Annual report **2024**

fagron.com

Fagron personalizing medicine

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Key figures
Fagron at a glance

Financial indicators

Revenue
in million euros

872.0 ↑ +14.3%

2024	872.0
2023	763.0
2022	683.9

Net result
in million euros

81.0 ↑ +14.0%

2024	81.0
2023	71.0
2022	70.1

REBITDA (EBITDA before non-recurrent result)
in million euros

174.0 ↑ +16.8%

2024	174.0
2023	149.0
2022	130.7

Earnings per share

1.10 ↑ +13.4%

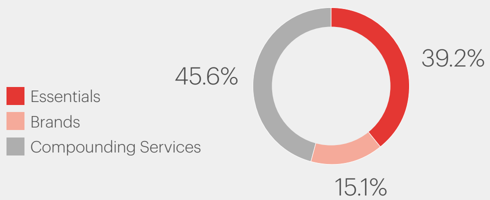
2024	1.10
2023	0.97
2022	0.96

EBIT
in million euros

130.7 ↑ +20.3%

2024	130.7
2023	108.6
2022	97.9

Revenue per segment



Non-financial indicators

Revenue from Fagron Brands
% of total revenue

15% ↓ -1%

2024	15%
2023	16 %
2022	17%

Business Partner Code of Conduct signatories
% of expenditure on trade goods

27% ↑ +15%

2024	27%
2023	12%
2022	11%

Sustainable Engagement score
average score given by Our people

87% ↑ +3%

2024	87%
2023	84%
2022	83%

Scope 1 and 2 greenhouse gas emissions
% change compared to 2021 (market-based Scope 2)

-26% ↓ -23%

2024	-26%
2023	-3%
2022	-13%

Scope 3 greenhouse gas emissions
% change compared to 2021 in selected Scope 3 categories

12% ↑ +9%

2024	12%
2023	3%
2022	0%

CEO's message

2024 marked another year of forward momentum towards our strategic ambitions and medium-term targets. We delivered strong performances across our regions and segments, driven by our commitment to operational excellence, stringent quality standards, solid market positioning, and engaged employees. Despite an environment shaped by economic challenges, heightened regulatory requirements, and shifting market dynamics, we achieved high growth rates and increased profitability, in line with our revenue guidance.

In EMEA, our performance was driven by strong underlying demand across all countries in the region, supported by operational excellence and strategic M&A activity. Within Brands & Essentials, strong demand across our countries offset the impact from regulatory changes in Poland underlining the benefits of our diversified business model. In Compounding Services, robust demand was further bolstered by drug shortages and successful product launches, strengthening our position in the market. Additionally, the acquisition of EuroOTC in Germany expands our product portfolio, further supporting our leadership position and diversification in the region. These achievements have established a strong foundation for continued growth as we look towards 2025.

In Latin America, particularly Brazil, our decision to prioritize market leadership in the face of intensified competition has proven successful. Growing consumer interest in preventative and lifestyle health products, supported by our operational improvements and supply chain optimizations, reinforced our leading position in the market. Additionally, our acquisition of Purifarma in Brazil provides us with scale advantages and broadens our portfolio, enhancing our unique innovation capabilities and positioning us strongly in a dynamic market.

In North America, our growth was led by Compounding Services, which experienced robust demand. The capacity expansion in Wichita and additional licenses in Boston facilitated our ability to meet increasing customer demand. AnazaoHealth, our health and wellness-focused business, continued on a positive trajectory, supported by rising consumer spending on preventive health and lifestyle products, as well as the impact of short-term drug shortages. Within Brands & Essentials, the consolidation of repackaging activities and improved operational excellence led to higher product availability and optimized supply chain and procurement processes. To further strengthen our market position, we acquired Ritedose's 503B book of business, which aligns seamlessly with our product offerings and supports our ambition for market leadership in the region.

Quality remains at the core of our mission. As regulatory requirements tighten across the board, our commitment to the highest quality standards helps us navigate these changes and uphold our strong reputation in the market. While we received a warning letter at our Wichita facility in December, we view this as an opportunity to further strengthen our process and ensure continued compliance with evolving regulatory expectations. Overall, this year we successfully completed multiple on-site audits by regulators, and implemented new global quality guidelines, reinforcing our focus on safety and excellence.

Our emphasis on global operational excellence has driven growth and efficiency across the board, resulting in significant improvements in product availability, cost savings, automation, and portfolio optimization. These initiatives continue to be crucial enablers of our strategy.

In terms of sustainability, we have made notable strides. As part of our commitment, Fagron is now featured in both the BEL and AEX ESG Index and has achieved validation of our science-based emission reduction targets. In 2024, we introduced our “Future Forward: Personalizing Medicine” strategy to enhance our resilience and adaptability in a rapidly changing industry. This holistic approach integrates sustainability across all aspects of our business, focusing on thriving employees, responsible operations, and expanded access to science-based compounded medicine. We also launched our “Future Forward: Science-Based Climate Transition” plan to achieve our greenhouse gas reduction targets.

Our people are at the heart of everything we do. Their expertise, commitment, and drive have been essential to our progress this year, helping us to overcome challenges and seize new opportunities. Across all regions, our teams have shown incredible resilience and collaboration, fostering a culture that not only achieves results but also builds a sense of purpose and pride in our work. I am deeply grateful for their efforts and am excited to see what we can accomplish together as we move forward.

Rafael Padilla
Chief Executive Officer

About Fagron

About Fagron

Fagron is a leading global company specializing in pharmaceutical compounding. With a focus on innovation, Fagron develops unique concepts and solutions to address the growing need for personalized medicine.

What we do

At Fagron, we make personalized medicine accessible by working in close collaboration with pharmacists, prescribers, hospitals, and the broader healthcare industry. By personalizing medication to each patient's specific needs, we create treatments that are more effective, safer, and better suited to individual circumstances, ultimately improving quality of life. Personalized medicine also helps reduce healthcare costs by making care more efficient and better targeted, leading to improved outcomes for patients and healthcare systems alike.

What makes us unique

Fagron offers a comprehensive range of pharmaceutical compounding products and services worldwide. In most markets, we compete with local players who generally focus on just one part of the pharmaceutical compounding value chain. What sets us apart is our vertical integration – from sourcing and manufacturing raw materials to delivering finished products directly to patients. This enables Fagron to offer unmatched quality, innovation, and consistency across all stages of pharmaceutical compounding.

How we operate

Fagron's operations are organized into three segments: Essentials, Brands, and Compounding Services. With a team of more than 4,000 employees, including over 500 in-house pharmacists, Fagron draws on deep industry expertise to provide raw materials, packaging, equipment, excipients, semi-finished products, and a wide array of sterile and non-sterile compounds. We also invest in the education and professional development of prescribers and pharmacists through our Fagron Academy, offering trainings and support to healthcare professionals around the world.

Our products and services are tailored to regional needs, considering local healthcare infrastructure and regulations. In 2024, Fagron operated 80 facilities spanning 20 countries in EMEA, Latin America and North America, delivering products to 35[1] countries globally. This broad footprint allows us to meet the diverse needs of the patients, healthcare providers, and communities we serve.

[1] Countries in which Fagron generated more than 250,000 euro in revenue in 2024.

Our strategy

We are building the future of personalized medicine in collaboration with pharmacists, prescribers, hospitals, and the broader healthcare industry. Our strategic objectives for the short to medium term focus on four key areas:

- Establishing a market-leading position in Brands & Essentials
- Becoming the leading, global platform for sterile outsourcing services
- Further optimizing non-sterile compounding and registration activities
- Developing a future-proof organization with a strong focus on sustainability

These strategic priorities empower Fagron's commitment to creating long-term value by prioritizing safety, affordability, and accessibility of medicine. Our "Future Forward: Personalizing medicine" sustainability strategy reflects this commitment, guiding us to balance business activities with our responsibilities to society and the environment.

In 2024, our sustainability strategy "Future Forward: Personalized medicine" was launched. More details can be found in the Sustainability performance.

Our core values

Quality

Quality lies at the heart of Fagron's operations; it is our most important benchmark for everything we do. We always strive for the best and optimize our standards and processes to always deliver top quality.

Customer is number 1

We put our customers first by responding to their needs and focusing on achieving customer satisfaction. In doing so, we continuously strive to improve our services and products.

Creativity

Through creativity in the way we think and act, we come up with new solutions. In doing so, we contribute to improving health care while achieving sustainable growth and profitability. We are constantly looking at how we can operate better and smarter to meet the growing need for personalized medication.

Speed of execution

We are efficient in our actions: we work quickly and intelligently. We have the courage to take decisions and change course if necessary.

Entrepreneurship

An entrepreneurial spirit suits our organization. We take responsibility and initiative to develop innovative solutions and explore new markets. We challenge our competitors and inspire others.

Trends and market developments

Long-term trends and shifting market dynamics are accelerating the demand for personalized medicine, transforming the landscape in which Fagron leads and innovates.

As a global leader in pharmaceutical compounding, Fagron is well-positioned to adapt to these changes, operating across multiple countries and regions. Our broad international presence allows us to align our business model and strategy with key trends that support the demand for personalized medicine.

Demographic developments

Demographic shifts, such as population growth and rising life expectancy, are key drivers of the demand for personalized medicine. An expanding middle class with higher disposable income is increasing focus on preventive health, healthy lifestyles, and early diagnosis – all of which contribute to demand for personalized solutions. These developments highlight the importance of adapting medicine to individual needs, helping patients manage their health proactively while also reducing the burden on healthcare systems.

Accessibility

Personalizing medicine expands access by enabling adjustments in strength, form, or composition, making medications suitable for patients who cannot tolerate standard treatments or face side effects. Pharmaceutical compounding also plays a crucial role in addressing drug shortages, keeping essential medicines available even when large pharmaceutical companies stop production due to low demand. By customizing medications to meet specific needs, Fagron helps ensure patients have access to the right treatments when they need them.

Personalization

Standard commercial medications do not always meet every patient's needs. Compounding addresses this gap by tailored treatments that consider individual factors, such as allergies, intolerances, and the precise dosage required. Advances in technology and data analysis now allow us to create detailed genetic profiles, improving the ability to predict disease risk, drug tolerance and treatment response. These developments enable healthcare providers to prescribe treatments that are truly personalized, enhancing patients' quality of life.

The shift toward providing healthcare outside traditional hospital settings is another major trend. By making care more accessible, patient quality of life is improved, and overall costs are reduced. This trend, however, creates new demands on how medications are prepared and delivered. Large pharmaceutical companies are not equipped to produce small, customized batches on demand, making tailored compounding solutions more essential than ever.

Regulation

Increasing regulatory requirements and quality standards are promoting pharmacies and hospitals to outsource compounding to specialized providers. Regulations influence where and how compounded medications can be distributed, which impacts our product development and manufacturing processes. Fagron's commitment to compliance with global regulatory standards helps ensure the safety and quality of our products, reinforcing trust with healthcare providers and patients.

Sustainability

The pharmaceutical sector faces growing pressure to adopt sustainable practices, driven by regulatory requirements and demand for environmentally and socially responsible products. From an environmental perspective, regulatory pressure and end-user demand focus mainly on reducing carbon footprints, minimizing waste and pollution, and adopting sustainable supply chain practices. From a social perspective, the focus is on topics such as healthy equity, diversity and inclusion, patient-centered care, and workforce well-being. Fagron is committed to advancing these goals through its "Future Forward: Personalizing medicine" strategy, aligning our growth with our responsibility to our society and the environment.

Our business model and value chain

At Fagron, our business model is designed to deliver high-quality, personalized compounded medications and pharmaceutical raw materials that address the unique needs of patients.

By upholding rigorous regulatory compliance and quality standards, we ensure that our products are effective and safe, creating long-term value for customers, employees, investors, and society. Our commitment extends beyond patient health; we aim to minimize our environmental footprint and enhance our social impact, aligning our growth with our broader responsibilities.

Our core activity: pharmaceutical compounding

Pharmaceutical, or magistral compounding, is the process of preparing custom, non-patent-protected or unregistered medications following a doctor's prescription, or at the request of a pharmacy. This enables patients to receive personalized treatments that are not commercially available and tailored to their specific needs. Adjustments may include alternate dosage forms or administration routes, such as converting a tablet to a topical cream to reduce side effects or avoid swallowing difficulties. Compounding thus allows medications to be better suited to individual circumstances, improving both safety and treatment outcomes.

Bulk pharmaceutical compounding

Some personalized medications are regularly prescribed. In certain countries, regulations permit pharmaceutical compounders to produce these medications on a larger scale without individual prescriptions. This enables Fagron to supply community and hospital pharmacies with frequently requested personalized medications, ensuring accessibility where traditional pharmaceutical companies may find production volumes too low for profitability.

Sterile and non-sterile compounding

Magistral compounding involves the formulation of both sterile and non-sterile compounds. Non-sterile compounds, such as tablets, capsules, creams, and suspensions are suitable for oral, topical, or other non-intravenous applications. Sterile compounds, such as pre-filled syringes and IV bags, are used in treatments administered directly into the bloodstream, requiring strict quality and safety controls.

Our segments

Essentials

Since its beginnings in 1990, Fagron's Essentials segment has grown from supplying raw materials for pharmaceutical compounding in the Netherlands, to a comprehensive global portfolio. Today, Essentials provide raw materials, equipment, packaging, and supplies for compounding to pharmacies and healthcare industries across EMEA, Latin America, and North America. By equipping pharmacists with high-quality materials, Essentials empowers them to provide safe and effective treatments.

Brands

The Brand's segment represents Fagron's innovative approach to simplifying pharmaceutical compounding for pharmacists. By offering semi-finished products, vehicles, and excipients such as emulsions, powders, and creams, we enable healthcare professionals to meet rising regulatory and quality standards. Developed in collaboration with pharmacists, doctors, and universities, Fagron's proprietary products are designed to meet the practical needs of compounding professionals. Brands also includes Fagron Genomics, which specializes in genetic tests that support physicians in prescribing personalized therapies. Through the Fagron Academy, we provide training, preparation protocols, and ongoing support for healthcare professionals worldwide.

Compounding Services

Our Compounding Services segment provides pharmacies and hospitals with ready-to-use sterile and non-sterile compounds in regions where this practice is permitted. As quality standards and regulatory requirements become more stringent, more pharmacies and clinics are choosing to outsource compounding. In response, Fagron has developed a robust compounding network that draws on raw materials from Essentials and formulations from Brands. With facilities in the Netherlands, Belgium, Colombia, Israel, the Czech Republic, the United States, and South Africa, Fagron offers safe and reliable compounding solutions tailored to patient needs.

We are also actively exploring the registration of specific compounds in select markets. Although registration is a complex process that can take several years, it allows us to expand our compounded medications portfolio and increase the benefit from our global footprint.

Our value chain

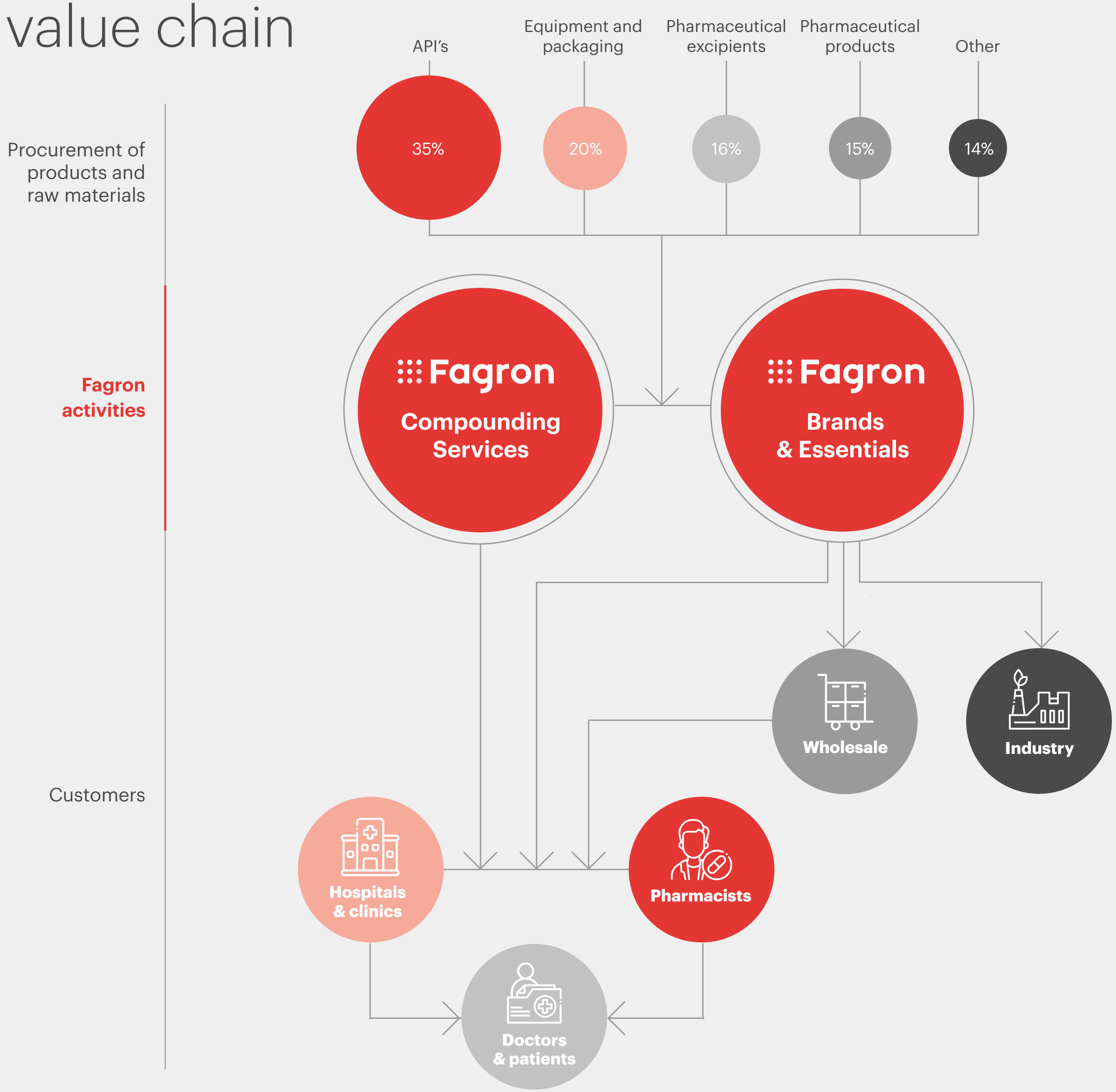
Fagron's value chain spans from the procurement of raw materials to the delivery of personalized medications. We source materials globally, categorized into five groups: APIs (Active Pharmaceutical Ingredients), pharmaceutical excipients, finished pharmaceutical products, equipment, and packaging. APIs, excipients, and pharmaceutical products together comprise around two-thirds of our total procurement.

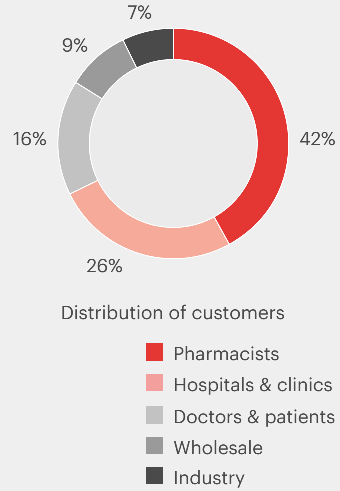
Across our segments, we add value at every step:

- Essentials: We source, test, and repackage raw materials in precise quantities for pharmacists and healthcare providers, all in accordance with cGMP standards.
- Brands: We develop proprietary formulations and share our expertise through training programs offered by the Fagron Academy.
- Compounding Services: Using Essentials' raw materials and Brands' formulations, we prepare sterile and non-sterile compounds tailored to patient prescriptions for pharmacies and healthcare facilities.

More than 80% of our customers are pharmacists, hospitals, prescribers, and patients, with the remaining portion of our customer base comprising wholesalers and industry partners. Our vertically integrated approach allows us to support the entire process of pharmaceutical compounding - from raw material selection to final compounded product -ensuring the highest standards of quality and consistency throughout.

Our value chain





Distribution of customers

Our strategy

Together, we create the future of personalized medicine. As a trusted partner to pharmacists, physicians, hospitals, and the broader industry, Fagron is dedicated to making personalized medicine accessible to patients, contributing to the health and well-being of over five million people worldwide.

As a vertically integrated global player, Fagron holds an unique position in the fragmented, niche market of pharmaceutical compounding. Our scale, global operations, market expertise, and innovative capacity reinforce our competitive edge and ensure our leadership.

To maintain and expand this position, we focus on four strategic objectives. In parallel, we have established a long-term value creation strategy – "Future Forward: Personalizing medicine" – that balances our business activities with societal and environmental responsibilities.

Strategic objectives

Objective 1: Be market leader in Brands & Essentials

We continue to expand our product portfolio by introducing high-quality, innovative products and driving operational efficiency. In our Brands segment, we tailor products to meet specific local needs while developing a global presence. Through the Fagron Academy, we support knowledge-sharing within the medical community by providing comprehensive training for pharmacists, physicians, and prescribers. Additionally, we pursue, disciplined strategic acquisitions to further strengthen our market position and expand our reach.

Objective 2: Be the leading, global platform for sterile outsourcing services

Our goal is to lead in sterile outsourcing through organic growth, innovative product introductions, and targeted acquisitions. By maintaining a strong focus on quality, we meet stringent regulatory standards and deliver products that address specific patient needs. The acquisition of Ritedose's 503B book of business during the year enlarged the scale of our business thus providing access to a broader array of compounded products to pharmacies, prescribers, and patients. These actions not only reinforce our commitment to market leadership but also to healthcare quality and accessibility.

Objective 3: Further optimize non-sterile compounding and registration activities

We aim to strengthen our position in non-sterile compounding by investing in automation, precision, and standardization through FagronLab devices. These improvements enable us to enhance operational efficiency, align with quality standards, and meet the growing demand for personalized medicine. Our expertise in registering compounded medications further differentiates us, allowing us to provide consistent, regulated, patient-specific solutions.

Objective 4: Build a future-proof organization with a clear focus on sustainability

Sustainability is embedded within our operations and strategy. We are committed to responsibly expanding access to personalized medicine while growing as a supportive employer, a reliable business partner, and an enabler of science-based compounded medicine. By building a future-proof organization, we enhance our resilience and adaptability in an evolving market.

Enablers

The realization of our strategic objectives is supported by the following four enablers:

Operational excellence

Operational excellence is fundamental to Fagron's success. By leveraging our local expertise to establish global best practices, we optimize product availability, inventory management, and competitiveness. Our global purchasing team works closely with business units to ensure efficiency across production, repackaging, distribution, and support functions. We also focus on building responsible value chain partnerships and are implementing a science-based climate transition strategy to create sustainable, future-proof operations.

Fagron Academy

Operating in a knowledge-intensive niche, Fagron places a high priority on educating healthcare professionals about compounding. The Fagron Academy provides extensive training for pharmacists and prescribers on compounding techniques, product usage, and safety protocols. The Fagron Academy also offers a formulary with a wide range of customized formulas for specific medical indications. In collaboration with universities, we conduct research on the compatibility, stability, and safety of compounded products to promote science-based medicine.

Disciplined M&A

Alongside organic growth, Fagron pursues strategic acquisitions to expand geographically, enhance our portfolio, and consolidate market positions. We evaluate each acquisition for its long-term value, balancing immediate financial goals with sustainability. Our scalable business model allows us to achieve operational efficiencies and economies of scale quickly when integrating new acquisitions.

Quality focus

Quality is central to Fagron's operations, from raw material selection to product delivery. Our commitment to rigorous quality assurance includes on-site audits, adherence to Good Manufacturing Practices (GMP), and continuous quality control measures. By consistently meeting high standards, Fagron is able to adapt to changing market demands while maintaining our competitive edge in the pharmaceutical industry.

Medium-term financial objectives

During our Capital Markets Day in March 2022, Fagron outlined the following medium-term financial objectives for the period to 2026:

- 8% organic revenue growth (CAGR) at constant exchange rates for Fagron as a whole. By region, this means:
  - EMEA: low single-digit organic sales growth rate (CAGR) at constant exchange rates;
  - Latin America: high single-digit organic sales growth rate (CAGR) at constant exchange rates; and
  - North America: mid-teens organic sales growth (CAGR) at constant exchange rates;
- REBITDA margin in line with the 2017-2021 average (21.6%);
- Sustainably high cash generation and earnings conversion; and
- Capital allocation strategy aimed at driving growth.

Progress in achieving the strategic and financial objectives is reported in the regional descriptions included in the Performance chapters.

Our strategy

Acquisitions in past 5 years

Fagron

2020

Acquisition of **Pharma Tamar** in Israel (B&E and CS) and **Gako** in Germany (B&E).

Partnership with **Azelis** in Australia and New Zealand including transfer of **Fagron Australia** to Azelis (B&E).

2021

Acquisition of **US Compounding** in the United States (CS) and 20% stake in **HeW Pharma** in Belgium (B&E).

2022

Acquisition of **Letco** in the United States (B&E), **Pharma-pack** in Belgium (B&E), **Curaphar** in the Netherlands (CS), **Hiperscan** in Germany (B&E) and **sterile compounding facility** in Boston in the United States (CS).

Divestment of **CMO activities** in the United States (B&E).

2023

Acquisition of **Wildlife Pharmaceuticals** in South Africa (CS), and of registration and exclusive distribution and licensing rights in the Benelux of some products (CS).

2024

Acquisition of **Parma Produkt** in Hungary (B&E), **London Specialist Pharmacy** in the United Kingdom (CS) and **Ritedose's** 503B book of business in the United States (CS).

B&E = Brands & Essentials
CS = Compounding Services

Creating long-term value

At Fagron, we are committed to shaping the future of personalized medicine. Our "Future Forward: Personalizing medicine" sustainability strategy enables greater access to customized treatments worldwide, while promoting responsible and sustainable growth for years to come.

Creating long-term value supported by "Future Forward: Personalizing medicine"

In 2024, Fagron further sharpened its sustainability focus by establishing an integrated sustainability strategy entitled "Future Forward: Personalizing medicine". This supports our overarching goal of creating long-term value by expanding access to personalized medicine while acting responsibly as an employer, a trusted business partner and an advocate for science-based compounded medicine.

The strategy is guided by our core values of Quality, Customer focus, Creativity, Speed of Execution, and Entrepreneurship, and is built around three key focus areas:

- People: Building a culture of belonging, togetherness and wellbeing enabling our people to become the best version of themselves.
- Operations: Developing responsible value chain partnerships and future-proof centralized operations to deliver affordable personalized medicine meeting the highest quality and sustainability standards.
- Compounding: Sustainably growing our global presence in the pharmaceutical compounding market to increase access to medication through compounding knowledge development.

Our Future Forward strategy is guided by the principles of safety, affordability, and accessibility, and strives to balance our business activities with societal and environmental impacts. This strategy is supported by actionable roadmaps and measurable progress, details of which are available in our Sustainability performance section.

Our Value Creation Model

Fagron's value creation model provides a comprehensive framework for understanding how our sustainability strategy complements our business goals, leading to long-term value creation for all stakeholders.

Our model begins with the essential assets or inputs that support our business, highlights our strategic focus on sustainable, responsible growth, and shows the positive impact we aspire to achieve for our customers, employees, investors, and society.

Future Forward › People	Future Forward › Operations	Future Forward › Compounding
Enabling our people to become the best version of themselves.	Affordable personalized medicine meeting the highest quality- and sustainability standards.	Increased access to medication through compounding knowledge development.

Creating long-term value

Future Forward Value creation

Our assets

Our people & in-house expertise

3,935 Employees
582 In-house pharmacists

Our presence & local entrepreneurship

80 Facilities (total)
3,000+ Suppliers

Our products & services

10 Global Brands
18 Compounding facilities

Our knowledge partnerships

5 University partnerships

Our financial position

€ 891 mn Invested capital*

Creating the future of personalized medicine

Fagron makes personalized medicine accessible thus contributing to the health and well-being of over **5 million** people.

We create the future of personalizing medicine together with **pharmacists**, **prescribers**, **hospitals**, and **industry** by focusing on:

- Operational Excellence
- Quality
- Fagron Academy
- Disciplined M&A

Our Values

Quality | Customer is number 1 | Creativity | Speed of execution | Entrepreneurship

The long-term value we build

We focus on	We track progress of	Impact vision
People Building a culture of belonging, togetherness and well-being.	Sustainable engagement score	Enabling our people to become the best version of themselves.
Operations Developing responsible value chain partnerships and future-proof resilient operations.	% of suppliers adhering to Fagron ESG standards % of CO_2-reduction	Affordable personalized medicine meeting the highest quality- and sustainability standards.
Compounding Sustainably growing our global presence in the pharmaceutical compounding market.	% of revenue from Fagron Brands	Increased access to medication through compounding knowledge development.

*Invested capital to be calculated from data from Consolidated statement of financial position = equity, debt and lease liabilities.

Performance 2024

Financial performance 2024

Consolidated income statement

(x 1,000 euros)	2020	2021	2022	2023	2024
Net revenue	555,971	573,808	683,881	762,991	871,960
REBITDA[1]	123,927	118,339	130,724	148,954	173,987
EBITDA	120,031	116,770	133,389	147,944	171,456
EBIT	88,738	87,438	97,909	108,633	130,696
Net profit	60,037	61,378	70,066	71,044	81,001
Recurring net result[2]	62,910	61,171	63,677	74,522	84,261
Gross margin	59.2%	58.6%	58.9%	60.5%	62.3%
REBITDA margin	22.3%	20.6%	19.1%	19.5%	20.0%
EBITDA margin	21.6%	20.3%	19.5%	19.4%	19.7%

1 REBITDA is EBITDA after corporate costs and before non-recurrent result.
2 Recurrent net result equals sum of net profit from continued operations before non-recurring items and revaluation of financial derivatives, corrected for taxes.

Revenue and gross margin

Consolidated revenue increased by 14.3% (15.9% at CER) compared to 2023 to 872.0 million euros. Organic revenue growth was 11.4% (13.0% at CER) compared to 2023.

In the EMEA regio the demand for personalized medicine strengthened throughout the year, consolidating Fagron's leadership positions across the region. Revenue growth in EMEA was driven by a resilient performance of Brands and Essentials, coupled with continued strong growth in Compounding Services. Brands and Essentials reflect strong performance across our diversified European markets, supported by higher volumes, innovative product launches and improved operational performance. In Poland, we ended the year with solid results and our strategic initiatives delivered positive outcomes. For 2025, we expect Poland to remain stable, while we continue to monitor pricing changes and the competitive landscape. Compounding Services saw strong performance, supported by robust demand across all markets and new product launches. This growth was further bolstered by our focus on registration activities, stock compounding and addressing drug shortages in certain markets.

In Latin America revenue growth was driven by strong performances in Brands and Compounding Services, alongside a recovering performance in Essentials. Essentials experienced a positive trend in the second half of the year as market momentum grew, although it remains a highly competitive environment. Brands delivered strong revenue growth, supported by targeted campaigns, operational enhancements, strong customer relationships, and the launch of innovative products. Compounding Services (Colombia) maintained its growth trajectory, on the back of robust demand for personalized medicine.

The North America revenue growth was driven by strong performances in both Compounding Services and Brands & Essentials. Brands and Essentials saw accelerated growth in the second half of the year, supported by improved product availability, enhanced supply chain capabilities and optimized procurement processes. The segment also benefitted from the impact of drug shortages in the fourth quarter. Compounding Services continued its robust revenue growth, driven by new customer wins, increased revenue from existing customers, drug shortages and process improvements. The underlying demand for hospital outsourcing and prevention and lifestyle products remains strong, and we continue to focus on prioritizing quality as a competitive advantage. The investment at the Anazao site in Tampa has been completed, and we have begun a phased transition into the new facility and expect this to be concluded through the course of the year. During this period, both the existing and the new facility will operate simultaneously, until all necessary licenses for the new facility are obtained.

Gross margin increased by 17.8% to 543.7 million euros. Gross margin as a percentage of revenue increased 180 basis points compared to 2023 to 62.3%. The improvement in the gross margin is mainly driven by Brands in Brazil and product mix on FSS side in North America.

REBITDA and EBITDA

REBITDA (EBITDA before non-recurring result) increased by 16.8% (18.3% at CER) compared to 2023 to 174.0 million euros. REBITDA margin increased by 50 basis points compared to 2023 to 20.0%.

The EMEA REBITDA margin demonstrated resilience and remained stable year-on-year, as operational excellence initiatives and resulting cost savings effectively mitigated the impact of the new reimbursement system in Poland.

For Latin America, the strong performance of our Brands segment, combined with our continued focus on executing operational excellence programs, resulted in a significantly improved REBITDA margin compared to the previous year.

The North America REBITDA margin improved slightly, reflecting improved operational excellence that was mostly offset by an increase in personnel costs.

The non-recurring result amounted to -2.5 million euros and related mainly to restructuring costs compensated by release of earn-outs in EMEA. EBITDA increased by 15.9% to 171.5 million euros.

Depreciation and amortization

Depreciation and amortization increased by 3.7% to 40.8 million euros. This increase is driven by the increase assets resulting from Capex and acquisitions.

EBIT and EBIT margin

EBIT increased by 20.3% to 130.7 million euros (2023: 108.6 million euros). EBIT margin increased by 30 basis points ending at 15.0%.

Results and taxes

Profit before income tax increased by 23.5% amounting to 104.3 million euros. The effective tax rate as a percentage of profit before income taxes was 22.3% compared to 15.9% in 2023. The increase in the effective tax rate stems for a decrease in the valuation of deductible losses in the North-America region. The effective cash tax rate was 26.2% compared to 22.2% in 2023. This increase is driven by prepayments in the Netherlands.

Net profit and earnings per share

Data per share (euros)	2020	2021	2022	2023	2024
Average number of outstanding shares	72,089,385	72,643,423	72,874,673	72,999,583	72,937,168
Net profit[1]	0.83	0.84	0.96	0.97	1.10
Recurrent net result	0.87	0.84	0.87	1.02	1.16
Dividend	0.18	0.20	0.25	0.30	0.35
Closing price (year-end)	19.00	14.80	13.27	16.61	16.76
Market capitalization[2]	1,377,075,426	1,079,810,279	968,612,519	1,216,332,095	1,227,316,431

1 Net result based on continued operations.
2 Market capitalization equals number of shares outstanding at year-end multiplied by closing price on last trading day of relevant year.

Net profit increased by 14.0% to 81.0 million euros compared to 2023. Earnings per share increased by 14.4% to 1.10 euro.

Consolidated statement of financial position

Balance sheet (x 1,000 euros)	2020	2021	2022	2023	2024
Total assets	752,826	800,421	971,010	1,006,954	1,083,518
Equity	257,819	325,466	410,518	467,627	505,358
Operating working capital[1]	49,682	59,070	71,203	71,058	104,649
Net operational capex[2]	18,421	20,731	18,497	38,473	40,796
Net financial debt[3]	271,290	264,941	274,042	233,735	270,660
Net financial debt/annualized REBITDA	2.06	2.11	1.93	1.42	1.40

1 Operational working capital equals sum of inventory and trade receivables, minus trade payables.
2 Net operational capex equals acquired and produced intangible assets and property, plant and equipment (excluding acquisitions), minus assets sold.
3 Net financial debt equals sum of long-term and short-term financial liabilities, minus cash (excluding financial instruments) and cash equivalents.

Consolidated total assets increased by 7.6% from 1,007.0 million euros in 2023 to 1,083.5 million euros in 2024 and will be explained as part of the assets.

The increase in Operating working capital was mainly driven by the reduction of factoring and increased inventory mainly to support business growth for North America and Brazil.

Assets

Total non-current assets totalled 721.0 million euros, up 49.9 million euros from 2023 mainly driven by Capex investments in the North America region and acquisitions

Goodwill increased by 12.6 million euros to 446.9 million euros as a result of the acquisitions of LSP (UK) and Parma Produkt (Hungary).

Intangible fixed assets increased by 12.8 million euros to 61.4 million euros mainly driven by the acquisition of a book of business from Ritedose. Tangible fixed assets increased by 24.0 million euros to 133.8 million euros mainly as a result of investments in Compounding Services US and the acquisition of Parma Produkt.

Net operating Capex was 40.8 million euros (4.7% of revenue) in 2024. An increase of 2.3 million euros compared to 2023 (5.0% of revenue). The capex is mainly composed of investments in existing and new facilities in the North America region.

Lease and similar rights amounted to 40.0 million euros compared to 38.1 million euros in 2024.

Financial fixed assets amounted to 4.2 million euros in 2024, no change compared to 2023.

Financial instruments decreased by 2.0 million euros to 0.6 million euros driven by the devaluation of the US-dollar interest rate hedge. Other fixed assets remains 4.6 million euros.

Deferred tax assets increased by 0.6 million euros and represents a value of 29.5 million euros.

Total current assets amounted to 362.6 million euros in 2024 compared to 335.9 million euros in 2023, an increase of 26.7 million euros:

- Inventories increased by 23.0 million euros to support business growth mainly in North America and Brazil;
- Trade receivables increased by 19.9 million euro, mainly due to the reduction of factoring with 18.8 million euros;
- Financial instruments decreased by 3.4 million euros driven by the devaluation of the US-dollar interest rate hedge;
- Other current assets increased by 5.1 million euros mainly driven by an increase of deferred charges; and
- Cash and equivalents decreased by 18.0 million euros.

Equity and liabilities

Total equity amounted to 505.4 million euros. This is an increase of 37.7 million euros compared to 2023. This increase due to:

- Total comprehensive income for the period (61.5 million euros);
- Purchased own shares (-2.9 million euros);
- Dividend made payable (-22.2 million euros) and;
- Share-based payments (1.2 million euros).

Total liabilities increased from 539.3 million euros in 2023 to 578.2 million euros in 2024. This is an increase of 38.8 million euros.

Provisions remained the same as the previous year at 2.0 million euros.

Pension liabilities were 3.1 million euros in 2024, a increase of 0.5 million euros compared to 2023.

Deferred tax liabilities relate to, among other things, temporary differences between reporting and tax accounting for the local entities. These amounted to 1.8 million euros in 2024 compared to 2.0 million euros in 2023.

Long-term interest-bearing financial liabilities (long-term loans and lease obligations) amounted to 376.2 million euros in 2024, an increase of 19.1 million euros compared to 2023.

Short-term interest-bearing financial liabilities (short-term loans and lease obligations) amounted to 9.5 million euros in 2024, a decrease of 0.2 million euros compared to 2023.

At December 31, 2024 net financial debt (the total of current and long-term interest-bearing financial liabilities plus other long-term liabilities minus cash and cash equivalents) amounted to 270.7 million euros, compared to 233.7 million euros at the end of 2023.

Current trade payables are, in line with our business growth, 9.3 million euros higher than in 2023, at 114.3 million euros.

Tax liabilities related to the current year were 6.6 million euros, a decrease of 3.5 million euros compared to 2023.

Other current taxes, remuneration and social security amounted to 41.2 million euros, an increase of 7.3 million euros compared to 2023.

Other (current) liabilities amounted to 22.5 million euros in 2024 compared to 16.3 million euros in 2023 mainly driven by acquisitions payable and accrued charges.

Consolidated cash flow statement

Cash flow

Cash flow (x 1,000 euros)	2020	2021	2022	2023	2024
Cash flow from operating activities	92,953	78,419	109,458	124,633	109,893
Cash flow from investing activities	-51,299	-31,923	-69,269	-44,758	-69,743
Cash flow from financing activities	-53,111	-61,648	13,852	-74,278	-54,012
Net cash flow for the period	-11,457	-15,152	54,042	5,599	-13,862

The consolidated cash flow statement begins with the result before taxes of 104.3 million euros.

This amount is reduced by pre-tax cash outflows of 27.3 million euros. Subsequently, the elements from operating activities not having a cash flow effect or not directly related to operating activities were reintroduced. This was a total of 67.7 million euros. This amount is consists of depreciation and amortization of tangible and intangible assets, interest paid, changes in provisions, and deferred taxes.

Thereafter, changes in working capital are accounted for in the cash flow statement (a negative effect of 34.8 million euros, driven by 18.8 million euros reduction of factoring). Total cash flow from operating activities was 109.9 million euros, a reduction of 11.8% compared to 124.6 million euros in 2023.

Total cash flows from investing activities resulted in an outflows of 69.7 million euros, related to net investments of 40.8 million euros, payments for existing (subsequent payments) and new participations of 28.9 million euros, mainly related to the acquisition of LSP and Parma Produkt and some deferred payments.

Total cash flows from financing activities represented outflows of 54.0 million euros. New borrowings resulted in an inflow of 52.5 million euros and the interest received resulted in an inflow of 4.4 million euros. Outgoing cash flows consisted of the payment of interest on loans and other financial elements of 30.7 million euros, the payment of the dividend (21.0 million euros), purchase of own shares (2.9 million euros) and the repayment of loans and payments for lease obligations of 56.2 million euros.

Overall, cash and cash equivalents decreased by 13.9 million euros in 2024: from 133.0 million euros at the beginning of the period to 115.0 million euros at the end of the period. The difference of -4.1 million euros between the changes in cash and equivalents of 13.9 million euros and the decrease in cash and equivalents of 18.0 million euros, was caused by exchange rate differences.

Significant events after balance sheet date

Information concerning significant events after the balance sheet date can be found in note 34 Sgnificant events after the balance sheet date, as included in the notes to the consolidated financial statements.

Research and development

Information about research and development is included in note 15 Intangible fixed assets and goodwill of the consolidated financial statements.

Financial instruments

The financial instruments used by the Group are the Sustainable syndicated credit facility, various privately placed loans and ISDA agreements. Please refer for details to the Chapter Other legal information that must be disclosed by listed companies in the Corporate Governance Statement in combination with note 3 Management of financial risks and note 24 Financial debt and financial instruments of the consolidated financial statements.

Description of risk management

Information concerning Fagron's risk management can be found in Risk management and note 3 Management of financial risks of the consolidated financial statements.

Non-financial information

Non-financial information is included in the Sustainability performance and the Sustainability Statement.

Operational performance 2024

Fagron EMEA

Revenue (in million euros)
315.4

REBITDA (EBITDA before non-recurring results, in million euros)
67.8

Fagron Latin America

Revenue (in million euros)
173.6

REBITDA (EBITDA before non-recurring results, in million euros)
31.6

Fagron North America

Revenue (in million euros)
383.0

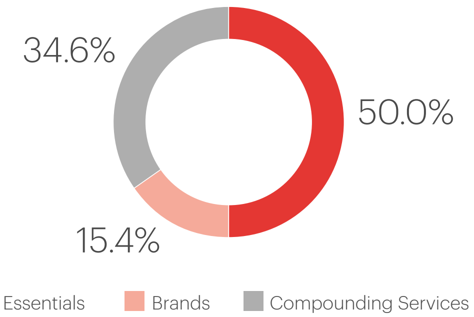
REBITDA (EBITDA before non-recurring results, in million euros)
74.6

Operational performance 2024

Fagron EMEA

Fagron has been operating in Europe since its founding in 1990. In 2024, Fagron operated in more than 30 countries in the EMEA region. Fagron operates in all countries with Brands & Essentials and in Belgium, Israel, the Netherlands, the Czech Republic, Hungary, the UK, and South Africa with Compounding Services as well. Fagron has a presence in Asia, where we source many of our raw materials. In 2024, the EMEA region generated 36.2% of Fagron's total revenue.

Revenue 2024



Revenue (in million euros)

315.4 +10.7%

2024	315.4
2023	284.9
2022	276.4

REBITDA (EBITDA before non-recurring results, in million euros)

67.8 +10.9%

2024	67.8
2023	61.1
2022	60.6

50
Number of facilities

12
Compounding facilities

10
Repackaging facilities

1
Laboratories

17
Warehouses

10
Offices/other

1,381
Employees

4.0
Units of compounded medicine supplied (in millions)

8,738
Scope 1 and 2 GHG emissions
(in metric tons CO_2-eq, market-based Scope 2)

83%
Sustainable Engagement Score

Operational performance 2024

Market Dynamics

The EMEA region demonstrated strong and consistent performance throughout 2024, with growth driven by Compounding Services and a notable recovery in Brands & Essentials. Regulatory changes in Poland's reimbursement system initially posed challenges, putting downward pressure on pricing. However, as these regulatory adjustments normalized during the second half of the year, performance stabilized. This recovery, combined with robust results from other markets across Europe, allowed us to maintain stable REBITDA margins for the region.

The growing demand for compounded medications in EMEA continues to be fueled by secular trends such as aging populations, increased healthcare needs, and the shift toward personalized treatments. To meet this demand, we remain committed to the highest quality standards and announced a significant investment in our Dutch facility to expand capacity and enhance automation.

Brands & Essentials

Revenue growth in Brands & Essentials reflected resilience across most European markets, even as pricing pressure in Poland persisted. Strategic actions, including closer collaboration with healthcare professionals, new FagronLab product launches, and adjustments to product offerings, allowed us to navigate market changes and maintain leadership in Poland. In other European markets, operational improvements and strong demand further supported organic growth, reinforcing the segment's contribution to our overall performance.

Konstantinos (Kostas) Kouloridas, Area Leader EMEA:
"This year, we faced regulatory changes and pricing pressures, particularly in Poland. However, our diversified business model and strategic actions allowed us to navigate these challenges effectively, maintaining our leadership position. Strong performances in Compounding Services and robust demand across our markets, coupled with key acquisitions, enhanced our regional growth and footprint. As we continue to integrate recent acquisitions and adjust to evolving market conditions, I am confident in our ability to deliver sustained growth and leverage the strengths of our diverse portfolio and footprint."

Compounding Services

Compounding Services delivered strong growth in 2024, driven by high demand, new product launches, and ongoing drug shortages in multiple markets. In the Netherlands, growth was particularly pronounced, supported by the introduction of new compounds and market-driven needs. To bolster this segment's long-term growth, we initiated a one-off investment in our sterile facility in the Netherlands, aiming to increase our market share in the outsourced sterile compounding sector, which is growing faster than non-sterile.

Operational excellence

Operational excellence has been a cornerstone of our strategy in EMEA. In Poland, our ability to anticipate and adapt to regulatory changes ensured stability, with strategic actions such as adjusting the product mix and leveraging customer insights to optimize outcomes. Across the region, enhancements in product availability, procurement savings, and supply chain management helped drive efficiencies and supported sustainable growth.

Operational performance 2024

M&A

Our M&A activities strengthened our market position and diversified our footprint in EMEA during 2024. The integration of London Specialty Pharma in the UK and Parma Produkt in Hungary progressed well, both acquisitions contributing positively to regional performance. Additionally, the acquisition of EuroOTC in Germany further solidified our position in Europe's largest Brands & Essentials market. This acquisition enhanced our scale, sourcing capabilities, and customer reach, positioning us as a market leader.

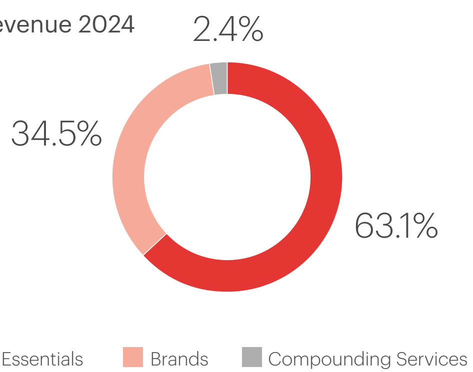
Fagron Brands EMEA

Operational performance 2024

Fagron Latin America

Fagron has been operating in Latin America, specifically Brazil, since 2010. In 2024, Fagron is present in Brazil and Mexico with Brands & Essentials and Colombia with Compounding Services. Brazil is Fagron's largest market in Latin America, representing over 84% of sales in this region. In 2024, the Latin America region generated 19.9% of Fagron's total revenue.

Revenue 2024



Revenue (in million euros)

173.6 +2.6%

REBITDA (EBITDA before non-recurring results, in million euros)

31.6 +12.8%

15
Number of facilities

2
Compounding facilities

2
Repackaging facilities

1
Laboratories

2
Warehouses

8
Offices/other

941
Employees

0.1
Units of compounded medicine supplied
(in millions)

892
Scope 1 and 2 GHG emissions
(in metric tons CO_2-eq, market-based Scope 2)

87%
Sustainable Engagement Score

Market Dynamics

The Latin America region demonstrated resilience and achieved growth in 2024, despite heightened competitive pressures in some markets. Brazil led the region's performance, supported by innovative product launches, operational enhancements, and a broad product portfolio. In Colombia, demand for personalized medicine continued to grow, with Compounding Services showing strong momentum. Collectively, these factors contributed to revenue growth and year-on-year improvements in REBITDA margins, reinforcing our strong market position in the region.

Brands & Essentials

Brazil remains our largest market for Brands & Essentials in Latin America, and performance in 2024 reflected our focus on leadership, innovation, and operational efficiency. Essentials benefited from optimized operations and a strengthened customer base, while Brands capitalized on new product launches and increasing customer loyalty. Strong portfolio diversification and robust market dynamics underline the long-term potential of this segment.

Compounding Services

Colombia's Compounding Services segment maintained its robust growth trajectory, supported by new customer acquisitions, and increased demand for personalized medicine, particularly in dermatology. The successful promotion of locally developed solutions further strengthened our position, highlighting our ability to meet evolving customer needs. Compounding Services continues to play a pivotal role in driving growth and expanding access to personalized medical solutions in the region.

Operational excellence

Operational excellence actions were critical to our success in Latin America, ensuring efficiency and adaptability in a competitive environment. Improvements in demand planning, supply chain optimization, and inventory management enabled us to meet growing customer needs effectively. In Brazil, the consolidation of distribution and warehousing activities and the capabilities of our cGMP repackaging facility further enhanced our market position, streamlining logistics and reinforcing quality assurance.

Geraldino Neder, Area Leader Fagron Latin America

"Throughout the year, our teams adapted swiftly to seasonal impacts and navigated competitive pressures, achieving robust growth, particularly in Brazil. The strategic actions we executed, including the acquisition of Purifarma, solidified our market position and are driving significant progress on our global leadership ambitions in Brands & Essentials. In Colombia, the increasing demand for personalized medicine drives Compounding Services forward. I am excited about our progress and confident of our path as we continue to focus on innovation, operational excellence, and maintaining the highest quality standards."

Operational performance 2024

M&A

The acquisition of Purifarma in Brazil, pending competition clearance, marked a key milestone in our strategy to lead the Brands & Essentials segment. With a compatible product portfolio and broad customer base, Purifarma enhances our scale and innovation capabilities while creating opportunities for procurement, production, and distribution synergies. The integration is focused on leveraging these advantages to increase customer loyalty, optimize inventory management, and strengthen pricing competitiveness in this fast-evolving market.

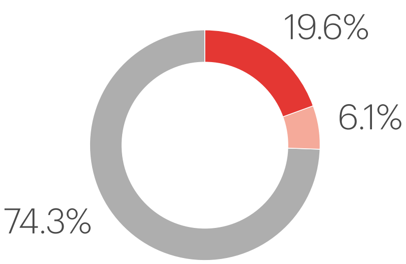
Fagron Brands Latin America

Operational performance 2024

Fagron North America

In North America, Fagron is present in the United States with Brands & Essentials and Compounding Services, and active in Canada with Brands & Essentials. In 2024, the North America region generated around 43.9% of Fagron's total revenue.

Revenue 2024



Essentials | Brands | Compounding Services

Revenue (in million euros)

383.0 +24.0%

2024	383.0
2023	308.9
2022	245.1

REBITDA (EBITDA before non-recurring results, in million euros)

74.6 +24.8%

2024	74.6
2023	59.8
2022	41.3

13
Number of facilities

4
Compounding facilities

1
Repackaging facilities

1
Laboratories

5
Warehouses

2
Offices/other

1,441
Employees

53.6
Units of compounded medicine supplied
(in millions)

5,877
Scope 1 and 2 GHG emissions
(in metric tons CO_2-eq, market-based Scope 2)

89%
Sustainable Engagement Score

Operational performance 2024

Market Dynamics

North America remained a pivotal growth engine in 2024, delivering exceptional performance across all segments. Compounding Services led this growth, driven by high customer demand, new customer acquisitions, and the ongoing effects of drug shortages, particularly in hospital systems. These dynamics reflect the growing reliance on outsourced compounding services as regulatory scrutiny and hospital pharmacy constraints increase. While the region faced challenges, including an FDA warning letter at our Wichita facility, our proactive approach to addressing regulatory expectations has reinforced our commitment to quality and compliance. Operational improvements at facilities such as Wichita and Decatur, combined with the successful integration of Letco, significantly bolstered regional performance. The region's REBITDA margin saw year-on-year improvement, showcasing the success of our strategic actions.

