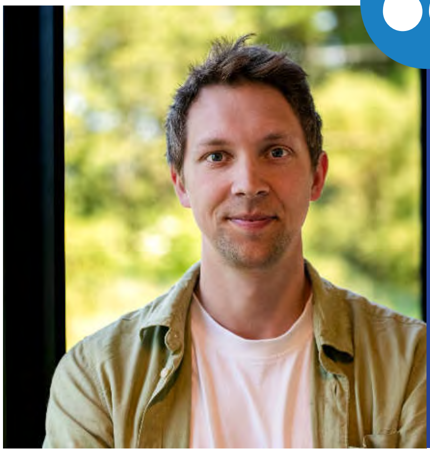
At Azelis, we use digital capabilities to facilitate end-to-end automation and process harmonization to enhance the experience of our customers and principals.

A strong backbone enabling our digital journey

Azelis' future-proof and scalable digital foundation is based on three pillars: Azure, Microsoft 365 and Dynamics 365. Being a fully cloud-powered company, our foundation drives operational efficiency. It ensures that we can scale our back-office activities as we continue to grow.

Improved usability, higher productivity and enhanced cybersecurity are just a few of the benefits we have achieved. Our digital foundation helps us develop new services while minimizing our carbon footprint. It is a strong fit with our overall strategy of how we can integrate new companies faster, how we can connect more securely, how we can drive value for all our stakeholders and how we can be more energy-efficient.

In addition to an integrated ERP and CRM system, a product information management system (PIM), and a global master data and analytics hub, Azelis continues to invest in differentiating capabilities enabled by emerging technology such as artificial



When we develop our digital offerings, we take a very customer-centric approach. All our digital platforms have been developed with the help of our customers and principals and a strong understanding of their needs. This way we ensure that we create the best value possible to our stakeholders and, ultimately, to Azelis as well.

Tim Lemmens, Performance Marketing Business Partner intelligence. With AI-powered guidance, cash flow prediction, and supply, forecasting and resource management, our opportunities to derive more value from our digital investment are endless. Our digital tools and services allow us to fully leverage the embedded abilities in our daily work, which helps optimize and simplify workstreams across our value chain to drive efficiencies while benefiting from advanced insights.

Recent examples of these working tools include our automated data extraction tool. We use AI to understand technical data sheets (TDS) and safety data sheets (SDS), extracting data automatically while learning from every document processed. These automated and optimized processes make handling a catalog of over 100,000 base products significantly more efficient, delivering twice as much information in half the time and improving the quality of data extracted.

We focus as much on the security of our systems as we do on increasing our overall security posture. As part of our information security management program, we have an ISO 27001 information security certification in place.

The reliability, agility and precision of the end-to-end, fully integrated platform will scale as we grow, supporting our relentless drive for innovation and connectivity. Our powerful digital backbone allows us to respond and comply efficiently with the ever-changing regulatory landscape in the markets where we operate, creating value for all our stakeholders.

Building connections with our digital services

With digital being another way to connect and engage, we have developed powerful services to create deep, meaningful, personalized engagement for our customers (customer portal and e-Lab) and principals (principal portal). Our digital foundations enable us to deliver tailored digital customer and principal-facing digital engagement at scale.

Customer portal

Inspire, discover, create

- **Accessible anytime, anywhere**
- **From inspiration to product**
- **Reduced time to market**
- **Local and reachable**
- **Access to Azelis expertise**

The e-Lab

Create, enhance, fix

1. The brief
We provide the customer with all the necessary tools to create a detailed briefing

2. Formulate
Our teams will find the tailor-made solution that the customer needs

3. Technical advice
Immediate formulations and product recommendations

4. Stay connected
Our teams are available at any time via live chat

5. Your formulation

Principal portal

Inspire, analyze, collaborate

- **Full transparency**
- **Flexible self-serve reporting**
- **Customer base insights**
- **From global to specific analysis**
- **Efficient collaboration**

We have built end-to-end services, rather than siloed apps and websites, and continuously work to improve them. As an innovation solutions provider with advanced digital capabilities, Azelis can collect and connect many data points from multiple sources. For our principals, we have developed seamless services that automate the real-time flow of information, reducing the complexity of ensuring that all relevant technical, commercial and regulatory information about their products is up-to-date and accessible.

This delivers a flywheel effect that means our customers benefit from high-quality technical information and personalized digital engagement, while our principals enjoy enhanced market intelligence and insights.

Customer portal and e-Lab

Our end-to-end digital services for our customers include customer portals and the e-Lab. The customer portals offer easy access to the latest trends, high-quality information on products and formulations, regulatory documentation and easy access to relevant Azelis teams. Integrating e-commerce functionalities makes requesting lab samples as well as placing commercial orders much more efficient. Our customers can download all relevant documents, such as safety data sheets, certificates of analysis and delivery notes of their recent orders, which delivers efficiencies for them and our internal sales departments. We are connecting with our customers through more than 140 customer portals globally.

The Azelis e-Lab is a digital service that allows customers to create, enhance or fix formulations at their convenience. More than 30 e-Labs provide all the tools customers need for a detailed briefing of their project, with immediate formulation and product recommendations.

The e-Lab provides instant access to our global network of technical experts, offering a faster and easier path toward innovative formulations and improved product development cycles for our customers.

With our digital services, we help customers embark on an exciting journey from ideation to commercialization, while reducing time to market, leveraging our lateral value chain and driving consistent customer growth.

Principal portal

Through our principal portals, we provide key statistics and relevant market insights to our principals. In addition to a real-time view of sales performance and opportunities, we provide concrete insights into the application of their products and emerging market trends that can help steer their R&D programs toward market needs. Our principals can also log on to our digital platforms via API/EDI connectivity for real-time access to our insights.

Bringing together systems, business processes and people

Our digital strategy is fully centered on the value drivers for our business, customers and principals — building a connected enterprise. Digital technology helps us scale our business activities, integrate the newly acquired companies faster, and it helps us manage the complexity of our business across diverse countries, languages, cultures and market segments.

Taking action together

Sustainability

We believe that the shift toward more sustainable products is another growth engine for the industry over the coming years. As an innovation partner with a strong focus on sustainability, Azelis helps principals advance their sustainability agenda by bringing healthy and environmentally friendly products to market. We help our customers positively impact society and the environment, making us their preferred partner.

Our sustainability strategy, *Action 2025*, sets out our commitment to become the world's leading provider of sustainable solutions and services in the specialty chemicals and food ingredients distribution industry. At Azelis, we play a significant role in helping our suppliers and customers achieve their sustainability objectives. Selecting from the broad portfolio of products we distribute, we identify sustainable solutions and develop formulations that enable our customers to launch more environmentally friendly products. We will continue to assess our suppliers' sustainability protocols and help them develop their own sustainability practices, improve sustainability standards across the value chain and enhance the reputation of the chemical industry.

Action 2025 was developed on: insights gained from in-depth interviews with our principals and customers, the results of our EcoVadis® assessment, input from Azelis business representatives and the materiality assessment that we carried out in 2019, which aimed to identify and understand the relative importance of specific ESG and sustainability topics to our organization.

Our *Action 2025* program 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.

Azelis' sustainability performance is assessed annually by Sustainalytics. Sustainalytics ESG ratings evaluate a company's exposure to material industry-specific ESG risks and how well a company manages those risks. The outcome considers the group to be at low risk of experiencing material financial impact from ESG factors.

Last year, Azelis was ranked #1 in the industry on ESG by Sustainalytics among a peer list of 178 international traders and distributors, with a score of 12.4 (lowest risk). This places Azelis in the top 5th percentile of more than 15,500 companies rated by the firm worldwide. In 2023, Azelis has managed to bring its ESG Risk Score down by 0.5 points. Azelis maintained its top industry ESG ranking, this time among a group of 205 peers, with an ESG score of 11.9, confirming its strong performance across a broad range of ESG metrics.

As of December 2023, Azelis is included in Euronext's BEL®ESG Index, as one of the 20 listed companies that demonstrate the best ESG practices. 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. Only two years after becoming publicly listed, Azelis is proud to be part of that index.

In 2023, Azelis also participated in CDP's climate rating program for the first time, earning a 'B' (Management) score. CDP is an international organization that collects and analyzes climate-related data from thousands of companies worldwide. Azelis was one of more than 23,000 companies that disclosed environmental data, and our score is a testament to our ongoing commitment to the environment and managing our environmental impact.

The four pillars of *Action 2025*

With *Action 2025*, we are ensuring that sustainability is an integral part of all our business processes and a pillar of our corporate strategy. Our sustainability strategy is structured around four pillars: People, Products and Innovation, Governance and Environment. *Action 2025* commits Azelis to achieving a series of ambitious targets by 2025 across all these areas.

For each pillar, we have prioritized the United Nations Sustainable Development Goals (UN SDGs) that we can best contribute to through *Action 2025*.

People

We will be recognized as an attractive global employer in our industry. This pillar of our sustainability strategy includes the targets and KPIs for employee attraction, development and retention, diversity and inclusion, and working conditions.

Governance

We will be fair in our business practices and have a robust compliance framework in place in order to ensure compliance with all laws and regulations, embedding trust and ethics in the foundation of our organization. With our strategy to establish strong crisis management and business continuity planning at all our sites, Azelis incorporates sound governance and fair business practices into the heart of its daily operations.

Environment

We will continually reduce the environmental impact of our operations. Under the environmental pillar of our sustainability strategy, we have committed to reducing our Scope 1 and Scope 2 carbon intensity and working with our supply chain to reduce Scope 3 emissions. We are also committed to improving our waste management system, decreasing the waste we generate, and reducing pollution. We will develop closer partnerships with our principals and external service providers to achieve our objectives.

Products and innovation

We will be the leader in distributing sustainable, innovative specialty chemicals and food ingredients, that minimize or eliminate the use and generation of hazardous substances. Azelis offers products that help reduce the environmental impact of our customers' businesses. Furthermore, through our membership in Together for Sustainability®, we have strong due diligence procedures in place. These procedures allow us to assess the corporate social responsibility (CSR) policies of our suppliers and their level of implementation.

Pillar	Targets	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.	3 Good health and well-being 4 Quality education 5 Gender equality 8 Decent work and economic growth
Products and Innovations	**Sustainable products:** • In 2021, we identified our sustainable product baseline. In 2022, we continued to accelerate the development of sustainable solutions. Throughout 2023, our team of experts have been working to develop a new methodology to additionally evaluate our product portfolio based on inherent properties of the product, safe application, and circularity potential. The ongoing refinement and review of this approach are anticipated to conclude by 2024. **Sustainable sourcing:** • **80%** of our revenue will come from ESG assessed or audited suppliers, thanks to our membership of Together for Sustainability®.	3 Good health and well-being 9 Industry, innovation and infrastructure 12 Responsible consumption and production 13 Climate action 17 Partnerships for the goals
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.	11 Sustainable cities and communities 16 Peace, justice and strong institutions
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:** • Implement a robust waste management strategy. • Establish further the reporting baseline, based on the CSRD requirements, and set targets to further reduce volumes of non-recoverable waste from our operations. **Preventing environmental accidents:** • No environmental accidents.	7 Affordable and clean energy 13 Climate action 14 Life below water 15 Life on land

CSR and sustainability commitments

GRI · UN Global Compact · Together for Sustainability · RDC \| DRC · acd · Responsible Care

CSR and sustainability recognitions

ecovadis Gold 2018 · ecovadis Gold 2020 · ecovadis Platinum 2021 · ecovadis Gold 2023 · Sustainalytics ESG Industry Top Rated 2023 · Sustainalytics ESG Industry Top Rated 2024 · CDP Discloser 2023

Corporate governance structure

Corporate governance structure

Sustainability is embedded into Azelis' corporate governance structure.

On the Board of Directors, Dr. Alexandra Brand acts as sponsor for all matters relating to sustainability. At the same time, our Executive Committee (ExCom) drives the implementation of our sustainability strategy, with members Dr. Hans Joachim Müller (until his retirement, December 31, 2023) and Anna Bertona specifically focused on sustainability initiatives.

Our Sustainability Steering Committee is responsible for coordinating the implementation of the strategy and developing sustainability policies and guidelines.

Reflecting the importance that we place not just on our sustainability agenda, but also on the integrity of our sustainability reporting, we have decided to split the Safety, Health, Environment and Quality (SHEQ) and Sustainability function into two separate roles. Rahul Khanvilkar, previously the Group SSC SHEQ Manager, was appointed as Group SHEQ and Regulatory Affairs Director, and Dr. Michael Heite, previously Head of Sustainability and Compliance at Bayer AG, was appointed as Group Sustainability Director.

Members of our multidisciplinary global sustainability task force from all regions met regularly in 2023 to review our progress toward *Action 2025*, ensuring our sustainability strategy and objectives are aligned with our business's challenges and opportunities.

Our team

Our people are our most important asset and the driving force behind our success.

We aim to not only attract top-tier talent, but also nurture their growth and ensure their sustained commitment.

We are resolute in our dedication to cultivating a workforce that reflects the richness of diverse perspectives, backgrounds and experiences. Employee engagement, well-being, health and safety, learning and development, and embracing inclusivity are not merely goals; they are an integral part of our ethos and foster an environment where every individual feels valued, empowered and able to thrive.

This underlines our commitment to becoming an employer of choice in our industry. This commitment is not just about being competitive; it is also about creating a workplace culture that is both dynamic and enduring.

Employees[1]
3,777

Nationalities
80

42
Average age

7.9
Years average tenure

Employee engagement (vs. 65 points in 2014)
75

Percentage of internal promotions that are women
58%

GRI	Key Performance Indicator	2023	2022	2021	2020	Target 2025
	Engagement score (Employee Satisfaction Survey)[1]	75 (β)[2]	75	74	74	77[3]
	Loyalty score (Employee Satisfaction Survey)[1]	83 (β)[2]	83	82	82	85[4]
	% of employees in the talent pools	8.0% (β)[2]	10.0%	11.4%	7.1%	>10%
405-1	% line managers trained in diversity and inclusive leadership	99.6% (β)[2]	99.3%	98.9%	Not reported	100%
405-1	% senior management positions held by women	29.5% (β)[2]	31.8%	23.5%	21.9%	30%
	Working conditions score (Employee Satisfaction Survey)[1]	75 (β)[2]	75	74	74	76[5]
403-9	Workplace accidents with lost time	6	6	6	2	0
	Average number of hours of training per employee[6]	16.8	15.9	13.5	12.2	24

1 The Employment Satisfaction Survey is executed every 2 years. Consequently, the 2020 and 2021 values for Engagement Score, Loyalty Score and Working Conditions Score are equal.
2 (β) relates to KPIs on which PWC has provided ISAE 3000 limited assurance.
3 This target was increased from 75 to 77 following a decision by the Azelis Executive Committee in 2022.
4 This target was increased from 75 to 85 following a decision by the Azelis Executive Committee in 2022.
5 This target was increased from 72 to 76 following a decision by the Azelis Executive Committee in 2022.
6 This KPI was created following a decision by the Azelis Executive Committee in 2022.

1 The number of employees used in the ESG KPIs differs from the number of employees according to Belgian legislation, which includes M&A (4,206 employees), as ESG KPIs are calculated by excluding M&A contribution of share deals for the first 12 months after acquisition. Refer to Annex III - Methodology on ESG KPI's.

Our main risks

Fostering talent development and preparing for future leadership appointments

Risk: Our objective is to guarantee that we can grow our employees and provide compelling career prospects, thereby establishing an in-house talent pool. We aim for all our employees to regard Azelis as the best place to fulfill their career aspirations.

Mitigation: We have expanded and finalized our performance and talent assessment processes, facilitated by our Human Capital Management (HCM) system, Workday®. We have also strengthened our annual talent pool review and are making significant investments in upskilling individuals within our talent pools, as well as across the entire Azelis community. Furthermore, in 2023, we've established our inaugural HR Center of Excellence dedicated to Learning & Development. This center is responsible for strategizing, executing and steering our L&D initiatives for leaders, talents and employees, with the aim of instilling a culture of lifelong learning across the entire organization.

Attracting high-potential candidates and preserving our talents

Risk: Our achievements hinge on our capacity to attract top-tier talent, nurture and retain our workforce. It is imperative that we establish robust pipelines for both external and internal talent, reducing the time it takes to hire and voluntary turnover rates.

Mitigation: Our commitment to enhancing working conditions and investing in employee development helps us manage and reduce this risk. As a rapidly expanding organization, we provide a broad spectrum of opportunities for career progression and consistently give precedence to promoting from within. In 2023, 41.7% of the number of open positions and vacancies were filled by internal promotions. In addition, when determining pay for most of our global workforce, we are guided by external benchmarks, making sure we are competitive. In our ongoing commitment to nurturing a robust talent pipeline, we have allocated a dedicated talent acquisition specialist in EMEA in 2023, aimed at enhancing our ability to attract top talents. Moreover, as an integral component of our recruitment value proposition, we are set to unveil a global employer branding video in 2024. The goal is to encapsulate the rich diversity of our workplace and showcase the myriad opportunities Azelis offers, with the aim of not only attracting top-tier talent but also reinforcing our reputation as a company that values diversity, embraces opportunity and leads the way in innovation.

Strengthening our culture of accountability and performance

Risk: As Azelis continues to expand and evolve, it becomes increasingly crucial for us to cultivate a performance-driven culture. One that encourages our team members to take ownership of their responsibilities and work autonomously. One that fosters an environment where entrepreneurship is not only welcomed but actively nurtured. In this atmosphere, individuals are empowered to excel, and the organization benefits from the initiative and innovation generated from this approach.

Mitigation: We have linked our yearly performance reviews with talent and compensation reviews — using our state-of-the-art HCM system, Workday® — enhancing our ability to track performance expectations and monitor accountability. Our performance-based pay practices complement this development to enhance the culture of performance across Azelis.

Ensuring the health and safety of our people

Risk: At Azelis, maintaining an uncompromising commitment to ensuring a safe and healthy work environment is of utmost importance. This is essential to safeguard the well-being and security of our employees.

Mitigation: The implementation of robust SHEQ policies and processes has created a culture of safety. Our priority is protecting the health of our people and preventing safety hazards, accidents and other damage to the company that results from non-compliance with health and safety legislation.

Employee engagement & excellence

At Azelis, employee engagement is pivotal to fostering a thriving and productive workforce.

Employee engagement is the heartbeat of our organization, representing the emotional investment and commitment employees bring to their work and creating an environment where individuals are not merely satisfied with their jobs but are deeply connected to the mission and values of Azelis.

We believe engaged employees are more likely to go the extra mile, contribute innovative ideas and foster a positive workplace culture.

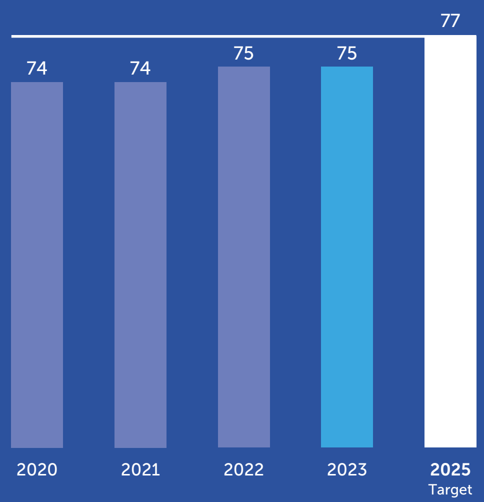
Elevating the onboarding journey for new employees

With seven acquisitions closed in 2023, and three more announced in Q4, it is important to introduce our new employees to our value system to mitigate risks. Our standard practice involves integrating employees from acquired companies into our established human resources processes and procedures within one year of the acquisition. In the case of joint ventures, the integration process may naturally take a bit longer.

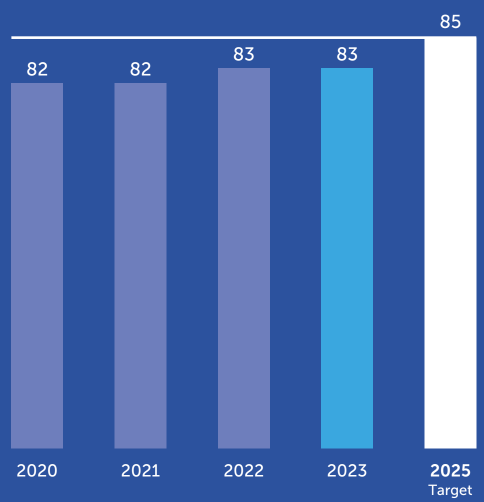
Here at Azelis, we place a strong emphasis on providing a warm and inclusive welcome to our new employees, enabling them to fully immerse themselves in the values and culture of Azelis. This is achieved through a multifaceted approach, including in-person interactions, a comprehensive week-long induction program, dedicated buddy programs, engaging team events and structured formal meetings.

To further promote effective interactions between new employees and their line managers, we will introduce a comprehensive new hire journey checkpoint at the 30, 60 and 90-day milestones. This initiative will be executed through Workday®. In conjunction with our L&D strategy, we aim to implement online training courses on our Code of Conduct and other cornerstone policies for all new employees.

Engagement score
(Employee Satisfaction Survey)



Loyalty score
(Employee Satisfaction Survey)[1]



Refer to Our team page for further details and annex III – Methodology

This training must be completed within three months of joining the company, and it will be facilitated through our e-learning modules on Workday®. This approach guarantees consistent and uniform policy induction training throughout the organization.

Cultivating excellence in leadership

Investing in our managers' professional development is not merely a strategic decision, but a testament to our commitment to fostering a culture of expertise, innovation and excellence. At Azelis, we cultivate a culture of outstanding leadership that will drive the sustained success of our organization.

In 2023, we introduced our new Managers' Resources Website, meticulously developed by our HR team in the Americas, to bolster managerial competence and leadership capabilities.

In 2023, the HR team continued our dedication to enhancing the employee experience through a strategic blend of onsite visits and insightful training webinars. Fostering a strong connection with our colleagues as a valuable resource remains at the core of our efforts, reinforcing that Azelis is a great place to work!

Sharnel Adams, Director of Human Resources, Americas

Anthony, Grace and Daniel from the Azelis team in China

This centralized hub provides valuable resources and introduces a structured approach to training. The platform offers mandatory training modules for our new managers, ensuring they are equipped with the essential tools and knowledge to excel in their roles. Additionally, experienced managers can access a curated list of suggested training programs focused on going beyond fundamentals of management and enhancement of leadership skills. This includes trainings on empathy as a leader, handling conflict, interpersonal communication, managing unconscious bias and leading diverse teams.

By investing in our managers' professional development, we are strengthening our leadership bench and fostering a culture of expertise, innovation and excellence.

Empowering HR excellence in EMEA

Our people at Azelis are united by the common goal of fostering innovation, enhancing cooperation and embracing a journey of improvement. The unwavering commitment to achieving excellence in our practices and business operations perfectly aligns with our mission of advancing the support and well-being of our employees and the success of our business endeavors.

Within the vibrant HR EMEA community, a transformative initiative has been launched through the establishment of six dedicated workgroups. These workgroups aim to optimize HR processes across the EMEA region by harnessing the skills and knowledge of our local HR professionals. Some of the key focus areas include 'Employee Attraction and Retention,' 'Company Culture & Employee Wellbeing' and 'Employee Onboarding & Offboarding Experience.'

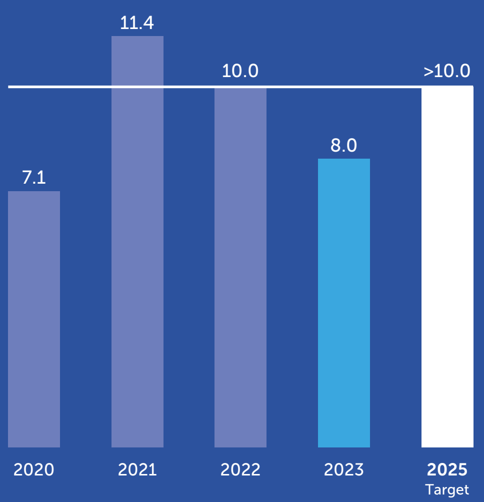
The overarching vision of these workgroups is to go further in optimizing HR processes at EMEA level by harnessing the rich pool of talent within our local HR teams. This collaborative endeavor is driven by the aspiration to create standardized processes and pinpoint actionable strategies that will result in best-in-class HR support for our business operations and people.

Each workgroup operates under the guidance of a team leader and consists of no more than four dedicated individuals. These teams were entrusted with the pivotal responsibility of establishing essential key performance indicators (KPIs) and ensuring consistent updates are delivered during the monthly EMEA meetings.

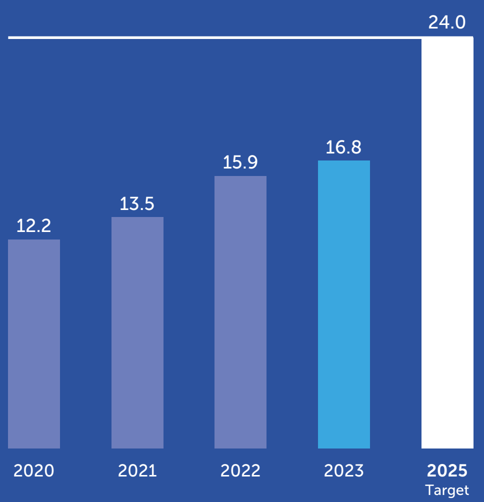
“Investing in local talent and leveraging their active involvement in our EMEA HR optimization initiatives has proven to be a strategic win-win. By empowering our local teams to contribute at a regional level, we foster motivation and ownership, ensuring that our process enhancements receive immediate buy-in from our local HR teams.

Isabelle Schuerbeke, HR Director EMEA

Employees in the talent pools
(in %)



Hours of training per employee
(Average number)



Refer to Our team page for further details and annex III – Methodology

Employee learning & development

At Azelis, the learning and development of our people is one of the strategic pillars that support competitiveness and drive our success. That is why we invest in our teams' growth and cultivate the continuous improvement culture that fuels our trademark ingenuity and innovation capabilities.

The commitment to personal learning and development is anchored in our culture of accountability and performance, driven by our seamlessly integrated people-centric processes.

Culture of accountability and performance

At Azelis, ambition, innovation and performance are encouraged and rewarded. Empowering our people and increasing their autonomy and accountability is an intrinsic part of our company's culture.

In 2023, 2,940 employees completed a yearly performance and talent review designed to improve performance, professional skills and functional competencies and support employee development.

We track performance expectations, monitor accountability and have introduced multiple calibration steps to review and validate the performance ratings to ensure everyone is rated against the same shared criteria.

As our performance and talent review process takes place from November of the previous calendar year to February of the reference year, all employees are eligible to participate.

For detailed information about the exceptions, please see Annex III - Methodology in this report. Usually, this process does not include employees who joined the company as a result of a merger or acquisition before the start of the review.

In 2022, two new features were introduced to our Workday® human capital management system — talent pool assignment and succession planning. This allowed us to consolidate the results of the performance and talent review processes, identify the employees with the best performance and potential ratings over at least two years and assign them to one of the four talent pools we defined. This is followed up with succession planning, allowing us to identify and develop new, potential leaders who can move into leadership and other business-critical roles when they become vacant.

In 2023, we launched a new talent pool in addition to the three existing ones to enhance the granularity of our talent identification process and make talent development more actionable by clearly defining how ready a candidate is to take on greater responsibility.

Creating a stronger link between our performance and talent review processes will ensure we have a robust and sustainable pipeline of high-performing talent to fill roles at all levels across Azelis. It will also assist employees with career planning and development, increasing their engagement and motivation.

This integrated performance-to-talent review process allowed us to cover 41.7% of vacancies and open positions in 2023 through internal promotions. This percentage has increased by 7.7% from 2022. In 2023, 8.0% of employees were assigned to our talent pools. Our goal, as part of *Action 2025*, is to have at least 10% of our people in talent pools.

Fueling our collective growth through training and development

Raising our commitment to training and development remains a pivotal strategic priority for Azelis, essential to achieving our *Action 2025* goals and pursuing the position of the industry's preferred employer.

In 2023, we made significant strides in our commitment to empower our workforce by equipping them with valuable skills and competencies. We are dedicated to fostering a culture of continuous learning, and our actions underscore this.

We made this commitment concrete and visible by adding a new key performance indicator (KPI) to our *Action 2025* targets. This KPI sets an ambitious target for us to provide 24 hours of training annually to each employee by 2025. At the close of 2023, we had made substantial progress, with our employees already benefiting from 16.8 hours of training on average.

Furthermore, we established our first HR Center of Excellence, focusing on Learning & Development. This center is responsible for strategizing, executing and steering our L&D initiatives for leaders, talents and employees, with the aim of instilling a culture of lifelong learning across the entire organization.

We will be focusing our approach on employee development through Workday®. With our innovative Learning module, we can now identify the training needs of our employees in a more structured and efficient manner. We will be

> Developing our people through learning is crucial to strengthening teams and boosting overall performance and productivity. We are committed to investing in our people's skills and offering career advancement opportunities. This will lead to more engaged people who are more productive, motivated and committed to their work.
>
> Kaat Joillet, Group L&D Manager

exploring state-of-the-art partnership with an external learning platform, allowing us to provide our employees with a catalog of online training courses, encompassing both internal and external offerings, all accessible directly through Workday®. Learning will never have been easier to access and profit from for our workforce.

Talent mobility: creating career opportunities for our people

We prioritize internal talent when positions become vacant, and our continuous growth enables us to offer a significant number of attractive career opportunities to our people. In 2023, 41.7% of our vacancies were filled by Azelis employees.

International mobility is commonplace and encouraged at Azelis, as it promotes collaboration across borders while helping employees learn about business aspects in different countries and develop their leadership skills.

Azelis offers assessment centers for individuals whom we identify as having the potential to assume senior management roles. These centers work to identify strengths and areas for improvement, facilitating a comprehensive understanding of their capabilities.

Sharing best practices

At Azelis, we believe in the power of sharing. In Asia-Pacific, our training programs go beyond theory; they emphasize knowledge transfer by sharing real experiences and through challenges by leaders in the local management team.

At Azelis India, we're committed to nurturing a culture of continuous learning and improvement, inspiring cross-functional interactions and strengthening teamwork. Our monthly in-house training sessions, held every third Monday of the month for two hours, are at the heart of this commitment. This is not just a training program; it's a journey toward operational excellence, led by the best in the business and headed by the Managing Director of Azelis India and our head of HR.

What makes our training truly special is its focus on real-life scenarios specific to Azelis. We've designed our training materials around case studies and role plays that are centered on in-house examples. This ensures that every piece of knowledge shared is directly relevant to the challenges our team faces every day.

Nurturing growth through succession planning and talent mobility

At Azelis, we place sustainability at the forefront and acknowledge the crucial role our people play in navigating the ever-changing dynamics of our industry and the broader business landscape. As a beacon of corporate responsibility, our commitment to sustainability extends beyond environmental concerns to include the nurturing and development of our most important asset – our people. We delve into our succession planning and talent mobility efforts, with a specific focus on harnessing the potential of our internal talent pool through strategic internal promotions.

Developing an agile workforce involves a proactive strategy of recognizing and nurturing internal talent to effectively fill crucial leadership positions. By forecasting future talent needs and ensuring a robust pipeline of qualified candidates, we mitigate the risks associated with leadership gaps, promoting organizational stability and continuity.

Our succession planning process begins with a meticulous assessment of the skills, competencies, and potential of our current workforce. We identify high-potential individuals and provide them with targeted development opportunities to groom them for leadership roles. This not only ensures a smoother transition when vacancies arise but also fosters a culture of continuous learning and growth throughout the organization.

Talent mobility as a catalyst for growth: building from within

Our commitment to talent mobility goes beyond lateral shifts and includes a specific emphasis on internal promotions. Prioritizing internal advancements underscores our recognition of the value of retaining and advancing our own talent, cultivating loyalty and motivation among our employees.

Internal promotions serve as a testament to our belief in the potential of our workforce. When filling leadership positions, we first consider internal candidates, giving precedence to those who have demonstrated commitment, performance excellence, and alignment with our core values. This not only provides a clear career path for individuals but also ensures that our leadership team is well-acquainted with the company's values, culture, and strategic objectives.

By strategically implementing succession planning and talent mobility efforts, with a focus on internal promotions, we not only fortify our organizational resilience but also empower our employees to reach their full potential. In doing so, we lay the groundwork for a sustainable future that thrives on the strength and adaptability of our internal talent pools.

At Azelis, talent mobility extends beyond international relocations. Talent mobility encompasses all forms of movement, locally, regionally, or internationally, that facilitates the effective utilization and development of talent within our organization. These movements can include promotions or career advancements, internal transfers to a new department, team, or location, job rotations, and more.

Talent mobility

Jia Yu Peh was appointed Group HR Director in April 2023 following the retirement of Emanuele Ferrero. Jia Yu joined Azelis in 2018 as HR Director, Azelis Asia Pacific in Singapore before moving to Belgium in spring 2023. Priority was given to internal promotion also when appointing Jia Yu's successor in Singapore: **Gina Lek** was promoted to the role of Senior HR Manager, Azelis Asia Pacific after joining the APAC HR team in 2021.

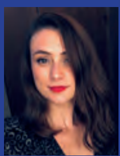

Jia Yu Peh


Gina Lek

Véronique Farruggia moved from Belgium to our Asia Pacific headquarters in Singapore to take on the newly created position of Asia Pacific Commercial & Operations Excellence Manager, effective October 2023. Véronique joined Azelis in 2010 and held different roles before becoming EMEA Manager Operational Excellence in January 2022.


Véronique Farruggia

After joining our corporate digital team in Belgium in September 2021, **Ivana Lesnjak** moved to the United States effective April 2023 to take up the role of Change Management Project Manager in the IT team of Azelis Americas.


Ivana Lesnjak

Chaoran Tian followed in Ivana's footsteps and moved from China to the Azelis Americas IT team in the United States in November 2023. Since joining the IT team in Shanghai in April 2012, Fanny also became an important part of the regional ERP support team and successfully helped many acquired companies in the Asia Pacific region roll out our ERP system.


Chaoran Tian

Marnik Tack was promoted to the role of Chief Operating Officer (COO) EMEA, effective November 2023 following a career characterized by steady growth, which started in 2012 as Group Principal Manager. In 2017, he was appointed Market Segment Director for the Home Care & Industrial Cleaning segment and in 2019 he additionally took on the responsibility for Performance Chemicals.


Marnik Tack

Stijn Vandevoorde was appointed to the role of Principal Development Director EMEA effective July 2023. Stijn joined Azelis in 2010 as Sales Manager at Azelis Benelux.


Stijn Vandevoorde

Dennis Hublitz took up the role of Group Director Digital Transformation in May 2023, moving up from the role of Market Segment Director Personal Care, EMEA, which he held since joining Azelis in May 2019. In typical Azelis fashion, his successor was also appointed internally: **Massimo Armada**, Board member of Eurotrading S.p.A. (a company acquired by Azelis in September 2022) was promoted to the role of Market Segment Director Personal Care, EMEA, effective September 2023.


Dennis Hublitz


Massimo Armada

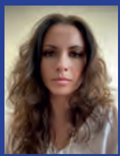
Matthias Hofmann was promoted to the role of Group Director Innovation and Technology Management in March 2023 after serving as Managing Director DACH (Germany, Austria, Switzerland) since joining Azelis in April 2019.


Matthias Hofmann

Maria Briceño was promoted from Food & Nutrition Division Director to Commercial Director for Rocsa on April 1, 2023. In this role, Maria leads the overall Commercial team for the organization.


Maria Briceño

Rocio Mendoza was promoted from Product Manager, CASE & RPA to Operations Director for Azelis Canada on January 9, 2023. In this role, Rocio oversees the warehouse, transportation, and supply chain teams within Azelis Canada.


Rocio Mendoza

Ensuring the health & safety of our people

At Azelis, ensuring our employees' health and safety and proper working conditions is not just a regulatory obligation; 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.

This encapsulates the essence of a proactive approach to health and safety, emphasizing its integral role in creating a resilient, engaged and productive workforce.