Brands & Essentials

Brands & Essentials demonstrated consistent growth in North America, benefiting from strong operational execution and strategic adjustments. The integration of Letco brought synergies in product availability, procurement efficiencies, and supply chain optimization, which enhanced segment performance. While the planned investment in a new repackaging facility in Decatur was reconsidered, we effectively leveraged existing infrastructure and the broader global network to meet rising demand. These efforts underscore our ability to adapt while delivering high-quality, accessible solutions to our customers.

Compounding Services

Compounding Services continued its remarkable growth trajectory, supported by new revenue streams, the increasing demand for personalized medicine, and sustained drug shortages, including high-demand compounds such as Semaglutide. Investments in expanding capacity at Wichita enabled us to serve growing market needs effectively, while the ongoing transition at our Tampa facility, set for completion by year-end 2025, is expected to significantly enhance production efficiency and overall capacity. The Boston facility, now shipping to 46 states, marks a major milestone in expanding our geographic reach, with plans to secure licenses for all states underway. This segment remains a cornerstone of our strategy, capitalizing on market trends while maintaining a steadfast commitment to quality and compliance.

Andrew Pulido, Area Leader Fagron North America:

"North America continues to be a major growth engine for Fagron, with Compounding Services driving exceptional performance and Brands & Essentials benefiting from strategic actions. Our focus on operational excellence and quality has allowed us to navigate challenges effectively and capitalize on opportunities, positioning us for sustained success. With key investments and strong market demand, we remain confident in our ability to deliver value to our customers and stakeholders."

Operational excellence

Operational excellence continued to be a core focus in North America, driving improvements across facilities, procurement, and supply chains. Key projects included upgrades at Wichita, which now serves as a flagship facility for sterile production, and enhancements at Decatur, optimizing repackaging activities to align with demand. While Wichita received a FDA warning letter in December, we have taken proactive measures to address the observations, submitting a comprehensive response letter at the start of 2025 and implementing corrective action plans. These steps reflect our unwavering commitment to quality and compliance, which were further demonstrated through successful FDA audits at other facilities. These actions not only support compliance but also build trust with customers and regulatory bodies alike, positioning us as a reliable partner in the market.

M&A

The acquisition of Ritedose's 503B book of business marked a significant milestone in 2024, adding depth and breadth to our Compounding Services portfolio. The acquisition expands our customer base, inventory, and sales force, while complementing our product offerings, particularly in the high-growth OR syringe market. By leveraging Ritedose's established reputation for quality and compliance, this acquisition aligns with our long-term vision for leadership in North America's compounding market.

Fagron Brands North America

Fagron personalizing medicine
Fagron Sterile Services
Fagron genomics
Letco MED LET US HELP.
AnazaoHealth® Corporation | Create. Heal. Live.®

Sustainability performance

Fagron's sustainability strategy "Future Forward: Personalizing medicine" is not just a commitment. It is our guideline to a responsible, resilient, and innovative tomorrow by embedding sustainability into every aspect of our business.

Future Forward: Personalizing medicine

"Future Forward: Personalizing medicine" supports our ambition to increase access to personalized medicine while growing responsibly as an employer, a trustworthy business partner and an enabler of science-based compounded medicine. Fagron's sustainability strategy embeds sustainability across three sustainability pillars: People, Operations and Compounding.

"Future Forward: Personalizing medicine" includes three roadmaps, that ensure our high-level goals are implemented effectively:

- a strategic roadmap centered on the material sustainability topics for each of our three sustainability pillars
- a foundational roadmap, which ensures alignment with market practices and compliance with legal requirements across all sustainability topics foundational to our business
- a good governance roadmap emphasizing sound business practices to sustain and enhance the value we create.

Strategic roadmap

Fagron's strategic sustainability roadmap details a plan to advance personalized medicine, split over the three sustainability pillars:

- Future Forward: People
- Future Forward: Operations
- Future Forward: Compounding

Spanning 25 years, the roadmap outlines ambitious targets for 2030 and 2040, and a long-term ambition for 2050.

Foundational roadmap

Fagron's strategic sustainability roadmap is supported by a foundational roadmap designed to ensure compliance with legal requirements and alignment with market practices. This roadmap serves as the bridge between vision and execution, enabling us to achieve our sustainability targets but to do so in a compliant, efficient, and accountable manner.

Good governance roadmap

Fagron considers good corporate governance of the utmost importance to preserve and enhance the value we create. To promote responsible company-wide business practices we focus on the following:

- Compliance with laws and regulations in all regions where we operate.
- Code of Conduct & Ethics to ensure legal and ethical behavior of Fagron employees.
- Responsible M&A incorporating sustainability considerations and ensuring alignment with sustainability goals.
- Grievance mechanism for employees to report misconduct, including corruption and unethical behavior.

Sustainability performance

Future Forward Personalizing medicine

	Future Forward – People	Future Forward – Operations		Future Forward – Compounding
Impact vision	Enabling our people to become the best version of themselves.	Affordable personalized medicine meeting the highest quality- and sustainability standards.		Increased access to medication through compounding knowledge development.
	Thriving people	Responsible supply chain	Science-based climate transition	Science-based compounded medicine
Goal 2030	**All Fagron companies** reach a sustainable engagement score above the country norm	**75%** of Tier 1 suppliers adhere to Fagron ESG standards	**42%** reduction of Scope 1 and 2 emissions **25%** reduction of Scope 3 emissions	**30%** of revenue from Fagron Brands
Goal 2040	**Fagron Group** reaches a sustainable engagement score above the high-performance norm	**85%** of all suppliers adhere to Fagron ESG standards **100%** of Tier 1 suppliers adhere to Fagron ESG standards	**Climate neutral** own operations **50%** reduction of Scope 3 emissions	**Double** the number of scientific publications about compounding or Fagron Brands
Ambition 2050	**All Fagron companies** reach a sustainable engagement score above the high-performance norm	**All suppliers** adhere to Fagron ESG standards	**Climate neutral** value chain	**Main compounding knowledge partner** for pharmacists, doctors and the wider medical community

For more information see our Sustainability Statement.

Sustainability performance

Our sustainability strategy "Future Forward: Personalized medicine" launched in 2024 uses insights from our double materiality assessment and stakeholder engagement. It addresses the most important sustainability topics for us and the world around us.
All material sustainability topics are divided over the three sustainability pillars, and an overarching good governance roadmap as shown in the table below.

This chapter outlines our strategic roadmap, the 2024 performance on key strategic metrics and provides a short summary of the progress made in 2024 on our good governance roadmap.

For more detailed information on our strategic and good governance metrics and the sustainability metrics from our foundational roadmap see our Sustainability Statement.

Benchmarking for continuous improvement

Since 2022, Fagron has been included in the Euronext AEX and BEL ESG indices. In 2024, our strong commitment to sustainability was further recognized by:

- Sustainalytics, the leading global provider of ESG research and ratings, which rated our ESG risk profile as negligible, positioning us in the Top 1% of our industry.
- MSCI, which awarded us its highest ESG rating, AAA, in their most recent update of 14 August 2024, highlighting that Fagron "Leads peers in corporate governance practices".
- S&P Corporate Sustainability Assessment (CSA), where our score has steadily increased to 36. This means we are in the 86th percentile in our industry.

	People	Operations	Compounding
Strategic roadmap	Future Forward: People Focusing on Employee engagement	Future Forward: Operations Focusing on Climate change and Human rights & labor rights of value chain workers	Future Forward: Compounding Focusing on Access to healthcare
Foundational roadmap	• Compensation & benefits • Diversity & inclusion • Health & safety of Our people • Human rights & labor rights of Our people • Training & development • Remuneration of executives • Working hours	• Chemical use & pollution • Energy use • Health & safety of value chain workers • Product quality & safety • Waste	• Privacy of end-users
Good governance roadmap	Good Governance Including Compliance, Corruption & bribery, and Grievance mechanism		

2024 Performance

In 2024, we again made positive progress on most of our metrics included in our strategic sustainability roadmap.

In terms of People both the sustainable engagement score and participation rate in our Global Employee Survey steadily increased compared to the 2022 Survey.

In terms of Operations we achieved nearly doubling the suppliers that have signed our Business Partner Code of Conduct and that have set ESG targets. We have also reduced our Scope 1 and 2 emissions with 26% in comparison with our 2021 base year, on track towards our 2030 goal. Our Scope 3 emissions are still increasing, but our new climate transition plan outlines a clear path to reduce these emissions in the coming years.

In terms of Compounding our revenue in the Brands segment remained stable, with strategic plans to increase this revenue in place.

More details on progress and targets can be found in the Sustainability Statement.

	2018	2020	2022	2024
Sustainable Engagement Score	80%	83%	84%	87%
Employee participation rate in Global Employee Survey	79%	87%	89%	93%

	2021	2022	2023	2024
Suppliers that have signed the Business Partner Code of Conduct	-	11%	12%	27%
Suppliers with science-based targets	1%	3%	8%	15%

	2021	2022	2023	2024
Change in Scope 1 and 2 greenhouse gas emissions compared to 2021 (market-based Scope 2)	-	-13%	-3%	-26%
Change in Scope 3 greenhouse gas emissions compared to 2021	-	0%	3%	12%

	2021	2022	2023	2024
Revenue from Fagron Brands (x1,000 euros)	102,682	115,058	122,087	131,875
% of total revenue from Fagron Brands	17.9%	16.8%	16.0%	15.1%

Future Forward: People

Our vision
“Future Forward: People” centers around the belief that engaged employees are at the heart of our success as a business. That is why we focus on building a culture of togetherness, belonging and well-being to enable our people to become the best version of themselves.

Employee engagement
Engaged employees are thriving employees—they are more productive, perform better, and contribute to both personal fulfillment and the company's success. By 2030 we aim for all Fagron companies to have a sustainable engagement score above the norm in their respective country. Our ultimate ambition is that by 2050 all Fagron companies reach a sustainable engagement score surpassing the high-performance norm.

The sustainable engagement score that we measure in our Global Employee Survey is the result of all our efforts to create a workplace where employees can thrive and a key metric to assess the effectiveness of our actions. Since 2016, we have conducted the Global Employee Survey every two years to track progress and gather feedback on our performance. In 2024, we are proud to report that we have achieved an 87% sustainable engagement score, with a 93% participation rate.

As a result of the 2024 survey, we have developed an action plan for the next two years focusing on thriving people at every location and prioritizing actions related to leadership communication, equity and balance of compensation, and "safe space to share”. This feedback loop allows Fagron to refine our people strategies and practices by integrating employees’ insights into tailored action plans for each region, ensuring that employees feel heard, valued, and engaged. Read more about Employee engagement in the Sustainability Statement.

From ambition to reality
“Future Forward: People” is supported by an action plan focusing on togetherness, belonging and physical and mental well-being.

Togetherness
At Fagron, we believe that the future of personalized medicine is something we build together. Employees and managers work as a team to contribute to a shared goal.

Our global presence powers our effort to create unity among all employees. We keep our people informed about important updates via our internal communication platform and by organizing global actions that foster togetherness, such as the Fagron Impact Day. All Fagron companies organize a large annual event to promote team spirit and all teams are encouraged to participate in team outings.

To further foster a sense of togetherness, we strive to ensure that every employee feels like a valued member of their team and the company. In 2023, we launched the “Feedback is a Gift” campaign to boost our culture of continuous feedback. To make giving feedback easy, we added a Kudo Bot to our internal communication platform in 2024 and introduced Kudo Awards to celebrate those who use it.

We also ensure every employee has regular feedback check-ins with their people leader, focused on performance, growth, and development. In 2024, 98.2% of employees participated in an annual performance and career development review, a number that has steadily increased over the years. Read more about Training & development in the Sustainability Statement.

Belonging
Fagron focuses on creating a culture of belonging where all employees feel they can identify with our vision, core values and purpose. We do this by embracing diversity and fostering an inclusive environment where every employee feels they can be themselves.

As part of our diversity and inclusion efforts, we launched five Awareness Month Campaigns and monthly Diversity and Inclusion actions in 2024. These are developed by the Diversity & Inclusion Soundboard, consisting of passionate volunteers from Fagron entities around the globe who meet monthly to brainstorm ideas.

The Awareness Month Campaigns aim to educate and create an inclusive workplace that celebrates diversity. This year, we introduced the role of Equality Ambassadors at Fagron, appointing 65 ambassadors (at least one per location) across all regions. Our monthly Diversity and Inclusion actions aim to bring people together by accepting and respecting everyone for who they are, reinforcing the fact that each employee is valued. Our August "I Am, But I Am Not" initiative, for example, aimed to reduce unconscious bias and foster understanding among our employees. Read more about Diversity & inclusion in the Sustainability Statement.

As part of our efforts to make sure that employees can identify with our vision, we emphasize the positive impact that our products make. Regular "Proud of Products" presentations are given at Fagron locations and success stories of how we help patients are shared via our internal communications platform.

Physical well-being
Fagron is committed to providing a safe and comfortable work environment for all employees, with a zero-tolerance policy for actions that could jeopardize health and safety.

In 2024, we strengthened our health and safety culture by ensuring all Fagron companies conduct annual health and safety reviews and implement improvement plans. We also standardized follow-up procedures for health and safety incidents and provided an annual training for 86% of Our people. To increase awareness, we have organized a dedicated Health & Safety week at all Fagron locations. These efforts resulted in a reduction of health and safety incidents compared to 2023; from 35 to 22 incidents. Read more about Health & safety in the Sustainability Statement.

In 2025, all Fagron companies will create workplace improvement plans, such as refurbishing the premises, creating silence zones and other actions to guarantee that all employees can work in optimal conditions.

Mental well-being
Fagron is committed to supporting the mental well-being of all employees by creating an environment that encourages healthy habits and empowers employees to speak up.

To support those employees facing mental health challenges, we created an overview of existing resources in 2024 and made them visible for all employees via our internal communication platform. This platform also enables employees to build online communities for example via the "Fagron Feel Good Group", where they can find inspiration and share tips for a balanced lifestyle.

In May 2024, we celebrated International Mental Health Awareness Month globally, supporting all locations in organizing a walk to encourage open conversations on mental health.

Additionally, Fagron empowers employees to speak up and ensures that they feel safe and protected when they do so. In 2024, we continued expanding our confidential counselor program which now covers 59% of all employees. Our goal is that by end of 2025 all employees will have access to a confidential counselor who speaks their language in the location where they work. Read more about our Grievance mechanism in the Sustainability Statement.

List of topics
All topics, including operational topics, covered by “Future Forward: People” are described in more detail in our Sustainability Statement. These include:
- Compensation & benefits
- Diversity & inclusion
- Employee engagement
- Health & safety (Our people)
- Human rights & labor rights (Our people)
- Remuneration of executives
- Training & development
- Working hours

Sustainability performance

Case study: Fagron Impact Day

Fagron Impact Day aims to create a positive impact while fostering a sense of togetherness among employees. During our first Fagron Impact Day in 2024, employees world-wide participated in charitable activities on September 12. Fagron companies were free to select a local initiative that they wanted to support, or join forces with other Fagron companies.

To encourage participation, Fagron Global Services Center awarded four actions with an additional contribution. The four actions were selected based on the criteria "percentage of employees participating", "number of items donated", "number of volunteer hours" and "funds raised".

Fagron run

The Fagron run is a great example of the ripple effect of Fagron Impact Day.

Employees of Fagron Poland initiated a Fagron Run and encouraged other locations to join their charity initiative. 227 employees from all over the world joined in and together the participants ran 2,108 kilometers. This translated into the same amount of euros being donated to UNICEF. The Fagron Run showcased the value of supporting charitable activities as a company. It inspired locations to create a broader movement, and brought 27 locations together for a common cause.

Results

Nearly all Fagron companies participated in Fagron Impact Day leading to the donation of 1,403 hygiene products, 1,240 food items, 1,111 school supplies, 244 toys, and a ping-pong table for a daycare center for people with special needs. Additionally, 16,101 euro was raised, and 739 volunteer hours were dedicated to charitable activities such as visiting care centers for the elderly and children, and cleaning public spaces. The success of the first edition of Fagron Impact Day highlights the spirit of togetherness and solidarity within Fagron and our commitment to making a positive impact.

Next year

Although almost all companies participated in 2024, in 2025 we aim to achieve 100% participation across all Fagron companies to create an even bigger impact. Next year, we will strengthen our partnerships with charities per region, to make it easier for Fagron companies to collaborate with a charity.

Future Forward: Operations

Our vision

At Fagron we recognize that the future of personalized medicine depends on sustainable and ethical practices throughout the entire value chain. "Future Forward: Operations" embodies our commitment to deliver affordable, high-quality medicine that meets the highest sustainability standards. To achieve this, we focus on building responsible value chain partnerships and creating future-proof operations driven by a science-based approach to climate transition.

Delivering affordable personalized medicine

Building responsible value chain partnerships
A responsible value chain is essential for us to achieve our ambition of delivering affordable, high-quality, and sustainable personalized medicine. By establishing Fagron ESG standards we promote responsible and efficient practices across the supply chain, resulting in high-quality products with reduced environmental and social impact. These improvements enable us to provide medicine that meets the highest standards without compromising affordability. To track our progress, we monitor the number of suppliers meeting our expectations, with the goal of having 75% of our Tier 1 suppliers adhere to Fagron ESG standards by 2030.

Our ultimate ambition is ESG compliance among all our suppliers by 2050.

Building future-proof operations
Future-proofing our operations contributes to reducing operational costs by streamlining processes and taking proactive steps to minimize our carbon footprint. This approach lowers compliance costs related to climate change mitigation. To track our progress, we monitor our greenhouse gas emissions, and have set the following targets: by 2030, we aim for a reduction of 42% of Fagron's Scope 1 and 2 emissions, and 25% reduction in selected Scope 3 categories, compared to our 2021 baseline. Our targets were approved by the Science Based Targets initiative (SBTi) in October 2023. Our ultimate ambition is to achieve climate neutrality across our entire value chain by 2050.

From ambition to reality

Responsible supply chain
Fagron is committed to build responsible value chain partnerships where high standards in labor practices and environmental responsibility are the norm. Fagron's ESG standards for suppliers currently consist of:
- Being a signatory to our Business Partner Code of Conduct and filling out our Fagron Business Partner ESG questionnaire.
- Having set science-based targets for their Scope 1 and 2 greenhouse gas emissions in line with the 1.5°C pathway.

After rolling out an updated Business Partner Code of Conduct in 2024, we began designing an action plan related to the supply chain entitled "Future Forward: Responsible supply chain". We intend to finalize this plan in 2025. The plan will include an audit and monitoring plan aimed at those suppliers that are at risk of non-compliance with our Business Partner Code of Conduct.

Business Partner Code of Conduct
Our Business Partner Code of Conduct (publicly available via investors.fagron.com) describes the requirements and expectations that we have of all our business partners regarding, for example, human rights and labor rights, and occupational health and safety. As part of the Fagron ESG standards for our suppliers, it is our goal that 75% of our Tier 1 suppliers adhere to these standards in 2030, with 27% of all Tier 1 suppliers[1] having signed the Business Partner Code of Conduct in 2024 as part of the Fagron Business Partner ESG questionnaire. Read more about our Business Partner Code of Conduct in the Sustainability Statement.

SBTi targets across our supply chain
In 2024, 15% of Tier 1 suppliers[1] have set science-based targets for their Scope 1 and 2 greenhouse gas emissions – increasing from just 8% in 2023. This progress positions us strongly to achieve our interim goal of having 60% of these suppliers set science-based

[1] % of spend on trade goods, see the Consolidated income statement.

targets by 2027. Read more about Climate change in the Sustainability Statement.

Responsible supply chain plan
In 2024, we became a member of the Pharmaceutical Supply Chain Initiative (PSCI) aiming to learn from other leaders in the pharmaceutical sector in terms of responsible supply chain practices. This will help us to design Future Forward: Responsible supply chain plan in line with the PSCI Guiding Principles, regarding human rights, ethics, labor, health, safety, and the environment.

Science-based climate transition
Fagron adopts a science-based approach to reduce our carbon footprint and transition to low-carbon operations. We have set ambitious climate targets in line with the Paris agreement's goal of keeping global warming within 1.5°C above the average temperature in the pre-industrial era (1850 - 1900). In 2030, we aim for a reduction of 42% of Fagron's Scope 1 and 2 emissions, and 25% reduction of Scope 3 emissions in selected Scope 3 categories compared to our 2021 baseline. Our targets were approved by the Science Based Targets initiative (SBTi) in October 2023.

In 2024, we achieved a reduction in our Scope 1 and 2 emissions of 26% compared to our 2021 baseline. Following a linear pathway, the reduction should have been 14% this year, which means that we are on the right path. In terms of Scope 3 emissions for our selected emission categories there was an increase in emissions of 12% compared to our 2021 baseline. We are confident that we can achieve our targeted 25% reduction by 2030, by putting into practice our new climate transition plan.

In 2024, we finalized our Climate Transition Plan (CTP) – Future Forward: Science-Based Climate Transition. This plan underlines our commitment by providing greater transparency, clearly outlining our ambitions, governance, and the action we are taking to reach our goal of becoming climate neutral by focusing on the following:

1. Energy efficiency
2. Electrification
3. Renewable electricity
4. Sustainable travel and commuting
5. Sustainable transportation and distribution
6. Improving waste treatment
7. Green products and end-of-life

Read more about Climate change in the Sustainability Statement. The entire climate transition plan will be made accessible via investors.fagron.com.

List of topics
All topics, including operational topics, covered by "Future Forward: Operations" are described in more detail in our Sustainability Statement. These include:

- Climate change
- Chemical use & pollution
- Energy use
- Health & safety (Supply chain workers)
- Human rights & labor rights (Supply chain workers)
- Product quality & safety
- Waste

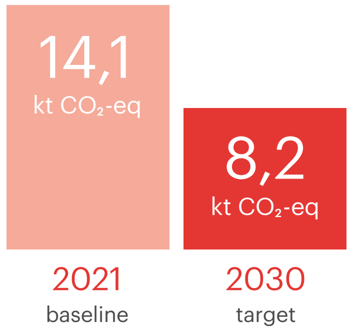
Sustainability performance

Future Forward Science-based climate transition plan

Future Forward — Our climate ambition

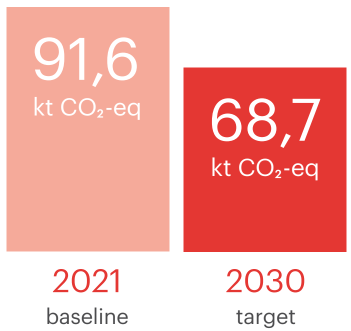
-42%

Absolute reduction
Scope 1 and 2
(market-based)



-25%

Absolute reduction
Scope 3



Future Forward — Our actions

Action area	Key actions
Energy efficiency	• Operational excellence • Building insulation • Energy efficiency equipment • Process optimization
Electrification	• Electrify heating and cleanroom humidification
Renewable electricity	• Install solar panels • Purchase renewable electricity
Sustainable travel and commuting	• Electric mobility • Incentivize sustainable commuting
Sustainable transportation and distribution	• Electrify internal transport and transport to client
Improving waste treatment	• Recycle non-hazardous waste
Green products and end-of-life	• Implement sustainable packaging

Future Forward: Compounding

Our vision

Fagron is sustainably growing its global presence in the pharmaceutical compounding market, thus increasing access to medication. "Future Forward: Compounding" outlines our commitment to advancing compounding knowledge, enabling healthcare professionals worldwide to provide science-based, compounded medicine.

Increasing access to medication

Compounding involves preparing non-patent protected, or unregistered pharmaceuticals based on a prescriber's instructions. Advancing compounding knowledge increases access to medication by enabling the creation of personalized treatments, addressing niche conditions, ensuring local availability, and providing cost-effective alternatives.

For instance, by prescribing a compounded medication instead of off-the-shelf medication a doctor considers a patient's specific needs, potentially reducing side effects and minimizing the need for further treatment. Additionally, compounding is crucial during drug shortages as medications can be prepared directly from active pharmaceutical ingredients (APIs), ensuring that patients continue to receive vital treatments despite supply chain disruptions.

Through advancing compounding knowledge, Fagron supports:

1. Awareness creation among doctors and pharmacists to the significant benefits of compounding, ultimately increasing access to medication.
2. The production of high-quality compounded products by providing robust scientific evidence on their compatibility, stability, safety, and efficacy.

To track our progress in increasing access to science-based, compounded medicine, we look at the sales of Fagron Brands. This represents how pharmacists and doctors understand pharmaceutical compounding and use Fagron Brands to help their patients. By 2030, we aim for 30% of our revenue to originate from Fagron Brands. Our ultimate ambition is that by 2050, we will have doubled our scientific publications compared to 2030 and positioned ourselves as the main compounding knowledge partner for pharmacists, doctors, and the wider medical community. In 2024, 15.1% of our revenue came from the Brands segment, slightly lower than the 16% in 2023. Additionally, we participated in the publication of 17 scientific studies on compounding and Fagron Brands.

From ambition to reality

In 2024, we developed an action plan to increase access to medication by advancing compounding knowledge development. We group the actions into: knowledge sharing, scientific development, sustainable & ethical products, client satisfaction, and market & portfolio expansion.

Knowledge sharing

The Fagron Academy is dedicated to enhancing the knowledge and skills of pharmacists and prescribers through varied educational content. Three of the five building blocks of the Fagron Academy focus on knowledge development.

Formulary

The Formulary is Fagron's user-friendly database offering ready-to-use formulations. In 2024, we launched its Premium version, significantly expanding the number of formulations from 2,000 in 2023 to over 10,000 in 2024.

Formulary support

In the last quarter of 2024, we launched the Formulary support – a direct line to Fagron's pharmacists that can be used by our customers in need of help with the formulations.

Video Platform

Fagron's Video Platform provides updated content monthly, utilizing AI for rapid content creation and enhanced accessibility. Launched in 2024, it includes over 100 educational videos in 10 languages, ensuring pharmacists and prescribers stay up to date with the latest practices and innovations in compounding.

Scientific development
Our ambition is to advance the scientific foundation of compounded medicines to ensure the highest safety and efficacy standards. Fagron is dedicated to elevating the scientific rigor behind compounded medicine.

Research partnerships
Fagron focuses its R&D efforts on innovative compounds and formulations, especially within its Global Brands segment. Central to this is strengthening partnerships with universities and research institutions, facilitating collaborative studies that uphold rigorous scientific standards.

Study Platform
As part of the Fagron Academy, the newly established study platform transparently tracks ongoing and completed studies. By end 2024, the platform included 845 studies (482 ongoing and 363 completed), emphasizing an increase in clinical studies.

Fagron Library
Publications drawn from the Study Platform are available in the Fagron Library (also part of the Fagron Academy). The Library is a curated repository of scientific articles specifically featuring published research concerning Fagron's Global Brands. It spotlights Fagron's high scientific standards, offering practitioners evidence-based resources that reinforce the scientific rigor of compounding.

Sustainable & ethical products
Fagron is committed to delivering ethical, high-quality products that support healthcare professionals in providing sustainable compounded medicines.

Ethical products
We have strict guidelines concerning the ethics of our products, as highlighted in our Code of Conduct & Ethics. This includes the pledge that none of the products that we develop (Fagron Brands), or products that leave our manufacturing facilities, are tested on animals.

Sustainable products
Personalized, compounded medicine in general offers sustainability benefits. When medications are compounded directly from active pharmaceutical ingredients (APIs), rather than from pre-packaged formulations, it minimizes spillage and waste. This process reduces the environmental impact associated with excess materials and overproduction.

Additionally, as part of our "Future Forward: Operations" strategy we aim to reduce greenhouse gas emissions and ensure that our suppliers meet Fagron ESG standards. In terms of our products, this means we are committed to sourcing high-quality APIs and excipients from suppliers who meet strict environmental and social standards, and we are actively exploring eco-friendly packaging solutions to minimize the footprint of compounded products.

Client satisfaction
Several Fagron companies currently track customer satisfaction. By 2027, we want to consistently conduct client satisfaction surveys throughout the Fagron Group to ensure that we meet the requirements set by our clients and that our products can be used to help more patients.

Market & portfolio expansion
We are continuously expanding our product portfolio by introducing new Fagron brands. In 2024, we added OrPhyllo, FemPhyllo and Fagron Innovative Materials to our portfolio, and by the end of 2030 we aim to introduce at least 10 additional Brands to the market all tailored to the needs of pharmacists and patients.

As part of our buy-and-build strategy we are also continuously expanding the markets in which we operate. For example, in 2024 we acquired Parma Produkt in Hungary, giving us wider access to the Hungarian market. Read more about our buy-and-build strategy in the chapter About Fagron.

List of topics
All topics, including operational topics, covered by "Future Forward: Compounding" are described in more detail in our Sustainability Statement. These include:
- Access to healthcare
- Privacy of end-users

Case study: Fagron Formulary

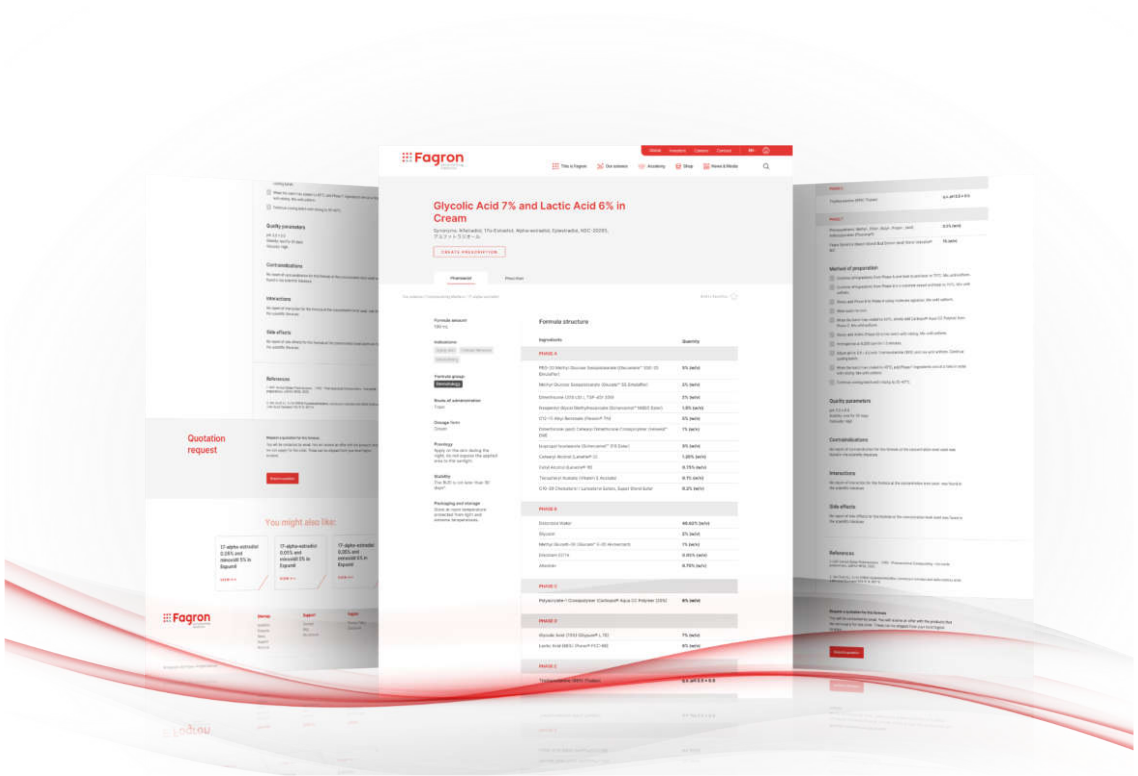
The Fagron Formulary is a comprehensive, user-friendly database that gives healthcare professionals access to formulations, complete with guidance on active pharmaceutical ingredients (APIs), formulation instructions, quality attributes, and tailored prescription details, including pharmacology, adverse reactions, and interactions.

The Formulary is designed to empower pharmacists and prescribers worldwide by providing reliable, science-based formulations that support patient-specific treatments. By equipping pharmacists with ready-to-use formulations, Fagron enhances the quality and efficiency of compounded treatments, allowing pharmacists to meet unique patient needs with confidence. Additionally, doctors benefit from reliable, science-backed formulations that support precise prescribing.

As part of the Fagron Formulary, Fagron makes publicly available compounding formulations for medications in short supply. This initiative ensures continued access to essential medicines, empowering healthcare providers to consistenltly meet patient needs.

Key features

- Comprehensive database: the Formulary covers formulations for a wide range of conditions and allows for personalized adjustments based on patient needs. By expanding the number of available formulations from 2,000 in 2023 to over 10,000 in 2024, Fagron significantly impacted accessibility and precision in compounded treatments.
- API and prescription guidance: each entry includes detailed information on APIs, including compatibility, stability, and dosage, ensuring that healthcare providers have the resources they need to compound medications safely and effectively.
- Premium features: new premium functionalities, introduced in 2024, offer advanced, customized instructions for specialized compounding needs.



Fagron Formulary

An example of a formulation for a dermatological cream containing glycolic and lactic acid.

Good Governance

Fagron prioritizes effective corporate governance and good company-wide business practices to maintain and enhance the value we create. All Fagron policies are available on our website, here we give a summary of the most important policies related to governance. More detailed information about good governance can be found under Governance information in our Sustainability Statement.

Compliance

We strive to comply with laws and regulations in all jurisdictions in which we operate. Failure to comply with laws and regulations may negatively impact Fagron and our stakeholders.

Code of Conduct & Ethics

The Fagron Code of Conduct & Ethics serves as our guiding document, outlining the expected behavior of our employees. In particular, the document contains information on how to act legally and ethically in day-to-day business operations. All employees and management have access to the Code of Conduct & Ethics via the Fagron intranet, and the document is publicly available at investors.fagron.com. Every year, all employees and members of management are provided with a Code of Conduct & Ethics training course. In 2024, 99% of our people who received an invitation completed the training.

Read more about the Code of Conduct & Ethics in the Sustainability Statement.

Responsible M&A

Fagron pursues growth through both innovation-driven organic expansion and targeted acquisitions. These acquisitions focus on geographic and portfolio expansion, new therapeutic areas, and market consolidation. To manage acquisition risks, Fagron carefully selects targets based on cultural and organizational fit. The acquisition process follows a disciplined structure, involving a detailed transaction setup and rigorous due diligence.

In line with Fagron's updated sustainability strategy "Future Forward: Personalizing medicine", we also incorporate key strategic ESG factors into our M&A strategy. This includes evaluating potential acquisition targets for their sustainability practices and ensuring that newly acquired entities align with Fagron's sustainability goals.

Grievance mechanism

Fagron has established a comprehensive grievance mechanism for employees, providing a structured approach for reporting suspicions of misconduct, including corruption and bribery, or behavior inconsistent with the Code of Conduct & Ethics.

The Fagron grievance mechanism consist of three distinct steps to ensure accessibility for employees:

1. Contacting the direct manager or supervisor.
2. Expressing a concern or complaint to HR or the site manager.
3. Submitting an official complaint via the Fagron Integrity Line. In 2024, there were 17 complaints filed through the Fagron Integrity Line.

Should an employee require guidance, they can always reach out to a Confidential Counselor. The Confidential Counselor is trained to guide employees towards the proper channel based on the concerns/grievance.

Read more about our Grievance mechanism in the Sustainability Statement.

List of topics

All topics that fall under "good governance" are described in more detail in our Sustainability Statement. These include:

- Compliance
- Corruption & bribery
- Grievance mechanism

Share performance

Stock exchange listing

Fagron shares are listed on Euronext Brussels and Euronext Amsterdam. The stock is included in the BEL Mid index, the AMX index, the BEL ESG Index and the AEX ESG Index. Options on ordinary Fagron shares are traded on Euronext Derivatives Brussels, Euronext's derivatives market. These American-style options expire on the third Friday of the contract month and have initial terms of 1, 2, 3, 6, 9, and 12 months. Each option represents 100 Fagron shares and is cleared by LCH.Clearnet SA. On December 31, 2024, Fagron's market capitalization amounted to 1,227.3 million euros, up 0.4% from December 31, 2023. On December 31, 2024, the number of shares issued was 73,228,904.

Number of shares outstanding

On December 31, 2024, the number of voting securities was 73,228,904. The total number of voting rights (denominator) was 73,228,904. The authorized capital amounted to 503,719,217 euros.

Shares
ISIN code: BE0003874915
Euronext: FAGR

Options
ISIN code: BE0003874915
Euronext Derivatives Brussels: RCU

Shareholder structure

Fagron received notifications of shareholding pursuant to the Belgian Act of 2 May 2007 concerning the disclosure of major shareholdings in listed companies. The table shows the shareholder structure per 18 November 2024 (based on the notifications received). Article 11 of Fagron's Articles of Association stipulates that shareholdings must be disclosed as soon as a threshold of 3%, 5%, and multiples of 5% have been passed.

Share ownership	Number of shares	% of effective voting rights
The Goldman Sachs Group, Inc.[1]	13,209,148	18.04%
AOC Pharma S.à.r.l.	8,102,492	11.06%
Mawer Investment Management Ltd.	3,678,690	5.02%
Alychlo N.V.	3,641,933	4.97%
FMR LLC	3,300,143	4.51%

1 This represent the share holding of Goldman Sachs Group, Inc. including the share held through NN Group N.V. Please see document available on our website investors.fagron.com/share-holders/

Shares owned by the Board of Directors	Number of shares
Koen Hoffman	0
Rafael Padilla	101,111
Karin de Jong	17,500
Ann Desender	0
Rob den Hoedt	0
Klaus Röhrig	See holding AOC Pharma S.à r.l.
Neeraj Sharma	0
Els Vandecandelaere	0

Dividends

Fagron's Board of Directors will propose to the Annual General Meeting of Shareholders on May 12, 2025, to pay a gross dividend of 0.35 euros per share for the financial year 2024.

Investor Relations policy

Fagron values good, open, and timely communications with its investors, analysts, and others with (financial) interest in Fagron with the aim of informing them as effectively and as promptly as possible about Fagron's policies and relevant developments. Fagron actively seeks to engage with existing and potential investors, as well as with analysts that follow its share.

All other relevant information, such as (semi) annual results, trading updates, press releases, and background information, can be accessed on Fagron's website under Investors (investors.fagron.com). Investors and potential investors, analysts, journalists, and other interested parties are invited to direct questions to:

Ignacio Artola
Global Investor Relations Manager
+34 6 70 385 795
investors@fagron.com

Financial calendar	
April 10, 2025[1]	Capital Markets Day and Trading update first quarter 2025
May 12, 2025	Annual General Meeting of Shareholders
July 31, 2025[1]	Half year results 2025
October 9, 2025[1]	Trading update third quarter 2025

1 Results and trading updates will be published at 7:00 a.m. CET.

Trading	2020	2021	2022	2023	2024
Highest price	€ 23.10	€ 21.56	€ 18.73	€ 18.19	€ 20.05
Lowest price	€ 14.80	€ 13.11	€ 10.80	€ 12.97	€ 15.14
Closing price end of the financial year	€ 19.00	€ 14.80	€ 13.27	€ 16.61	€ 16.76
Highest day volume	584,169	525,563	614,569	880,546	374,292
Lowest day volume	9,133	15,223	28,179	15,108	10,841
Dividends	€ 0.18	€ 0.20	€ 0.25	€ 0.30	€ 0.35
Dividend yield at closing price	0.9%	1.4%	1.9%	1.8%	2.1%
Market capitalization at the end of the financial year	€ 1,377,075,426	€ 1,079,810,279	€ 968,612,519	€ 1,216,332,095	€ 1,227,316,431

Governance

Message from the Chair

2024 was a year marked by navigating global complexities, marked by international tensions, a volatile macroeconomic environment, and political shifts in many countries in which we operate.

In this challenging landscape, Fagron has continued to demonstrate resilience and adaptability, underpinned by our strong business model and the dedication of our people. Our focus on operational excellence and quality has allowed us to strengthen our market position and respond effectively to the growing demand for personalized medicine.

Across all regions, our business delivered solid results, with particularly robust growth in Compounding Services, which continues to play a pivotal role in meeting patient needs.

EMEA maintained a positive growth trajectory, benefiting from strong demand in Compounding Services and ongoing improvements in operational efficiency. Strategic acquisitions such as EuroOTC in Germany, have enabled us to expand our footprint, diversify our operations, and enhance our presence in key markets.

In Latin America, we maintained our leadership position by executing on our strategy of operational excellence and innovation. Latin America ended the year on a high note, with a strong recovery in both revenue and profitability, driven by focussed commercial and operational initiatives.

Similarly, North America's performance was outstanding, driven by high customer demand, regulatory progress, and supply chain enhancements. Our acquisition of Ritedose's 503B book of business in the United States further supports our ambition to expand our reach and leadership in this important market.

As we look ahead, the Board of Directors is committed to supporting Fagron's mid-term strategic objectives and the long-term vision encapsulated in our "Future Forward: Personalizing medicine" sustainability strategy. This integrated approach aims to balance business growth with our responsibilities to society and the environment, ensuring that Fagron remains a trusted partner in healthcare and a positive force in the communities we serve.

We believe that the future of personalized medicine requires a holistic perspective – one that combines innovation with a commitment to responsible growth. Our investments in operational excellence, quality and sustainability are not only essential for our competitive position but also align with our ambition to create lasting value for all stakeholders.

The Board of Directors remains unchanged compared to last year. Currently the Board consists of eight members: AHOK BV, represented by myself as Chair; Rafael Padilla, our CEO; Karin de Jong, our CFO; Ann Desender, who chairs the Audit and Risk Committee; Els Vandecandelaere LLC, represented by Els Vandecandelaere who chairs the Nomination and Remuneration Committee; Robert ten Hoedt; Klaus Röhrig; and Neeraj Sharma. Each member brings valuable expertise and insight, contributing to Fagron's governance and strategic direction.

During our AGM, 77% of our share capital was represented at our hybrid general meeting of shareholders on May 13, 2024. In the meeting, all items were approved including the reappointment of Robert ten Hoedt as an independent non-executive director.

The Board of Directors, together with all Fagron employees, will continue to work on achieving Fagron's mid-term strategic objectives by leveraging solid underlying fundamentals and increased customer demand for our products and services.

On behalf of the Board of Directors, I would like to thank all our employees for their efforts, commitment, and loyalty over the past year. Additionally, to our shareholders, partners, customers, and stakeholders worldwide, I am grateful for your confidence in Fagron.

Koen Hoffman
Chair of the Board of Directors

Corporate Governance Statement

Fagron adopted the Belgian Corporate Governance Code (the Code[1]) as its reference code within the meaning of Article 3:6, §2, 1° of the Belgian Code on Companies and Associations (the BCCA). The Corporate Governance Statement contains a description of Fagron's governance and the annual report on compliance with the Code.

Governance principles

The most important aspects of Fagron's governance policy – in particularly the role, responsibilities, the composition and functioning of the Board of Directors, its advisory Committees, and the Executive Leadership Team – are set out in the Corporate Governance Charter. The Board of Directors regularly reviews the Charter, amending it as and when required. The Corporate Governance Charter, originally created on October 4, 2007 by the Board of Directors, was last amended and modified on October 27, 2022 to align it with the provisions of the Code and Fagron's governance structure. The most recent version of the Charter can be consulted on the Fagron investor page (investors.fagron.com).

The Corporate Governance Charter also describes the policy regarding transactions and other contractual ties between Fagron and its directors and the Executive Leadership Team. In addition, the Board of Directors has established rules to prevent the misuse of insider information and market manipulation. These internal policy documents are also available on the investor page of the Fagron website (investors.fagron.com). Any changes to the Corporate Governance Charter will also be announced on the corporate website.

As of the date of this report, Fagron is in full compliance with the provisions of the Code, with the exception of a limited number of deviations with respect to principle 7.6, which provides for the payment of a portion of non-executive directors' compensation in shares, and with respect to principle 7.9, which provides that members of the Executive Leadership Team should maintain a minimum threshold of shares in the Company.

[1] The Code is available online at corporategovernancecommittee.be/en

Governance structure

Fagron transformed its governance structure in 2021 to a one-tier board as described in Articles 7:85 et seq. of the BCCA. As of 2021, the Board of Directors evaluate at least once every five years whether the governance structure is still appropriate.

Under the current governance structure, the Board of Directors, as a collegial governing body, is empowered to take all actions necessary or relevant for achieving the objectives of Fagron, except for the acts reserved by law or by the Articles of Association to the General Meeting. The Board of Directors delegates specific powers to the Executive Leadership Team. This executes its authority under the CEO's chairmanship.

General Meeting

Composition of the General Meeting

The annual General Meeting is held on the second Monday of May at 3 p.m. CET, or, if such date falls on a public holiday, at the same hour on the subsequent business day, at the registered offices of Fagron NV or at the location specified in the invitation to the meeting. The convocation, the participation to. and the exercise of voting rights at the meeting, occurs in compliance with the BCCA.

Shareholders and shareholders' structure

On December 31, 2024, taking into account the transparency declarations available on that date, the shareholders' structure was as shown in the table included in the share performance section.

Function and role of the General Meeting

At the Extraordinary General Assemblies of the past five years, the following amendments to the Articles of Association were approved:

- May 13, 2019: renewal of the authorization on the acquisition and disposal of treasury shares for a period of five years.
- May 10, 2021: bringing the Articles of Association in line with the BCCA;
- June 9, 2021: capital increase pursuant to the exercise of subscription rights;
- May 9, 2022: renewal and extension of the authorization to use the authorized capital for a period of five years;
- June 10, 2022: capital increase within the framework of the authorized capital pursuant to the exercise of subscription rights;
- May 2, 2023: capital increase within the framework of the authorized capital following the exercise of subscription rights;
- May 13, 2024, renewal of the authorization on the acquisition and disposal of treasury shares for a period of five years.

The coordinated Articles of Association can be accessed on the investor page of the Fagron website (investors.fagron.com/governance).

Board of Directors

Composition of the Board of Directors

The Board of Directors consists of at least three and no more than 11 directors of whom at least one-third are of a different gender than the other members. The Corporate Governance Charter provides that at least half of the directors are non-executive and that at least three directors are independent within the meaning of Article 7:87, §1 BCCA, and thus meet the criteria set forth in principle 3.5 of the Corporate Governance Code. Both the composition as well as the functioning of Fagron's Board of Directors must comply with all provisions of the Code for the 2024 financial year.

The composition of the Board of Directors is such that:

- There is sufficient expertise on the various activities of Fagron, as well as sufficient diversity in competences, background, age and gender, thus enabling the Board to fulfill its role as required;
- Each director meets the specific qualitative requirements set out in the Corporate Governance Charter;
- None of the directors can hold more than five director mandates in a listed company;
- The directors' term of office will end at the General Meeting in the calendar year in which the director reaches seventy years of age, unless the Board of Directors decides otherwise upon recommendation of the Nomination and Remuneration Committee.

As at publication date of this report, the Board counts eight members, in the following composed:

- Two executive directors;
- Six non-executive directors, of whom five are appointed as independent directors. All six non-executive directors meet the criteria of Article 7:87, §1 BCCA and principle 3.5 of the Code;
- Three of the directors are women and five of the directors are men. This fulfills the criteria stipulated in Section 7:86 of the BCCA.

On May 13, 2024, the General Meeting reappointed Robert ten Hoedt, as an independent, non-executive director, for a term of four years to expire after the 2028 General Meeting.

The table below shows the composition of the Board of Directors and of its Committees and the Board members' attendance rates. The following pages show the resumes of the individual Board members.

Composition of Board of Directors during financial year 2024	Term of office	Independent director	Nomination and Remuneration Committee	Audit and Risk Committee	Presence
AHOK BV, permanently represented by Koen Hoffman (Chair)	AGM 2027	•	•	•	BoD: 5/5 AC: 3/3 NRC:4/4
Rafael Padilla – Chief Executive Officer	AGM 2026				BoD: 5/5
Karin de Jong – Chief Financial Officer	AGM 2026				BoD: 5/5
Ann Desender	AGM 2026	•		• (Chair)	BoD: 5/5 AC: 3/3
Robert ten Hoedt	AGM 2028	•			BoD: 4/5
Klaus Röhrig	AGM 2027		•	•	BoD: 5/5 AC: 3/3 NRC: 4/4
Neeraj Sharma	AGM 2026	•			BoD: 4/5
Els Vandecandelaere LLC, permanently represented by Els Vandecandelaere	AGM 2026	•	• (Chair)		BoD: 5/5 NRC: 4/4

AHOK BV
permanently represented by
Koen Hoffman
Chair of the Board of Directors

Koen Hoffman holds a master's degree in Applied Economics and an MBA from the Vlerick Business School. From 1992 to July 2016, he worked for the KBC Group where he started his career in the corporate finance department and became the CEO of KBC Securities in October 2012.
Since August 2016, he has been the CEO of the asset manager Value Square.
Koen Hoffman is also an independent director at the listed companies Greenyard (Chairman), and MDxHealth (Chairman).

Rafael Padilla
Chief Executive Officer

Rafael Padilla started his career in 2002 at Fagron in the Netherlands and has been Fagron's CEO since 2017. Rafael Padilla has a long-time operational and commercial track record within Fagron. Under his leadership, Fagron has been able to successfully expand its activities in Southern Europe and Latin America since 2010 through strong organic growth and acquisitions.
Rafael Padilla obtained a degree in Pharmaceutical Sciences from the University of Barcelona and followed a Program for Management Development (PMD) at the IESE Business School.

Karin de Jong
Chief Financial Officer

Karin de Jong has been CFO of Fagron since May 2016. Karin de Jong has been with Fagron since 2008, when she started as corporate controller; she was appointed Group Controller in 2013. After finishing her degree in business administration, accounting and control, Karin de Jong completed the post-doctoral registered controller program at Erasmus University Rotterdam.

Ann Desender

Ann Desender has been CFO at Barco since 2016. She started her career at Barco more than 14 years ago as Vice President Corporate Finance & Controlling and has since grown into her current position within the organization. She started her career at Anderson (now Deloitte). Ann Desender holds a master's degree in Applied Economics and completed the Advanced Management Program at the IESE Business School.

Robert ten Hoedt

Up to most recently, Robert (Rob) ten Hoedt was Medtronic's Executive Vice President & President, Global Regions, which encompasses the Americas, Europe, Middle East, Africa and Asia Pacific, and a member of Medtronic's Executive Committee, with full commercial responsibility for Medtronic's products and therapies across these regions. Rob ten Hoedt has held numerous international sales, marketing and general management positions in the medical technology industry and was at Medtronic since 1991. From 2014 to 2023, Rob was the Chairman of the Board of Directors of Medtech Europe, the European interest group for the medical technology industry. Currently, he holds the position of Chairman of the Board of both Onward Medical and medmix AG (both based in Switzerland). Rob also acts as Supervisory Board Chairman for NLC Health (the Netherlands) and as Advisory Board Member to the Wyss Centre, a research organisation based in Geneva, Switzerland. Rob ten Hoedt holds a bachelor's degree in commercial economics and business administration and a master's degree in marketing from the Netherlands Institute for Marketing (NIMA).

Klaus Röhrig

Klaus Röhrig is a founding partner of Active Ownership S.à r.l. (AOC), that – indirectly – controls a shareholding in Fagron. In 2000, Klaus Röhrig started his career at Credit Suisse First Boston in London, focusing on corporate finance and M&A for technology companies. In 2006, he joined Elliott Associates where he was responsible for the funds' investments in the German speaking countries as well as selected debt, equity, and sovereign investments. In 2015, he founded AOC. Throughout his career, he focused on identifying investment opportunities, structuring of investments and process-driven value creation. Klaus Röhrig currently serves on the Board of Directors of Agfa-Gevaert NV as well as on the Supervisory Board of Formycon AG and Francotyp-Postalia Holding AG. He holds a Master of Economics and Business Administration from Vienna University of Economics and Business Administration.