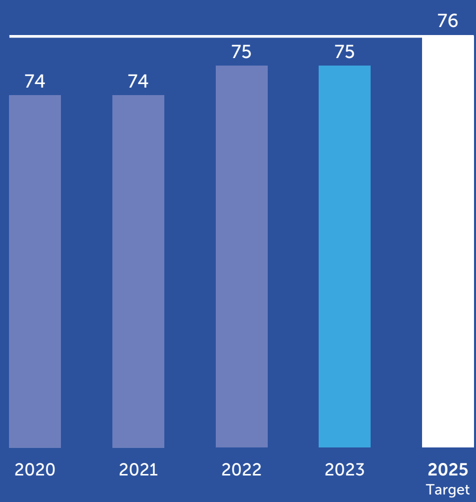
Ensuring the health & safety

At the forefront of our mission is ensuring a safe and healthy work environment for our team, driven by our commitment to ethical responsibility and an understanding that any harm to our workforce can lead to business interruptions, reputation risks and increased costs.

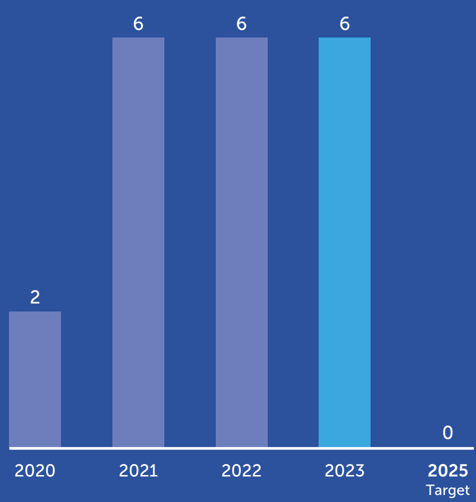
The Azelis Code of Conduct enforces a commitment to perpetually upholding a secure working environment. Our dedication extends to guaranteeing the safety and well-being of our employees and all stakeholders impacted by our operations.

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. Across all regions, we have implemented the Responsible Care® or Responsible Distribution® management systems to govern health and safety risks effectively.

Working conditions score
(Employee Satisfaction Survey)



Working accidents with lost time



Refer to Our team page for further details and annex III – Methodology

How we aim to prevent accidents

Rolled out in 2022, our Group Safety, Health and Environment (SHE) policy sets out a series of basic principles that must be followed in all our entities.

The policy is based on the International Chemical Trade Association's 14 Safety Golden Rules and provides an overview of aspects that require consideration at all sites and offices. Our SHE policy 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.

We also have a Group Loss Prevention Management System consisting of a series of rules for safety, implementation guidelines and training. These apply in all regions where we operate, with no exceptions.

At site level, our organizations perform risk evaluations of the processes and classify 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.

In 2023, six lost-time accidents were reported. Our target under *Action 2025* is to reduce that number to zero. In addition to a new group Safety, Health and Environment (SHE) policy that was introduced in 2022, setting out basic principles to be respected in all entities, in 2023 we developed a global tool for reporting accidents. For Azelis, reporting workplace incidents and near-misses is crucial to maintaining a safe and healthy workplace. It allows us to identify potential hazards and take preventative measures to minimize risk of future incidents, varying from accidents in the lab or office, injuries during working time or even with an environmental impact. The new Azelis HSE reporting app is available to everyone, as we count on all employees to report actual and potential incidents and identify opportunities to make our workplace safer. The coordination and management of this Health, Safety and Environment (HSE) app will be in the trusted hands of our SHEQ community. It is the first time for Azelis to have one central reporting and investigation tool. The HSE tool has been developed in-house and fully integrated with our digital backbone.

We will continue and intensify our awareness and training initiatives to achieve our objective of zero workplace accidents. In 2024, we plan to ensure all local sites have a clear, common understanding of the definition and scope of workplace accidents with lost time. Our current regional procedures will be scaled up to use a global database that will help us analyze accidents and record near misses.

Fostering a workplace culture of compassion, strength, and unity

In the aftermath of the Turkey earthquake, our team in Turkey is not only committed to aiding in the recovery efforts but is equally dedicated to the well-being and resilience of our valued employees and their families.

To support our employees in their journey to healing and resilience, we organized a psychological resilience workshop in collaboration with experts in trauma recovery and psychological well-being. The purpose was to help employees build psychological resilience, providing strategies for coping with stress, fear, and anxiety.

By offering psychological resilience training, we not only support their psychological recovery but also empower our employees with the tools needed to thrive in the face of adversity.

Together, we will emerge stronger and more resilient, fostering a workplace culture of compassion, strength, and unity.

Championing mental health for employees

At Azelis, we recognize the importance of nurturing our employees' mental well-being, and investing in employee mental health is a game-changer. At Azelis Americas, investment in mental health wasn't just a nice gesture. It was the cornerstone of our success, culture, and long-term sustainability. It is a win-win situation where employees thrive, and we reap the rewards of a healthier, more engaged, and more productive workforce.

In the **United States**, our HR team and front-line managers have embarked on a pioneering journey - Mental Health First Aid (MHFA) training. In today's fast-paced work environment, recognizing mental health issues is vital.

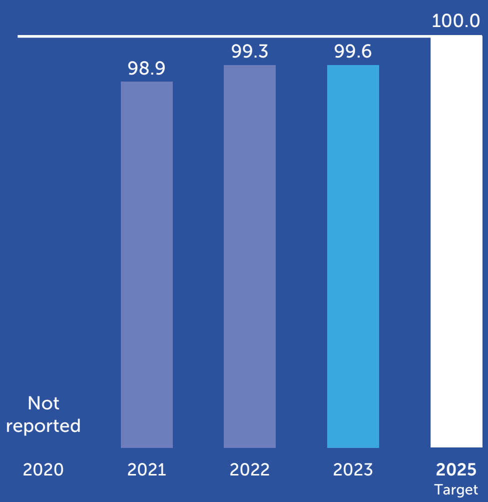
This initiative equips our managers to offer support, encourage conversations, and guide individuals to the right resources. It's more than training; it's about creating a caring, stigma-free workplace where employee well-being takes center stage.

This story is a testament to our commitment to prioritize mental health and build a culture of compassion.

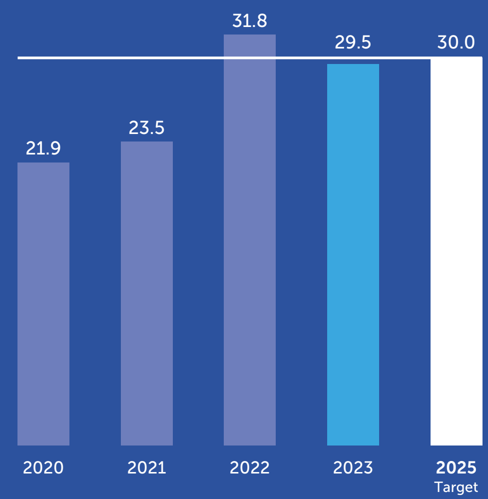
In the **United Kingdom**, we provided Mental Health First Aid training to several employees in 2023, ensuring we had a qualified MHFA at each of our sites. We also provided Mental Health training to line managers, enabling them to better support their teams.

During 2023, we formed an MHFA group providing monthly mental health communications to all employees.

Line managers trained in diversity and inclusive leadership
(in %)



Senior management positions held by women
(in %)



Refer to Our team page for further details and annex III – Methodology

Diversity & inclusion

Embracing diversity and fostering inclusion are essential pillars in cultivating a workplace that thrives on innovation, creativity and collective success.

At Azelis, we recognize that our strength lies in the unique perspectives, backgrounds and talents of all individuals within our diverse teams. We are committed to creating an inclusive environment where every employee feels valued, respected and empowered.

By championing diversity, we not only enrich our organizational culture but also enhance our ability to adapt, learn and excel in an ever-evolving global competitive landscape.

Diversity & inclusion

At Azelis, we are dedicated to upholding the principle of equal opportunities and denounce any form of unlawful or unfair discrimination based on race, color, nationality, ethnic origin, gender, sexual orientation, marital status, working time status, age, unrelated criminal convictions, religion or religious beliefs, political views, and disability. We recognize that the diversity among our employees adds significant value and provides an additional competitive advantage for our business.

We are convinced that diverse companies are better at attracting talent, have better customer orientation, higher employee satisfaction and enhanced decision-making processes. Ultimately, a diverse company will also perform better financially, something which has also been shown in studies[3].

Azelis operates with a workforce ratio of 54% women and 46% men. The proportion of women in our workforce has been consistently above 50% over the past six years, and we have every intention to safeguard this balance as part of our *Action 2025* strategy.

3 How diversity, equity, and inclusion (DE&I) matter | McKinsey

As of December 31, 2023, our senior management team boasts 88 individuals encompassing diverse cultures, ethnicities, and ages, representing 31 nationalities. Notably, 29.5% of the senior management team, inclusive of the Executive Committee, comprises women. In terms of the representation of women on our Board of Directors, two out of the eight board members are female directors, and as of January 1, 2024, that has changed to three out of the eight board members.

Diversity at Azelis transcends gender and nationality, extending to age. We actively invest in young talents, with 14.6% of our workforce under the age of 30. Simultaneously, we value expertise, with 20.1% of our employees aged 50 and above, and 7.2% surpassing 60 years. Integral to our sustainability strategy, *Action 2025*, launched in 2021, is the emphasis on diversity and inclusion. The People pillar, one of the four pillars in our sustainability strategy, dedicates 29% of its targets to Diversity and Inclusion.

To track our progress on diversity, we monitor a series of indicators, including KPIs related to nationality, gender and age.

In our annual ethics and compliance knowledge review for employees, inquiries regarding diversity and inclusion are integrated. This is in line with our *Action 2025* target of training 100% of our line managers in diversity and inclusive leadership to minimize any form of bias.

To reinforce our dedication to diversity and inclusion, we implemented a company-wide anti-harassment policy in 2023. The goal is to foster a working environment free from unlawful victimization and harassment, ensuring that all employees are treated with dignity and respect. This policy includes specific guidelines for employees attending events, emphasizing principles such as inclusivity, respect, and cultural awareness.

At the end of 2023, the proportion of women on our senior management team was 29.5%, which is very close to our *Action 2025* target of 30%.

Women in senior management team

29.5%

Forging inclusive excellence through diversity

Diversity, connections and networking for inclusive excellence are key to Azelis. By cultivating an ecosystem where employees from diverse backgrounds connect, we create a dynamic breeding ground for fresh ideas, breakthroughs, and creative solutions and demonstrate our commitment to social responsibility and a workplace culture that champions equality.

At the Azelis headquarters in Antwerp, Belgium, we developed a series of events to nurture inclusivity: the international lunch, Antwerp city tour, and the networking carousel. The international lunch was about more than just food; it celebrated diversity and inclusion, fostering a communal spirit. Our team brought in dishes related to their home countries, allowing cultures and traditions to be shared with colleagues from around the world.

The Antwerp city tour furthered cross-cultural understanding and a sense of belonging among our international team. Through a walking tour, we were able to uncover landmarks, history, and culinary nuances, enhancing both personal and professional connections.

In tandem with these informal gatherings, our networking carousel event offered everyone in the Antwerp offices a structured platform to connect with new and old colleagues in a short time frame. This unique format breaks down silos, encourages collaboration, and sparks meaningful interactions within the organization.

Championing diversity: Embracing International Women's Day

The theme for this year's International Women's Day was *#EmbraceEquity*, where we imagine a gender-equal world, a world free of bias, stereotypes, and discrimination, a world that's diverse, equitable, inclusive, and a world where differences are valued and celebrated.

To celebrate, in Asia Pacific, teams gathered and spoke with some of the amazing women working at Azelis, learning more about their journey, careers, values, achievements and stories.

By honoring and amplifying the role of women in the workplace, we not only foster a positive brand reputation but also attract and retain top talent, setting ourselves apart as an inclusive and forward-thinking organization, appealing to diverse audiences and stakeholders.

Human rights

We are committed to adhering to the eight fundamental conventions of the International Labor Organization on child labor, forced labor, freedom of association, minimum legal wages, working and resting time, respect of diversity and rejection of discrimination.

Our Code of Conduct sets out the main principles which embody the "way we act at Azelis". One of these principles states that we oppose any form of exploitation of workers and child labor, and a special section of the code is dedicated to this. Our annual knowledge checks ensure that our employees are aware of the policies and procedures we have implemented to guarantee ethical business conduct and to comply with all legislation on labor rights and human rights.

Our Anti-slavery and Human Trafficking Statement, which is publicly available on our website, sets out the steps we take to prevent slavery and human trafficking, both within our business and in our extended supply chains. In all countries where we are active, we comply strictly with requirements on the minimum working age. We also guarantee labor rights to all our employees.

We provide a safe and retaliation-free environment for employees to report any concerns about suspected violations of human and labor rights through our whistleblowing SpeakUp! policy and SpeakUp! Line. For more information, please see the Anti-harrassment campaign-section in Our governance strategy.

Our commitment to following the UN Global Compact's key pillars of Corporate Social Responsibility, which include human rights, is enshrined in our Corporate Social Responsibility policy.

Dino and Senija from the team in Croatia

Our contribution to the UN Sustainable Development Goals

People

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES
What we have done so far				
We offer social protection against loss of income due to major life events as defined by the EU Corporate Sustainability Reporting Directive in 86.7% of our countries and legal entities. We introduced structural hybrid working across the group, allowing our people to work remotely up to 50% of the time.	In 2023, we hired a Learning & Development Manager to plan, execute and drive the L&D strategy for leaders, talents and employees and promote a culture of lifelong continuous learning throughout the organization. To make our commitment concrete and visible, in 2022, we included a new key performance indicator in our Action 2025 targets. This KPI sets an ambitious goal for us to provide 24 hours of training to each employee by 2025. As of the end of 2023, significant strides had already been made, with our employees benefiting from an average of 16.6 hours of training vs. 8.2 hours in 2018.	• Ratio of women to men in Azelis: 54% women vs. 46% men in 2023. This ratio has consistently been above 50% in the past six years. • Percentage of women in senior management positions: 29.5% • Percentage of women promoted vs. total number of internal promotions: 57.6% • Training on diversity and inclusion has been introduced and rolled out in 2023 via our Workday® platform.	• Our organization is committed to ensuring that modern slavery does not take place within our business or supply chains. The Azelis Anti-slavery and Human Trafficking Statement sets out the steps that the Azelis group has taken. • In addition, we have due diligence procedures in place for the evaluation of the CSR practices of our suppliers thanks to our TfS® membership.	In 2023, we began to put in place a more structured framework for our charitable activity around the world. As part of this, we launched a charitable fund that is based around our existing XCEL charitable program in the US.
What we plan to do				
Following the 2022 Employee Satisfaction Survey we have launched 155 improvement initiatives and action plans across the entire organization to respond to employee feedback. 46 of these focus on working conditions, emphasizing our commitment to this KPI of our *Action 2025* strategy.	In 2024, our strategic roadmap includes the implementation of cutting-edge, interactive virtual training sessions designed to illuminate the intricacies of our internal processes and procedures. This initiative will be seamlessly integrated into our sophisticated human capital management system, Workday®, through a newly introduced learning module. By leveraging this platform, we aim to enhance the learning experience for our employees, fostering engagement and effectiveness through dynamic and interactive training methodologies.	• Our goal for 2024 is to launch mentorship programs dedicated to advancing the careers of our high-potential women, while also introducing leadership training focused on addressing unconscious bias. This strategic initiative aims to cultivate an inclusive workplace culture within our leadership teams.	By 2025, 80% of our revenue will come from suppliers that have been assessed through the TfS® framework, helping to avoid potential human rights abuses.	

Our innovation

Together, our global network of application laboratories — including a set of technical hubs with extensive customer focus, along with our market-specific customer portals — help customers develop competitive and sustainable products.

We focus our work on aligning with trends and market needs and document our learnings from project work in a global system for knowledge management. In doing so, we drive value creation at Azelis.

Percentage of revenue covered with ESG-assessed suppliers

84.4%

GRI	Key Performance Indicator	2023	2022	2021	2020	Target 2025
	Baseline of Sustainable products, i.e., # Sustainable products in product portfolio	Ongoing	Ongoing	Ongoing	Not measured	To be agreed in 2024
	% of revenue covered with ESG assessed suppliers[1]	84.4% (β)[2]	75.2%	55.8%	52.0%	80%

1 EcoVadis® assessments and TfS audits
2 (β) relates to KPIs on which PWC has provided ISAE 3000 limited assurance.

“By focusing our efforts — commercially as well as technically — on sustainability, cost-effectiveness and robust supply, we help our customers develop new and innovative products, delivering value. This overarching focus on innovation differentiates Azelis from others, benefitting our strong principals and valued customers.

Dr. Matthias Hofmann, Group Director Innovation & Technology Management

Our main risks

Product stewardship

Issue: In the jurisdictions where we operate, our business is subject to a wide range of rapidly evolving regulatory requirements.

Mitigation: We have advanced product stewardship policies that reduce the risk of non- compliance with laws and regulations, as well as safety, health, environmental and quality standards. In addition, we have a network of regional officers and local managers who ensure compliance with product regulations and certifications, with access to centralized IT systems that contain up-to-date regulatory information. Our corporate SHEQ team also monitors regulatory developments at a global level and audits regulatory compliance, based on the work of our group SHEQ support center in Mumbai, which maintains all product information and documentation related to the safe use of products. In 2023, new developments in the ERP system were implemented to account for regional differences in legislation, which allows for country specific information to be added, particularly in the areas of labeling and transport.

Quality management

Issue: To ensure we operate to the highest international quality standards, we need to have in place a quality management system that documents processes, procedures and responsibilities for achieving quality policies and objectives.

Mitigation: In EMEA, Azelis and its entities operate to ISO 9001:2015, which specifies requirements for a quality management system and helps organizations ensure they meet customer and other stakeholder needs within statutory and regulatory requirements related to a product or service. To leverage common learning and best practice, we have conducted rounds of audits across the EMEA region. Furthermore, the

Doreen from the Care team in the US

organization continued to harmonize key procedures regionally in EMEA. In APAC, we added seven more country organizations to the regional QMS system in 2023; we now have a total of 12 countries in one certified QMS system for APAC. In the Americas, our operations in Canada, Mexico, Columbia and Vigon in the US are also ISO 9001:2015 certified. In Q4 2023, we commenced ISO9001 external audits of our other US entities, with a target completion in Q2 2024. All regional quality management systems are externally verified and audited by reputable certification bodies. Azelis entities that distribute certain categories of products also have a range of other necessary certifications, including ISO 22000, ISO 45001, Organic, Bio, Cosmos, FCA, GDP and GMP.

Staying ahead of the competition

Issue: In the fast-moving specialty chemicals sphere, it is important to stay ahead of the competition by identifying potential changes in the market. Key changes in the market include customers and principals streamlining distributor relationships, growing demand for value-added services, regulatory changes, trends toward sustainable formulations and digitalization developments.

Mitigation: We have built resilient supply chains, which have proven very functional in the recent market circumstances, especially with Covid-19 and the impact it has had on global supply streams. We use our technical expertise to develop applications for their needs, supported by 70+ labs globally. To ensure compliance with the regulatory requirements, we have a global team of specialists, supported by digital and regulatory governance structures we have put in place, such as our global material management team. Additionally, we have implemented a global digitalization program, which allows us to support our marketing and sales teams with advanced insights and presents digital touchpoints to enhance the customer and principal experience with Azelis. We use these insights into customer needs and market trends to steer the development and delivery of our value-add services, offering our principals the possibility to identify new commercial and application development opportunities. Finally, we run a satisfaction survey with our principals and our customers every two years to identify potential gaps in our service offering in time to potentially take corrective action.

Supply chain ESG risks

Issue: Our complex supply chain means we source products from many countries. This exposes us to ESG risks such as natural resource depletion, human rights abuses and corruption. Other risks include pandemics and global supply chain disruption, as demonstrated by Covid-19 and the geopolitical situation following Russia's invasion of Ukraine. These issues can damage our reputation, operations and financial performance.

Mitigation: In order to manage ESG risks in our supply chain, we have a Sustainability policy and a Sustainable Sourcing policy, which were reviewed in 2022. Our membership of Together for Sustainability® also provides us with strong due diligence procedures and tools that minimize these risks. Please see Assessing our prinicpals for more information on our Sustainable Procurement policy.

Driving value creation with innovation

The challenge of identifying sustainable products

We pursue our unwavering ambition for a more sustainable product offering through a cross-functional team in close exchange with senior management. The strategic enhancement of our product portfolio towards greater sustainability is seamlessly integrated into our sales and marketing endeavors, prioritizing the promotion of sustainable products.

In 2021, we began efforts to categorize our product offerings as sustainable, provided that relevant supporting documentation could be supplied by our business partners. Such documentation could include RSPO, Cosmos, Bio- or Organic certification, or a company statement about the degree of natural and/or organic origin in the individual material based on, for example, ISO 16218 guidelines. Subsequently, our Group SHEQ support center team undertakes rigorous due diligence checks on these credentials.

While our methodology for establishing operational objectives based on product documentation remains consistent, the process now demands additional time. This extension is attributed to the need for meticulous validation of documentation to ensure accuracy and validity, along with additional measures we propose to introduce based on the European Safe & Sustainable by Design (SSbD) assessment framework. These measures to assess the sustainability of our products based on the European Safe & Sustainable by Design (SSbD) assessment framework underscore our commitment to upholding the highest standards of sustainability and accountability in our product offerings.

A team of experts has devised a methodology to evaluate our entire product portfolio based on inherent properties of the product, including but not limited to toxicity profile for both humans & environment, safe application, and circularity potential. The ongoing refinement and review of this approach are anticipated to conclude by 2024. Upon completion, it is poised to offer a comprehensive perspective, integrating environmental, social, and market-related criteria. This evaluation will factor in regulatory advancements and global policies, enhancing our ability to gauge and improve the sustainability of our product offerings.

Assessing our principals

When we select principals and suppliers, sustainability is a crucial factor in our decision-making. As a member of Together for Sustainability® (TfS), we carry out EcoVadis® assessments and TfS® audits to evaluate our supply chain in areas such as the environment, labor practices and human rights.

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 addition, EcoVadis® assesses our suppliers' environmental certifications, such as ISO 14001 and Responsible Care®, enabling us to address environmental issues and risks in our supply chain.

In 2023, we further prioritized which suppliers we ask to undergo EcoVadis® assessments based on risk assessment approach and spend. 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 2022 campaign.

If EcoVadis® assessments and 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. In the extreme event that improvements are not made to our satisfaction, we could terminate our business with the principal supplier.

Our sustainability assessments of suppliers in 2023 covered 84.4% of our total 2023 revenue (compared with 75.2% in 2022), excluding that generated by newly acquired businesses. This means we achieved our 2025 objective of 80% coverage of turnover assessed two years early. The year-on-year increase of covered revenue has been due in part to the appointment of sustainability coordinators in each region and at group level, a move that has helped with better monitoring and follow-up with our suppliers in 2023. 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.

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 2023, 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. Please see the Methodology section in this report for more information.

Bruce from the A&ES team in China

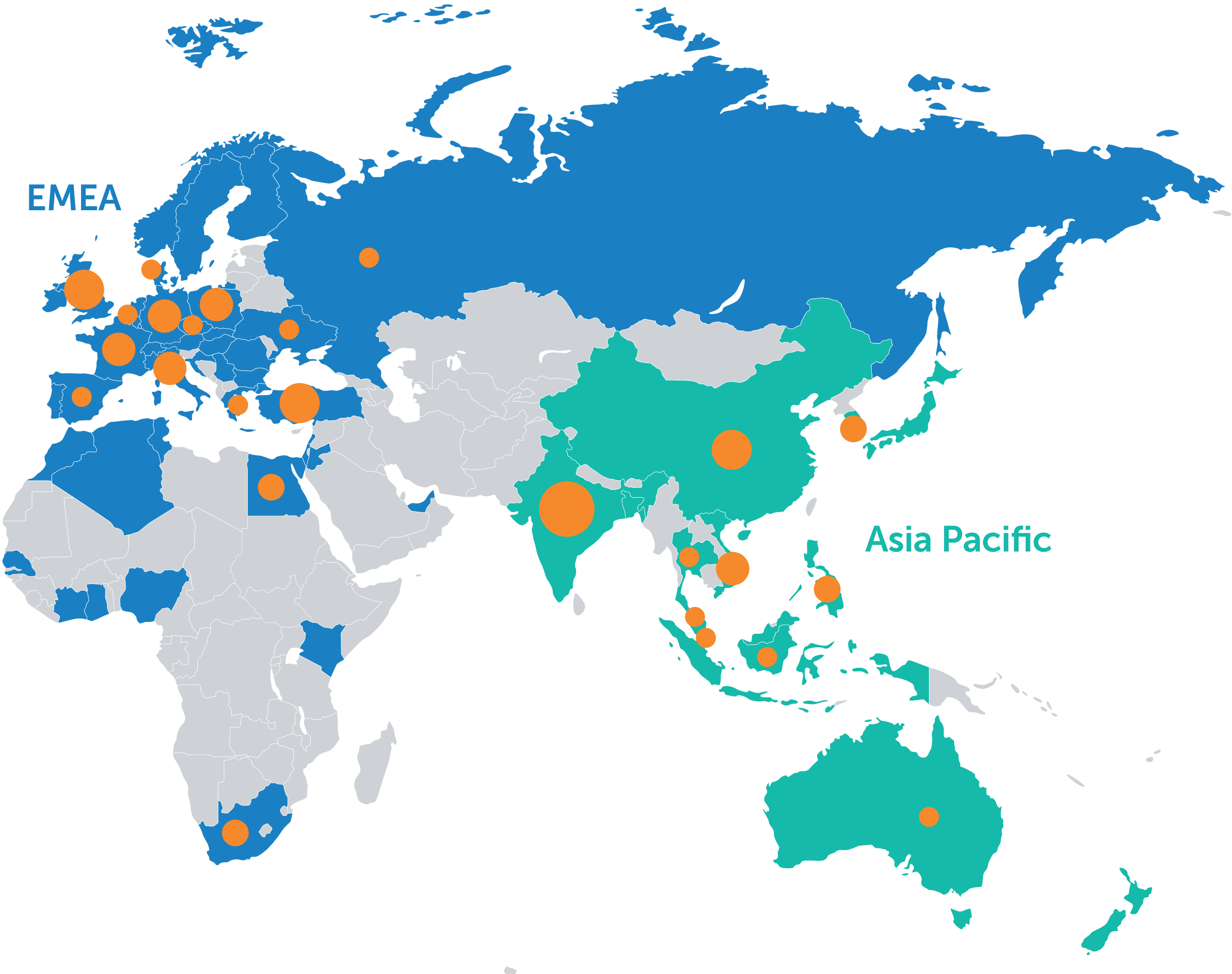
Together for Sustainability (TfS)

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 turnover of over €800 billion (April 2023).

Widening our technical footprint

To support our customers with technical expertise, Azelis operates an established global network of application labs. This setup was strengthened in 2023 to 70+ fully staffed and equipped laboratories, including several sites with advanced technical equipment. This upgraded program includes direct investment in new labs, including Personal Care in South Africa, Spain and Guatemala, Pharmaceuticals & Health in the UK, and Food & Nutrition in Singapore.

Azelis has moved some facilities to improve business alignment or foster growth opportunities, for example, the integrated European Lubricants and Metalworking Fluids (LMWF) in Italy. We inaugurated a new site in Princeton, New Jersey, bringing laboratories for Personal Care, Home Care & Industrial Cleaning, and LMWF under one roof. Our technical footprint also continues to expand through M&A activities, with recent acquisitions, such as Vogler in Brazil, also contributing to a stronger technical laboratory network.


EMEA
Asia Pacific

Enhancing lab capabilities in Turkey

Over the past 12 months, Azelis Turkey has grown to four application laboratories, catering to the Food & Nutrition, Personal Care, Pharmaceuticals & Healthcare, and CASE industries. Each of these labs is dedicated to providing best-in-class solutions to our discerning customers and fostering innovation across diverse sectors. In a strategic move to enhance our service delivery, we have recently renewed our Food & Nutrition application laboratory with state-of-the-art equipment and relocated to a larger facility. This investment underscores our dedication to advancing our capabilities and ensuring that we continue to meet the evolving needs of our customers. The upgraded laboratory is poised to deliver even higher levels of output and differentiating solutions, enabling us to play a bigger role in our clients' success in the dynamic landscape of the food industry.

Hakan from the CASE team in Turkey

A technical powerhouse in India

Azelis India is uniquely positioned with application laboratories for major market segments, including Agricultural & Environmental Solutions, CASE, Food & Nutrition, Personal Care, Home Care & Industrial Cleaning, and Pharmaceuticals & Healthcare alongside its business offices. This aligns with Azelis' strategic vision of bringing our expertise and innovative solutions to a broader audience, benefiting customers and principals while supporting regional and local business growth.

Thanks to continuous investments, India's Pharma and labs are fully equipped with all the machinery needed to support formulation development for oral (solid and liquid) dosage forms and topical applications, resolve technical challenges and provide customer demonstrations. This, combined with an efficient team, enhances our technical capability to serve a range of applications, including dosage forms, taste and odor-masking, solubility and stability enhancement, as well as sustainable solutions such as production process improvement.

The Agricultural & Environmental Solutions labs can handle all formulating types: from solvent-based emulsifiable concentrates and water-based suspension concentrates to powders and granules, and from classical formulations to state-of-the-art environmentally friendly solutions. This reduces development time for customers and speeds up the product's time to market.

The Food & Nutrition, Home Care & Industrial Cleaning, and CASE labs are heavily application-oriented; these assist principals with product promotion and customers with unique solutions, harnessing our technical expertise, machinery and lateral value chain. With their extensive knowledge of chemistries and processes, the team can also support customers with scale-ups at their plants.

Kiran and Pranjali from the CASE team in India

Fostering innovative thinking

At Azelis, we view innovation as more than just technical accomplishments; rather, it depends strongly on organizational alignment. Because of how much innovation means to us, we have launched an internal award program. Aligning perfectly with our culture of innovation, the program will honor successfully completed projects that demonstrate a proven technical differentiation as well as commercial success — the key elements of innovation. Furthermore, and consistent with Azelis' sustainability ambitions, an award-winning submission should have a sustainability benefit, e.g. energy or water saving for our customers.

Lastly, the award aims to foster our collaborative way of thinking and working. All award applications are expected to demonstrate the team's approach to implementing the innovative solutions. The winners of the first annual program will be announced in early 2024.

Amanda from the Personal Care team in the US

Throughout our global network of application laboratories, the Azelis lab teams work hard to support customers and principals with diverse projects and innovations, some of which are illustrated in the next few pages.

Personal Care

Color-changing lipstick

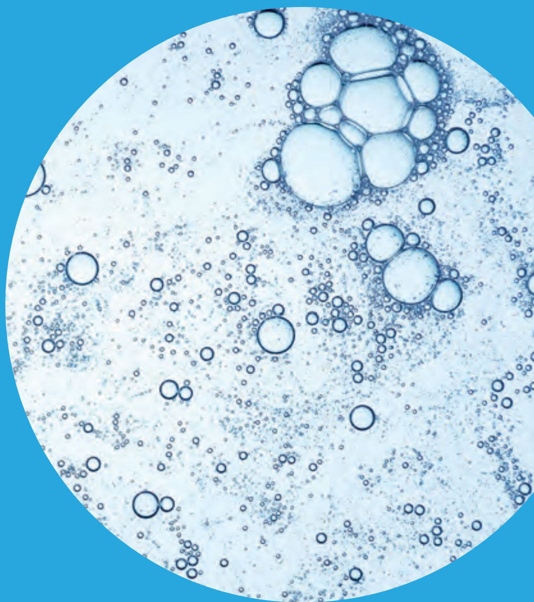
A color-changing lipstick has taken over the market in some countries. Having a black appearance but giving a reddish color once applied to the lips, the product has become increasingly popular, and at the request of a few customers, our technical team benchmarked the concept, diving into the formulation.

Finding the right color combination to incorporate into the formulation was quite tricky. Our lab team has extensive experience with a color-changing concept that changes to a light pink once applied to the lips, but the principal product used for light pink didn't fit the requirements in this case.

The lab team tried many color combinations to get the black color appearance, but most of those formulations also ended up with the black color effect on the lips. After several trials, they discovered that the combination of fluorescence-based red color with black iron oxide, which is safe to use on lips, could give a color-changing effect! Fluorescence-based red will not react with the black color; therefore, it won't give a black color to lips. Excited about this finding, our team also formulated a dark brown lipstick with the same concept that changes to an orange-red color when applied to lips.

With positive customer feedback, many of our customers are moving forward with the formulations and promoting them to their customers.

Foundation oil-in-serum



A customer came to us with the request to benchmark a specific product – a water-based serum with a liquid foundation suspended, giving a bubble appearance. The serum provides a light skin feel, light coverage from the foundation, and a glossy look on the skin.

Taking this challenge into the lab, our team started working on formulations to achieve the desired effect. They tried formulating foundations with different bases (O/W base, W/O base, W/Si base), but all of these reacted with the xanthan gum-based serum and turned into an emulsion.

After several trials, the team found that the liquid foundation needed to be low viscosity and anhydrous to prevent emulsification with the xanthan gum serum. The team used the natural biopolymer as a base to suspend the foundation oil and slowly added the liquid foundation oil to obtain the bubble appearance.

The team has presented the concept and formulation to customers who are now working on developing it for the market.

Food & Nutrition

Sugar-free muffin

Sugar reduction is a major concern for consumers today, and in some countries, new legislation requires adding additional labeling to products with excess sugar. In the Americas, a customer turned to our Food & Nutrition team to develop a sugar-free muffin while maintaining the same physical characteristics of a muffin with sugar.

Aside from flavor, substituting sugar influences more organoleptic properties of the product, including texture, sponginess, and shelf-life. When looking at alternatives, many only provide the lost sweetness but don't contribute to the texture of the food – meaning another ingredient needs to be included in the recipe.

Utilizing our extensive lateral value chain, the Food & Nutrition team turned to chicory inulin, an ingredient providing a good source of fiber, numerous health benefits, and the perfect texture when interacting with the other ingredients thanks to the polysaccharide chains. Being flavor-neutral, chicory inulin also didn't modify the product profile and contributed to the texture, sponginess, and shelf-life.

Our team presented the recipe to the customer, and the product was recently launched onto the market.

Egg-free muffin

Muffins are a popular food enjoyed by many and offer a lot of additional ingredient possibilities because of their versatility. However, due to the economic climate, the rising cost of eggs became a challenge. Eggs not only add richness, but they act as a key emulsifier and volume enhancer in many recipes, so our Food & Nutrition lab team began looking into the best plant-based egg substitution.

Our lab team extensively researched potential substitutions, including some that didn't allow for a complete replacement of eggs, failed to provide the desired volume, or lacked emulsifying abilities. After a series of trials, the clear winner emerged – faba bean. Faba bean proved to be the ideal ingredient substitution due to a range of benefits. Faba bean has a pleasant sensory profile, is a source of protein, has a good amino acid profile, and excellent emulsifying capabilities. To further enhance the texture in the final recipe, the team also incorporated modified rice starch.

By replacing eggs with faba bean protein, the team managed a significant cost reduction, cutting costs by 2.5 times compared to a recipe with eggs. Once perfecting the recipe, our Food & Nutrition team shared it via customer webinars, on our customer portal, and more. They've been contacted by numerous customers and bakery manufacturers, and have already had successful sales.

CASE

Sustainable anti-slip coating formulation development

Our CASE team recently took on a challenge to develop a more sustainable and safer formulation for the coatings inside bathtubs. Traditionally, the industry relies on 2-component polyurethane systems for bathtub coatings; however, there is growing demand for an alternative that minimizes potential hazards while maintaining performance. Typical friction beads for making a structured surface are made of polypropylene (PP) with an average particle size of 100µm. Achieving optimal adhesion with these polymers can be a significant hurdle. On top of that challenge, the bathtubs in our target market are primarily made of fiber-reinforced plastic, unsaturated polyester (UP), one of the most difficult substrates to paint.

The needs for this particular formulation were demanding, including having it be a water-based formulation, isocyanate-free, textured/structured friction surface, excellent adhesion to PP (friction material) and unsaturated polyester (substrate), long-term cohesion (scrub resistant), resistant to hot water, soap, and purifiers, fully formaldehyde-free, and energy saving.