Neeraj Sharma

Neeraj Sharma is CEO of SteriScience, a niche company specializing in sterile injectables with plants in India and Europe, since May 2021 and Head of Business at Stelis Biopharma, a specialty bio-pharmaceutical CDMO, since July 2023. Neeraj Sharma started his career at Ranbaxy, now Sun Pharmaceuticals, where he worked for more than 25 years in different positions in various countries, including India, Southeast Asia, Belgium, Italy, the United Kingdom and the Netherlands, the last seven years of which he was head of the Generics Business – Western Europe. Neeraj Sharma has a bachelor's degree in engineering and an MBA in business management.

Els Vandecandelaere LLC
permanently represented by
Els Vandecandelaere

Els Vandecandelaere is Global Head of HR North America for Philips. She joined Philips in 2021 as Head of HR for Integrated Supply Chain, Quality & Regulatory, Services & Solutions Delivery and is based in the US. Els started her career in Belgium at Janssen Pharmaceutica and held various managerial positions of increasing responsibility in HR in Belgium, the US, the UK, and Switzerland. Els Vandecandelaere holds a master's degree in organizational psychology from the Catholic University of Leuven (Belgium).

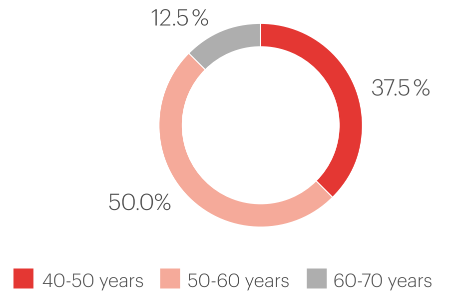
Diversity in the Board of Directors

The Board of Directors complies with its obligations regarding gender diversity as stipulated in Article 7:86 of the BCCA, which provides that at least one-third of the members of the Board of Directors must be of the opposite gender than the other members. As mentioned, the Board counts three female directors and five male. In addition, in the composition of the Board of Directors, Fagron values complementary skills, experience, knowledge and age diversity.

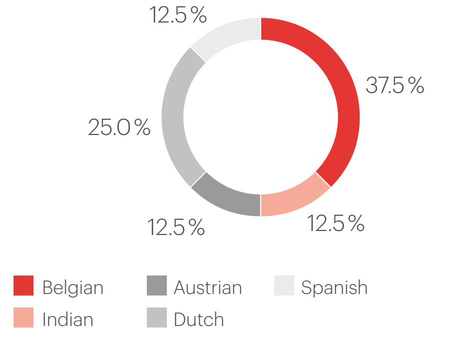
When appointing or renewing directors' terms, as well as when selecting members of the Advisory Committees, diversity in gender, age, education, and professional background shall be taken into account, together with complementary skills, experience and knowledge as it appears from their biographies.

As part of the self-evaluation process, special attention is also paid to complementarity and diversity in the composition of the Board of Directors and its Committees. The Board of Directors has representatives from five nationalities across different age groups.

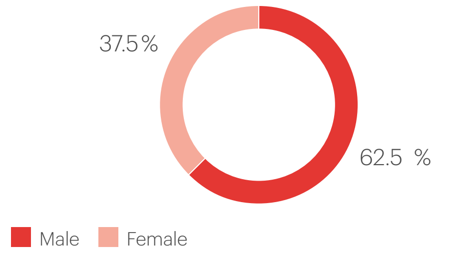
Age



Nationality



Gender



Expertise and skills of the Board of Directors

Fagron operates within the pharmaceutical compounding sector. Several members of the Board of Directors bring extensive experience in the pharmaceutical compounding and/or outsourcing sector, along with international expertise across the Company's global operations. This includes knowledge of international and national developments in (niche) pharmaceutical markets in which Fagron is active, as well as the relevant products and technologies. Additionally, the members of the board offer complementary competencies regarding pharmaceutical regulation, quality, operations and supply chain, business development and M&A, financial reporting and structures, risk management and internal control, human resources, and IT. Many members of the board also have competencies and experience in ESG (Environmental, Social, and Governance), corporate governance and ethics.

Employee representation on the Board of Directors

There was no official employee representation on the Board of Directors in 2024.

Function and role of the Board of Directors

The Board of Directors, as part of the preparation of the Corporate Governance Charter, has established internal regulations. The Board of Directors, in addition to what is legally determined, has the following tasks:

- Determining strategy, risk profile, values and key policies;
- Ensuring that the necessary financial and human resources are in place to achieve the objectives;
- Monitoring and reviewing the financial and operational performance and forward-looking development of Fagron's business results;
- Adopting an internal control and risk management framework;
- Structuring the Executive Leadership Team, defining its powers and duties and evaluating its performance;
- Overseeing the quality and completeness of disclosed financial messages as well as the integrity and timely disclosure of financial statements and other material financial and non-financial information;
- Determining the corporate governance structure and monitoring compliance with the provisions of the Corporate Governance Code, establishing specialized Committees, defining their internal regulations and assessing their effectiveness;
- Encouraging effective dialogue with shareholders and potential shareholders;
- Approving contracts for the appointment of the CEO and other members of the Executive Leadership Team;
- Establishing the Company's ESG strategy and monitoring the evolution of its implementation;
- Selecting the Statutory Auditor on the recommendation of the Audit and Risk Committee and monitoring its performance and overseeing the internal audit function; and
- Responsible for the implementation of the ESG strategy and policies, including those related to business behavior[1].

The Chair ensures that decision-making processes are constructive and efficient. The Chair presides over General Assemblies and Board of Directors meetings, ensures effective communication with shareholders and serves as the primary point of contact with shareholders for all matters within the Board's jurisdiction. The Chair is also committed to fostering effective interaction between the Board of Directors and the management team.

Meeting of the Board of Directors

The executive and non-executive members of the Board of Directors jointly met five times in 2024. During these meetings, the majority of the directors were always present. Some meetings were attended - in part - by members of the Executive Leadership Team, when topics belonging to their area of competence were discussed.

Activities of the Board of Directors in 2024

In 2024, the Board's main focus was on the following issues:

- Strategic development of Fagron including further development of growth and acquisition strategy;
- Conducting a global business review;
- Analysis, research and assessment of Fagron's financing structure;
- Reviewing Fagron's financial and business results;
- Calling and adopting the agenda of the Ordinary and the Extraordinary General Meeting;
- Adjustment of the remuneration policy and report of Fagron and complying with the provisions of the Shareholders' Rights Directive (EU) 2017/828;
- Monitoring, strengthening and supporting the company's ESG policy, including the implementation of the Corporate Sustainability Reporting Directive (CSRD);
- Further defining and refining the internal audit function and monitoring the compliance activities of the company;
- Monitoring and analysis of digital developments and security within the company;
- Follow-up on the progress of budget reviews at a regional level for the current financial year and subsequent analysis and executed approval of the subsequent financial year budget;

[1] ESRS 2 GOV-1 G1 §5a.

- Approval and follow-up of investment opportunities and acquisition processes;
- Evaluation and analysis of the performance of members of the Executive Leadership Team;
- Monitoring compliance with the requirements of the MAR Regulation;
- Discussion of remuneration policy for non-executive directors, taking into account the recommendations of the Code;
- Review of press releases prepared for the release of the periodic, and (semi-)annual financial results; and
- Assessment of information given by members of the Executive Leadership Team on material impacts (results of ESG policy, materiality analysis), risks and opportunities, implementation of due diligence and the results and effectiveness of policies, measures, benchmarks, and targets set to act on them.

Board of Directors evaluation process

Every two years, under the leadership of its Chair, the Board of Directors will conduct a review of its size, composition, operation and that of its Committees and of the interaction with the Executive Leadership Team. The Chair and the exercise of their role within the Board of Directors is also evaluated. The aim is to encourage the continuous improvement of Fagron's corporate governance by recognizing the Board's strengths while identifying areas for improvement. Board self-evaluation is coordinated by the Global HR Director, under the leadership of the Chair, and is monitored by the Nomination and Remuneration Committee.

This self-assessment aims at four objectives:

1. Assessment of the functioning of the Board of Directors and Committees;
2. Checking that important issues are thoroughly prepared and discussed;
3. Reviewing each director's actual contribution to the work of the Board, his or her attendance at Board and Committee meetings and his or her constructive involvement in meetings and decision-making; and
4. Assessment of (i) the governance structure, (ii) the composition of the Board and (iii) the Directors, in the light of the desired composition of the Board of Directors.

The most recent evaluation of the Board's functioning, as regards to its size, composition, operation, and that of its Committees and of its interaction with the Executive Leadership Team, took place on May 8, 2023 under the leadership of the Chair of the Board. This evaluation resulted in a favorable assessment in terms of the current governance structure, the cooperation and dynamics within the Board of Directors, the interaction with the Committees and the Statutory Auditor, and the contribution and involvement of each director.

Specialized Committees of the Board of Directors

The Board of Directors has established two advisory Committees: the Audit and Risk Committee and the Nomination and Remuneration Committee. Their role, tasks, operation, and composition are defined in accordance with the BCCA and the recommendations of the Code and are described in their internal regulations, which are attached as an appendix to the Corporate Governance Charter. These Committees assist the Board in specific matters, which they follow up thoroughly and on which they make recommendations to the Board. Final decision-making remains with the Board. After each meeting the Chairs of each Committee reports to the full Board of Directors.

Audit and Risk Committee

Composition of the Audit and Risk Committee

The Audit and Risk Committee consists of at least three non-executive directors appointed by the Board of Directors. At least one member of the Audit and Risk Committee is an independent director within the meaning of Article 7:87, §1 of the CC, who meets the criteria of principle 3.5 of the Code.

As at the date of this report, the Audit and Risk Committee consists of the following members:

- Ann Desender (Chair) - Independent non-executive director;

- AHOK BV, firmly represented by Koen Hoffman - Independent non-executive director;
- Klaus Röhrig - Non-executive director.

The composition of the Audit and Risk Committee complies with all the requirements stated in the Code and the CC. All members of the Audit and Risk Committee have collective expertise in Fagron's business and have sufficient accounting and audit technical experience.

Function and role of the Audit and Risk Committee

The Audit and Risk Committee met three times in 2024. During these meetings all serving members of the Audit and Risk Committee were present. Also, Rafael Padilla, Karin de Jong, the Internal Audit Manager and the Statutory Auditor attended the meetings at the request of the Audit and Risk Committee. The Audit and Risk Committee may invite other persons to attend meetings.

The Audit and Risk Committee serves as the primary liaison between the internal audit function and the Statutory Auditor. While respecting the statutory responsibilities of the Board of Directors, the Audit and Risk Committee in charge of developing a long-term audit program covering all the Company's activities. Specifically, the Committee is responsible for:

- Determining internal financial reporting to the Executive Board;
- Monitoring the financial reporting process;
- Monitoring the effectiveness of the Company's internal control and risk management systems;
- Monitoring internal audits and their effectiveness;
- Monitoring of the legal audit of the financial statements, including the sustainability statement and consolidated financial statements, including monitoring of the questions and recommendations formulated by the Statutory Auditor; and
- Assessing and monitoring the independence of the Statutory Auditor, with particular attention to the provision of additional services to the Company.

The Audit and Risk Committee mainly addressed the following topics in financial year 2024:

- Monitoring the consolidated half-year and annual results and the single and consolidated financial statements;
- Monitoring accounting treatment of specific IFRS transactions and applications;
- Monitoring and evaluating the Statutory Auditor's performance;
- Monitoring improvements in Fagron's internal control and risk management systems and their effectiveness, particularly with regard to cyber-security attacks and IT governance;
- Review and approval of the three-yearly (internal) audit plan and follow up on progress of activities;
- Follow up on pending litigation reported by subsidiaries;
- Follow up on major regulatory developments and changes and their possible impact;
- Assessment of whether internal audit recommendations of the internal auditor have been implemented;
- Preventing fraud, illegal acts, and internal control deficiencies; and
- Follow up on CSRD guidelines and ESRS (European Sustainability Reporting Standards) and compliance with the technical requirements to which the sustainability reports must comply as well as the reporting of this sustainability information in the annual report and digital 'tagging' such that the information is accessible in a central EU database.

In financial year 2024, Fagron's independent internal audit function focused on, among other things:

- Developing a flexible three-year audit plan using an appropriate risk-based methodology. This included identifying and addressing risks and control issues highlighted by management. The plan was submitted to the Audit and Risk Committee for review and approval, with periodic updates provided to ensure alignment with evolving priorities;
- Successfully executed the annual audit plan, as approved by the Audit and Risk Committee. This included several special tasks and projects requested by management and the

committee, demonstrating responsiveness to emerging challenges;
- Conducting in-depth process reviews and special investigations. These efforts aimed to provide assurance to the Audit and Risk Committee and management regarding the effectiveness of Fagron's control mechanisms and the mitigation of potential risks;
- Periodic reporting to the Audit and Risk Committee and management of the results of all audit activities, including reports on detailed findings, recommendations, and the resolution status of significant issues, ensuring transparency and accountability in the internal audit function;
- Identifying and reporting significant issues related to control processes. The internal audit team actively collaborated with relevant stakeholders to recommend improvements and monitor progress until effective solutions were implemented;
- Providing periodic updates on the status and results of the annual audit plan and adequacy of resources by department;
- Coordinating with and overseeing other control and monitoring functions (risk management, compliance, security, ethics, environment, external audit) ;
- Conducting high-level follow-up meetings with responsible stakeholders across entities to monitor the implementation of agreed-upon action plans derived from internal audit reports issued from 2021 onward. These efforts reinforced accountability and facilitated continuous improvement;
- In 2024, 12 confidential counselors started their training across various entities by the confidential counselor committee of which the internal auditor is an active member; and
- Establishing and refining several standard operating procedures and guidelines. These measures strengthened operational efficiency and financial control.

Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of at least three non-executive directors appointed by the Board of Directors. At least the majority of its members are independent directors in accordance with Article 7:87, §1 of the CC, who meet the criteria of principle 3.5 of the Code.

As at the date of this report, the Nomination and Remuneration Committee consists of the following members:
- Els Vandecandelaere LLC, firmly represented by Els Vandecandelaere, (Chair) - Independent non-executive director;
- AHOK BV, firmly represented by Koen Hoffman - Independent non-executive director;
- Klaus Röhrig - Non-executive director.

The composition of the Nomination and Remuneration Committee meets all the requirements listed in the Code and the CC. Members of the Nomination and Remuneration Committee have a collective competence and expertise in remuneration and remuneration policy.

Function and role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee met four times in 2024. At these meetings, all serving members of the Nomination and Remuneration Committee, the CEO and the Global HR Director were present. The CEO is invited to attend meetings of the Nomination and Remuneration Committee when the Committee discusses the appointment or remuneration of the other members of the Executive Leadership Team. The Nomination and Remuneration Committee may invite other persons to attend meetings.

The committee's main tasks in terms of appointments include drafting appointment procedures for the members of the Board of Directors and the Executive Leadership Team, nominating suitable candidates for vacant directorships, formulating proposals for reappointments, reviewing and making recommendations on the composition of the Board of Directors and its Committees, advising on proposals relating to appointment and dismissal of directors, members of the Executive Leadership Team and evaluating potential candidates for a position within the Executive Leadership Team.

The committee's main tasks in terms of remuneration consist of:

- Preparing, reviewing and making proposals to the Board of Directors on the remuneration policy to be pursued for the directors, members of the Executive Leadership Team and, where applicable, on the resulting proposals made by the Board of Directors to shareholders;
- Preparing, reviewing and making proposals to the Board of Directors on the individual remuneration of directors, members of the Executive Leadership Team, including variable remuneration and long-term incentives, whether or not tied to shares, in the form of stock options or other financial instruments, and of severance payments, and where applicable, on the resulting proposals made by the Board of Directors to shareholders;
- Preparing performance target recommendations for the CEO and other members of the Executive Leadership Team;
- Preparing recommendations on the allocation of annual bonuses and long-term incentives for the CEO and other members of the Executive Leadership Team;
- Discussing the functioning and performance of members of the Executive Leadership Team;
- Discussing at least annually with the CEO both the operation and performance of the Executive Leadership Team;
- Preparing the remuneration policy, the remuneration report that is included in the Corporate Governance Statement by the Board of Directors and communicating the remuneration report to the works council, or, if there is none, to the employee delegates in the Committee for Prevention and Protection at Work or, if there is none, to the trade union delegation; and
- Explaining the remuneration report and policy during the annual General Meeting.

The Nomination and Remuneration Committee mainly dealt with the following issues during the 2024 financial year:

- Monitoring changes in the regulatory framework and recommendations regarding governance and remuneration;
- Reviewing and discussing possible changes to the remuneration policy, including the update of the shareholding guidelines for the members of the Executive Leadership Team;
- Discussing and making proposals to the Board of Directors, in consultation with the CEO, regarding the composition of, and functions within, the Executive Leadership Team, including the assessment and appointment of the new Area Leader EMEA;
- Assessing and setting performance criteria and targets for members of the Executive Leadership Team for short-term and long-term variable remuneration;
- Consideration of matters relating to remuneration, award of annual bonuses and long-term incentive awards to members of the Executive Leadership Team, and
- Talent review and succession planning for the Executive Leadership Team.

Executive Leadership Team

The day-to-day and operational management of Fagron is carried out by the Executive Leadership Team, with the CEO responsible for day-to-day management in close cooperation with the CFO.

Composition of the Executive Leadership Team

The members of the Executive Leadership Team are appointed by the Board of Directors, based on recommendations of the Nomination and Remuneration Committee and after consultation and recommendation by the CEO. Members are dismissed for an indefinite term and may be appointed at any time by the Board of Directors. The remuneration and terms of dismissal of a member of the Executive Leadership Team are set out in the individual agreement between the team member and Fagron.

Following are the concise curricula vitae of the members of the Executive Leadership Team.

Rafael Padilla
Chief Executive Officer

Rafael Padilla started his career in 2002 at Fagron in the Netherlands and has been Fagron's CEO since 2017. Rafael Padilla has a long-time operational and commercial track record within Fagron. Under his leadership, Fagron has been able to successfully expand its activities in Southern Europe and Latin America since 2010 through strong organic growth and acquisitions.
Rafael Padilla obtained a degree in Pharmaceutical Sciences from the University of Barcelona and followed a Program for Management Development (PMD) at the IESE Business School.

Karin de Jong
Chief Financial Officer

Karin de Jong has been CFO of Fagron since May 2016. Karin de Jong has been with Fagron since 2008, when she started as corporate controller; she was appointed Group Controller in 2013. After finishing her degree in business administration, accounting and control, Karin de Jong completed the post-doctoral registered controller program at Erasmus University Rotterdam.

Vera Bakker
Chief Operations Officer

Vera Bakker started working at Fagron in 2022 as COO. Before joining Fagron, Vera Bakker worked at Unilever for 25 years, lastly as Vice President Global Supply Chain Foods. During her career at Unilever, she fulfilled various roles with a focus on various parts of the supply chain. Vera Bakker holds a master's degree in Chemical Engineering and an MBA from the Katz Business School, University of Pittsburgh.

Geraldino Neder
Area Leader Latin America

Geraldino Neder has been Area Manager of Fagron Latin America since 2022. He was responsible for setting up Fagron's operations in Brazil end of 2010 and has been Business Leader of Fagron Brazil since then. Geraldino has 30+ years of experience in the Brazilian pharmaceutical compounding market. Geraldino Neder studied Administration at PUC Campinas and has a post grade in Business Management at Unicamp.

Kostas Kouloridas
Area Leader EMEA

Kostas Kouloridas joined Fagron in 2014 as General Manager for Greece, following the acquisition of Kertus. Before joining Fagron, Kostas cofounded Kertus (a pharmaceutical compounding company) in Greece in 2007. After joining Fagron, Kostas grew within the ranks to Functional Area Manager Greece – Croatia and then to Regional Business Leader Southeastern Europe, where he demonstrated profound knowledge of the niche specialised pharmaceutical industry. Kostas holds a master's degree in clinical pharmacy, international practice and policy from London School of Pharmacy, United Kingdom, and a PhD degree from the University of Thessaly, Greece. He also attended the Senior Leadership Program at IESE Business School, Barcelona, Spain.

Andrew Pulido
Area Leader North America

Andrew Pulido was President of Humco until Humco was acquired by Fagron, when he became President of Fagron United States and then President of Fagron North America. Andrew Pulido has held various leadership positions within Humco, including President Global Pharmaceuticals and Vice President Corporate Development. Before joining Humco, Andrew Pulido worked in Investment Banking at Merrill Lynch. Andrew Pulido studied Economics (BA) at Vanderbilt University.

Johan Verlinden
Head of Legal and M&A

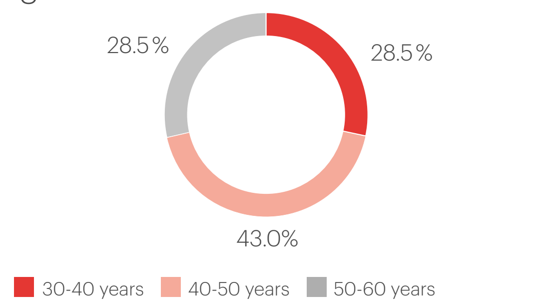
Johan Verlinden obtained a master's degree in Law from the University of Antwerp, a master's degree in Company Law and a master's degree in Financial Law from the Catholic University of Brussels. He started his career as a lawyer at the Brussels and Turnhout bars. Johan Verlinden has been working at Fagron as Global Legal Affairs Director since 2013.

Diversity in the Executive Leadership Team

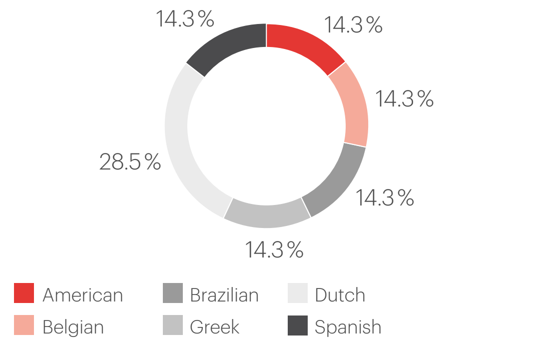
In the composition of the Executive Leadership Team, Fagron values complementary skills, experience, knowledge, and diversity. The appointment of members of the Executive Leadership Team takes into account diversity in gender, age, education and professional background, as well as complementary skills, experience and knowledge.

As at the date of this report, the Executive Leadership Team consists of two female members and five male members. The Executive Leadership Team is composed of representatives of six nationalities from various age groups. As their roles within Fagron require, team members' education, work experience and career paths differ, ensuring complementary set of knowledge and skills within the Executive Leadership Team.

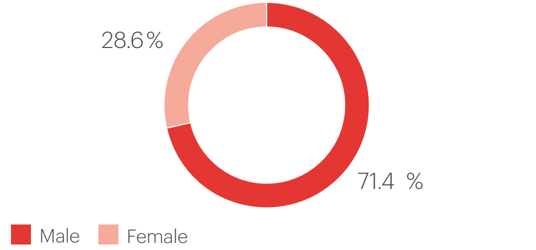
Age



Nationality



Gender



Function and role of the Executive Leadership Team

As mentioned, previously, Fagron has had a monistic governance structure since 2021 and the Board of Directors delegates daily management to the CEO. Day-to-day management includes all actions and decisions that do not go beyond the day-to-day needs of the company, as well as those actions and decisions that do not justify the intervention of the Board of Directors for reasons of minor importance or urgency.

The CEO has individual power of representation in the field of day-to-day management. They may validly represent the company pursuant to a specific mandate from the Board of Directors and may sub-delegate any of the specific powers granted to them. The CEO shall submit the proposals of the Executive Leadership Team to the Board of Directors or the advisory Committees, depending on the topic.

The role of the Executive Leadership Team is to oversee and manage the global operations of Fagron, under the leadership of the CEO, and taking into account the overall strategy of Fagron as determined by the Board of Directors. The main responsibilities of the Executive Leadership Team are developing strategic guidelines, analyzing budgets and operational objectives, and overseeing local management teams. The individual members of the Executive Leadership Team have powers and responsibilities assigned to them by the Board of Directors, based on the proposals of the Nomination and Remuneration Committee, and after consultation with, and on recommendation of, the CEO.

Depending on the issue or decision proposed to the Board of Directors, a member of the Executive Leadership Team may, at the request of the CEO and with the agreement of the Chairman, be invited to provide explanations or advice at a Board meeting. The Board may also, through the CEO, request special written or oral reports from members of the Executive Leadership Team individually. In discharging its responsibilities, the Executive Leadership Team will be assisted by a team of key personnel from across Fagron's divisions.

The main responsibilities of the Executive Leadership Team are:

- Elaborating and implementing the vision, mission, strategic objectives and direction of Fagron, and advising the Board of Directors on these, with a focus on long-term value creation by the company;
- Observing the day-to-day and operational management of Fagron;
- Researching potentially interesting investment opportunities and making proposals to the Board of Directors in this regard;
- Rolling out strategic partnerships with key customers and building and maintaining strong customer relationships;
- Organization and monitoring of internal controls, without prejudice to the supervisory role of the Executive Board;
- Oversee the complete, timely, reliable and accurate preparation of financial statements in accordance with Fagron's accounting principles and policies;
- Following up on Fagron's mandatory publication of financial statements, annual reports and other material financial and non-financial information;
- Assessing Fagron's financial situation and budget and providing information to the Board of Directors on the company's financial results and financial position;
- Advising and implementing the decisions taken by the Board and exercising the powers delegated to them by the Board; and
- Timely provision of all information that the Board requires to carry out its duties.

The Executive Leadership Team is a collegial body that is convenes on a weekly basis, and can be convened at any time, if necessary, to ensure proper functioning in carrying out the day-to-day and operational management of the company. It is chaired by the CEO.

Save in exceptional circumstances, the CEO, on behalf of the Executive Leadership Team, provides relevant information at each Board meeting on the progress of matters within the Board's remit, as well as on key aspects of the day-to-day and operational management of the company.

Executive Leadership Team evaluation process

The CEO and the Nomination and Remuneration Committee evaluate both the operation and performance of the members of the Executive Leadership Team every year. The evaluation of the Executive Leadership Team is performed as part of the annual salary review of Executive Leadership Team members.

Statutory Auditor

The Statutory Auditor of Fagron is Deloitte Bedrijfsrevisoren BV, with registered office at Luchthaven Brussel Nationaal 1, Bus 1J, 1930 Zaventem and registered in the K.B.O. under number 0429.053.863, represented by Ine Nuyts. Ine Nuyts, company auditor, was appointed as representative authorized to represent Deloitte Bedrijfsrevisoren BV and who is entrusted with the exercise of the mandate in her name and on her behalf.

Deloitte Bedrijfsrevisoren BV, represented by Mrs Ine Nuyts, was elected as Statutory Auditor of Fagron with effect from 2019 for a term of three financial years ending after the General Meeting to be held in 2022. This appointment was renewed by the General Meeting on 9 May 2022 for a period of three years to end after the 2025 General Meeting.

Deloitte received a total annual audit fee of 582,509 euros in 2024. Of this amount, 156,200 euros related to Fagron NV. The General Meeting of Shareholders on 12 May 2025 will be proposed to approve this remuneration.

Details of the Statutory Auditor's remuneration in 2024 are included in explanatory note 33 of the financial statement.

Rules to prevent conflicts of interest

To avoid conflicts of interest, Fagron is subject to the applicable statutory provisions for listed companies: sections 7:96 and 7:97 CC, and the additional rules set out in Fagron's Corporate Governance Charter under its policy on transactions and other contractual relationships between the Company and its directors or members of the Executive Leadership Team not covered by the foregoing conflict of interest arrangements.

Conflicts of interest within the meaning of Article 7:96 CC

Where a director has a direct or indirect interest of proprietary nature that conflicts with a decision or a transaction that falls within the competence of the Board of Directors, the director concerned must notify the other directors pursuant to Section 7:96 CC at the start of the meeting and shall act in accordance with that section. The director may not take part in the Board of Directors' deliberations on these transactions or decisions, nor vote in that regard.

Conflicts of interest within the meaning of Article 7:97 CC

A company must also comply with the procedure of section 7:97 CC when it, or a subsidiary, is considering a transaction with a related company (subject to certain exceptions). Such decision or transaction must be reviewed and assessed beforehand by a committee of three independent directors, assisted by one or more independent experts of their choice. Pursuant to Article 7:97 CC, the Board of Directors, after taking note of the committee's opinion, will deliberate on the proposed decision or transaction. The Statutory Auditor must give an opinion on the accuracy of the information in the committee's opinion and minutes of the Board of Directors.

During the 2024 financial year, no transaction or decision gave rise to the application of the rules to prevent conflicts of interest covered by Section 7:97 of the CC.

Policy on transactions and other contractual ties between the Company and its directors or members of the Executive Leadership Team not covered by the conflict of interest rule

The Board of Directors has a number of guidelines on transactions and other contractual relationships between Fagron and its directors or members of the Executive Leadership Team not covered by the conflict of interest regulation. All members of the Board of Directors and the Executive Leadership Team are expected to avoid actions, positions or interests that are contrary to, or give the impression of being contrary to, the interests of Fagron or any of the Group companies.

Furthermore, all transactions between Fagron and members of the Executive Board or of the Executive Leadership Team (or their permanent representatives), are subject to the approval of the Board of Directors. When members of the Board of Directors or the Executive Leadership Team (or their permanent representatives) face a potentially conflicting interest in a decision or transaction of Fagron, they must also inform the Chair of the Board of Directors as soon as possible.

If section 7:96 CC applies, the director concerned shall further refrain from participating in the deliberations and from the vote.

In the 2024 financial year, no transaction or decision gave rise to the application of the rules to prevent conflicts of interest not covered by Section 7:96 of the CC.

Rules for the prevention of abuse of inside information and market manipulation

In view of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive

2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the 'Market Abuse Regulation' or 'MAR'), the Board of Directors has established rules to prevent privileged information from being used unlawfully by directors, shareholders, members of management, employees and certain third parties (collectively: 'Insiders'). These rules are an integral part of the Corporate Governance Charter and can be accessed on the investor page of the Fagron website (investors.fagron.com/governance).

In this context, the Board of Directors also appointed a Compliance Officer whose responsibilities include monitoring compliance with the rules by the Insiders. The function of Compliance Officer is currently exercised by Karin de Jong. Insiders and persons closely related to them who intend to deal in Fagron shares must first request clearance from the Compliance Officer. Transactions that are to be disclosed in accordance with the Market Abuse Regulation are being disclosed at the appropriate time.

Remuneration report and policy

Remuneration policy

The adjusted remuneration policy that applies from January 1, 2024 was approved by the General Meeting of May 13, 2024 and is available on the investors page of the Fagron website under the Corporate Governance/Governance documents section (investors.fagron.com).

The starting point of the remuneration policy for the directors and members of the Executive Leadership Team is the alignment of this policy with the Fagron culture (the Fagron values and 'Family Rules'), with the business strategy and growth ambitions and with the long-term interests of all stakeholders. The requirements of the Code and the Shareholder Rights Directive as converted into Belgian law on April 28, 2020 have also been taken into account. The company also engaged in regular dialogue with investors and corporate governance advisors on governance and remuneration matters as one way to inform the discussions within the Remuneration and Nomination Committee and ultimately set in place remuneration structures that are fair and proportionate, and at the same time reward performance and meet the growth ambitions.

For the components and the amount of the remuneration for non-executive directors, consideration is given to Fagron's size, the fact that it is a listed company, the sector in which Fagron operates and relevant benchmarks in relation to designated comparable companies and general international market practices. When determining the remuneration of the non-executive directors, consideration is given to the directors' general and specific responsibilities and the associated risks.

The remuneration for members of the Executive Leadership Team is determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee. Remuneration is aimed at attracting, motivating, and retaining highly qualified and promising leadership talent and at aligning the interests of leadership and all Fagron stakeholders. The level and components of their remuneration are analyzed annually by the Nomination and Remuneration Committee, taking into account relevant benchmarks and performance.

Remuneration of the non-executive members of the Board of Directors

In accordance with the remuneration policy, non-executive directors do not receive performance-related bonuses, nor do they receive benefits in kind or benefits associated with pension plans.

In 2023, the independent external remuneration advisor conducted a benchmark analysis against a European sector-specific reference market (this consists of pharmaceutical companies, relevant to Fagron from a labor market perspective) as well as against a reference market consisting of Belgian and Dutch companies (focus on BEL Mid and AMX indices) with an international footprint comparable to Fagron in terms of size. Non-executive director fees for the Board of Directors and all committee fees were positioned below the 25th percentile of both reference markets (Chair of the Board below

Remuneration Board of Directors 2023 - 2024

In euro	2023	2024
AHOK B.V., permanently represented by Koen Hoffman Non-executive Director Chair, Member of Audit and Risk Committee, Member of Nomination and Remuneration Committee	100,000	110,000
Ann Desender Non-executive Director Chair of Audit and Risk Committee	37,200	52,000
Rob ten Hoedt Non-executive Director	30,000	40,000
Klaus Röhrig Non-executive Director Member of Audit and Risk Committee, Member of Nomination and Remuneration Committee	27,700[1]	54,400
Neeraj Sharma Non-executive Director	30,000	40,000
Els Vandecandelaere LLC, permanently represented by Els Vandecandelaere Non-executive Director Chair of Nomination and Remuneration Committee	37,200	50,000

1 Amounts pro rata the term in office in 2023.

the median of both markets). Consequently, Fagron submitted an increase in the non-executive director fees for approval at the Annual General Meeting of May 13, 2024.

As approved by the General Meeting of May 13, 2024, with effect January 1, 2024, the Chair receives an annual fee of 110,000 euros, regardless of the number of Committees of which the Chair is a member. The remaining non-executive directors of the Company receive an annual remuneration of 40,000 euros, plus 12,000 euros for the Chair of the Audit and Risk Committee, 10,000 euros for the Chair of the Nomination and Remuneration Committee and 7,200 euros for the remaining members of both Committees. The relevant members of the Executive Leadership Team do not receive any separate compensation for their membership of the Board of Directors.

According to principle 7.6 of the Code non-executive directors should receive part of their remuneration in shares in the Company. Fagron continues to consider not to provide for equity-based remuneration to its non-executive directors because this could create a conflict of interest for their long-term mandate as they should engage in pursuing all stakeholders' interests rather than shareholders' interests only.

The Nomination and Remuneration Committee will continue to review whether and to what extent the allocation of Fagron shares to non-executive directors as part of their remuneration should be reconsidered and provide a recommendation about the future remuneration of the non-executive directors and any changes that should be recommended in that regard.

Remuneration of the members of the Executive Leadership Team

The daily operational management of Fagron rests with the Executive Leadership Team chaired by the CEO. The executive directors who are members of the Executive Leadership Team receive no separate compensation for their membership of the Board of Directors.

In addition to the CEO and the CFO, the Executive Leadership Team consists of the COO (Vera Bakker), the Area Leader EMEA (Kostas Koulouridas, who succeeded Maarten Pouw on July 1, 2024), the Area Leader North America (Andrew Pulido), the Area Leader Latin America (Geraldino Neder), and the Head of Legal and M&A (Johan Verlinden).

This report describes the remuneration on an individual basis for the executive board members and as a whole for the other members of the Executive Leadership Team as it exists on the date of this report.

The remuneration package of the members of the Executive Leadership Team consists of a fixed remuneration, an annual bonus (short-term variable remuneration), a long-term variable remuneration and any additional benefits. The Nomination and Remuneration Committee reviews on an annual basis the compensation levels, the compensation structure and how the performance criteria for the annual bonus have been met. It then makes a proposal to the Board of Directors for approval.

As determined in the remuneration policy, the Nomination and Remuneration Committee calls on an external service provider for a market comparison of the remuneration packages of the members of the Executive Leadership Team. This analysis compares the remuneration packages with comparable (in terms of scope and complexity) multinational companies in – depending on the place of residence of the job holder – Europe, Latin America, or the United States. In 2024, the Remuneration and Nomination Committee requested its independent external remuneration advisor to conduct such a market comparison for the remuneration of the members of the Executive Leadership Team to verify that the remuneration level remain aligned with the market positioning as defined in the remuneration policy.

In terms of market positioning, Fagron focuses on the median of the reference market for fixed remuneration and benefits, and on the upper quartile of the market for the variable remuneration.

The pay-for-performance targets for the Executive Leadership Team are reviewed annually by the Remuneration Committee and the proposed quantum and policy for the following year is set during these meetings.

In 2024, the Remuneration Committee elected to adjust the remuneration policy to revise the on-target short-term incentive opportunity for all Executive Leadership Team members other than the CEO and Area Leader North America from 50% to 75% of base salary, starting in 2025. The Nomination and Remuneration Committee has proposed this change to narrow the gap between the on-target annual bonus opportunity for the affected Executive Leadership Team members as compared to the on-target bonus opportunity for the CEO and Area Leader North America. Furthermore, this change is reflective of a material increase in the overall revenue, assets, EBITDA and number of FTEs in the Group over the last five years and the additional scope of responsibility placed on each member of the Executive Leadership Team as a result of this progress. In this time, the average annual increase in base salary for the members of the Executive Leadership Team has been consistently at or below the local rates of inflation in their respective markets. The Nomination and Remuneration Committee's proposal also better aligns with the guiding principles of offering appropriate incentivisation schemes for the Group's executive leaders that are challenging and competitive, are commensurate with corresponding incentive schemes at comparable companies (including industry peers), which ultimately are focused on rewarding high performance.

Fixed remuneration
The annual revisions of the fixed remuneration are made based on expected inflation and general salary increases in the different geographic markets, as well as the salary increase margins for the broader workforce, taking into account the responsibilities, individual performance, experience and competences of each member of the Executive Leadership Team as well as with the aforementioned market comparison and the overall business results.

Based on these criteria, the fixed (gross) remuneration of Rafael Padilla and of Karin de Jong were increased by 5% to € 567,000 and by 6.7% to €400,000 respectively, effective January 2024.

Fixed remuneration for the other members of the Executive Leadership Team overall increased by 18.1%. This reflects individual salary increases rewarded to the team, while there was a cross-over period as the new Area Leader EMEA took office during the notice period of the outgoing position holder.

The table on the right provides an overview of the fixed remuneration paid to the members of the Executive Leadership Team in 2023 and 2024.

Fixed remuneration Executive Leadership Team 2023 - 2024

In euro	2023	2024	%
Rafael Padilla Executive Director Chief Executive Officer	539,902	567,000	5.0%
Karin de Jong Executive Director Chief Financial Officer	375,000	400,000	6.7%
Other members of Executive Leadership Team	1,350,089[1]	1,594,750	18.1%

1 Total in euros at constant exchange rates (December 31, 2024).

Annual bonus
The annual bonus scheme is designed to realize short-term operational performance with a view to long-term value creation is structured as outlined in the scheme on the right.

The Nomination and Remuneration Committee has evaluated the bonus criteria for the members of the Executive Leadership Team drawn up for 2024, based on the Company's audited results. Based on the input from the Nomination and Remuneration Committee, the Board of Directors approved the bonuses.

The bonus criteria concern financial targets – (1) revenue, (2) REBITDA and (3) OWC – and (4) individual, generally qualitative, objectives. For the financial criteria, a minimum achievement threshold of 90% for each of the set target and a maximum of 105% apply. Minimum levels are also set for the personal objective(s), as well as what is considered over-performance.

The financial targets for Area Leaders relate to the performance of the region in combination with targets relating to the performance of the Fagron Group. The financial targets for the other members of the Executive Leadership Team relate to the performance of the Fagron Group. The bonus targets and their relative weight are determined annually at the beginning of the calendar year, taking into account the annual budget as approved by the Board of Directors.

In 2024, the group-level revenue target was overachieved (101%), the REBITDA target was also achieved (100%) and the OWC target was exceeded (108%). The relative weight of each of the financial targets was equal.

In terms of regions, revenue and REBITDA targets in EMEA and Latin America were partially achieved and exceeded in North America. The OWC target was partially achieved in Latin America, but was overachieved in the other two regions. The financial objectives for the members of the Executive Leadership Team have therefore been partially achieved; in North America they were all exceeded.

The individual objectives for the CEO (regarding quality and employee engagement) and for the CFO (regarding reduction of factoring and employee engagement) have been met or exceeded. The individual objectives for the other members of the Executive Leadership Team have been achieved or overachieved.

The final pay-out of the annual variable remuneration also depends on the achievement of predetermined sustainability objectives (bonus-malus). The sustainability target for 2024 was to reduce greenhouse gas emission intensity by 25% compared to 2019. This is in line with the climate objectives for Fagron, as described in the Sustainability Statement. This objective applies to the Area Leaders in their region, and for the other members of the Executive Leadership Team on Fagron's emissions. If these sustainability objectives are achieved, the annual compensation is paid out at 110%. If these are not achieved, the payment percentage is 90%.

The sustainability objective for the bonus reference year 2024 was exceeded per the results in all regions as a result of which the bonuses the multiplier of 110% was applied.

In addition, there is a similar multiplier if the set quality objectives are met. The quality objective has partially been achieved. Therefore, no multiplier was applied.

For the bonus reference year 2024, a clawback right for acquired bonuses has been provided. No such right of recovery was invoked in 2024.

The tables shown provide an overview of the bonuses achieved and paid out for the bonus reference year 2024 as well as the performance conditions and achievement of the annual bonus metrics for the CEO and CFO.

Achieved bonus targets 2024 (x 1,000 euros)	Weight	Threshold performance	Target performance	Maximum performance	Achievement
Revenue (excl. acquisitions)	25%	763.5	848.4	890.8	858.0
REBITDA (excl. acquisitions)	25%	152.8	161.3	178.2	170.4
OWC (excl. factoring)	25%	16.8%	15.3%	14.5%	14.0%
Specific targets CEO	25%		yearly defined		overachieved
Specific targets CFO	25%		yearly defined		overachieved

Bonuses Executive Leadership Team 2024	On-target bonus (% of fixed remuneration)	Bonus achieved (% of on-target bonus)	Pay-out ratio sustainability (90% or 110%)	Pay-out ratio quality (90% or 110%)	Total bonus
Rafael Padilla Executive Director Chief Executive Officer	100%	123%	110%	100%	764,201
Karin de Jong Executive Director Chief Financial Officer	50%	129%	110%	100%	283,309
Other members of Executive Leadership Team	50%[1]	115%[2]	110%[2]	104%[2]	1,680,598[3]

1 150% for the Area Leader North America.
2 Average percentages.
3 Total in euros at constant exchange rates (December 31, 2024).

Long-term variable incentive awards
Based on the Performance Share (Unit) Plan, all members of Executive Leadership Team - with the exception of the Area Leader North America due to a specific North American plan (see below) - were awarded performance shares in 2024. The award for the period 2024 - 2026 is equal to 150% of the annual compensation for the CEO, 125% for the CFO and 100% for the other members of the Executive Leadership Team.

The performance objectives are based on a combination of financial objectives and sustainability objectives. These criteria provide an important benchmark for measuring the successful implementation of the business strategy. In this way, the LTI plan is also directly linked to the long-term value creation of Fagron.

The table below provides an overview of the LTI criteria for the performance period 2024 - 2026.

Taking into account compensation practices in the United States, a specific LTI plan was developed in 2024 for the Area Leader North America (as described in the remuneration policy) that is comparable to the LTI plan that applies to the other members of the Executive Leadership Team.

The performance objectives for this LTI plan are also based on a combination of financial and sustainability objectives with specific metrics for organic revenue growth, REBITDA and operational working capital for Fagron North America.

LTI criteria for performance period 2024 - 2026	Category	Weight	KPI detail for target
Financial (80%)	Relative TSR	20%	Compared to MidCap (BelMid / AMX)
	Organic sales growth	20%	CAGR %
	REBITDA	20%	REBITDA%
	Cash flow	20%	Operating cash conversion (% of REBITDA)
ESG (20%)	Environment	10%	Absolute greenhouse gas intensity reduction in Scope 1 en 2
	Social	10%	Establishment of a health and safety management system across the group

Vesting of long-term variable incentives
Until 2021, the long-term variable remuneration consisted of granting of warrants and subscription rights to the members of the Executive Leadership Team. The vesting of such warrants and subscription rights takes place after the expiry of a predetermined period. All outstanding warrants and subscription rights are vested.

In 2024, no warrants or subscription rights were exercised by the members of the Executive Leadership Team.

The vesting of the performance shares granted on the basis of the Performance Share (Unit) Plan takes place at the end of the performance period, provided that the beneficiaries are still connected to the Company or one of its subsidiaries through an employment or service agreement and that the performance criteria and any other criteria established at the time of award have been met.

The performance shares awarded to the members of the Executive Leadership Team under the plan covering the performance period 2022 - 2024, vested on December 31, 2024. These awards were subject to achieving both financial and sustainability objectives for this performance period. The objectives and outcomes are set out in the table on the next page.

Achievement LTI criteria for performance period 2022 - 2024	Weight	Threshold performance	Target performance	Maximum performance	Result	Achievement
Relative TSR (compared to BelMid and AMX index)	20%	> median		top 10%	top 16%	136%
Organic sales growth (CAGR)	20%	7.2%	8.0%	8.8%	9.1%	150%
REBITDA	20%	18%	20%	22%	20%	100%
Operational cash conversion (average as % of REBITDA)	20%	63%	70%	77%	81%	150%
Greenhouse gas intensity reduction compared to 2019	10%	-23%	-25%	-28%	-34%	150%
Employee engagement score 2024	10%	84%	85%	86%	87%	150%
TOTAL						**137%**

The total long-term incentive outcome for the performance period 2022 - 2024 results in a vesting of 137% of the target.

# performance shares (2022 - 2024)	Awarded performance shares (#)[1]	Vested performance shares (#)[2]
Rafael Padilla Executive Director Chief Executive Officer	57,193	78,469
Karin de Jong Executive Director Chief Financial Officer	33,104	45,418
Other members of Executive Leadership Team[3]	30,420	41,736

1 Excl. performance share units for the Area Leader EMEA (awarded in his previous role).
2 Performance share units for the Area Leader EMEA (awarded in his previous role).
3 Total in euros at constant exchange rates (December 31, 2024).

Overview of outstanding warrants and subscription rights

The table below lists all the outstanding warrants and subscription rights of members of Executive Leadership Team.

Outstanding warrants and subscription rights	Plan	Award	Vesting	Term	Exercise Price	Outstanding balance as of December 31, 2024
Rafael Padilla	Subscription Rights Plan 2020 Subscription Rights Plan 2020	2020 2021	3 year (100%) 3 year (100%)	10 year 10 year	€ 18.52 € 19.44	112,500 112,250
Karin de Jong	Subscription Rights Plan 2020 Subscription Rights Plan 2020	2020 2021	3 year (100%) 3 year (100%)	10 year 10 year	€ 18.52 € 19.44	75,000 75,000
Vera Bakker	–	-	-	-	-	-
Kostas Kouloridas	Subscription Rights Plan 2020 Subscription Rights Plan 2020	2020 2021	3 year (100%) 3 year (100%)	10 year 10 year	€ 18.52 € 19.44	7,500 22,500
Geraldino Neder	Subscription Rights Plan 2020 Subscription Rights Plan 2020	2020 2021	3 year (100%) 3 year (100%)	10 year 10 year	€ 18.52 € 19.44	22,500 22,500
Andrew Pulido	–	-	-	-	-	-
Johan Verlinden	Subscription Rights Plan 2020 Subscription Rights Plan 2020	2020 2021	3 year (100%) 3 year (100%)	10 year 10 year	€ 18.52 € 19.44	50,000 50,000

Shareholding

According to principle 7.9 of the Code, the Board of Directors should determine a minimum threshold of shares to be held by the members of the Executive Leadership Team. In 2024, the Board of Directors decided to modify the minimum shares to be held by the CEO from 100% to 200% of the annual fixed remuneration over a period of five years. This shareholding requirement for the CEO has been met.

The Board also introduced a requirement for the other members of the Executive Leadership Team to build up a shareholding in Fagron to an amount equal to 100% of their individual annual fixed remuneration over a period of five years from the first vesting of their performance shares. In addition to the CEO, four members of the Executive Leadership Team currently hold Fagron shares.

An overview of the shares held by the members of the Board of Directors and of the Executive Leadership Team is available on the investor page of the Fagron website (investors.fagron.com) under the 'Shareholders' section.

Other benefits

Fagron strives, where applicable, to grant other benefits in line with local market practices in the geographical reference markets. In general, the members of the Executive Leadership Team participate in the benefits plans that exist for the other employees of the company with which they are affiliated.

The CEO's benefits package consists of health insurance and a company car (no pension plan). The CFO has a Dutch employment contract and is affiliated with the collective pension plan (defined contribution plan). She may also opt for either a company car or a mobility allowance.

The COO has a Spanish employment contract that provides for a mobility allowance and an allowance for joining a private pension plan. The Head of Legal and M&A and the Area Leader EMEA are independent service providers and are therefore not affiliated with any benefits plan. The Area Leader North America is affiliated with a group health and life insurance plans and with pension plan (401(k)). The Area Leader LATAM has a company car and has health insurance.

Remuneration overview

The table below provides an overview of the compensation of the members of the Executive Leadership Team.

Total remuneration of Executive Leadership Team 2024
In euro

	Fixed remuneration	Annual bonus	Vested LTI[1]	Pension costs	Other benefits	Ratio of fixed to variable
Rafael Padilla Executive Director Chief Executive Officer	567,000	764,201	1,315,140	-	12,749	22%/78%
Karin de Jong Executive Director Chief Financial Officer	400,000	283,309	761,206	11,099	25,092	29%/71%
Other members of Executive Leadership Team[2]	1,594,750[2]	1,680,598[2]	788,809	25,661[2]	73,730[2]	41%/59%[3]

1 Valuation at market value on vesting date.
2 Total in euros at constant exchange rates (December 31, 2024).
3 Average percentages.

Severance pay
The employment contract of Maarten Pouw (former Area Leader EMEA) was terminated effective October 31, 2024. A notice period of four months applied and a termination allowance of approximately five months' salary was paid.

Deviations from the remuneration policy
The long-term incentive plan for the Area Leader North America was terminated as described above. There have been no other deviations from the remuneration policy in 2024.

Annual change in remuneration and internal pay ratio
In accordance with the Directive Shareholder rights (EU) 2017/828 as transposed into Belgian law, the table on the next page provides a joint overview of the annual change in remuneration, the annual change in the development of the Company's performance and the annual change in average remuneration, expressed in full-time equivalents of the executive and non-executive directors for the most recent five financial years. The ratio is also stated between the highest remuneration of the aforementioned executive directors and the lowest remuneration (in full-time equivalent) of the other employees of the Company.

In order to be able to display the annual changes in director remuneration in a consistent and transparent manner and to compare them with the average and the lowest remuneration of other Fagron employees, the following principles are applied:

- To calculate the total remuneration of the executive directors and other employees, the total of the fixed remuneration and the annual bonus paid are taken into account. The subscription rights and performance shares granted to the executive directors have not been taken into account, as the subscription rights were not granted on an annual basis and therefore do not allow a consistent comparison. Other benefits are also disregarded.
- For the non-executive directors, the fixed remuneration for the Chair, fixed remuneration for the other non-executive directors and the additional remuneration for the Committees as determined uniformly are taken into account. A comparison on an individual basis is not relevant as certain board members were members of the Audit and Risk Committee and/or the Nomination and Remuneration Committee in certain financial years and not in other years.
- Given Fagron's active buy-and-build strategy with multiple acquisitions in different countries – with often significant differences in remuneration levels between these countries – taking into account the average remuneration of all employees worldwide would provide an overly volatile and therefore inconsistent and irrelevant basis for comparison. For this reason, it has been decided to include the average remuneration of Fagron employees employed in Belgium in the comparison.