Even with that exhaustive list, our CASE team was able to develop a formulation that hit all the targets, has proved to be an excellent anti-slip coating, and has even been able to be used in other industrial environments.

Home Care & Industrial Cleaning

Sulfate-free dishwashing tablets

Our Home Care & Industrial Cleaning team has invested years into finding the right balance of plant and mineral based ingredients that ensure safe and effective cleaning products. A great example of their dedication lies in a dishwashing tablet that the team developed.

Utilizing the lateral value chain, the lab team formulated a unique enzyme-based product that was able to effectively remove tough, encrusted stains and grease, while providing anti-stain protection. Strategically compressed into tablet form, the formulation had a fixed weight which reduced unnecessary waste.

This dishwashing tablet was developed to be free from sulfates – LAS and SLES – and was developed in an anhydrous format, conserving water. Being sulfate-free prevents foam formation and ensures that dishes are able to come out of the dishwasher without residue.

This formulation is also effective against a wide spectrum of pathologically active bacteria, fungi, and viruses – meaning your dishes are always safe for you and your family to eat from.

Agricultural & Environmental Solutions

A sustainable seed coating

In the world of agriculture, the precise delivery of micronutrients and protective agents, such as insect repellent, directly onto seeds, is very important. This approach prevents the spreading of dangerous products across fields, both a sustainable and efficient practice. A customer sought our technical expertise to develop a seed coating binder that could be seamlessly combined with biostimulants, all while being eco-friendly, without microplastics, and free from titanium oxide.

Up for the challenge, our lab team got started. Through extensive research and testing, they were able to develop a formulation that was both safe and effective, successfully combining the essential binding properties needed for seed coating with the environmental consciousness needed in modern agriculture. As an additional bonus, the base formulation was white, a quality that makes it easily adaptable and customizable. This not only saves time but results in a reduction in the number of raw materials needed. Pleased with the results, our lab team recently shared the prototypes with the customer and are ready to assist with the next steps.

Pharmaceuticals & Healthcare

Choline tablets for consumers

In a great example of collaboration and cross-disciplinary innovation, our Pharma and Food teams joined forces to work on a project. Staying on top of market trends, they wanted to find a way to consume choline in an orally administered tablet.

Choline, a popular supplement, boasts numerous benefits, including the promotion of liver function, stimulation of the metabolism, and essential support for the normal functioning of all cells. As a structural component of fat, it can be found in foods such as liver, fatty fish, legumes and beef.

After doing some benchmarking, our team noticed that choline was primarily sold as soft gelatin capsules, compounded with other active ingredients and in a lower dose. Seeing a gap in the market, they got to work on a solution to bring a higher dosage of choline, providing increased health benefits.

The team had to develop a tablet large enough for the high dose, but without the typical choline odor, characteristically a strong fish smell. With the Pharma team's expertise, they were able to formulate a tablet with a special coating, completely eliminating the fish smell. Instead, the coating itself has a nice almond smell, and the smell lasts throughout the life of the product – something very unique. The coating finish was also developed to be aesthetically pleasing – smooth and defined. By using tablets, the team was also able to reduce manufacturing costs and time, something that customers would benefit from.

Sharing this new approach with customers, the team is now working on fine-tuning the choline tablets at customer request, in the hopes of having them on retail shelves in the near future.

Our contribution to the UN Sustainable Development Goals

Products and Innovation

3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
What we have done so far				
In cooperation with our principals, we are identifying those products sources that contribute to sustainability, for instance by reducing their carbon footprint. Furthermore, we are promoting safer chemicals. • Transition to an even safer product portfolio	• End of 2023, Azelis operates more than 70 application laboratories. This is in line with our goal to continuously expend the Azelis' lab network globally. • Following the launch of our first Innovation Center in 2021 in Mexico, we opened our second Innovation Center in Singapore in 2022. In addition, we strengthen our technical ability at preferred locations to operate technical hubs (e.g., Investment-based in Istanbul, Acquisition-based in Brazil)	Through our network of SHEQ experts we monitor the international conventions and policies that affect product stewardship and the impact on the environment of our products. • The Azelis application laboratories work with principals and customers to support Sustainability in general. • Action 2025: target to reduce waste generation in our operations by 2025. • Improve our waste management systems to reduce waste generation at our sites. • Alignment with our principals to obtain sustainability information relating to their products.	• Azelis has developed many starting point formulations for our customers' products. These formulations can help end-users to limit their impact on climate change and adapt to the effects of climate change. • Azelis helps smaller customers to be aware of the many ingredients and formulation technologies that either our suppliers have developed or Azelis has introduced. This also includes modified formulation to be useful under local conditions in different countries.For this purpose, Azelis has already established application laboratories in 27 different countries.	• We have developed partnerships with principals, customers, and associations (e.g. Together for Sustainability®) for the implementation of sustainability in our businesses. • The 70+ Azelis application laboratories work in partnership with principals and customers to support customers to produce useful and sustainable formulations by combining ingredients from many principals. • Rollout of Azelis customer portals to help our customers access high quality information on sustainable products and innovations and get access to our technical experts globally.
What we plan to do				
• Establish company goals for sustainable products development for 2025 and beyond. • Further align with our principals to obtain information on the carbon footprint of the products we distribute. • Focus Sales & marketing activities towards a more favorable and more sustainable product portfolio.	• Continue growing our network of application laboratories, and additionally establish advanced Technology & Competence Centers to further strengthen the ability to give conceptual guidance of innovation potential across Azelis' laboratories network. • In 2024 we will develop a lab-based sustainability concept and define metrics to focus and direct our technical work stronger toward the support to sustainable solution development.	• Continue to grow the laboratory network in reach by country and strengthen the technical network by growing technical hubs and competence centers service across geographies. We will work with principals and customers to increase the use of sustainable chemicals in the formulations that our laboratories create. • Develop innovative solutions that contribute to circular economy and waste reduction. • Align with our principals even more strongly to obtain sustainability information about their products, for instance product carbon footprints (PCF) that impact our Scope 3 emissions and those of our customers.	• Increasingly promote the use of ingredients that our principals identify as sustainable. • Increase communication with our customers regarding our ingredients and suggested formulations that can help to mitigate climate change. We will establish more customer portals so that customers can easily access this information. We are also improving communication within Azelis so that the know- how we develop in one country can be shared for the benefit of customers and end-users in other countries.	• Continue to develop and strengthen existing partnerships. • Continue to roll out our customer portals in different market globally.

Our environment

At Azelis, we are committed to continually reducing the environmental impact of our operations, particularly in our material areas of climate change and waste disposal.

On climate change, we focus on improving energy efficiency and increasing the use of renewable energy in our operations. We also engage with principals and suppliers to help them reduce emissions and achieve their targets.

Since 2022, we have been focusing on our most material operational waste streams: warehouses, labs, production sites and products disposed of as waste. In 2023, we continued to make waste reporting more accurate, based on actual information or evidence-based estimations across the whole group.

We strongly focus on meeting our target of zero environmental accidents and ensuring every acquisition is aligned with our environmental standards.

CO_2 Emissions - Scope 1 & 2 (in tCO_2e)[1]

12,555t

Total waste

4,014t

Environmental accidents

1

GRI	Key Performance Indicator	2023	2022[1]	2021	2020	Target 2025
305-4	Carbon intensity emissions, scope 1 &2 tCO_2e/mn€ sales[2]	3.62 LB / 3.40 MB (β)[3]	3.34 LB / 3.12 MB	3.58	3.75	3.57
306-2	Waste generated in operations (tons)	4,013.6	3,342.5	2,289.0	2,721.2	To be agreed in 2024
	Hazardous (tons)	1,559.2	825.2	730.3	955.0	To be agreed in 2024
	Non-hazardous (tons)	2,454.4	2,517.3	1,558.7	1,766.2	To be agreed in 2024
	# Environmental accidents	1	2	0	0	0

1 Figures have been restated due to updated third-party emission factors, changes in conversion factors and to reflect updated data.
2 Updated methodology and emission factors have resulted in separate MB and LB reporting from 2022 onwards. For comparison purposes, we have calculated the 2022-2023 figures following the methodology of 2021, this amounts to 3.18 in 2022 and 3.35 in 2023. For more information, refer to the disclosure on methodology on Azelis KPIs in the Annexes to this Report.
3 (β) relates to KPIs on which PWC has provided ISAE 3000 limited assurance.

1 The market-based method is used to calculate the Scope 2-CO_2 emissions.

Our main risks

Climate change

Issue: Extreme weather events and natural disasters caused by climate change can potentially disrupt our business, while also having negative social consequences for communities worldwide. In addition, the worldwide consensus on global warming requires us to reduce carbon emissions to avoid reputational damage. As stricter environmental regulations are implemented, including new EU rules on corporate sustainability reporting and climate-related financial disclosures in many jurisdictions, we must ensure compliance or face financial penalties.

Mitigation: We work with our principals and customers to develop new innovative solutions that help the whole industry reduce climate change (formulating to reduce energy use, reduced-water formulations, etc.).

In 2023, we initiated a climate risk assessment to identify and assess the materiality of climate-related risks and opportunities, including physical and transition risks and Azelis' resilience to these risks, following EU CSRD and EU Taxonomy requirements.

Waste disposal

Issue: We work with chemicals, so any pollution incident can be serious. If we do not make sure that the materials we work with and that need to be disposed of are treated securely, we risk prosecution, financial penalties, loss of business and damage to our reputation.

Mitigation: Our *Action 2025* program sets out a roadmap for us to take preventive measures as well as ensure we have a watertight methodology and rigorous reporting processes in place. We are committed to the chemical industry's Responsible Care® and Responsible Distribution® programs, designed to ensure continuous improvement on health, safety and environmental issues when it comes to using chemicals. We align our environmental management strategy with these programs, and most of our entities are also certified to one or both.

> In 2023, we continued our efforts to improve all sustainability reporting processes across the company. We can observe an increase in reported data based on actual energy consumption, and I am proud to see a growing local and regional ownership in creating a real impact to lower our environmental footprint. Next to our internal reporting processes, we further improved the interaction with our supply chain regarding ESG performance. This resulted in more than 80% of our revenue that is now covered by suppliers, of which Azelis has insights into their ESG performance based on external assessments and audits. This means we achieved our Action2025 KPI on ESG-assessed revenue two years early, showing our continuous efforts to improve ESG performance across the chemical supply chain.
>
> Pieter De Wint, Group Sustainability Coordinator

How we are reducing greenhouse gas emissions

The greatest contribution we can make in the fight against climate change is to reduce greenhouse gas emissions. We monitor our Scope 1 and 2 emissions (largely under our operational control) and our Scope 3 emissions (indirect emissions related to our upstream and downstream activities) every month.

Over the last few years, we have taken specific carbon mitigation measures to cut Scope 1 and 2 emissions, such as installing solar panels, sourcing renewable energy and implementing mobility budgets to promote alternatives to company cars. In 2023, we noted a slight increase in carbon emission intensity, caused by phasing in emission data from share deal M&A's, while our organic revenue did not increase to the same extent. Nevertheless, our efforts continue by rolling out further carbon mitigation measures. At the same time, we have also begun engaging with our principals and suppliers to help reduce our Scope 3 emissions.

Exceeding our Scope 1 and 2 emissions target for 2025

Our target achievement has been influenced by two main factors: we have implemented carbon mitigation measures, and since 2021, we have improved how we calculate carbon intensity emissions. Additionally, our carbon emissions have been increasing at a slower rate compared to the growth in revenue. In 2022, we achieved the first of our Scope 1 and 2 carbon emissions targets three years ahead of schedule. We reduced intensity by 33.2% compared to our 2019 baseline, surpassing our *Action 2025* target of 25%. Calculations relating to carbon emissions intensity have been updated and adjusted since the publication of the Azelis Sustainability Report 2022, based on continued quality reviews, while our targets remain the same. The 2022 KPI underwent adjustments due to changes in conversion factors and to incorporate updated, more precise data.

As a result, the value reported in the Integrated Report 2023 (3.34 LB/3.12 MB) differs slightly from the value previously stated in the 2022 Sustainability Report (3.48 LB/3.36 MB).

In 2023 (3.35 tCO_2e per mn€ of sales), we achieved a 29.6 % reduction compared to our 2019 baseline of 4.76 tCO_2e per mn€ of sales. With carbon intensity standing at 3.62 LB/3.40 MB tCO_2e per mn€ of sales by the year-end, we are well on the way to meeting our longer-range 2030 target of cutting intensity by 50% to 2.38 tCO_2e per mn€ of sales. The increase in carbon emissions compared to the increase of revenues caused a slight increase in emission intensity during 2023 compared to 2022.

To improve on the carbon intensity KPI, we worked on a decarbonization strategy during 2023 following our Executive Committee's decision to establish carbon absolute reduction targets for all scopes in line with the Science Based Targets initiative (SBTi). Our Sustainability Steering Committee agreed to review the target and approach. An ambitious new target poses challenges, as the large number of mergers and acquisitions we undertake significantly increases the size of our business — and our emissions — each year. In 2023, we appointed an external consultant to help us set a target that factors in annual growth through mergers and acquisitions. Further information on the new approach will be disclosed in our FY2024 report.

In tCO_2e	2023	2022[1]	2021	2020	2019
Scope 1	9,283	8,113	6,661	6,681	6,466
Scope 2[2]	3,083	3,122	2,490	2,943	3,497
Scopes 1 + 2	**12,366**	**11,235**	**9,152**	**9,624**	**9,963**

1 Figures have been restated due to updated third-party emission factors, changes in conversion factors and to reflect updated data.
2 Scope 2 emissions have been calculated based on the 2021 Sustainability Report method for comparison purposes.

GRI	Key Performance Indicator	Unit	2023	2022	2021	2020	2019	Target 2025 (25% 2019)	Target 2030 (50% 2019)
305-4	Ratio of CO_2 emissions per € million of sales (Scope 1 & Scope 2)	tCO_2e/ mn€	3.62 LB / 3.40 MB	3.34 LB / 3.12 MB	3.58	3.75	4.76	3.57	2.38

Investing in climate change improvements

In 2022, we also committed to creating a fund of €1.5 million for climate change mitigation projects each year from 2023 onwards. This will help reduce Scope 1 and 2 emissions in our laboratories, offices and other premises through measures such as installing more solar panels, further insulation improvements and purchasing more energy-efficient equipment and lighting.

As part of our decarbonization strategy, in 2023, we assessed a selected number of sites to investigate potential energy efficiency gains, including reductions in natural gas, heating oil and diesel fuel. Our external partner helped us with this exercise. The results of this assessment, part of our decarbonization strategy, will be disclosed in the FY2024 report, published in 2025.

Reducing our carbon footprint via the cloud

Our investments in digitalization have allowed us to significantly reduce the carbon footprint of our IT operations.

In 2022, we completed the task of migrating all our IT systems away from traditional data centers and onto cloud-based infrastructure. Storing data with cloud providers such as Microsoft Azure and Google Cloud has reduced carbon intensity by 97% compared with traditional methods, although absolute emissions from this source have continued to rise due to company growth.

We continuously integrate companies with mainly legacy applications in more traditional datacenters into our fully cloud-powered and energy-efficient environment. In 2023, Azelis' PMI team completed 17 M&A integration projects.

Increasing our use of renewable energy

While we do not have a target for sourcing renewable energy, we encourage all parts of our business to source renewable energy wherever possible. In 2021 and 2022, renewable electricity consumption was only reported within the EMEA region.

In 2023, we further increased the efforts within our three regions to source or produce renewable electricity. Globally, taking into account the first three quarters of 2022 and 2023, the share of renewables in our total electricity consumption increased from 21% in 2022 to 30% in 2023. Our three regions contributed to this increase, of which the most important cases are included below:

- **Americas**: In the US, Vigon shifted towards a renewable electricity contract (107% increase in regional renewable electricity consumption in Q1-Q3 2023 compared to Q1-Q3 2022).
- **APAC**: Solar panels were installed in Australia and put into use during 2023.
- **EMEA**: In Denmark, Smoke Ingredients shifted towards a renewable electricity contract. Regionally, we increased the renewable electricity consumption based on our energy contracts with suppliers by 39% in Q1-Q3 2023 compared to Q1-Q3 2022 thanks to several local initiatives.

EMEA environmental stories

In Denmark, EMEA's largest individual electricity consumer has moved to a renewable electricity contract, and therefore, their 154.66t CO_2e (MB 2022) emissions will be reduced to zero. They have also put measures in place (including the replacement of fluorescent tubes with LED lamps) to reduce their overall electricity consumption, resulting in a 13,193kwh reduction in electricity consumption (Q1-Q3 2022 vs Q1-Q3 2023).

The UK team has implemented a new company car policy which has brought down the total allowable emissions in a company car from 135 gCO_2/e KM to 100 gCO_2/e KM. This has caused a rapid and continuing uptake in Electric Vehicles (EVs) and Plug-in Hybrid Electric vehicles (PHEVs) as company cars. At the beginning of 2023, Azelis UK had a total of 44 company cars (41 petrol/ Diesel and 3 PHEV – 93% vs 7%), and by the end of Q3 2023, that balance changed to 54 cars (27 petrol/ Diesel (50%), 19 PHEV (35%) and 8 EVs (15%)). Based on the cars on order, before the end of H1 2024, that balance will be updated to 59 cars (32 PHEV(54%), 20 EVs (34%), leaving just 7 petrol/Diesel (12%). This change is not only beneficial to the environment, but lower emitting cars also provide tax benefits for the company and the employee.

EMEA sustainability champions

In 2023, within our EMEA region, a group of 'sustainability champions' was formed and began meeting once per month. This group serves as a reference point and leader of sustainability initiatives, they help the transposition of global KPIs to a local level, raise awareness amongst regional colleagues, and finally, they share ideas and best practices throughout the group. These champions hold a variety of different roles within the company. Initial meetings have been incredibly energetic, and the clear motivation the group has for sustainability is already yielding action. If this trial continues to prove effective within EMEA, it will be rolled out to the rest of the group.

Americas environmental stories

As part of Azelis' overall strategy to reduce CO_2 emissions, Vogler's facilities now run on 100% solar energy. In January 2023, 790 solar panels were installed, and they currently generate more electricity than what is consumed. The excess electricity generated is returned to the Brazilian electricity grid, which not only helps to make Brazil's energy matrix one of the cleanest in the world but also makes a significant contribution to reducing greenhouse gas emissions.

In Massachusetts, one of our sites was still using inefficient incandescent lightbulbs, resulting in higher electricity consumption, electricity costs, and ultimately higher CO_2 emissions. Throughout 2023, full lighting upgrades were made, switching to more efficient LEDs, as well as installing sensors to turn off lighting when the area isn't in use. These seemingly small adjustments have already resulted in measurable energy reductions – a decrease of 23% when comparing the same months of 2022 and 2023.

Asia Pacific environmental stories

The team took a sustainable leap in New Zealand by replacing a noisy, gas-powered forklift (LPG) with an electric hoist. The switch significantly reduced annual greenhouse gas emissions by an estimated 304 tCO_2e while enhancing workplace safety through additional features. Beyond the lessened emissions, the electric hoist eliminated manual handling of LPG cylinders, mitigating potential safety hazards for the team.

In Korea each month, Coseal generates an average of 53.4 tons of waste on-site (based on actual data from January 2023 to September 2023). Before being acquired by Azelis, cost was the key factor in choosing a waste management vendor. However, since joining Azelis, the team has begun looking for ways to embed sustainable practices into everything they do – including waste management. After numerous potential vendors visited the site, the team identified those who could provide recycling services for everything from storage drums and wooden pallets to resin and organic solvent waste. After implementing these new contracts, the team has achieved an average 80% recycling rate, with 42 tons being sent for recycling instead of landfill disposal.

Greater focus on Scope 3 emissions

Over 99% of our greenhouse gas emissions are indirect, i.e., happening in our organization's value chain but outside our operations (Scope 3). In 2023, we updated our calculation methodology with support of Schneider Electric and further increased the accuracy of our Scope 3 calculations by using Azelis specific data wherever possible. Scope 3 emissions are measured in line with the globally recognized Greenhouse Gas Protocol. More than 90% of our Scope 3 emissions are embedded in purchased goods and services (66.1%) and in the end-of-life treatment of the goods (27.8%) we help to produce.

In addition, we are engaging with employees to find ways of reducing business travel. Our Hybrid Working Guidelines are expected to continuously help in this direction.

Our membership of Together for Sustainability® (TfS) is helping the chemical industry to develop a harmonized approach to calculating the carbon footprint of chemical products. The TfS® guidelines will increase transparency across the supply chain. In 2024, TfS® will continue to develop a tool that will help chemical companies to share their product carbon footprints.

Category	2023	2022	2021	2020
1. Purchased goods and services	2,673,996	2,841,605	2,648,421	2,026,513
2. Capital goods	21,728	Not reported	Not reported	Not reported
3. Fuel- and Energy- related activities	3,760	74,827	68,714	5,946
4. Upstream transport	71,952	60,436	51,136	55,424
5. Waste generated in operations[1]	1,320	9,131	8,385	7,590
6. Business Travel	2,748	1,654	439	6,501
7. Employee Commuting[1]	1,207	3,579	3,287	2,975
8. Upstream leased assets	N/A	N/A	N/A	N/A
9. Downstream transport[1]	24,396	22,607	20,760	18,792
10. Processing of sold products	118,712	110,963	101,898	276,202
11. Use of sold products	N/A	520,505	477,982	not reported
12. End-of-life sold products	1,123,918	746,414	651,914	634,239
13. Downstream leased assets	N/A	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A	N/A
Total CO_2 emissions Scope 3	4,043,737	4,391,721	4,032,935	3,034,183

1 Categories 5, 7 and 9 are based on the 2020 values (% of total contribution) calculated by Schneider Electric as they are currently not reported via our ESG reporting software, and there is no average % for the chemicals industry available in the report published by SBTi.

Waste management

One of our most challenging tasks is calculating the exact amount of waste we generate and establishing a waste reporting baseline. We established a reporting baseline for hazardous and non-hazardous waste in 2023, following our efforts to improve the accuracy of the information we gathered.

In Europe, waste management companies generally provide detailed information on the tonnages and classification of waste they have collected, including the proportion that is recycled. Such information is less readily available in many other parts of the world. Therefore, we often rely on estimates for the amounts of waste generated outside Europe.

As of 2022, we excluded offices from our data, as they are deemed as not material. Instead, we concentrate on waste generated by our laboratories, warehouses, operational centers, and blending sites, resulting in more accurate waste calculations in 2023. This enabled a good baseline figure to establish a more focused waste-reduction target on hazardous versus non-hazardous waste or the amount of waste diverted from landfills.

Our waste generated in operations increased from 3.342,5 tons in 2022 to 4.013,6 tons in 2023. The increase is mainly caused by the full integration of our acquisition in South Korea (Share-deal in July 2021), which was only partly included in the 2022 generated waste amounts due to the 12-month M&A integration rule. The 2022 waste value has also been adjusted compared to the values reported in the 2022 Sustainability Report, to reflect the availability of more accurate information.

Our team in India organized a beach clean-up as part of our program 'Because giving back matters'

However, the difficulties in waste data collection do not prevent us from reducing waste or minimizing the volumes of untreated waste sent to landfills. The data collected helps us identify facilities that generate significant amounts of waste and agree on waste reduction actions at those sites.

Our environmental management standards

We aim to apply high standards of waste management in all our operations across the globe, and 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. We align our environmental management strategy with the RC or RD programs sponsored by national associations to ensure that we use resources sustainably.

Most of our entities are certified for RC or RD, except in countries with no chemical distributor association or RC or RD program available for chemical distributors.

Improving environmental performance in our acquisitions

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 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 often reveals issues that need immediate attention and allows us to identify areas for improvement. 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 scope after 12 months.

Pollution and biodiversity

Our operations are not located in biodiverse areas and do not pose a material risk to biodiversity. Our current materiality assessment has therefore concluded that our impact on biodiversity is moderate in terms of pollution. Nonetheless, we are performing a double materiality assessment based on the requirements of the EU CSRD, where we will re-evaluate the materiality of biodiversity.

We are committed to protecting biodiversity and helping preserve the variety of life on Earth. We encourage our stakeholders in the value chain, including principals, customers, and employees, to protect biodiversity at all times by sourcing products from sustainable sources.

Water

Although we are not a major consumer of water, and water scarcity is not a major risk in our operations, we do measure our water consumption and monitor trends. According to our assessments, we do not significantly impact local ecosystems. Our water consumption is reported in Annex - ESG indicators and other tables. The increase of water consumption compared to 2022 can be explained by an underground water leakage within our Italian premises during Q3 2023 and the impact of the full integration of Coseal (South Korea) in the sustainability reporting cycle.

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 site and/or incidents which require reporting to local authorities.

Our new Group Safety, Health, and the Environment policy, drawn up in 2021, was approved by our Executive Committee in early 2022 and implemented across Azelis. The policy underscores our requirement that employees be mindful of the environment, reduce the use of natural resources, minimize waste generation, and comply with all waste management requirements.

Over the year, we have developed an online HSE app that 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. With this new, user-friendly app, the SHEQ team is able to carry out in-depth analyses and gain valuable insights for identifying trends and areas for improvement in our future workplaces and on our environmental impact. We also wanted to ensure the reporting would be integrated into our CRM system and would have an automated notification system for status reporting, providing timely updates on the progress of incident resolution.

Our HSE tool records environmental accidents in our owned warehouses, external warehouses, and during transportation. Regrettably, we had one reportable environmental accident in South Korea where we had a leakage of 110 kg of hydrochloric acid (35%) due to the aging of the storage tank. The leak was contained, and there was no impact on the external environment. The product was properly disposed of, and the incident was reported to the local authorities.

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). In 2023, we implemented a system that allows the NCEC direct access to our Safety Data Sheets, allowing them to provide up-to-date emergency response information for our customers. As per December, 31st 2023, we have not yet had to call on the NCEC for any severe incidents.

Our contribution to the UN Sustainable Development Goals

Environment

7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND
What we have done so far			
• Defined the strategy, methodology and approach for ongoing emissions reporting. We have identified our material emission sources across Scopes 1 & 2 and developed a process for measuring, monitoring and disclosing our carbon footprint. With this approach we measure our impact including emissions throughout the value chain, i.e. our direct and shared scopes of responsibility. • We have set ambitious emissions reduction targets: carbon emission intensity reduction of 25% by 2025 and 50% by 2030 (Scope 1 & Scope 2) compared to baseline year 2019.	• We have reached our 2025 target of a 25% reduction in carbon emissions intensity compared to baseline year 2019 (Scope 1 & Scope 2) – see SDG 7 above. This means we are on track to meeting our longer-range 2030 target of cutting intensity by 50%.	• We identified climate change as a risk in our materiality matrix and have included it in the environmental pillar of *Action 2025*. • Through *Action 2025*, we are promoting environmental awareness and capacity building among our employees.	• We have committed to and implemented responsible sourcing practices beyond compliance – applying environmental and social safeguards – for principals and products: by 2025, 80% of our revenue will come from assessed suppliers. In 2023 assessed suppliers represented 84.4% of the total revenue generated and reached our *Action 2025* target two years early. • Azelis has a group membership of RSPO which includes our EMEA, the Americas and Asia Pacific entities. Additionally, our entities in the United Kingdom, Germany and Italy hold an RSPO certificate for repacking and relabeling.
What we plan to do			
• Renewable energy sourcing plan for all our offices and sites. • Implementation of the Decarbonization strategy of our operations and supply chain by continuously improving energy efficiency, and developing partnerships with our principals to help reduce the carbon footprint of products, services and processes. • Develop policies to achieve our new carbon emission absolute reduction target (to be communicated in 2024), including energy efficiency, improvements in our sites, actions in the car fleet and employee mobility.	*We will* • Create a target on absolute emissions covering Scope 1, 2 and 3 emissions, bringing us to the forefront of industry best practice and investor expectations. • Continue investing on an annual basis in climate change mitigation projects in our own operations. • Pilot an online tool that will collect more detailed emissions information from principals and suppliers, in collaboration with TfS. *We are also* • Reducing the drivers of climate change by increasing energy efficiency and using renewable energy to reduce GHG emissions. • Innovating to develop sustainable products and services which are less carbon-intensive or which enable carbon footprint reduction. • Further developing capacity-building in our supply chain, including principals, customers and service providers.	With our commitment to reduce our emissions we are reducing the impact of CO_2 on 'life below water'. • Renewable energy sourcing plan for all our offices and sites. • Decarbonization of our operations and supply chain by continuously improving energy efficiency, developing partnerships with our principals to help reduce the carbon footprint of products, services and processes.	• Further implementation of responsible sourcing actions through our membership of Together for Sustainability®. • We will work on establishing waste management reduction targets for 2025 and beyond. • Foster product and technology innovation to optimize resource efficiency, reduce impacts on ecosystems and lower carbon emissions. • Expand markets for responsible forest products and thereby support sustainable forest management, e.g. RSPO certified products.

Our governance strategy

When Azelis embarked on its mission to establish a comprehensive compliance framework in 2010, the main focus was setting a baseline for ethical business behavior.

This was first defined in our Code of Conduct, which remains the cornerstone policy of Azelis' compliance program to date. Since then, several ancillary policies and procedures have been issued dealing with various matters such as anti-bribery and fraud prevention, competition, data privacy, and export control regulations.

In 2023, a new policy was rolled out focusing on preventing harassment during company and third-party organized events.

Training our staff on compliance matters has remained a critical aspect of nurturing a strong ethics culture throughout the organization. In November 2023, Azelis organized its online knowledge review on ethical business behavior for the eighth consecutive time, in which 99.6% of all staff participated. 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.

With regard to achieving the Governance targets as part of our *Action 2025* sustainability strategy, we are proud to have a spotless record again with zero material breaches of laws and regulations in 2023. For the purpose of evaluating our performance under this KPI, we no longer only consider a monetary threshold of € 500k in total aggregate liability, damage, loss, cost or expense as a result of a breach, but now equally take into account whether Azelis or its directors, officers or employees are being held criminally liable under applicable laws and regulations.

GRI	Key Performance Indicator	2023	2022	2021	2020	Target 2025
419-1	Number of material breaches in laws and regulations across any country in which we operate[1]	0 (β)[2]	0	0	0	0
205-2	Number of material breaches of ethical behavior policies[3]	6 (β)[4]	5	0	1	0
205-3	% of employees trained in ethical and fair business practices[5]	99.6% (β)[4]	98.6%	98.9%	99.4%	100%
205-4	% of employees who passed the annual training on ethical behavior[6]	98.9% (β)[4]	98.5%	98.8%	99.3%	100%
413-1	% sites with a crisis management and business continuity plans in place	31%	Not reported	Not reported	Not reported	100%

1 This KPI was adjusted in 2023 to apply to material breaches of laws and regulations that result in a total aggregate liability, damage, loss, cost or expense of €500,000 or more, but equally to take into account whether Azelis or its directors, officers or employees are being held criminally liable under the laws and regulations of such country as a result of such breach.

2 This KPI relates to material breaches of laws and regulations that result in a total aggregate liability, damage, loss, cost or expense of €500,000 or more, for which no such cases were noted (β). In addition, we have in 2023 considered cases where Azelis or its directors, officers or employees are being held criminally liable under the laws and regulations of such country as a result of such breach by means of conviction by a court-of-law, for which also no such cases were identified (β). Finally, we have also not identified any cases of such breach by means of conviction outside a court-of-law.

3 This KPI was refined in 2022, confirming that material breaches of ethical and fair business practices will be treated as those which have been reported and managed within Azelis' Case Management System and which have resulted in disciplinary action against the relevant employee.

4 (β) relates to KPIs on which PWC has provided ISAE 3000 limited assurance.

5 This KPI is calculated on the basis of the number of individuals participating to the annual training on ethical behavior.

6 This KPI confirms the percentage of individuals who successfully passed the annual training on ethical behavior with a score of 80% of higher.

We continued to encourage our employees to voice their ethics concerns as an integral part of a safe working environment and have recently seen an uptick in the number of cases reported through our third-party hosted SpeakUp! Line. 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.

Finally, we developed template crisis management and business continuity plans for our manufacturing units, warehouses, application laboratories, and offices. In 2023, already 31% of our sites have a crisis management and business continuity plan in place. In line with the *Action 2025* sustainability strategy, we will adapt our current and develop new plans in accordance with the aforesaid group standard with a clear target to have all our sites covered by a comprehensive crisis management and business continuity plan by the end of 2025.

Our main risks

Azelis is committed to act in compliance with all applicable laws and regulations, as well as fair business practices. We have identified the following main risks associated with this commitment.

Rapidly changing regulatory framework

Issue: As a fast-expanding and listed company, Azelis must comply with an ever-increasing number of regulations in areas ranging from public disclosure and market abuse to competition, data protection, export controls, as well as safety, health, and environment.

Mitigation: We monitor regulatory changes in material areas of our business to ensure we remain fully compliant, investing in the necessary internal resources and tools to do so. We work with a panel of local and international advisors and counsels to help us navigate any changes in regulations.

Non-compliance with ethics and compliance policies

Issue: As we continue to grow through acquiring other companies, some of which are in countries particularly vulnerable to malpractices, we face exposure to the risk of unethical behavior and non-compliance with our policies.

Mitigation: We have developed a well-tested governance framework for internal control and compliance that involves many separate functions within Azelis. Our corporate legal and compliance office, internal audit department, and regional HR and legal departments all strive to ensure full compliance with our ethical policies.

Increased exposure to bribery and fraud

Issue: Azelis' expansion into new jurisdictions risks with greater exposure to bribery and fraud than in more developed markets.

Mitigation: To prevent malpractices, we have a number of measures in place, including an anti-bribery and fraud prevention policy and regular in-depth training for all staff. Whenever we are looking to acquire a business, our due diligence process seeks to ensure that the target company adheres to Azelis' high ethical standards and all relevant policies. Once the transaction is signed/closed, our ethical values and policies are a focus point during the integration process, and we provide training on key policies for new employees.

Cybersecurity threats

Issue: The cybersecurity threat has developed in recent years with the increased use of ransomware by criminal gangs and malware by activists or disaffected groups. External attacks on a company's digital infrastructure can result in systems failure and business interruption, loss of data, and unauthorized access to confidential and sensitive information.

Mitigation: We maintain a group-wide cybersecurity program led by a dedicated unit headed by our Group Information Security & Compliance Officer. We have installed systems and infrastructure to protect against cybersecurity risks, and these are frequently updated as new technology becomes available. The Group Information Security & Compliance Officer is a permanent guest on the Audit & Risk Committee, and IT and cybersecurity programs and their progress are discussed at each Audit & Risk Committee meeting.

Crisis management and business continuity planning

Issue: As a global business, Azelis has an extended supply chain and works across a significant number of locations around the world. This wide reach exposes the company to various risks of business interruption caused by external factors beyond our control (e.g. natural disasters, pandemics, and armed conflicts).

Mitigation: Crisis management and business continuity are among our priority targets in our *Action 2025* sustainability strategy. In 2022, we agreed on a program to develop crisis management and business continuity plans for different categories of sites by the end of 2025.

Ali and Linda from the team in Belgium

Anti-harassment campaign

In December 2023, Azelis launched a new policy dealing specifically with preventing harassment.

Azelis is committed to providing a safe, respectful, and inclusive work environment for all employees. This commitment extends to all events, including social events, whether organized by the company or a third party, where we expect all attendees to uphold high standards of ethical conduct and respect toward one another. This policy aims to create an atmosphere free from any form of harassment during such gatherings. At Azelis, harassment in any form is strictly prohibited and will not be tolerated.

This policy applies to all staff attending company-organized events, regardless of the nature of the event (work or social), its location, or its format. Equally, it applies to employees attending an event organized by a third party on behalf of Azelis, such as principal distribution meetings, customer seminars, and trade shows.

The launch of the anti-harassment policy was part of a wider campaign aimed at establishing a culture of safety and respect, not only in the workplace but also during events, including social events, with the primary objective of safeguarding our employees, mitigating potential risks, and enhancing our company's overall reputation. The policy was complemented by a training program facilitated by the group HR and compliance department. It was also a topic of discussion in the monthly CEO video update in October 2023, in which the Group HR Director and Chief Compliance Officer took part.

SpeakUp! cases

Misconduct category	Country	2023	2022	2021
Harassment	Kenya		1	
Inappropriate managerial behavior	Belgium	1		
	Germany	1		
	Mexico	10[1]		
	Singapore	3[2]		
	United States	2		
Unfair dismissal	France			1
Total		17[3]	1	1

1 Out of the 10 issues reported via the Azelis SpeakUp! Line, 9 issues were related the same allegation
2 All 3 issues reported via the Azelis SpeakUp! Line were related to the same allegation
3 3 issues reported via the Azelis SpeakUp! Line 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

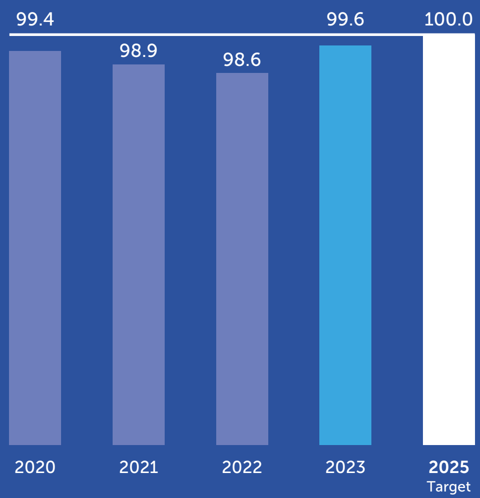
Training at the heart of our compliance culture

Over the years, we have launched a significant number of policies and procedures to address the various ethics issues that a company like Azelis might be faced with. A structured approach to training our employees is a critical element in the successful roll-out of a compliance program and its specific policies.

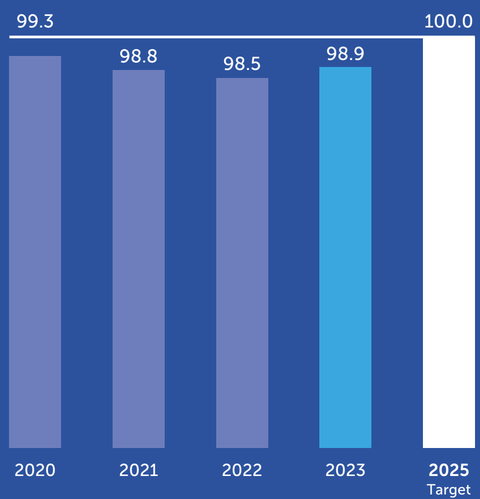
On top of a designated training for each compliance policy, we again organized our mandatory annual knowledge review for the eighth consecutive time to test and refresh our employees' understanding of our ethical principles. As part of this knowledge review, we require employees to respond to a series of ten compliance scenarios covering a wide range of issues set out in our Code of Conduct and ancillary policies. This year, special attention was given to anti-harassment and conflicts of interest.

In 2023, out of a total of 4,107 employees, 99.6 % of employees (4,091 employees) completed the knowledge review, including those from our newly acquired businesses once registered in our corporate HCM environment (Workday®). The pass rate, which was increased from 70 to 80% for this year's knowledge review, remained high with 98.9 % compared with 98.5% in 2022 (calculated versus total employees).

Employees trained in ethical and fair business practices
(in %)



Employees who passed the annual training on ethical behavior
(in %)



Refer to Our governance strategy page for further details and annex III – Methodology

Fitness check of our ethics policies

Each year, the compliance department performs a review of certain ethics policies to determine whether they are still fit for their intended purpose.

In 2023, the Export Control Policy was reviewed. This was partially instigated by several military conflicts around the globe, resulting in significant changes to the regulatory landscape in those countries in which Azelis operates.

Recently, we have seen several export regulations being issued and tightened reinforcement by different authorities — a trend which seems to continue in 2024. As a result of this fitness check, our Export Control Policy has been amended in relation to factors including the allocation of internal responsibilities, guidance on trade restrictions with embargoed countries, the timing and scoping of third-party batch screening of newly acquired businesses, and the fully automated partner screening process within Azelis' ERP environment.

In addition, Azelis has made further significant investments in fortifying our automated third-party screening capabilities through an anticipated upgrade of our current software, as well as expanding the regulatory content against which our partners are screened.

> Our commitment to compliance goes beyond laws and regulations; it's integral to our sustainable business strategy. Upholding human rights isn't a requirement — it is non-negotiable. Through our Export Control Policy, we voluntarily restrict partnerships if notified of unethical behavior, fraud or bribery convictions, or involvement in modern slavery. By instilling these standards across our organization and continually training our employees, we deeply embed ethics in our daily operations.
>
> Jeroen De Schauwer, Group Corporate Counsel

Material breaches of Azelis policies in 2023

Country	Misconduct category	Reporting method	Case status	Disciplinary action	Mitigating actions
Belgium	Breach of company policies	Other	Closed	Warning letter	Training
Germany	Harassment	SpeakUp! Line	Closed	Removal from position	Policy/Process review Training
India	Fraud	E-mail	Closed	Dismissal	Policy/Process review Training
Mexico	Fraud	Other	Closed	Dismissal	Policy/Process review Training
Mexico	Fraud	Phone call	Closed	Dismissal	Policy/Process review Training
Singapore	Harassment	E-mail	Closed	Dismissal	Policy/Process review Training

Our contribution to the UN Sustainable Development Goals

Governance

11 SUSTAINABLE CITIES AND COMMUNITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
What we have done so far	
In 2023, we began to put in place a more structured framework for our charitable activity around the world. As part of this, we launched a charitable fund that is based around our existing XCEL charitable program in the US.	
What we plan to do	
In 2023 we further implemented our Dawn Raid policy in order to make Azelis' compliance program even more robust. A comprehensive company-wide anti-harassment policy with a complementary online training was developed and rolled out in 2023. This policy is designed to establish a culture of safety and respect not only in the workplace but also during (social) events with the primary objective of safeguarding our employees, mitigating potential risks and enhancing our company's overall reputation.	In 2024 we will carry out a detailed review of our Anti-Bribery and Fraud Prevention policy to ensure it is still fit for purpose. A substantive fitness check of Azelis Export Control Policy was finalized at the end of 2023, which will be released at the beginning of 2024. Special attention is given to an accelerated integration of newly acquired businesses into our third-party screening process. At the same time, an upgrade of our current export control system with increased capabilities will go live.

Our performance

Formulating a solid sunscreen stick

Zodwa from the Personal Care team worked to develop a versatile solid sunscreen stick that is convenient and easy to use. This broad-spectrum SPF 50 contains a multi-functional solid gel base, which contributes to the product's excellent performance and stability and can be used in a variety of applications. This SPF product is easy to apply, protects the skin from UVA and UVB rays, does not leave a white cast, and is easy to travel with.

Operational review

Headline results

(in millions of €)	2023	2022	F/X Translation	M&A Growth Contribution	Organic Growth	Total Growth
EMEA	1,793.9	1,811.6	-4.9%	6.5%	-2.7%	-1.0%
Americas	1,454.3	1,549.9	-2.6%	8.9%	-12.4%	-6.2%
Asia Pacific	904.0	747.5	-5.9%	27.3%	-0.5%	20.9%
Group Revenue	**4,152.2**	**4,109.1**	**-4.2%**	**11.2%**	**-5.9%**	**1.0%**
EMEA	468.1	432.9	-4.7%	8.2%	4.5%	8.1%
Americas	344.3	385.2	-2.7%	7.8%	-15.7%	-10.6%
Asia Pacific	171.7	142.6	-5.8%	25.5%	0.7%	20.4%
Group Gross Profit	**984.1**	**960.7**	**-4.1%**	**10.6%**	**-4.1%**	**2.4%**
EMEA	237.6	215.4	-5.1%	7.3%	8.1%	10.3%
Americas	184.6	211.9	-3.0%	7.1%	-17.0%	-12.9%
Asia Pacific	78.4	58.1	-6.1%	31.1%	9.9%	34.9%
Adjusted EBITA[1]	**466.3**	**456.9**	**-4.6%**	**10.7%**	**-4.1%**	**2.1%**

1 Total Adjusted EBITA includes Holding companies

Azelis achieved revenue of EUR 4.2bn, representing a 1% increase over the prior year (+5.3% increase in constant currency). Revenue growth contribution of 11.2% from acquisitions offset the impact of challenging trading conditions, which drove a 5.9% organic revenue contraction, as well as the 4.2% FX translation headwind for the year.

The Group recorded a 3.7% year-on-year revenue growth in Life Sciences (+7.7% in constant currency), supported by strong performance in Pharma across all regions and revenue contribution from recent acquisitions. Revenue in Industrial Chemicals declined by 2.9% (+1.6% in constant currency) compared to the prior year, as demand remained weak across most end-markets, particularly in CASE in the US.

EMEA

(in millions of €)	Q4 2023	Q4 2022	Reported Change	2023	2022	Reported Change	Constant Currency
Revenue	415.2	440.6	-5.8%	1,793.9	1,811.6	-1.0%	3.9%
Gross Profit	100.8	102.2	-1.4%	468.1	432.9	8.1%	12.8%
Gross Profit Margin	24.3%	23.2%	108 bp	26.1%	23.9%	220 bp	215 bp
Adjusted EBITDA	46.3	48.0	-3.5%	251.7	226.8	11.0%	16.2%
Adjusted EBITDA Margin	11.2%	10.9%	27 bp	14.0%	12.5%	152 bp	155 bp
Adjusted EBITA	42.4	44.4	-4.7%	237.6	215.4	10.3%	15.4%
Adjusted EBITA Margin	10.2%	10.1%	12 bp	13.2%	11.9%	136 bp	139 bp
Conversion Margin	42.0%	43.5%	-146 bp	50.8%	49.8%	101 bp	125 bp

Revenue in EMEA for the full year remained broadly stable at EUR 1.8bn, despite the slower fourth quarter, when revenue declined by 5.8% compared to Q4 2022, due to weaker demand in the broader market as macroeconomic uncertainty drove customers to delay orders.

Organic revenue for the full year contracted by 2.7%, compared to the record organic revenue growth of 27% in the prior year. Performance varied across geographies, with MEA delivering robust growth, offsetting the slightly weaker demand in Europe. Revenue growth contribution from acquisitions of 6.5% mitigated the organic revenue contraction and the 4.9% negative impact from FX translation.

We completed four acquisitions in EMEA during the year. In January, we completed the acquisition of Smoky Light, a distributor of specialty smoke ingredients in Benelux. In April the acquisition of Lidorr Elements, a leading specialty chemical distributor for crop-protection, industrial materials, and care & nutrition in Israel was completed. In May we closed the acquisition of Sirius International, a specialty chemicals distributor active in sustainable cleaning products in the Benelux market. In November we completed the acquisition of BLH, complementing our flavors & fragrance offering in the region with its expertise in the fine perfumery market in France. These companies generated combined annual revenue of over EUR 90m in 2022.

Gross profit in EMEA was EUR 468.1m, representing year-on-year growth of 8.1%, of which 4.5% was organic. The 220 bp expansion in gross profit margin to 26.1% reflects the positive impact of the shift in the business mix to Life Sciences. Adjusted EBITA grew 10.3% to EUR 237.6m, driving a 136 bp margin expansion to 13.2%, and a 101 bp increase in conversion margin to 50.8% for the full year. This includes a EUR 4.1m negative impact on adjusted EBITA from hyperinflation accounting and portfolio optimization program in the final quarter, which drove a contraction in conversion margin. Adjusting for these items, conversion margin in EMEA in Q4 was 44.3%, a 40 bps expansion on a like-for-like basis.

Americas

(in millions of €)	Q4 2023	Q4 2022	Reported Change	2023	2022	Reported Change	Constant Currency
Revenue	338.8	351.0	-3.5%	1,454.3	1,549.9	-6.2%	-3.5%
Gross Profit	82.1	84.5	-2.8%	344.3	385.2	-10.6%	-7.9%
Gross Profit Margin	24.2%	24.1%	17 bp	23.7%	24.9%	-118 bp	-116 bp
Adjusted EBITDA	41.3	46.0	-10.1%	196.1	221.1	-11.3%	-8.4%
Adjusted EBITDA Margin	12.2%	13.1%	-90 bp	13.5%	14.3%	-78 bp	-74 bp
Adjusted EBITA	38.0	43.4	-12.4%	184.6	211.9	-12.9%	-9.9%
Adjusted EBITA Margin	11.2%	12.4%	-114 bp	12.7%	13.7%	-98 bp	-93 bp
Conversion Margin	46.3%	51.3%	-504 bp	53.6%	55.0%	-139 bp	-124 bp

Revenue in the Americas was EUR 338.8m in the fourth quarter, bringing total revenue for the full year to EUR 1.5bn, representing a year-on-year decline of 6.2%. The weak trading environment across most end-markets in the region, particularly in CASE in the US, and the broader market in South America, is reflected in the 12.4% organic revenue contraction during the year. Revenue growth contribution from acquisitions was 8.9%, mitigating the organic revenue contraction and the 2.6% negative impact from FX translation.

During the year, we completed two strategic acquisitions in the region that generated combined annual revenue of over EUR 150m in 2022. In June Azelis completed the transaction to acquire Vogler Ingredients, representing a significant development in the group's expansion strategy in Latin America. We also completed the acquisition of Gillco Ingredients, providing the group an entry platform into the food & nutrition market in the US. In addition to the group’s flavors & fragrances offering, Gillco allows Azelis to create a compelling portfolio for the local food and nutrition industry, as well as the wider life sciences market in North America.

Gross profit in the region declined by 10.6% to EUR 344.3m, resulting in gross profit margin of 23.7%, due to the challenging trading environment, as well as dilution from recent acquisitions in South America.

Adjusted EBITA declined by 12.9% to EUR 184.6m, driving a 139 bp contraction in conversion margin to 53.6%.

Asia Pacific

(in millions of €)	Q4 2023	Q4 2022	Reported Change	2023	2022	Reported Change	Constant Currency
Revenue	218.8	209.7	4.3%	904.0	747.5	20.9%	26.8%
Gross Profit	41.1	38.0	8.3%	171.7	142.6	20.4%	26.2%
Gross Profit Margin	18.8%	18.1%	70 bp	19.0%	19.1%	-8 bp	-10 bp
Adjusted EBITDA	20.7	16.8	22.9%	86.3	64.5	33.9%	39.9%
Adjusted EBITDA Margin	9.5%	8.0%	143 bp	9.5%	8.6%	92 bp	94 bp
Adjusted EBITA	18.6	15.1	23.2%	78.4	58.1	34.9%	41.0%
Adjusted EBITA Margin	8.5%	7.2%	130 bp	8.7%	7.8%	90 bp	92 bp
Conversion Margin	45.2%	39.8%	546 bp	45.7%	40.8%	490 bp	503 bp

APAC revenue was EUR 218.8m in the fourth quarter, bringing full-year revenue to EUR 904.0m, representing an increase of 20.9% over the prior year. Organic revenue for the full year remained broadly stable despite continued weakness in China, and the slowdown in demand in the broader region in the final quarter. The region reported a 5.9% negative revenue impact from FX translation.

In 2023, revenue growth in the region was driven by a 27.3% contribution from acquisitions. During the year, we closed the acquisition of Chemiplas Agencies, significantly expanding our footprint in Australia and New Zealand. Chemiplas had revenue of over EUR 160m in 2022.

Gross profit in APAC grew by 20.4% to EUR 171.7m, with gross profit margin of 19.0%, largely stable compared to the prior year, supported by positive mix effect across our APAC businesses as we integrate past acquisitions. Adjusted EBITA was EUR 78.4m, representing a 34.9% increase, of which 9.9% was organic. The 90 bp step-up in adjusted EBITA margin drove a 490 bp in conversion margin in the region to 45.7%.

Holding companies

	Q4 2023	Q4 2022	Reported Change	2023	2022	Reported Change	Constant Currency
Adjusted EBITA (in millions of €)	-7.9	-6.1	30.4%	-34.3	-28.5	20.6%	20.6%
As % of Group Revenues	-0.8%	-0.6%	-21 bp	-0.8%	-0.7%	-13 bp	-10 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 34.3m in 2023, compared to EUR 28.5m in 2022. Relative to revenue, operating costs at the group's holding companies show a 13 bp uptick to 0.8% mostly due to the group's ongoing investments to support its digitalization strategy.

Outlook

Azelis' strategy of driving growth is underpinned by a consistently strengthening lateral value chain, supported by continuous investments in innovation capabilities and digitalization, as well as a commitment to sustainability to create long-term value.

Despite political and economic uncertainty persisting globally, we remain steadfast in our focus on controlling costs, cash conversion and driving growth.We expect to return to organic growth during 2024, although the timing of the recovery remains uncertain.

Notwithstanding the current market volatility, we continue to execute on our strategic programs, and will provide an update on the strategy at our annual investor laboratory event in September.

Financial review

Revenue

(in millions of €)	2023	2022	F/X Translation	M&A Growth Contribution	Organic Growth	Total Growth
Revenue	4,152.2	4,109.1	-4.2%	11.2%	-5.9%	1.0%
Gross Profit	984.1	960.7	-4.1%	10.6%	-4.1%	2.4%
Adjusted EBITA	466.3	456.9	-4.6%	10.7%	-4.1%	2.1%

(in millions of €)	Q4 2023	Q4 2022	Reported Change	2023	2022	Reported Change	Constant Currency
Life Sciences	600.1	613.8	-2.2%	2,565.5	2,474.6	3.7%	7.7%
Industrial Chemicals	372.6	387.5	-3.9%	1,586.7	1,634.5	-2.9%	1.6%
Group Revenue	**972.7**	**1,001.4**	**-2.9%**	**4,152.2**	**4,109.1**	**1.0%**	**5.3%**
Gross Profit	224.0	224.7	-0.3%	984.1	960.7	2.4%	6.5%
Gross Profit Margin	23.0%	22.4%	60 bp	23.7%	23.4%	32 bp	28 bp
Adjusted EBITDA	100.6	105.0	-4.1%	500.6	484.7	3.3%	7.8%
Adjusted EBITDA Margin	10.3%	10.5%	-14 bp	12.1%	11.8%	26 bp	30 bp
Adjusted EBITA	**91.0**	**96.8**	**-6.0%**	**466.3**	**456.9**	**2.1%**	**6.6%**
Adjusted EBITA Margin	**9.4%**	**9.7%**	**-31 bp**	**11.2%**	**11.1%**	**11 bp**	**15 bp**
Conversion Margin	40.6%	43.1%	-246 bp	47.4%	47.6%	-18 bp	7 bp
Net Profit	33.4	8.2	305.8%	189.3	218.9	-13.5%	-10.9%

Group revenue increased slightly to EUR 4.2bn, as revenue growth contribution from acquisitions offset the impact of weaker market demand and the negative revenue impact of FX translation. As previously reported, our organic revenue results also include the impact of our continuous portfolio optimization program, which represented 0.9% of group revenue for the full year 2023.

Revenue in Life Sciences increased by 3.7% (+7.7% in constant currency) to EUR 2.6bn, supported by strong performance in Pharma across regions, and the inclusion of larger acquisitions in the segment during the year. In Industrial Chemicals revenue declined by 2.9% (+1.6% in constant currency) to EUR 1.6bn, due to weak end-market demand.

Weaker demand across our geographies was reflected in a 5.9% contraction in group organic revenue in 2023, following organic growth of 15.7% and 20.1% in 2021 and 2022 respectively. The organic revenue contraction and the 4.2% FX headwind was offset by revenue growth contribution from acquisitions of 11.2% for the year.

Profitability

In the fourth quarter, gross profit was stable compared to the prior year at EUR 224.0m, bringing full year gross profit to EUR 984.1m, representing an increase of 2.4% over the prior year. The 32 bp gross profit margin expansion to 23.7% reflects the mix effect due to higher contribution from Life Sciences.

Adjusted EBITA in the fourth quarter was EUR 91.0m, bringing full year adjusted EBITA to EUR 466.3m, representing an increase of 2.1%. Adjusted EBITA margin expanded by 11 bps to 11.2%. The adjusted EBITA decline in the fourth quarter reflects the full year effect of salary cost inflation, in addition to slower top line development. Despite the challenging trading conditions, conversion margin remained robust at 47.4%, reflecting the resilience of our business.

Net financial expense for the year was EUR 139.8m, driven by a significant increase in interest expense reflecting higher gross debt, and the full impact of effective interest rates, which more than doubled compared to 2022, and is partly mitigated by the interest rate cap concluded in 2022. Furthermore, our financial expense includes EUR 21m of non-cash financial cost from the impact of hyperinflation accounting (EUR 21m) and fair value adjustments of derivative instruments. Tax expense in 2023 was EUR 57.9m, implying an effective tax rate of 23.4%, including the tax impact of the non-cash costs associated with hyperinflation accounting and fair value adjustment of put options, which are not tax-deductible.

Reported net profit for 2023 was EUR 189.3m, a 13.5% decline (-10.9% in constant currency) compared to the previous year, driven by higher interest expense and non-cash financial charges. Reported earnings per share (EPS) was EUR 0.74, whilst cash earnings per share was EUR 1.07.

(in millions of €)	2023	2022
Operating profit	**386.9**	**388.4**
Net Financial Expense	**-139.8**	**-73.8**
Financial Income	17.7	6.0
Financial Expense	-157.4	-79.8
Interest Expense on Bank Loans and Overdrafts	-92.8	-34.8
Interest Lease Commitments	-4.6	-3.4
Other Financial Cost	-60.1	-41.6
Share of associates' result	0.1	0.1
Profit Before Tax	**247.2**	**314.7**
Tax Expense	-57.9	-95.8
Net Profit	**189.3**	**218.9**
Earnings per share	0.74	0.91
Cash earnings per share	1.07	1.18

Cash flow and financing

(in millions of €)	2023	2022
Operating Cash Flow	617.6	458.9
Free Cash Flow	601.2	438.0
FCF Conversion	127.4%	94.8%
Net Working Capital / Revenue normalized for acquisitions	13.4%	13.8%
Net Indebtedness	1,275.4	1,161.9
Leverage Ratio	2.5x	2.2x

Net working capital to revenue normalized for acquisitions was 13.4% at the end of 2023, a further improvement from the 13.8% achieved at the end of the prior year. The reduction in working capital reflects partly the weaker demand in the industry, but also our focus on continuously improving working capital management and cash generation, as reflected in the reduction in DIO from 52 to 48 days, and total working capital from 50 to 49 days of normalized revenue.

The improvement in working capital also reflects our progress in integrating acquired companies, as financial practices align with the group. Although still well above group level, the net working capital to revenue of 2023 acquisitions improved from 34.2% at the end of 2022 to 23.1% at the end of 2023.

Operating cash flow increased by 34.6% to EUR 617.6m despite the slower top line and profitability growth, and was largely driven by the significant improvement in working capital efficiency. Capital expenditure was reduced by 16.0% to EUR 15.5m partly due to the shift in accounting of certain IT investments from capital to operating expenditure, and partly because some of our planned investments were front-loaded in 2021 and 2022, amongst which our upgraded and cloud-based global ERP system.

Free cash flow increased by 37.3% to EUR 601.2m in 2023, representing cash conversion ratio of 127.4%. The record cash conversion step-up reflects the group's relentless focus on managing its working capital and cash generation.

At the end of December 2023, net debt was EUR 1.3bn and the leverage ratio stood at 2.5x, versus 2.6x at the end of June 2023, and 2.2x at the end of December 2022. At the end of the period, the group had liquidity of EUR 834.9m in cash and unused credit facilities.

Corporate Governance Statement

Courtney from our lab in New Jersey has been working on leading-edge formulations in the household cleaning market since joining Azelis. Her passion for innovation is critical in helping make our customers' products more successful.

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.

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

The Articles of Association were amended on May 19, 2023, to reflect the capital increase implemented by the Board of Directors in the framework of the authorized capital and on August 1, 2023, to reflect the update of the internal rules of the Board of Directors mentioned above.

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 2023. Except for the principles set out in Article 7.6 of the Corporate Governance Code (please refer to Remuneration section 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 eleven directors. On December 31, 2023, the Board of Directors was composed of eight directors, six of whom are non-executive directors and two of whom are executive directors (the Chief Executive Officer and the Chief Financial Officer).

On December 31, 2023, the Board of Directors was composed as follows:

Name	Age	Position	Director since	Mandate expires
Antonio Trius	68	Independent Non-Executive Director (Chair)	2021	AGM 2025
Alexandra Brand	52	Independent Non-Executive Director	2021	AGM 2025
Tom Hallam	57	Independent Non-Executive Director	2022	AGM 2025
Ipek Özsüer	46	Independent Non-Executive Director	2021	AGM 2025
Bert Janssens	47	Non-Executive Director	2021	AGM 2025
Kristiaan Nieuwenburg	53	Non-Executive Director	2021	AGM 2025
Hans Joachim Müller[1]	64	Executive Director	2021	31/12/2023
Thijs Bakker[2]	49	Executive Director	2021	AGM 2025

1 As per 1 January 2024, Ms. Anna Bertona (as permanent representative of AU-R-O-RA BV) was coopted as director, replacing Dr. Hans Joachim Müller, who retired on 31 December 2023.
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 — on the recommendation of the Remuneration and Nomination Committee — appointed Ms. Anna Bertona 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 is filling the vacancy until the next Annual General Meeting of the Company for confirmation by the shareholders.

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, 2023, EQT held more than 40% of the total number of shares issued by the Company, meaning that EQT is entitled to nominate candidates for the appointment of a maximum of four 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.

There are currently four independent directors on the Board of Directors: Ms. Alexandra Brand, Mr. Tom Hallam, Ms. Ipek Özsüer, and Mr. Antonio Trius.

Observers

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

On January 24, 2023, Ms. Magdalena Siembab resigned as observer to the Board of Directors. As of December 31, 2023, 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.

Biographies of the Board of Directors

Antonio Trius
Chair of the Board of Directors

Joined as a non-executive director of Azelis in 2014 and also serves as Chair of the Remuneration and Nomination Committee.

Dr. Trius is currently a non-executive director of several companies, including Arxada AG in the chemical industry and Cuantum Medical & Cosmetics S.L. in a different industry.

Prior to joining Azelis, he was the Chief Executive Officer of Cognis, a specialty chemicals supplier. Dr. Trius holds a Ph.D. in Chemistry from the Universitat Autònoma de Barcelona and completed an executive development program (Programa de Desarrollo Directivo (PDD)) in Business Administration from IESE Business School.

Alexandra Brand
Non-executive director

Joined Azelis as a non-executive director in 2019.

Dr. Brand is the Executive Vice President for Sustainability & Corporate Affairs of Syngenta, an agricultural science and technology group, where she previously held the position of regional director for the Europe, Africa, and Middle East region and Chief Sustainability Officer.

Prior to working at Syngenta, Dr. Brand held various management and executive roles at BASF in Germany and India and was involved in global research. In addition, she currently serves as a non-executive director at Siegfried, a Swiss-based global manufacturer of pharmaceutical products. Dr. Brand holds a Ph.D. in Chemistry from the Technische Universität Darmstadt.

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 Western Europe equity 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 in Spain and Sitecore in Denmark. 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 serves as a member of EQT's Private Capital Investment and Portfolio Committees and is Chair of the EQT Foundation Investment Committee.

Through his roles as a private equity principal, he holds or has held non-executive director and chair roles at various companies, including activated carbon technology provider Desotec, private company data provider Bureau van Dijk, and abrasive and impact applications solution provider Magotteaux in Belgium. Mr. Nieuwenburg holds an MBA from Harvard Business School and an M.Sc. in Chemical Engineering from Delft University of Technology.

Hans Joachim Müller
Chief Executive Officer

Joined Azelis as Chief Executive Officer in 2012.

Prior to joining Azelis, Dr. Müller was a member of the Managing Board at Clariant and Chief Operating Officer and member of the Managing Board at Süd-Chemie.

Dr. Müller started his career at BASF, where he became Director of Technology and Catalysts for Asia, based in Hong Kong, and then Global Director of Specialty Chemicals. Dr. Müller holds a Ph.D. in Chemistry from Ludwig-Maximilians-Universität in Munich. He also obtained a research fellowship at the University of California, Los Angeles.

Thijs Bakker
Chief Financial Officer

Joined Azelis as Chief Financial Officer in 2016.

Mr. Bakker has over 20 years of international experience in finance and the chemical industry, having worked in various finance roles in the Netherlands, the United States, and across the Asia-Pacific region for a leading global paints and coatings company and a major producer of specialty chemicals.

Prior to joining Azelis, Mr. Bakker worked at Nuplex Resins, a specialty chemicals manufacturing company, and was Finance Director Marine and Protective Coatings at Akzo Nobel N.V. In 2023, Mr. Bakker was appointed as independent non-executive director in Oterra, a global market leader in the development and manufacturing of natural coloring ingredients for food and beverages headquartered in Denmark. Mr. Bakker holds a master's degree in business administration and economics from the Erasmus University of Rotterdam in the Netherlands, as well as a postgraduate master's in finance and control (RC) from the Rotterdam School of Management.

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. He is currently Chief Financial Officer at Givaudan, a global leader in Fragrance & Beauty and Taste & Wellbeing. He joined Givaudan in 2008 as Group Controller, responsible for financial reporting and compliance, strategic planning, and management of Givaudan's business development process. He was appointed Chief Financial Officer effective from January 1, 2017.

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. 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).

Anna Bertona
Chief Executive Officer

Joined Azelis in 2013 as Group Vice President Strategic Planning & Implementation and was appointed as Chief Strategy & Principal Officer in 2014.

In 2016, Ms. Bertona was appointed CEO of Azelis EMEA and became Azelis' sponsor for sustainability within the Executive Committee.

Effective January 1, 2024, Ms. Bertona succeeded Hans Joachim Müller as Chief Executive Officer and joined the Board of Directors as executive director.

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.

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.

In particular, Azelis pursues a specific gender diversity policy with regard to the Executive Committee and senior management. 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.

The sustainability strategy is based on four pillars: People, Products and Innovation, Governance, and Environment.

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, 2023, six had relevant industry experience prior to joining Azelis as a member of the Executive Committee or the Board of Directors, having worked at such companies as Akzo Nobel, BASF, Bayer, Clariant, Cognis, DSM, Givaudan, Huntsman, Syngenta, and Sued-Chemie. Three hold a Ph.D. in Chemistry, and six have an MBA.

Furthermore, 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 will include three female members: Ms. Alexandra Brand, Ms. Ipek Özsüer, and Ms. Anna Bertona, meeting the gender diversity requirements stipulated in the CCA well in advance.

With regard to the diversity policy pursued by the Azelis Group, please refer to the Diversity and Inclusion section.

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 November 8, 2023, where the general performance of the executive directors in relation to 2023 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 twelve times in 2023. 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 2023 were:
- Strategic business plan 2023-2028;
- Financial, overall performance, and strategy of the group and its regions Americas, EMEA and Asia-Pacific more specifically;
- Capital transaction and financing projects of the group;
- Financial budget of the Group related to 2024 financial year;
- M&A projects;
- Corporate governance and remuneration matters, including the Group CEO succession and changes in the Executive Committee;
- Reports on the meetings of the Remuneration and Nomination as well as the Audit and Risk Committee, including recommendations and significant findings; and
- Share buy-back program in relation to the LTIP.

Evaluation

With a view 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.

The most recent board evaluation process was conducted in 2022, and the Board of Directors discussed the results in its meeting on January 24, 2023.

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 1, 2023, the Board of Directors had to approve the list of participants and performance criteria under the long-term management incentive plan 2023-2025 (the "LTIP 2023-2025"), the payment of variable compensation under the Company's variable compensation scheme 2022, and an increase of the salary and compensation of the Conflicted Directors as members of the Executive Committee, whereby the Group CEO 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 2023-2025 (the "LTIP 2023-2025"), whereby the Group CEO 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 and the Group CFO (as permanent representative of Cloudworks BV) (the "Conflicted Directors") are included on the list of participants to the LTIP 2023-2025, whereby their and the Company's interests may not be entirely aligned.

The financial consequences of the approval of the LTIP 2023-2025 consist of the obligation for the Company to pay to these Conflicted Directors the associated amount of awards provided under the LTIP 2023-2025 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 Variable Compensation Scheme ("VCS") - also referenced as the short-term incentive plan specifically for the GMT members (STIP) - for 2022 (the "VCS/STIP 2022"), 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 VCS/STIP 2022 consist of the obligation for the Company to pay these Conflicted Directors their variable compensation under the VCS/STIP 2022, which they are eligible to receive in relation to their performance in 2022.

Furthermore, the remuneration and nomination committee recommends to increase the salary and compensation of the Conflicted Directors as members of the Executive Committee, 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 salary and compensation increase consist of the obligation for the Company to pay an increased salary and compensation to these Conflicted Directors with effect as from April 2023.

However, the participation of Conflicted Directors to the LTIP 2023-2025 in accordance with its rules, the payment of their variable compensation under the VCS/STIP 2022 and the increased salary and compensation 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 2023-2025, the VCS/STIP 2022 and the salary and compensation increases are at arm's length.

For these reasons, the board of directors believes that the proposed approval of the LTIP 2023-2025, the payment of the variable compensation under the VCS/STIP 2022 and the increased salary and compensation is in the interest of the Company and is therefore justified."

At the meeting of June 7, 2023, the Board of Directors had to approve an increase of the number of performance shares of Thijs Bakker as Group CFO under the LTIP 2023-2025, whereby the Group CFO 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 an increase of the number of performance shares of Thijs Bakker as Group CFO under the long-term management incentive plan 2023-2025 (the "LTIP 2023-2025"), whereby the Group CFO (as permanent representative of Cloudworks BV) has 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 CFO (as permanent representative of Cloudworks BV) (the "Conflicted Director") is eligible to receive an increased number of performance shares under the LTIP 2023-2025, whereby his and the Company's interests may not be entirely aligned.

The financial consequences of the approval of the increased number of performance shares under the LTIP 2023-2025 the consist of the obligation for the Company to pay to the Conflicted Director an increased number of associated amount of awards provided under the LTIP 2023-2025 in the event the LTIP targets are satisfied.

However, the increased number of performance shares to be awarded to the Group CFO under the LTIP 2023-2025 is important to the strategic and financial management as well as the further development of the Company and the wider Azelis group. The increased number of performance shares to be awarded under the LTIP 2023-2025 brings the Group CFO's overall remuneration, and particularly his participation in the LTIP in line with his peers' group and is therefore at arm's length.

For these reasons, the board of directors believes that the proposed approval to increase the number of performance shares of the Group CFO under the LTIP, 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 2023 was as follows:

Name	Attendance
Antonio Trius	12/12
Alexandra Brand	9/12
Tom Hallam	12/12
Ipek Özsüer	10/12
Bert Janssens	11/12
Kristiaan Nieuwenburg	11/12
Hans Joachim Müller	12/12
Thijs Bakker[1]	10/12

1 Mr. Thijs Bakker acts as permanent representative of Cloudworks BV.

In addition, the directors adopted unanimous written resolutions on March 6, March 20, and April 20, 2023.

Committees of the BoD

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.

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 as regards the steps to be taken.

Composition

The Audit and Risk Committee consists of at least three directors, all of them being non-executive directors and one of them being an independent director.

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

On December 31, 2023, the Audit and Risk Committee was composed as follows:

Name	Age	Position	Member since	Mandate expires
Tom Hallam	57	Chair	2022	AGM 2025
Antonio Trius	68	Member	2021	AGM 2025
Bert Janssens	47	Member	2021	AGM 2025

On August 2, 2022, Mr. Tom Hallam was appointed as a member and Chair of the Audit and Risk Committee. 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.

Functioning

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

In 2023, the Audit and Risk Committee met four times. Major matters reviewed and discussed by the Audit and Risk Committee in 2023 were:
- Accounting and financial reporting;
- Audit plan, activities and findings;
- Internal audit;
- Revision of the internal rules of the Committee in relation to ESG reporting;
- Enterprise risk management;
- IT security;
- Sustainability; and
- 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 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 by the General Shareholders' Meeting, unless the Remuneration 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.