Leadership Remuneration In euro		2020	2021	2022	2023	2024
Executive directors						
Rafael Padilla - CEO	Remuneration[1]	869,037	606,749	986,780	1,106,409	1,331,201
	Δ %	+15.1%	-30.2%	+62.6%	+12.1%	+20.3%
Karin de Jong - CFO	Remuneration[1]	475,210	382,094	621,978	629,910	683,309
	Δ %	+19,2%	-19.6%	+62.8%	+1.3%	+8.5%
Non-executive directors						
Chairman Board of Directors	Remuneration	75,000	100,000	100,000	100,000	110,000
	Δ %	-25.0%	+33.3%	+0.0%	+0.0%	+10.0%
Fixed remuneration for other non-executive board members	Remuneration	27,900	30,000	30,000	30,000	40,000
	Δ %	-25.0%	+33.3%	+0.0%	+0.0%	+33.3%
Additional remuneration for members of Board of Directors' Committees	Remuneration	5,400	7,200	7,200	7,200	7,200
	Δ %	-25.0%	+33.3%	+0.0%	+0.0%	+0.0%
Company performance (in million euros)						
Revenue		556.0	573.8	683.9	763.0	872.0
Total growth at CER	Δ %	+4.0%	+3.2%	+10.3%	+12.5%	+15.9%
REBITDA		123.9	118.3	130.7	149.0	174.0
Total growth	Δ %	+5.9%	-4.5%	+10.5%	+13.9%	+16.8%
Remuneration of other employees						
Average remuneration (FTE)		56,701	56,369	61,527	63,845	65,902
	Δ %	+7.6%	-0.6%	+9,2%	+3.8%	+3.2%
Lowest remuneration (FTE)		27,740	28,708	31,947	32,586	34,877
	Δ %	-0.3%	+3.5%	+11.2%	+2.0%	+7.0%
Ratio between highest remuneration and lowest remuneration		31.3	21.1	30.9	34.0	38.2

1 Renumeration refers to fixed renumeration and annual bonus.

Other legal information that must be disclosed by listed companies

Based on Article 3:6, §1 CC and Article 34 of the Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, this chapter contains the information that must be disclosed under this legislation and that is not contained in other chapters of this report.

Specific control rights

No special control rights have been granted to Fagron's shareholders.

Restrictions on the transfer of securities

Fagron's Articles of Association do not impose any restrictions on transfers of shares.

Legal or statutory restrictions on exercising the voting right

Article 7 of Fagron's Articles of Association states that if a shareholder has not made the requested payment on his/her shares within the period determined by the Board of Directors, the exercise of the voting rights attached to the shares will be suspended by operation of law as long as this payment has not been made. The capital was fully paid up on December 31, 2024.

In accordance with Article 9 of Fagron's Articles of Association, the Board of Directors may suspend the exercise of the rights attached to a share if these rights are divided among several persons, until a single representative has been designated as a shareholder vis-à-vis Fagron. The same rules apply to other securities issued by Fagron.

Procedure for amending the Articles of Association

In accordance with article 7:153 CC, an amendment to Fagron's Articles of Association can only be implemented with the consent of at least 75% of the valid votes cast at the Extraordinary General Meeting of Shareholders at which at least 50% of the Company's capital is present or represented. For the calculation of votes, abstentions are not included in the counter, nor included in the denominator. If the attendance quorum of 50% is not reached a new Extraordinary General Meeting of Shareholders must be convened at which the shareholders can decide on the agenda items regardless of the percentage of the capital present or represented at this meeting.

Rules for appointing or replacing directors

Directors of the Company are appointed by the General Meeting of Shareholders. The Chair of the Nomination and Remuneration Committee is responsible for the appointment procedure. The Nomination and Remuneration Committee recommends suitable candidates to the Board of Directors. The Board of Directors then makes a proposal to the General Meeting of Shareholders for appointment as director. The Nomination and Remuneration Committee determines the requirements regarding independence, competence and other qualifications of the members of the Board of Directors. After consultation with the Chair of the Board of Directors, the Nomination and Remuneration Committee takes all necessary actions to optimize the composition of the Board of Directors.

For each new appointment, an evaluation of the skills, knowledge and experience already available and required at the Board of Directors level is made and a profile of the vacancy is established. Fagron attaches great importance to diversity, so that there is particular attention paid to diversity and complementarity with regard to the various backgrounds and abilities in nominating candidates for the position of director.

After consultation with the Nomination and Remuneration Committee, the Board of Directors determines the profile of each new independent director, taking into account the applicable independence requirements as set out in the Corporate Governance Charter. The Nomination and Remuneration Committee starts the search for suitable candidates for each vacancy as an independent director and may, if desired, engage an external consultant to supervise the selection procedure.

The Nomination and Remuneration Committee's proposal to the Board of Directors for a vacant position as independent director contains the following information: (i) an overview of all persons contacted and all applications received, (ii) a detailed curriculum vitae of the proposed candidate, (iii) an advice from the Nomination and Remuneration Committee with regard to the proposed candidate, and (iv) any report submitted to the Nomination and Remuneration Committee by an external consultant (if appointed).

The Nomination and Remuneration Committee ensures that the Board of Directors has sufficient information about the candidate to be able to take them into consideration, such as a curriculum vitae, the assessment based on an initial interview, a list of the mandates that the candidate already holds and, if necessary, the information needed to assess the independence of the director.

The decision of the Board of Directors to nominate a candidate to the General Meeting of Shareholders for appointment as independent director requires a special majority of two-thirds of the vote. The proposal is accompanied by a recommendation from the Board of Directors and relevant information on the professional qualifications of the candidate director, including a list of positions previously held. This procedure also applies to the reappointment of a director.

Fagron's Articles of Association stipulate that the directors are appointed for a maximum term of four years. The mandate ends at the conclusion of the General Meeting of Shareholders, which is set as the end date for the appointment. Exiting directors can be reappointed. A director's mandate can be revoked at any time with simple majority at the General Meeting of Shareholders.

In the event of a premature vacancy on the Board of Directors, the other directors have, in accordance with Article 15 of the Articles of Association, the right to appoint a new director to temporarily fill the vacancy until the General Meeting of Shareholders appoints a new director. The appointment will be placed on the agenda of the next General Meeting of Shareholders. The director shall be appointed for the remainder of the term of the director they replace.

Shareholder agreements known to the issuer that can lead to a restriction in the transfer of securities and/or exercise of the voting right

The Board of Directors is not aware of any shareholder agreements during the 2024 financial year that could give rise to restrictions on the transfer of securities and/or the exercise of voting rights.

Important agreements that take effect, undergo changes, or expire in the event of a change in control over the company

The following agreements shall enter into force, be amended or expire in the event of a change of control of the Company:

- 105,000,000 euros additional financing facility dated January 28, 2022 under the same conditions, documentation and as an integral part of the already existing 375,000,000 euros multi-currency term and revolving facilities agreement dated August 1, 2019;
- ISDA 2002 Master Agreement dated March 10, 2020 concluded between the Company and Belfius NV/SA and associated schedule dated March 10, 2020 to the ISDA Master Agreement;
- 375,000,000 euros multi-currency term and revolving facilities agreement dated August 1, 2019 between, among others the Company and BNP Paribas Fortis SA/NV, ING Belgium SA/NV and KBC Bank NV as book running mandated lead arrangers, Belfius Bank SA/NV, Commerzbank Aktiengesellschaft, Filiale Luxembourg and HSBC France, Brussels Branch as mandated lead arrangers and ING Bank N.V. as agent;
- ISDA 2002 Master Agreement dated March 7, 2018 concluded between the Company and ING Belgium NV/SA and associated schedule dated March 7, 2018 to the ISDA Master Agreement;
- 2002 ISDA Master Agreement dated May 23, 2017 concluded between the Company and KBC Bank NV and associated schedule dated May 23, 2017 to the ISDA Master Agreement;
- ISDA 2002 Master Agreement dated January 10, 2018 concluded between the Company and HSBC Bank PLC and associated schedule dated January 10, 2018;
- ISDA 2002 Master Agreement dated June 9, 2017 concluded between the Company

and Commerzbank Aktiengesellschaft and associated schedule dated June 9, 2017;
- ISDA 2002 Master Agreement dated July 27, 2017 between the Company and BNP Paribas Fortis NV/SA and associated schedule dated July 27, 2017;
- The Subscription Rights Plans 2019 and 2020.

No agreements have been concluded between Fagron and its directors or employees that provide for compensation if, as a result of a public takeover bid, the directors resign or have to resign without a valid reason or the employment of the employees is terminated.

Description of key features of internal control and risk management systems

The Board of Directors is responsible for Fagron's strategy with the associated risk profile and the design and operation of the internal risk management and control systems. These systems aim to:
- with a reasonable degree of certainty -to be constantly informed of the extent to which Fagron is achieving its strategic and operational objectives,
- to ensure the reliability of financial reporting, and
- to act in accordance with the laws and regulations applicable to Fagron.

Fagron gives priority to internal control and risk management and to the design of these internal risk management and control systems with regard to Fagron's strategic, operational, compliance and financial reporting risks. Partly in view of the development of Fagron and the environment in which it operates, the design and operation of these internal risk management and control systems are continuously evaluated and are continuously subject to further refinement and improvement.

Despite the various controls that have been implemented to manage the risks that could undermine the realization of the strategic objectives, these cannot provide absolute certainty that no material inaccuracies will occur at Fagron.

In concrete terms, Fagron's internal governance is composed of the following building blocks.

Control environment

Fagron conducts conscious risk management based on an internal control system that is achieved by encouraging a corporate culture in which all employees are authorized to fulfil their tasks and responsibilities according to the highest standards of integrity and expertise. Internal control and management is continuously assessed and further professionalized, with attention to the governance structure, processes, systems and controls and awareness among management and employees of the importance of their correct application.

Without prejudice to the responsibilities of the Board of Directors as a whole, the Audit and Risk Committee monitors the effectiveness of the internal control and risk management systems set up by Fagron's management in order to monitor that the main risks are identified (including those related to compliance with laws and regulations), managed and brought to the attention of the responsible persons, all within the framework established by the Board of Directors.

The Audit and Risk Committee meets the Statutory Auditor at least three times a year to discuss matters within its competence and all other matters arising from the audit work. In addition, management provides a status update of pending disputes to the Audit and Risk Committee on a regular basis. The risk is always quantified and qualified.

Fagron has an internal audit function. The Audit and Risk Committee reviews the internal auditor's risk analysis, the internal audit charter, and the internal audit plan, and receives internal audit reports for discussion and review on a regular basis. The mission of the internal auditor includes independent and objective quality assurance and support, and thus aims to create added value through improvement of the underlying business cycles and associated internal controls. The internal audit function is in its early stages and will be further expanded and professionalized in the coming years so that the internal audit department can help the company achieve its overall objectives by evaluating and improving risk management and control procedures in a systematic and disciplined manner. Deficiencies in internal control identified by internal audits will be communicated to management in a timely manner and will be monitored periodically to ensure that the necessary remedial action is taken.

Strategy Development

Based on developments in the market, the opportunities and threats that are identified, an analysis of strengths and weaknesses and a strategic risk assessment, Fagron's strategy and the associated objectives and ambitions are critically assessed annually and adjusted where necessary. The Board of Directors is responsible for this.

Budgets

The strategic objectives, including the main opportunities and risks, are discussed with the Executive Leadership Team. Fagron's strategic objectives form the basis for budgeting the business components. For each business unit, in addition to a financial budget, the budget contains a number of concrete business objectives that are translated into KPIs, which are measured for progress during the year.

Reporting, analysis, and review

The financial results and expectations are reviewed monthly using the Fagron Management Information System, both at the local and central level. This system is available to management and business controllers, as well as to the Executive Leadership Team and the Corporate Controlling department.

The management and business controllers report monthly on the progress of the realization of their business plan, the resulting KPIs and financial performance to the Executive Leadership Team and to the Corporate Controlling department. Progress discussions are regularly held on the basis of this report, in which at least the following are discussed: the actions agreed in previous reviews, the financial results and the updated expectations, the turnover and recruitment of employees and the progress and developments in the business.

Fagron's financial reporting and reporting process can be summarized as follows:

- A closing program with checklist includes the tasks to be completed for the monthly, quarterly, half-yearly and annual closing of the company and its subsidiaries.
- The finance department provides the accounting figures under the supervision of the head of accounting or the financial director of each group company.
- The controllers shall verify the accuracy of these figures and report thereon. This involves both coherence tests through comparisons with historical or budgetary figures and sample checks of transactions. As part of the closing process, extensive reporting with financial and operational data must also be provided.
- The Audit and Risk Committee assists the Board of Directors in monitoring the integrity of the financial information. It shall monitor the relevance and consistency of the application of the accounting standards, including the criteria for the consolidation of the accounts of the group companies.
- Management shall inform the Audit and Risk Committee of the methods used regarding the accounting treatment of significant and unusual transactions whose accounting treatment may be subject to various approaches. The Audit and Risk Committee discusses the financial reporting methods with both the Executive Leadership Team and with the Statutory Auditor.

Supervision of internal control is exercised by the Board of Directors, assisted by the work of the Audit and Risk Committee and the internal auditor. The Statutory Auditor annually conducts an analysis of the internal control with regard to the risks associated with Fagron's financial statements. In this context, the Statutory Auditor makes recommendations, if necessary, on the internal control and risk management systems, which will be formalized in a management letter. Management takes actions to address the findings and further improve the internal control environment. These measures are monitored, and the Audit and Risk Committee examines the extent to which the Executive Leadership Team complies with the Statutory Auditor's recommendations.

Global Policies and Code of Conduct

Responsibilities, powers, guidelines, and procedures at Fagron are laid down in a clear and accessible manner in the Global Policies and Code of Conduct of Fagron. Every important process is addressed. Management and business controllers of the business units are responsible for the correct application of the processes and systems. As soon as there is further integration, acquisitions are also integrated in terms of guidelines, procedures and processes and systems.

Compliance reviews and external audits

In addition to the internal and external audits, various compliance reviews take place, both on the quality system used as well as on the administrative organization and the financial results.

The Statutory Auditor focuses on the operation of internal control measures that are important for the creation of the financial statements. The results of the Statutory Auditor's audits are reported orally and in writing to Corporate Controlling, the CFO and the Audit and Risk Committee. The compliance reviews are carried out by Corporate Controlling and also focus on the correct application and compliance with internal procedures and guidelines. The orientation is on both financial and operational audits. The objective is to use the results to achieve continuous professionalization of internal control. In addition, these instruments contribute to a continuous increase in risk awareness within Fagron.

Information for shareholders

Number of shares and evolution of the capital

Fagron NV was founded on 29 June 2007 (under its previous name Arseus NV). At the time of incorporation, the share capital was 61,500 euros, represented by 100 registered shares without nominal value, fully paid up in cash, with each share representing an identical fraction of Fagron's share capital.

The evolution of the capital as well as the issuance of shares from the year 2021 is shown below. For the changes that took place from 2007 to 2020, previous annual reports may be consulted.

On June 9, 2021, 482,500 new shares were issued as a result of the exercise of warrants under the Warrant Plan 2016, 2018 and 2019. The number of Fagron voting securities amounted to 72,960,154. The total number of voting rights (denominator) amounted to 72,960,154. The capital amounted to 501,870,567.62 euros.

On June 10, 2022, 32,500 new shares were issued as a result of the exercise of warrants. The total number of voting securities after the issue amounted to 72,992,654, which is equal to the total number of voting rights (denominator). The capital amounted to 502,094,125.17 euros after the issue.

On May 2, 2023, 236,250 new shares were issued as a result of the exercise of warrants. The total number of voting securities after issue amounted to 73,228,904, which was equal to the total number of voting rights (denominator). The capital amounted to 503,719,216.61 euros after issue.

A share buyback program was carried out between August 14, 2023 and December 31, 2023, in which 138,372 Fagron shares were purchased so that Fagron could meet its obligations under the Long-Term Incentive Plan as approved at the 2023 General Meeting of Shareholders.

A share buyback program was carried out between August 19, 2024 and September 14, 2024, in which 150,000 Fagron shares were purchased so that Fagron could meet its obligations under the Long-Term Incentive Plan as approved at the 2024 General Meeting of Shareholders.

The capital therefore amounts to 503,719,216.61 euros at the time of preparing this annual report, represented by 73,228,904 shares, without indication of nominal value with a par value of 1/73,228,904th of the capital.

Shareholder structure and notifications of shareholding

In accordance with Article 11 of Fagron's articles of association, for the purposes of Article 6 of the Act of May 2, 2007 on the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market and subject to various provisions, the applicable quotas are determined at 3%, 5% and multiples of 5%.

When these thresholds are exceeded, those involved must send a notification to the FSMA (Financial Services and Market Authority/ Financial Services and Markets Authority) and to the company.

The chapter Share Performance describes the shareholder structure of Fagron as of November 18, 2024 based on the notifications received under the transparency legislation.

Warrants and Subscription Rights

On April 12, 2019, the Board of Directors approved the 2019 Warrant Plan for the benefit of employees and managers/consultants of Fagron NV and its subsidiaries. This was confirmed by decision of the Extraordinary General Meeting of May 13, 2019 in the presence of notary Liesbet Degroote, whereby it was decided to issue 300,000 warrants.

On August 4, 2020, the Board of Directors approved and issued the 2020 Subscription Rights Plan for employees and managers/ consultants of Fagron NV and its subsidiaries under the authorized capital in the presence of notary Stijn Raes, whereby it was decided to issue 2,600,000 subscription rights.

For further details regarding the modalities of the Warrant Plan 2019 and the Subscription Rights Plan 2020 and the movements in the number of subscription rights during financial year 2024, please refer to explanatory note 21 in the consolidated financial statement.

Authorized capital

By decision of the Extraordinary General Meeting of May 9, 2022, the authority of the Board of Directors to increase the issued capital as stated in Article 5b of the coordinated articles of association dated May 8, 2017 was renewed and extended for a period of five years from the announcement of the amendment of the articles of association published in the Appendices to the Belgian Official Gazette on May 30, 2022.

By decision of the Extraordinary General Meeting of May 9, 2022, the authority was granted to count, with a majority of at least three quarters of the votes and within a period of five years, from the date of publication of the decision in the appendix to the Belgian Staatsblad, on one or more occasions, in the manner and under the conditions that the Board of Directors will determine, to increase the capital by an amount equal to ten percent of the capital.

Acquisition of treasury shares

The General Meeting or the articles of association determine in particular the maximum number of shares, profit sharing certificates or certificates to be acquired, the duration for which permission has been granted to acquire them, which may not exceed five years from the publication of the deed of incorporation, the amendment of the Articles of Association or the authorization of the General Meeting, as well as the minimum and maximum value of the compensation.

The Extraordinary General Meeting of May 13, 2024 authorized the Board of Directors to acquire its own shares, by purchase or exchange, directly or through a person acting in his own name but on behalf of the Company, at a price that may not be lower than one euro and not higher than the average of the closing prices of the ten working days prior to the day of purchase or exchange, increased by ten percent and this in such a way that the company will at no time own its own shares, the par value of which will be higher than twenty percent of the issued capital of the Company.

On August 1, 2024, the Company announced that it would start purchasing a maximum of 150,000 Fagron shares on August 19, 2024 to cover its obligations under Fagron's long-term variable remuneration scheme, which was approved during the 2024 General Meeting. The share buyback program was successfully completed on September 13, 2024. A total of 150,000 Fagron shares were purchased at an average price of 19.06 euros per share, which corresponds to a total amount of 2,859,102.43 euros.

As of the date of this report, Fagron owns 391,999 of its own shares.

Access to documents

The statutory and consolidated financial statements, Articles of Association, annual reports and other information provided for the purpose of shareholders can be obtained free of charge at the registered office.

These documents can also be accessed digitally on the investors page of the Fagron website (investors.fagron.com).

Risk management

Risk management aims to protect Fagron and to secure the company's long-term objectives and value creation.

Introduction

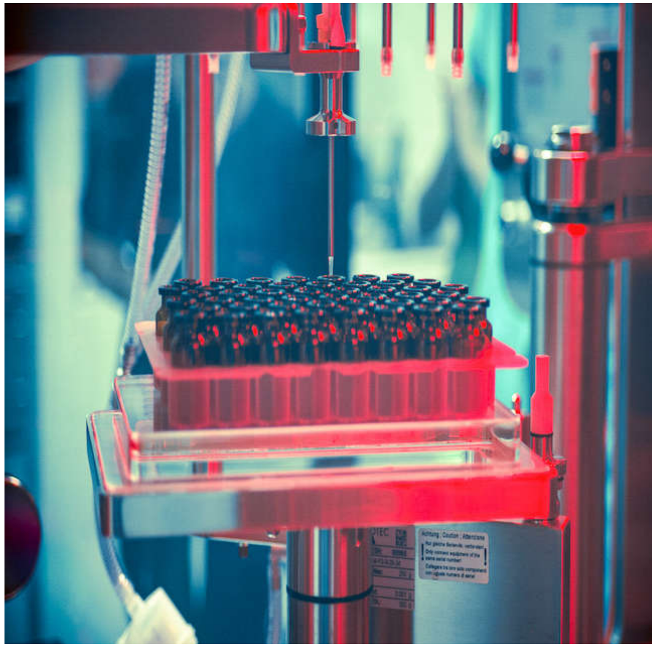
Solid risk management and control systems help Fagron to support our general business strategy, incorporating the nature of our business and the environment in which we operate into the process. Our risk management and control systems are subject to continuous refinement and improvement, considering both external developments, including laws and regulations, as well as internal growth and expansion.

Risk management framework

The Board of Directors is responsible for the overall Fagron strategy as well as the associated risk profile both of which are included in the design and operation of the internal control and risk management systems. Fagron's risk management systems are continuously assessed and amended to make sure they covers the governance structure, processes, systems, and controls. Management and other employees are regularly updated and made aware of the importance of their correct application.

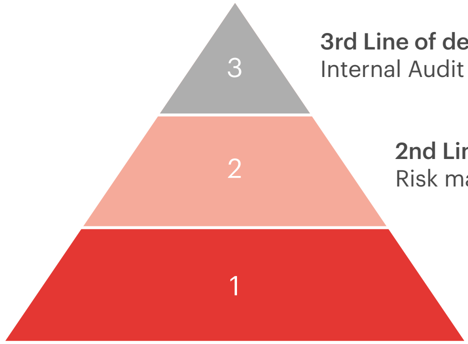
The responsibility for managing individual risks depends on the type and nature of the risk and lies either with local management supported by the local finance team or with the relevant team at group level.

The Corporate Governance chapter contains a more detailed Description of key features of internal control and risk management systems within Fagron. This chapter also elaborates on the role of the Audit and Risk Committee.



Lines of Defense

Fagron's risk management system is based on the three lines of defense model. The first line directly deals with risks in daily activities, the second line monitors and provides policies and guidance, and the third line is responsible for auditing to assure and evaluate the effectiveness of the risk management and control processes.



3rd Line of defense
Internal Audit

2nd Line of defense
Risk management, monitoring and reporting

1st Line of defense
Daily risk management, operations and development

First Line	Second Line	Third Line	
Local management	Group functions	Board of Directors (Audit and Risk Committee)	Internal audit function
• Entity-level risk management • Ensure a good control environment • Translate Fagron Group risk policies to entity level • Identify risks • Determine likelihood and impact of identified risks • Evaluate, develop, implement and validate management measures • Monitor and report risks	• Monitor risk management • Identify group-level risks and report them to Board of Directors • Detailed review how key risks are managed • Promote risk management best practices • Oversee budgeting and associated KPIs • Analyze results at local and group level to identify risks	• Adopt risk management strategy • Determine risk appetite • Determine probability and impact of strategic risks • Monitor progress of strategic risk management • Review and approve costs for risk management measures • Determine reporting procedure	• Draw attention to and maintain attention on risk management • Monitor local managements risk registers • Ensure sound implementation of risk management policies • Make recommendations and provide risk management support • Identify risks based on audits

Risk assessment methodology

A periodic risk assessment on group level is essential for effective risk management. This risk assessment takes place every year. With in-depth understanding of the organization's strategy and objectives, the internal auditor is able to have an independent view of the inherent risks of the existing business and emerging risks of new business initiatives and projects.

The risk assessment process consists of the following five stages:

- Identify key people for risk assessment discussions
- Identify objectives by (type of) business process
- Identify potential risks and link potential risks by objective
- Score potential risks on 'likelihood' and 'impact'
- Record and report outcomes

During the risk assessment process, the internal auditor supports and challenges key people to think critically about the objectives per (type of) business process, potential risks, linking these risks per objective and scoring the potential risks.

Risk matrix

Action plans and measures

As a result of the risk assessment, action plans are prepared for each identified risk. An action plan describes (1) the actions to be taken to avoid the risk, (2) the research directions to mitigate the risk, and (3) the control and monitoring measures to be taken to avoid the risk or detect it at an early stage. The action plans for managing risks and the measures taken differ in form and degree of mitigation.

Identification and analysis of risks 2024

Fagron's risk management involves identifying all major risks, implementing plans to limit these risks, and taking measures for their effective management. Due to the regional distribution of its business activities, our diverse product portfolio, and our broad supplier base, the risk of economic changes is diversified for Fagron.

Identification of risks

In line with strategy, a risk assessment was performed during 2024. The risk assessment methodology has not changed compared to the previous year, when the group of people involved was expanded. All members of the Executive Management Team and various key people within the organization were invited to complete a questionnaire in 2024. Interviews took place when prompted by the outcome of the questionnaire.

The outcomes were documented and the results are reflected in the risk matrix. For this year we selected the following five risks to be described more elaborately as we consider these most relevant for 2024 and 2025 : 'Acquisition and integration risk', 'Changing customer demand', 'Supply chain', 'Compliance risk', and 'Product Quality & Safety risk'.

Action plans

An action plan exists for each of the identified risks. The plans were updated in 2024 following the outcome of the 2023 risk assessment. Where necessary, the action plans will be updated in 2025 on the basis of the risk assessment conducted in 2024. The action plans are implemented by the local management and monitored by the internal auditor.

Main risks

This section describes the main risks with the likelihood and impact of each risk. Some risks may not yet be known to us or are currently considered immaterial but could ultimately impact the company.

Fagron distinguishes the following four risk categories:

Strategic risks	Operational risks
• Acquisition and integration risk • Changing customer demand	• Supply chain risk • Health, safety & environmental incidents • Human capital • IT
Financial risks	**Compliance risks**
• Credit risk • Interest risk • Liquidity risk • Currency risk	• Compliance risk • Product quality & safety risk • Corruption & bribery • Reputational risk

Detailed explanation of selected risks

In the following paragraphs we elaborate on the risks that we have selected for a more comprehensive explanation as we consider them most relevant at this moment for Fagron. This relevance depends on multiple circumstances.

More details on the management of the various financial risks are included in note 3 of the annual financial report.

Acquisition and integration

Fagron is pursuing an active acquisition strategy to support growth and enter into new markets. These M&A activities present inherent risks such as integration challenges, cultural differences, and unexpected financial liabilities.

Fagron mitigates this risk by following a disciplined and structured process when acquiring companies. The targets are carefully identified, including paying attention to the cultural and organizational fit. Acquisitions are conducted following a structured process, which includes defining the transaction structure and a thorough due diligence process. Acquisition activities are carried out by our internal M&A team led by the Head of Legal and M&A, who is a member of the Executive Leadership Team. Acquisition activities are, where necessary, supported by reputable external advisers. Fagron's integration manager who is part of the M&A team, manages the post-acquisition integration process. The role of the M&A integration specialist is important to ensure that the relevant teams work together smoothly and effectively, creating value and achieving objectives. Fagron is looking to continue the M&A strategy in 2025.

Changing customer demand

Fagron operates in EMEA, North America and Latin America. Customer demand for Fagron's products can be affected by changing prescribers' habits, macroeconomic changes, unavailability of certain drugs, regulatory and reimbursement changes, or geopolitical circumstances in these regions. Our sales can be impacted by these changes.

Fagron monitors the markets for any of these changes. We operate in multiple different markets and segments with a broad range of prescribed medications, this diversification helps mitigate the risk in case demand for a product shifts. There is limited concentration of customers and products in certain areas. We try to have flexibility in our operations to be able to scale production up or down, if demand changes. Close contact with prescribers and doctors in combination with bringing new innovations to the market helps us to stay ahead of changing customer preferences.

Supply chain

Fagron depends on third parties for supply and production and is therefore exposed to supply chain risks. These risks can entail potential disruptions due to geopolitical tensions, natural disasters, or supplier non-compliance with quality standards. This can result in product quality risks, availability, and increased costs of these purchased products.

Fagron has in recent years reduced this risk by optimizing our supplier base by improving relationships with key suppliers and reducing dependence on specific suppliers. The breadth of our product range also helps moderate the risk. The supply chain has been further strengthened during 2024 by investing in relations with key suppliers and increasing the supplier base with whom we have direct contact by reducing the role of the agencies. This strengthens the relationship with key suppliers while maintaining the relations with the agencies.

Compliance risk

Fagron operates within the highly regulated pharmaceutical sector meaning that non-compliance with regulations could result in penalties, product bans, or operational disruptions.

To address this, we maintain comprehensive regulatory vigilance, invest in regular training programs for employees, and engage with health authorities to stay aligned with current and emerging compliance requirements. We have a robust quality system in every production facility managed by local teams and with oversight from a Global Quality Manager.

The regulatory environment related to compounding finished products in North America continues to develop. The United States Pharmacopeia ("USP") issued new and enhanced quality standards for the compounding of sterile and nonsterile products in 503A pharmacies. Fagron's North America pharmacies (under AnazaoHealth) are well-positioned to comply with these enhanced standards. Many other pharmacies, including hospital pharmacies that continue to compound products in-house, lack the facilities and resources to account for the new standards.

The developing regulatory environment is also affecting 503B Outsourcing Facilities in the North America. Notably, the FDA has increased regulatory pressure on Outsourcing Facilities, particularly through the use of Warning Letters to address concerns with the largest facilities. Fagron's Outsourcing Facilities are not immune from this pressure, and we are continuously investing in quality to comply with these increasing standards.

Product Quality & Safety risk

Fagron faces risks related to the safety and quality of its products or pharmaceutical compounding in general. Mitigating these risks are critical to ensuring patient safety, maintaining regulatory compliance, and sustaining business reputation and trust. We work out of GMP facilities that are regularly audited by regulatory bodies. We have a robust quality system using specific software to streamline the quality processes within the group, managed by a Global Quality Manager supported by local quality teams.

The North American compounding business is growing rapidly. Fagron has a number of sterile and non-sterile production facilities in North America. We are investing in new facilities in North America for expansion of capacity and for quality enhancements. FDA and State Boards of Pharmacies are responsible for the oversight of sterile outsourcing facilities. We are audited on a regular basis and diligently respond to the observations made. Continuous investment in quality is needed to stay ahead of the increasing regulatory scrutiny in this sector.

Sustainability Statement

General information

How we report on sustainability

General basis for preparation

Applicable legislation
Fagron's sustainability strategy, policies, and reporting comply with both national and international laws and regulations. Fagron reports on non-financial information as mandated by Corporate Sustainability Reporting Directive (CSRD). In the ESRS Index, we list which disclosure requirements as described in the European Sustainability Reporting Standards (ESRS) are included in this annual report. All data points that we report on in this Sustainability Statement have been assessed as being material according to our double materiality assessment.

Scope of sustainability reporting
This Sustainability Statement has been prepared on a consolidated basis and is aligned with the scope of consolidation of the financial statement. All legal entities which are under the control of Fagron - and consolidated in the financial statement applying the integral method - are considered 'own operations' in this sustainability statement.

Exceptions to the scope of the reporting apply only to a few entity-specific environmental indicators, the delineation of which is described in detail under Environmental information.

The Sustainability Statement covers both the up- and downstream activities of our value chain, ensuring that all significant environmental, social, and governance (ESG) impacts throughout our operations and supply chain are addressed. In this Sustainability Statement we clearly indicate when information applies to Fagron's own operations, and when it applies to the up- and downstream value chain. No material information has been omitted.

Estimations, assumptions, and uncertainties
For certain metrics, such as those related to climate change and health and safety[1], we rely on estimates and assumptions when primary data is unavailable. Metrics involving value chain data may carry a higher level of uncertainty compared to those that apply solely to Fagron. We provide details on any estimates, assumptions, and uncertainties related to value chain information alongside the reported metrics.

Improved metrics
All other sustainability indicators reported in 2023 are included in this Sustainability Statement except for those listed below. We apply the same methodology for these indicators as in 2023, with the exception of those indicators where we have updated historic values or methodology to ensure comparability over the years and/or improve data quality. In 2024, we decided to change the following metrics:

- We report on 'total energy consumption' instead of 'energy intensity at CER 2019' metric to better reflects our efforts to reduce energy consumption.
- We report on 'the mass of total waste generated and respective treatment methods' replacing the metric 'the number of facilities where we separate certain waste streams' as the more detailed reporting provides a better understanding of our efforts in terms of waste management.
- We no longer report on age diversity for management and top management. These metrics are not mandatory according to the CSRD and we do not believe they provide relevant information concerning our diversity and inclusion actions.

[1] Rate of work-related injuries.

Restatement of metrics
In case of an adjustment to the financial numbers, the values are aligned with the numbers from the financial statements. In case of a restatement of a sustainability metric, we will describe this in the section on the metric subject to change. In 2024 this includes:

- All Scope 1 and Scope 2 carbon footprint data and energy use data for 2021, 2022 and 2023 to align with ESRS requirements to use the same scope for financial reporting and sustainability reporting. Additionally, we updated emission factors, energy conversion factors and activity data, see Climate change and Energy use.
- All Scope 3 carbon footprint data, using a new calculation methodology, see Climate change.
- Suppliers who have set science-based targets in 2022, see Climate change.
- Employees in "other countries EMEA and China" in 2023 and employee turnover 2023, see Stakeholder group: Our people - Introduction.
- Rate of work-related injuries and fatalities, where we have amended the methodology to estimate the total hours worked by employees, see Health & Safety (Our people).
- Number of performance and career development reviews per person in 2023, see Training & development.
- Suppliers who have signed the Business Partner Code of Conduct in 2022 and 2023, see Human rights & labor rights (Value chain workers).

Internal controls over sustainability reporting
The majority of the primary data for the Sustainability Statement is collected via our sustainability data software tool. This tool allows for a review (four-eye principle) of all data points, in addition to a sign-off. Controls are in place to ensure that a proper review occurs of all material data points. Depending on the indicator, final sign-off of the metric for publication occurs by the COO, Global ESG Officer, Global HR Director or Head of Legal and M&A. No internal audit occured yet on the accounting and control process of sustainability data in this Sustainability Statement. We are considering including this in the scope of the internal audit function, see Risk management for more information.

Incorporation by reference
To increase the readability of our sustainability information, and prevent duplication, we have included an information box with references in each of the four main sections of the Sustainability Statement. These boxes guide the reader to information reported in this Sustainability Statement, or in other parts of this annual report.

Assurance of sustainability statement
This sustainability statement and all information incorporated by reference has been assured (limited assurance) by our sustainability assurance provider. No other third party has provided assurance or validation.

Disclosures incorporated by reference

The following information can be found in another part of this annual report, and is incorporated into the Sustainability Statement by reference:

- About Fagron
- Activities of the Board of Directors in 2024
- Composition of the Board of Directors
- Diversity in the Board of Directors
- ESRS Index
- Expertise and skills of the Board of Directors
- Remuneration report and policy
- Risk management
- Sustainability performance

The following information can be found in another part of this Sustainability Statement and is incorporated into the chapter "General information" by reference:

- Scope of reporting on material environmental topics see Environmental information.
- Scope of reporting on material social topics see Social information.
- Scope of reporting on material governance topics see Governance information.

For the exact location of each disclosure - see the ESRS Index.

Materiality assessment

Introduction
In 2023, Fagron conducted a double materiality assessment in line with the requirements of the ESRS. This assessment establishes if a topic can be material from either a financial perspective (financial materiality) or an impact perspective (impact materiality). According to the CSRD, a sustainability topic is considered material if it meets the criteria for financial materiality, impact materiality, or both.

Several members of our ESG team and the Executive Leadership Team (ELT) were involved in reviewing the materiality assessment, which was finally approved by the Board of Directors in 2023. It is Fagron's ambition to conduct a materiality assessment every two to three years, with the next assessment scheduled for 2026.

Fagron has taken the following steps in its materiality assessment:
1. Identify potential material topics
2. Identify stakeholders
3. Assess financial materiality
4. Assess impact materiality
5. Plot materiality in matrix

Identify potential material topics
Firstly, we made a long list of potential material topics by considering:
- all potential topics listed in the ESRS
- information from the MSCI Industry Materiality Map
- SASB Materiality Finder
- topics that Sustainalytics identified as material for Fagron
- topics from materiality assessments of healthcare companies listed in Belgium or the Netherlands
- topics included in previous Fagron materiality assessments

We grouped the identified topics into what we call Fagron sustainability topics. This resulted in a short-list of 31 topics. Two topics were excluded from this shortlist, because they are not applicable to Fagron:
- Animal welfare: Fagron does not produce active pharmaceutical ingredients (APIs) or patented drugs. Fagron neither conducts nor contracts animal testing for its repackaged and compounded products, and none of its contract manufacturers perform animal testing on Fagron products. No final products sold under any Fagron brand have undergone animal testing, but animal testing may have occurred during the development of the APIs in our supply chain.
- Community rights: Overall, our facilities have a small physical footprint and have not displaced people. None of our compounding and repackaging facilities or laboratories are located in residential areas. They are situated in industrial parks or zones. Fagron's activities do not negatively impact the economic, social, cultural, or civil rights of individuals living or working within 500 meters of our facilities. Additionally, to the best of our knowledge, none of Fagron's facilities are on land claimed or previously claimed by Indigenous peoples.

Stakeholder group	Fagron sustainability topics
Communities in which we operate	Corruption & bribery, Chemical use & pollution, Resource use, Rights of communities, Tax transparency, Waste, Water use
Customers/end-users	Access to healthcare, Ethical selling practices, Lobbying & political engagement, Privacy of end-users, Product quality & safety, Sustainable products
Environment/world-at-large	Animal welfare, Biodiversity, Climate change, Compliance with rules and regulations (general), Energy use, Remuneration of executives
Our people	Compensation & benefits, Diversity & inclusion, Employee engagement, Grievance mechanism, Health & safety, Human rights & labor rights, Security of employment, Training & development, Working hours.
Suppliers and value chain workers	Health & safety, Human rights & labor rights, Payment practices.

Identify potential stakeholders
Fagron has identified two key stakeholder groups: affected stakeholders and users of sustainability information. You can read more about these and the ways we engage with them in Stakeholder engagement. Not all of our sustainability topics are relevant to every stakeholder. Therefore, we have categorized these according to the potentially affected stakeholder group for the assessment of impact materiality. See the table on the previous page.

Assessing financial materiality
A sustainability topic can be financially material in two ways:
- If it presents risks or opportunities that could significantly impact Fagron's development, financial performance, cash flow, access to finance, or cost of capital.
- If the information is important to users of general financial reports, such as shareholders or credit providers, in making decisions about providing financial resources to Fagron.

Risk assessment
We used data from our 2022 risk assessment as input for our materiality assessment and have updated and reviewed the materiality assessment based on the most recent risk assessment. Most sustainability topics were covered as either risks or contributing factors, with the exception of energy use and sustainable products, which were viewed as opportunities. Access to healthcare was not included, as it underpins Fagron's business model. The table at the end of this section shows the related risks from the risk assessment, as well as the risks assessed as Low, Moderate or High. For more information on the risk assessment, see Risk management.

Shareholders
As part of our double materiality assessment, we engaged with shareholders representing over 50% of our outstanding capital[1] from mid-June to mid-July 2023. The goal was to identify what sustainability topics could deter them from investing, trigger divestment, influence voting at shareholder meetings, or prompt requests for information.

For that purpose, the following questions were discussed:
1. Does your organization have exclusion criteria for investing in specific markets/ types of products that are related to ESG? And if so, what are these?
2. Does your organization have exclusion criteria in place regarding ESG performance (e.g., in terms of rating)? And if so, what are these?
3. Is there any ESG-related performance indicator that would trigger your organization to sell Fagron shares? And if so, what are these? And do you apply thresholds?
4. Does your organization have any ESG related voting guidelines/standpoints for shareholder meetings? And if so, what are these?
5. Does your organization actively engage with the companies you invest in, in terms of ESG? If yes, what are the most important topics?

Each Fagron sustainability topic that was mentioned was classified according to assessment framework shown on the next page.

[1] Based on available information as of May 2023

Credit providers

As part of our double materiality assessment, we evaluated the sustainability indicators included in our credit facility, which focus on climate change and employee engagement. Meeting these targets allows us to maintain favorable conditions, leading us to classify both topics as “Moderate.” Fagron did not engage with credit providers for this assessment, as the majority of our current credit facility will mature in 2026. We plan to include this stakeholder group in our materiality assessment update in 2026.

Regulators/authorities

Fagron did not engage directly with regulators/authorities for the 2023 materiality assessment as a user of sustainability information. However, we did consider their influence on our development, financial position or performance, cash flow, access to finance, and cost of capital in our financial materiality assessment. We are exploring the possibility of engaging with regulators and authorities in our 2026 materiality assessment.

Outcome of financial materiality assessment

We do not apply weighting in our assessment. A topic is therefore considered to have a “High” materiality if it was rated “High” in the risk assessment or in the shareholder engagement. The results of the financial materiality assessment are displayed on the axis labeled “Potential or actual impact on Fagron Value” in our materiality matrix, see Plot materiality assessment in matrix.

Impact on Fagron[1]	Outstanding capital[2]	Financial materiality
Potential loss of financial resources	10% or more	High
	>3% but <10%	High
	>1% but <3%	Moderate
Performance requirement to maintain favorable/ current conditions	10% or more	High
	>3% but <10%	Moderate
	>1% but <3%	Low
Data collection and reporting requirement	10% or more	Moderate
	>3% but <10%	Low
	>1% but <3%	Low

1 Magnitude of impact on Fagron: Loss of financial resources has a higher impact on Fagron than data collection requirements.
2 Likelihood of impact on Fagron: The larger the share of the outstanding capital the more likely that a shareholder will e.g., divest.

General information

Fagron sustainability topic(s)	Related risk in risk assessment	Risk assessment	Shareholder engagement	Outcome financial materiality assessment
Access to healthcare	-	No risk	Moderate (Opportunity)	Moderate (Opportunity)
Energy use	-	Moderate	Moderate	Moderate
Sustainable products	-	Low (Opportunity)	Low	Low
Compliance	Compliance [1]	High	High	High
Corruption & bribery	Corruption & Bribery [1]	Low	High	High
Climate change, Health & safety (Our people)	Health, safety, and environmental incidents	Moderate	High	High
Compensation & benefits	Human capital risk	Moderate [2]	Moderate	Moderate
Diversity & inclusion	Human capital risk	Low [2]	High	High
Employee engagement	Human capital risk	High [2]	Moderate	High
Security of employment	Human capital risk	Low	Low	Low
Training & development, Working hours	Human capital risk	High [2]	-	High
Product quality & safety	Product quality & safety	High	High	High
Chemical use & pollution	Reputational risk	Low [3]	High	High
Ethical selling practices, Grievance mechanism (Our people), Lobbying and political engagement, Tax transparency	Reputational risk	Low [3]	Low	Low
Human rights & labor rights (Our People, Value chain workers, End-users[4]), Remuneration of executives	Reputational risk	Moderate	High	High
Waste, Health & safety (Value chain workers)	Reputational risk	Low [3]	Moderate	Moderate
Payment practices	Supply chain risk [1]	Low [5]	Low	Low
Resource use (incl. Biodiversity and water use)	Supply chain risk [1]	Low	Moderate	Moderate

1 The scoring of these risks in the risk assessment has been amended in comparison to the 2022 risk assessment, as described in the annual report of 2023. These changes do not have an impact on the outcome of the materiality assessment.
2 Scoring of factors that contribute to human capital risk (employees leaving) has been done based on the annual leaver's survey.
3 Assessed as not being one of the main reputational risks in the risk assessment.
4 For end-users, human rights & labor rights are related to Access to healthcare, Privacy of end-users and Product quality & safety. This scoring is based on Privacy or end-users.
5 Assessed as not being one of main supply chain risks in the risk assessment.

Assessing impact materiality
A sustainability topic is considered material from an impact perspective if it leads to an actual or potential positive or negative impact on people or the environment in the short, medium, or long term.

Impacts can arise from Fagron's own operations or through the upstream or downstream value chain. For our 2023 materiality assessment, we considered impacts from our own operations for all stakeholder groups and impacts in the upstream and downstream value chain for all stakeholder groups, excluding the environment and the environmental impact on communities (with the exception of climate change). Due to insufficient information about the supply chain, we were unable to conduct a thorough analysis. We plan to address this in our 2026 materiality assessment.

For all stakeholder groups, we assess the severity of a negative impact using the following framework (see also table below):

- A non-remediable and grave impact, such as death or permanent physical or mental injury, will always be classified to have a 'High' impact materiality, regardless of its likelihood or the number of people affected.
- A remediable but grave impact refers to a sustainability topic that prevents a person from building healthy, long-lasting relationships, whether at home, work or in the community. For example, because of displacement due to environmental degradation. We classify any remediable grave impact with an actual or high likelihood of affecting more than 100 people to have a 'High' impact materiality; all other cases are classified as 'Moderate' impact materiality.
- A non-grave and remediable impact refers to any impact Fagron has on people or the environment that may hinder someone's self-development, such as learning new skills. We classify these impacts as 'Low' impact materiality, unless they have an actual or very likely impact on more than 100 people, in which case we classify them to have a 'Moderate' impact materiality.

For positive impacts, we use the same assessment framework, viewing them as reducing the risk of negative impacts. For example, providing access to healthcare by compounding treatments during drug shortages ensures patients receive medications despite shortages. Without this support, patients could face non-remediable and grave consequences. Since Fagron supplies treatments to over 100 people annually, this positive impact is classified to have a 'High' impact materiality.

In our materiality matrix, the results of the impact materiality assessment are located on the axis labelled "Potential or actual impact on society and environment", see Plot materiality assessment in matrix.

		Severity of impact[1]					
		Impact is remediable & not grave		Impact is remediable & grave		Impact is non-remediable & grave	
		1-100 people affected	>100 people affected	1-100 people affected	>100 people affected	1-100 people affected	>100 people affected
Likelihood of impact happening	High/ Actual impact	Low	Moderate	Moderate	High	High	High
	Moderate	Low	Low	Moderate	Moderate	High	High
	Low	Low	Low	Moderate	Moderate	High	High

1 A positive impact occurs when a negative impact is prevented. We see the number of people affected as "the scope" and the type of impact as "scale" of the impact.

Interests of Our people
Fagron wants to provide a healthy and safe work environment for everyone. Pharmaceutical compounding can involve handling chemicals, biologicals, and potentially toxic products. Ensuring safety measures are implemented, such as proper protective equipment and ventilation, mitigates these risks. Due to the environment in which we operate, we classify Health & safety as a 'High' impact topic for employees.

Fagron gains a comprehensive understanding of employee interests, and assesses potential impacts, through our Global Employee Survey. This survey, conducted every two years, aims to assess employee needs and priorities. It can also serve to gather feedback on Fagron's sustainability topics. Additionally, employees have the opportunity to express their feelings about working at Fagron.

For the 2023 double materiality assessment, we conducted a detailed analysis of the 2022 Global Employee Survey, covering all topics except "Human rights & labor rights" and "Security of employment". The potential impact of the latter two was assessed theoretically using our assessment framework. The results from the 2024 Global Employee Survey did not differ significantly enough to require a reassessment of the impact materiality for our employees. We will incorporate the 2024 Global Employee Survey results into our 2026 double materiality assessment.

Based on the Employee Survey results, Fagron develops an action plan focusing on key improvement areas. The results and proposed action plans are presented to the Board of Directors, which provides feedback and approves the action plans, after reaching consensus. For more information on the latest survey and action plans, please see Employee engagement.

In the subsequent Global Employee Survey, employees are asked whether they feel their feedback was adequately addressed. In 2024, 60% of employees were happy with the progress made, and 40% believed that Fagron could further improve, or were neither explicitly content with the progress, or believed that it was necessary for Fagron to further improve.

Fagron does not specifically engage with non-employees regarding sustainability topics and does not target any specific employee groups. Given that the number of non-employees is small compared to employees (see Stakeholder group: Our people) and that their interests are similar, we believe we are not missing any crucial information.

Interests of suppliers and value chain workers
Fagron gains a comprehensive understanding of the interests of our direct (Tier 1) suppliers through our Fagron Business Partner ESG questionnaire. We ask suppliers to complete this questionnaire as part of our overall supply chain due diligence process (for more information see Stakeholder group: Value chain workers). At the end of 2024, the Fagron Business Partner ESG questionnaire included questions about working hours, climate change, human rights and labor rights, pollution control and due diligence further down the supply chain. However, the questionnaire does not assess whether Fagron has a negative impact on our suppliers or value chain workers, concerning payment terms, for example.

For the 2023 materiality assessment - we did not consider the results from the Fagron Business Partner ESG questionnaire - as not all Fagron sustainability topics were included, and we only recently began requesting a significant number of suppliers to complete the questionnaire. We will incorporate these results into our 2026 double materiality assessment. They will also be discussed with the Board of Directors as part of action plan(s) related to the supply chain, which will be presented to the Board of Directors in 2025 (for more information see Future Forward: Operations).

Currently, Fagron does not have a structured approach for engaging directly with value chain workers. As a result, we conducted a theoretical evaluation of Fagron's impact on these workers using our assessment framework for the 2023 materiality assessment. In 2024, we became a member of the Pharmaceutical Supply Chain Initiative (PSCI), and we believe that information about value chain workers can be obtained via this initiative starting from 2025.

Interests of customers/end-users

As Fagron generally does not sell directly to end-users (patients), our impact on them is indirect, mediated through our customers. We assume that our customers consider the interests of end-users when interacting with us.

There is currently no structured engagement with customers regarding potential negative impacts, and Fagron does not conduct customer satisfaction surveys at group level, though we will focus on this in the near future (see Future Forward: Compounding). No additional analysis or engagement was performed for the 2023 materiality assessment to understand the interests of customers or end-users. For the 2023 materiality assessment, we therefore assessed Fagron's impact on customers or end-users solely theoretically by using our assessment framework. Since no new insight was obtained concerning the views and interest of customers/end-users, these views have also not been discussed explicitly with the Board of Directors.

Interests of communities in which we operate

During our 2023 materiality assessment, we did not engage directly with the communities in which we operate. Instead, we utilized information from the United Nations to understand Fagron's current and potential impact on communities regarding "Tax transparency"[1] and used data from the Global Corruption Perception index to evaluate "Corruption & bribery".[2] All environmental topics were assessed as part of the stakeholder group "environment/world-at-large", we therefore believe we have not overlooked any vital information. Since no new insights were gained regarding the views and interest of communities, these topics were not explicitly discussed with the Board of Directors.

Interests of environment/world at large

In order to understand our impact on the world regarding compliance with rules and regulations and executive remuneration, we relied solely on our assessment framework for the 2023 materiality assessment.

To establish the number of people potentially impacted by Fagron's environmental effects, we utilized (scientific) research:

- For climate change, we compared the estimated additional emissions per climate change casualty from a recent study[3] with Fagron's total annual carbon footprint.
- For pollution, we compared the thresholds of pollutants listed by the ESRS and the chemicals of (very high) concern identified by ECHA with the quantity of chemicals purchased by Fagron annually for each facility involved in compounding, repackaging, or storing these chemicals.
- For water scarcity, we compared the annual water use in our production facilities situated in areas with water scarcity[4] with the average water use per household in the same country/region. The facility with the highest water usage consumes approximately 20 times more water than a single household does in a year.
- For biodiversity and ecosystems, we compared the physical locations of Fagron facilities with protected biodiversity areas designated by UNESCO, Natura 2000, and the Digital Observatory for protected areas (DOPA).
- For resource use, we compared the EU's list of critical raw materials with the materials purchased by Fagron annually.