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

On December 31, 2023, the Remuneration and Nomination Committee was composed as follows:

Name	Age	Position	Member since	Mandate expires
Antonio Trius	68	Chair	2021	AGM 2025
Alexandra Brand	52	Member	2021	AGM 2025
Bert Janssens	47	Member	2021	AGM 2025

Functioning

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

The Remuneration and Nomination Committee met four times in 2023. Major matters reviewed and discussed by the Remuneration and Nomination Committee in 2023 were:

- Remuneration Policy and Report;
- Compensation General Management Team;
- LTIP;
- Short-term variable compensation scheme;
- Appointments, internal moves, and retirements (including changes to the Board of Directors, Group CEO, Executive Committee and GMT);
- Succession planning; and
- 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, 2023, the Executive Committee consisted of the following members:

Name	Age	Position
Hans Joachim Müller[1]	64	Chief Executive Officer
Thijs Bakker[2]	49	Chief Financial Officer
Todd Cottrell	49	CEO Americas
Anna Bertona[3]	56	CEO EMEA
Sertac Sürür	53	CEO Asia-Pacific

1 Dr. Hans Joachim Müller retired on 31 December 2023.
2 Mr. Thijs Bakker acts as permanent representative of Cloudworks BV.
3 Ms. Anna Bertona acts as permanent representative of AU-R-ORA BV. As per 1 January 2024, Evy Hellinckx (as permanent representative of Crescent Consulting BV) was appointed as member of the Executive Comittee, replacing Ms. Anna Bertona as CEO EMEA, who replaced Dr. Hans Joachim Müller as Group CEO.

The initial members of the Executive Committee were appointed by the Board of Directors on September 4, 2021, with effect from September 21, 2021, for a period of four years.

On August 3, 2023, Azelis announced that Mr. Hans Joachim Müller had decided to retire as Chief Executive Officer of the Company at the end of 2023. On the same date, it was announced that the Board of Directors appointed Ms. Anna Bertona, CEO EMEA, as new Chief Executive Officer with effect as from January 1, 2024.

CEO Americas, Mr. Frank Bergonzi, resigned on September 30, 2023, and ceased to be a member of the Executive Committee effective as of the same date. In August 2023, in consideration of the recommendation of the Remuneration and Nomination Committee, Mr. Todd Cottrell — as successor of Mr. Frank Bergonzi as CEO Americas — was appointed as a member of the Executive Committee with effect as from October 1, 2023, until September 20, 2025.

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 Mrs. Anna Bertona as CEO EMEA — was appointed in September 2023 as a member of the Executive Committee with effect as from January 1, 2024, until September 20, 2025.

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 November 8, 2023.

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.

Until December 31, 2023, the Chief Executive Officer of the Company was Mr. Hans Joachim Müller. The Board of Directors also entrusted Mr. Müller with the powers of daily management of the Company in accordance with Article 7:121 of the CCA, with effect from September 21, 2021, and for the duration of his mandate as a member of the Executive Committee. As of January 1, 2024, Ms. Anna Bertona has been entrusted with the same powers of daily management of the Company by the Board of Directors.

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, Hans Joachim Müller, 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, where she 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 has grown the company's footprint significantly and contributed to the development and implementation of key strategic programs in the region.

Before joining Azelis, Ms. Hellinckx spent two years in the medical devices division of Johnson & Johnson 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.

Sertac Sürür
Chief Executive Officer, APAC

Joined Azelis Turkey in 2015 as Managing Director.

From 2017 to 2019, Mr. Sürür combined his role of 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 to the CEO APAC role. He holds a bachelor's degree in chemical engineering from the Istanbul Technical University as well as an MBA from the National University in San Diego.

Todd Cottrell
Chief Executive Officer, Americas

Joined Azelis in September 2023 as CEO Americas. He 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.

Shares and shareholder information

Share capital and shares

Changes to the capital and share structure

The share capital of the Company on December 31, 2023, amounted to €5,879,999,963.10, represented by 243,921,719 shares. On May 19, 2023, the Board of Directors used its authorization to increase the Company's capital, by €199,999,985.10, issuing 10,075,566 new shares at a price of €19.85 per share with the same rights as the existing shares of the Company, within the framework of the authorized capital as detailed in the Articles of Association.

Azelis (AZE) is listed on Euronext Brussels and is included in the Euronext Brussels Compartment A, Euronext Chemicals. As of December 2023, Azelis is also included in Euronext's BEL®ESG 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 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 Authorized Capital section 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 is only valid until 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 is furthermore authorized, subject to compliance with the applicable provisions of the CCA, to acquire its own shares for account of the Company if such acquisition is necessary to avoid serious and imminent harm to the Company. This authorization is valid until 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 2023 share buy-back program launched on March 20, 2023, the Company bought back 150,000 shares for a total amount of €3,408,076,30. This corresponds to 0.06% of the total shares outstanding and a par value of €3,615,914. Together with the 133,400 shares bought back under the 2022 share buy-back program, the Company now holds 283,400 shares, representing 0.12% of the total shares outstanding. Azelis did not dispose of any of its own shares during 2023. 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, 2023, equals an aggregate amount of € 53.3 million, representing (rounded) € 0.22 per share, based on the number of eligible shares outstanding on December 31, 2023.

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, 2023.

Annual Shareholders' Meeting

Each year, the annual Shareholder's Meeting is held on the second Thursday of June, at 11.00 AM CET. At the Shareholders' Meeting to be held in June 2024, the Board of Directors will propose to bring this date forward to the second Thursday of May at 11.00 AM CET as of next year.

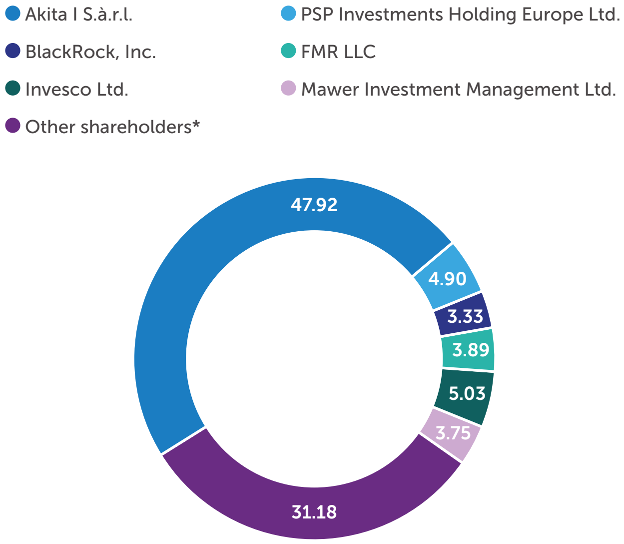
Shareholders

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, 2023. 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.

Major shareholders

Per 31.12.2023, based on transparency declarations (in %)



* Including shareholding of Azelis Management

The reference shareholder of Azelis Group NV is Akita I S.à r.l. (hereinafter referred to as "Akita" or "EQT"). Based on the most recent transparency declaration filed by EQT, the ultimate controlling party of Akita is EQT VIII Collect SCSp, which is not controlled by any of its shareholders but is managed by EQT VIII (GP) SCS.

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, 2023, 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, are subject to certain contractual (lock-up) restrictions for periods ranging between one year and three years following the IPO. Most of the shares held by key employees have been or will be dematerialized and delivered to the individual securities accounts of the individuals concerned in the course of Q4 2023 - Q1 2024. On December 31, 2023, mostly the shares held by current members of the Board of Directors and the Executive Committee continue to be held by the partnerships (i.e. Akita Management Participation 1 SCSP and Akita Management Participation 2 SCSP) on behalf of the relevant participants in the management participation plan.

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 2023, a total of 169,788 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

In principle, 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. However, the Shareholders' Meeting can, under certain conditions, expressly authorize the Board of Directors to increase the capital of the Company in such a case by issuing shares up to 10% of the existing shares at the time of such public takeover bid, in accordance with the additional terms and conditions set out in Article 7:202 of the CCA.

Such authorization was granted to the Board of Directors for a three-year period ending on September 21, 2024.

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 6, 2021, Azelis Finance NV entered into a Multicurrency Term and Revolving Facilities Agreement with certain financial institutions for the amounts mentioned in note 22.1, as amended in 2022 and 2023 (the "Facilities Agreement"), with the purpose of refinancing the group in the context of the IPO. 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 the current reference shareholders EQT and PSP 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 was approved in accordance with Article 7:151 of the CCA by shareholder decision of September 2, 2021.
- **LTIP**. The vesting of the awards granted under 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. 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 the current reference shareholders 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 the current reference 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.

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.

Remuneration report

Remuneration policy

In accordance with Article 7:89/1 of 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 latest version of the remuneration policy was approved by the Shareholders' Meeting on June 8, 2023.

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 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 stretching group, divisional, and personal 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;
- 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 account of their role as a board member or Chair of the Board and their associated responsibilities and time commitment.

Each independent non-executive director receives a fixed annual fee wholly 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 8, 2023, and is currently defined as follows:

- Director fee: annual fee of €70,000 gross.
- Additional fee applicable to the Chair of the Board of Directors: annual fee of €30,000 gross.
- Additional fee applicable to the chairs of the Remuneration and Nomination Committee and Audit and Risk Committee: annual fee of €20,000 gross.

The additional fees applicable to 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. This requirement is effective from January 1, 2022, and must be reached within five years.

Non-independent non-executive directors are not remunerated for their director role.

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

Remuneration of the members of the Board of Directors of Azelis Group NV in 2023

Name	Position	Remuneration (in €)
Antonio Trius	Independent Non-Executive Director (Chair)	120,000
Alexandra Brand	Independent Non-Executive Director	70,000
Ipek Özsüer	Independent Non-Executive Director	70,000
Tom Hallam	Independent Non-Executive Director	90,000
Bert Janssens	Non-Executive Director	-
Kristiaan Nieuwenburg	Non-Executive Director	-
Hans Joachim Müller	Executive Director (CEO)	-
Thijs Bakker	Executive Director (CFO)	-
Total remuneration		***350,000***

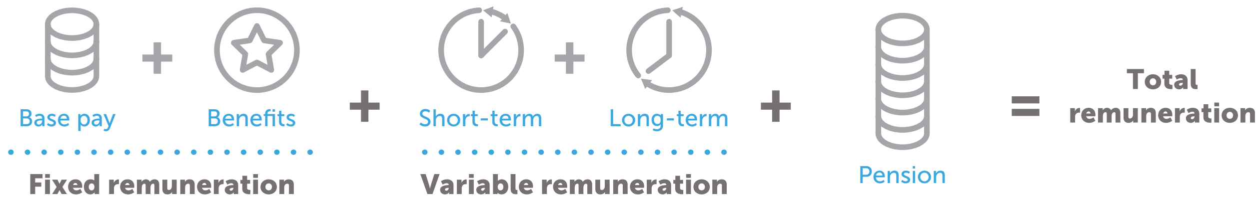
Remuneration of the Executive Committee

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 CEO, CFO, and other Executive Committee members consist of the following key elements:



Base pay

Base pay is set at a level to attract and retain qualified and competent individuals considering levels of pay for similar roles in similar companies, the responsibilities of the role, the experience of the individual, and their performance in the role. The Remuneration and Nomination Committee may propose an increase in base pay and a reason for the proposal annually or otherwise to the Board of Directors. Any increase shall ordinarily be in line with increases for employees in the country where the executive is based, although it may be higher to reflect a change in role, responsibilities, or individual performance, for example.

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, 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 100% of the annual base salary (CEO) and 85% of the base pay (CFO), capped at 150% of the target. The other Executive Committee members receive short-term incentives in cash with a target opportunity ranging from 50% 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 STI plan consists of the following performance components:

- Group Performance (otherwise also referred to Group Target Achievement ("GTA") or threshold performance) is meared 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:
  ⇨ It determines the total amount of short-term variable remuneration to be paid out and distributed among all participants.
  ⇨ 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 is measured against non-financial, quantitative objectives according to three levels of target achievement (target not achieved, partially achieved, or fully achieved).

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.

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	20%
		10% GWC[2]	

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 Q2 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 initial public offering in September 2021.

On September 10, 2021, an extraordinary Shareholders' Meeting of the Company approved the proposal to set up a long-term incentive plan for employees, directors, members of the Executive Committee, 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 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 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 2023".

Performance will be 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 2023 (performance period: 01/01/2023 - 31/12/2025):
1. Total Shareholder Return (TSR) relative to a peer group consisting of 18 companies, Azelis not included — 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.
2. Organic EBITA growth — 35% weighting
3. ESG Metric; Scope 1 and Scope 2 CO_2 reduction — 15% weighting

Outcomes are evaluated and assessed against the targets at the end of the three-year performance period. Targets are communicated at the time of award and will be broadly vested as follows:
- Below threshold: The number of shares vested is zero for below-threshold performance.
- Between threshold and target: The number of shares vested is increased on a 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 pro-rata basis and in accordance with the performance achieved, subject to a maximum of 150% in case of maximum performance.

Should long-term variable remuneration be payable, vesting date for the awards is expected to be before the end of the financial year's Q2 following the performance period's end, once audited results are available and subject to final approval of the Board, on recommendation by 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. This may also be made as a cash payment.

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

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 CCA). Although the Articles of Association authorize the Company to deviate from the rule, as allowed under the CCA, currently the Company does not deviate from such rule.

Amount of compensation paid and other benefits granted directly or indirectly to the Chief Executive Officer, the Chief Financial Officer and the other Members of the Executive Committee in 2023

In €	Fixed remuneration/ base pay	Variable remuneration		Total direct compensation	Extraordinary items	Benefits		Total remuneration	Proportion of fixed and variable remuneration	
		Single year	Multiple years							
Name, position		*Annual short-term incentive (STI)*[2]	*Value of vested equity (LTI)*[3]			Pension	Other benefits[1]			
Dr. Hans Joachim Müller, CEO	622,113	401,494[4]	NA	1,023,607	3,267		53,487	1,080,361	F	62.5%
									V	37.5%
Thijs Bakker, CFO[5]	538,260	295,271	NA	833,531				833,531	F	64.6%
									V	35.4%
Other Members of the Executive Committee[6]	1,291,996	601,150[7]	NA	1,893,146	38,391[8]	15,009	297,600	2,244,146	F	71.5%
									V	28.5%
Total	***2,452,368***	***1,297,915***	-	***3,750,284***	***41,658***[9]	***15,009***	***351,087***	***4,158,038***		
Total of which fixed remuneration								***2,818,464***		***67.8%***
Total of which variable remuneration								***1,339,573***		***32.2%***

1 Long-term benefits (e.g., death-in-service, disability insurance, medical benefits, private health insurance, etc.) & benefits in kind (e.g., company vehicle, meal vouchers, other vouchers, tax assistance, tuition / school fees, club / association fees, housing allowance, etc.).
2 STI based on 2023 results paid in 2024.
3 The Azelis long-term incentive plan ("LTIP") involves the grant of an award consisting of a specified number of Azelis performance shares. The grant of this award may take place with annual frequency. No shares vested in 2023.
4 Following Mr. Müller's retirement on December 31, 2023, the BOD of Azelis Group NV considered him as an eligible scheme participant under the Short-Term Incentive plan for the entire performance year 2023, notwithstanding that he will not be employed by Azelis at the time of the STI payout.
5 Mr. Thijs Bakker is self-employed and operates via his management company.
6 (6.a) The CEO & President Americas, Mr. Frank Bergonzi, retired on September 30, 2023 and was replaced by Mr. Todd Cottrell, CEO Americas.
(6.b) The CEO EMEA, Ms. Anna Bertona, is self-employed and operates via her management company.
7 (7.a) As stipulated in the Separation Agreement duly executed on 17 July 2023, Mr. Frank Bergonzi is considered as an eligible scheme participant under the Short-Term Incentive Plan for the period January 1, 2023 to September 30, 2023, notwithstanding that he will not be employed by Azelis at the time of the STI payout.
(7.b) Mr. Todd Cottrell's participation to the Short-Term Incentive Plan is effective October 1, 2023.
8 Payment of accrued and unused vacation days of the CEO & President Americas, Mr. Frank Bergonzi, upon retirement.
9 Additional residual payment of the management incentive plan (MIP) bonus made by 3i in relation to the sale of Azelis to Apax in 2015 (the "3i MIP bonus"). This payment was the residual award resulting from the settlement of two litigations, which allowed the liquidator to distribute the available funds to management and the shareholders of Atlas Holding SA. Among the beneficiaries of the 3i MIP bonus were the CEO, Dr. Hans Joachim Müller and the CEO EMEA, Ms. Anna Bertona.

Short-term incentive granted for performance year 2023 to the Chief Executive Officer, the Chief Financial Officer and the other Members of the Executive Committee

Name, position	Target STI percentage 2023 (% of gross base pay)	Performance metrics & target weights			Payout by performance metric and total payout (currency: €)	
Dr. Hans Joachim Müller, CEO[1]	100%	Weight group performance metric	80%		Group performance metric - payout	321,195
		Weight individual performance metric	20%		Individual performance metric - payout	80,299
					Total payout	401,494
					STI payout - actual vs target	65%
Thijs Bakker, CFO	85%	Weight group performance metric	80%		Group performance metric - payout	236,217
		Weight individual performance metric	20%		Individual performance metric - payout	59,054
					Total payout	295,271
					STI payout - actual vs target	65%
Other members of the Executive Committee[2]	78.3%[3]	Weight group performance metric	40%		Group performance metric - payout	279,175
		Weight regional performance metric	EBITA 30%	GWC 10%	Regional performance metric - payout EBITA and GWC combined)	182,388
		Weight individual performance metric	20%		Individual performance metric - payout	139,587
					Total payout	601,150
					STI payout - actual vs target	56%

1 Following Mr. Müller's retirement on December 31, 2023, the BOD of Azelis Group NV considered him as an eligible scheme participant under the Short-Term Incentive plan for the entire performance year 2023, notwithstanding that he will not be employed by Azelis at the time of the STI payout.
2 (2.a) As stipulated in the Separation Agreement duly executed on 17 July 2023, the outgoing CEO & President Americas - Mr. Frank Bergonzi - is considered as an eligible scheme participant under the Short-Term Incentive Plan for the period January 1, 2023 to September 30, 2023, notwithstanding that he will not be employed by Azelis at the time of the STI payout.
(2.b) The participation to the Short-Term Incentive Plan of the new CEO Americas - Mr. Todd Cottrell - takes effect from October 1, 2023.
3 CEO & President Americas (Frank Bergonzi): 9 months at 100%, CEO Americas (Todd Cottrell): 3 months at 100%, CEO EMEA: 85%, CEO APAC: 50%

Amount of equity-based remuneration granted to the CEO, CFO, and other Members of the Executive Committee in 2023

In 2023, 96,290 performance shares equal to a market value of €2,306,145 at grant were awarded to the Chief Executive Officer, Chief Financial Officer, and other members of the Executive Committee. No performance shares vested in 2023, hence no share-based payment was made to the Chief Executive Officer, Chief Financial Officer, and other members of the Executive Committee.

	Characteristics of the equity-based plan					Information re. the reporting year					
						Opening balance	Changes during the year			End balance	
Name, Position	Identification of the equity-based remuneration plan	Performance period	Grant date	Vesting date	End of retention period	Number of performance shares on 01/01/2023	Shares granted[1]	Shares forfeited[2]	Shares vested[3]	Number of performance shares granted and not vested on 31/12/2023	Number of shares to hold
Dr. Hans Joachim Müller, CEO	Perf. shares LTIP 2022	01/01/2022 - 31/12/2024	17/03/2022	17/03/2025	N/A	27,030		-10,901		16,129	N/A
	Perf. shares LTIP 2023	01/01/2023 - 31/12/2025	01/03/2023	01/03/2026	N/A	0	A) 25,404 B) EUR 608,423 C) 100% D) 150%	-18,334	A) 0 B) EUR 0	7,070	N/A
					Total:	*27,030*	*A) 25,404 B) EUR 608,423*	*-29,235*	*A) 0 B) EUR 0*	*23,199*	
Thijs Bakker, CFO	Perf. shares LTIP 2022	01/01/2022 - 31/12/2024	17/03/2022	17/03/2025	N/A	16,500				16,500	N/A
	Perf. shares LTIP 2023	01/01/2023 - 31/12/2025	01/03/2023	01/03/2026	N/A	0	A) 22,474 B) EUR 538,260 C) 100% D) 150%		A) 0 B) EUR 0	22,474	N/A
					Total:	*16,500*	*A) 22,474 B) EUR 538,260*		*A) 0 B) EUR 0*	*38,974*	
Frank Bergonzi, CEO & President Americas	Perf. shares LTIP 2022	01/01/2022 - 31/12/2024	17/03/2022	17/03/2025	N/A	24,000		-10,000		14,000	N/A
	Perf. shares LTIP 2023	01/01/2023 - 31/12/2025	01/03/2023	01/03/2026	N/A	0	A) 23,344 B) EUR 559,083 C) 100% D) 150%	-17,508	A) 0 B) EUR 0	5,836	N/A
					Total:	*24,000*	*A) 23,344 B) EUR 559,083*	*-27,508*	*A) 0 B) EUR 0*	*19,836*	
Anna Bertona, CEO & President EMEA	Perf. shares LTIP 2022	01/01/2022 - 31/12/2024	17/03/2022	17/03/2025	N/A	14,072				14,072	N/A
	Perf. shares LTIP 2023	01/01/2023 - 31/12/2025	01/03/2023	01/03/2026	N/A	0	A) 13,049 B) EUR 312,515 C) 67.6% D) 150%		A) 0 B) EUR 0	13,049	N/A
					Total:	*14,072*	*A) 13,049 B) EUR 312,515*		*A) 0 B) EUR 0*	*27,121*	
Sertaç Sürür, CEO APAC[4]	Perf. shares LTIP 2022	01/01/2022 - 31/12/2024	17/03/2022	17/03/2025	N/A	1,882				1,882	N/A
	Perf. shares LTIP 2023	01/01/2023 - 31/12/2025	01/03/2023	01/03/2026	N/A	0	A) 12,019 B) EUR 287,865 C) 100% D) 150%		A) 0 B) EUR 0	12,019	N/A
					Total:	*1,882*	*A) 12,019 B) EUR 287,865*		*A) 0 B) EUR 0*	*13,901*	
Total						*83,484*	*A) 96,290 B) EUR 2,306,145*	*-56,743*		*123,031*	

1 A) Target award = number of performance shares granted. B) Value of the performance shares at grant (market value). C) Value of the performance shares at grant (% of base pay). D) Maximum award opportunity upon vesting (% of the target award)

2 Following the retirement of Dr. Hans Joachim Müller on December 31, 2023 and Mr. Frank Bergonzi on September 30, 2023, performance shares have been forfeited in the LTIP 2022 and LTIP 2023 upon recommendation of the Remuneration and Nomination Committee.

3 A) number of vested performance shares. B) Value of the performance shares upon vesting

4 The target award, i.e. the value of the performance shares granted to Mr. Sertaç Sürür was equal to 25% of his base pay for his participation to the LTIP 2022 (performance period: 01/01/2022 - 31/12/2024) in the role of Managing Director Turkey. Mr. Sürür's target award for the LTIP 2023 (performance period: 01/01/2023 - 31/12/2025) in the role of CEO APAC is 100% of his base pay.

Other quantitative information

Comparative information on the evolution of compensation and company performance 2018-2023

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 2023 is 27.0 (in full-time equivalent) (2022: 38.6). 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.

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.

in €	2023	2022	2021	2020	2019
Remuneration of the Board	350,000[1]	326,662[2]	280,800[3]	240,000[4]	257,500[5]
Remuneration of the CEO, Dr. Hans Joachim Müller	1,080,360	1,993,015	1,734,501	1,415,687	1,093,272
Remuneration of the CFO, Thijs Bakker	833,531	1,160,250	1,236,224	882,314	646,606
Remuneration of other Members of the Executive Committee[6]	2,244,146[7]	4,817,753[8]	4,179,438	3,147,825	2,527,990
Total remuneration	***4,508,036***	***8,297,681***	***7,430,962***	***5,685,826***	***4,525,368***
Azelis performance (in thousands of €, unless stated otherwise)					
Adjusted EBITDA	500,599	484,717	287,824	207,175	178,475
Adjusted EBITA	466,260	456,872	267,922	189,553	163,340
Net profit	189,312	218,244	70,225	71,012	47,978
Group Target Achievement: degree of target achievement[9]	90.5%	112.2%	110.8%	106.2%	99.6%
Working capital actual vs. budget: degree of target achievement					
EMEA	91.6%	100.0%	99.4%	101.3%	101.1%
Americas	94.4%	109.3%	94.7%	91.6%	105.8%
Asia-Pacific	90.2%	93.7%	103.6%	92.1%	87.2%
Average employee remuneration on a full time equivalent basis[10]					
% change year on year at the level of Azelis Group NV	10.7%[11]	-[12]	-	-	-
% change year on year Azelis Group (consolidated)	-9.5%	-0.1%	3.4%	0.9%	-

1 Independent non-executive Directors 2023: Antonio Trius (12 m.), Alexandra Brand (12 m.), Ipek Özsüer (12 m.), Thomas Hallam (12 m.).
2 Independent non-executive Directors 2022: Antonio Trius (12 m.), Jürgen Buchsteiner (7 m.), Alexandra Brand (12 m.), Ipek Özsüer (12 m.), Thomas Hallam (5 m.)
3 Independent non-executive Directors 2021: Antonio Trius (12 m.), Jürgen Buchsteiner (12 m.), Alexandra Brand (12 m.), Ipek Özsüer (6 m.: the relevant Director fee of EUR 40,800 was invoiced at the end of December 2021 and not included in the Annual Report 2021).
4 Independent non-executive Directors 2020: Antonio Trius (12 m.), Jürgen Buchsteiner (12 m.), Alexandra Brand (12 m.).
5 Independent non-executive Directors 2019: Antonio Trius (12 m.), Kees Verhaar (6 m.), Jürgen Buchsteiner (12 m.), Alexandra Brand (9 m.).
6 Other Members of the Executive Committee 2018 - 2021: F. Bergonzi (CEO & President Americas), A. Bertona (CEO & President EMEA), L. Nataf (CEO & President APAC).
7 Other Members of the Executive Committee 2023: F. Bergonzi (CEO & President Americas), T. Cottrell (CEO Americas), A. Bertona (CEO EMEA), S. Sürür (CEO APAC).
8 Other Members of the Executive Committee 2022: F. Bergonzi (CEO & President Americas), A. Bertona (CEO & President EMEA), L. Nataf (CEO & President APAC), S. Sürür (CEO & President APAC).
9 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)". Until 2019, based on Proforma EBITDA (pre-IFRS16). In 2022, the factor was adjusted. Proforma in this respect used to provide a like-for-like comparison for acquisitions.
10 Remuneration includes wages and salaries and other personnel related expenses and social charges.
11 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.
12 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.

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.

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 service agreement of the outgoing Chief Executive Officer, Hans Joachim Müller, could be terminated by either party subject to a notice period of twelve months to the end of a calendar month. In addition, in case of termination by Azelis, the Chief Executive Officer was entitled to receive a redundancy payment in the amount of one month's gross base pay per each completed year of service upon the effective termination of the service agreement, provided Azelis had not terminated the agreement by cause. The side agreement to the service agreement of the Chief Executive Officer, pursuant to which the Chief Executive Officer was also providing services at the premises of Azelis Group NV in Belgium, could be terminated by Azelis Deutschland GmbH at the end of a month subject to a notice period of one month. Termination of the service agreement of the Chief Executive Officer would not have automatically resulted in the termination of the side agreement.
- The outgoing CEO & President Americas, Frank Bergonzi, was an at-will employee who, in case of termination by Azelis without "cause" or by the employee for "good reason", subject to the execution of a release of claims in favor of Azelis, would have been entitled to receive accrued and vested benefits under Azelis' employee benefit plans, continued pay for a period of 24 months following termination, payable in accordance with Azelis' payroll practices, and a pro rata annual bonus for the year of termination based on actual results for such year.
- The new CEO Americas, Todd Cottrell, is an at-will employee who, in case of termination by Azelis without "cause" or by the employee for "good reason", subject to the execution of a release of claims in favor of Azelis, is entitled to receive accrued and vested benefits under Azelis' employee benefit plans, including continued pay for a period of 12 months following termination, payable in accordance with Azelis' payroll practices, and a pro rata annual bonus for the year of termination based on actual results for such year.
- The employment agreement of the CEO Asia-Pacific may be terminated by either party subject to a notice period of six 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 Chief Financial Officer, Thijs Bakker, the CEO EMEA, Anna Bertona), are subject to a management agreement that may be terminated by either party subject to a notice period of six months. In case of termination by Azelis with immediate effect, they are entitled to receive a termination fee equal to six months of the fixed fee paid pursuant to their management agreements. Similarly, as of 1 January 2024, the new CEO EMEA, Evy Hellinckx, is subject to a consultancy agreement that may be terminated by either party subject to a notice period of six months. In case of termination by Azelis with immediate effect, the CEO EMEA is entitled to receive a termination fee equal to six months of the fixed fee paid pursuant to her consultancy agreement.

Restrictive covenants

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

- The Chief Executive Officer of the Group was bound by a post-termination non-compete clause that had a term of 12 months after effective termination of the service agreement in all countries where Azelis carries on its business. During this 12-month period, the Chief Executive Officer was entitled to compensation in the amount of one-twelfth of 50% of his annual base gross salary per month, unless the application of the non-compete clause had been waived by Azelis giving six months' notice, at any point during the employment agreement, in which case the obligation to pay compensation would end six months after the declaration of the waiver. Following the retirement of the Chief Executive Officer, Azelis and Dr. Müller agreed to waive the non-compete provisions without compensation.

- 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 outgoing CEO & President Americas, Frank Bergonzi, who retired on September 30, 2023, is bound by a post-termination non-compete period of 24 months after effective termination of his service agreement.
- The new 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 Chief Financial Officer, Thijs Bakker, and the CEO EMEA, Anna Bertona are each bound by post-termination non-compete clauses for a period of 12 months following the effective termination of their respective management agreements. Similarly, as of 1 January 2024, the new CEO EMEA, Evy Hellinckx is bound by post-termination non-compete clause for a period of 12 months as from the termination of her consultancy 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

Management of risks and opportunities

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. 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.

We regularly face business uncertainties, and it is through a structured approach to risk management that we are able to 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 of delivery through uncertainty.

The diversified nature of our operations and geographical footprint, together with our broad portfolio of products, customers and principals, are important factors in mitigating the risk of a material threat to the Group's sustainable growth and long-term shareholder value. As with any business, however, risks and uncertainties are inherent in our business activities and may have a significant financial, operational or reputational impact.

Risks analysis methodology

The Azelis 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. Once identified, risks are assessed, and mitigation measures are implemented for risks considered a priority.

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

Quarterly meetings with integrated reporting on our compliance, and risk 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.

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. Azelis integrates a broad array of risk factors directly into the ERM process, resulting in a robust and comprehensive risk management approach. This approach to risk management makes us more effective and more efficient, ensuring the sustainable growth of our business.

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.

To further support our ERM framework, we use a customized governance risk and compliance (GRC) platform, which consists of audit management software designed for risk management — from planning, risk assessments and fieldwork to analytics, issue management and reporting.

GRC enables risks to be reported and mitigated using two approaches:

- **Control self-assessment (CSA) process:** at a local entity level, potential risks and action plan mitigations are put in place through a bottom-up approach, covering any risks that materialize locally.
- **ERM process:** at group level, we use ERM processes to identify and assess any future global risks to the company that could potentially be overlooked in the bottom-up evaluation.

The group's risk management governance framework has been designed using a three-lines-of-defense (3LOD) model, which has been implemented to ensure there is clear ownership and delegation of responsibility for managing and monitoring risk to support the appropriate flow of information throughout the group.

Enterprise Risk Management process

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 the principal risks and uncertainties for the Group. The ExCom reviews and validates these risks, providing further input where necessary before submission to the Audit Committee and Board for final consideration and approval.

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.

The integrity of our business is critical and cannot be put at risk. Consequently, we have a zero tolerance for risks that could harm our people or result in non-compliance with laws and regulations. Conversely, we operate in a challenging and highly competitive marketplace; as a result, we recognize that strategic, commercial and investment risks will be required to seize opportunities and deliver business results. We are therefore prepared to make certain financial and operational investments in pursuit of growth objectives, accepting the risk that the anticipated benefits from these investments may not always be fully realized. Our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and appropriate measures to mitigate those risks are established.

Each of the Group's principal risks is assigned a risk owner, who is responsible for ensuring mitigating actions are sufficient to bring risks to within our risk appetite, and the 3LOD model ensures that these mitigations and internal controls are embedded and operate effectively throughout the organization.

The annual Audit Committee agenda includes a series of updates from risk management in relation to the Group's principal risks. These deep dive updates include the history of the risk to date, key mitigating actions and controls, an outline of the residual risk and any future actions planned to address perceived or potential control weaknesses.

The Audit Committee also receives regular updates on risk management and internal control effectiveness from the Head of Internal Audit, along with agreed mitigating actions to resolve any weaknesses identified.

The Audit Committee and Board formally approved the principal risks and associated risk appetites and have confirmed that a robust assessment of the Group's principal and emerging risks was completed, including risks that could threaten the business model, future performance, solvency or liquidity of the Group.

Internal control over financial reporting

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 financial reporting is complete, accurate and compliant with IFRS requirements.

Financial reporting and variance analysis to budget is prepared monthly at a local entity level and reviewed at each level of responsibility, from regional Finance and Accounting directors to Group Controlling and 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 and business trend analyses, update forecasts and discuss variance analysis with Group Controlling every month.

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.

Azelis information and communication systems aim to provide the market with relevant, reliable and correct information concerning the group's development and financial position.

Financial information is issued regularly in the form of:

- Full-year reports and interim reports published as press releases
- The Integrated Report
- Press releases on all matters which could have a significant effect on the share price
- Presentations and telephone conferences for financial analysts, investors and media representatives.

Principal and emerging risks

The risk overview tables describe the principal risks and uncertainties which the board has determined could impact the achievement of strategic objectives and have been identified through the updated 2023 risk assessment process; the tables also explain the mitigating actions in place and an update on any change in the profile of each risk since the last ERM cycle update. These tables are not an exhaustive list of all the risks which may impact the group. There are additional risks which are not yet considered material or which are not yet known to the board, but could become significant in the future. Likewise, some of the current risks may reduce in importance as management actions are implemented or changes in the operating environment occur. The board will continue to monitor risk in the context of relevant factors, such as an increased level of geopolitical and macroeconomic uncertainty, growth through geographic expansion and ongoing acquisitions, as well as other changes in the external environment which may create future risks.

Changes to our principal risks

In 2023, we updated our ERM cycle in full. This involved agreeing project timelines with the ExCom, reviewing and updating our group risk register to include emerging risks and re-scoring our priority risks through surveys and interviews with senior management across all our regions. While some changes were identified in our priority risks, the group recognizes that it operates in a dynamic environment where risks continue to evolve, and the group continues to develop mitigation measures to address them.

The global inflationary environment has been amplified by the geopolitical volatility caused by the invasion of Ukraine and political tensions in the Middle East. This has resulted in macroeconomic uncertainty in some of the markets where we operate, and inflation has adversely impacted energy pricing, commodity costs and supply chains. Our management teams are closely monitoring the situation and continue to demonstrate agility and an ability to take appropriate mitigating actions to minimize supply chain disruption and provide a reliable supply to our customers.

Environment risks

We are committed to continually reducing the environmental impact of our operations, particularly in our material areas of climate change and waste disposal.
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 help them reduce their own emissions and achieve their targets.
On waste management, our *Action 2025* program sets out a roadmap for us to take preventive measures as well as ensure we have a watertight methodology and rigorous reporting processes in place. Since 2022, we have been focusing on our most material waste operational streams: warehouses, labs, production sites and products disposed of as waste. In 2023, we continued our process to make our waste reporting more accurate and comprehensive, based on actual information or evidence-based estimations across the whole group.
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. For further details on our environmental risks, please see Our environment.

Emerging risks

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. Emerging risks we are monitoring include inflation and financial uncertainty, ESG regulatory changes, labor model disruption and technology innovation and disruption.