1 ESRS E3 stipulates that aggressive strategies to minimize taxation can have a negative impact on communities, particularly in developing countries. Out of the countries in which Fagron operates the United Nations classifies Brazil, Colombia, Israel, Mexico, and South Africa as developing countries.
2 Out of the countries in which Fagron operates the 2023 Corruption perceptions index from Transparency international classifies Brazil, Colombia, Hungary, Mexico, and South Africa as countries that score below the global average in terms of corruption.
3 R. Daniel Bressler, the mortality cost of carbon, Natura Communications 12, Article number 4457 (2021).
4 Currently experiencing high water stress, or likely to have high water stress in the future according to the Aqueduct Water Risk Atlas tool of the World Resources Institute.

General information

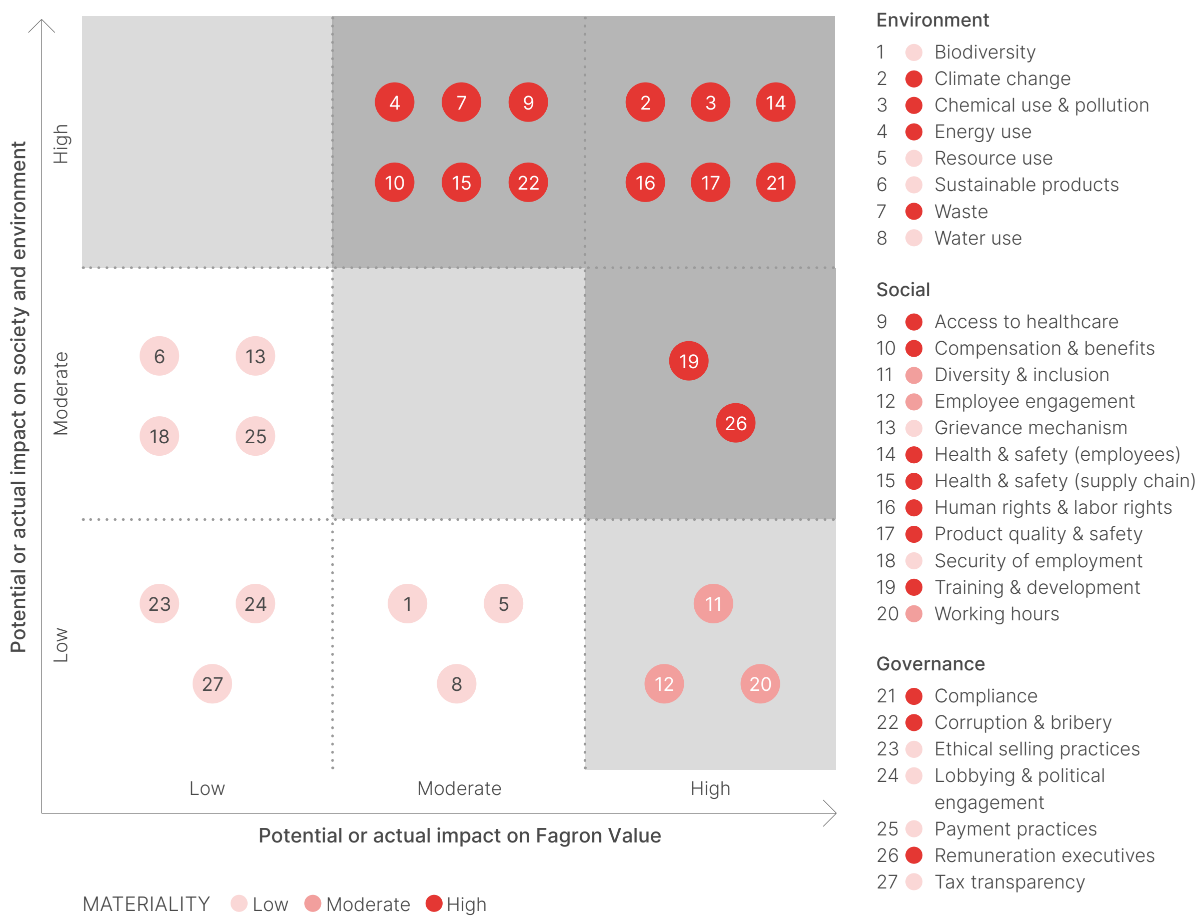
Energy use, sustainable products and waste all contribute to climate change or help reduce its impact; therefore, they are considered material, albeit to a lesser extent than climate change.

Plot materiality assessment in matrix
The results of our materiality assessment are shown in the matrix. Any topic classified as having 'High' financial or impact materiality is considered a material sustainability topic for Fagron. Additionally, we regard any topic rated as 'Moderate' in both impact and financial materiality as a material Fagron sustainability topic.

Material topics

We report on our material topics in this annual report. These are the same material topics as in our 2023 annual report. Most of these topics are covered by disclosure requirements under the ESRS. For "Access to healthcare", "Employee engagement", and "Product quality & safety", where the ESRS does not specify requirements, we provide an indication of our positive or negative impacts using Fagron-specific metrics. We also report on a number of Fagron-specific metrics for other material topics in addition to the metrics that are obligatory under the ESRS.

Materiality matrix



Fagron's sustainability strategy

Fagron's sustainability strategy addresses all topics identified as material in our materiality assessment. The strategy was updated in 2024 and includes three roadmaps: a strategic roadmap, a good governance roadmap, and a foundational roadmap. The updated strategy is not available as a separate document, but all relevant information is reported in this annual report. For more information on the strategy, see Sustainability performance.

While developing this strategy, Fagron engaged internal stakeholders, including the Executive Leadership Team (ELT) and key staff members, in setting targets. No other stakeholders were directly consulted in developing the strategy or defining targets, but insights from the general stakeholder engagement (see Stakeholder engagement) were considered.

Sustainability management

Defining the sustainability strategy and policies

Fagron's Board of Directors approves the overall sustainability strategy, the underlying roadmaps, and initiates adjustments to it, where necessary. The Board is also ultimately responsible for implementation and therefore the policies and (detailed) action plans for implementation and it has appointed the CFO to oversee this process on its behalf.

Fagron's Board of Directors approved the strategic roadmap of Fagron's new sustainability strategy in October 2024.

Implementation

Fagron's ESG team is responsible for the implementation of the overall sustainability strategy, policies and action plans. The team discusses material sustainability developments on a regular basis. The team consists of the CFO, Global Investor Relations Manager and dedicated ESG personnel.

Responsibility for day-to-day management differs per Fagron sustainability pillar or topic. Those responsible are:

1. People: the Global HR Director, with the exception of Health & safety for which the responsibility is shared with the COO and the Global ESG Officer.
2. Operations: Responsible supply chain (including Product quality & safety, Human rights & labor rights, and Health & safety) falls under the COO, while the climate transition as well as other environmental topics are entrusted to the Global ESG Officer.
3. Compounding: the Global Innovations Director, with the exception of Privacy of end-users which the Global IT Manager is tasked with.
4. Good governance: the Global HR Director, with the exception of Compliance with laws and regulations which is the responsibility of the Head of Legal and M&A.

Those responsible for the day-to-day management are also tasked with ensuring engagement with the applicable stakeholder group(s). This means that, for example, the Global HR Director is responsible for engagement with the stakeholder group employees.

As our locations play an important role in the implementation of Fagron's sustainability strategy, policies, and action plans the ESG team keeps in regular contact with those responsible for the day-to-day management of a sustainability pillar/topic, as well as the location managers.

Monitoring of progress

Progress of the sustainability strategy is discussed during (almost) every Board of Directors meeting, as part of the monitoring process. The focus per meeting differs, and can focus either on progress, on (strategic) sustainability metrics, or on (proposed) changes to the sustainability strategy, policies and action plans. For more information on the topics discussed during the Board of Directors meetings in 2024, see Activities of the Board of Directors in 2024.

The ELT also discusses progress on sustainability policies and strategies. They review the sustainability results and consider sustainability in the context of Fagron's overall strategy and the annual budget.

Strengthening and adjusting Fagron's sustainability strategy and policies

The Board of Directors is ultimately responsible for overseeing sustainability impacts, risks and opportunities and ensuring that they are adequately reflected in Fagron's sustainability strategy and policies. The CFO advises the Board of Directors in this regard. Fagron's sustainability policies and action plans are strengthened and adjusted during an annual evaluation of the policies per material topic, and through an evaluation of these topics in the materiality assessment every two to three years.

We conducted a materiality assessment in 2023, which led to an update of our sustainability strategy in 2024. The results of the materiality assessment were taken into consideration when developing the new sustainability strategy and its action plans and did not lead to changes in our overall business strategy. In 2025 we will conduct the first evaluation of these policies and action plans. Currently, the evaluation process does not involve direct engagement with stakeholders, other than what is described under Stakeholder engagement.

Stakeholder engagement

Fagron's stakeholders

Stakeholders who have an interest in Fagron's sustainability performance can be divided into affected stakeholders and users of sustainability information:

- Affected stakeholders: Fagron is likely to have an actual or potential impact on its employees and other people working for Fagron (Our people)[1], suppliers and value chain workers, and customers/end-users. In addition, Fagron has an impact on the environment, therefore it is also a stakeholder. We see these stakeholder groups as key stakeholders. Because Fagron does not have a material impact on local communities, we do not consider local communities as key stakeholder.
- Users of sustainability information: Important users of Fagron's sustainability information are existing and potential investors, credit providers, customers, and regulators/authorities. We also see these stakeholder groups as key stakeholders. There are currently no other users of sustainability information who regularly reach out to us on this topic.

These stakeholders may have either a potential or actual impact on Fagron.

Stakeholder engagement activities

Fagron engages with its key stakeholders on a regular basis through different channels and with different outcomes. The table on the next page shows more information per stakeholder group.

Additionally, the double materiality assessment conducted in 2023 included specific engagements and analyses to understand the actual and potential impacts on affected stakeholders and the interests of users of Fagron's sustainability information. See Assess impact materiality.

Fagron does not engage with stakeholders that are not considered key stakeholder groups, including local communities, and currently has no plans to change this approach in the near future.

[1] See Stakeholder group: Our people for the definition of Our People.

General information

Key stakeholder group	Stakeholder type	Why we engage	How we engage	Examples of results of engagement
Our people	Affected	Creating a workplace where everyone can be the best version of themselves.	• Global Employee Survey • Diversity & Inclusion committee • Performance and career development reviews • Grievance mechanism	• Action plans based on outcomes Global Employee Survey • Global diversity and inclusion actions and campaigns
Suppliers and supply chain workers	Affected	Building responsible value chain partnerships.	• Fagron Business Partner ESG questionnaire • Membership of Pharmaceutical Supply Chain Initiative (PSCI)	• Future Forward: Responsible supply chain plan (under development)
Customers / end-users	Affected User of sustainability information	Providing affordable personalized medicine that meets the highest quality and sustainability standards. Increasing access to science-based medicine.	• Customer service • Fagron Academy • Privacy Officer	• Launch of video platform on Fagron Academy • Launch of new Fagron Brands tailored to customer demands
Environment	Affected	Building future-proof operations.	The environment is a silent stakeholder, with which we cannot engage. We make use of scientific literature to understand our environment.	• Future Forward: Science-Based Climate Transition, our climate transition plan
Investors	User of sustainability information	Optimizing valuation.	• Capital market days • Direct investor contact (e-mail, call, roadshows) • ESG ratings	• Adapted communication on sustainability strategy • Adopted new investor relations plan
Credit providers	User of sustainability information	Obtain favorable terms for new credit facility	• Direct engagement	• Integration of sustainability criteria in credit facility
Regulators/authorities	User of sustainability information	Ensuring regulatory compliance	• Direct engagement with regulators/authorities • Providing requested information to regulators/authorities	• Amending processes and procedures based on (changing) legislation

Environmental information

Disclosures incorporated by reference

The following information can be found elsewhere in this annual report, and is incorporated into the Sustainability Statement by reference:
- Remuneration report and policy
- EU Taxonomy

The following information can be found elsewhere in this Sustainability Statement and is incorporated into the chapter "Environmental information" by reference:
- Fagron's sustainability strategy
- Materiality assessment
- Sustainability management

For the exact location of each disclosure see the ESRS Index.

Environment

Introduction

Material topics included under our Environmental information are:
- Climate change
- Chemical use & pollution
- Energy use
- Waste

To align with our financial reporting and meet the requirements of the CSRD we report on environmental topics for all legal entities within the Fagron Group from the moment they are consolidated.

There is an exception for one environmental indicator. For comparability, until the end of 2025, we continue reporting on the Fagron-specific greenhouse gas intensity indicator only for those companies that were part of the Fagron Group the entire financial year. See Greenhouse gas intensity.

Climate change

Climate change negatively affects the health and safety of people worldwide, with over half of the global population living in vulnerable areas. These regions face rising temperatures and sea levels, and increased risks of storms, flooding, and droughts.

Policies and targets

Fagron aims to reduce greenhouse emissions from our own operations, as well as those in our upstream and downstream value chains, in line with the Paris agreement's goal of keeping global warming within 1.5°C above the average temperature in the pre-industrial era (1850–1900).

We have developed the following targets to ensure progress on our climate ambition:
- Science-based targets
- Greenhouse gas intensity targets

Fagron's climate change policies and targets apply to both our own operations (Scope 1 and 2 emissions) and our upstream and downstream value chain (Scope 3 emissions) as reported under Performance. The performance section includes information about our greenhouse gas emissions in our base year (in metric ton CO_2-eq), boundaries of our emission calculation, break-down per scope as well as the performance against our targets.

Science-based targets

Our near-term targets consist of a set of targets that we want to achieve by 2030. These were approved by the Science Based Target initiative (SBTi) in October 2023, meaning that according to the SBTi our targets contribute to limiting the global average temperature rise to 1.5°C. We split our targets into three parts:

- A target for our own operations (Scope 1 and 2)
- A target for purchased goods and services (Scope 3)
- A target for other selected parts of our value chain (Scope 3)

Our operations consist of compounding and repackaging locations as well as warehouses and offices in North America, Latin America and the EMEA regions. In addition, we use a small fleet of vehicles.

Our aim is to reduce the absolute Scope 1 and 2 greenhouse gas emissions (market-based) of our operations by 42% by 2030 from a 2021 base year. Here, Scope 1 emissions are all greenhouse gas emissions from burning fossil fuels in a facility or vehicle. For Fagron, this means primarily emissions from natural gas used for heating our facilities and petrol and diesel used in our (lease) cars. Scope 2 emissions are all greenhouse gas emissions from purchased energy. For Fagron, these are emissions from the "chimney" at the electricity company from which we buy our electricity.

Our value chain consists of all steps outside our own operations: resource extraction, intermediary production, transportation, use and end-of-life. According to the GHG Protocol, Scope 3 includes emissions at suppliers during the production of products and services that we purchase and other "Scope 3 categories" such as transportation and distribution, business travel and employee commuting.

Our aim is for 60% of emissions from purchased goods and services to fall under science-based targets by 2027. This means that the suppliers of these goods and services will have adopted targets for their Scope 1 and 2 emissions in line with the 1.5°C pathway. We have identified several other parts of our value chain, where we believe we can make the greatest contribution in reducing greenhouse gas emissions. We aim to reduce emissions in these selected Scope 3 categories by 25% by 2030, using 2021 as the baseline year.

The selected categories include:

- Fuel and energy-related activities.
- Upstream and downstream transportation and distribution.
- Waste generated in operations.
- Business travel.
- Employee commuting.
- End-of-life treatment of sold products.

The targets approved by the SBTi for Scope 1 and 2 are based on the cross-sector reduction pathway required to achieve net-zero in 2050. We have selected 2021 as the baseline year to align with SBTi requirements.

The science-based targets have a higher ambition level than Fagron's greenhouse gas intensity target which only applies to greenhouse gas emissions from own operations and from business travel (cars and flights). Given Fagron's buy-and-build acquisition strategy (see Our strategy) these targets are ambitious, but we believe they are achievable.

Greenhouse gas intensity targets
Fagron has a sustainability linked loan with the interest rate linked to several sustainability objectives. One of these is to reduce our Scope 1, Scope 2 (location-based) and Scope 3 business travel greenhouse gas emissions intensity by 30% by 2025, using 2019 as the baseline year (5% reduction per year). This target has been developed with aim to achieve net zero by 2040 in our own operations in mind. We have applied a linear reduction in greenhouse gas intensity between 2019 and 2040.

Given that our science-based target is more ambitious, we will report on the greenhouse gas intensity targets up and until the end of 2025 for clarity. Our primary climate objective remains the reduction of our absolute carbon footprint emissions.

Climate change mitigation
Fagron is not overly dependent on fossil fuels in our operations and we can electrify our operations. We can therefore state that we have a low risk in terms of locked-in greenhouse gas emissions in our own operations. We believe that our climate transition plan clearly outlines how we intend to work on climate change mitigation until 2030. Additionally, Fagron sells equipment that uses energy (Fagron lab equipment). This equipment does not use fossil fuel directly and the contribution of the category "use of sold products" to our total Scope 3 carbon footprint is small. We can therefore state that we have a low risk in terms of direct-use phase emissions of our sold products. Fagron has not conducted an extensive analysis of potential locked-in greenhouse gas emissions or climate-related transition-risk in its own operations and related to its products for after 2030, but will do so in the coming years.

We will conduct a resilience analysis in terms of climate-related transition risk and climate change adaptation in the up- and downstream value chain in the coming years, as we have not done so yet.

Climate change adaptation
Fagron has conducted a climate-related physical risk assessment. This risk assessment started by identifying Fagron locations currently at risk from extreme weather under present climate conditions and evaluates how these risks evolve in response to changing climate scenarios. We include the physical risk of hurricanes, tornadoes, wildfires, coastal floods, and floods from rivers for the assessment, incorporating data from sources such as the US Federal Emergency Management Agency database and the EU Flood Risk Areas Viewer. By examining mid-century temperature projections of 2 °C and 3-4 °C warming, we gain insights into how rising temperatures may influence the frequency of extreme weather events and the associated risks under the different climate scenarios.

The result of the assessment indicates that there generally are no significant risks today. However, extreme weather events may become more frequent, increasing our exposure under future climate scenarios. Our Tampa facilities, in particular, face rising hurricane risks, with potential loss rates increasing as the climate changes; however, this site represents only a small portion of total revenue. We remain aware of these evolving risks and are committed to mitigating future climate change impacts that the company will be facing. Fagron has not conducted a climate-related physical risk assessment for it up- and downstream value chain. We will do so in the coming years.

Actions
In 2024 we finalized our climate transition plan: "Future Forward: Science-based climate transition" focusing on the following key areas:
1. Energy efficiency (Scope 1 and 2)
2. Electrification (Scope 1 and 2)
3. Renewable electricity (Scope 2)
4. Sustainable travel and commuting (Scope 1, 2 and 3)
5. Sustainable transportation and distribution (Scope 3)
6. Improving waste treatment (Scope 3)
7. Green products and end-of-life (Scope 3)

The outline of the climate transition plan was approved by the Board of Directors in December 2024 and includes a description of the financial resources required to implement Scope 1 and 2 actions.

In terms of capital expenditures for our Scope 1 and 2 actions we expect to be able to cover any expenditures on energy efficiency measures by savings achieved earlier or in the same year. For solar panels investments we only invest if the project can be earned back withing 5 years, we expect to spend approximately 750,000 euro on solar panels projects between 2025 and 2030.

Any capital expenditures related to electrification, are not budgeted separately but will be included in the general capital expenditure proposal for new builds and large-scale refurbishments. For example, the capital costs for the natural gas-free facility in Hoogeveen are integrated into the design and not budgeted separately. In terms of operational expenditures for our Scope 1 and 2 actions we will have costs associated with purchasing renewable electricity. We expect to spend a maximum of 100,000 euro in 2030. This value is highly dependent on the costs of renewable electricity by that time. The climate transition plan does not currently include a description of financial resources required for Scope 3 actions, these are under development and will be included in a future update of the climate transition plan.

Financial indicators related to climate change mitigation actions in 2024 can be found in the EU Taxonomy appendix. Fagron does not finance any of its actions through carbon credits, nor, do we apply internal carbon pricing schemes.

The entire climate transition plan will be made accessible in 2025 via investors.fagron.com and is also available to all Fagron employees via our intranet.

Energy efficiency
Greenhouse gas emissions from energy use in our facilities is the largest contributor to our Scope 1 and Scope 2 carbon footprint. Therefore, reducing energy consumption is a key strategy for lowering our emissions. For more information on our total energy use and energy efficiency measures, see Energy use. The total expected reduction due to energy efficiency measures by 2030 compared to the business-as-usual scenario is 2.2 kton CO_2-eq. The current minimum achieved reduction of energy efficiency projects is 0.3 kton CO_2-eq, compared to the situation if we had not implemented these energy efficiency projects in 2024 (market-based)[1].

Electrification
We aim to transition away from natural gas by electrifying the heating and humidification systems in our buildings. This shift is feasible for our operations as our processes do not require high temperatures. We currently operate approximately 30 buildings using natural gas, with an average consumption of 50,000 m^3 per year. Our goal is to electrify at least five of these facilities between 2026 and 2030. Total expected reduction by 2030 compared to business-as-usual scenario is 0.5 kton CO_2-eq.

[1] We calculate this value by multiplying the known reduction in electricity and natural gas in 2024 with the residual mix factor and natural gas emission factor respectively of the market where the measure is implemented.

One project was initiated in 2024, with an expected completion date in early 2026. As part of all these projects, we will ensure that all electricity used in these facilities comes from renewable sources, either through on-site solar panels or by purchasing renewable electricity from the market.

Renewable electricity

We are constantly looking for opportunities to make our electricity use more sustainable, by installing solar panels and purchasing renewable electricity.

Our goal is to generate about 10% of our total electricity from solar panels by 2030. To achieve this, we plan to install solar panels on all suitable roofs—those that can support the weight and where we have permission. For buildings we own, we can proceed with installation once we have approval from local authorities and/or the electricity grid operator. For leased buildings, we also need the owner's consent. An additional challenge with leased properties is ensuring that the investment in solar panels can be earned back before the lease expires.

We installed one new solar panel project in 2024, and we will start using this installation in early 2025. Including this additional project, we currently own, or have an agreement to use solar panel installations on 12 of our facilities. Additionally, there are two facilities with solar panels not owned by Fagron that feed into the general electricity mix of the building. In 2025, we plan to install 5 solar panel installations, arriving at 17 by end 2025. Total expected additional reduction by 2030, compared to the business-as-usual scenario, is 0.9 kton CO_2-eq, making total expected reduction by 2030 compared to 2021 1.5 kton CO_2-eq. The current achieved reduction of our solar panels installations is 0.4 kton CO_2-eq, compared to the situation if we had not had these panels in 2024 (market-based)[1].

In addition to generating renewable electricity on-site, Fagron also purchases renewable electricity as part of an electricity contract or separate energy attribute certificates such as Guarantee of Origin, REC, and I-REC. As a result, in 2024, 43.2% of the electricity used by Fagron globally was either generated by our own solar panels or purchased from renewable sources (2023: 25.5%). We want to purchase a minimum of 60% of our electricity use from renewable sources by 2030.

Total expected reduction by 2030 compared to business-as-usual scenario is a minimum of 7.1 kton CO_2-eq, making the total expected reduction by 2030 compared to 2021 8.6 kton CO_2-eq. The current achieved reduction of purchasing renewable electricity is 5.2 kton CO_2-eq, compared to the situation if we had not purchased renewable electricity in 2024 (market-based)[2].

Sustainable travel and commuting

We are minimizing the impact of our owned and leased car fleet by electrifying mobility in the EMEA region, where the majority of our fleet is located, along with a few vehicles in Mexico, Brazil, and the USA. We aim for at least 85% of our car fleet to be fully electric by 2030, with the remaining vehicles being either plug-in-hybrids or energy efficient models. At the end of 2024, approximately 29% of our lease cars in EMEA (including GSC) were fully electric. Total expected reduction of electric mobility by 2030 compared to a business-as-usual scenario is 0.5 kton CO_2-eq, making the total expected reduction in 2030 compared to 2021 0.6 kton CO_2-eq. The current achieved reduction due to electric mobility is 0.1 kton CO_2-eq compared to if we would not have had electric or plug-in-hybrid lease cars in 2024.[3]

1 We calculate this value by multiplying the electricity produced by the solar panels that is consumed by Fagron in 2024 with the residual mix factor of the electricity market that they are situated in.
2 We calculate this value by multiplying the electricity use purchased from renewable sources in 2024 with the residual mix factor of the electricity market that they are situated in.
3 We calculate this value by assuming that a comparable fuel car would use 0.25 liter of diesel per kWh electricity used in an electric or plug-in-hybrid car. We multiply the diesel use with 2.63 kg CO_2-eq per liter and the electricity use of electric cars in 2024 with the residual mix factor of the electricity market that the company the leases/owns the car is situated in deduct from this the market-based impact of electricity used in leased cars in the entire year.

Our business-as-usual scenario for flights is based on the flight behavior in 2023. We aim to not fly more than in 2023 by stimulating conference calls and train travel for the trips where this is possible. Total expected reduction by 2030 compared to a business-as-usual scenario is 2.2 kton CO_2-eq. The impact of flights in 2024 was lower than in 2023.

We want to reduce the impact of employee commuting by enabling remote working and stimulating commuting with sustainable methods of transport such as electric cars, public transport, or walking/biking. Our goal is to increase the number of days employees work from home or commute sustainably between 2025 and 2030 with one additional day per week. The total expected reduction by 2030 compared to a business-as-usual scenario is 1.1 kton CO_2-eq.

Improving waste management

We want to improve waste management by increasing waste recycling and aim for a recycling rate of 75% of non-hazardous waste by 2030. Efforts will commence in 2026, after having developed an action plan for waste in 2025. For more information on waste management targets see Waste. Total expected reduction by 2030 compared to a business-as-usual scenario is 4.1 kton CO_2-eq.

Sustainable transportation and distribution

In 2024 we did not launch any concrete actions regarding sustainable transportation and distribution. We will begin reporting on any actions taken in 2025. Our aim is to ensure that 75% of the distance travelled for internal transport and 50% of the distance travelled from our locations to the client is sustainable by 2030. By sustainable we mean for example transportation via trucks or vans using electricity or biofuel. Total expected reduction by 2030 compared to a business-as-usual scenario is 30.0 kton CO_2-eq.

Green products and end-of-life treatment

No concrete actions regarding green products or end-of-life treatment were taken in 2024. We will begin reporting on any actions taken in 2025. Our aim is to ensure that 75% of products compounded and repackaged by Fagron have sustainable packaging by 2030. By sustainable we mean for example biobased plastic or cardboard. Total expected reduction by 2030 compared to a business-as-usual scenario is 6.5 kton CO_2-eq.

Performance

Boundaries and baseline value

The scope of reporting is aligned with the scope of the consolidated financial statements. The greenhouse gas emissions of all subsidiaries are considered. Fagron does not have associates or joint ventures. The year with which we compare our emissions (our base year) is 2021.

The boundaries of our greenhouse gas emission reporting have changed significantly over the past years, due to acquisitions and divestments of companies. To give an insight of the impact of our acquisitions and divestments we also report adjusted greenhouse gas emissions for 2021 base year emissions (and all years since) for all companies that were part of the Fagron Group for the full financial year 2024. This is in line with the recalculation policy for our science-based targets. We clearly show:

- Unadjusted greenhouse gas emissions, these are the emissions of companies that were part of the Fagron Group from the moment they were consolidated in respectively 2021, 2022, 2023 and 2024.
- Adjusted greenhouse gas emissions, these are the emissions that would have occurred in the financial years 2021 to 2023 if those companies included in the Fagron Group in 2024 were also part of the Fagron Group in those years.

The companies acquired in 2024 (LSP) will be visible in our 2025 sustainability statement, when they have been part of the group for a full financial year.

Greenhouse gas emissions

Fagron's absolute Scope 1 and 2 greenhouse gas emissions (location-based) in 2024 were 13,117 metric ton CO_2-eq. This is an increase of 3% compared to the baseline year 2021. This is a small increase because of the companies that were acquired by the Fagron Group in 2021, 2022, 2023. When adjusting for these acquisitions in the base year, there was a decrease of 5% compared to 2021.

Fagron's absolute Scope 1 and 2 greenhouse gas emissions (market-based) in 2024 were 10,425 metric ton CO_2-eq. This is a decrease of 20% compared to the base year 2021. When adjusting the base year 2021 for changes in the composition of Fagron Group, the decrease is 26%. To be able to meet our target of 42% in 2030, we need to continue on this path.

We estimate that Fagron's absolute Scope 3 greenhouse gas emissions in 2024, for the selected Scope 3 emission categories (see our Science-based targets), was ~102,163 metric ton CO_2-eq. This is an increase of 30% compared to the base year 2021. When adjusting the base year 2021 for changes in Fagron Group, the increase is 12%.

Scope 3 emissions make up the majority of Fagron's total greenhouse gas emissions. The largest part of Fagron's Scope 3 emissions originates from purchased goods and services (~273,014 metric ton CO_2-eq) as well as the transport of goods to Fagron, between Fagron Group companies, and to our clients (~77,266 metric ton CO_2-eq).

Environmental information

Greenhouse gas emissions (tCO_2-eq)	2021[1]	2022[1]	2023[1]	2024
Fagron Group				
Scope 1: Direct emissions	3,639	3,242	4,274	3,871
Scope 2: Indirect emissions from energy generation - location-based	9,102	7,700	7,795	9,246
Scope 2: Indirect emissions from energy generation - market-based[2]	9,400	7,331	8,639	6,554
Scope 1+2 - location-based	**12,741**	**10,942**	**12,069**	**13,117**
Scope 1+2 - market-based	**13,038**	**10,573**	**12,913**	**10,425**
Scope 3: Other indirect emissions	225,762	248,426	260,486	282,802
Total GHG emissions - location-based	**238,503**	**259,369**	**272,555**	**295,918**
Total GHG emissions - market-based	**238,801**	**258,999**	**273,399**	**293,227**
Adjusted for changes in composition of Fagron Group				
Scope 1: Direct emissions	4,410	3,821	4,538	3,871
Scope 2: Indirect emissions from energy generation - location-based	9,450	8,653	8,117	9,246
Scope 2: Indirect emissions from energy generation - market-based[2]	9,708	8,423	9,119	6,554
Scope 1+2 - location-based	**13,860**	**12,474**	**12,655**	**13,117**
Scope 1+2 - market-based	**14,117**	**12,244**	**13,657**	**10,425**
Scope 3: Other indirect emissions	262,593	260,416	266,433	282,802
Total GHG emissions - location-based	**276,453**	**272,890**	**279,088**	**295,918**
Total GHG emissions - market-based	**276,711**	**272,659**	**280,089**	**293,227**

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. Numbers now include Fagron companies that were owned only part of the year, as prescribed by ESRS. Additionally there have been some updates in emission factors and activity data.
2 If we do not have definite proof that purchased heat or electricity is renewable, we assume that it originates from fossil sources.

Environmental information

Greenhouse gas emissions - Scope 3

(tCO_2-eq)	2021[1]	2022[1]	2023[1]	2024
Fagron Group				
Scope 3: Selected emission categories[2]	78,734	87,108	92,092	102,163
Scope 3: Other emission categories	147,029	161,318	168,394	180,639
Total Scope 3 emissions	**225,762**	**248,426**	**260,486**	**282,802**
Adjusted for changes in composition of Fagron Group				
Scope 3: Selected emission categories	91,578	91,312	94,195	102,163
Scope 3: Other emission categories	171,015	169,104	172,238	180,639
Total Scope 3 emissions	**262,593**	**260,416**	**266,433**	**282,802**

1 Values are updated compared to the values in 2023 annual report. Calculation methodology has been updated in 2024, historic values have been adjusted to ensure comparability.
2 Selected Scope 3 categories are 3, 4, 5, 6, 7, 9 and 12 as shown in the table "Greenhouse gas emissions - Details".

Calculation method for Scope 3 emissions

When calculating our Scope 3 greenhouse gas emissions, we still rely heavily on estimates due to limited access to primary data. We are actively working on improving data quality. In 2024 we significantly improved the data quality concerning treatment of our waste (category 5). In 2025 we will focus on improving the data quality related to purchased goods and services (category 1) and end-of-life treatment of sold goods (category 12).

For purchased goods (part of category 1), we calculate based on spend-based data. We differentiate here between supplier-specific spend-based data and spend-based data from an input-output database.

For those suppliers where the annual Scope 1, 2 and 3 emissions, as well as their annual revenue are known, we multiply the carbon footprint intensity per million euro revenue with the total value that we purchase from the supplier. We multiply the spend on trade goods at other suppliers with an average spend-based emission factor from an input-output database. Approximately 9% of the carbon footprint in category 1 is currently calculated based on supplier-specific spend-based data. We intend to increase this value to have a good basis from which to extrapolate the remainder of our spend on trade goods in the coming years.

For purchased services (part of category 1), capital goods (category 2) and investments (category 15), we calculate based on spend-based data. We know the total monetary expenditures on purchased services and capital goods, and the monetary value of minority interests. We multiply these by the average greenhouse gas emissions per euro expenditure.

For the fuel- and energy-related activities (category 3) and waste treatment (category 5), we calculate based on average data. We know the total fuel and energy consumption and calculate the mass of waste generated (see Calculation method waste generation). We multiply these figures by the emissions from the fuel and energy supply chain, and the emissions per metric ton of waste, treated respectively.

For the up- and downstream transportation and distribution (category 4 and 9), we calculate based on distance-based data for transport and distribution between Fagron companies and based on spend-based data for all other transport and distribution. Within Fagron we know (approximately) the distance traveled per modality (plane, train, truck etc.) and the mass transported, and we multiply this by the average emissions per transported metric ton per kilometer.

For business travel (category 6), we multiply the known fuel use, and the distance traveled per modality (plane, train, public transport etc.) by the average emissions per traveled kilometer based on:

1. Flights: a distance-based method because we know exactly how much distance is travelled.
2. Reimbursement for business travel: a combination of fuel-based and distance-based because we know exactly how much distance or fuel reimbursement is requested.
3. Other business travel (for example, by train or public transport): we assume a mark-up of 10% on all other business travel. This is an estimate and makes up a small percentage of the greenhouse gas emissions of our business travel.

For commuting (category 7), we calculate based on a distance-based method. We estimate the distance traveled per modality (car, public transport, bicycle etc.) based on an estimated number of working days by employees and information retrieved during a small survey conducted in 2023 among employees about their commuting habits (number of days in the office, average commuting distance etc.). We multiply the estimated distance traveled per modality by the average emissions per traveled kilometer.

For the processing of sold products (category 10), we calculate based on average data. We do not know the exact way that our intermediate products are processed further because they could be used to compound many different end-products. We estimate the total mass of products that we sell that might be processed further and assume these products are all compounded by a pharmacist using one particular type of Fagron Lab equipment. This is a worst-case estimate because these products could also be compounded by hand or in much bigger batches where the electricity use per unit of is much lower. We multiply the total estimated electricity use by average emissions per kWh electricity.

The only Fagron products that lead to greenhouse gas emissions during their use is Fagron Lab equipment since these products use electricity. For the use of sold products (category 11) we calculate based on an average-based method. We know the number of pieces of equipment sold and estimate the electricity consumption of these products for 24 hours a day, 365 days a year during the warranty period. We multiply the total estimated electricity use with average emissions per kWh electricity.

For the end-of-life treatment of sold products (category 12), we calculate based on average data. We estimate the total mass of products that we sell that is non-consumable and might thus end up in waste treatment at the end of life as well as the total packaging around our products. We assume all of these products consist of plastic and are incinerated. Therefore, we multiply the estimate mass of products by the emissions per metric ton plastic incinerated. Approximately 29% of the carbon footprint in category 12 is currently calculated based on the estimated mass of packaging around our products. We intend to determine the mass per packaging type exactly next year, specifically for those products that we compound and repackage ourselves.

Emission factors are sourced from life cycle assessment database(s) and input-output database(s).

Environmental information

Greenhouse gas emissions - details

	Retrospective					Milestones and target years		
	2021 (Base year)[1]	2022[1]	2023[1]	2024	% 2024 / 2023	2025[2]	2030	Annual % target / Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2-eq)	3,639	3,242	4,274	3,871	91%	-[3]	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%	0%	-	-	-	-
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2-eq)	9,102	7,700	7,795	9,246	119%	-[3]	-	-
Gross market-based Scope 2 GHG emissions (tCO_2-eq)[4]	9,400	7,331	8,639	6,554	76%	-[3]	-	-
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO_2-eq)	225,762	248,426	260,486	282,802	109%	-[5]	-	-
1 Purchased goods and services	137,974	152,862	154,575	167,669	108%	-[5]	-	-
2 Capital goods	5,364	5,041	10,364	10,224	99%	-[5]	-	-
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	2,121	1,790	2,069	1,672	81%	-[5]	-	-
4 Upstream transportation and distribution	59,897	66,371	68,090	77,266	113%	-[5]	-	-
5 Waste generated in operations	2,098	2,501	2,790	3,188	114%	-[5]	-	-
6 Business traveling[6]	902	2,527	3,089	2,680	87%	-[5]	-	-
7 Employee commuting	3,490	3,744	4,015	4,553	113%	-[5]	-	-
8 Upstream leased assets[7]	0	0	0	0	-	-[5]	-	-
9 Downstream transportation[7]	0	0	0	0	-	-[5]	-	-
10 Processing of sold products	1,322	1,299	1,320	1,161	88%	-[5]	-	-
11 Use of sold products	2,282	1,822	1,920	1,310	68%	-[5]	-	-
12 End-of-life treatment of sold products	10,225	10,175	12,038	12,803	106%	-[5]	-	-
13 Downstream leased assets[7]	0	0	0	0	-	-[5]	-	-
14 Franchises[7]	0	0	0	0	-	-[5]	-	-
15 Investments	87	294	215	275	128%	-[5]	-	-
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2-eq)	238,503	259,369	272,555	295,918	109%	-	-	-
Total GHG emissions (market-based) (tCO_2-eq)	238,801	258,999	273,399	293,227	107%	-	-	-

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. Numbers now include Fagron companies that were owned only part of the year, as prescribed by ESRS. Additionally there have been some updates in emission factors and activity data.
2 Fagron does not have any interim targets for 2025.
3 Fagron has a combined target for Scope 1 and Scope 2 this does not fit in this mandatory table template from ESRS E1-6.
4 If we do not have definite proof that purchased heat or electricity is renewable, we have assumed that it originated from fossil sources.
5 Fagron has a target for a combination of Scope 3 categories, this does not fit in this mandatory table template from ESRS E1-6.
6 Data quality for 2024 is much better than in previous years, values are therefore not comparable.
7 Upstream leased assets, downstream transportation, downstream leased assets and franchises are not material for Fagron.

Greenhouse gas intensity

Fagron reports the following greenhouse gas intensities:

- Greenhouse gas intensity (location-based Scope 2 emissions) based on the revenue of all companies that were part of Fagron Group for the entire financial year at 2019 exchange rates. This greenhouse gas intensity only includes Scope 1, Scope 2, and business travel emissions.
- Greenhouse gas intensity (market-based Scope 2 emissions) based on the revenue of all companies that were part of Fagron Group, even for part of the financial year. This includes all Scope 1, Scope 2, and Scope 3 emissions.
- Greenhouse gas intensity (location-based Scope 2 emissions) based on the revenue of all companies that were part of Fagron Group, even for part of the financial year. This includes all Scope 1, Scope 2, and Scope 3 emissions.

Fagron's greenhouse gas intensity at 2019 exchange rate in 2024 was 17.0. This is a decrease of 34% compared to the base year 2019. Our target is 25% reduction in greenhouse gas intensity for 2024. This means that Fagron has met its target for 2024. This is a greater reduction than in 2023 (28%). Fagron's non-adjusted greenhouse gas intensity has decreased in comparison to 2021 when taking into account the location-based Scope 2 emissions, a decrease of 18%.

The difference with the greenhouse gas intensity that it is adjusted for the 2019 exchange rates. Fagron's non-adjusted greenhouse gas intensity has decreased in comparison to 2021 when taking into account the market-based Scope 2 emissions, a decrease of 19%.

The difference with the non-adjusted greenhouse gas intensity based on the Scope 2 location-based emissions is the emission factors used to calculate the impact of electricity purchased by Fagron. See Energy use for more information about (renewable) energy use.

GHG intensity (limited scope) - at 2019 exchange rate

	2019	2020	2021[1]	2022[1]	2023[1]	2024
GHG emission (limited scope) (location-based) (tCO_2-eq)[2]	13,009	11,455	13,465	12,299	14,534	15,132
Total revenue at 2019 exchange rate (million euros)[3]	507	592	641	645	782	888
GHG intensity (location-based) (tCO_2-eq / million)	**25.7**	**19.3**	**21.0**	**19.1**	**18.6**	**17.0**

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. There have been some updates in emission factors and activity data.
2 Greenhouse gas emissions of Scope 1, Scope 2, and business travel (only flights and distance compensation).
3 Revenue of companies that were part of Fagron Group for full year, at 2019 exchange rate.

GHG intensity

	2021[1]	2022[1]	2023[1]	2024
Total GHG emissions (location-based) (tCO_2-eq)	238,503	259,369	272,555	295,918
Total GHG emissions (market-based) (tCO_2-eq)	238,801	258,999	273,399	293,227
Total revenue (million euros)[2]	574	684	763	872
GHG intensity (location-based) (tCO_2-eq / million euro)[3]	**415.7**	**379.3**	**357.2**	**339.4**
GHG intensity (market-based) (tCO_2-eq / million euro)[3]	**416.2**	**378.7**	**358.3**	**336.3**

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. Numbers now include Fagron companies that were owned only part of the year, as prescribed by ESRS. Additionally there have been some updates in emission factors and activity data and the calculation methodology for Scope 3 has been updated.
2 Total revenue of companies that were part of Fagron Group, see consolidated financial statements.
3 For readability purposes we have amended the reporting unit from ton / euro to ton / million euro.

Suppliers with science-based targets

By end 2024, at least of 15% of our purchased goods and services suppliers (by spend)[1] had science-based targets, meaning we are on track to meet our target of 60% by 2027. We assume that the percentage of spend equals the percentage of greenhouse gas emissions of these suppliers compared to the total greenhouse gas emissions on purchased goods and services. This assumption is a potential limitation of this metric. By increasing our visibility of supply chain emissions, we will be able to determine with more certainty if this assumption is valid.

Suppliers with science-based targets

	2021	2022[1]	2023	2024
% of Fagron suppliers that have set science-based targets[2]	1%	3%	8%	15%

1 Every year more Fagron companies are Fagronized, meaning that their purchasing data becomes available in the central repository. In some instances hictoric data is also included in the central repository. Historic data has therefore been updated to ensure comparability over the years.
2 Measured as total spend on purchased goods and services by suppliers that have science-based targets at 31 December divided by total spend on purchased goods and services. The values in 2021 to 2024 only include suppliers of trade goods that have set science-based targets. In 2025 we will also report on service providers.

1 The value reported only includes suppliers of trade goods. In 2025 we will also report on service providers.

Chemical use & pollution

Fagron uses chemicals that are classified as chemicals of concern or chemicals of very high concern by the European Union. Fagron tries to contribute to the realization of a clean(er) living environment by minimizing emissions of pollutants and ensuring careful handling of chemicals of (very high) concern.

Policies, targets, and actions

Fagron is not mandated by law to report on chemical use and pollution by any EU law, other than the CSRD because:

1. Fagron operates in the pharmaceutical industry, and this industry is exempted from the REACH regulation.
2. Fagron is not a large polluter and does not submit pollution data for the E-PRTR/IEPR.

The topic chemical use and pollution is not part of our strategic sustainability roadmap. However, to mitigate any potential impacts from pollution, it is included in the foundational roadmap.

As of 2024, the foundational roadmap states that Fagron will:

- Implement mitigation methods in all locations that are at risk of emitting material amounts of air pollutants
- Implement mitigation methods in all locations that are at risk of emitting material amounts of pollutants to water

Fagron does not have any specific policies or targets related to chemical use, because these chemicals are pharmaceutical raw materials or are vital in quality testing of these products. We will develop further targets and action plans for pollution to air and water in 2025.

Performance

Calculation method chemical use & pollution

Fagron is not mandated by law to report on chemical use and pollution. We therefore do not have equipment in place for measuring total emmisions of certain pollutions to air or water from our facilities.

To assess the risk of emissions to air or water, we identify potential pollution risks at Fagron. These include activities such as construction, fire, health and safety incidents, fossil fuel use, and chemical handling across Fagron's facilities. In 2024 we concluded that only chemical handling poses a risk for emissions to air and water. We therefore assessed hazardous chemicals as well as mitigation measures at each of the Fagron facilities.

Additionally, we identified potential Substances of Concern (SoC) and Substances of Very High Concern (SVHC) that could be present in products during compounding or repackaging.

The actual presence of these potential pollutants, SoCs and SVHCs, was assessed for each Fagron facility which handled these chemicals in 2024. We estimated pollution and chemical use, based on the assessment, and employed the following calculation methods.

We calculate the quantities of pollutants by using a mass-balance approach for those pollutants at facilities that are at risk of emitting material amounts of pollutants to air or water respectively[2]. We add the quantity in stock at the beginning of the year to the total purchased quantity and deduct the sum of the total stock at the end of the year and the total quantity sold during the year. We assume that the remainder is emitted to air or water as a pollutant, unless we have proof that no emissions took place. This is, for example, the case when we continuously monitor waste water exiting on-site waste water treatment or if we have proof that the substance has been collected by a third-party waste treatment company.

We calculate the quantity of substances of concern that end up in our products during compounding or repackaging by using a mass-balance approach. We add the quantity in stock at the beginning of the year to the total purchased quantity and deduct the total stock at the end of the year. We assume that the remainder ends up in products that we sell. This gives an indication of the possible impact on the environment of our products.

[2] In accordance with ESRS E2-4 material amounts of emissions are an emissions of pollutants above the thresholds to air, water and soil as defined in Annex II of regulation (EC) No 166/2006 of the European Parliament and of the Council. Fagron does not emit pollutants to soil.

Environmental information

Emissions to air and water

Emissions to air and water are very limited, with the exception of potential pollution to air and water in Mexico. Data for this country is very uncertain, we will improve measurement methods the coming years.

We will provide comparative information starting our 2025 annual report.

Substances of concern

Fagron uses a wide range of substances of very high concern and substances of concern, mostly because they are included as part of medical products or are used in quality analysis in one of our laboratories.

We will provide comparative information starting our 2025 annual report.

Pollution

	2024
Mercury and compounds	28
Zinc and compounds	224
Total pollutants to air or water (kg)	**252**

Substances of very high concern

	Procured 2024	Leaving Fagron facilities in 2024
Phenolphthalein	5	7
Total substances of very high concern in hazard class carcinogenic (metric tons)	**5**	**7**
Decamethylcyclopentasiloxane	4	3
Total substances of very high concern in hazard class Persistent, Bioaccumulative and Toxic or Very Persistent, Very Bioaccumulative properties (metric tons)	**4**	**3**
Boric acid	25	31
Total substances of very high concern in hazard class reproductive toxicity (metric tons)	**25**	**31**
Glutaral[1]	0	0
Total substances of very high concern in hazard class respiratory sensitization (metric tons)	**0**	**0**
Total substances of very high concern (metric tons)	**34**	**41**

1 Rounded value

Environmental information

Substances of (high) concern

	Procured 2024	Leaving Fagron facilities in 2024
Aniline	0	0
Benzene	0	0
Distillates (coal tar)	0	0
Hydroquinone	9	14
Paraffin oil	60	66
Phenolphthalein	5	7
Total substances of concern in hazard class carcinogenic (metric tons)	**75**	**87**
2-amino-2-methylpropanol	2	3
Bisoctrizole	1	1
Bromelain	3	3
Cyclohexane	0	0
Disulfiram	0	0
Heptane	0	0
Lead acetate	0	0
Mercury	0	0
N,N-diethyl-m-toluamide	0	0
Permethrin	0	0
Potassium chlorate	5	5
Potassium permanganate	1	1
Silver nitrate	0	0
TCA	4	4
Thymol	3	2
Triclosan	1	1
Zinc chloride	0	0
Zinc oxide	104	121
Total substances of concern in hazard class chronic hazard to the aquatic environment (metric tons)	**125**	**141**
Bromelain	3	3
Glutaral	0	0
Papain	10	8
Pepsin A	3	2
Protease	4	3
Total substances of concern in hazard class respiratory sensitization (metric tons)	**20**	**16**

	Procured 2024	Leaving Fagron facilities in 2024
Aniline	0	0
Disulfiram	0	0
Chlorocresol	0	0
Hydroquinone	9	14
Permethrin	0	0
Total substances of concern in hazard class skin sensitization (metric tons)	**10**	**15**
Aniline	0	0
Benzene	0	0
Colecalciferol	0	0
Disulfiram	0	0
Lead acetate	0	0
Mercury	0	0
Phenol	9	10
Toluene	0	0
Trichloromethane	0	0
Total substances of concern in hazard class specific organ toxicity, repeated exposure (metric tons)	**10**	**11**
Methanol	4	5
Total substances of concern in hazard class specific organ toxicity, single exposure (metric tons)	**4**	**5**
Aniline	0	0
Benzene	0	0
Hydroquinone	9	14
Phenol	9	10
Toluene	0	0
Total substances of concern falling in hazard class germ cell mutagenicity (metric tons)	**19**	**24**
Decamethylcyclopentasiloxane	4	3
Total substances of very high concern in hazard class Persistent, Bioaccumulative and Toxic or Very Persistent, Very Bioaccumulative properties (metric tons)	**4**	**3**
Boric acid	25	31
Total substances of very high concern in hazard class reproductive toxicity (metric tons)	**25**	**31**
Total substances of concern (metric tons)	**263**	**294**

Energy use

Energy use plays a pivotal role in shaping the way we live, work and progress. Energy powers the world but at the same time can contribute to climate change. The choices we make in our energy use can have a big impact, depending on whether we use energy from fossil fuel or renewable sources. By reducing energy use Fagron tries to reduce its climate change impact (see climate change). Disclosures on energy use concern Fagron.

Policies, targets, and actions

All Fagron's policies and targets concerning energy use are related to our Future Forward Climate Transition Plan (see climate change). One of the action plans in our climate transition plan focuses on energy efficiency. This includes four focus areas operational excellence, building insulation, energy efficient equipment and process optimization.

Fagron's policies and targets on energy use apply to energy use at Fagron's own operations. Fagron's total energy consumption (in MWh), renewable energy consumption (in MWh), energy intensity in our base year (in MWh per euro revenue) can be found under Performance.

Operational excellence

We are continuously optimizing our repackaging, compounding, and distribution processes by consolidating operations that previously took place in multiple buildings into single locations (where possible). This results in significant energy savings. Total expected reduction by 2030 in comparison with business-as-usual scenario is 0.7 kton CO_2-eq.

Building insulation

We actively seek ways to reduce energy loss in our buildings. For large renovations or new constructions, we have set insulation standards for walls, floors, roofs, and windows. In buildings without plans for major refurbishments, we make incremental improvements during regular maintenance or when specific upgrades are needed. For instance, when a roof requires new covering, we make sure we add insulation at the same time. For these targeted building insulation projects, we select projects that can be earned back within five years. Total expected reduction by 2030 in comparison with business-as-usual scenario is 0.6 kton CO_2-eq.

Energy efficiency equipment

Newer heating and cooling systems are often much more energy-efficient than older ones. For all major heating and cooling equipment in our buildings, we know approximately when they need to be replaced and we have set energy efficiency standards for new systems. Additionally, each year, we implement targeted energy-efficiency projects by replacing equipment before its expected end-of-life if the investment can be earned back within five years. Total expected reduction by 2030 in comparison with business-as-usual scenario is 0.4 kton CO_2-eq.

Process optimization

The cleanrooms where we repackage and compound our products use electricity and, at times, natural gas for cooling, heating, ventilation and (de-)humidification. In our highly regulated industry, we must maintain strict temperature, ventilation, and humidity levels. However, within these limits, there is room for process improvements. We evaluate each building with cleanrooms approximately every three years, to identify potential energy-saving optimizations. Total expected reduction by 2030 in comparison with business-as-usual scenario is 0.5 kton CO_2-eq.

Performance

Energy use

Fagron's total energy use has been increasing since 2019, with a small dip in 2022. Total energy use in 2024 was 49,183 MWh. This is mostly due to the energy use of acquired companies. Due to Fagron's buy-and-build acquisition strategy it is unlikely that this trend will change. The total amount of renewable energy consumption has been increasing, relative to the total amount of energy use. Total renewable energy consumption was 14,118 MWh in 2024, compared to 7,159 MWh in 2023.

Environmental information

Renewable electricity consumption

In 2024, 43.2% of our electricity consumption was from renewable sources. Of this percentage, the largest amount is due to the purchasing of renewable electricity. In total 5% of our consumed electricity is generated by the solar panels at Fagron locations.

Energy intensity

Fagron is active in the following high climate impact sectors: Manufacturing (Section C of NACE), Wholesale (Section G of NACE). The turnover in these sectors has been used to determine the energy intensity ratio in high climate impact sectors. If we only take into consideration energy use in the high climate impact sectors, then the energy intensity in 2024 was 56.4 MWh/million euros.

Renewable electricity consumption

(MWh)	2021[1]	2022[1]	2023[1]	2024
Consumption of purchased electricity from fossil sources	24,322	20,018	20,887	18,564
Total non-renewable electricity consumption	**24,322**	**20,018**	**20,887**	**18,564**
Consumption of purchased electricity from renewable sources[2]	2,348	6,243	5,861	12,448
Renewable energy production	161	922	1,823	2,021
Renewable energy sold	0	-410	-525	-351
Total renewable electricity consumption	**2,509**	**6,755**	**7,159**	**14,118**
Percentage of electricity consumption from renewable sources	**9.4%**	**25.2%**	**25.5%**	**43.2%**

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. Numbers now include Fagron companies that were owned only part of the year, as prescribed by ESRS. Additionally there have been some updates in energy conversion factors and activity data.
2 If we do not have definite proof that purchased heat or electricity is renewable, we have assumed that it originated from fossil sources. 47% of this electricity is acquired via an electricity contract (bundled), 53% is acquired separately via e.g. renewable electricity certificates (unbundled).

Energy intensity

	2021[1]	2022[1]	2023[1]	2024
Total energy consumption (MWh)	42,717	42,393	44,406	49,183
Of which in high climate impact sectors (MWh)	**41,860**	**41,505**	**42,476**	**48,302**
Total revenue (million euros)[2]	574	684	763	872
Of which in high climate impact sectors (million euros)	**564**	**672**	**750**	**857**
Energy intensity ratio in high climate impact sectors (MWh / million euro)[3]	**74.4**	**62.0**	**58.2**	**56.4**

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. Numbers now include Fagron companies that were owned only part of the year, as prescribed by ESRS. Additionally there have been some updates in energy conversion factors and activity data.
2 Total revenue as given in the Consolidated income statement.
3 For readability purposes we have amended the reporting unit from MWh / euro to MWh / million euro.

Environmental information

Energy use

(MWh)	2021[1]	2022[1]	2023[1]	2024
Fuel consumption from coal and coal products	0	0	0	0
Fuel consumption from crude oil and petroleum products[2]	3,919	4,226	4,278	3,702
Fuel consumption from natural gas[3]	11,663	11,098	11,760	12,488
Fuel consumption from other fossil sources	0	0	0	0
Total fuel consumption, fossil sources[4]	**15,582**	**15,324**	**16,038**	**16,191**
Consumption of purchased steam and cooling from fossil sources	0	0	0	0
Consumption of purchased heat from fossil sources[5]	305	296	322	310
Consumption of purchased electricity from fossil sources[5]	24,322	20,018	20,887	18,564
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources[4]	**24,626**	**20,314**	**21,209**	**18,874**
Total energy consumption from fossil sources[4]	**40,208**	**35,638**	**37,247**	**35,065**
Total energy consumption from nuclear sources	**0**	**0**	**0**	**0**
Fuel consumption from renewable sources	0	0	0	0
Consumption of purchased steam and cooling from renewable sources	0	0	0	0
Consumption of purchased heat from renewable sources[5]	0	0	0	0
Consumption of purchased electricity from renewable sources[5]	2,348	6,243	5,861	12,448
Consumption of self-generated non-fuel renewable energy	161	512	1,297	1,670
Total energy consumption from renewable sources[4]	**2,509**	**6,755**	**7,159**	**14,118**
Total energy consumption	**42,717**	**42,393**	**44,406**	**49,183**

1 Values are updated compared to the values in 2023 annual report, to ensure comparability over the years. Numbers now include Fagron companies that were owned only part of the year, as prescribed by ESRS. Additionally there have been some updates in energy conversion factors and activity data.
2 Conversion factor used for diesel is 35.72 MJ/liter, for petrol 33.18 MJ/liter and for LPG 24.41 MWh/liter.
3 Conversion factor used for low calorific natural gas used in Belgium, Germany, and the Netherlands is 35.17 MJ/m3, for all other natural gas we use the conversion factor 40.09 MJ/m3.
4 Due to rounding, numbers might not add up.
5 If we do not have definite proof that purchased heat or electricity is renewable, we have assumed that it originated from fossil sources.

Waste

Fagron processes pharmaceutical raw materials, and generates hazardous waste. If such hazardous waste is not properly handled by Fagron or third-party service providers this could lead to toxic pollution. The impact of pollution is covered under chemical use & pollution.

The treatment of both hazardous and non-hazardous waste leads to greenhouse gas emissions. This is particularly the case for biogenic waste ending up in landfills that do not control methane emissions and non-biogenic waste ending up in incineration. Greenhouse gas emissions are covered under climate change.

By maintaining a well-functioning waste management system Fagron tries to reduce its climate change impact and the potential impact of pollution.

Policies and targets

Fagron strives to minimize the impact of waste management by reducing the quantity of waste produced in our own operations and by increasing waste recycling. The topic waste is included in the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. As part of our efforts to reduce our Scope 3 carbon footprint emissions, we also focus on waste as part of our strategic roadmap. See the section on climate change for more information.

We aim to achieve the following goals related to waste:

- As part of our strategic roadmap: Recycle 75% of non-hazardous waste by 2030 (see Improving waste management).
- As part of our foundational roadmap: Zero waste to landfill unless no viable alternative is available by 2030.

With these targets Fagron wants to ensure that all waste is treated in the best possible way. In the case of zero waste to landfill, this means that waste will be diverted from one disposal operation (landfill) to another disposal operation (incineration). To achieve our target waste could also be diverted from disposal towards, for example recycling. All waste data is measured in metric tons, see performance section on the right. Fagron's policies and targets on waste management only apply to Fagron's own operations and are voluntary because recycling and reduction of landfalling are not mandatory in all jurisdictions in which Fagron operates.

In addition, we focus on eco-friendly packaging to reduce greenhouse gas emissions from the category 'End-of-life treatment of sold products'. Our climate transition plan will have an impact on the waste management of our customers or the end-users of our products (part of the downstream value chain). See climate change for more information.

Actions

2024 was the first year that Fagron collected waste data from all its entities, in line with ESRS requirements. This means that there have been no specific actions taken in 2024 to achieve our waste related targets. We will develop an action plan based on the 2024 waste data.

Performance

Calculation method waste generation

If available, we collect data on mass of waste. If that is not possible, data is collected on volume or on number of bins. For the latter two, we make an estimate of the density and the volume of the bin respectively. Mass data made up 34% of the total waste generated, volume data 1%, and data collected based on bins 65%. The data related specifically to bins creates some uncertainty because bins are often not 100% full when they are collected, and it is therefore difficult to estimate the exact density per bin collected. We are doing our utmost to improve this data quality in the future. Data was collected for all non-office locations only to minimize data collection efforts. Office locations were not taken into consideration since waste generated there is not material.

Waste generated and recycled

Total waste generated in our own operations in 2024 was 7,222 metric tons. Of this, 396 metric tons were hazardous waste, and 6,826 metric tons were non-hazardous waste. The largest part of the waste went to landfill in

Environmental information

2024[1]. The largest hazardous waste streams going to disposal are "hazardous solid waste"[2] and "other hazardous waste"[3] while the largest non-hazardous was streams consist of "general waste/residual waste", "paper and cardboard" and "mixed packaging". For a large part of this waste there is a viable alternative to landfilling. A more in-depth analysis of how to achieve our target on diverting waste to landfill will be conducted in 2025.

1,280 metric tons were diverted from disposal. A total of 17% of waste went to recycling, which means that 83% was not recycled. The recycled waste was naturally almost completely non-hazardous waste, 18% of our non-hazardous waste went to recycling. The recycled, non-hazardous waste consists largely of the waste streams "paper and cardboard", "mixed packaging" and "plastic". Efforts will need to be made in the near future to achieve our target of 75% recycling for this waste category.

We are reporting on different metrics this year than in 2023, we will include a comparison with historic data in our 2025 annual report.

Total waste generated

	Hazardous waste[1]	Non-hazardous waste	Total waste
Waste to preparation for reuse	0	34	34
Waste to recycling	0	1,242	1,242
Waste to other recovery operations	0	5	5
Total waste diverted from disposal (metric tons)	**0**	**1,280**	**1,280**
Waste to incineration	170	263	433
Waste to landfill	13	94	107
Waste to other disposal operations[2]	214	5,188	5,402
Total waste directed to disposal (metric tons)	**396**	**5,546**	**5,942**
Total waste generated (metric tons)	**396**	**6,826**	**7,222**

1 Fagron does not generate radioactive waste.
2 All waste for which there is currently no evidence of the exact treatment method is included under "other disposal operations".

Percentage of non-recycled waste

	2024
Waste to recycling	1,242
Non-recycled waste	5,980
Total waste generated (metric tons)	**7,222**
% of non-recycled waste	**83%**

1 We assume all waste for which there is no proof of the treatment method, ends up in landfill.
2 This is all hazardous waste for which there is no proof that clearly states that it is pharmaceutical or medicine and has a solid state. For example, EU waste code 15 01 10 (packaging containing residues of or contaminated by hazardous substances).
3 This is all hazardous waste for which there is no proof that clearly states that it if pharmaceutical or medicine and has an unknown state (solid or liquid). For example, EU waste code 16 03 05 (organic wastes containing hazardous substances).

Social information

Disclosures incorporated by reference

The following information can be found elsewhere in this Sustainability Statement and is incorporated into the chapter "Social information" by reference:

- Sustainability management
- Stakeholder engagement
- Materiality assessment
- Fagron's sustainability strategy
- Grievance mechanism

For the exact location of each disclosure the, see ESRS Index.

Stakeholder group: Our people

For clarity, we have organized our reporting on social information into three key stakeholder groups - Our people, end-users, and value chain workers. This section focuses on the Our people stakeholder group.

Introduction

Material topics included under our Social information, which apply to the stakeholder group Our people are:

- Employee engagement
- Diversity & inclusion
- Training & development
- Health & safety
- Compensation & benefits
- Remuneration of executives
- Working hours
- Human rights & labor rights

The disclosed information generally concerns Fagron employees. When deemed applicable, we also report on self-employed managers and temporary workers. Employees, self-employed managers, and temporary workers together make up “Our people.” Disclosures on Our people concern Fagron and do not apply to our upstream and downstream value chain.

Our people

At December 31, 2024, Fagron's workforce consisted of 3,935 employees and 104 other people. The latter comprises 18 self-employed managers and 86 temporary workers. This total of 4,039 people is what we refer to as “Our people”.

Our people

	2022	2023	2024
Fagron employees	3,162[1]	3,460	3,935[2]
Self-employed managers	12	13	18
Temporary workers[3]	66	94	86
Total Our people	**3,240**	**3,567**	**4,039**

1 Number of employees in 2022 does not include employees with on on-call contract, these are included in 2023 and 2024.
2 Note 9 of financial statements refers to the same headcount.
3 Temporary workers are workers that are employed via an employment agency or any other companies active under NACE code N78. We include temporary workers if they work at Fagron for more than 0.3 FTE for at least 3 months.

Social information

Employee turnover

During 2024, 783 employees left Fagron either voluntary, the ending of a temporary contract or due to dismissal, retirement, or death. Because Fagron has a buy-and-build acquisition strategy, we use the average number of employees to calculate the rate of employee turnover, resulting in a total employee turnover rate in 2024 of 0.21. The voluntary employee turnover rate was approximately 0.08 in 2024. The turnover rate differs per region, partly due to the type of contract that is common in the local market. The voluntary employee turnover rate ranges from 0.06 in Latin America to 0.12 in North America, the rate in EMEA was 0.07 in 2024.

Contract types

The majority of Fagron's workforce comprises permanent employees. To adapt to local market practices across the countries in which we operate, we tailor our employment contract types. This results in variation across regions. In the USA for example, employment is generally "at-will", while in the European Union employment contracts are required, which entails higher job protection.

Employee turnover

	2023	2024
Employees who have left Fagron	**764**[1]	**783**
Number of employees on January 1	3,170	3,538
Number of employees on December 31	3,460	3,935
Average number of employees	**3,315**	**3,736**
Rate of total employee turnover	**0.23**[1]	**0.21**

1 Number has been corrected, there was a small error in the data reported in the 2023 report.

Contract types for Fagron employees

	Female	Male	Other	Not disclosed	Total
Number of employees	**2,223**	**1,703**	**9**	**0**	**3,935**[1]
Number of permanent employees[2]	2,129	1,649	9	0	3,787
Number of temporary employees[3]	66	41	0	0	107
Number of non-guaranteed hours employees[4]	28	13	0	0	41

1 Note 9 of financial statements refers to the same headcount.
2 Permanent employees are employees under contract (including at-will contracts) with no fixed end date.
3 Temporary employees are employees under contract (including at-will contracts) with a fixed end date.
4 Non-guaranteed hours employees are employees with an on-call contract or zero-hour contract.

Social information

Employees per country
The largest portion of Fagron's workforce is employed in EMEA (1,553 people in 2024)[1], closely followed by North America. We show employees by country in all countries where we employ at least 50 employees.

Employees per country

Country/region	2022[1]	2023	2024
United States of America	929	1,164	1,441
Total employees North America	**929**	**1,164**	**1,441**[2]
Brazil	766	748	793
Colombia	67	76	80
Mexico	74	63	68
Total employees Latin America	**907**	**887**	**941**[2]
Belgium	102	106	101
Czech Republic	208	207	209
Germany	135	139	131
Hungary	-	-	81
Israel	89	90	88
Netherlands	323	339	321
Poland	222	234	234
South Africa[3]	-	75	94
Spain	55	75	84
UK[3]	-	-	73
Other countries EMEA and China[3]	192	144[4]	137
Total employees EMEA and China[5]	**1,326**	**1,409**	**1,553**[2]
Total Fagron employees	**3,162**	**3,460**	**3,935**

1 2022 values do not include employees with an on-call contract, these are included in 2023 and 2024.
2 Note 9 of financial statements refers to 1426 FTE in North America, 959 FTE in Latin America and 1463 FTE in EMEA. Financial statements do not include employee headcount per region.
3 South Africa had less than 50 employees in 2022, and the UK had less than 50 employees in 2022 and 2023. These employees were then included in 'Other countries EMEA and China' category.
4 There was an error in this value in the 2023 annual report, we have corrected this value from 147 to 144.
5 Some employees fall under Global Service Center and are not allocated to the EMEA region.

1 Including a limited amount of employees in China.

Employee engagement

Fagron firmly believes that engaged employees are not only more likely to be productive but also exhibit higher performance levels, ultimately not only contributing to individual satisfaction but also to the overall success of Fagron. Fagron is therefore dedicated to ensuring Our people feel valued and values the work they do.

Policies, targets, and actions

Our strategic sustainability pillar "Future Forward: People" centers around our belief that engaged employees are at the heart of our success as a business. As part of our strategic roadmap "Future Forward: People" we have set the following target related to employee engagement:

- All Fagron companies reach a sustainable engagement score above the country norm by 2030.

This target and surrounding policies apply to our employees and has a higher ambition level than our previous target of a sustainable engagement score of at least 80% in the Global Employee Survey by 2024. We group our (long-term) actions in relation to employee engagement into physical well-being, mental well-being, belonging and togetherness.

For more details on our strategic action plan see Future Forward: People. A short summary is provided here.

Employee engagement

	2018	2020	2022	2024
Employee participation rate in Global Employee Survey	79%	87%	89%	93%
Sustainable Engagement Score	80%	83%	84%	87%

Physical well-being

Fagron is committed to providing a safe and comfortable work environment for all employees, with a zero-tolerance policy for actions that could jeopardize health and safety. See Health & safety for more information.

Mental well-being

Fagron is committed to supporting the mental well-being of all employees by creating an environment that encourages healthy habits and empowers employees to speak up.

Belonging

Fagron focusses on creating a culture of belonging where all employees feel they can identify with our vision, core values and purpose. We do this by embracing diversity and fostering an inclusive environment where every employee feels they can be themselves. See Diversity & inclusion for more information.

Togetherness

At Fagron, we believe that the future of personalized medicine is something we build together. Employees and managers work as a team to contribute to a shared goal.

Performance

We have conducted our Global Employee Survey every two years since 2016. The survey includes a Sustainable Engagement Score: a metric reflecting the connection between our employees and Fagron.

Based on insights from the 2024 Global Employee Survey, priorities have been established for 2025 and 2026, with a focus on leadership communication, equity and balance of compensation, and "safe place for sharing" in addition to paying attention to thriving people at every location. To ensure a targeted and region specific approach these priorities will be translated into action plans for each region in 2025.

With a very high participation rate of 93% of all employees in the Global Employee Survey, Fagron has achieved a Sustainable Engagement Score of 87% in 2024[1]. This is an improvement compared to the 84% recorded in 2022, and significantly exceeds the industry (global pharmaceutical sector) benchmark. We have also significantly exceeded our target of 80% in 2024. Starting from the 2026 Global Employee Survey we will also start reporting on performance in relation to our 2030 target.

Diversity & inclusion

A diverse workplace drives innovation, creativity, and problem-solving. At Fagron, we have diverse teams and value every individual's unique contribution. We believe in equal opportunities, irrespective of gender, age, sexual orientation, nationality, ethnicity, or other personal characteristics. With mutual respect, we collaborate in teams with diverse backgrounds and talents in a pleasant, safe, and inclusive work environment.

Policies and targets

At Fagron, we are dedicated to building a culture that enables our employees to become the best version of themselves. The topic diversity and inclusion is part of the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. The topic is closely related to employee engagement, which is the main strategic focus of our Future Forward: People roadmap. See Employee engagement for more information.

We aim for the following related to diversity and inclusion, as part of our foundational roadmap:

- 50/50 male/female distribution at all management levels[2] by 2030.
- 1/3rd of senior management is female by 2025 and 40-60% is female by 2040.
- The gender pay gap is between -5% and 5% for all management levels by 2030.

The initial deadline for 50/50 male/female distribution in all management levels was set at end of 2025 however despite the nice increase this year, we deem additional effort is needed to reach this balance in a sustainable way and therefore, we move the timing to 2030. The Female Mentorship Program is delivering results and we will raise our efforts to ensure we reach the target by 2030 or earlier (see Actions). We believe in upwards mobility, and we have therefore set the target for female representation in senior management to be achieved by 2040.

Our policies and targets concerning diversity and inclusion apply only to Fagron employees, with the exception of the target on senior management where we include self-employed managers.

Actions

The actions we take in terms of diversity and inclusion are part of two different action plans:

- Our strategic action plan to increase sustainable employee engagement, as part of our Future Forward: People roadmap.
- Our operational action plan to increase gender diversity and gender equality.

Diversity & inclusion focus group

We have created a diversity & inclusion focus group to ensure that we take appropriate action. By end 2024, the group consisted of 9 members from different countries who are passionate about this topic and contribute their insights on priorities and suggest actions to the global HR team. All initiatives to promote diversity are discussed within the group, ensuring a collaborative and comprehensive approach to promoting inclusivity in the organization. In 2024, this group was specifically involved in the realization of five Awareness Month Campaigns and our monthly Diversity and Inclusion initiatives.

1 These percentages apply to all own employees and self-employed managers (so excludes on-call employees and temporary workers) that had a user account and had been employed for more than one and a half months at the moment the survey was send out. The percentages exclude all own employees and self-employed managers of companies acquired since the 2022 Global Employee survey. All new own employees and self-employed managers received the "New joiner" survey with e.g. Questions about onboarding. All own employees and self-employed managers of companies acquired since the 2022 survey receive the same questionnaire as the normal survey but their results are not included in these reported results, to allow time for Fagronization of these companies.

2 See Gender diversity for the definition of all management.

Diversity and inclusion campaigns and initiatives

In 2024 five Awareness Month Campaigns were organized to educate and create an inclusive workplace that celebrates diversity. The campaigns focused on topics such as Pride, unconscious bias in the workplace and Women Visibility Month.

To celebrate the International Women's Visibility Month in March, we shared Fagron's diversity numbers next to our ambitions on our internal communication platform. Aligning with this year's theme, "Inspire Inclusion," we asked women globally what makes them feel included, spotlighting their voices in a company-wide video. We also honored women's historical achievements through a trivia initiative distributed across all Fagron locations to educate, celebrate, and visualize their impact. Continuing our tradition, we inaugurated the 3rd edition of the Female Mentorship Program.

Additionally, our monthly Diversity and Inclusion initiatives aim to bring people together by accepting and respecting everyone for who they are. We celebrate the unique contributions of each person and create an environment that encourages sharing perspectives and ideas through specific global inclusion activities.

Female Mentorship Program

To reach our targets on gender equality in leadership, we introduced a female mentorship program in 2022 for all women at Fagron who want to act on their ambitions and explore their opportunities to further develop their careers. The program takes place annually over the duration of six months, when mentors and mentees meet regularly to discuss challenges, goals, ambitions and share experiences. In 2024, 18 ambitious women participated in this program as a mentee (compared to 21 in 2023).

The program will be organized again in 2025, reinforcing our commitment to cultivating a diverse and empowered leadership landscape at Fagron.

Developing gender-neutral selection and promotion process

In 2025 we will work on developing a gender-neutral selection and promotion process. We have no indication that our current selection and promotion process is purposefully creating an unfavorable position for women, but we want to prevent unconscious bias from influencing selection and promotion decisions.

Exit interviews with female leaders

Starting from 2025 we will focus more explicitly on the reasons why female leaders leave Fagron. We will adjust the format of the exit interview and thoroughly analyze if there are, for example, any aspects of the benefits package (e.g., parental leave) or company requirements that might unintentionally contribute to a female leader deciding to leave the company.

In-depth gender pay gap analysis

2024 is the first year we are reporting on our unadjusted gender pay gap (see Gender pay gap). In 2025 and 2026 we will conduct an in-depth pay gap analysis where we consider the gender pay gap in different function levels and similar roles, with the goal of publishing more detailed gender pay gap information in line with the Pay Transparency Directive in 2027.

Social information

Performance

Gender diversity

We report on the gender diversity of top management, all management levels, and employees. We use the following definitions for this information:

- Top management: all managers holding positions within the KornFerry grade levels 18 to 28; this category includes those reporting directly to the CEO or in managerial positions in one level directly below. In addition, it incorporates selected individuals belonging to the second tier beneath the CEO.
- Management: All managers holding positions within the KornFerry grade levels 16 to 28.

All gender diversity indicators for 2021 are based on the number of employees on December 31, including self-employed managers. For 2022, 2023 and 2024, the numbers are based on the number of employees on December 31 (excluding self-employed managers). For top management we do include self-employed managers since omitting them would skew the results for top management.

Our updated target is to have 50% female representation in management by the end of 2030. In 2024, 44.0% of management was female, an important increase compared to 2023 (2023: 40.4%). With one more year to go till the target year 2025, there are 31.3% females in top management, which is close to the target set of at least 1/3rd.

Diversity in terms of age

In 2024, Fagron had a diverse workforce in terms of age. The higher in the organization, the higher the number of employees within the higher age category. Most employees are in the age category of 30-50 years old.

Age diversity employees

% of employees[1]	2022[2]	2023	2024[3]
<30 years old	24%	25%	25%
30-50 years old	56%	55%	56%
>50 years old	20%	20%	18%
Age unknown	-[4]	0%	0%

1 Percentage of employees by headcount on December 31.
2 2022 values do not include employees with on on-call contract, these are included in 2023 and 2024.
3 Do to rounding numbers do not add up to 100%.
4 Not reported in 2022, all employees with age unknown were included in the age category 30-50 years old.

Social information

Gender distribution in top management

	Number of top managers				% of top management			
	2021[1]	2022[1]	2023[1]	2024[1]	2021[1]	2022[1]	2023[1]	2024[1]
Male	29	42	49	66	65.9%	72.4%	69.0%	68.8%
Female	15	16	22	30	34.1%	27.6%	31.0%	31.3%
Other gender	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Total people in top management	**44**	**58**	**71**	**96**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1 Numbers include employees and self-employed managers.

Gender distribution in management

	Number of managers				% of managers			
	2021[1]	2022[1]	2023[1]	2024[1]	2021[1]	2022[1]	2023[1]	2024[1]
Male	134	148	155	153	59.3%	59.4%	59.6%	56.0%
Female	92	101	105	120	40.7%	40.6%	40.4%	44.0%
Other gender	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Total people in management	**226**	**249**	**260**	**273**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1 2021 numbers include self-employed managers, 2022, 2023 and 2024 numbers exclude self-employed managers.

Gender distribution employees

	Number of employees				% of employees			
	2021[1]	2022[1]	2023[1]	2024[1]	2021[1]	2022[1]	2023[1]	2024[1]
Male	1,435	1,383	1,491	1,703	46.9%	43.7%	43.1%	43.3%
Female	1,626	1,779	1,961	2,223	53.1%	56.3%	56.7%	56.5%
Other gender	0[2]	0[2]	8	9	0.0%[2]	0.0%[2]	0.2%	0.2%
Total employees	**3,061**	**3,162**	**3,460**	**3,935**[3]	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1 2021 numbers include self-employed managers. 2022 numbers exclude self-employed managers and on-call employees. 2023 and 2024 numbers exclude self-employed managers, but include employees with an on-call contract.
2 For 2021 and 2022 no data was available on "other gender", so all non-female are assumed to be male.
3 Note 9 of financial statements refers to the same headcount.

Gender pay gap
We calculate the gender pay gap by using the gross hourly pay level of our employees, this means we include the following remuneration components in the calculation of the gender pay gap:
- Fixed remuneration (equaling base salary)
- Short-term variable remuneration (such as an annual bonus, overtime pay)
- Long-term variable remuneration (such as subscription rights and performance shares)
- Other benefits (such as a company car)

In practice this means that we take into consideration the gross salary plus any voluntary contributions by the company in terms of, for example, pension costs. In addition, we include all variable remuneration and benefits with the exception of compensation for expenses, for example compensation for commuting costs. The taxable benefit as specified in local legislation is taken into account for company cars. If an employee takes leave during the year we include family-related leave and sick leave when paid by the company.

The difference of average pay levels between female and male employees was 15% in 2024. This is an unadjusted pay gap where we do not correct for differences in type of function. When calculating the unadjusted pay gap, there are two important factors that skew the average pay in favor of men:
- There are more men in management positions in regions with higher wages, especially when factoring in exchange rates to euro. For example, most management in the USA is currently male, while most management in Brazil is currently female.
- There are more men than women in management positions. The higher the position the higher the pay. There are more women than men in production operation roles which are lower positions with lower pay.

We will provide comparative information starting 2025 annual report.

Gender pay gap

	2024
Average pay level female employees (euro per hour)	21.8
Average pay level male employees (euro per hour)	25.5
Gender pay gap	**15%**

Training & development
We firmly believe that encouraging employee development contributes positively to both our company's performance and employability and the job satisfaction of our employees. By providing training and career opportunities, we not only enhance employee retention but also increase the overall quality of the work delivered. The investment in our employees enables them to improve their capabilities, subsequently improving their employability. Furthermore, personal development generally translates into increased job satisfaction, empowering growth, and fulfillment within the organization.

Policies and targets
The topic training & development is an integral part of the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. The topic is closely related to employee engagement, which is the main strategic focus of our Future Forward: People roadmap. See Employee engagement for more information.

As of 2024, the foundational roadmap contains the following policies concerning training and development:

- 95% of employees have an annual career development and performance review meeting by 2030. We have increased the ambition level for this target because we had achieved our earlier target. Before the update of the sustainability strategy the target was 80%.

Our policies and targets concerning training & development apply only to our employees. Fagron does not currently have any policies or targets concerning the number of training hours per employee. We will start tracking data on training hours in 2025 and might developing a target afterwards.

Performance reviews and feedback discussions have long been embedded in our HR policies. At the start of each year, employees collaborate with their people leader to determine individual development objectives and career aspirations. These objectives could include internal or external training, on-the-job learning, or mentorship opportunities. The regular check-ins throughout the year have evolved into a continuous feedback cycle and insights serve as valuable inputs for the comprehensive annual feedback summary that always occurs in the first quarter of the year.

Actions and performance

The actions we take in terms of training and development are part of two different action plans:

- Our strategic action plan to increase sustainable employee engagement, as part of our Future Forward: People roadmap.
- Our operational action plan focused on annual career development and performance reviews.

Giving and receiving feedback

In 2023, we launched a robust internal campaign, highlighting the importance of feedback. This initiative encouraged all people leaders to actively seek feedback from both team members and peers through a comprehensive 180-degree feedback approach. This included dedicated sessions for leaders to analyze the feedback results, extracting valuable insights for personal development. In addition, a number of people leaders engaged in live feedback sessions to cultivate an open culture where giving feedback is valued.

These actions are starting to pay off and have boosted our culture of continuous feedback. The pulse survey organized in 2023 shows an 80% score in the feedback category, a 7% increase compared to the 2022 Employee Engagement Survey. In the 2024 Employee Engagement Survey we achieved a score of 82% in the same category.

Social information

Performance and career development reviews

	2021	2022	2023	2024[1]
% of employees with annual performance and career development review	88.8%	93.3%	97.3%	98.2%
% of female employees with annual performance and career development review	87.2%	94.1%	97.8%	98.4%
% of male employees with annual performance and career development review	91.9%	93.6%	96.6%	97.9%
Number of performance and career development reviews per employee	-[2]	-[2]	1.8[3]	1.7

1 Percentages apply to all employees employed at the time that the invitations for the annual performance and career development review were sent out and that were still employed at the deadline for the review. This excludes employees with an on-call contract and employees that did not have a user account in the first quarter of 2024.
2 Not measured in 2021 and 2022.
3 We use a stricter definition of what counts as a performance and career development review in 2024, value is therefore amended compared to last year, to ensure comparability.

Performance and career development reviews
In 2024, 98.2% of employees[1] engaged in an annual performance and career development review with their respective people manager or supervisor. This marks an increase compared to 2023 and surpasses our set target. The calculation of this percentage is based on the number of employees employed at the time the invitations for the annual performance and career development review were sent out, and who were still employed at the deadline for the review (in 2024 the deadline was March 31).

Emphasizing our commitment to a culture of continuous feedback, we also actively encourage our employees and their people leaders to participate in multiple feedback check-ins throughout the year. On average, each employee took part in 1.7 reviews in 2024. The calculation of the number of performance and career development reviews per employee is based on the average number of employees employed in the year.

Training hours
As of now, Fagron does not measure any training hours. In 2024, Fagron began setting up a monitoring system for these indicators. Monitoring will start in 2025. The results will be published in our 2025 annual report in accordance with the CSRD.

1 With the exception of employees with an on-call contract and employees that did not have a user account in the first quarter of 2024. Even though ESRS S1 requires reporting on employees with an on-call contract, these employees are currently not included in our performance and career development review cycle.

Health & safety

Fagron continuously ensures that Our people can perform their work in a clean, orderly, and safe environment. We have a zero-tolerance policy towards actions that could endanger the health and safety of our employees and others. By proactively addressing or resolving identified risks, we strive to prevent or minimize injury and damage to the health of Our people.

Policies and targets

The topic health & safety is included in the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. The topic is closely related to employee engagement, which is the main strategic focus of our Future Forward: People roadmap. See Employee engagement for more information.

As of 2024, the foundational roadmap contains the following targets related to health & safety:

- Zero fatalities and long-term or permanent work-related injuries.
- 95% participation rate of Our people in annual health and safety training by 2030.

The first target was already part of our previous sustainability strategy and has been complemented with an additional target during the 2024 strategy update. Our goal is to reduce the number of work-related injuries as much as possible. Our top priority is to ensure that there are no fatalities, and that no incidents occur that result in serious, long-term, or permanent injuries. Incidents that cause minor injuries are seen as a warning signal to adjust our procedures and emergency plans, as necessary. Our policies and targets concerning health & safety apply to all Our people.

Occupational health and safety system

For the last few years health and safety management has been organized per Fagron company. The local legislation concerning occupational health and safety in each of the jurisdictions where Fagron operates is closely followed up and complied with. Fagron operates in line with this legislation. The part of health and safety management that was organized at group level was the group-level monitoring system.

In 2024, we strengthened our health and safety culture by ensuring all Fagron companies conduct annual health and safety reviews and implement improvement plans. We also standardized follow-up procedures for health and safety incidents.

Additionally, in 2024, we have provided the first annual health & safety training for all Our people. This training will be given yearly from now on. 86% of Our people followed the training in 2024. It is not a legal requirement for Fagron to offer such training. We are proud of the high training completion rate and how it is already moving towards our target.

Actions and performance

The actions we take in terms of health and safety are part of two different action plans:

- Our strategic action plan to increase sustainable employee engagement, which is part of our Future Forward: People roadmap.
- Our operational action plan to reduce health and safety accidents.

Annual health & safety training

	2024
Number of Our people who completed the Health & Safety training	3,489
Number of Our people at start date of Health & Safety training[1]	4,049
% of Our people at start date of training that completed the Health & Safety training	**86%**

1 Number of Our people employed on the 2nd of December 2024.

Social information

Focus on well-being

Fagron is committed to supporting the mental well-being of all employees by creating an environment that encourages healthy habits. To support those employees facing mental health challenges, in 2024 we created an overview of existing resources and made them visible for all employees via our internal communication platform. Additionally, we organized campaigns focused on mental health via our internal communications platform such as our Movember campaign in November 2024. During this campaign we launched the "Time Capsule" initiative, inviting employees to record mental health goals to be revisited next year as part of our ongoing commitment to well-being.

Work-related injuries

There were 22 employees who had recordable work-related injuries in 2024. Of which none led to long-term or permanent injury. This is a significant reduction compared to 2023. Actions taken to prevent future accidents may include additional education, training, or adjustment of procedures or emergency response plans.

In 2024, there were no fatalities among non-employees in our own workforce. We did not yet monitor work-related injuries among non-employees in our own workforce in 2024 but will start doing so in 2025.

Number of work-related injuries and fatalities

	2021	2022	2023	2024
Work-related fatalities (employees)	0	0	0	0
Work-related fatalities (non-employees in own workforce)	-[1]	-[1]	0	0
Work-related fatalities (value chain workers on Fagron sites)	-[1]	-[1]	-[1]	-[1]
Total fatalities own workforce and value chain workers on Fagron sites	**-[1]**	**-[1]**	**0**	**0**
Work-related long-term or permanent injuries (employees)	0	0	1	0
Other recordable work-related injuries (employees)	32	16	34	22[2]
Total recordable work-related injuries employees	**32**	**16**	**35**	**22**

1 Not measured
2 Of one of these incidents, the person has not made a full recovery yet. We expect that a full recovery can be made, making it a non-permanent injury.

Rate of work-related injuries and fatalities

	2023	2024
Total recordable work-related injuries employees	35	22
Total hours worked by employees	5,748,470	6,488,300
Rate of work-related injuries (per million hours)	**6.1**	**3.4**

Fagron does not monitor the actual number of hours worked by employees, so we have made an estimation to determine the rate of work-related injuries. We estimate the rate of work-related injuries to have been 3.4 in 2024. We will try to improve this metric in the years ahead.

Other CSRD indicators

Fagron did not measure any of the ESRS indicators related to work-related ill health or days lost due to work-related injuries, work-related ill health, and fatalities.

In 2024, Fagron started setting up a monitoring system for these indicators. Actual monitoring will start in the beginning of 2025. The results will be published in our 2025 annual report in accordance with the CSRD.

Compensation & benefits

Compensation and benefits are important pillars for organizations in both attracting and retaining talent and fostering employee satisfaction. Fagron, recognizing the significance of these factors, not only generates job opportunities but also ensures that every employee receives competitive compensation. This supports the local economies and communities where Fagron operates.

Policies and targets

Fagron is dedicated to providing fair and competitive compensation and benefits to its employees in line with local practices. By doing so, Fagron strives to position itself as an attractive employer. The topic of compensation and benefits is included in the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine.

We aim for the following related to compensation and benefits, as part of our foundational roadmap:
- Adequate wage for all employees, latest in 2026.
- A median base wage, variable wage and benefits for all employees, compared to the market, by 2030.
- Access to Fagron Global Standard Benefits for all employees by 2030.

As from now on, we review adequate wage levels annually and will ensure consistent benchmarking starting from 2027. During the benchmarking exercise we will compare compensation and benefits packages with market wage, variable wage, and benefits. Fagron Global Standard Benefits are currently under development and the first package will be finalized in 2025.

Our policies and targets concerning compensation and benefits only apply to Fagron employees, and not to other workers in our workforce.

Remuneration and working conditions strategy

Fagron's reward and working conditions strategy will be updated in 2025. This update will include all the changes included in our new sustainability strategy as described above. The 2024 reward strategy is available to all employees, including HR professionals within the Fagron Group who are responsible for its implementation. We will make sure this update is made available to all employees.

Actions and performance

Global Employee Survey

Information on employee satisfaction regarding compensation and benefits is obtained through the Global Employee Survey and exit interviews.

In the 2024 Global Employee Surveys, employees scored the Fagron compensation package very close to the global pharmaceutical benchmark norm.

Adequate wage

In 2024, we assessed for the first time if all our employees are paid an adequate wage using the following definition for adequate wage:
- EEA countries: Applicable minimum wage determined by legislation or collective bargaining.
- Brazil: Applicable wage as defined by collective bargaining, which is defined annually with a decent standard of living taken into consideration.
- Israel: Applicable minimum wage determined by legislation, because the minimum wage seems to provide for a decent standard of living.
- UK: National Living Wage as determined by the UK government.
- USA: Applicable minimum state wage, unless the minimum state wage is below the federal minimum wage. In this case we take the federal minimum wage.
- China, Colombia, Mexico, South Africa: Based on information obtained from the Global Living Wage initiative, because the minimum wage does not provide for a decent standard of living[1].

[1] Regional benchmark reports as published on the Global living Wage Coalition, for the region closest to where our operations are situated. Last benchmark unadjusted for inflation has been used.

We compared the definition of adequate wage in the various regions with the wage we provide to our employees. Here we include the wage components basic wage and fixed additional payments that are guaranteed to all employees.

Based on the selected benchmarks, 99.3% of all our employees were paid an adequate wage. The exceptions are Colombia where 32% of employees earned below the adequate wage benchmark (26 employees) and Mexico where 3% of employees earned below the adequate wage benchmark (2 employees).

The applied benchmarks apply high indexation for wages based on local inflation rates. Since the methodology applied in these benchmarks is uncertain, and might not apply to the actual living situation of these employees, this might not actually mean that these employees earn a wage that is not adequate to meet their needs. As is part of our sustainability strategy, we do our utmost to ensure that all employees will earn an adequate wage by 2026. We will assess the wages and used benchmarks for Colombia and Mexico in more detail in 2025.

Remuneration of executives

The remuneration of executives at Fagron is designed to align with the long-term interests of shareholders, serving as a mechanism to attract and retain top-tier executive talent. Simultaneously our approach emphasizes the importance of maintaining a reasonable gap between employee and executive compensation. This consideration is closely related to our broader policies on compensation and benefits for employees (see Compensation & benefits).

Policies, targets and actions

The topic "remuneration of executives" is included in the good governance roadmap of our sustainability strategy Future Forward: Personalizing medicine. There are no policies or targets set concerning the pay gap between the highest paid individual and the lowest or median employee remuneration.

In terms of sustainability, the good governance roadmap does focus on ensuring that remuneration policy always includes sustainability considerations. In practice this means that performance on sustainability topics is part of the performance criteria for both the short-term and long-term incentives.

A description of our remuneration policy and action hereon can be found in the Remuneration report and policy.

The actions taken in 2024 terms of remuneration of executives at listed in the remuneration report.

Performance

Pay ratio - Highest-paid individual and median remuneration employee

This year we report for the first time on the pay gap between the highest-paid individual and the median annual total remuneration for all employees (excluding the highest-paid individual). The annual total remuneration ratio was 77.3 in 2024.

We include the following remuneration components in this calculation:

- Fixed remuneration (equaling base salary)
- Short-term variable remuneration (such as an annual bonus, overtime pay)
- Long-term variable remuneration (such as subscription rights and performance shares)
- Other benefits (such as a company car)

In practice this means we take into consideration the gross salary plus any voluntary contributions by the company, for example, pension costs. In addition, we include all variable remuneration and benefits with the exception of compensation for expenses, for example compensation for commuting costs. For the company car we calculate with the addition for taxes, as specified in local legislation. In case an employee takes leave during the year we include family-related leave and sick leave when paid by the company irrespective of our legal obligations.

Working hours

At Fagron, we prioritize ensuring that Our people do not structurally exceed their contracted working hours. Ensuring reasonable working hours not only enhances worker happiness but also mitigates the risk of occupational health and safety incidents. By affording Our people the time to balance work and life, we aim to provide the opportunity for a fulfilling social life outside of the workplace.

Policies and targets

The topic working hours is included in the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. As of 2024, this roadmap contains the following policies concerning working hours:

- The standard Fagron workweek is maximum 44 hours per week, 8 hours per day.
- The maximum hours per day, including overtime for employees in the KornFerry grades 1 to 14 is maximum 10 hours per day.
- Overtime is always compensated for employees in the KornFerry grades 1 to 14 either as time-for-time or in monetary terms.

Our policies and targets related to working hours apply to all Our people. This will be reflected in the new remuneration and working conditions strategy early 2025. See Remuneration and working conditions strategy.

We target alignment with these policies of all Fagron companies and applying to all employees at the latest by 2030, but preferably earlier. We will evaluate the achievability of these targets earlier, after having conducted a gap analysis between current practices and these policies.

Actions and performance

Fagron adheres to local legislation governing maximum working hours and pay for overtime. In 2025 we will conduct a gap analysis and develop an action plan to ensure compliance with the policies described above.

Annual total remuneration ratio

	2024
Annual remuneration highest-paid individual (x 1.000 euro)	1,954
Median annual remuneration employees (x 1.000 euro)	25
Annual total remuneration ratio	**77.3**

Human rights & labor rights

At Fagron, we believe in treating everyone with respect and fairness. We find it important to create a good work environment for all our employees. Fagron is committed to preventing the violation of human rights and labor rights at all our facilities worldwide.

Policies and targets

The topic human rights & labor rights is part of the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. As of 2024, the foundational roadmap states the following:

- We do not accept slavery, forced labor and child labor and we ensure freedom of association and collective bargaining.
- We do not tolerate any form of discrimination, intimidation, abuse, or any other action that may be considered as intimidating, offensive, or discriminatory.

This applies to all Our people: our employees and other people in our workforce.

Code of Conduct & Ethics

Our Code of Conduct & Ethics specifically addresses the following concerning human rights and labor rights:

- Discrimination and harassment: In line with the ILO convention on labor rights[1], Fagron is committed to equal pay for equal work. Fagron is also committed to providing all employees with a work environment that is free of violence, intimidation, bullying, or other forms of threat. The following grounds for discrimination are included in the Code of Conduct & Ethics; racial and ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, marital status, or other forms of discrimination protected by applicable laws.
- Slavery and forced labor: Fagron has issued a Modern Slavery Statement that is part of our Code of Conduct & Ethics to combat and prevent modern slavery and human trafficking in our organization and our supply chain. The Modern Slavery Statement applies to human trafficking, forced labor and compulsory labor.
- Child labor: We prohibit any use of child labor worldwide. Everyone who is employed at Fagron has at least reached the applicable legal minimum age for work. In cases where the legal minimum age in a country is under 18 years, we pay extra attention to these young employees and the work they perform.
- Freedom of association and collective bargaining: Everyone who works at Fagron is free to become a member of a trade union or organization that promotes the interests of the individual. This policy is in line with the ILO conventions on these topics.[2]

For more information about our Code of Conduct & Ethics the topic, see Compliance.

Actions

We believe that a combination of education about our Code of Conduct & Ethics, our grievance mechanism, and efforts to advance diversity and inclusion reduce the risk of human rights and labor rights infringements. The grievance mechanism also provides a structured approach to dealing with any cases that might arise, so that appropriate actions can be taken swiftly.

1 International Labor Organization (ILO), Declaration on Fundamental Principles and Rights at Work.
2 International Labor Organization (ILO), Collective Bargaining Convention. International Labor Organization (ILO), Freedom of Association and Protection of the Right to Organize Convention. International Labor Organization (ILO), Right to Organize and Collective Bargaining Convention.

Annual Code of Conduct & Ethics training and grievance mechanism

Our Code of Conduct & Ethics describes our policies in relation to human rights and labor rights. All Our people (including members of management) are required to follow an annual Code of Conduct & Ethics training. This training also pays attention to human rights and labor rights. For more information on the annual Code of Conduct & Ethics training, see Annual Code of Conduct & Ethics training.

Any questions or concerns employees may have in relation to the Code can be reported via our grievance mechanism. The grievance mechanism includes a structured way to remedy any substantiated grievances including those related to human rights and labor rights. For more information on the grievance mechanism, see Grievance mechanism.

Advancing diversity & inclusion

For more information on the ways that Fagron is advancing diversity and inclusion, see Diversity & inclusion.

Performance

Discrimination and harassment

In 2024, 8 reports of possible incidents of discrimination and harassment were reported through the Fagron Integrity Line. Of these, 1 related to discrimination and 3 to harassment. The investigation of 6 of these reports was completed in 2024, it was concluded that 2 incidents qualified as discrimination or harassment. Appropriate measures were taken in these cases.

In 2024, no fines, penalties or compensation for damages were paid as result of reports of discrimination and harassment.

For more information about the Fagron Integrity Line and reports concerning other topics than discrimination and harassment, see Grievance mechanism.

Severe human rights incidents

There were no cases of severe human rights incidents related to Fagron's workforce reported in the Fagron Integrity Line in 2024 (see Grievance mechanism). This means that there were no reports filed regarding forced labor, human trafficking, and child labor. No fines, penalties or compensation for damages were paid as result of reports of severe human rights incidents.

In 2024, there were no employees under the age of 18 in the Fagron Group (2023: 1), making child labor very unlikely. In general, our workforce is not at risk of incidents of forced labor, compulsory labor, or child labor.

Incidents and complaints in Fagron Integrity Line

	2021	2022	2023	2024
Reports of discrimination	6	5	0	1
Reports of harassment	3	9	4	3
Reports of intimidation	-[1]	-[1]	0	4
Other complaints filed in Fagron Integrity Line	-[1]	-[1]	8	13

1 Not reported for 2021 and 2022.

Freedom of association and collective bargaining

By end 2024, 1,297 Fagron employees were covered by a collective bargaining agreement (equaling 33% of all employees). Across the countries in the European Economic Area (EEA) where Fagron is active, multiple collective bargaining agreements effectively apply to - a portion of - our employees in countries such as the Netherlands and the Czech Republic. At end 2024, there were workers' representatives in (some of the facilities in) Brazil, Colombia, Czech Republic, Germany, Hungary, Israel, and the Netherlands.

Fagron has not entered into any agreement with employees on representation by an EWC (European Works Council), SE (Societas Europaea) Works Council or SCE (Societas Cooperative Europaea) Works Council.

The percentage of employees covered by collective bargaining agreements and workers' representatives underscores Fagron's commitment to respect the right to collective bargaining and social dialogue.

Collective bargaining coverage and social dialogue[1]

	Collective bargaining coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries representing >50 employees)	Employees – Non-EEA (per region)	Workplace representation – EEA (for countries representing >50 employees)
0-19%	Germany, Hungary, Poland[2]	North-America	Belgium, Poland, Netherlands, Spain[3]
20-39%			
40-59%	Netherlands		Germany
60-79%	Czech Republic		Czech Republic
80-100%	Belgium, Spain	Latin-America	Hungary

1 This table differs slightly from the table required according to ESRS S1, we have opted to report for all countries where we have more than 50 employees in the EEA area instead of only for those countries where more than 10% of total employees are situated.
2 There is no collective bargaining agreement in these countries (0%).
3 There is no employee representation (0%) in Belgium, Poland and Spain.

Stakeholder group: Value chain workers

For clarity, we have organized our reporting on social information into three key stakeholder groups - Our people, end-users, and value chain workers. This section focuses on the value chain workers stakeholder group.

Introduction

As part of our strategic sustainability pillar “Future Forward: Operations” we are committed to building responsible value chain partnerships where high standards in labor practices and environmental responsibility are the norm. We discuss labor practices here, and environmental responsibility under Environmental information. For more information about our sustainability strategy see Future Forward: Personalizing medicine.

The material topics included under our Social information, which apply to the stakeholder group – value chain workers – and concern labor practices are:
- Health & safety
- Human rights & labor rights

The disclosed information concerns our direct suppliers, and thus the value chain workers who work for these suppliers. Disclosures on value chain workers therefore concerns our upstream value chain as well as business partners in our downstream value chain. We do not currently differentiate in types of value chain workers, such as value chain workers in the up- or downstream value chain.

Channels to raise concerns

At present, Fagron does not have a dedicated channel for value chain workers to raise concerns in relation to their human rights and labor rights, working conditions (including health & safety) or other topics. Fagron also does not have any direct engagement with value chain workers, we may consider changing this in the future.

Human rights & labor rights

We consider respecting human rights and labor rights as important because of the impact that a potential violation could have on value chain workers. Fagron is committed to the Universal Declaration of Human Rights (UDHR) and makes an effort to combat any violation of human rights and labor rights. Policies, targets, and actions related to human rights & labor rights apply to all value chain workers in our upstream value chain as well as value chain workers working for business partners in our downstream value chain.

Policies

Business Partner Code of Conduct

To provide insight into human and labor rights risks and reveal and/or prevent violations, Fagron established a Business Partner Code of Conduct. The Code describes requirements and expectations regarding:
- Human and labor rights
- Health & safety at work
- Environment: regulatory compliance, waste and emissions, discharges, and environmental sustainability
- Ethics: combating bribery and corruption, and safeguarding fair competition and animal welfare
- Management systems: regulatory compliance, risk management, documentation, supplier selection and supplier monitoring

In terms of human rights and labor rights, our Business Partner Code of Conduct includes our expectations regarding the right to freely chosen employment (including to avoid trafficking in human beings, forced labor and compulsory labor), child labor and young workers, non-discrimination, fair treatment, compensation, and benefits (including working hours) and freedom of association.

In 2024, we updated the Business Partner Code of Conduct to ensure alignment with the PSCI industry standards. The Fagron Business Partner Code of Conduct is publicly available via investors.fagron.com.

Targets, actions, and performance

Fagron Business Partner Code of Conduct
Fagron actively asks our business partners to fill out our Fagron Business Partner ESG questionnaire. At the end of the questionnaire, we ask our business partners to sign the Fagron Business Partner Code of Conduct. In 2023, the Fagron Business Partner ESG questionnaire was added as a part of the qualification process for suppliers. This means every supplier is asked to sign the Business Partner Code of Conduct and fill out the questionnaire when their qualification is renewed.

In 2024, we updated the Fagron Business Partner ESG questionnaire, originally launched in 2022 as the Fagron ESG Supply Chain Questionnaire, by adding more detailed questions concerning environmental and social topics. The questionnaire provides us with insights into the sustainability policies, targets, and actions of our business partners. In 2024, we started actively reaching out to business partners to fill out our ESG questionnaire focusing on those business partners with whom we spend above €100.000 per year.