Risk overview

Principal Risks and Uncertainties - Strategic

Unchanged Increased Decreased

Risk	Description	Risk trend	Impact	How we manage the risk
Financial Uncertainty	Financial uncertainty caused by demand uncertainty, inflation, credit crunch and investor caution.	Increased	Resulting risk of over / under investment, overzealous cost cutting or rapidly outdated cashflow forecasts. Risk of increased pressure to reduce costs and revisit growth strategies.	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.
Geopolitical, Emerging Markets & Macroeconomic Environment	Change to economic or political context with negative impact, due to trade tensions, global liquidity crunch, regime change, or global isolation. Defensive measures to boost local production and minimize foreign interference in critical industries increases the risk of subsidies, tighter investment screening, data localization policies, visa bans and exclusion of companies from key markets.	Unchanged	Failure to monitor and respond to change and volatility across the Group's markets may have an impact on the future growth and profitability of the Group.	• Rigorous due diligence is undertaken when entering or commencing business activities in new markets. • Central and local legal, regulatory and compliance teams ensure adherence to applicable laws and regulations. • The breadth of the Group's portfolio and our geographic reach help to mitigate exposure to localized risk. • The Group has appropriate crisis management and business continuity plans in place to deal with issues when they arise.
Business Merger and Acquisition (M&A)	Acquisitions continue to be a core element of the Group's growth and portfolio management strategy which presents risks around the pace of M&A, due diligence, execution, integration or separation of businesses and optimizing synergies.	Increased	A failure to successfully identify, execute and efficiently integrate acquisitions and capitalize on potential synergies in a timely and effective manner could impact profitability and impede the strategic development of the Group.	• An experienced, dedicated Mergers and Acquisitions team are in place who follow a strong governance process throughout all stages of a transaction. • All potential transactions are rigorously assessed and evaluated to ensure the Group's strategic and financial criteria are met. All transactions are fully reviewed and approved by the Board. • Robust integration processes are in place and post transaction performance is closely monitored by both divisional and Group management. • Significant focus is placed on the retention of key acquired talent and support is provided to facilitate an efficient integration process.
Consolidation among suppliers and distributors	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.	Increased	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.	• 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.

Principal Risks and Uncertainties - Operational

Unchanged   Increased   Decreased

Risk	Description	Risk trend	Impact	How we manage the risk
Cyber and Information Security	Cybersecurity attacks (including identity theft and inadequate password protection) and other threats to critical IT infrastructure resulting in IT systems failure and business interruption (e.g., inability to serve principals and customers). The macro risk level continues to rise with the number of attacks against high profile peers becoming more frequent.		A successful cyber- attack, internal breach or other systems failure could result in theft, misappropriation of critical assets and/or personal data and disruption to core business operations. This could result in a significant customer, financial, reputational and/or regulatory impact for the Group.	• An appropriate governance structure is in place including a Security Council and Risk/Audit Committee. Cybersecurity is a major focus area for the Board and Audit Committee who are updated on a regular basis by the Chief Information Security Officer. • A specialist ICT Security team is in place who, in conjunction with selected external technical specialists, are aligned to global best practice cybersecurity frameworks. • During 2023, we continued our ongoing program of investment in cybersecurity controls which included improvements in identity and access controls as well as enhancements in response and recovery procedures. • Business continuity, disaster recovery and crisis management plans are in place and are tested on a regular basis. • Employees receive regular online cybersecurity training and ongoing awareness is promoted through monthly phishing training and other initiatives to keep employees abreast of new and emerging threats.
Dependence on strategic principals	Loss of and dependence on strategic and single principals/suppliers and inability to attract and secure principals.		Termination of a major supplier relationship could have a material adverse effect on the company's product portfolio, sales volumes, revenues, and profit margins.	Azelis maintains close relationships with principals which is essential for achieving our growth strategy. By acting in an open and transparent way towards principals and with a focus on growing principals product brands, Azelis seeks to maintain long-term relationships.
People	Inability to attract and retain high potential employees and talented individuals. Reliance on a single source of competence for key positions (including senior executive management positions) without adequate backup or succession planning. Lack of effective or insufficient training and development programs.		Implications on competitiveness, innovation, increased recruitment costs and overall business success. Implications on stability, continuity, and long-term success -- including but not limited to talent gap, disruption in leadership, knowledge and expertise loss, and reputational risk. Limited opportunities for skills enhancement, career advancement, and risk of failing to retain talent.	• We have expanded and finalized our performance and talent assessment procedures, facilitated by our Human Capital Management (HCM) system, Workday®. • We have strengthened our annual talent pool review and are making significant investments in training to elevate the competencies of individuals within our talent pools, as well as across the entire Azelis community. • As a rapidly expanding organization, we provide a broad spectrum of opportunities for career progression and consistently give precedence to promoting from within. • The remuneration of majority of our global workforce is guided by external benchmarks, making sure we are competitive.
Inventory Management	Inadequate inventory management; lack of ownership and ineffective sales and operations planning.		Ineffective inventory management leading to too high inventory levels, which subsequently cannot be sold or sold only at negative margins (e.g., obsolete stock).	• 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.

Principal Risks and Uncertainties - Financial and Compliance

Unchanged Increased Decreased

Risk	Description	Risk trend	Impact	How we manage the risk
Taxation	Given the Group's global network, it is exposed to an increasingly complex and evolving international tax environment.	Increased	The Group's tax liability or reporting requirements may be negatively impacted by local or international legislative changes, evolving legal interpretations, tax audits or transfer pricing judgements.	• A team of dedicated tax experts responsible for ensuring compliance with all taxation matters globally are employed. A program of continuous professional development ensures that the team is up to date on evolving tax law changes. • In house expertise is supplemented by external taxation advisors where required.
Treasury	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.	Increased	Failure to manage these risks could negatively impact on the financial performance of the Group.	• The Treasury departments monitors treasury risk on an ongoing basis. • The Group has a strong investment grade 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 cashflow forecasts, monitoring funding requirements, foreign currency exposure netting and hedging, interest rate hedging and management of counterparty risk.

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. 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, 2023.

The mandate of the statutory auditor, PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL, will expire on the general shareholders’ meeting (to be held on June 13th, 2024) that resolves on the approval of the annual accounts for the financial year ended December 31, 2023. Upon recommendation of the Audit and Risk Committee, the Board of Directors is proposing to renew this mandate for a new term of three (3) financial years ending at the end of the general shareholders’ meeting that will resolve on the approval of the annual accounts for the financial 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 and non-audit fees paid to the auditor in the year ended December 31, 2023, we refer to note External services and other expenses to 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; and
- 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 main risks and uncertainties they face.

Antwerp, Belgium, 5 March 2024

On behalf of the Board of Directors,

Anna Bertona, Chief Executive Officer

Thijs Bakker, Chief Financial Officer

Auditor's reports

Report to the General Shareholders' Meeting of Azelis Group NV on the consolidated accounts for the year ended December 31, 2023

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.* 10 June 2021, following the proposal formulated by the board of directors. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the Company's consolidated accounts for 3 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2023, 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 5,572,228 thousand and a profit for the year of EUR 189,312 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 31 December 2023, 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 judgement, 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 31 December 2023 goodwill of EUR 2.409 million and intangible assets for an amount EUR 1.349 million, of which EUR 998 million is related to distribution rights and EUR 317 million is related to the Azelis brand name. In 2023, goodwill and intangible assets increased with EUR 414 million, mainly due to several acquisitions which were made in the course of 2023. 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 judgements 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 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 256 million and EUR 248 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.	Our audit procedures included the following: We obtained and inspected the Share Purchase Agreements, the related due diligence reports, and financial records. • We obtained and inspected the Share 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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.	• 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 preparing 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 auditing 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 judgement and maintain professional scepticism 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;
- 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 committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the audit 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 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

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.

The non-financial information required by virtue of article 3:32, section 2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts. The Company has prepared the non-financial information, based on the Global Reporting Initiative framework. However, in accordance with article 3:80, section 1, point 5 of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative framework as disclosed in the directors' report on the consolidated accounts.

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 itemised 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 financial statements with the European Uniform Electronic Format (hereinafter "ESEF"), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter "digital consolidated financial statements") included in the annual financial report.

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

Based on the work we have performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Azelis Group NV per 31 December 2023 comply in all material respects with the ESEF requirements under the Delegated Regulation.

Other statements

- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Antwerp, 5 March 2024

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUBJECT MATTER INFORMATION OF THE INTEGRATED REPORT 2023 OF AZELIS GROUP NV

This report has been prepared in accordance with the terms of our engagement contract dated 18 October 2023 and addendum dated 13 February 2024 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability performance indicators, marked with a Greek small letter beta (ß), in the Integrated Report as of and for the year ended 31 December 2023 (the "Report").

The Directors' responsibility

The Directors of Azelis Group NV ("the Company") are responsible for the preparation and presentation of the information and data in the selected sustainability performance indicators, marked with a Greek small letter beta (ß) in the Report (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed 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 engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2023 in the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;
- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the selection of sustainability KPIs for the year 2023, marked with a Greek small letter beta (ß) in the Report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Our independence and quality management

We have complied with the independence and other ethical requirements in the International

Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (IESBA Code) together with the legal Belgian requirements in respect of the auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organising the audit profession and its public oversight of registered auditors and with Art. 3:62, 3:63 and 3:64 and 3:65 of the Companies' and Associations' Code.

Our firm applies International Standard on Quality Management n°1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Related Services Engagements, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Integrated Report as of and for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Criteria.

Other ESG related information

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Other matter - restriction on use and distribution of our report

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2023 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Antwerp, 5 March 2024

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

Consolidated financial statements

Austin Pirl, one of our Quality Control Lab Technicians, is seen here preparing a sample for a gas chromatograph test. After working closely with a customer to develop a small-scale bench reaction, the test will ensure the pattern and purity of a watermelon flavor newly moved to full-scale production.

Consolidated income statement

(in thousands of €)	Note	2023	2022
Revenue	8	4,152,225	4,109,102
Other operating income	9	23,448	15,795
Total income		***4,175,673***	***4,124,897***
Costs for goods and consumables	10	-3,191,553	-3,164,155
Gross profit		***984,120***	***960,742***
Employee benefits expenses	11	-303,793	-284,952
External services and other expenses	12	-192,325	-202,632
Depreciation of property, plant and equipment	16	-34,339	-27,845
Amortization of intangible assets	15	-66,760	-56,887
Operating profit / loss (-)		***386,903***	***388,426***
Financial income	13	17,674	6,008
Financial expenses	13	-157,439	-79,823
Net financial expense		***-139,765***	***-73,815***
Share of result of associates	17	100	59
Profit / loss (-) before tax		***247,238***	***314,670***
Income tax income / expense (-)	14	-57,926	-95,791
Net profit / loss (-) for the period from continuing operations		***189,312***	***218,879***
Attributable to:			
Equity holders of the parent		177,704	213,193
Non-controlling interests		11,608	5,686
Net profit / loss (-) for the period		***189,312***	***218,879***
		in €	in €
Basic earnings per share	21.1	**0.74**	**0.91**
Diluted earnings per share	21.1	**0.74**	**0.91**

The notes are an integral part of these consolidated financial statements

Consolidated statement of other comprehensive income

(in thousands of €)	Note	2023	2022
Net profit / loss (-) for the period		**189,312**	**218,879**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	21.4	-102,988	-5,951
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / losses (-) on employee benefits	11	-202	570
Income tax relating to these items		17	-71
Total other comprehensive income		***-103,173***	***-5,452***
Total comprehensive income for the period		***86,139***	***213,427***
Attributable to:			
Equity holders of the parent		78,199	209,149
Non-controlling interests	26.4	7,940	4,278
Total comprehensive income for the period		***86,139***	***213,427***

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(in thousands of €)	Note	December 31, 2023	December 31, 2022
Assets			
Goodwill	15	2,409,251	2,174,256
Intangible assets	15	1,349,133	1,170,486
Property, plant and equipment	16.1	73,577	57,884
Right of Use assets	16.2	123,048	96,982
Investments in associates	17	285	235
Other financial assets	22	7,749	11,758
Deferred tax assets	14	15,693	20,605
Total non-current assets		***3,978,736***	***3,532,206***
Inventories	18	562,790	627,735
Trade and other receivables	19	521,896	538,381
Income tax receivables	14	23,872	9,963
Other financial assets		60	280
Cash and cash equivalents	20	484,874	268,160
Total current assets		***1,593,492***	***1,444,519***
Total assets		***5,572,228***	***4,976,725***
Equity and liabilities	21		
Share capital		5,880,000	5,680,000
Reserves		-3,927,077	-3,701,231
Retained earnings		459,372	192,570
Unappropriated result		177,704	213,193
Issued capital and reserves attributable to owners of the parent		***2,589,999***	***2,384,532***
Non-controlling interests		***86,579***	***55,145***
Total equity		***2,676,578***	***2,439,677***
Loans and borrowings	22	1,550,634	1,178,394
Lease obligations	22.1.2	100,347	81,168
Employee benefit obligations	11	13,637	8,525
Provisions	23	3,158	4,597
Other non-current liabilities	24	69,816	98,264
Deferred tax liabilities	14	218,306	190,755
Total non-current liabilities		***1,955,898***	***1,561,703***
Bank overdrafts	20	18,286	30,412
Loans and borrowings	22	80,560	125,323
Lease obligations	22.1.2	26,271	20,390
Provisions	23	3,670	3,544
Income tax payables	14	11,495	23,989
Trade and other payables	24	799,470	771,687
Total current liabilities		***939,752***	***975,345***
Total liabilities		***2,895,650***	***2,537,048***
Total equity and liabilities		***5,572,228***	***4,976,725***

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in thousands of €)	Note	2023	2022
Cash flows from operating activities			
Net profit / loss (-) for the period		189,312	218,879
Adjustments for:			
Depreciation, amortization and impairment expenses	15/16	101,099	84,733
Net financial expense	13	139,765	73,815
Cost of share-based payment		1,373	839
Income tax income / expense	14	57,926	95,791
Share of result of associates	17	-100	-59
Change in inventories	18	123,604	-65,751
Change in trade and other receivables and other investments	19	79,347	27,194
Change in trade and other payables	24	-77,762	22,340
Change in provisions	23	3,011	1,140
Cash flow from operating activities		***617,575***	***458,921***
Interest received		10,689	621
Income tax paid		-103,166	-90,327
Net cash flow from operating activities		***525,098***	***369,215***
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets	15/16	-15,485	-18,443
Acquisition of subsidiaries, net of cash acquired	7	-584,570	-553,665
Net cash flow from investing activities		***-600,055***	***-572,108***
Cash flows from financing activities			
Payments of lease obligation	22.1.2	-28,704	-22,795
Dividend payment to shareholders of the group	21	-67,772	-7,012
Purchase of treasury shares	21	-3,408	-2,999
Capital increase		200,000	-
Expenses related to capital increase		-2,234	-
Interest paid		-99,337	-41,795
Proceeds from loans and borrowings	22	768,147	640,621
Repayments of loans and borrowings	22	-453,376	-217,377
Transaction costs related to loans and borrowings	22	-8,074	-2,193
Other cash flows from financing activities		-320	-6,031
Net cash flow from financing activities		***304,922***	***340,419***
Net (decrease) increase in cash and cash equivalents		***229,965***	***137,525***
Effect of exchange rate fluctuations on cash held		-1,125	-546
Cash and cash equivalents minus Bank overdraft at beginning of the period	20	237,748	100,769
Cash and cash equivalents minus Bank overdraft at December 31	***20***	***466,588***	***237,748***

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	Un-appropriated result	Total equity holders of the parent	Non-controlling interests	Total equity
Balance as of December 31, 2021	**5,680,000**	**-4,026,807**	**400,000**	**9,788**	**96,817**	**67,756**	**2,227,553**	**23,792**	**2,251,345**
Appropriation of result prior year					67,756	-67,756	-		-
Written put options on non-controlling interests		-70,496					-70,496		-70,496
Share-based payment		839					839		839
Treasury shares		-2,999					-2,999		-2,999
Dividend attributed to shareholders of the group			-7,012				-7,012		-7,012
Adjustments hyperinflation					27,498		27,498		27,498
Net profit / loss (-) for the period						213,193	213,193	5,686	218,879
Other comprehensive income				-4,543	499		-4,044	-1,408	-5,452
Other movements							-	27,075	27,075
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***

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"), was incorporated on June 10, 2021 and has its registered office in Belgium. The address of the Company is Posthofbrug 12 box 6, 2600 Antwerp, Belgium. The Company's principal place of business is Belgium. The Company is registered in Belgium under number 0769.555.240.

The reference shareholder of Azelis Group NV is Akita I S.à r.l., 26A Boulevard Royal, 2449 Luxembourg (hereinafter referred to as "EQT"). Based on the most recent transparency declaration filed by EQT, the ultimate controlling party of Akita I S.à.r.l. is EQT VIII Collect SCSp, which is not controlled by any of its shareholders but is managed by EQT VIII (GP) SCS.

The consolidated financial statements of the Company for the period ended December 31, 2023, 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.

The Group is 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 Industrial Chemicals industry (CASE, Advanced Materials & Additives, Lubricants & Metalworking Fluids, Electronics, Essentials and Fine Chemicals, and Textiles, Leather & Paper).

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. Azelis has overcome successfully the impact of the Covid-19 pandemic and the resulting supply chain disruptions.
Due to its global footprint, Azelis is sensible to economic and geopolitical uncertainty. The Group monitors closely the political events in Russia and Ukraine, Israel and Gaza, and the Middle-East 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, 2023, were authorized for issue by the Board of Directors on March 5, 2024, and will be submitted for approval to the Shareholders' Meeting to be held on June 13, 2024.

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, 2023.

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, 2023, and have been endorsed by the European Union. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.:

- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 — *Comparative Information*
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: *Definition of Accounting Estimates*
- Amendments to IAS 12 Income Taxes: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12 Income taxes*: International Tax Reform — Pillar Two Model Rules*

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, 2023, 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.

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 laboratories, 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 laboratories, 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 laboratories, 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 - gave Azelis the best ESG risk score in the industry.

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. The Company is in the ongoing process of conducting a climate risk assessment, elaborating on its transition and physical climate risks, the outcome of which will further enable the Company to detect its vulnerabilities and to further enact measures to fortify its business and supply chains resilience against future climate uncertainties.

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 judgements, major sources of estimation uncertainty & accounting policies (refer to note 3): climate change does not substantially impact the significant judgements 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: as described in note 22.1.1, the Company's Term Loan and Revolving Credit facilities' margin component of the variable interest rate is impacted by the Company's yearly progress in diversity in its General Management Team and reduction of carbon emissions. For this progress, also refer to the Non-financial performance section 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, 2023 and ending December 31, 2023 (hereinafter "2023").
The comparative period is reflecting the financial performance of the Group starting January 1, 2022 and ending December 31, 2022 (hereinafter "2022").

2.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by the Company made up to December 31, 2023. 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; and
- 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 as follows between 2022 and 2023:

Year (31st December)	Turkey CPI	Change (%)	EUR/TRL exchange rate
2022	11.28	64.27%	19.93
2023	18.59	64.77%	32.69

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, and
- payments of penalties for terminating the lease, if the term reflects the Group exercising that option.

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, and
- 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.

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)

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 risk
- Liquidity risk
- 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 €)	31-12-2023	31-12-2022
Trade and other receivables	521,896	538,381
Cash and cash equivalents	484,874	268,160
Other financial assets	7,809	12,038
	1,014,578	***818,578***

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 is constituted as follows:

31-12-2023

(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%***

31-12-2022

(in thousands of €)	Gross	% of total	Impairment	% Impaired
Not due	334,132	**69.3%**	2,590	**0.8%**
Between 0 and 2 months	98,192	**20.4%**	10,725	**10.9%**
Between 2 and 12 months	38,990	**8.1%**	14,713	**37.7%**
More than 12 months	10,885	**2.3%**	10,885	**100.0%**
	482,200	***100.0%***	***38,912***	***8.1%***

The loss allowances for trade receivables on December 31 reconcile to the opening loss allowances as follows:

(in thousands of €)	2023	2022
Balance at 1 January	38,912	21,783
Business combination	3,203	12,235
Provisions made in the year	5,168	6,513
Decrease on impairment losses	-16,881	-579
Exchange rate differences	-1,015	-1,040
Balance at December 31	***29,387***	***38,912***

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:

31-12-2023

(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*

Loans and borrowings are primarily to be repaid in 2026.

31-12-2022

(in thousands of €)	Carrying amount	Undiscounted contractual Cash flows	Less than 1 Year	1 to 5 Years	More than 5 Years
Loans and borrowings	1,303,717	1,465,226	260,431	1,204,795	0
Lease obligation (IFRS16)	101,558	102,806	20,639	52,412	29,755
Derivatives	377	377	377	0	0
Trade and other payables	869,574	869,574	869,574	0	0
Bank Overdrafts	30,412	30,412	30,412	0	0
	2,305,637	*2,468,394*	*1,181,432*	*1,257,207*	*29,755*

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 €)	2023		2022	
	USD	GBP	USD	GBP
Financial assets except for cash and cash equivalents	158,478	3,240	197,296	927
Cash and cash equivalents	66,774	37,186	65,637	4,270
Financial liabilities	-173,622	-151,927	-152,045	-150,343
Gross balance sheet exposure	***51,630***	***-111,501***	***110,888***	***-145,147***

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 €)	2023		2022	
	Profit or loss	Equity	Profit or loss	Equity
USD	-4,694	4,694	-10,081	10,081
GBP	10,136	-10,136	13,195	-13,195

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 a variable rates (EURIBOR and SONIA), 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 €)	31-12-2023	31-12-2022
Fixed rate instruments		
Financial liabilities	-407,478	0
	-407,478	***0***
Variable rate instruments		
Financial assets	484,874	268,160
Financial liabilities	-1,368,621	-1,435,687
	-883,747	***-1,167,526***

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 - 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***

(in thousands of €)	Profit or loss - 2022		Equity - 2022	
	100 bp	100 bp	100 bp	100 bp
	Increase	Decrease	Increase	Decrease
Variable rate instruments	-14,357	14,357	-14,357	14,357
Cash flow sensitivity (net)	***-14,357***	***14,357***	***-14,357***	***14,357***

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

In May 2022, the Group entered into an interest rate cap agreement ("interest rate cap") to limit its interest rate risk exposure (see note 22.1.1). 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.

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 & 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*

2022

(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		832	**832**		832		**832**
Derivatives	4	9,556		**9,556**		9,556		**9,556**
Other investments	4	698	809	**1,506**		1,506		**1,506**
Current assets								
Trade receivables	19		443,288	**443,288**		443,288		**443,288**
Other receivables	19		95,093	**95,093**		95,093		**95,093**
Other financial receivables			81	**81**		81		**81**
Derivatives	4	199		**199**		199		**199**
Cash & Cash equivalents	20		268,160	**268,160**		268,160		**268,160**
Total financial assets		*10,453*	*808,263*	*818,716*	*0*	*818,716*	*0*	*818,716*
Liabilities								
Non Current Liabilities								
Interest bearing	22		1,259,562	**1,259,562**		1,259,562		**1,259,562**
Other Financial liabilities		73,420	24,844	**98,264**		24,844	73,420	**98,264**
Current liabilities								
Interest bearing	22		145,713	**145,713**		145,713		**145,713**
Bank overdraft	20		30,412	**30,412**		30,412		**30,412**
Trade payables	24		462,728	**462,728**		462,728		**462,728**
Other current liabilities excl derivatives	24	50,657	257,924	**308,582**		257,924	50,657	**308,582**
Derivatives	24	377		**377**		377		**377**
Total financial liabilities		*124,454*	*2,181,183*	*2,305,637*	*0*	*2,181,560*	*124,077*	*2,305,637*

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 €)	31-12-2023	31-12-2022
Equity	2,676,578	2,439,677
Other interest-bearing loans	1,776,099	1,435,687
Less: Cash & Cash equivalents	-484,874	-268,160
Total Capital	***3,967,803***	***3,607,203***

The Group is not exposed to significant external capital requirements other than covenant requirements from the syndicated external debt (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 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[4].

Results of the operating segments are reflected in the below table:

4 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.

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

2022

(in thousands of €)	EMEA	Americas	Asia Pacific	Group holding & other	Total
Revenue	1,811,643	1,549,913	747,546	-	4,109,102
Gross profit	432,907	385,200	142,601	34	960,742
Adjusted EBITA	215,376	211,867	58,112	-28,477	456,878
Operating profit					388,426
Net Working Capital	182,205	237,811	194,516	-6,247	608,285

"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 €)	31-12-2023		31-12-2022	
Belgium	53,954	1.4%	18,610	0.5%
Rest of EMEA	1,528,151	38.6%	1,433,660	41.0%
EMEA	*1,582,105*	*40.0%*	*1,452,270*	*41.5%*
Americas	**1,787,248**	**45.2%**	**1,536,305**	**43.9%**
Asia Pacific	**585,942**	**14.8%**	**511,267**	**14.6%**
	3,955,295	*100.0%*	*3,499,842*	*100.0%*

7. Business combinations

The Group completed the below acquisitions during the 2023 financial year:

On January 10, 2023, Azelis acquired 100% of the shares of Smoky Light B.V. ("Smoky Light"), a well-established distributor in the Benelux smoke ingredients market. The acquisition reinforces Azelis' position in the Benelux market and expands its footprint in the smoke ingredient market in EMEA. Smoky Light's product portfolio strategically complements the Group's lateral value chain for Food & Nutrition, thereby further expanding its expertise and product offering to customers.

On January 31, 2023, Azelis acquired 100% of the shares of Chemiplas Agencies Ltd ("Chemiplas"), one of the leading distributors of specialty chemicals, plastic raw materials, and ingredients in Australia, New Zealand, and the Pacific Islands. The acquisition significantly expands Azelis' footprint and accelerates its growth in Asia-Pacific. The addition of Chemiplas' attractive portfolio of products from key principals strategically complements the Group's lateral value chain, strengthening market coverage and formulation expertise. This allows the Group to provide even more innovative solutions to customers, thereby reinforcing its position in Australia and New Zealand.

On April 3, 2023, Azelis acquired 100% of the shares of Lidorr Elements ("Lidorr"), one of Israel's leading specialty chemical distributors in crop protection, industrial materials, and care & nutrition. The acquisition expands Azelis' footprint in Israel, further building on its growing network in the region following the acquisition of Orokia in 2020. Lidorr's wide portfolio of hundreds of products significantly strengthens Azelis' lateral value chain in the Agricultural & Environmental Solutions, as well as in Advanced Materials & Additives market segments.

On May 23, 2023, Azelis acquired 100% of the shares of Gillco Ingredients ("Gillco"), a leading specialty ingredient provider in the Food & Nutrition market in the USA. The acquisition represents a strategic expansion into the attractive food & nutrition market in the US, reinforcing Azelis' footprint in the life sciences. In addition to the Group's Flavors & Fragrances offering, Gillco allows Azelis to create a compelling portfolio and execute its growth strategy in the US food & nutrition industry, as well as the wider life sciences in North America.

On May 31, 2023, Azelis acquired 100% of the shares of Sirius International ("Sirius"), a well-established distributor of specialty chemicals in the Benelux market. This acquisition complements Azelis' lateral value chain in Home Care & Industrial Cleaning with an attractive portfolio and aligns perfectly with Azelis' ambition to become a world-leading innovation service provider. As a pioneer in formulating sustainable cleaning products from biodegradable and/or recyclable chemical raw materials and with expertise in green chemicals, Sirius will reinforce Azelis' best-in-class sustainability program and enable the Group to offer innovative environmental solutions to customers in the EMEA region and beyond.

On June 1, 2023, Azelis acquired 60% shares of Vogler Ingredients Ltda. ("Vogler"), a renowned specialty distributor of food ingredients in Brazil. The acquisition represents a strategic expansion of the Group's footprint in the largest economy in Latin America, reinforcing the Group's focus on executing its regional growth strategy. Vogler's long-standing relationships with global blue-chip principals, existing product portfolio, and market expertise significantly expand Azelis' lateral value chain in Latin America and allow the Group to accelerate its growth strategy in the region. Since Azelis gained control, Vogler has been consolidated for 100%, and the minority interest has been recognized separately in the financial statements.

On November 2, 2023, Azelis acquired 100% of the shares of BLH SAS ("BLH"), a well-known distributor of flavors & fragrances focused on the fine perfumery market in France. The acquisition strengthens Azelis' global footprint in flavors & fragrances, which was created over the last two years following the acquisition of Quimdis in France, Vigon in America, and Ashapura in India. As an expert in distributing premium fragrance ingredients, BLH's attractive portfolio perfectly complements the current natural ingredient ranges offered by Azelis.

These aforementioned acquisitions together generate over €400.0 million of revenue every year. In 2023, these acquisitions together added €256.4 million of revenue, €30.9 million of Adjusted EBITA and €13.9 million of net profit to the Group's net result.

(in thousands of €)	2023	2022
Assets acquired and liabilities assumed		
Distribution rights	247,748	195,252
Other intangible assets	6,336	2,179
Property, plant and equipment	16,901	4,863
Right-of-use assets	17,907	11,340
Deferred tax assets	6,511	7,082
Other long-term receivables	-	16,562
Other non-current financial assets	56	814
Inventories	82,050	99,543
Trade and other receivables	96,885	143,176
Cash and cash equivalents	23,616	39,583
Other current financial assets	-	3,775
Loans and borrowings non current	-9,182	-19,481
Lease liabilities non current	-14,510	-9,340
Deferred tax liabilities	-68,395	-42,542
Trade and other payables	-52,417	-95,131
Bank overdrafts	-3,300	-32
Loans and borrowings current	-53,316	-48,286
Lease liabilities current	-3,396	-2,000
Provisions	-906	-136
Employee benefit obligations	-872	-1,253
Total fair value identified assets acquired and liabilities assumed	***291,716***	***305,970***
Non-controlling interests	**-18,945**	**-29,404**
Estimated earnout liabilities	33,701	5,732
Deferred payments	6,565	114,892
Consideration paid in cash	488,211	512,845
Total consideration	***528,478***	***633,469***
Goodwill	***255,705***	***356,903***

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 indemnification assets or contingent liabilities had to be recognized in the business combinations.

For acquisitions where a majority of the shares has been acquired and a non-controlling interest remains with the previous shareholders, a minority interest is recognized separately from the Group's equity. For the acquisition of Vogler, Azelis has opted to measure the non-controlling interests at their proportionate share of the fair value of the acquiree's identifiable net assets.

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 2023 acquisitions, deferred payments and initial earnout liabilities, recognized as part of the consideration paid, total €40.3 million (2022: €120.6 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.

In connection with the acquisition in 2023 of Vogler in Brazil, a put option was granted for the remaining 40%. Its fair value is calculated based on specific contractual specifications, consisting mostly of a combination of a multiple on a performance measure and the balance of certain net working capital items upon exercise of the option. Put options are not part of the consideration paid and are accounted for separately from the business combination.

Total goodwill of Azelis has increased by €235.0 million in 2023, of which €255.7 million is attributable to the abovementioned acquisitions in 2023. 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 €3.1 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 2023, management estimates that, for 2023, the consolidated revenue would have been €4,268.1 million, the consolidated Adjusted EBITA would have been €475.7 million and the consolidated net result for the year would have been €194.8 million.

During 2023, the Group incurred acquisition-related expenses of €5.6 million (2022: €6.9 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 €)	2023	2022
Revenue from sales, net of discounts	4,133,899	4,098,131
Revenue from commercial services	2,270	1,106
	4,136,169	*4,099,237*
Commissions received	16,056	9,866
	4,152,225	*4,109,102*

The Group's revenues are broken down over product group as follows:

(in thousands of €)	2023		2022	
Life Sciences	2,565,485	61.8%	2,474,632	60.2%
Industrial Chemicals	1,586,740	38.2%	1,634,470	39.8%
	4,152,225	*100.0%*	*4,109,102*	*100.0%*

The Group's revenues are broken down over its country of domicile and regions as follows:

(in thousands of €)	2023		2022	
Belgium	120,729	2.9%	94,618	2.3%
Rest of EMEA	1,673,128	40.3%	1,717,025	41.8%
EMEA Total	*1,793,857*	*43.2%*	*1,811,643*	*44.1%*
Americas	1,454,320	35.0%	1,549,913	37.7%
Asia Pacific	904,047	21.8%	747,546	18.2%
	4,152,225	*100.0%*	*4,109,102*	*100.0%*

9. Other operating income

(in thousands of €)	2023	2022
Recharge of expenses to customers	8,689	8,681
Other income	14,759	7,114
	23,448	*15,795*

10. Costs for goods and consumables

(in thousands of €)	2023	2022
Purchase of goods including change in inventory	3,122,521	3,092,704
Freight and additional charges on purchases	69,032	71,451
	3,191,553	*3,164,155*

11. Employee benefits

11.1. Expenses

Wages and salaries include managers’ fees and current service costs from employee benefits.

(in thousands of €)	2023	2022
Wages and salaries and other personnel related expenses	269,003	254,897
Social charges	34,790	30,055
	303,793	***284,952***

The average number of employees (FTE) located in the regions is set out below:

	31-12-2023	31-12-2022
EMEA	1,884	1,735
Americas	1,111	966
Asia Pacific	1,031	969
Holdings	180	155
	4,206	***3,825***

11.2. Defined obligation benefit schemes

The Group is subject to the following defined benefit obligations:

(in thousands of €)	31-12-2023	31-12-2022
German companies	640	639
Belgian companies	1,947	1,572
French companies	1,945	1,971
Italian companies	4,852	5,046
UK companies	5,653	5,398
Other companies	1,460	1,077
Total present value of obligations	***16,497***	***15,703***
Fair value of plan assets	-12,795	-12,625
Amounts not recognized as asset due to asset ceiling	2,345	2,496
Recognized liability for defined benefit obligations	***6,047***	***5,574***
Liability for long-service leave and other employees' benefits	7,590	2,951
Total employee benefits recognized in the balance sheet	***13,637***	***8,524***

The Group has defined benefit plans in place in Belgium, France (unfunded), Italy (unfunded), United Kingdom (wholly funded), Germany, 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 €4.2 million (2022: €3.3 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:

	2023	2022
Discount rate	3.2% - 6.3%	2,82% - 7,26%
Inflation	2.5% - 4.47%	3,1% - 3,1%
Future pension increases	0% - 6%	0% - 6%
Future salary increases	0% - 6%	0% - 6%

In the event that the discount rate would increase or decrease by 0.5%, the defined benefit obligation would decrease by €0.9 million or increase by €0.9 million, respectively.

The following table shows the changes in the present value of the defined benefit obligations:

(in thousands of €)	*31-12-2023*	31-12-2022
Liability for defined benefit obligations at the beginning of period	15,703	**20,516**
Current service costs and interest	809	1,039
Benefits paid	13	-1,811
Remeasurement arising from changes in demographic assumptions	-496	-91
Remeasurement arising from changes in financial assumptions	228	-5,447
Remeasurement arising from experience	202	310
Business combination	72	979
Exchange rate differences	-34	207
Liability for defined benefit obligations at 31 December	***16,497***	***15,703***

The following table shows the changes in the plan assets:

(in thousands of €)	*31-12-2023*	31-12-2022
Fair value of plan assets at the beginning of the period	12,625	**14,347**
Contributions paid into the plan	822	1,252
Benefits paid by the plan	-273	-1,062
Expected return on plan assets	-63	54
Return on assets excluding amounts in net interests	-361	-2,174
Exchange rate differences	45	208
Fair value of plan assets at 31 December	***12,795***	***12,625***

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 €)	2023	2022
Current service costs	-1,680	-883
Interest on obligation	-230	-191
Interest on assets	-63	-674
	-1,973	*-1,748*

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 €)	2023	2022
Return on assets, excluding amounts in net interests	-361	-2,202
Actuarial gains and losses on benefit obligations	66	5,390
Effect of changes in asset ceiling	153	-2,596
Exchange rate differences	-36	-22
	-178	*570*

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:

	2023		2022	
(in number of shares and €)	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
Outstanding as of 1 January	**165,605**	**19.19**	**-**	**N/A**
Granted during the year	172,817	24.07	138,546	19.24
Forfeited during the year	- 91,790	N/A	- 6,062	N/A
Performance adjustment	-	N/A	33,121	N/A
Outstanding as of 31 December	***246,632***	***21.75***	***165,605***	***19.19***

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 2023, above changes in outstanding of performance shares resulted in an expense of €1.4 million (2022: €0.8 million), which is recognized in the consolidated income statement as part of employee benefits expenses.