% of suppliers who have signed the Business Partner Code of Conduct

	2022[1]	2023[1]	2024
% of suppliers who have signed the Business Partner Code of Conduct	11%	12%	27%

1 Every year more Fagron companies are Fagronized, meaning that their purchasing data becomes available in the central repository. In some instances hictoric data is also included in the central repository. Historic data has therefore been updated to ensure comparability over the years.

We aim for the following related to our Fagron Business Partner Code of Conduct, as part of our strategic sustainability roadmap:

- By 2030, 75% of our Tier 1 suppliers adhere to our Fagron ESG standards. One of the conditions of the Fagron ESG standards is that suppliers sign the Fagron Business Partner Code of Conduct.

We calculate the percentage by dividing the spend on trade goods of the suppliers who have signed the Fagron Business Partner Code of Conduct by the total spend on trade goods.[1] In 2024, the Business Partner Code of Conduct was signed by 27% of our Tier 1 suppliers, which is higher than in 2023 (12%). This value includes the suppliers who already signed the Business Partner Code of Conduct in 2022 and 2023. We will increase our efforts to meet our goal of 75% by 2030.

Future Forward: Responsible supply chain plan
Fagron conducts extensive quality screenings before purchasing from a supplier (see Product quality & safety). All Fagron's suppliers of pharmaceutical raw materials comply with GMP or ISO 19001 certification. To ensure compliance with GMP/ISO 19001 Fagron conducts regular quality audits, these audits have never revealed an indication of human rights violations[2]. Fagron does not actively investigate compliance with social and environmental criteria when selecting suppliers, nor do we conduct specific auditing on these matters including human rights and labor rights.

In 2024 we were admitted as a member of the Pharmaceutical Supply Chain Initiative (PSCI). We will be an associate member for the next three years so that we can learn from leaders in the pharmaceutical sector in terms of responsible supply chain practices.

1 Total value spend on trade goods can be found in the consolidated income statement in our Financial Statements.
2 Or any other cases of non-respect of the UN Guiding principles or other international frameworks referred to in ESRS S2.

With the help of the knowledge available at PSCI we have started developing a responsible supply plan titled “Future Forward: Responsible Supply Chain Plan”. This plan will at least contain:

- A standardized risk assessment framework
- An audit and monitoring plan aimed at those suppliers who are at risk of non-compliance with our Business Partner Code of Conduct.
- Correction plan to be used in case of non-compliance. Corrections could include the business partner remedying the situation or Fagron ceasing business relationships.

The risk assessment framework will, among other things, include an assessment method to determine where in our value chain there might be a (significant) risk of child labor, forced labor or compulsory workers. We currently do not have a detailed assessment of this risk.

Health & safety

Non-functioning occupational health and safety systems (as part of working conditions) at suppliers could result in permanent physical injury or even death of supply chain workers. Fagron therefore finds it important to pay specific attention to occupational health and safety in the supply chain.

All policies, actions and targets for health and safety are the same as they are for human rights and labor rights and therefore also apply to all value chain workers in our upstream value chain as well as business partners in our downstream value chain. See Human rights & labor rights.

Fagron Business Partner Code of Conduct

The Fagron Business Partner Code of Conduct specifically pays attention to the following health and safety topics for value chain workers:

- Safety of the work environment
- Worker protection, health, and wellbeing
- Process safety
- Housing standards.

Stakeholder group: End-users

For clarity, we have organized our reporting on social information into three key stakeholder groups - Our people, end-users, and value chain workers. This section focuses on the end-user stakeholder group.

Introduction

Material topics included under our Social information, which apply to the stakeholder group end-users:

- Access to healthcare
- Privacy of end-users
- Product quality & safety

Disclosures on end-users concern Fagron and our downstream value chain. Disclosures apply to all end-users.

Human rights of end-users
We have identified three types of material human rights for Fagron relating to consumers/ end-users, these relate to access to healthcare, product quality & safety and privacy of end-users. In 2024, no severe human rights incidents related to consumers and end-users were reported through our channels.

Channels to raise concerns
Fagron currently provides two channels for addressing concerns of customers and end-users:

- Our Privacy Office, as outlined in our EU Privacy Statement, is available to handle complaints and inquiries regarding data privacy.
- We offer dedicated channels for reporting product quality and safety issues, as detailed in our quality complaints procedures (see Quality complaints and recall procedures).

At present, Fagron does not have dedicated channels available for consumers or end-users of our products to raise concerns related to human rights and labor rights in general, there are currently no plans to establish such a channel.

Access to healthcare

Access to healthcare is crucial for supporting people's well-being globally. Fagron contributes by ensuring the availability of safe medication and increasing the accessibility of medication through personalization.

Fagron primarily supplies products and services to pharmacies and hospitals, which use these to help patients. All our products and services are used for, or related to, pharmaceutical compounding. Our customers use products from our Brands & Essentials segments to compound medication, and Fagron compounds products for customers through our Compounding Services segment.

Policies, targets, and actions
Our strategic sustainability pillar “Future Forward: Compounding” centers around our belief that by advancing compounding knowledge we can increase access to medication by enabling healthcare professionals worldwide to provide science-based compounded medicine. As part of our strategic roadmap “Future Forward: Compounding” we have set the following targets related to access to healthcare:

- Generate 30% of our revenue from Fagron Brands by 2030
- Double the number of scientific publications about compounding and Fagron Brands by 2040 compared with 2030.

To track our progress in increasing access to science-based, compounded medicine, we refer to the sales of Fagron Brands. This shows how many pharmacists and doctors understand pharmaceutical compounding and use Fagron Brands to help their patients. We group our actions in relation to access to healthcare into knowledge sharing, scientific development, sustainable & ethical products, client satisfaction and market & portfolio expansion. For more detail on our strategic action plan see Future Forward: Compounding. A short summary is provided below.

Knowledge sharing
The Fagron Academy is dedicated to enhancing the knowledge and skills of pharmacists and prescribers through varied educational content. Three of the five building

blocks of the Fagron Academy focus on knowledge sharing: The Fagron Formulary, the Video Platform and Formulary support.

Scientific development
Fagron is dedicated to elevating the scientific rigor behind compounded medicine. Our ambition is to advance the scientific foundation of compounded medicines to ensure the highest safety and efficacy standards. Two of the five building blocks of the Fagron Academy focus on scientific development: The Study Platform and the Fagron Library. In addition, we conduct R&D with a focus on innovative compounds and formulations especially in the Global Brands segment. Central to this is strengthening partnerships with universities and research institutions, facilitating collaborative studies that uphold rigorous scientific standards.

Sustainable and ethical products
Fagron is committed to delivering ethical, high-quality products that support healthcare professionals in providing sustainable compounded medicines. We follow ethical guidelines for our products, aim to reduce the greenhouse gas emissions from their production, and work to ensure our suppliers meet Fagron's ESG standards. See Future Forward: Operations for more information.

Client satisfaction
Several Fagron companies currently track customer satisfaction. By 2027, we want to consistently conduct client satisfaction surveys throughout the Fagron Group to ensure that we meet the requirements set by our clients and that our products can be used to help more patients.

Market & portfolio expansion
We are continuously expanding our product portfolio by introducing new Fagron brands. As part of our buy-and-build strategy we are also continuously increasing the number of markets in which we operate.

Performance

Revenue from Fagron Brands
In 2024, 15.1% of our revenue came from the Brands segment (16% in 2023). The Global Fagron Brands Pentravan, FagronLab equipment including accessories and SyrSpend are large contributors to the Brand segment revenue. These products increase access to medication.

For example, SyrSpend is a range of oral suspending vehicles that is suitable for the most vulnerable patient groups and is compatible with a broad range of APIs. Medicines specially designed for children should offer flexible dosing, be easy to swallow, easy on the palate, and contain only safe ingredients. SyrSpend SF PH4 Neo is specifically developed for use with children and enables pharmacists to compound medication at the exact dosage that fits the state of the child's development.

Quantifying the contribution of Fagron products
Quantifying the positive contribution that Fagron makes through its activities is difficult because Fagron does not supply directly to patients. Therefore, Fagron has no insight into the number of patients who use the sterile and non-sterile medication compounded by Fagron or compounded by pharmacists (with Fagron products). However, the number of units of compounded medicine that we deliver from our compounding facilities gives an indication of our positive contribution to patients' health. In 2024, Fagron delivered approximately 57.7 million units of compounded medicine (2023: 18.8 million). We are certain of 57.3 million units: the remaining units are estimated based on the average price of a compounded unit.

Units of compounded medicine supplied

(million)	2021	2022	2023	2024
Units of compounded medicine supplied[1]	5.4	11.2	18.8	57.7

1 For locations where exact amount of compounding is not tracked, number of units of compounded medicine were determined by dividing total revenue per compounding facility (Compounding Services) by facility's average price of compounded unit.

In addition to compounded medicine, Fagron offers a large portfolio of pharmaceutical raw materials, excipients, semi-finished products, equipment, and other products that enable (hospital) pharmacists to compound their own products.

Privacy of end-users

Fagron takes privacy of end-users seriously, particularly in the context of medical patient information. Unwanted exposure of patient data could materially impact a patient's privacy and potentially result in health and safety risks for the patient. As an example, someone's health data may enable the identification of their sexual orientation. In countries where homosexuality is not accepted, leaking of health data may cause physical danger for end-users.

Policies and targets

The topic privacy of end-users is included in the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. As of 2024, the foundational roadmap states the following:

- We are committed to keeping patients'medical information private.

Fagron primarily supplies hospitals, pharmacies, and clinics that use our products and services for medication compounding. Typically, we do not have access to patient data. In instances that we do have access to patient data, Fagron is committed to maintaining the privacy of medical patient information. Access to this information is restricted to the patient and authorized parties, such as doctors, to whom the patient has given consent.

One exception is when we compound medications on a prescription basis in our sterile or non-sterile compounding facilities. In these cases, Fagron is legally obligated to store patient and compounding data. Retention periods range from 5 to 15 years, depending on jurisdiction. Throughout, Fagron upholds the highest standards of privacy, adhering to local privacy regulations including the EU's General Data Protection Regulation (GDPR). Fagron's EU Privacy Statement is available on fagron.com.

Actions and performance

No specific actions were taken in 2024 in terms of privacy of end-users because there were no data breaches leading to loss of patient data.

No questions or complaints were submitted via our Privacy Office mailbox related to privacy of end-users.

Product quality & safety

As a leading global player in pharmaceutical compounding, Fagron is committed to adhering to all regulatory guidelines for product quality and safety. Failure to meet these standards can result in severe side effects for end-users. This makes product quality and safety a top priority for Fagron. Our products play a vital role in improving patient health (see Access to healthcare) which depends on our strict compliance with high quality and safety standards.

Policies and targets

Quality is one of Fagron's core values and it is the most important benchmark for everything we do, therefore we strive for the best and optimize our standards and processes continuously. Our quality organization reports into our Chief Operations Officer (COO). More information about responsibility per sustainability topic can be found under Sustainability management.

The topic product quality & safety is part of the foundational roadmap of our sustainability strategy Future Forward: Personalizing medicine. As of 2024, the foundational roadmap states the following:

- Our objective is to deliver products that meet all product quality and safety requirements.

Fagron has compounding and repackaging facilities worldwide that are fully compliant with GMP or similar local legislation. These facilities are a combination of certified facilities and facilities where compliance with GMP guidelines and legislation is audited on a regular basis by the competent authorities. All our warehouses comply with GDP or comparable local laws. Fagron policies that are part of GMP and GDP include our supplier qualification process, quality testing procedures, and quality complaints and recall procedures.

Our policies and targets related to product quality & safety apply to all our pharmaceutical products, and therefore to all end-users that in any possible form use these products.

Supplier qualification process

An extensive supplier selection procedure ensures 100% traceability of the more than 2,500 pharmaceutical raw materials that Fagron uses. New suppliers are screened extensively. Suppliers of products with a higher risk profile are subjected to an on-site audit. These audits focus primarily on the quality and safety of the product.

Quality testing procedure

Fagron has a team of quality experts who ensure that the products we receive from our suppliers and that we produce ourselves have the required properties before they are made available for sale. In doing so, we distinguish between products that we repackage or use in one of our sterile or non-sterile compounding facilities and products that we do not process but deliver directly to clients. Raw materials and final products are tested in-house or by third party laboratories. We do our utmost to ensure that they meet all applicable laws and regulations, requirements, and internal standards.

Quality technicians test products during three phases of production (incoming products, during production, and upon release) to ensure they meet all quality specifications. All the products that we repackage in one of our repackaging facilities are also tested. This includes pharmaceutical raw materials, excipients, such as base cream, and fillers such as lactose and methylcellulose. Most (about 2/3rd) of the pharmaceutical products we supply from our repackaging and compounding facilities are tested in-house in one of our own quality laboratories before release, the remainder (about 1/3rd) are tested by a third party.

Products arriving at our warehouses are checked for all required documentation and are not released for sale unless they have also been stored in the right conditions (temperature, humidity). We also check whether the transport of incoming and outgoing products is conducted as agreed upon with the suppliers and distributors.

Quality complaints and recall procedures

Every Fagron group company has at least one channel through which customers can raise a concern or file a complaint concerning a Fagron product. This channel could be customer support, but in many instances also includes a direct line with the quality department. If a complaint is made regarding the quality and safety of a product, Fagron always logs the complaint into the quality control system and starts an investigation. In some instances, it might be necessary for the customer to return the product to allow for testing.

The aim of the investigation is to determine if there is a quality deviation of the product. If so, Fagron determines what happened, where it happened and why the quality deviation materialized. Based on this information Fagron can then decide to issue a recall to prevent potential harm to human health. All information regarding the investigation is logged into the quality control system. After closing the investigation Fagron always provides a summary of the conclusions of the investigation to the customer that filed the complaint. In addition, if applicable, Fagron offers reimbursement for the product.

In the unlikely event that the customer or the end-user of the product has suffered from a faulty product Fagron will do its utmost best to provide a remedy for the damage.

Actions

Annual training on product quality & safety

International certifications such as GMP and GDP require all personnel who come into contact with pharmaceutical products to complete a number of annual trainings in product quality and safety. Compliance with this component of GMP and GDP is monitored at group level for production employees, warehouse employees, and quality staff, among others. By ensuring that all employees are trained and follow standard operating procedures regarding quality & safety, we ensure that our products do not have any negative impact on end-users.

Performance

Product recalls

A good indicator of our potential impact on the health and safety of the end-users of our products, is the number of products that we have recalled. Recalls are classified in the following three categories:

- Class I concerns a recall where the violative product may cause serious adverse health consequences or death.
- Class II concerns a recall where the violative product may cause a temporary or medically reversible adverse health consequence or where there is a remote probability of serious adverse health consequences.
- Class III concerns a recall solely due to a compliance issue, or where the violative product is not likely to cause adverse health consequences.

Despite the fact that Fagron has grown significantly in terms of geographic distribution and quantity of products sold, the number of class 1 and class 2 product recalls has remained stable in recent years. In 2024, a total of 11 recalls occurred across the organization. Of these there were 4 class 2 recalls and no class 1 recalls. The number of class 2 and class 3 recalls decreased compared to 2023. Some of the recalls in 2024 were raised by our suppliers and were not initiated by Fagron.

For none of the four class 2 recalls, any actual health impact was communicated to Fagron by one of our customers or patients via the available channels. Most of the products we returned or destroyed, and refunds and replacements were offered for these products. Fagron believes we have sufficiently handled these cases, and no further requests for remediation were received from our customers or patients.

Product recalls

	2021	2022	2023	2024
Class 1 recalls	1	1	0	0
Class 2 recalls	2	7	5	4[1]
Class 3 recalls	2	3	10	7
Total number of recalls	**5**	**11**	**15**	**11**

1 One additional Class 2 recall occurred because an external laboratory conducting testing wrongly flagged a product, a second test showed that there was no quality deviation for this particular product. The recall is therefore not included in these values.

Governance information

Disclosures incorporated by reference

The following information can be found elsewhere in this annual report, and is incorporated into the Sustainability Statement by reference:

- Expertise and skills of the Board of Directors
- Corporate Governance Statement

The following information can be found in another part of this Sustainability Statement and is incorporated in the chapter "Governance information" by reference:

- Fagron's sustainability strategy
- Materiality assessment
- Product quality & safety
- Remuneration of executives
- Sustainability management

For the exact location of each disclosure see the ESRS Index.

Good governance

Introduction

Material topics included under Governance information are:

- Compliance
- Corruption & bribery
- Grievance mechanism (Our people)

Compliance

Fagron strives to comply with laws and regulations in all the jurisdictions in which we operate. Disclosures on compliance with laws and regulations concern Fagron and do not apply to our upstream or downstream value chain.

Policies, targets, and actions

The topic "Compliance" is included in the good governance roadmap of our sustainability strategy Future Forward: Personalizing medicine. This roadmap includes the following targets pertaining to compliance:

- Zero compliance issues at Fagron NV and Fagron BV.
- 90% of employees complete the annual Code of Conduct & Ethics training.

At a local level, Fagron companies are responsible for compliance with the applicable laws and regulations. At group level we strive to ensure compliance with laws and regulations of Fagron NV and the Fagron holding company (Fagron BV). In addition, we pay specific attention to the product quality and safety requirements of the products we supply worldwide (see Product quality & safety), corruption & bribery (see Corruption & bribery) and human rights and labor rights (see Human rights & labor rights of Our people).

Training on corporate culture

Fagron has an education program that ensures that every employee is aware of the corporate culture and associated expectations. This journey starts with the onboarding program which includes the Code of Conduct & Ethics training. As part of their onboarding, all employees sign for having received, and must commit to comply with, the Code of Conduct & Ethics.

Code of Conduct & Ethics

The Code of Conduct & Ethics serves as our guiding document, outlining the expected behavior of Fagron employees. In particular, the document contains information on how to act legally and ethically in day-to-day business operations. The Code of Conduct applies to all employees in the various companies of the Fagron Group, and includes the following topics:

- Fagron Values
- Fagron Family Rules: Autonomy, Analytic, Humility, Simplicity, Responsibility and Transparency
- Grievance mechanism (see Grievance mechanism)
- Corruption and bribery (see Corruption & bribery)
- Human rights & labor rights (see Human rights & labor rights for Our people)
- Health & safety (see Health & safety for Our people)
- Patient privacy (see Privacy of end-users)

The Code of Conduct & Ethics is publicly available via investors.fagron.com. All employees and management have access to this Code of Conduct & Ethics via the Fagron intranet. The Code of Conduct & Ethics is reviewed and updated every few years to ensure that it remains up to date. The Code of Conduct & Ethics always needs to be approved by the Board of Directors before publication.

Annual Code of Conduct & Ethics training

Every year, all employees and members of management are provided with an annual Code of Conduct & Ethics training. This training was initially introduced in 2020 and has been consistently offered, including in 2024. During the latest training in 2024 we paid specific attention to unconscious bias. The training is provided to all employees, interim staff, and self-employed managers[1].

Both the Code of Conduct & Ethics and the Code of Conduct & Ethics training are available in all languages spoken in the countries where Fagron is present, with the exception of Mandarin. This ensures that all employees fully understand the contents of the Code.

Performance

Compliance at group level

In 2021, Fagron BV, among others, was summoned in a case involving Gako, one of the companies in the Fagron Group. In 2023, Fagron BV, among others, was summoned in a case involving Gako and Hiperscan, both companies in the Fagron Group. To date, there has been no ruling on these cases and no fines or sanctions have been imposed on Fagron BV. We are awaiting a ruling. In 2021, 2022, 2023 and 2024 Fagron NV and Fagron BV were not subject to any fines or penalties in the socioeconomic sphere or in the area of environmental laws and regulations, nor was there any involvement in dispute settlement.

Compliance at Fagron group companies

More details on compliance with regulation in terms of corruption and bribery and infringements of human rights of employees can be found in Corruption & bribery and Human rights & labor rights of employees for more details. These details apply to all companies in the Fagron Group.

Annual Code of Conduct & Ethics training

In 2024, all Our people (including members of management)[1] that we knew would be employed at September 30, 2024 received an invitation on August 19, 2024, to follow the annual Code of Conduct & Ethics training. It is important to note that the number of participants is not the same as the total number of Our people and management members as of December 31. A total of 99% of Our people and 100% of top management, who received an invitation to the do the Code of Conduct & Ethics training, completed the training in 2024.

[1] With the exception of employees with an on-call contract and those people in the own workforce that did not have a user account on the 6th of September 2024.

Governance information

Annual Code of Conduct & Ethics training

	2021	2022	2023	2024
Number of Our people who completed the Code of Conduct & Ethics training	-[1]	-[1]	3,242	3,420
Number of Our people who received an invitation to the Code of Conduct & Ethics training	-[1]	-[1]	3,269	3,467
% of Our people who received an invitation and completed the Code of Conduct & Ethics training	**99%**	**99%**	**99%**	**99%**
Number of members of top management who completed the Code of Conduct & Ethics training	-[1]	-[1]	74	63
Number of members of top management who received an invitation to the Code of Conduct & Ethics training	-[1]	-[1]	74	63
% of members of top management who received an invitation and completed the Code of Conduct & Ethics training	**100%**	**100%**	**100%**	**100%**

1 Datapoint not available.

Corruption & bribery

Fagron attaches great importance to transparency and fair trade. We do not tolerate bribery or other forms of corruption (including facilitating payments). Corruption and bribery may lead to unfair pricing of pharmaceutical products vital to the operations of healthcare systems in the markets in which we operate. Corruption and bribery can also expose Fagron to possible criminal prosecution, fines, reputational damage, and other serious consequences. Corruption and bribery disclosures pertain specifically to Fagron and do not extend to our upstream or downstream value chain.

Policies and targets

The topic "Corruption & bribery" is included in the good governance roadmap of our sustainability strategy Future Forward: Personalizing medicine. This roadmap does not include any specific targets pertaining to corruption and bribery other than those related to compliance with rules and regulations.

Fagron has the following policies and procedures in place to prevent and detect incidents of corruption and bribery: the Code of Conduct & Ethics, internal audit procedure and the grievance mechanism.

Code of Conduct & Ethics

The Code of Conduct & Ethics includes Fagron's expectations of its employees concerning anti-corruption and anti-bribery. This includes expectations regarding:

- Accurate record keeping
- (Potential) conflicts of interest
- Charitable support and donations
- Dealing with government officials
- Facilitation payments
- Gifts & hospitality
- Side deals

We are convinced that paying attention to corruption and bribery has a preventive effect. For more information on our Code of Conduct & Ethics, see Code of Conduct & Ethics.

Internal audit procedure

Our internal audit department strives to provide independent and objective assurance and advice to optimize Fagron's operations. Every year, several Fagron group companies are audited by an internal auditor. This means that all Fagron companies are covered by an internal auditor approximately every three years. The topics covered during an audit depend on the risk assessment conducted for the company to be visited. In any event, audits always examine financial control processes and suggest points for improvement.

This audit process ensures there is a high probability that corruption and bribery will be detected during an internal audit, should it have occurred. We also believe that the existence of an internal audit procedure has a preventive effect.

The internal audit department prepares reports for every audit. The main findings, including findings of potential incidents of corruption and bribery are reported to the Audit and Risk Committee. The department is separate from the business and can therefore never be directly involved in incidents of corruption or bribery.

Grievance mechanism

Fagron has established a comprehensive grievance mechanism procedure, providing employees with a structured mechanism to report suspicions of misconduct or behavior inconsistent with the Code of Conduct & Ethics. The mechanism includes procedures on how to address allegations or incidents of corruption and bribery. See Grievance mechanism for more details.

Violations of anti-corruption and anti-bribery laws

	2024
Number of convictions for violations of anti-corruption and anti-bribery laws	0
Total value of fines for violation of anti-corruption and anti-bribery laws (x 1.000 euro)[1]	0

1 Includes all fines with a value per fine above 3000 euro.

Actions

Annual Code of Conduct & Ethics training

As a mandatory annual requirement, all Our people (including management) follow the annual Code of Conduct & Ethics training, which always includes Fagron's anti-corruption and anti-bribery policies.[1] This training is a pivotal element in our approach, and we believe that emphasizing the importance of combating corruption and bribery has a significant preventive effect. See Annual Code of Conduct & Ethics training for more details.

Targeted anti-corruption and anti-bribery training

In 2024, Fagron defined which functions are most at risk in respect of corruption and bribery. These include all top management[2] and employees working in the sourcing or sales departments. For the latter two categories employees that are or may be responsible for closing sourcing or sales deals are most at risk. We have therefore decided to add all employees with a KornFerry grade of 16 or higher to the functions-at-risk list. We have selected a anti-corruption and anti-bribery training specifically for those functions-at-risk from an external provider. This training will be rolled out in 2025, in addition to the general Code of Conduct & Ethics training.

Performance

None of the entities in the Fagron Group were convicted for violation of anti-corruption and anti-bribery laws in 2024, therefore no fines were paid for violation of anti-corruption and antibribery laws. It was not necessary to take actions to address breaches in procedures and standards of anti-corruption and anti-bribery.

In 2024, no cases of corruption and bribery were reported through the Fagron Integrity Line (See Grievance mechanism for more information on the Fagron Integrity Line).

1 This training is not offered to members of the administrative, management and supervisory bodies with the exception of the executive members of our board of directors.
2 See for definition of top management Gender diversity.

Grievance mechanism

Based on our latest materiality assessment, a grievance mechanism for employees is not identified as a material topic. However, we recognize the importance of a well-functioning grievance mechanism, as it plays an essential part in preventing and in gaining insight into practices that may not be aligned with rules and regulations or our Code of Conduct & Ethics. Grievance mechanism disclosures pertain specifically to Fagron and do not extend to our upstream or downstream value chain.

Policies and targets

The topic "Grievance mechanism" is part of the good governance roadmap of our sustainability strategy Future Forward: Personalizing medicine. This roadmap includes the following target pertaining to the grievance mechanism:

- Ensure that all employees have access to a confidential counselor by end 2025.

The Fagron grievance mechanism

The Fagron grievance mechanism consist of three channels to ensure accessibility for employees:

1. Expressing a concern or complaint to manager or supervisor: Employees are encouraged to share their concerns or complaints directly with their manager or supervisor.
2. Expressing a concern or complaint to HR or site manager: If the matter is not satisfactorily addressed or cannot be addressed at the managerial level, employees have the option to escalate their concern or complaint to the Human Resources department or the site manager.
3. Submitting an official complaint via the Fagron Integrity Line: For more formal reporting, employees can choose to submit an official complaint through the Integrity Line, offering an additional possibility for confidential reporting.

This multi-tiered approach ensures flexibility and accessibility, allowing employees to choose the level of formality based on the nature and severity of their concerns. Information about the grievance mechanism is available to all employees via the Fagron Intranet.

Confidential counselor

In instances where an employee is uncertain about the appropriate steps to take with regards to the grievance mechanism or requires guidance, reaching out to a confidential counselor is an available option. A confidential counselor is someone that an employee can reach out to informally talk about something that happened in the workplace. Everything shared with a confidential counselor is confidential. The confidential counselor is trained to guide employees towards the proper channel based on the concerns/grievance.

Fagron Integrity Line

The Fagron Integrity Line is available online 24/7 for all Fagron employees and is managed by an external provider. The Fagron Integrity Line is not (yet) intended for external stakeholders. Making a report via the Fagron Integrity Line is completely anonymous and falls under Fagron's whistleblower scheme. All reports are treated confidentially.

In the event of suspected misconduct, where something may have occurred that is not in line with laws and regulations or our Code of Conduct & Ethics, an investigation will be conducted. An internal investigation team is assembled for each report. We always ensure that an independent investigation can take place, and that if management is involved, they are not part of the investigation team.

Should this not be possible due to the nature of the report, an outside party will be engaged to conduct the investigation. The internal procedure defines a time limit for each step in the investigation. This way we ensure that reports are handled swiftly and carefully. Upon completion of the investigation, appropriate action will be taken, if required. If these (internal) measures do not lead to improvement, external reports are made.

Governance information

All reports made through the Fagron Integrity Line reach the Compliance team, excluding cases where a report concerns one of the members of the Compliance team. In turn, the Compliance team informs the Audit and Risk Committee of the Board of Directors about reports made and the progress of dealing with these reports. The Audit and Risk Committee uses the list of reports received to make recommendations to the Board of Directors.

Protecting whistleblowers

The European Whistleblowing Directive took effect on December 17, 2021. This directive provides legal protection for whistleblowers who follow an internal whistleblower scheme. Of the countries in the European Union where Fagron has entities at the end of 2024 (11), all countries have transposed this directive into local legislation. In the United Kingdom, the United States, and South Africa, whistleblowers are also legally protected.

This means that by the end of 2024, 14 of the 19 countries where Fagron has a presence have legal protection for whistleblowers.

Fagron complies with the Whistleblowing Directive. This means that Fagron will not take action against any employee who raises concerns or reports a (suspicion of) violation in good faith. Fagron applies this policy in all countries in which it operates, also when there is no legal obligation to do so.

% of employees with access to a confidential counselor

	2021	2022	2023	2024
% of employees with access to a confidential counselor[1]	5%[2]	39%[2]	58%[2]	59%[2]

1 Measured on December 31
2 Values 2021 to 2023 are not completely comparable to 2024 data, we are using a stricter definition of coverage in 2024.

Actions and performance

Code of Conduct & Ethics training

Fagron believes it is important that all employees are familiar with the grievance mechanism and that access to the grievance mechanism is as easy as possible. To ensure this, the Annual Code of Conduct & Ethics training explicitly addresses the grievance mechanism.

Confidential counselor

We have set up a confidential counselor program. For each entity, a confidential counselor will be appointed and trained who can support employees in making a report and can identify misconduct at an early stage. By the end of 2024 Fagron had 26 employees who serve as a confidential counselor, so that by the end of 2024, 59% of employees had access to a confidential counselor. The definition we use in 2024 for access to a confidential counselor is slightly stricter than in previous years, so the values are not completely comparable.

At the end of 2023, 58% of all employees had access to a confidential counselor[1].

In 2024 we only define employees as having access to a confidential counselor if there is a confidential counselor physically present in their work location on average at least one day a week. We will further expand the coverage in 2025, to ensure that by end 2025 all employees have access to a confidential counselor that speaks their language in the location where they work.

Complaints filed in Fagron Integrity Line

In 2024, 17 unique complaints were filed (2023: 12). Of these, 8 complaints related to discrimination, harassment and intimidation (2023: 4), 0 related to corruption and bribery (2023: 0) and 1 related to human rights and labor rights (2023: 6). See Human rights & labor rights (Our people) for a description of the complaints related to human rights, discrimination and harassment.

For all complaints listed under "other human rights and labor rights" and “other complaints” no fines, penalties and compensation for damages were paid in 2024.

1 This means that an employee can speak to a confidential counselor in the location where they work, or in case of remote workers working for the same company.

Governance information

Evaluation of grievance mechanism

As part of the Global Employee Survey (see Employee engagement), we evaluated awareness of the Fagron Integrity Line in 2024. This showed that 86% of employees who completed the survey are aware of the Fagron Integrity Line and know where to find it (2022: 80%). Additionally, we asked our employees as part of the Global Employee Survey in if they feel that it is safe to speak up. 77% of employees feel it is safe to speak up.

There was an increase in the percentage of employees who know how to report concerns or complaints, but we will increase our efforts to ensure that all employees are aware of the grievance mechanism. "Safe space to share", is one of the priorities related to the Global Employee Survey for 2025 and 2026.

Number of complaints filed in Fagron Integrity Line

	2021	2022	2023	2024
Complaints related to discrimination, harassment and intimidation	9	14	4	8
Complaints related to other human and labor rights[1]	0	1	6	1
Complaints related to corruption and bribery	0	1	0	0
Other complaints	6	1	2	8
Total number of complaints filed in Fagron Integrity Line	**15**	**17**	**12**	**17**

1 This includes all complaints related to working conditions, equal treatment and opportunities for all and other work-related rights such as child labor and forced labor.

Report of the statutory auditor on the consolidated Sustainability Statement

Limited assurance report of the statutory auditor on the consolidated Sustainability Statement of Fagron NV

To the general shareholders' meeting

In the framework of our legal limited assurance engagement on the consolidated sustainability statement of Fagron NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our report on this mission.

We have been appointed by the board of directors ("bestuursorgaan" / organe d'administration") of the company, in accordance with the engagement letter dated 20 January 2025, to perform a limited assurance engagement on the consolidated sustainability information of the group, included in the annual report as at 31 December 2024 and for the year then ended (the "sustainability statement").

We have performed our limited assurance engagement on the consolidated sustainability statement of the group for the first time during the current reporting period.

Limited assurance conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement of the group.

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 consolidated sustainability statement, in all material respects:

- has not been prepared in accordance with the requirements stipulated in article 3:32/2 of the Code of Companies and Associations, including compliance with the applicable European Sustainability Reporting Standards (ESRS);
- is not in accordance with the process carried out by the the group to identify the information reported in the consolidated sustainability statement (the "process") is in accordance with the description set out in note 'General information';
- does not comply with the requirements of Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation") regarding the disclosures in subsection EU Taxonomy of the sustainability statement.

Basis for conclusion

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

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

We have complied with all ethical requirements relevant to limited assurance engagements on the consolidated sustainability statement in Belgium, including those regarding independence.

We apply International Standard on Quality Management 1 (ISQM 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have obtained from the board of directors and the group's officials all explanations and information required for our limited assurance engagement.

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

Other matter

The scope of our work is limited to our limited assurance engagement on the consolidated sustainability statement of the group for the year ended 31 December 2024. Our limited assurance engagement does not extend to information related to the comparative figures included in the consolidated sustainability statement.

Responsibilities of the board of directors relating to the preparation of the consolidated sustainability statement

The board of directors is responsible for designing and implementing a process and for disclosing this process in the note "General information" of the consolidated sustainability statement. This responsibility includes:

- understanding the context in which the group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions and estimates that are reasonable in the circumstances.

The board of directors is also responsible for the preparation of the consolidated sustainability statement, which includes the information established by the process:

- in accordance with the requirements set out in article 3:32/2 of the Code of companies and associations, including the applicable European Sustainability Reporting Standards (ESRS);
- in compliance with the requirements of Article 8 of the Taxonomy Regulation regarding the disclosure of the information included in subsection EU Taxonomy of the consolidated sustainability statement.

This responsibility comprises:

- designing, implementing and maintaining such internal control that the board of directors deems necessary for the preparation of the consolidated sustainability statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

The board of directors is responsible for overseeing the group's sustainability reporting process.

Inherent limitations in preparing the consolidated sustainability statement
In reporting forward-looking information in accordance with ESRS, the board of directors is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected and deviations may be of material importance.

Responsibilities of the statutory auditor relating to the limited assurance engagement on the consolidated sustainability statement
Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the consolidated sustainability statement.

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

Since the forward-looking information in the consolidated sustainability statement and the assumptions on which it is based, relate to the future, they may be affected by events that may occur in the future and/or by potential actions of the group. The actual outcomes are likely to be different from the assumptions made, as the anticipated events often do not occur as expected, and the deviation from them could be material. Therefore, our conclusion does not provide any assurance that the reported actual outcomes will correspond with those included in the forward-looking information in the consolidated sustainability statement.

Our responsibilities in respect of the consolidated sustainability statement, in relation to the process, include:
- obtaining an understanding of the process, but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process; and
- designing and performing procedures to evaluate whether the process is consistent with the group's description of its process, as disclosed in the note "General information".

Our other responsibilities in respect of the consolidated sustainability statement include:
- acquiring an understanding of the entity's control environment, the relevant processes, and information systems for preparing the consolidated sustainability statement, but without assessing the design of specific control activities, obtaining supporting information about their implementation, or testing the effective operation of the established internal control measures;
- identifying where material misstatements are likely to arise in the consolidated sustainability statement, whether due to fraud or error; and
- designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated sustainability statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed
A limited assurance engagement involves performing procedures to obtain evidence about the consolidated sustainability statement. The procedures in a limited assurance engagement vary in nature and timing, and are less in extent than procedures performed for a reasonable assurance engagement. Consequently, the level of assurance obtained in

a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

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

- obtained an understanding of the process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the group's internal documentation of its process; and
- evaluated whether the assurance evidence obtained from our procedures with respect to the process implemented by the group was consistent with the description of the process set out in the note "General information".

In conducting our limited assurance engagement, with respect to the consolidated sustainability statement, we have:

- obtained an understanding of the group's reporting processes relevant to the preparation of its consolidated sustainability statement by obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the consolidated sustainability statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control;
- evaluated whether the information identified by the process is included in the consolidated sustainability statement;
- evaluated whether the structure and the presentation of the consolidated sustainability statement is in accordance with the ESRS;
- performed inquires with relevant personnel and analytical procedures on selected information in the consolidated sustainability statement;
- performed substantive assurance procedures on selected information in the consolidated sustainability statement;
- compared disclosures in the consolidated sustainability statement with the corresponding disclosures in the financial statements and annual report;
- evaluated the methods and assumptions for developing estimates and forward-looking information as described in the section "Responsibilities of the statutory auditor related to the limited assurance engagement on the consolidated sustainability statement".
- obtained an understanding of the group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated sustainability statement.

Statement related to independence
Our audit firm and our network have not performed any engagements which are incompatible with the limited assurance engagement, and our audit firm has remained independent of the group throughout the course of our mandate.

Signed at Antwerp on 5 March 2025
The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Ine Nuyts

Financial Annual Report 2024

Consolidated Financial Statements

The Report from the Board of Directors and the Corporate Governance Statement, as reported above, constitute an integral part of the consolidated financial statements.

Statement

We declare, to the best of our knowledge, that the consolidated financial statements for the year ending 31 December 2024, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, reflect a true and fair view of the equity, the financial situation and the results of the Company and the companies that are included in the consolidation, and that the Annual Report provides a true and fair view of the development and the results of the company and of the position of the Company and the companies included in the consolidation, and provides a description of the main risks and uncertainties that they face.

In the name and on behalf of the
Board of Directors,

Rafael Padilla, CEO
Karin de Jong, CFO
5 March 2025

Consolidated income statement

(x 1,000 euros)	Note	2024	2023
Operating income		**874,839**	**767,193**
Revenue	6	871,960	762,991
Other operating income	7	2,879	4,202
Operating expenses		**744,143**	**658,560**
Trade goods		328,294	301,670
Services and other goods	8	147,988	128,709
Employee benefit expenses	9	222,918	186,512
Depreciation, amortization and impairment	10	40,760	39,311
Other operating expenses	11	4,183	2,358
Operating profit		**130,696**	**108,633**
Financial income	12	4,406	5,324
Financial expenses	12	30,804	29,512
Profit before income tax		**104,298**	**84,445**
Taxes	13	23,296	13,401
Net-profit (loss)		**81,001**	**71,044**

(x 1,000 euros)	Note	2024	2023
Attributable to:			
Shareholders of the company (net profit)		80,554	70,547
Non-controlling interest(s)		447	497
Profit (loss) per share from continued and discontinued operations attributable to the shareholders during the year			
Profit (loss) per share (in euros)	14	1.10	0.97
Diluted profit (loss) per share (in euros)	14	1.10	0.97

Consolidated statement of comprehensive income

(x 1,000 euros)	Note	2024	2023
Net profit (loss) for the financial year		**81,001**	**71,044**
Other comprehensive income			
Items that will not be reclassified to profit or loss	23		
• Remeasurements of post-employment benefit obligations		-632	253
• Tax relating to items that will not be reclassified		158	-63
Items that may be subsequently reclassified to profit or loss			
• Interest hedge	21	-2,991	-438
• Currency translation differences		-16,017	2,997
Other comprehensive income for the year net of tax		**-19,482**	**2,750**
Total comprehensive income for the year		**61,519**	**73,794**
Attributable to:			
Shareholders		61,072	73,297
Non-controlling interest(s)		447	497

Consolidated statement of financial position

(x 1,000 euros)	Note	2024	2023
Non-current assets		**720,956**	**671,053**
Goodwill	15	446,947	434,361
Intangible assets	15	61,395	48,560
Property, plant and equipment	16	133,779	109,825
Leasing and similar rights	16/27	39,956	38,110
Financial assets	17	4,219	4,199
Financial instruments	17/24	553	2,515
Other non-current fixed assets	17	4,588	4,579
Deferred tax assets	18	29,519	28,904
Current assets		**362,562**	**335,901**
Inventories	19	136,962	113,938
Trade receivables	20	81,963	62,052
Financial instruments	24	886	4,268
Other current assets	20	27,713	22,636
Cash and cash equivalents	20	115,038	133,008
Total assets		**1,083,518**	**1,006,954**

(x 1,000 euros)	Note	2024	2023
Equity	21	**505,358**	**467,627**
Shareholders' equity (parent)		501,386	463,754
Non-controlling interest(s)		3,972	3,872
Non-current liabilities		**383,449**	**364,070**
Provisions	22	1,958	1,993
Pension obligations	23	3,115	2,596
Deferred tax liabilities	18	1,799	1,976
Debt	24	341,520	325,039
Financial instruments	24	382	440
Lease liabilities	27	34,676	32,026
Current liabilities		**194,710**	**175,258**
Lease liabilities	27	9,502	9,678
Trade payables	25	114,276	104,932
Tax liabilities for the current year	18	6,624	10,129
Other current taxes, remuneration and social security	18	41,192	33,854
Other current payables	26	22,469	16,294
Financial instruments	24	648	371
Total liabilities		**578,159**	**539,328**
Total equity and liabilities		**1,083,518**	**1,006,954**

Consolidated statement of changes in equity

(x 1,000 euros)	Note	Share capital & share premium	Other reserves	Cash flow hedge reserve	Treasury shares	Retained earnings	Total	Non-controlling interest(s)	Total equity
Balance as of January 1, 2023		**521,238**	**-255,576**	**7,384**	**-18,823**	**150,317**	**404,541**	**5,977**	**410,518**
Profit (loss) for the period		0	0	-3,583	0	74,130	70,547	497	71,044
Other comprehensive income		0	3,404	-438	0	0	2,966	-217	2,750
Total comprehensive income for the period		**0**	**3,404**	**-4,021**	**0**	**74,130**	**73,514**	**280**	**73,794**
Capital increase		3,293	0	0	0	0	3,293	0	3,293
Treasury shares		0	0	0	-2,257	0	-2,257	0	-2,257
Declared dividends	21	0	0	0	0	-18,175	-18,175	-225	-18,400
Share-based payments	21	0	2,429	0	0	0	2,429	0	2,429
Change in non-controlling interests		0	409	0	0	0	409	-2,160	-1,751
Balance as of December 31, 2023		**524,531**	**-249,333**	**3,363**	**-21,080**	**206,273**	**463,754**	**3,872**	**467,627**
Profit (loss) for the period		0	0	0	0	80,554	80,554	447	81,001
Other comprehensive income		0	-16,349	-2,991	0	0	-19,339	-142	-19,482
Total comprehensive income for the period		**0**	**-16,349**	**-2,991**	**0**	**80,554**	**61,215**	**305**	**61,519**
Capital increase		0	0	0	0	0	0	0	0
Treasury shares		0	0	0	-2,859	0	-2,859	0	-2,859
Declared dividends	21	0	0	0	0	-21,955	-21,955	-205	-22,160
Share-based payments	21	0	1,232	0	0	0	1,232	0	1,232
Change in non-controlling interests		0	0	0	0	0	0	0	0
Balance as of December 31, 2024		**524,531**	**-264,450**	**372**	**-23,939**	**264,872**	**501,386**	**3,972**	**505,358**

Consolidated cash flow statement

(x 1,000 euros)	Note	2024	2023
Operating activities			
Profit before income taxes from continued operations		104,298	84,445
Taxes paid		-27,291	-18,762
Adjustments for financial items		26,398	24,188
Total adjustments for non-cash items	28	41,277	41,069
Total changes in working capital	29	-34,789	-6,306
Total cash flow from operating activities		**109,893**	**124,633**
Investment activities			
Acquisition of tangible fixed assets		-26,233	-20,334
Acquisition of intangible fixed assets		-14,563	-18,140
Investments in existing shareholdings (subsequent payments) and in new holdings	32	-28,948	-6,283
Total cash flow from investment activities		**-69,743**	**-44,758**

(x 1,000 euros)	Note	2024	2023
Financing activities			
Capital increase	21	0	3,293
Purchase own shares	21	-2,859	-2,257
Dividends paid	21	-21,046	-18,265
New debt	24	52,500	0
Reimbursement of debt	24	-44,028	-28,000
Payment of lease obligations	24	-12,193	-11,797
Interest received		4,350	5,324
Interest paid		-30,736	-22,578
Total cash flow from financing activities		**-54,012**	**-74,278**
Total net cash flow for the period		**-13,862**	**5,599**
Cash and cash equivalents - start of the period		133,008	125,337
Gains (losses) from currency translation differences		-4,108	2,072
Cash and cash equivalents - end of the period		115,038	133,008
Changes in cash and cash equivalents		**-13,862**	**5,599**

Notes to the consolidated financial statements

1 General information

Fagron is a leading global pharmaceutical compounding company focused on delivering personalized pharmaceutical care to hospitals, pharmacies, clinics and patients in 30+ countries worldwide.

The Belgian company Fagron NV is based on Venecoweg 20A in Nazareth and is listed on Euronext Brussels and Euronext Amsterdam under the ticker symbol “FAGR”. Fagron’s operational activities are managed through the Dutch company Fagron BV. Fagron BV’s head office is located in Rotterdam.

These consolidated financial statements were approved for publication by the Board of Directors on 5 March 2025.

2 Principles for financial reporting

The principal accounting policies applied in preparing these consolidated financial statements are detailed below. These policies have been consistently applied by all of the consolidated entities, including subsidiaries, for all of the years presented, unless stated otherwise.

The Fagron consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements have been prepared on the basis of the historical cost convention, with the exception of derivative financial instruments and contingencies, which are listed at fair value.

The consolidated financial statements of Fagron NV and its subsidiaries for the full year 2024 have been prepared on a going concern basis, which means that it is assumed that the company will continue to be able to meet its obligations as they become due in the foreseeable future.

Notes to the consolidated financial statements

IFRS developments

The following amendments to standards and interpretations are mandatory for the first time for the fiscal year starting January 1, 2024, and have been adopted by the EU.

Published, mandatory and approved by the EUR		Anticipated impact
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Fagron has determined that the application of these changes to these standards does not have any material effect on the consolidated financial statements.
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.	Fagron has determined that the application of these changes to these standards does not have any material effect on the consolidated financial statements.
• Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	The amendment requires companies to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.	Fagron has determined that the application of these changes to these standards does not have any material effect on the consolidated financial statements.

The following new standards, changes to standards and interpretations have been issued and approved by the EU but are not yet mandatory for the first time for the financial year beginning 1 January 2024.

Published, approved by the EU and not yet mandatory		Anticipated impact
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after 1 January 2025)	The amendments specifies: • when a currency is exchangeable into another currency and when it is not, • how an entity determines the exchange rate to apply when a currency is not exchangeable, • Require the disclosure of additional information when a currency is not exchangeable	Fagron does not expect the adoption of these amendments to these standards to have a material effect on the consolidated financial statements.

The following new standards, changes to standards and interpretations have been issued, but not yet approved by the EU and are not yet mandatory for the financial year beginning 1 January 2024.

Published, not yet approved by the EU and not yet mandatory		Anticipated impact
IFRS 18 Presentation and Disclosure in Financial Statements (applicable for annual periods beginning on or after 1 January 2027)	IFRS 18 requires companies to improve labelling, as well as aggregation and disaggregation of information in financial statements. Companies will also need to disclose management-defined performance measures in the notes to the financial statement.	Fagron will review the effects of these amendments and process them if applicable
IFRS 19 Subsidiaries without Public Accountability – Disclosures (applicable for annual periods beginning on or after 1 January 2027)	IFRS 19 provides a simplified financial reporting framework that allows eligible entities to apply IFRS accounting standards with a reduced disclosure burden	Fagron does not expect the adoption of these amendments to these standards to have a material effect on the consolidated financial statements.
Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (applicable for annual periods beginning on or after 1 January 2026)	The amendment applies to the derecognition for settling financial liabilities using an electronic payment system	Fagron will review the effects of these amendments and process them if applicable
Annual Improvements – Volume 11 (applicable for annual periods beginning on or after 1 January 2026)	The amendments address protentional confusions in IFRS 7, IFRS 9, IFRS 10 and IAS7	Fagron does not expect the adoption of these amendments to these standards to have a material effect on the consolidated financial statements
Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (applicable for annual periods beginning on or after 1 January 2026)	The amendment requires assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features.	Fagron will review the effects of these amendments and process them if applicable

Consolidation criteria

The consolidated financial statements comprise Fagron and its subsidiaries. Subsidiaries are entities controlled by Fagron. Fagron controls an entity when Fagron has power over the entity and is exposed to, or has rights to, variable income from the entity and has the ability to affect the amount of variable income through its power over the entity. Subsidiaries are fully consolidated as of the date on which control is transferred to Fagron. They are no longer consolidated as of the date on which Fagron no longer has control.

Any contingent consideration to be entered into by Fagron is recognized at fair value on the acquisition date. Changes in the fair value of the contingent consideration that is an asset or liability are recognized in accordance with IFRS 9 and in the income statement. Contingent considerations that are classified as equity are not revalued and the settlement of the liabilities is accounted for within equity.

An acquisition is recognized using the purchase method. The cost price of an acquisition is defined as the fair value of the assets given, shares issued and liabilities assumed on the date of the acquisition. Identifiable assets acquired, liabilities and contingencies assumed in a business combination are initially recognized at their fair value on the acquisition date. For each business combination, Fagron values any minority interest in the party acquired at fair value or at the proportional share in the identifiable net assets of the party acquired. The acquisition costs already incurred are recognized as expenses. The positive difference between the acquisition price and the fair value of the share of Fagron in the net identifiable assets of the acquired subsidiary on the date of acquisition constitutes goodwill and is recognized as an asset.

Intra-group transactions, balances and unrealized gains on transactions between companies of the Group are eliminated. Unrealized losses are also eliminated, but are considered to be an indication of an impairment. Where necessary, the accounting basis for amounts reported by subsidiaries have been adjusted in accordance with the accounting policies of Fagron.

Transactions with minority interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with shareholders in their capacity as shareholders.

For purchases from minority interests, the difference between the price that was paid and the corresponding share acquired against the carrying amount of the net assets of the subsidiary is recognized in equity. Gains or losses on disposals to minority interests are also recognized in equity.

Foreign currency conversion

Items included in the financial statements of all Fagron entities are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The consolidated financial statements are presented in euros, the presentation currency of Fagron. To consolidate Fagron and each of its subsidiaries, the respective financial statements are converted as follows:

- Assets and liabilities at year-end rates;
- Income statement at the average rate for the year;
- Components of equity at the historical exchange rate.

Exchange rate differences arising from the conversion of the net investment in foreign subsidiaries at the year-end exchange rate are recognized as shareholders' equity elements under "Cumulative conversion differences".

Transactions in foreign currencies

Transactions in foreign currencies are converted to the functional currency using the exchange rates that apply on the transaction date. Profits and losses from exchange rate differences that result from settling these transactions and from the conversion of monetary assets and liabilities in foreign currencies at exchange rates valid at year-end are recognized in the income statement.

Exchange rates of key currencies

	Balance sheet		Income statement	
	2024	2023	2024	2023
US dollar	1.039	1.105	1.082	1.082
Brazilian real	6.425	5.362	5.832	5.402
Polish zloty	4.275	4.340	4.305	4.542
Mexican peso	21.550	18.723	19.829	19.188

Earnings per share (EPS) (14)

Fagron presents basic and diluted earnings per share (EPS) for common shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to holders of common shares by the sum of the weighted average number of common shares outstanding during the period. Dividend distribution to the shareholders of Fagron is recognized as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

For the purpose of calculating diluted EPS, the profit or loss for the period attributable to holders of common shares adjusted for the effects of all dilutive potential shares is divided by the sum of the weighted average number of outstanding ordinary shares used in the basic EPS calculation and the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Goodwill (15)

Goodwill represents the positive difference between the cost of an acquisition and the fair value of Fagron's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill is tested for impairment at least once a year, but also whenever a triggering event occurs. Goodwill is recognized at the cost price less accumulated impairment losses. Impairment losses on goodwill are never reversed. Gains and losses on the disposal of an entity include the book value of goodwill relating to the entity sold.