12. External services and other expenses

(in thousands of €)	2023	2022
Distribution	86,534	87,797
Utilities, communication, insurance and administrative expenses	51,356	40,984
Commercial expenses	10,489	10,093
Professional service fees	28,880	29,975
Lease expenses	449	1,954
Other expenses	14,618	31,828
	192,325	***202,631***

The professional services & other expenses of 2023 include €5.8 million (2022: €9.0 million) mainly regarding M&A activities.

Audit fees included under professional service fees in the above table:

(in thousands of €)	2023	2022
Audit fees		
Total fees for the audit of the annual accounts	2,098	1,930
Total fees for audit by non-PWC companies	645	559
Non-audit fees paid to group auditor network		
Total fees for other attestation	512	82
Total fees for other non-audit services (incl. tax)	56	7
	3,311	***2,578***

13. Net financial expenses

(in thousands of €)	2023	2022
Financial income		
Interest income	10,689	621
Gains on changes in fair value of derivatives	-	5,132
Gains on financial instruments at FV through P&L	6,663	-
Other financial income	321	256
	17,674	***6,008***
Financial expenses		
Interest expense on loans and borrowings	-92,805	-34,795
Interest lease commitments	-4,562	-3,423
Losses on financial instruments at FV through P&L	-	-17,585
Transaction costs for bank loans	-3,113	-1,444
Losses on changes in fair value of derivatives	-6,741	-754
Monetary loss on hyperinflation	-21,071	-6,957
Foreign exchange losses	-7,677	-2,093
Other financial expenses	-21,470	-12,771
	-157,439	***-79,823***

The fair value adjustment on financial instruments relates to acquisition-related earnout liabilities and put options on non-controlling interests. The gain of €6.7 million is composed of €23.4 million gains and €16.7 million losses.

The fair value adjustment on derivatives relates mainly to the interest rate cap.

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 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 €)	2023	2022
Current period tax expense (-) / income	**-78,013**	**-86,264**
Adjustments to prior years income tax expense (-) / income	-1,419	-868
Provisions for tax risks	-38	-203
	-79,470	*-87,335*
Deferred tax income / loss (-)	21,544	-8,456
Total income tax income / expense (-)	***-57,926***	***-95,791***

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 €)	2023		2022	
Profit/loss (-) before tax	**247,238**		**314,670**	
Income tax using the domestic corporation tax rate	**-61,810**	**-25%**	**-82,356**	**-26%**
Impact of tax in different jurisdictions with difference to domestic rate	1,013	0%	-221	0%
Tax effect of income not subject to tax	9,381	4%	5,062	2%
Tax effect of expenses not deductible for tax purposes	-16,482	-7%	-14,659	-5%
Utilization of previously unrecognized tax losses	1,622	1%	1,366	0%
Tax effect of unrecognized current tax losses	-2,706	-1%	-3,608	-1%
Deferred tax assets on previously unrecognized tax losses	15,707	6%	0	0%
Adjustments on applicable tax rate	-2,505	-1%	666	0%
Deferred tax asset on stand-alone carry forward losses	0	0%	-13	0%
Adjustments to prior year income tax expense (income)	-2,739	-1%	-1,656	-1%
Other	593	0%	-372	0%
Total income tax income / expense (-) in income statement	***-57,926***	***-23.4%***	***-95,791***	***-30.4%***

The effective tax rate 2023 has mainly been affected by:

- increase in non-deductible expenses mainly driven by €21.0 million of monetary loss on hyperinflation
- fair value adjustment on financial liabilities of €6.7 million gain (2022: €17.6 million loss) 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.

Income tax expenses in Consolidated Statement of Other Comprehensive Income

The tax included in other comprehensive income is related to:

(in thousands of €)	2023	2022
Relating to actuarial gains and losses on pensions obligations	17	-71
	17	*-71*

14.2. Deferred taxes

Deferred tax assets and liabilities are attributable to the following:

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	0	-27,305	3,154	-35,699
Intangible assets	-190,198	-66,188	-3,719	0	3,908	1,126	-255,071
Inventories	9,589	5,445	-4,432	0	0	-280	10,323
Trade receivables	3,835	1,863	10	0	0	-72	5,636
Loans and borrowings	1,792	5,133	6,486	0	27,305	-3,059	37,657
Employee benefits	1,492	402	4,626	-17	0	-160	6,343
Provisions, derivatives and other items	714	123	1,473	0	0	-98	2,212
Untaxed reserves	8,344	0	-8,142	0	0	-126	76
Tax value of loss carry-forwards	-3,078	125	28,029	0	0	837	25,912
	-170,150	*-59,220*	*21,544*	*-17*	*3,908*	*1,323*	*-202,612*
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.

2022

(in thousands of €)	1 January	Business combinations	Income statement	OCI	Other	Translation differences	December 31
Property, plant and equipment	**-3,470**	50	750	0	146	-115	**-2,640**
Intangible assets	**-144,330**	-39,421	-6,466	0	691	-671	**-190,198**
Inventories	**5,725**	2,938	537	0	360	28	**9,589**
Trade receivables	**2,076**	937	789	0	22	10	**3,835**
Loans and borrowings	**114**	0	-166	0	1,868	-24	**1,792**
Employee benefits	**3,252**	-13	293	-188	-1,954	102	**1,492**
Provisions, derivatives and other items	**109**	-268	1,172	0	-304	4	**714**
Untaxed reserves	**10,812**	0	-2,475	0	-691	698	**8,344**
Tax value of loss carry-forwards	**877**	-962	-2,891	0	-249	146	**-3,078**
	-124,833	***-36,739***	***-8,456***	***-188***	***-110***	***178***	***-170,150***
Deferred Tax liability	**-135,315**						**-190,755**
Deferred Tax assets	**10,482**						**20,605**
	-124,834						***-170,150***

14.3. Unrecognized deferred income tax assets

The following deferred tax assets related to compensable losses of Group companies have not been recognized:

	2023		2022	
(in thousands of €)	Gross	Tax	Gross	Tax
Tax losses	75,321	18,830	156,017	39,004

Unrecognized carry forward losses of €69.8 million (2022: €140.2 million) can be used unlimited in time, and €5.6 million (2022: €15.8 million for period 2023-2037) need to be used until 2033.

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 model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted on December 19, 2023 in Belgium, the jurisdiction in which Azelis Group NV is incorporated, and will come into effect from January 1, 2024. Since the Pillar Two legislation was not in effect on the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

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 an effective tax rate of less than 15%. The Group has a limited number of subsidiaries with an effective tax rate lower than 15%. As at December 31, 2023, approximately 2.91% of the Group's annual profit before tax is currently taxed at an effective tax rate of 12.09% and may be subject to the top-up tax. This information is based on profits and tax expense determined in preparing the Group's 2023 consolidated financial statements, making abstraction of the adjustments that would be required applying the Pillar Two legislation. Although the effective tax rate for these subsidiaries is below 15%, the Group might not be exposed to paying top-up tax for them. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared with those calculated in accordance with paragraph 86 of IAS 12. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation cannot yet be reasonably estimated. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

Notes to the consolidated statement of financial position

15. Intangible assets

	Goodwill	Trade-marks	Distribution rights	Concessions and licenses	Develop-ment cost	Customer lists	Other	Intangibles in progress	Total
As of December 31, 2021									
Cost	1,803,267	317,378	752,800	7,654	5,450	4,648	18,949	5,245	**2,915,394**
Accumulated amortization and impairment	-	-	-92,491	-4,118	-1,909	-961	-5,282	-3,106	**-107,870**
	1,803,267	***317,378***	***660,309***	***3,535***	***3,541***	***3,688***	***13,668***	***2,139***	***2,807,524***
Changes in 2022									
Business combination	360,276	-	201,794	316	345	-	1,519	-	**564,250**
Additions	-	-	1,644	56	2,044	1,028	4,604	1,690	**11,067**
Amortization	-0	-	-45,061	-584	-1,995	-703	-8,507	-	**-56,850**
Disposals	-3	-	-160	7	-0	-	-261	-16	**-433**
Reclassifications	-5	-	253	-35	-100	13	1,635	-1,571	**191**
Hyperinflation	15,208	-	4,734	6	-	-	8	-	**19,956**
Translation differences	-4,487	-	3,450	155	-0	-20	-83	23	**-962**
Changes in the Period	***370,989***	***-***	***166,655***	***-79***	***293***	***319***	***-1,085***	***126***	***537,218***
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	-0	-	-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	-0	-	-57,319	-395	-1,434	-937	-4,372	-	**-64,458**
Impairment charge	-	-	-1,662	-	-	-	-	-	**-1,662**
Disposals	0	-	-	-	-	13	-383	12	**-358**
Reclassifications	0	-	-0	-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	-0	-	-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***

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, 2023, originates entirely from the EQT/PSP acquisition in November 2018 and remained unchanged since that date.

The translation differences of €70.9 million loss (2022: €1.0 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 €)	31-12-2023	31-12-2022
EMEA	782,687	733,032
AMERICAS	1,251,715	1,119,304
ASIA PACIFIC	374,849	321,919
Total Goodwill	***2,409,251***	***2,174,256***

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 (2022: €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, 2023, 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 asset, 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	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%

Cash Generating Unit	2022		2023-2027 assumptions
	Pre-tax WACC	Growth rate for terminal value	EBITA%
EMEA	14.6%	3.2%	11.6%
AMERICAS	13.0%	2.6%	13.7%
ASIA PACIFIC	12.8%	5.2%	8.2%

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

	Land and buildings	Plant and equipment	Other	Total
As of December 31, 2021				
Cost	31,572	12,303	21,883	65,757
Accumulated depreciation and impairment	-2,606	-3,092	-7,050	-12,750
	28,966	*9,211*	*14,832*	*53,008*
Changes in 2022				
Business combination	2,060	480	2,420	4,961
Additions	394	1,930	7,350	9,674
Depreciation	-1,538	-1,784	-4,131	-7,453
Disposals	-1,508	-22	-334	-1,865
Reclassifications	-107	387	-1,225	-946
Hyperinflation	-	8	186	195
Translation differences	80	108	122	310
Changes in the Period	*-619*	*1,105*	*4,389*	*4,876*
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*

The category 'Other' mainly relates to leasehold improvements, comprising also an insignificant amount of assets under construction.

Security

On December 31, 2023, the Group had not pledged any land and buildings, or plant and equipment as security for the bank loans (2022: 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.

	Land and buildings	Other	Total
At 31 December 2021			
Cost	84,580	21,736	106,316
Accumulated depreciation and impairment	-27,599	-13,136	-40,734
	56,981	*8,600*	*65,582*
Changes in 2022			
Business combination	10,916	432	11,348
Additions	23,862	4,055	27,917
Depreciation	-15,230	-5,080	-20,310
Disposals	-824	-103	-927
Remeasurements	11,605	1,006	12,611
Hyperinflation	190	608	798
Translation differences	56	-92	-36
Changes in the Period	*30,574*	*826*	*31,400*
At 31 December 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*

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, 2023 with future lease payments of around €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 2023	973	393	581	1,925	111
31 December 2022	863	393	470	1,738	131

18. Inventories

(in thousands of €)	31-12-2023	31-12-2022
Inventories	619,636	687,540
Valuation allowance/write downs	-56,845	-59,804
Net carrying amount of inventories	***562,790***	***627,735***

Azelis' inventories mainly consist of finished goods.

Usage of inventories is recorded under "Costs for goods and consumables" in the consolidated income statement. In 2023, an impairment on inventory of €10.3 million (2022: €17.2 million) is included under "Costs for goods and consumables".

19. Trade and other receivables

(in thousands of €)	31-12-2023	31-12-2022
Trade receivables	444,863	443,288
Other receivables	77,033	95,093
	521,896	***538,381***

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 €)	31-12-2023	31-12-2022
Bank balances and cash on hand	484,874	268,160
Bank overdrafts (-)	-18,286	-30,412
Cash and cash equivalents (net) in the cash flow statement	***466,588***	***237,749***

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, 2023, the legal reserve (as included in Other Reserves) amounts to €26.0 thousand (2022: zero).

21.1. Earnings per share

The basic earnings per share and diluted earnings per share are calculated as follows:

	31-12-2023	31-12-2022
Net group profit/loss (-) attributable to shareholders *(in thousands of €)*	177,704	213,193
Average number of shares *(in thousand shares)*	239,856	233,750
Basic earnings per share	***0.74***	***0.91***
Dilution adjusted average number of shares *(in thousand shares)*	240,102	233,916
Diluted earnings per share	***0.74***	***0.91***

The average number of shares are calculated as:

(in thousands)	31-12-2023	31-12-2022
Ordinary shares issued (entitled to dividend)	233,846	233,846
Weighted effect of treasury shares	-246	-96
Weighted effect of new ordinary shares issued	6,256	0
Average number of shares for basic EPS	***239,856***	***233,750***
Weighted effect of share-based payment	247	166
Average number of shares for diluted EPS	***240,102***	***233,916***

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 2022.

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 share capital and share premium of Azelis Holding S.à r.l., written put options on non-controlling interests, transactions with treasury shares, and other adjustments to equity.

As of December 31, 2023, the Group has recognized within other reserves, the initial recognition of put options for a total amount of €148.4 million mainly related to the minority stakes in MKVN Chemicals (Vietnam), Asia Primera Kimika (Philippines), Phil-Asiatic Supply & Services (Philippines), Catalite

(Thailand), Vogler Ingredients (Brazil) and Ashapura Aromas (India). In 2022, other reserves included the initial recognition of put options for a total amount of €70.5 million.

In 2023, the Group purchased 150,000 treasury shares on Euronext Brussels for a total amount of €3.4 million to fund its long-term incentive plan (2022: 133,400 treasury shares for a total amount of €3.0 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 2023 the translation reserve has decreased by €99.3 million (2022: decrease by €4.5 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 (AGM) of the Company, held on 8 June 2023, the shareholders approved the payment of a total dividend amount of €67.8 million for the 2022 financial year, i.e. a gross dividend of (rounded) €0.2782 per share outstanding at the moment of the dividend payout. The total amount of €67.8 million was paid to the shareholders in 2023.

On March 5, 2024, a dividend of €53.3 million, implying €0.22 dividend per share[5], was proposed by the Board of Directors. The dividend will be paid out to the shareholders upon approval by the Shareholders' Meeting on June 13, 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), MKVN Chemicals (Vietnam), Asia Primera Kimika (Philippines), Phil-Asiatic Supply & Services (Philippines), Vogler Ingredients (Brazil), and Catalite (Thailand) are the main contributors for the non-controlling interests; refer also to note 26.4.

22. Loans and borrowings

The Group's debt finance consists mainly of the following financial instruments:

2023

31-12-2023					
(in thousands of €)	Interest rate (base)	Interest rate (margin)	Duration	Notional amount	Carrying amount
First lien €	4.07%	1.90%	2021-2026	900,000	896,911
First lien GBP	5.26%	2.15%	2021-2026	148,196	147,623
Revolving Credit Facility	N/A[1]	1.65%	2021-2028	0	0
Bond	5.75%	n/a	2023-2028	400,000	392,478
Schuldschein	2.64%-3.92%	1.9%-2.5%	2025-2029	108,500	108,439
Other bank loans	0,50% - 17,62%		2018-2026	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.

5 Based on 2023 net profit attributable to equity shareholders of €177.7 million and 243.9 million shares outstanding as of December 31, 2023.

2022

31-12-2022 *(in thousands of €)*	Interest rate (base)	Interest rate (margin)	Duration	Notional amount	Carrying amount
First lien €	1.74%	1.75%	2021-2026	900,000	894,667
First lien GBP	1.60%	2.00%	2021-2026	145,209	144,349
Revolving Credit Facility	1.10%	1.50%	2021-2027	100,000	100,000
Schuldschein	2.63%	1.9%-2.5%	2025-2027	21,500	21,409
Other bank loans	2,69% - 10,73%		2018-2026	131,668	131,668
Accrued interest				11,624	11,624
				1,310,001	***1,303,717***
Non-current borrowings and loans				1,184,678	1,178,394
Current borrowings and loans				125,323	125,323
				1,310,001	***1,303,717***

22.1. Changes in loans and borrowings

22.1.1. Loans and borrowings

(in thousands of €)	2023	2022
As of January 1	1,303,717	902,634
Cash flows from loans and borrowings	252,274	343,846
Transaction costs paid	-8,117	-2,191
Changes arising from business combinations	62,497	66,054
Capitalized transactions cost amortized	3,113	1,444
Changes in interest accruals	14,904	5,972
Currency translation differences	2,806	-14,043
As of December 31	***1,631,195***	***1,303,717***

A total of €8.1 million (net book value) of transaction costs were capitalized in 2023 (2022: €2.2 million) and are amortized over the lending period of the underlying instruments.

Main loan facilities

The Group mainly holds bank borrowings at variable interest rates from a lender's syndicate in the form of a Term Loan Facility (€900 million and GBP 128.8 million) and a Revolving Credit Facility (€350 million). The Revolving Credit Facility is fully unused as of December 31, 2023 (2022: €350 million Facility, of which €250 million unused). In 2023 the maturity of Revolving Credit Facility was extended until 2028.

The variable interest rates are based on EURIBOR for borrowings drawn in € and SONIA for borrowings drawn in GBP (both capped at a floor of 0%), and a margin based on the Group's total net leverage. The margin is capped at 2.25% for the € Term Loan Facility, 2.50% for the GBP Term Loan Facility and 2.00% for the Revolving Credit Facility. In addition, the applicable margins going forward are subject to +/-10 basis point adjustment depending on the satisfaction of 2 ESG criteria: Greenhouse Gas Intensity Level Reduction and Gender Diversity. For the financial year 2022, Azelis met the criteria to benefit from the 10bp downward adjustment in 2023.

In addition to the Term Loan Facility and Revolving Credit Facility, the Group also holds different Schuldschein agreements, of which €108.5 million was used as of December 31, 2023. The Schuldschein is a semi-private bond type of financing, with maturity dates ranging from 2025 until 2029. Interest charges are partly fixed at 4.74% and partly variable (6m Euribor plus margin 1.9%-2.5%). The Schuldschein agreements can be repaid in advance under certain conditions.

Bonds

In March 2023, Azelis Group NV issued €400 million bonds at a fixed interest rate of 5.75%, which are due in 2028.

Interest rate cap

In accordance with its policy on managing the risk related to interest rates (refer to the Risk Management section) and taking into account the global interest rate developments, Azelis has two interest rate cap agreements for a total loan amount of €700 million, providing the Group with an interest rate cap of 3% on EURIBOR.

22.1.2. Lease liabilities

(in thousands of €)	2023	2022
As of January 1	101,558	**69,278**
Business combination	17,907	11,340
New contracts	29,863	27,991
Remeasurements	6,096	12,610
Cash out	-28,704	-22,795
Currency translation differences	-101	3,134
As of December 31	***126,619***	***101,558***

For disclosure on the Group's right-of-use assets, refer to note 16.2.

22.2. Other facilities

In addition to cash balances, as of December 31, 2023, the Group maintained €279.7 million (2022: €180.4 million) uncommitted local credit facilities, which concerns local credit lines given by local banks and can be revoked as any standard bank credit line. Interest is payable at the maximum rate of EURIBOR plus 5.00%. As of December 31, 2023, €59.2 million (2022: €162.0 million) was utilized.

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 4.75: 1.00 (decreasing to 4.50: 1.00 in 2024) and is tested twice annually.

As of December 31, 2023, the total net leverage ratio is 2.5: 1.0 (2022: 2.2: 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 2022	2,583	3,525	6,108
Business combination	0	136	136
Provisions made	1,140	3,190	4,330
Provisions used	0	-355	-355
Provisions released	-671	-1,299	-1,970
Translation differences	-55	-53	-108
As of December 31, 2022	*2,997*	*5,144*	*8,141*
Non-current	2,434	2,163	4,597
Current	563	2,981	3,544
Total	*2,997*	*5,144*	*8,141*
2023			
Business combination	626	280	906
Provisions made during the period	648	506	1,154
Provisions used during the period	-73	-1,055	-1,128
Provisions released during the period	-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	*3,401*	*3,426*	*6,828*

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 €)	31-12-2023	31-12-2022
Trade payables	434,085	462,728
Other taxes	13,032	11,805
Employee and social security payables	71,409	87,505
Derivatives	3,921	377
Other payables	277,023	209,272
Total current payables	*799,470*	*771,686*
Other payables	69,816	98,264
Other non-current liabilities	*69,816*	*98,264*

The other current and non-current payables mainly consist of put options over non-controlling interests totaling €171.1 million (2022: €115.1 million), and earnouts and deferred payments in connection with acquisitions.

Other notes to the consolidated financial statements

25. Capital commitments and contingencies

There are no tax and other contingencies as of December 31, 2023 (for 2022: 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, 2023 (and 2022), there are no significant outstanding loans to or from related parties.

26.3. Key personnel remuneration

(in thousands of €)	2023	2022
Board members (non-executive)	350	327
Other members of key management personnel		
Fixed remuneration	2,818	3,198
Variable remuneration	1,340	2,804
	4,508	***6,329***

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 2023	% of interest 2022
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
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	0
Azelis Austria GmbH	Austria	Operating	100	100
Azelis Benelux N.V.	Belgium	Operating	100	100
Azelis Corporate Services N.V.	Belgium	Non-operating	Merged	100
Azelis EMEA Hub NV	Belgium	Operating	100	100
Azelis Products International SA	Belgium	Operating	100	100
Chemical Partners Africa NV	Belgium	Operating	Merged	100
Azelis Brasil Ltda	Brazil	Operating	100	0
Viveiruz Participações Ltda.	Brazil	Operating	20	0
Ybiapê Participações Ltda.	Brazil	Operating	100	0
Vogler Ingredientes Ltda.	Brazil	Operating	60	0
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
Beijing CosBond Trading Co. Ltd	China	Operating	Liquidated	100
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
WWRC Hong Kong Co. Ltd	China	Operating	Merged	100
Azelis Chemical (Guangzhou) Co. Ltd	China	Operating	100	100
WWRC Tianjin Co. Ltd	China	Operating	100	100
WWRC Chengdu Co. Ltd	China	Operating	Liquidated	100
WWRC Shanghai Co. Ltd	China	Operating	100	100
Friendship Chemical company Ltd	China	Operating	Merged	100
Rocsa Colombia S.A.	Colombia	Operating	63	63
CI Inproquim Exports SAS	Colombia	Operating	63	63

Name	Country of incorporation	Type	% of interest 2023	% of interest 2022
Rocsa DCR SA	Costa Rica	Operating	63	63
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	63	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
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	100	100
Quimdis 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	100	100
Azelis Deutschland Kosmetik GmbH[1]	Germany	Operating	90	90
Quimdis GmbH	Germany	Operating	Liquidated	In liquidation
Azelis Chemicals Ghana Ltd	Ghana	Operating	100	100
Azelis Greece Single Member SA	Greece	Operating	100	100
Rocsa GT SA	Guatemala	Operating	63	63
Azelis Hungary Kft.	Hungary	Operating	100	100
Azelis India Private Ltd	India	Operating	100	100
Ashapura Aromas Private Limited	India	Operating	70	70
PT Azelis Indonesia Distribusi	Indonesia	Operating	100	100
Azelis Ireland Ltd.	Ireland	Operating	100	100
Azelis Israel Distribution Ltd	Israel	Operating	100	100
Lidorr Elements Ltd;	Israel	Operating	100	0
ProAgro Ltd;	Israel	Operating	100	0
Liad Agro Ltd;	Israel	Operating	100	0
Darbal Ltd.	Israel	Operating	100	0
Azelis Italia Logistica S.r.L	Italy	Operating	100	100
Azelis Italia S.r.L	Italy	Operating	100	100
Deafarma S.r.l.	Italy	Operating	Merged	100
Came Chemical Mineral and Engineering S.r.l.	Italy	Operating	Merged	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
Coseal Co., Ltd.	Korea	Operating	Merged	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

Name	Country of incorporation	Type	% of interest 2023	% of interest 2022
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
Smoky Light BV	Netherlands	Operating	Merged	0
Sirius International Detergents B.V.	Netherlands	Operating	100	0
Sirius International Water Treatment B.V.	Netherlands	Operating	100	0
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	100	0
Chemiplas (N.Z.) Ltd	New Zealand	Operating	100	0
Element Trading SAC	Peru	Operating	63	63
Asia Primera Kimika Inc.	Philippines	Operating	51	51
Phil-Asiatic Supply & Services Inc.	Philippines	Operating	51	51
Azelis Poland SP Z.o.o	Poland	Operating	100	100
Azelis Romania SRL	Romania	Operating	100	100
Azelis Rus LLC	Russia	Operating	100	100
Chemical Partners Arabia LLC	Saudi Arabia	Operating	75	0
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	51	51
Azelis Slovakia S.R.O.	Slovakia	Operating	100	100
Orkila South Africa (Pty) Ltd	South Africa	Operating	85	100
Azelis South Africa (Pty) Ltd.	South Africa	Operating	85	90
Orbichem Petrochemicals (Pty) Ltd	South Africa	Operating	85	90
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	51	51
Azelis Tunisie Sarl	Tunisia	Operating	100	100
Azelis TR Kimya End. Ur.Ith.Ihr.Tic ve San A.S.	Turkey	Operating	100	100
Tunçkaya Kimyevi Ticaret Ve Sanayi Anonim Şirketi	Turkey	Operating	Merged	100
Dağaltı Kauçuk ve Kİmyevİ Maddeler Sanayİ Tİcaret Anonİm Şİrketİ	Turkey	Operating	100	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 Life Sciences Ltd.	United Kingdom	Operating	Dissolved	100
Azelis UK Ltd.	United Kingdom	Operating	100	100
Azelis UK Finance Holding Ltd	United Kingdom	Operating	Dissolved	100
Azelis UK Finance Ltd	United Kingdom	Operating	100	100
Whitfield Chemical Group Ltd	United Kingdom	Operating	100	100

Name	Country of incorporation	Type	% of interest 2023	% of interest 2022
Whitfield Chemical Holdings Ltd	United Kingdom	Operating	100	100
WhitChem Ltd	United Kingdom	Operating	100	100
WhitChem Distribution Ltd	United Kingdom	Operating	Dissolved	100
ADAPCO LLC	United States	Operating	100	100
Azelis Americas LLC	United States	Operating	100	100
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	51	51
Viet Chemicals Trading and Service Company Limited	Vietnam	Operating	51	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, 2023, the following transactions were not closed, but will be closed (or are expected to close) in 2024.

In January 2024, the Group acquired 100% of the shares of Agspec Australia Pty Ltd ('Agspec'), a leading distributor of crop nutrition, crop protection and specialty agricultural products in Australia. The acquisition aligns perfectly with Group's commitment to bring innovation through formulation as Agspec's core business is dedicated to formulating and delivering solutions to its customers. Agspec's portfolio of crop protection and crop nutrition products complements Group's 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. By integrating Agspec's expertise and portfolio, the Group strengthens its position in the Australian agricultural and horticultural markets and enhances its customer offering with cutting-edge innovations and tailor-made solutions.

In February 2024, the Group acquired 100% of the shares of Localpack S.A. ('Localpack'), a specialty chemical distributor active in both the life sciences and industrial chemicals segments in Colombia. Localpack's long-standing relationships with global and regional principals, and the technical product expertise that it has built over the years, expand Group's lateral value chain across Latin America. The transaction follows several key initiatives in Latin America by the Group in recent years, including the establishment of a regional innovation center (RIC) in Mexico in 2022, the acquisition of ROCSA S.A. in Colombia in 2022, and of Vogler Ingredients Ltda. in Brazil in 2023. The addition of Localpack's portfolio of products and capabilities marks another significant milestone in Group's growth strategy in the region.

In March 2024, the Group 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 in the Turkish personal care market, Group enhances its offering by strengthening its lateral value chain with this acquisition, enabling it to become a leader in this fast-growing market. Oktrade has a strong portfolio and solid technical expertise in color cosmetics, skin care and sun care, perfectly complementing Group's existing portfolio. Oktrade also runs an application laboratory, which will expand Azelis' existing personal care laboratory capabilities in the country and support Group's commitment to provide the most innovative solutions to both its customers and principals.

These acquisitions are expected to be funded from the Group's current existing liquidity.

No material subsequent events after December 31, 2023, have been identified that may have had a material or significant effect on the 2023 consolidated financial statements.

Statutory financial statements

The following information is 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, as well as 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 31 December 2023 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, 2023, 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 €)	*2023*	*2022*
Foundation costs	***95***	-
Intangible assets	275,937	304
Tangible assets	186	-
Financial assets	5,864,523	6,023,100
Non-current assets	***6,140,646***	***6,023,404***
Current assets	***93,429***	***36,960***
Total assets	***6,234,170***	***6,060,364***
Share capital	5,880,000	5,680,000
Legal reserves	488	26
Reserves not available for distribution	6,407	2,999
Reserve available for distribution	274,280	322,209
Unappropriated result	-	-56,521
Equity	***6,161,175***	***5,948,713***
Non-current liabilities	***5,575***	***3,853***
Current liabilities	***67,420***	***107,798***
Total liabilities	***72,995***	***111,651***
Total equity and liabilities	***6,234,170***	***6,060,364***

Abbreviated non-consolidated income statement

(in thousands of €)	*2023*	*2022*
Operating income	84,694	46,391
Operating expenses	-77,252	-52,787
Operating result	***7,442***	***-6,396***
Net financial result	60,305	6,907
Profit / loss (-) before tax	***67,747***	***511***
Income tax income / expense (-)	-1,974	-
Result for the year available for profit appropriation	***65,773***	***511***

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 property, plant and equipment.	
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	

APM	Definition	Use
	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 costs). The group closely monitors its Net Working Capital as percentage of revenue throughout the year
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)	
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)	
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 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.

Reconciliations

EBITA, Adjusted EBITA, EBITDA, Adjusted EBITDA, Free Cash Flow

(in thousands of € unless otherwise specified)	2023	2022
Revenue	**4,152,225**	**4,109,102**
Gross profit	**984,120**	**960,742**
Gross profit margin	*23.7%*	*23.4%*
Net profit/(loss) for the period	**189,312**	**218,879**
Income tax (income)/expense	57,926	95,791
Share of result of associates	- 100	- 59
Financial income	-17,674	-6,008
Financial expenses	157,439	79,823
Operating profit	**386,903**	**388,426**
Amortization of intangible assets	66,756	56,887
EBITA	**453,659**	**445,313**
Adjustments	12,601	11,560
Adjusted EBITA	**466,260**	**456,872**
Adjusted EBITA margin	*11.2%*	*11.1%*
Conversion margin	*47.4%*	*47.6%*
Depreciation of property, plant and equipment	34,339	27,845
Adjusted EBITDA	**500,599**	**484,717**
Adjusted EBITDA margin	*12.1%*	*11.8%*
Payments of lease obligations	-28,704	-22,795
Adjusted EBITDA less payments of lease obligations	**471,895**	**461,922**
Change in Net Working Capital, other assets, liabilities and provisions	144,829	-5,442
Net capital expenditures	-15,485	-18,443
Free Cash Flow	**601,238**	**438,037**
Free Cash Flow Conversion	*127.4%*	*94.8%*

(in thousands of €)	2023	2022
Transactions	5,642	6,866
Employees	11,532	4,003
Property, plant and equipment	-6,979	-2,675
Other	2,406	3,367
EBIT(D)A Adjustments	**12,601**	**11,560**

(in thousands of €)	2023	2022
Change in inventories	123,604	-65,751
Change in trade and other receivables and other investments	79,347	27,194
Change in trade and other payables	-77,762	22,340
Change in provisions	3,011	1,140
Foreign currency translation	16,629	9,635
Change in Net Working Capital, other assets, liabilities and provisions	**144,829**	**-5,442**

(in thousands of €)	2023	2022
Intangibles	9,805	10,634
Tangibles	5,679	7,810
Net capital expenditures	**15,485**	**18,443**

Net Working Capital

(in thousands of € unless otherwise specified)	2023	2022
Current assets		
Inventories	562,790	627,735
Trade receivables	444,853	443,278
Current liabilities:		
Trade payables	434,085	462,728
Net working capital	**573,558**	**608,285**
Annual Revenue	**4,152,225**	**4,109,102**
Net working capital/revenue	*13.8%*	*14.8%*
Revenue normalized for revenue of acquisitions	**4,268,090**	**4,402,337**
Net Working Capital/revenue normalized for acquisitions	*13.4%*	*13.8%*

ROTIC

(in thousands of € unless otherwise specified)	2023	2022
Adjusted EBITA	**466,260**	**456,872**
Property, plant and equipment	73,577	57,884
Net working capital	573,558	608,285
Property, plant and equipment plus Net Working Capital	**647,135**	**666,169**
ROTIC	*72.0%*	*68.6%*

Revenue Growth

	2023	2022
Organic growth	-5.9%	20.1%
Growth from acquisitions	11.2%	20.3%
Foreign currency translation impact	-4.2%	4.9%
Reported growth	**1.0%**	**45.3%**

Net indebtedness, Financing EBITDA and Net Leverage

(in thousands of €)	2023	2022
Non-current borrowings and loans	1,662,226	1,265,398
Current borrowings and loans	79,711	134,207
Total gross debt	**1,741,938**	**1,399,605**
Cash and cash equivalents	-484,874	-268,160
Bank overdrafts	18,286	30,412
Net indebtedness	**1,275,350**	**1,161,856**

(in thousands of €)	2023	2022
Adjusted EBITDA (last 12 months)	**500,599**	**484,717**
Earnings (before interest, taxation, depreciation and amortization) of entities acquired	9,420	44,072
Anticipated cost savings, expense reductions and synergies	2,350	1,261
Financing EBITDA (last 12 months)	**512,369**	**530,051**

(in thousands of €)	2023	2022
Net indebtedness	1,275,350	1,161,856
Financing EBITDA (last 12 months)	512,369	530,051
Net Leverage *(multiple)*	**2.5**	**2.2**

Cash EPS

(in thousands of €)	2023	2022
Net result of the period	189,312	218,879
Amortization and impairment of intangible assets	66,756	56,887
Result of the period before amortization and impairment of intangible assets	**256,068**	**275,766**
Weighted average number of shares *(thousands)*	239,856	233,750
Cash Earnings Per Share	**1.07**	**1.18**

Annexes: Non-financial information

Annex I: ESG Key Performance Indicators definitions

The below Taxonomy-eligible KPIs are determined in accordance with the legal requirements as set out in Annex I of Article 8 of the Delegated Act.

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) as based on the Group's revenue in accordance with IAS 1.82(a) per its consolidated income statement.
Azelis did not identify any Taxonomy-eligible activities, as also explained in the Non-Financial Performance Review section in the Report of the Board of Directors in this Integrated Report.

CapEx KPI

The KPI for Capital Expenditures (CapEx KPI) is defined as Taxonomy-eligible CapEx (numerator) divided by the total CapEx (denominator).
Total CapEx includes the additions to intangible (excluding goodwill) and tangible (including right of use) assets, before depreciation, amortization and re-measurements, and including additions from business combinations. Refer to notes 15 and 16 of Azelis' consolidated financial statements.

OpEx KPI

The KPI for Operating Expenditures (OpEx KPI) is defined as Taxonomy-eligible OpEx (numerator) divided by the total OpEx (denominator).
Total OpEx consists of 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. These costs are largely included in line item "External services and other expenses" to Azelis' consolidated income statement.

Explanations on the numerator of the CapEx KPI and OpEx KPI

Azelis has not identified Taxonomy-eligible economic activities, hence no related CapEx or OpEx has been recorded. There are no CapEx plans to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity.CapEx/OpEx that would qualify as Taxonomy-eligible relates to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling certain target activities (the non-eligible activities) to become low-carbon or to lead to greenhouse gas reductions (Section 1.1.2.2. (c) of Annex I to Article 8 of the Delegated Act). Azelis considers Taxonomy-eligible CapEx/OpEx when the purchased output/individual measure meets the description of its respective economic activity, e.g. the purchase of output from a Taxonomy-eligible economic activity. However, as these expenditures are limited, given the asset-light business model of Azelis, and the significance of the denominator (as set out in the CapEx KPI definition), the proportion of the Taxonomy-eligible capital expenditure equals to 0%. The proportion of Taxonomy-eligible operating expenditure also equals to 0%.

Annex II: ESG Templates for the KPIs of non-financial undertakings

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering 2023

Financial year	*2023*			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)		In thousands of €	%	%	%	%	%	%	%	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%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%		
A. Turnover of Taxonomy eligible activities (A1+A2)		0	0%														0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		0	0%																
TOTAL		4,152,225	**100%**																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering 2023

Financial year	*2023*			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (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 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		In thousands of €	%	%	%	%	%	%	%	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%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%		
A. CapEx of Taxonomy eligible activities (A1+A2)		0	0%														0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		0	0%																
TOTAL		334,453	**100%**																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering 2023

Financial year	*2023*			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2023 (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 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)		In thousands of €	%	%	%	%	%	%	%	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%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%		
A. OpEx of Taxonomy eligible activities (A1+A2)		0	0%														0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		0	0%																
TOTAL		5,796	**100%**																

Annex III: ESG Methodology

People

Employee Satisfaction Survey score

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 next survey will be rolled out in 2024. The scores generated by the survey are measured against an external benchmark, the "Global Employee & Leadership Index" (GELx).

Percentage of employees in the company talent pools.

The number of employees is defined as all employees with a full or part-time contract, a permanent or fixed-term contract, or an apprenticeship contract at the end of the reporting period. Contingent workers and interns are not included.

Talents within the company are employees strategically placed into talent pools based on a rigorous annual performance review and calibration 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.

The talent identification process takes place with annual frequency, supported by the Group's Human Capital Management system Workday® and constitutes the final step of the annual performance and talent review processes. In 2023, the bottom-up talent identification process took place in the period September to December, including review and validation by the ExCom.

Percentage of line managers trained in diversity and inclusive leadership

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

Senior managers are the employees belonging to the Group GMT (General Management Team) because of their position / role. The eligible roles in 2023 were:

- Members of the Executive Committee
- Regional COOs and CFOs and Regional Head of / Director / (S)VP of: Operations (Americas) / Business Development / Commercial Excellence / HR / Legal / SHEQ / Marketing / M&A.
- All roles holding country / country cluster P&L responsibility if country / country cluster sales > €30 million
- Corporate Functional Heads
- Market Segment Directors APAC / EMEA if MS Sales > €50 million and Group Principal Managers: only roles holding global principal responsibility
- Other strategically significant roles upon invitation of the Executive Committee, up to a maximum of 10% of the total number of GMT members.

Eligible roles due to M&A (transactions closed) in the reference year are not included.

The percentage of women in the senior management team dropped 2.3% from 31.8% in 2022 to 29.5% in 2023, due to one female member less and four male members more in 2023. Two out of four of the male members were driven by the M&A in 2022. In 2023, we have 14 new members, of which, three are females.

Number of workplace accidents with lost time
An accident at work is defined as a discrete occurrence in the course of work which leads to physical or mental harm. Data is collected for the entire workforce on accidents at work resulting in an absence of more than three days, counted from the first day of the incident. Accidents occurring during business trips are counted as workplace accidents and are included in this indicator, but accidents resulting from commuting to work and work-related illnesses are not unless corresponding local/national regulations state otherwise.

Other indicators
For the People KPI, the number of employees is defined as 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 an apprenticeship contract. Contingent workers and interns are not included.

These figures do not include the employees of the companies acquired in 2023. All People KPIs, including — but not limited to — the ones listed hereafter, are referred to this scope, unless otherwise stated.

Number of training hours per employee
At Azelis, training refers to the following:

- classroom training and remote training
- all types of vocational, job-related training, e.g. product and technical training, sales training, etc.
- any other training such as IT, languages, and managerial skills
- any educational, study, and exam leave paid for by the company; and
- any external training and education attended and paid for — totally or partially — by the company.

Training does not include on-the-job training delivered by company employees.

Percentage of internal promotions vs. open job positions
Internal promotions include employees taking over a position of greater responsibility within the company. This indicator is the ratio of the total number of internal promotions during the reporting period compared with the number of vacancies for jobs / positions during the reporting period.

Number of women/men in the General Management Team (GMT)
The General Management Team is the Azelis Group's senior management team. Please refer to the definition of the People KPI "Percentage of senior management positions held by women" for details.

Products and innovation

Revenue covered with ESG assessed suppliers
Definitions

- Together for Sustainability (TfS): Azelis has been a member of Together for Sustainability (TfS) since 2020, which 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 turnover of over €800 billion (April 2023) and a global spend of more than €500 billion in the chemical industry.
- ESG assessment: For an ESG assessment, a supplier must complete an online EcoVadis® questionnaire, providing supporting information on their environmental, social, ethical and supply chain practices. Since its founding in 2007, EcoVadis® has become the world's largest and most trusted provider of business sustainability ratings, creating a global network of more than 100,000+ rated companies across several industries. The EcoVadis® assessment methodology is built on international standards including the GRI, the UN Global Compact, Responsible Care® principles, and ISO26000. Evaluation criteria include policies, actions, and results. Documentary evidence is required, and third-party certifications are considered. External experts (EcoVadis) review, evaluate, and supplement this with a 360° watch. 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 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 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. On-site employee interviews and inspections are included. Sustainability performance is verified against a defined set of audit criteria on management, environment, health & safety, labor & human rights, and governance issues. 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 (see above) in the TfS audit pool or was asked to undergo an ESG assessment (see above) by TfS partner EcoVadis® in 2023 and by the end of 2023, 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.
- Revenue and KPI definition:
  - **KPI definition**: The revenue generated by suppliers with a valid ESG audit in the TfS pool or ESG assessment via EcoVadis® and with a valid scorecard (see above), including those being assessed after successful registration on the EcoVadis® platform, as a percentage of the total organic revenue generated by Azelis in the year excluding M&A contributions of share deals for the first 12 months after their acquisition as specified below.
  - **Revenue and M&A exclusions for KPI calculation**: Revenue generated by 2022 share deals is integrated into the KPI starting from the first anniversary of their consolidation. Share deals of 2023 are out of scope for this reporting cycle. €460 million revenue from acquired companies in 2022 and 2023 has been excluded from the 2023 revenue for KPI calculation. There were no asset deals completed in 2023. For more information, please refer to note **7** to the consolidated financial statements in this Annual Report 2023 resp. 2022.

Methodology

The reporting process of the KPI "Revenue covered with ESG assessed suppliers" includes the following steps for ESG assessments and audits:

1. A list of suppliers is prepared to include in the yearly ESG assessments and audits (in addition to the suppliers added during earlier campaigns) based on risk and revenue. This is the basis for the invitation and completion of ESG audits and assessments in 2023.

2. At the end of the year (December 31), an external team from EcoVadis® independently extracts a list of suppliers included in the Azelis network together with the assessment status. A complete list of valid ESG audits in the TfS pool is provided through the TfS Office. This audit list includes audits conducted at the request of Azelis and audits of Azelis' suppliers at the request of other TfS members.
3. Generated global revenue is linked to every supplier in the assessment and audit lists to calculate the "Revenue covered by ESG assessed suppliers" indicator on an annual level, according to the indicator's revenue scope definition (see above).
4. Internal validation and consolidation at Group level is carried out based on analysis and verification of the consistency and accuracy of the data. A third-party auditor audits the final consolidation of the indicator annually.

Sustainable products

A product is marked as sustainable in our systems when a certificate (RSPO, Cosmos, Bio, Organic, etc.), a company statement (natural ingredients, etc.), or any other company document substantiating the claim is shared with us by our business partners. Our Group SHEQ support center then carries out a due diligence documentation check.

Governance

Number of material breaches of laws and regulations in any country where we operate

This indicator 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.

Percentage of employees trained in ethical behavior policies (code of conduct, anti-bribery, etc.)

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[6]. 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.

Number of material breaches of ethical behavior policies

This indicator 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.

Percentage of Azelis sites that have effective crisis management and business continuity plans in place

This indicator has been defined as part of Action 2025 and will be used from 2023. It assesses whether a crisis management and business continuity plan are in place for each site where Azelis operates.

6 This number concerns both the employees who passed (≥ 80% score) and those who failed (< 80% score) the online knowledge review on ethical business behavior.

Environment

Reporting scope for environmental KPIs (carbon emissions + waste)

The scope of our non-financial reporting covers all entities, offices, and operational sites (warehouses, production sites, and laboratories) that are at least 50% operated by Azelis in all the countries where we are present. Carbon emissions and waste reporting exclude M&A contributions of share deals for the first 12 months after their acquisition. Data is collected at a local level, and fully third-party operations are not included within the reporting scope.

The only exclusion for waste reporting in 2023 are offices, as based on Azelis' business activities office waste is not material compared with waste generated in operational sites. Besides waste reporting for operational sites, products disposed of as waste are also included in the waste indicator's scope. The total waste and the subdivision in hazardous and non-hazardous waste are reported.

To report the carbon intensity indicator, revenue is based on the total organic revenue generated by Azelis in the year, excluding M&A contributions of share deals for the first 12 months after their acquisition. The reporting scope for total sales is global (€3,692 million revenue in 2023).

Countries in scope for the 2023 reporting cycle can be found in note 26.4 to the consolidated financial statements in this Integrated Report 2023.

Reporting period for environmental KPIs (carbon emissions + waste)

The reporting frequency for Azelis is monthly, and external disclosure of non-financial indicators is done annually. For all the information reported, the reporting covers the period from January 1, 2023 until December 31, 2023. Entities acquired during 2022 and 2023 could have a shorter reporting period, depending on the closing date (see section above).

Reporting process for environmental KPIs (carbon emissions + waste)

To collect data for the non-financial indicators, Azelis uses dedicated online ESG-software.

Azelis has defined a reporting protocol which specifies the scope of reporting, the list of indicators, the definitions of all indicators, the calculation methodology, the sources of information, and the supporting documentation needed. The protocol serves as a guideline for all the contributors to our non-financial environmental reporting.

Methodology

1. Data from Scope 1, Scope 2, and waste data are reported, analyzed, verified and validated on a monthly basis.
2. The KPI's are calculated based on actual data.
   Estimates are only made when actual amounts are not (yet) available, based on commonly known estimation methods (like extrapolation from previous comparable periods, and/or like-for-like comparison with other available actual data). As data-collection of the Group is gradually improving over the years (via improved processes and systems), the number of estimates is expected to further decrease going forward, and only applies to a minority of the reported KPI's.
3. Global turnover data according to the carbon intensity indicator's definition are extracted directly from the financial system every year. Scope 1 and 2 emission data and waste data are used to calculate the carbon intensity and waste indicators every year.
4. The carbon intensity is audited by a third-party auditor annually.

Carbon intensity (Scope 1 and 2) definitions

KPI definition: (Scopes 1 and 2) per € million sales.

The reporting scope for carbon emissions and total sales is global (€3,692 million revenue in 2023) according to a 12-month onboarding rule.

- Emissions and revenue generated by 2022 share deals are integrated in the KPI as from 12 months after their acquisition. An acquisition is integrated as from the first anniversary of their consolidation (€204 million revenue from acquired companies in 2022 has been excluded from the 2023 revenue for KPI calculation).
- Emissions and revenue generated by 2023 share deals are out of scope for this reporting cycle. €256 million revenue from acquired companies in 2023 has been excluded from the 2023 revenue for KPI calculation.

For more information, please refer to note 7 to the consolidated financial statements in the Annual Reports of 2023 resp. 2022.

In the context of carbon intensity calculation, the CO_2 emissions of Azelis are categorized into two scopes: Scope 1 (direct emissions) and Scope 2 (indirect emissions). Azelis follows the recommendations of the "GHG protocol" to measure and manage GHG emissions.

Scope 1 emissions are emissions from sources owned or controlled by Azelis directly. Activity data and emissions 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, as Azelis is responsible for their fuel consumption.

Scope 2 emissions are emissions associated with the consumption of purchased electricity. Activity data and emissions include the purchase of electric power, steam, heating, and cooling from the local utility.

Refrigerant emissions and other fugitive emissions (e.g. from fire extinguishers) are excluded from the scope as they are not material. Fully third-party operations (i.e. fully externally operated warehouses) are not included within the reporting scope.

External databases are used to retrieve the latest available version of emission factors (IEA 2023, ADEME Base Carbone V15.1, DEFRA 2023, US EPA 2023, Green-e 2022). As from 2023, Canada uses regional emission factors to better account for the cleaner electrical grids of the provinces where Azelis operates (Ontario and Quebec). These are obtained from Canada's National Inventory Report[7] (submitted under the UNFCCC). For the 2022 reporting cycle, one average location-based emission factor was used for Canada (IEA 2022). Location-based emission factors used in 2023 (Canada's National Inventory Report) differ from the average emission factor used for Canada in the 2022 reporting cycle. This difference varies between -16.3% and -98.6%, depending on the province:

7 National inventory report: greenhouse gas sources and sinks in Canada: En81-4E-PDF - Government of Canada Publications - Canada.ca

Province	Location Based ($kgCO_2e/kWh$) 2023 reporting cycle *Canada's National Inventory Report*	Location Based ($kgCO_2e/kWh$) 2022 reporting cycle *IEA*	2023 vs 2022
Ontario	0.03	0.1195	-74.9%
Quebec	0.0017	0.1195	-98.6%
Canada (total)	0.1	0.1195	-16.3%

For 2023, Scope 2 emissions are calculated market-based and location-based:

1. Definition as used in the 2021 Sustainability Report: 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)
2. Location-based definition: CO_2 emission from electricity consumption (tCO_2e) = total electricity consumption (kWh) x location-based emission factor (tCO_2e/kWh)
3. Market-based definition: CO_2 emission from electricity consumption (tCO_2e) = renewable electricity consumption (kWh) x 0 (tCO_2e/kWh) + non-renewable electricity consumption (kWh) x market-based residual mix emission factor (tCO_2e/kWh)

Scope 1 and Scope 2 data are collected using online ESG software, which is hosted by an external consultant. The emissions data reported in the 2023 Integrated Report related to Scope 1 and Scope 2 are the results of the ESG software calculations.

Scope 1 & 2 is calculated based on actual data (Q1-Q3) and Q4 has been estimated based on commonly known estimation methods (like extrapolation from previous comparable periods, and/or like-for-like comparison with other available actual data).

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. Below, we provide additional details regarding the 2023 calculation per category:

Category 3.1: Purchased goods and services
The applied spend-based emission factors come from USEPA EEIO. No supplier-specific data has been used.

Category 3.2: Capital goods
Emissions are calculated in line with Azelis' financial accounting procedures. Based on the most applicable NAICS codes, spend-based emission factors have been selected from the USEPA EEIO database.

Category 3.3: Fuel- & Energy-related activities
The applied conversion factors are based on DEFRA & IEA emission factors, to obtain Well-To-Tank data for the production and distribution of fuels/energy consumed in Scopes 1 and 2. The updated calculation methodology for 2023 emissions explains the big difference with previous years.

Category 3.4: Upstream transportation and distribution
Applied distance-based (t.km) emission factors come from DEFRA & Base Empreinte databases. Monetary emission factors (Base Carbone V15.1) have been used when distance-based data was not available. A WTW adjustment has been applied to the calculated emission values to obtain the reported scope 3 value for Azelis. Approximately 8% of emissions linked to upstream road transportation is based on information received directly from transportation companies.

Category 3.5: Waste treatment
The applied spend-based emission factors come from DEFRA, based on the proportion of recycled waste and disposed waste. If the waste treatment method is unknown, we used the emission factor for disposed (landfill) waste. No supplier-specific data has been used. The updated calculation methodology for 2023 emissions, in addition to the restated waste numbers for previous years, explain the difference with previous years.

Category 3.6: Business travel
The applied distance-based emission factors come from ADEME and DEFRA. A WTW 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. The updated calculation methodology for 2023 emissions explains the difference with previous years.

Category 3.8 & 3.13: Upstream & Downstream leased assets
Not applicable, since Azelis' operational assets have been reported under Scopes 1 and 2.

Category 3.9: Downstream transportation and distribution
This category is estimated based on the scope 3 mapping for Azelis (% of total Scope 3 contribution), performed by Schneider Electric in 2020, as this category is currently not yet reported via our ESG reporting software.

Category 3.10: Processing of sold products
Calculations are based on the average percentage contribution 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 3.11: Use of sold products
This category is deemed as not applicable for Azelis. For chemical products, we assume there is no (or very limited) energy usage connected to the usage of sold products. The updated calculation methodology for 2023 emissions explains the difference with previous years.

Category 3.12: End-of-life sold products
The applied spend-based emission factors come from USEPA EEIO based on total mass of sold products as well as an unknown disposal method. The updated calculation methodology for 2023 emissions explains the difference with previous years.

Category 3.14 & 3.15: Franchises & Investments
Not applicable since Azelis does not have any franchises or joint ventures.

Waste (tons/FTE) definitions

KPI definition: Waste (total, hazardous, non-hazardous (tons)).

Azelis follows the recommendations of the GRI in reporting waste management indicators.

Hazardous waste possesses any of the characteristics contained in Annex III of the Basel Convention that is considered to be hazardous by national legislation. Hazardous characteristics are: explosive, flammable liquids, flammable solids, substances or wastes liable to spontaneous combustion, substances or wastes which in contact with water emit flammable gases, oxidizing, organic peroxides, poisonous, infectious substances, corrosives, liberation of toxic gases in contact with air or water, toxic, and ecotoxic. This includes both disposed and recycled hazardous waste, according to GRI306.

Non-hazardous waste is all other waste, sorted or not. This could be, but is not limited to, glass, paper, plastics, and cardboard. This includes both disposed and recycled non-hazardous waste, according to GRI306.

Reporting for products disposed of as waste includes products (expired, contaminated, damaged, etc.) that have been disposed of and written off ERP systems. Products sold to a customer with an extended shelf life or free of charge are excluded.

Waste is calculated based on actual data (Q1-Q3) and Q4 has been estimated based on commonly known estimation methods (like extrapolation from previous comparable periods, and/or like-for-like comparison with other available actual data).

Environmental accidents

An environmental accident is an event that causes or could cause harm to air, water, land, wildlife, or local habitat. Examples include air pollution, black smoke, chemical spill, oil spill, fly-tipping, waste issues, sewage leaks, and fires from chemical products. Environmental accidents included in the KPI calculation are non-contained incidents and/or incidents reported to local authorities.

Main contributors to the environmental indicators (local level)

In terms of overall contribution to the CO_2 emissions indicator, the percentage contribution of those countries to the total reported Group value (2023) is listed below:

- USA: Scope 1 (31%), Scope 2 LB (34%), Scope 2 MB (30%)
- Australia: Scope 1 (6%), Scope 2 LB (5%), Scope 2 MB (7%)
- India: Scope 2 LB (7%), Scope 2 MB (10%)
- New Zealand: Scope 1 (8%)
- South Korea: Scope 1 (13%), Scope 2 LB (9%), Scope 2 MB (12%)
- Denmark: Scope 2 LB (11%)
- Germany: Scope 1 (6%)

In terms of overall contribution to the total waste indicator, the percentage contribution of those countries to the total reported Group value (2023) is listed below:

- USA: 36%
- Australia: 6%
- South Korea: 19%
- Denmark: 12%

Regarding the people and governance indicators, no reportable differences have been observed in the 2023 reported results from local and regional operations.

List of references

- *Canada's National Inventory Report (Government of Canada Publications - Canada.ca)*

- *gri-306-waste-2020.pdf (globalreporting.org)*
- *How we do it - TFS Initiative (tfs-initiative.com)*
- *Procurement and Supply Chain Risk Management Software | EcoVadis®*

Annex IV: ESG indicators and other tables

People

GRI	Indicators	Unit	2023[1]	2022	2021	2020
Social performance						
2-30	% of employees covered by collective bargaining agreements	%	28.4%	22.3%	24.3%	26.0%
Contracts						
2-7 401-1	Total number of employees (FTE) on 31st December	FTE	3,729.8	3,617.7[2]	2,995.4	2,439.5
2-7 401-1	Total number of employees (FTE) on 31st December – Americas	FTE	919.0	961.5	772.4	586.6
2-7 401-1	Total number of employees (FTE) on 31st December – Asia-Pacific	FTE	1,016.2	916.5	660.8	451.2
2-7 401-1	Total number of employees (FTE) on 31st December - EMEA	FTE	1,794.6	1,739.7	1,562.2	1,401.7
2-7 401-1	Total headcount on 31st December	Head-count	3,777	3,656	3,040	2,513
2-7 401-1	Total average headcount in the period from 1st January to 31th December	Head-count	3,761.0	3,462.8	2,600.5	N/A
2-7	Total number of male employees (FTE) on permanent contracts and employment at-will on 31st December	FTE	1,620.1	1,571.8	1,361.3	1,088.0
2-7	Total number of female employees (FTE) on permanent contracts and employment at-will on 31st December	FTE	1,861.0	1,776.5	1,475.1	1,223.2
2-7	Total number of employees (FTE) on permanent contracts and employment at-will on 31st December – elected to not self-identify gender	FTE	0	7	5	N/A
2-7	Total number of employees (FTE) on permanent contracts and employment at-will on 31st December	FTE	3,481.1	3,355.3	2,841.4	2,311.2
2-7	Total number of male employees (FTE) on temporary / fixed term contracts on 31st December	FTE	96.7	107.9	66.0	53.7
2-7	Total number of female employees (FTE) on temporary / fixed term contracts on 31st December	FTE	152.0	154.7	87.1	74.6
2-7	Total number of employees (FTE) on temporary / fixed term contracts on 31st December - elected to not self-identify gender	FTE	0	0	1	N/A
2-7	Total number of employees (FTE) on temporary / fixed term contracts on 31st December	FTE	248.7	262.6	154.1	128.3

1 The ESG KPIs are calculated by excluding M&A contribution of share deals for the first 12 months after acquisition. Refer to Annex III – Methodology on ESG KPIs.
2 Number of employees (FTE) recorded in our Human Capital Management system Workday® on December, 31st, 2022. This figure does not include the employees of the companies acquired in the fourth quarter of the reporting period.

GRI	Indicators	Unit	2023[1]	2022	2021	2020
Gender						
405-1	Number of male employees (FTE) on 31st December	FTE	1,715.9	1,679.7	1,427.3	1,141.7
405-1	Number of female employees (FTE) on 31st December	FTE	2,013.0	1,931.2	1,562.2	1,297.8
405-1	Number of employees (FTE) on 31st December – elected to not self-identify gender	FTE	0	7	6	N/A
405-1	% of female employees (FTE) on total number of employees (FTE) on 31st December	%	54.0%	53.4%	52.2%	53.2%
405-1	% of male employees (FTE) on total number of employees (FTE) on 31st December	%	46.0%	46.4%	47.6%	46.8%
405-1	% of employees (FTE) on total number of employees (FTE) on 31st December – elected to not self-identify gender	%	0.0%	0.2%	0.2%	N/A
Age						
405-1	% of employees (FTE) between 20 and 29 years of age on 31st December	%	14.6%	14.3%	13.6%	11.4%
405-1	% of employees (FTE) between 30 and 39 years of age on 31st December	%	30.8%	30.5%	29.7%	27.7%
405-1	% of employees (FTE) between 40 and 49 years of age on 31st December	%	27.6%	27.2%	28.0%	28.2%
405-1	% of employees (FTE) between 50 and 59 years of age on 31st December	%	20.0%	20.2%	21.1%	24.0%
405-1	% of employees (FTE) 60 years of age and above on 31st December	%	7.0%	7.8%	7.7%	8.8%
Hiring						
401-1	Total number of employees hired during the reporting period	Head-count	467	583	575	252
401-1	Total number of female employees hired during the reporting period	Head-count	250	347	288	N/A
401-1	Total number of male employees hired during the reporting period	Head-count	217	234	283	N/A
401-1	Total number of employees hired during the reporting period – elected to not self-identify gender	Head-count	0	2	4	N/A
Internal promotion						
404-3	Total number of female employees promoted during the reporting period	Head-count	147	143	105	82
404-3	Total number of male employees promoted during the reporting period	Head-count	108	119	57	72
404-3	Total number of internal promotions during the reporting period	Head-count	255	262	162	154
404-3	Number of vacancies / open positions during the reporting period	Number	612	774	607	292
404-3	% of internal promotions vs. vacancies / open positions during the reporting period	%	41.7%	33.9%	26.7%	53.1%

1 The ESG KPIs are calculated by excluding M&A contribution of share deals for the first 12 months after acquisition. Refer to Annex III – Methodology on ESG KPIs.

GRI	Indicators	Unit	2023[1]	2022	2021	2020
Training						
404-1	Number of employees who have attended at least 1 training during the reporting period	Head- count	3,126	2,650	2,455	1,732
404-1	Total number of training hours attended by employees during the reporting period	Hours	62,578.3	58,124.0	40,955.8	30,222.0
404-1	Average number of training hours by company employee during the reporting period	Hours/FTE	16.8	15.9	13.5	12.2
Departures and attrition						
401-1	Number of voluntary departures of employees during the reporting period	Head- count	371	339	241	150
401-1	Number of involuntary departures of employees during the reporting period	Head- count	197	105	76	70
401-1	Voluntary attrition	%	9.9%	9.8%	9.3%	7.2%
Annual appraisal						
404-3	Number of employees who have completed the Performance Review process during the reporting period	Head- count	2,940	2,523	2,155	2,060
	Total headcount on 1st October of previous year (Eligibility cut-off date for performance review)	Head- count	3,719	2,996	2,422	2,084
404-3	% of eligible employees who have completed the Performance Review process	%	79.1%	84.2%	89.0%	98.8%
Vacation						
401-2	% of vacation days taken at year end vs. holiday entitlement	%	75.9%	70.4%	70.1%	91.6%
Origin						
405-1	Number of nationalities on 31st December	Number	80	77	71	65
Occupational injury and accident						
403-9	Number of workplace accidents with no lost time	Number	36	39	32	32
403-9	Number of workplace accidents with lost time	Number	6	6	6	2
403-9	Total number of lost days due to workplace accidents	Number	295	199	160	42.5
403-9	Workplace accident frequency rate	%	0.8%	1.0%	1.3%	0.4%
403-9	Workplace accident severity rate	%	0.0%	0.0%	0.0%	0.0%
403-9	Rate of sickness	%	1.1%	1.2%	1.2%	1.2%

1 The ESG KPIs are calculated by excluding M&A contribution of share deals for the first 12 months after acquisition. Refer to Annex III – Methodology on ESG KPIs.

Governance

GRI	Indicators	Unit	2023	2022	2021	2020
Business ethics						
	Number of employees who have completed the annual on-line knowledge review on the Code of Conduct and ethical business behavior	Number	4,091	3,356	2,715	2,303
205-2	Number of employees having passed the annual on-line knowledge review on the Code of Conduct and ethical business behavior	Number	4,061	3,354	2,714	2,299
205-2	% of employees who have passed the annual on-line knowledge review on the Code of Conduct and ethical business behavior	%	98.9%	98.5%	98.8%	99.3%
	Number of material breaches in ethical behavior policies	Number	6	5	0	1
Cybersecurity						
	% of sites covered with the Azelis ISO 27001 (information security management system) certification[1]	%	100%	100%	100%	70%

1 2023 M&A activity excluded

Environment

GRI	Indicators	Unit	2023	2022	2021	2020
General environment						
	Number of environmental incidents in own premises	unit	1	2	0	0
	Number of environmental incidents at subcontracted parties	unit	1	0	0	0
Energy consumption						
GRI 302-1	Consumption of non-renewable electricity	kWh	7,816,144.2	7,251,205.9[1]	5,900,010.3	6,197,022.7
GRI 302-1	Consumption of renewable electricity (according to contracts)	kWh	3,603,859.9	2,046,480.8[1]	840,603.9	1,417,297.0
GRI 302-1	Self-generated owned renewable electricity consumed on site	kWh	80,209.3	0.0	0.0	0.0
GRI 302-1	Total electricity consumption	kWh	11,500,213.5	9,297,686.7[1]	6,740,614.1	7,614,319.7
GRI 302-1	Consumption of natural gas for buildings	kWh_PCS	16,390,526.2	12,800,521.4[1]	8,795,417.1	9,050,366.4
GRI 302-1	Consumption of heating oil for buildings	m^3	49.9	46.1	83.0	17.1
GRI 302-1	Consumption of coal for buildings	kg	–	–	–	–
GRI 302-1	Consumption of LPG oil for buildings	m^3	2.0	–	–	–
GRI 302-1	Consumption of petrol for buildings	m^3	–	–	–	–
GRI 302-1	Consumption of diesel for buildings	m^3	14.9	14.8	12.7	–
GRI 302-1	Consumption of district heating	kWh	71,677.6	24,193.1	–	–
GRI 302-1	Consumption of steam[2]	kWh	827,473.4	407,552.0	–	–
GRI 302-1	Consumption of other energy	kWh	–	24,470.0	–	–
GRI 302-2	Quantity of petrol used for vehicles (cars, trucks, owned fleet, leasing cars...)	m^3	1,148.5	866.3[1]	621.9	669.6
GRI 302-2	Quantity of diesel used for vehicles (cars, trucks, owned fleet, leasing cars...)	m^3	835.1	622.7[1]	665.9	876.8
GRI 302-2	Quantity of LPG used for vehicles (cars, trucks, owned fleet, leasing cars...)	m^3	380.4	375.3[1]	346.5	23.9
CO_2 emissions						
GRI 305-1	Total CO_2 emissions Scope 1	tCO_2e	9,282.6	8,113.1[1]	6,661.4	6,681.1
GRI 305-2	Total CO_2 emissions Scope 2 (method Sustainability Report 2021)	tCO_2e	3,083.1	3,121.8[1]	2,490.4	2,943.3
GRI 305-2	Total CO_2 emissions Scope 2 (LB)	tCO_2e	4,068.7	3,699.0[1]	–	–
GRI 305-2	Total CO_2 emissions Scope 2 (MB)	tCO_2e	3,272.7	2,909.0[1]	–	–
GRI 305-3	Total CO_2 emissions Scope 3	tCO_2e	4,043,737.0	4,391,720.8	4,032,935.1	3,034,182.0
GRI 305-4	CO_2 emission intensity	tCO_2e/ mn€	3.62 LB / 3.40 MB	3.34 LB / 3.12 MB	3.58	3.75

1 Figures have been restated due to updated third-party emission factors, changes in conversion factors and to reflect updated data.
2 New disclosure as of 2022 due to the inclusion of Coseal Gunsan.

GRI	Indicators	Unit	2023	2022	2021	2020
Paper						
	Weight of total paper purchased (for internal & external use)	t	44.3	43.0	39.3	39.0
	% of recycled or certified paper purchased	%	19.6%	28.2%	35.9%	42.3%
Waste[1]						
Operational sites						
Own warehouses						
GRI 306-2	Weight of generated waste (hazardous & non hazardous) (Own warehouses)	t	889.1	711.3	681.7	659.4
GRI 306-2	Weight of hazardous waste (Own warehouses)	t	19.4	14.4	1.4	0.0
GRI 306-2	Weight of non hazardous waste (Own warehouses)	t	869.7	696.8	680.2	659.4
Laboratories						
GRI 306-2	Weight of generated waste (hazardous & non hazardous) (labs)	t	10.3	7.4	5.0	3.5
GRI 306-2	Weight of hazardous waste (labs)	t	0.8	0.4	0.0	0.0
GRI 306-2	Weight of non hazardous waste (labs)	t	9.5	7.0	4.6	3.5
Production sites						
GRI 306-2	Weight of generated waste (hazardous & non hazardous) (Production sites)	t	1,857.7	1,487.6[2]	617.0	790.2
GRI 306-2	Weight of hazardous waste (Production sites)	t	1,170.3	531.0	421.5	571.3
GRI 306-2	Weight of non hazardous waste (Production sites)	t	687.4	956.7[2]	195.5	218.9
Products disposed as waste						
GRI 306-2	Weight of products disposed as waste (hazardous & non hazardous)	t	1,256.4	1,136.2[2]	985.4	1,268.1
GRI 306-2	Weight of hazardous products disposed as waste	t	368.7	279.3[2]	307.0	383.7
GRI 306-2	Weight of non-hazardous products disposed as waste	t	887.7	856.8[2]	678.4	884.4
Total Waste						
GRI 306-2	Total waste generated	t	4,013.6	3,342.5[2]	2,289.0	2,721.2
GRI 306-2	Total waste generated (hazardous)	t	1,559.2	825.2[2]	730.3	955.0
GRI 306-2	Total waste generated (non-hazardous)	t	2,454.4	2,517.3[2]	1,558.7	1,766.2
Water						
GRI 303-1	Quantity of water used	m^3	126,776.6	76,077.1[2]	46,179.4	64,683.0

1 Waste management disclosures previously reported, have been reviewed (see methodology section for more information).
2 Figures have been restated due to updated third-party emission factors, changes in conversion factors and to reflect updated data.

Glossary of terms

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

Articles of Association
The Articles of Association of the Company, as last amended on August 1, 2023

Audit and Risk Committee
The audit and risk committee of the Board of Directors

Board of Directors
The Board of Directors of the Company

CCA
The Belgian Code of Companies and Associations

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, 2023, Mr. Hans Joachim Müller. As of January 1, 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, 2023, Mr. Thijs Bakker (acting as permanent representative of Cloudworks BV)

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

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

e-Lab
A one-of-a-kind digital experience that supports our customers in creating and adapting formulations online

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)

ESG
Environment, Social and Governance

ESS
Employee Satisfaction Survey

Executive Committee (or: ExCom)
The executive committee of the Company

FSMA
The Financial Services and Markets Authority *(Autoriteit voor financiële diensten en markten / Autorité des services et marchés financiers)*

GHG
Greenhouse Gas

GLIC
Global lab and innovation community

GMT
General management team

GRC
Governance Risk and Compliance

GRI
Global Reporting Initiative

Group
The Company and its consolidated subsidiaries

HCM
Human Capital Management

HSE
Health, Safety and Environment

ICTA
International Chemical Trade Association

IEA
International Energy Agency

ILO
International Labor Organization

IPO
The initial public offering of the Company on the regulated market of Euronext Brussels

ISO
International Organization for Standardization

LB
Location-based

L&D
Learning and Development

LTIP
The Company's long-term management incentive plan

LVC
Lateral Value Chain

MB
Market-based

NCEC
National Chemical Emergency Centre

NFRD
European Non-Financial Reporting Directive

NPD
New Product Development

Partnerships
Akita Management Participation 1 SCSp and Akita Management Participation 2 SCSp

PCF
Product Carbon Footprint

PIM
Product Information Management

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

RSPO
Roundtable on Sustainable Palm Oil

SBTi
Science Based Target initative

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

STIP
The Company's short-term management incentive plan

TDS
Technical data sheet

TfS
Together for Sustainability®

UNFCCC
United Nations Framework Convention on Climate Change

VCS
The Company's short-term Variable Compensation Scheme

Financial calendar & contact

Financial Calendar

Date	Event
April 25th, 2024	Q1 2024 trading update
June 13th, 2024	Annual General Meeting 2024
June 28th, 2024	Ex-dividend date
July 1st, 2024	Dividend record date
July 2nd, 2024	Dividend payment date
August 1st, 2024	Half year 2024 results
October 24th, 2024	Q3 2024 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 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 income, 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 involve a number of known and unknown risks, uncertainties, and other factors that could cause actual results, performance, or achievements 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 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 and trends in Azelis' principal industries or economies.

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, including the prospectus related to the admission to trading of the securities of Azelis Group NV on the regulated market of Euronext Brussels dated September 14, 2021. No undue reliance should be placed on such forward-looking statements, which are relevant only as of the date of this publication. Except as required by the FSMA, Euronext, or otherwise in accordance with applicable law, the Company undertakes no 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.

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