Intangible fixed assets (15)

Intangible fixed assets are valued at cost price less accumulated amortization and impairment. All intangible fixed assets are checked for impairment when there is an indication that the intangible asset may require impairment.

Brands, customer bases, licenses, patents and other

Intangible fixed assets are recognized at cost, provided this cost is not higher than the reported economic value and the cost price is not higher than the recoverable value. No other intangible fixed assets with an unlimited useful life were identified. The costs of brands with a definite useful life and customer bases are capitalized and amortized on a straight-line basis over a period of 5 to 7 years. If part of the consideration paid for a business combination has to do with trade names, brand names, formulas and customer bases, it is considered intangible fixed assets.

Research and development

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognized as costs at the moment they are incurred.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes preceding commercial production or use. They are capitalized when, among other things, the following criteria are met:

- Technical feasibility of the project;
- Intention to complete the project and use or sell the asset;
- Option to use or sell the asset;
- Probability that the asset will generate future economic benefits;
- Adequate resources to complete the asset;
- Ability to measure cost reliability.

Development costs are amortized using the straight-line method over the period of their expected benefit, which is currently a maximum of 5 years. Amortization starts at the moment these assets are ready for use

In-house development

Unique products developed in-house, including software controlled by Fagron, which are expected to generate future economic benefits, are capitalized at the cost directly related to their production. The software is depreciated over its useful life, which is currently estimated at 5 years.

Software

Acquired software is capitalized at cost price and then valued at cost price less accumulated depreciation and impairment losses. The assets are depreciated over the useful life, which is currently estimated at 5 years.

Impairment

Assets that have an indefinite useful life are not subject to amortization and are checked for impairment on an annual basis. Amortized assets are reviewed for impairment when events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less the sale costs and its value in use. For the purpose of amortization, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Fixed Assets held for sale and discontinued operations (16)

Non-current assets and groups of assets to be sold are classified as fixed assets held for sale when the book value will be recovered principally through a sales transaction or through continued use of that asset.

In order to be classified as fixed asset held for sale, the following criteria must be satisfied in accordance with IFRS 5:

- Management has committed to the plan of sale;
- An active program has been initiated to seek buyers for the assets;
- The assets (or groups of assets being disposed of) are available for immediate sale, taking into account conditions customary for sale;
- Sale is highly probable, expected sale occurs within 12 months of initial classification as available-for-sale fixed assets;
- The asset is placed in the market at a reasonable price, the price is in line with the fair value;
- The actions required to complete the sale of the asset indicate that the plan is not likely to change significantly or be withdrawn.

If Fagron has committed to a plan to sell a subsidiary which results in Fagron relinquishing control over a subsidiary and the aforementioned criteria are satisfied, then all of the assets and liabilities from that subsidiary are classified as fixed assets held for sale and liabilities related to assets held for sale, regardless of whether Fagron will retain a non-controlling interest after the sale.

Assets held for sale and liabilities related to assets held for sale (or groups of assets that will be sold) are recognized at the lower of the original book value and the fair value less the costs to sell the asset.

A discontinued operation is a component of Fagron that represents a separate, important operation or geographic business area, is part of a single coordination plan to dispose of a separate, important operation or geographic business area, or concerns a subsidiary that was acquired exclusively with the intention of selling it.

The classification as a discontinued operation will occur on the date when the transaction satisfies the conditions in order to be recognized as being held for sale or when an operation has been sold.

When an operation has been classified as a discontinued operation, the result from the discontinued operations over the reporting period will be presented separately in the income statement and in the statement of comprehensive income.

In addition to the requirements for the presentation in the balance sheet of groups of assets that will be sold, comparable figures are included in the income statement and in the statement of comprehensive income for the presentation of the results of discontinued operations. Furthermore, the net cash flows that can be attributed to the operating, investment and financing activities of the discontinued operations are reported separately.

Property, plant and equipment (16)

Property, plant and equipment are valued at the acquisition value or production costs plus directly attributable costs, if applicable. Depreciation is calculated pro rata based on the useful life of the asset in accordance with the following amortization parameters: 3 to 5 years for equipment and machinery and between 25 and 33 years for buildings. Land is not depreciated.

All assets are depreciated using the straight-line method, based on the estimated economic life. Any residual value taken into account when calculating the depreciation is reviewed on an annual basis. The “right to use” assets are depreciated over the shorter period of the lease period and the useful life. When it is fairly certain that the ownership will be obtained at the end of the lease, the “right to use” assets is depreciated over the useful life.

Financial fixed assets (17)

Financial assets and financial liabilities are recorded in the Fagron balance sheet when Fagron becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, if applicable, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recorded immediately in the income statement.

Financial Instruments (17/24)

Fagron uses derivative financial instruments to mitigate risks related to fluctuations in interest rates and exchange rates. No derivatives are employed for trade purposes.

Derivative financial instruments are recognized at fair value on the balance sheet. The fair values are determined using a Level 2 method which means that the value is calculated using the discounted cash flows of the face value and interest flows. Some of Fagron's derivative contracts do not meet the criteria defined in IFRS 9 to be considered as cash flow hedges, and therefore changes in the fair value of these derivatives are recognized in the income statement. For the portion of derivative contracts that meet IFRS 9 requirements, the changes in fair value attributable to the effective portion of the hedge in line with IFRS 9 hedge accounting guidance are recognized in the cash flow hedge reserve, which is part of equity. Changes in fair value attributable to the ineffective portion of the hedge are recognized directly in the income statement.

Tax on profits (18)

Income taxes as recognized in the income statement include the income tax on the current year and deferred taxes. Current income taxes include the expected tax liabilities on Fagron's taxable income for the financial year, based on the applicable tax rates at balance sheet date and any adjustments from previous years. Income tax due on dividends is recognized when a liability to pay the dividend is recognized.

Deferred taxes are recognized using the balance sheet liability method and are calculated on the basis of the temporary differences between the book value and the tax basis. This method is applied to all temporary differences arising from investments in subsidiaries and associated companies, except for differences where the timing of settling the temporary difference is controlled by Fagron and where the temporary difference is not likely to be reversed in the near future. The calculation is based on the tax rates as enacted or substantially enacted at balance sheet date and expected to apply when the related deferred tax is realized or the deferred tax liability is settled. Under this calculation method, Fagron is also required to account for deferred taxes relating to any difference between the fair value of the net acquired assets and their book value for tax purposes resulting from any acquisitions.

Deferred taxes are recognized to the extent that the tax losses carried forward are likely to be offset in the foreseeable future. Deferred tax assets are fully written off when it is no longer probable that the corresponding tax benefit will be realized.

Fagron will offset tax assets and tax liabilities if, and only if, Fagron has a legally enforceable right to offset the recognized amounts; and either (a) intends to settle on a net basis, or (b) to realize the asset and settle the liability simultaneously.

Inventories (19)

Raw materials, auxiliary materials, and trade goods are valued at the acquisition value in accordance with the FIFO method or the net realizable value (NRV) at the balance sheet date, whichever is lower. Work in progress and finished products are valued at production cost. In addition to the purchasing cost of raw materials and auxiliary materials, production costs and production overhead costs directly attributable to the individual product or the individual product group are included.

Trade receivables (20)

Trade receivables are initially valued at transaction price. After the initial valuation, trade receivables are valued at amortized cost. Provisions are made based on lifetime expected loss allowance for all customers based on historical payment behavior and forward-looking information.

When trade receivables are transferred to a third party (through factoring), the trade receivables are no longer recognized on the balance sheet if (1) the right to receive cash flows no longer exists and (2) Fagron has transferred substantially all rights and risks.

Cash and cash equivalents (20)

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and are valued at acquisition at fair value and subsequently recognized at cost. Adjustments are made to the book value when at balance sheet date the realization value is less than the book value.

Capital (21)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are recognized in the equity as a deduction, net of taxes, from the proceeds.

If a company of Fagron purchases share capital of Fagron (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the shareholders of Fagron until the shares are cancelled, reissued or disposed of. If such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects, is included in equity attributable to the shareholders of Fagron.

Provisions (22)

Provisions will be made for restructuring costs, legal claims, risk of losses or costs potentially arising from personal securities or collateral constituted as guarantees for creditors or commitments to third parties, from liabilities to buy or sell non-current assets, from the fulfilment of completed or received orders, technical guarantees associated with turnover or services already completed by Fagron, unresolved disputes, fines and penalties related to taxes, or compensation for dismissal, when:

- Fagron has an existing legal or actual obligation as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions for restructuring costs comprise lease termination penalties and employee termination payments. No provisions are recognized for future operating losses.

Provisions are recognized based on management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine present value reflects current market estimates of the time value of money and the risks specific to the liability.

Employee benefit expenses

Share-based payments (21)

Fagron operates a share-based compensation plan under which compensation is paid in shares. The total amount to be recognized as expense over the vesting period is determined based on the fair value of the performance shares or subscription rights granted. Operating 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 valuation of the transaction. At each balance sheet date, Fagron revises its estimates of operating and non-market conditions. Fagron recognizes the impact, if any, of the revision of the original estimates in the income statement, and a corresponding adjustment to equity over the remaining definitive acquisition period. The proceeds received, net of any directly attributable transaction costs, are included in the item capital (nominal value) and share premiums when the subscription rights are exercised. The terms of the existing plans were not changed this year.

Fagron also manages a compensation scheme in Performance Share Units. The Performance Share Units relates to the conditional cash payment based on of the Fagron share price, but is otherwise similar to an grant of performance shares. The Performance Share Units are recognized at fair value on the grant date and are periodically updated in accordance with IFRS 2. The fair value is determined using the same method as the determined as the performance shares.

Pension obligations (23)

The Fagron companies operate various pension schemes. The pension schemes are funded through payments to insurance companies, determined by periodic actuarial calculations. Fagron has both defined benefit and defined contribution plans.

The liability recognized on the balance sheet for defined benefit plans is the present value of future obligations from the benefit plan less the fair value of plan assets. The obligation is calculated periodically by independent 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 to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately recognized, in the period in which they arise, in equity through other comprehensive income.

For defined contribution plans, Fagron pays contributions to insurance companies. Once the contributions have been paid, Fagron will cease to have any further liabilities. Contributions to defined contribution plans are recognized as costs in the income statement at the moment they are made.

Debt (24)

Loans are initially recognized at fair value, net of transactional costs incurred. Loans are then recorded at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the loans using the effective interest method. Borrowings are classified as current liabilities, unless Fagron has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Consultancy costs for the refinancing are part of the financial costs.

Debt instruments that meet the following conditions are subsequently valued at amortized cost price:

- The financial asset is held within a business model whose purpose is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms and conditions of the financial asset give rise on specified dates to cash flows that are payments solely of principal and interest on the outstanding principal.

On August 1, 2019, Fagron entered into a (sustainable) syndicated credit facility consisting of a revolving credit line of 245 million euros and a term loan facility of 130 million euros. In 2022, this facility was expanded by an additional term loan facility of 105 million euros. If a new credit facility is refinanced with substantially different terms, a new debt position will be recorded on the balance sheet, replacing the old debt position. If the newly agreed terms and conditions of an existing credit facility change substantially, a new debt position will also be included on the balance sheet. Substantial change means a change in net present value of future cash flows (including fees paid and received) from the new facility of at least 10% compared to the net present value of cash flows from the old facility.

If the changes in new terms are not substantially different, the difference between (1) the current debt position on the balance sheet; and (2) the net present value of cash flows after change in terms is included in "Other Gains and Losses" in the income statement.

Leases (27)

The standard requires lessees to include a "right to use" asset and a lease obligation. IFRS 16 also requires that depreciation costs linked to the "right to use" assets and interest expenses are recognized on these lease liabilities.

At the start of the contract, Fagron assesses whether it is a lease contract, or it contains a lease. Fagron recognizes a "right of use" asset and a lease liability in respect of all leases in which it is the lessee, except for short-term leases (defined as leases with a lease period of 12 months or less) and leases of low-value assets. For these leases, Fagron recognizes lease payments on a straight-line basis as operating expenses over the lease term unless another systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed.

Revenue recognition

Fagron uses the five-step model in order to recognize revenue that results from sales to customers. The revenue is recognized at the value that we expect to receive for the delivery of the goods or services. Any liabilities related to these sales will be deducted here. Contracts for the sale of goods to customers have only one performance obligation.

Sales of goods are recognized at the moment that control over the goods has transferred to the customer, the customer has accepted the goods and the related receivables are likely to be collectible. This is normally the case at the time the goods are delivered. Revenue from services is recognized in the accounting period in which the services have been provided.

Segment reporting

IFRS 8 defines an operating segment as:

- A part of a business where income is generated and expenses are incurred;
- Where operating results are regularly reviewed by the decision-making body (Chief Operating Decision Maker) to make decisions about resource allocation to the segment and performance assessment; and
- Where concrete financial information is available.

Fagron determines and presents operating segments based on information provided internally to the executive leadership team, Fagron's decision-making body. An operating segment is a group of assets and activities engaged in providing products or services that form the basis of internal reporting to Fagron's executive leadership team.

The reporting structure and presentation of the financial results per Fagron segment are in line with the way in which the business is managed. The financial information of the Fagron segments provided to the executive leadership team is split into Fagron EMEA (Europe, Middle East and Africa), Fagron North America and Fagron Latin America.

3 Management of financials risks

Adequate and reliable financial reporting is essential for both the internal management reports and the external reporting. Group-wide reporting guidelines have been drawn up within Fagron to this end, based on IFRS and internal information needs.

Risk management is important to Fagron in order to secure the company's long-term business goals and value creation. The policy of Fagron is to focus on identifying all major risks, on developing plans to prevent and manage these risks, and on putting in place measures to contain the consequences should such risks effectively occur. Still, Fagron cannot conclusively guarantee that such risks will not occur or that there will be no consequences when they occur.

All entities periodically prepare business plans, budgets and interim forecasts at predetermined moments. Discussions with management of the entities take place periodically on the general course of affairs, including the realization and feasibility of the forecasts issued and strategic decisions. With regard to tax regulations, Fagron makes use of the possibilities offered by the tax laws and regulations without taking any unnecessary risks in doing so. Fagron has the support of external tax advisers in this regard.

In addition to strategic and operational risks, Fagron is also subject to various financial risks. The following credit facilities are available to Fagron for the purpose of its operating business.

Sustainable syndicated credit facility

On August 1, 2019, Fagron entered into a (sustainable) syndicated credit facility consisting of a revolving credit line of 245 million euros and a term loan facility of 130 million euros. The maturity of this financing is 5 years with the option to extend twice for one year. In 2022, the option to extend the term loan facility in the amount of 105 million euros was exercised. Both extension options were exercised, resulting in both term loan facilities totaling 235 million euros and 225 million euros of the revolving credit line being extended until mid 2026.

Financial covenants syndicated credit facility

Test period	Net financial debt/REBITDA	REBITDA/net interest expense
Semi-annual test periods (June/December)	Max. 3.50x	Min. 4.00x

As of the end of 2024, the full-term loans of 235 million euros (2023: 235 million euros) and an amount of 106.3 million euros were drawn under the syndicated credit facility (2023: 90.5 million euros) and Fagron was in compliance with the aforementioned financial covenants.

The credit facility is a so-called Sustainability Linked Loan, where the interest is linked to Fagron's sustainability objective to reduce greenhouse gas intensity (Scope 1 and Scope 2 of the GHG protocol) by approximately 30% in six years. Based on the annual progress measured, a discount or an addition can be applied to the credit facility's interest rate.

Starting in 2020, the sustainability objective to reduce Fagron's greenhouse gas intensity by approximately 30% in six years is also linked to the variable remuneration system for management.

Capital management

Fagron's objectives in relation to capital management are to:

- Safeguard the company's ability to maintain its continuity; and
- Maintain an optimal capital structure to reduce the cost of capital.

Fagron does not have any explicit policy for return on capital. There were no changes in the capital management policy during the year.

Fagron can adjust the amount to be paid on dividends (see note 21) in order to retain or adjust the capital structure. It can also issue new shares or dispose of assets in order to reduce the debt position.

Fagron has a dividend policy that takes into account the profitability of the company and its underlying growth, as well as capital requirements and cash flows, where sufficient liquidity is maintained in order to follow the buy-and-build strategy. Fagron hereby expects to reinvest most of its free cash flow in the coming years and to pay out a relatively low, steady level of dividends to its shareholders.

Cash pool

Fagron manages the cash and financing flows and the risks arising from these by means of a group-wide treasury policy. In order to optimize the financial position and keep the related interest charges to a minimum, the companies' cash flows are centralized as much as possible in one cash pool. Fagron has a total of three local cash pools . One in the region North America and two in Europe (the Netherlands and Belgium). These are used by the operating companies, whereby zero balancing is applied in Europe and target balancing in North America. The three local cash pools are pooled daily to one central notional cash pool, where balances within the same entity are presented net.

Liquidity risk

Liquidity risk is the risk that Fagron is unable to meet its financial obligations. The expected cash flow is assessed and analyzed on a regular basis. The goal is to have sufficient financial resources available at all times to meet the liquidity needs.

Credit risk

Credit risk involves the risk that a debtor or other counterparty is unable to fulfill its payment liabilities to Fagron, resulting in a loss for Fagron. Fagron has an active credit policy and strict procedures to manage and limit credit risks. No individual customers make up a substantial part of either revenue or outstanding receivables. Fagron has an active policy to reduce operational working capital. From this perspective, Fagron aims to reduce the accounts receivable balance.

Below is an overview of the category, level, net book value of financial assets and the term of financial instruments. Where GK stands for financial liabilities measured at amortized cost and level 2 method means that the valuation was based on inputs other than quoted prices in active markets as included in level 1.

Net book value financial assets 2024

(x 1,000 euros)	Category	Level	Gross value	Impairments	Net book value
Trade receivables	GK	2	85,641	-3,678	81,963
Financial instruments	GK	2	886	0	886
Other current assets	GK	2	28,681	-968	27,713
Cash and cash equivalents	GK	2	115,038	0	115,038

Net book value financial assets 2023

(x 1,000 euros)	Category	Level	Gross value	Impairments	Net book value
Trade receivables	GK	2	66,122	-4,070	62,052
Financial instruments	GK	2	4,268	0	4,268
Other current assets	GK	2	23,604	-969	22,636
Cash and cash equivalents	GK	2	133,008	0	133,008

Term of financial instruments 2024

(x 1,000 euros)	Category	Level	Average effective interest rate	Total book value	< 1 year	1 -5 years	> 5 years
Leasing liabilities	GK	2	4.8%	44,178	9,502	31,252	3,423
Credit institutions	GK	2	3.6%	340,912	0	340,912	0
Other financial debt	GK	2		607	0	607	0

Term of financial instruments 2023

(x 1,000 euros)	Category	Level	Average effective interest rate	Total book value	< 1 year	1 -5 years	> 5 years
Leasing liabilities	GK	2	4.4%	41,704	9,678	27,296	4,730
Credit institutions	GK	2	2.7%	324,685	0	324,685	0
Other financial debt	GK	2		354	0	354	0

Interest risk

Fagron regularly reviews the mix between a fixed and floating rate. At this moment, the financing consists of financing with a floating interest rate ranging from 1 to 6 months. A higher Euribor interest rate of 10 basis points would have had an increasing effect on floating interest expenses of about 123 thousand euros before tax (2023: 75 thousand euros). Currently, all debt is based on floating interest that is partially fixed through interest hedges.

Exchange rate risk

The exchange rate risk is the risk on results due to fluctuations in the exchange rates. Fagron reports its financial results in euros and, due to the international spread of its operations, is subject to exchange rate influences that may affect its results. Exchange rate risk is the result on the one hand of several entities of Fagron operating in a functional currency other than euros and on the other hand of the circumstance that purchasing and retail prices of Fagron have foreign currencies as reference. The risk regarding the Fagron entities that operate in a functional currency other than the euro involves entities that operate in the US dollar, Brazilian real, Polish zloty, Czech crown, British pound, Danish crown, Israeli shekel, Colombian peso, Chinese yuan, South African rand, Mexican peso and Hungarian forint. Together, these entities represent 75.5% of consolidated sales in 2024 (2023: 73.6%).

Some of Fagron's revenue is realized in currencies other than the euro, such as in Brazil, the United States, Poland and Mexico. The table below shows the hypothetical supplementary effect of a 10% strengthening or weakening of the euro against the US dollar, the Brazilian real, the Polish zloty and the Mexican peso for the year 2024 and the effect on profit before tax and equity.

2024

	Profit before tax		Equity	
(x 1,000 euros)	Strengthening	Weakening	Strengthening	Weakening
US dollar	-4,873	3,987	-18,980	15,529
Brazilian real	-2,214	1,812	-13,900	11,373
Polish zloty	-940	769	-3,672	3,004
Mexican peso	-302	247	-2,284	1,868

2023

	Profit before tax		Equity	
(x 1,000 euros)	Strengthening	Weakening	Strengthening	Weakening
US dollar	-2,922	2,391	-14,058	11,502
Brazilian real	-1,117	914	-14,918	12,206
Polish zloty	-1,404	1,149	-3,854	3,153
Mexican peso	-21	17	-2,613	2,138

There is also an indirect foreign exchange risk since a large portion of purchases in Brazil are in US dollars. This means that Fagron's products become relatively more expensive to Fagron's customers each time the US dollar rises against the Brazilian real. The risk is difficult to quantify, as such price increases are directly charged to the consumer entirely or partly.

Foreign exchange risk related to foreign currency debt, which is borrowed entirely in US dollars, is fully hedged with intercompany loans to the US subsidiary.

Fair value risk

Fagron uses financial derivatives to hedge interest rate and exchange rate risks. For all currency derivatives and the US dollar interest rate derivative, the revaluation is recognized directly in the income statement. For all EUR interest rate derivatives, the revaluation is recognized through equity.

For various currency positions, Fagron has hedged the foreign exchange risk with a currency swap. An interest rate derivative was also taken out for US$100 million in financing, which has expired in 2024. In accordance with IFRS, all financial derivatives are recognized either as assets or as liabilities. In accordance with IFRS 9, financial derivatives are recognized at fair value. Changes in the fair value of currency derivatives and interest rate derivatives for the US dollar financing is recognized immediately in the income statement because they are financial derivatives that do not qualify as cash flow hedging instruments.

In 2022, Fagron entered into various financial derivatives for a total value of 180 million euros with various maturities to partially hedge the variable euro interest rate risk of the two term loans. In 2023, an interest rate hedge with a value of 30 million euros expired and a new interest rate hedge was concluded for 20 million euros. In 2024 an interest hedge expired with a value of 40 million euros. No replacement hedge was done. The financial euro interest rate derivatives concluded in 2022 and 2023 comply with IFRS 9 guidelines and have been qualified as cash flow hedging instruments. The changes in the fair value of these financial derivatives run through the cash flow hedge reserve, which is is part of equity.

Euro interest hedges as included in hedge accounting

Expiration date per year	Notional amount (x 1.000 euro)
2025	110,000
2026	20,000

4 Critical accounting estimates and judgments

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are deemed reasonable given the circumstances.

4.1 Critical estimates

Fagron makes estimates and judgments concerning the future. The resulting estimates will, by definition, rarely match the related actual results. Those estimates and assumptions that entail a significant risk of causing the need for a material adjustment of the book value of assets and liabilities within the next financial year are discussed below. A summary of the important estimates is presented below.

Estimated impairment loss for goodwill and other intangible fixed assets

Fagron performs an annual review to verify whether goodwill has been impaired in accordance with the accounting policies stated in Note 15. The recoverable amount of cash-generating units is the higher of the fair value of the asset less costs to sell and the net present value. These calculations require the application of estimates. No impairment loss was recognized in 2023 and 2024.

Provisions for disputes

As stated, provisions are valued at present value of the best estimate by management of the expenditure required to settle the existing obligation at the balance sheet date. Provisions for disputes require significant professional judgment in terms of the ultimate outcome of administrative law rulings or court judgments. Estimates are always based on all available information at the moment the financial statements are prepared. However, the need for significant adjustments cannot be absolutely precluded if a ruling or judgment proves not as expected. Judgments and estimates are continuously evaluated on the basis of past experience and other factors, including projected development of future events that are regarded as reasonable given the circumstances. See also Note 22: Long-term provisions and Note 30: Contingent liabilities.

Uncertain tax positions

The company is subject to tax on profits in different jurisdictions. Significant judgments must be made in determining the provision for tax on profits. There are some transactions and calculations for which the ultimate taxable amount is uncertain. When the final income tax is determined, the deviations will affect the current and deferred taxes and liabilities for the period in which the determination is made. See also Note 18: Income tax and employee benefit liabilities and Note 30: Contingent liabilities.

4.2 Critical judgments

No critical judgements were made in preparation of the financial statements.

5 Segment information

The reporting structure and presentation of the financial results per segment are in line with the way in which the business is managed. Fagron's results are reported in the segments Fagron EMEA, Fagron North America and Fagron Latin America. This structure is tailored to the various activities of Fagron and also supports effective decision-making and individual responsibility. This is consistent with the application of IFRS 8 which states that the determination of operating segments should be based on the components used by the executive leadership team to determine the performance of operating activities and on which decisions are based.

Fagron is organized into three main operational segments:

1. Fagron EMEA refers to Fagron's European operations in the Netherlands, Belgium, Poland, Germany, Italy, the Czech Republic, Spain, France, Denmark, Greece, Hungary, Croatia and the United Kingdom and operations in Israel and South Africa. Fagron EMEA is active in every Fagron activity category;
2. Fagron North America includes all Fagron operations in the United States. Fagron North America is active in every Fagron activity category;
3. Fagron Latin America refers to all of Fagron's operations in Brazil, Colombia and Mexico. In Latin America, Fagron is primarily active in Fagron Brands and Fagron Essentials.

Fagron's operations can be divided into three categories:

1. Fagron Compounding Services refers to all personalized medication prepared in Fagron's sterile and non-sterile facilities;
2. Fagron Brands includes the innovative concepts, products and vehicles developed by Fagron, often in close cooperation with prescribers, pharmacies and universities;
3. Fagron Essentials refers to all the pharmaceutical raw materials, equipment and supplies that a pharmacist needs to prepare medication himself in the pharmacy.

Notes to the consolidated financial statements

Fagron Segment results for the period ended December 31, 2024 are as follows:

2024 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Revenue	315,369	383,040	173,551	871,960
Intersegment revenue	2,793	509	602	3,904
Total revenue	**318,162**	**383,549**	**174,153**	**875,864**
EBITDA before non-recurrent result per segment	67,782	74,615	31,590	173,987
Depreciation, amortization, impairments and non- recurrent costs				-43,291
Financial result				-26,398
Profit before taxes				104,298
Taxes on profits				23,296
Net-profit (loss)				**81,001**

Fagron Segment results for the period ended December 31, 2023 are as follows:

2023 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Revenue	284,912	308,850	169,230	762,991
Intersegment revenue	1,194	230	144	1,568
Total revenue	**286,105**	**309,080**	**169,374**	**764,559**
EBITDA before non-recurrent result per segment	61,142	59,809	28,004	148,954
Depreciation, amortization, impairments and non- recurrent costs				-40,321
Financial result				-24,187
Profit before taxes				84,445
Taxes on profits				13,401
Net-profit (loss)				**71,044**

Other segmented items recognized in the income statement for continuing operations are as follows:

2024 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Depreciation and amortization	15,476	15,391	5,484	**36,351**
Write-down on inventories	684	2,650	0	**3,333**
Write-down on receivables	861	46	169	**1,075**

2023 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Depreciation and amortization	12,724	14,764	7,033	**34,521**
Write-down on inventories	1,038	2,121	0	**3,158**
Write-down on receivables	786	521	324	**1,632**

The assets and liabilities, and the capital expenditure (investments) are as follows:

2024 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Unassigned/ intersegment elimination	Total
Total assets	424,727	398,985	197,638	62,167	**1,083,518**
Total liabilities	149,635	228,161	47,836	152,527	**578,159**
Capital expenditure	10,397	28,030	5,745	0	**44,173**

2023 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Unassigned/ intersegment elimination	Total
Total assets	382,387	316,248	206,966	101,353	**1,006,954**
Total liabilities	138,907	189,724	45,119	165,577	**539,328**
Capital expenditure	18,389	21,151	5,239	0	**44,779**

The segment assets consist primarily of property, plant and equipment, intangible fixed assets, inventories, receivables and cash from operations. The difference between the above-mentioned capital expenditures and the capital expenditures in the cash flow statement mainly relates to the impact of capital expenditures still to be paid at the end of 2023 and 2024 and proceeds from divestitures.

Fagron has a large number of customers that are distributed internationally, with a substantial portion of revenue realized with a wide range of smaller customers. In North America we work with group purchase organizations, independent hospital groups as well as online telemedicine platforms and smaller pharmacies. No customer accounts for more than 10% of Fagron's proceeds.

Notes to the consolidated financial statements

6 Revenue

(x 1,000 euros)	2024	2023
Sale of goods	871,960	762,991
Revenue	**871,960**	**762,991**

2024 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Essentials	157,765	74,860	109,532	342,157
Brands	48,567	23,489	59,820	131,875
Compounding services	109,037	284,692	4,199	397,928
Total	**315,369**	**383,040**	**173,551**	**871,960**

2023 (x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Essentials	148,582	66,057	112,767	327,406
Brands	47,503	21,714	52,870	122,087
Compounding services	88,826	221,079	3,593	313,498
Total	**284,912**	**308,850**	**169,230**	**762,991**

7 Other operating income

(x 1,000 euros)	2024	2023
Gain on disposal of fixed assets	734	713
Other operating income	2,145	3,489
Total other operating income	**2,879**	**4,202**

8 Services and other goods

(x 1,000 euros)	2024	2023
Sale and distribution costs	51,462	44,470
Contracted services	34,610	31,106
Office and production supplies	40,418	32,642
Other services and goods	21,497	20,492
Total services and other goods	**147,988**	**128,709**

Contracted services cover a wide range of contracted services such as quality costs, legal fees, IT costs, and cleaning costs.

Office and production supplies include, among other things, supplies for cleanrooms, packaging materials, utilities, and maintenance.

Other services and goods include, for example, travel expenses and insurance premiums.

Notes to the consolidated financial statements

9 Employee benefit expenses

(x 1,000 euros)	2024	2023
Wages, salaries and bonuses	173,984	143,361
Social security costs	25,055	21,701
Pension costs – defined benefit plans	405	251
Pension costs – defined contribution plans	4,765	4,241
Other post-employment benefit contributions	2,971	2,952
Other employee expenses	15,739	14,006
Total employee benefit expenses	**222,918**	**186,512**

On December 31, 2024, Fagron's workforce (fully consolidated companies) was 3,935 (2023: 3,460) people or 3,848 (2023: 3,282) full-time equivalents. The distribution of the number of full-time equivalents per operating segment is as follows:

Full-time equivalents (rounded to whole units)[1]	2024	2023
Fagron EMEA	1,463	1,270
Fagron North America	1,426	1,130
Fagron Latin America	959	882
Total	**3,848**	**3,282**

1 FTE of own employees based on continuing operations.

10 Depreciation, amortization and impairment

(x 1,000 euros)	2024	2023
Amortization intangible fixed assets	11,114	10,622
Depreciation property, plant and equipment	11,899	12,294
Depreciation lease and similar rights	13,339	11,606
Write-down on inventories	3,333	3,158
Write-down on receivables	1,075	1,632
Depreciation, amortization and impairment	**40,760**	**39,311**

11 Other operating expenses

(x 1,000 euros)	2024	2023
Increase (decrease) in provisions for current liabilities	-142	-65
Increase (decrease) in provisions for pension liabilities	8	24
Taxes and levies (excluding income tax)	1,952	1,801
Other operating expenses	2,366	598
Total other operating expenses	**4,183**	**2,358**

12 Financial result

The financial results are presented in the consolidated income statement as follows:

(x 1,000 euros)	2024	2023
Financial income	4,406	5,324
Total financial income	**4,406**	**5,324**
Financial expenses	8,229	7,823
Interest expenses	15,380	13,337
Interest on leasing liabilities	2,058	1,819
Currency translation differences	2,894	2,818
Revaluation of financial derivatives	2,242	3,714
Total financial expenses	**30,804**	**29,512**
Total financial result	**-26,398**	**-24,187**

The financial income includes mainly interest income from credit institutions. The financial expenses mainly comprises of creditcard and bank expenses.

The revaluation of financial derivatives of -2.2 million euros in 2024 (2023: -3.7 million euros) relates to the change in the market value of interest rate derivatives that, in accordance with IFRS 9, cannot be presented as cash flow hedging instruments and does not involve cash flow. Interest rate derivatives were valued on a discounted cash flow basis.

The financial result, excluding the revaluation of financial derivatives, amounts to -24.2 million euros in 2024 (2023: -20.5 million euros). This increase is mainly caused by higher interest expenses.

13 Tax on profits

Income taxes from continued operations are as follows:

(x 1,000 euros)	2024	2023
Current tax expenses	23,284	26,653
Deferred taxes	12	-13,252
Tax on profits	**23,296**	**13,401**
Effective tax rate	22.3%	15.9%
Profit before income tax from continued operations	**104,298**	**84,445**
Tax calculated at weighted Fagron NV's statutory tax rate	26,074	21,111
Effect of rate differences compared with foreign jurisdictions	-454	-1,115
Income not subject to taxes	-26	-997
Expenses not deductible for tax purposes	2,381	4,392
Tax on profit previous years	-90	4
Valuation of deductible losses	-5,675	-9,152
Other	1,086	-843
Tax on profits	**23,296**	**13,401**

The “Tax calculated based on Fagron NV’s statutory tax rate” is the taxes expected based on the Belgian statutory rate. The “Effect of rate differences compared with foreign jurisdictions” pertains to the impact of the statutory rates to which the entities in Fagron are subject compared to the Belgian statutory rate.

The “Expenses not deductible for tax purposes” are all costs that are not tax-deductible and relate mainly to non-deductible intercompany expenses and other non-deductible expenses. The decrease is caused by an optimization of the intercompany loan portfolio combined with decreasing interest rates

The “Income tax previous years” is a reflection of all adjustments to earlier estimates for taxes.

The valuation of non-deductible losses mainly regards the valuation of prior year losses that we expect to be able to offset against future profits.

The item “Other” concerns all other movements that impact the effective tax rate. This primarily pertains to the use of tax losses that were not recognized earlier as a deferred tax claim and tax losses in the current year which have not been recognized because of insufficient expected future tax profits.

Fagron does not expect a material impact as result of the implementation of Pillar 2 regulations which will be applicable from 2025 based on the safe harbour rules on the consolidated figures of 2024

14 Earnings per share

(in euros)	2024	2023
Basic earnings (loss) per share	1.10	0.97
Diluted earnings (loss) per share	1.10	0.97

The earnings used in the calculations are as follows:

(x 1,000 euros)	2024	2023
Profit (loss) attributable to equity holders of the company	80,554	70,547

The diluted earnings are equal to the “basic” earnings.

The weighted average number of shares used in the calculations is as follows:

(number of shares x 1,000)	2024	2023
Weighted average number of ordinary shares	72,937	73,000
Effect of subscription rights	0	0
Weighted average number of ordinary shares (diluted)	**72,937**	**73,000**

No ordinary share transactions were executed after the balance sheet date which have impacted on earnings per share. The number of subscription rights that do not have any dilutive impact during the period, but which could possibly have an impact in the future, is equal to zero. These are subscription rights whose exercise price exceeds the average share price of Fagron in 2024.

Notes to the consolidated financial statements

15 Intangible fixed assets and goodwill

(x 1,000 euros)	Goodwill	Development	Concessions & patents	Brands and customer relations	Software	Other	Intangible fixed assets	Total
Net book value as of January 1, 2023	**429,768**	**8,857**	**1,003**	**14,703**	**9,070**	**0**	**33,633**	**463,401**
Investments	0	13,041	440	68	6,554	0	20,103	20,103
Acquisitions	4,512	0	753	0	0	0	753	5,265
Transfers and disposals	0	2811	0	-37	2,025	0	4,798	4,798
Depreciation and amortization	0	-2,701	-148	-5,257	-2,517	0	-10,622	-10,622
Exchange differences	81	-30	-1	-155	80	0	-105	-24
Net book value as of 31 December, 2023	**434,361**	**21,978**	**2,047**	**9,322**	**15,212**	**0**	**48,560**	**482,921**
Gross book value	**686,182**	**36,422**	**3,358**	**43,436**	**33,559**	**22**	**116,797**	**802,979**
Accumulated depreciation including amortization	-251,820	-14,444	-1,310	-34,114	-18,347	-22	-68,237	-320,058
Net book value	**434,361**	**21,978**	**2,047**	**9,322**	**15,212**	**0**	**48,560**	**482,921**
Net book value as of January 1, 2024	**434,361**	**21,978**	**2,047**	**9,322**	**15,212**	**0**	**48,560**	**482,921**
Investments	0	10,946	171	304	4,316	0	15,738	15,738
Acquisitions	14,300	3	356	7,613	207	0	8,180	22,479
Transfers and disposals	0	-261	18	0	698	0	455	455
Depreciation and amortization	0	-3,321	-508	-4,189	-3,096	0	-11,114	-11,114
Exchange differences	-1,714	-144	-24	812	-1,068	0	-424	-2,138
Net book value as of December 31, 2024	**446,947**	**29,203**	**2,060**	**13,863**	**16,270**	**0**	**61,395**	**508,342**
Gross book value	**713,344**	**41,176**	**4,198**	**52,836**	**34,197**	**22**	**132,429**	**845,772**
Accumulated depreciation including amortization	-266,397	-11,974	-2,138	-38,973	-17,927	-22	-71,033	-337,430
Net book value	**446,947**	**29,203**	**2,060**	**13,863**	**16,270**	**0**	**61,395**	**508,342**

The intangible fixed assets have not been encumbered with collateral.

The category “Development” consists mainly of unique software developed in-house in full control of Fagron together with exclusive license and distribution rights. Development costs are fully capitalized in 2023 and 2024. These are in addition to the costs for the exclusive license and distribution rights mainly related to employee costs.

Impairment

Goodwill is checked at least once per year for impairment, but also each time a trigger event occurs. This did not result in goodwill impairment in 2023 and 2024.

Goodwill

Goodwill acquired in business mergers and acquisitions is allocated to cash-generating units or groups of cash-generating units which are expected to have future economic benefits following the merger or acquisition. The allocation of goodwill to the cash-generating units and the grouping of the cash-generating unites is aligned with the business model of Fagron. There are fully integrate back-office activities in combination with operational activities on a regional level. This means that companies in a region share resources for different activities like finance, HR, IT, regulatory, quality, procurement etc. There is also a vertically integrated model were the Brands and Essentials are sourced, produced and shipped to Fagron compounding facilities were possible and used as starting material in the compounded products. The combination of activities within the region increases scale benefits and saves costs. Goodwill is recognized at cost less accumulated impairment losses. The net book value of goodwill was attributed as follows to the cash-generating units:

(x million euros)	Dec-24	Dec-23
Fagron EMEA	217.1	201.7
Fagron North America	162.4	152.7
Fagron Latin America	67.4	80.0
Total	**446.9**	**434.4**

The increase in goodwill is mainly due to the acquisition of Parma Produkt in Hungary and LSP in the United Kingdom.

Goodwill impairment test

The methodology for testing impairment is in accordance with IAS 36. Goodwill is tested at least annually for impairment with respect to cash-generating units and consistently when a trigger event occurs during the year which may result in an impairment loss. When the goodwill impairment test is conducted, the realizable value, being the value in use, is calculated per cash-generating unit.

The key judgments, estimates and assumptions that are commonly used are as follows:

- The main estimates used in the impairment test for goodwill are the sales growth rate, gross margin rate, discount rate and long-term growth rate.
- The first year of the model is based on detailed financial budgets approved by management and the Board of Directors.
- For the second to fifth year, budget figures from the first year are extrapolated taking into account an internal growth rate or a business plan is used. The figures take into account economic assumptions and historical experience of market share, turnover and expenses, capital expenditures and working capital.
- For subsequent years, an estimate of perpetual growth is used. For the main cash-generating units, a long-term growth rate of 2% for Fagron EMEA and North America and 7% for Fagron Latin America was used. The same growth rates were used in 2023.
- Projections are made for North America in the functional currency and are discounted at the weighted average unit cost of capital. For the main cash-generating units, a weighted average capital charge was used of 9.2% (pre-tax: 11.5%) for Fagron EMEA, 11.3% (pre-tax: 13.8%) for Fagron North America and 14.7% (pre-tax: 19.5%) for Fagron Latin America.
- In 2023, a weighted average capital charge was applied of 9.4% (pre-tax: 12.0%) for Fagron EMEA, 10.1% (pre-tax: 12.2%) for Fagron North America and 15.6% (pre-tax: 21.1%) for Fagron Latin America

The outcome of the impairment test for the main cash flow generating units indicates that a reasonable change in the assumptions used will not lead to an impairment.

Notes to the consolidated financial statements

16 Tangible fixed assets

(x 1,000 euros)	Land and buildings	Machinery and installations	Office equipment and trans-portation resources	Leasing and other similar rights	Other property, plant and equipment	Assets under construction	Total
Net book value as of January 1, 2023	**58,441**	**19,263**	**9,189**	**39,510**	**3,894**	**13,299**	**143,596**
Investments, including additions for IFRS 16	1,083	3,695	1,910	11,456	409	16,032	34,585
Acquisitions	100	57	17	0	0	0	174
Transfers and disposals	269	1,238	-399	-1,324	614	-7,065	-6,666
Depreciation and amortization	-4,890	-4,326	-2,043	-11,606	-1,036	2	-23,900
Exchange differences	353	-101	225	74	17	-423	145
Net book value as of December 31, 2023	**55,355**	**19,827**	**8,899**	**38,110**	**3,898**	**21,845**	**147,935**
Gross book value	**88,235**	**56,818**	**27,483**	**75,310**	**9,182**	**21,845**	**278,872**
Accumulated depreciation including amortization	-32,880	-36,991	-18,584	-37,199	-5,283	0	-130,937
Net book value	**55,355**	**19,827**	**8,899**	**38,110**	**3,898**	**21,845**	**147,935**
Net book value as of January 1, 2024	**55,355**	**19,827**	**8,899**	**38,110**	**3,898**	**21,845**	**147,935**
Investments, including additions for IFRS 16	5,083	2,469	1,310	14,389	135	19,438	42,824
Acquisitions	6,171	1,399	39	2,082	0	20	9,710
Transfers and disposals	470	710	929	-901	64	-2,847	-1,574
Depreciation and amortization	-4,294	-4,353	-2,248	-13,339	-1,004	0	-25,237
Exchange differences	-512	-230	-564	-385	131	1,637	77
Net book value as of December 31, 2024	**62,274**	**19,822**	**8,364**	**39,956**	**3,224**	**40,094**	**173,735**
Gross book value	**98,459**	**61,515**	**27,405**	**84,821**	**9,827**	**40,094**	**322,121**
Accumulated depreciation including amortization	-36,185	-41,693	-19,040	-44,865	-6,603	0	-148,386
Net book value	**62,274**	**19,822**	**8,364**	**39,956**	**3,224**	**40,094**	**173,735**

Fagron's liability regarding leasing is guaranteed on account of the lessor holding the legal property title to the leased assets. All other property, plant and equipment have no restrictions on the title of ownership. Nor are these assets pledged as security for liabilities.

Notes to the consolidated financial statements

17 Financial fixed assets

(x 1,000 euros)	Investments	Financial instruments MtM hedge	Loans and receivables	Total
Net book value as of January 1, 2023	**4,210**	**13,277**	**3,731**	**21,218**
Investments	76	0	1,633	1,708
Transfers and disposals	-13	0	-737	-749
Exchange differences	-188	0	0	-187
Other movements	113	-10,762	-48	-10,698
Net book value as of December 31, 2023	**4,199**	**2,515**	**4,579**	**11,293**
Investments	0	0	509	509
Transfers and disposals	-563	0	-357	-920
Exchange differences	-109	0	0	-109
Other movements	692	-1,962	-142	-1,413
Net book value as of December 31, 2024	**4,219**	**553**	**4,588**	**9,360**

The change in investments consist mainly of the unrealized appreciation of derivatives of 2.0 million euros. Investments are valued on a fair value basis and differences from the fair value are disclosed in the income statement. However, this asset is valued at cost due to the lack of reliable information about its fair value.

An analysis of the aforementioned assets showed that for 2023 and for 2024, none of these assets need to be impaired.

Loans and receivables concern receivables with different due dates. The book value approximates the fair value.

18 Tax on profits, remuneration and social security

a) Current taxes, remuneration and social security

(x 1,000 euros)	2024	2023
Tax liabilities for the current year	6,624	10,129
Other current tax and VAT payable	10,725	9,758
Remuneration and social security payable	30,467	24,097
Current taxes, remuneration and social security	**47,816**	**43,983**

b) Deferred tax assets

(x 1,000 euros)	Difference in depreciation rates	Employee benefits	Provisions	Tax losses	Other	Total
Balance as of January 1, 2023	**411**	**1,218**	**1,050**	**22,028**	**78**	**24,785**
Result	-169	-49	545	4,109	-316	4,120
Change in scope of consolidation	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as of December 31, 2023	**242**	**1,169**	**1,595**	**26,137**	**-238**	**28,904**
Result	121	10	-20	313	191	615
Change in scope of consolidation	0	0	0	0	0	0
impairment	0	0	0	0	0	0
Balance as of December 31, 2024	**363**	**1,179**	**1,575**	**26,450**	**-47**	**29,519**

The category “Other” mainly consists of netting with deferred tax liabilities.

An impairment test on tax losses is performed twice per year. If it becomes clear that the losses cannot be offset within a reasonable time, they are written off. This calculation is based on result projections with a five-year forecast horizon, based on detailed financial budgets approved by the management for the first year and an extrapolation of these figures for the second through fifth year.

Based on the impairment test in 2024 on tax losses, no impairment took place. As of the end of 2024, tax losses amount to 163.9 million euros (2023: 203.3 million euros), of which 121.1 million euros (2023: 121.7 million euros) have been valued, resulting in a deferred tax asset of 26.5 million euros (2023: 26.1 million euros). 59% of the tax losses will lapse in 2036. The majority of the remaining 41% does not lapse.

c) Deferred tax liabilities

(x 1,000 euros)	Difference in depreciation rates	Other	Total
Balance as of January 1, 2023	**5,464**	**-1,113**	**4,352**
Result	-1,319	-1,056	-2,375
Change in scope of consolidation	0	0	0
Discontinued operations	0	0	0
Balance as of December 31, 2023	**4,145**	**-2,169**	**1,976**
Result	38	-486	-448
Change in scope of consolidation	0	271	271
Discontinued operations	0	0	0
Balance as of December 31, 2024	**4,183**	**-2,384**	**1,799**

The category “Other” mainly consists of netting with deferred tax assets. For 2023 and 2024, the movement was largely due to the difference in valuation of financial derivatives.

On the balance sheet date, Fagron has not included any deferred tax liability for taxes payable as the result of any dividend payment. Fagron has not recognized a deferred tax liability as no defined intercompany dividend policy applies and thus Fagron can determine when and for what amount a dividend is paid. The unvalued deferred tax liability is nil.

19 Inventories

(x 1,000 euros)	2024	2023
Raw materials	45,119	31,705
Work in progress	1,034	529
Finished goods	40,882	31,439
Trade goods	49,927	50,264
Inventories	**136,962**	**113,938**

The increase in inventories is mainly explained by investments in the growth of the business activities.

Notes to the consolidated financial statements

20 Trade receivables, other current assets and cash and cash equivalents

a) Trade receivables and other current assets

(x 1,000 euros)	2024	2023
Trade receivables	85,641	66,122
Provision for impairment of receivables	-3,678	-4,070
Total trade receivables	**81,963**	**62,052**
Other current assets	27,713	22,636

There is no concentration of credit risk with respect to trade receivables because many of Fagron's customers are dispersed internationally. A provision has been made insofar as there are indications that trade receivables will be uncollectible.

Fagron applies a strict credit policy with regard to its customers, ensuring that the company controls and minimizes credit risk. No individual customers make up a substantial part of either turnover or outstanding receivables. Fagron uses factoring. The factoring balance as of December 31, 2024, was 16.6 million euros (2023: 35.5 million euros).

(x 1,000 euros)	Provision for impairment of receivables
Balance as of January 1, 2023	**-3,596**
Additions:	
• Through business combinations	0
• Other	-474
Amounts used	0
Other	0
Balance as of December 31, 2023	**-4,070**
Additions:	
• Through business combinations	-13
• Other	-1,075
Amounts used	1,481
Other	0
Balance as of December 31, 2024	**-3,678**

There is no major write-down on trade receivables that have not expired. Fagron adopted the simplified approach to IFRS 9 to determine expected credit losses, using a provision for expected losses over the life of all trade receivables based on historical losses and future expectations. Fagron analyzed the impact of IFRS 9 concluded that there is no material impact on the provision made for doubtful debts. Fagron also assessed whether the historical pattern would change materially in the future and does not expect a significant impact.

	Carrying amount	Of which not overdue at year-end				Of which due at year-end
(x 1,000 euros)			less than 30 days	between 31 and 90 days	between 91 and 150 days	more than 150 days
Trade receivables on December 31, 2024	81,963	72,301	6,279	2,548	640	195
Percentage of expected credit losses 2024		0.1%	3.5%	7.5%	15.0%	50.0%
Trade receivables on December 31, 2023	62,052	46,780	7,080	4,853	1,480	1,860
Percentage expected credit losses 2023		0.1%	3.5%	7.5%	15.0%	50.0%

b) Cash and cash equivalents

(x 1,000 euros)	2024	2023
Investments with a maturity of less than three months	1,714	770
Cash and cash equivalents	113,324	132,237
Cash and cash equivalents	**115,038**	**133,008**

The decrease in cash and cash equivalents is explained in the consolidated statement of cash flows.

There majority of the cash comprises cash and cash equivalents in bank accounts and cash. The cash and cash equivalents are centralized as much as possible in a cash pool, held in accounts with banks that mostly have an A-rating. All new bank accounts are only opened with banks awarded at least an A-rating.

There was no impact of cash pool netting at year-end 2023 and 2024.

Trade receivables, other receivables and cash and cash equivalents are generally within a close range of their maturities. Therefore, the carrying amount approximates their fair value.

21 Equity

Authorized capital

By resolution of the Special General Meeting of May 9, 2022, the power was granted, by a majority of at least three-fourths of the votes and within the period of five years from the date of publication of the resolution in the Appendix to the Belgian Official Gazette, to increase the capital in one or more times, in the manner and under the conditions to be determined by the Board of Directors, by an amount equal to ten percent of the capital.

Statement of changes in the capital and in the number of shares

The movements in this balance sheet item are presented in the statement of changes in equity. 150,000 own shares were purchased in 2024 (2023: 138,372). As of December 31, 2024, Fagron NV held 391,999 treasury shares (2023: 241,999). In accordance with IFRS, these shares are deducted from equity and do not affect the income statement. In 2024, no new shares were issued under warrant plans (2023: 236,250). The nominal number of shares as of December 31, 2024, was 73,228,904 (2023: 73,228,904). The total number of shares outstanding as of December 31, 2024, was 72,836,905 (2023: 72,986,905).

		2024		**2023**
Number of common shares and their value in equity	Number of shares x 1,000	Value of shares x 1,000 euros	Number of shares x 1,000	Value of shares x 1,000 euros
Issued shares as of 1 January	73,229	524,531	72,993	521,238
Newly issued shares	0	0	236	3,293
Issued shares as of 31 December	**73,229**	**524,531**	**73,229**	**524,531**
Treasury shares as of 31 December	392	23,939	242	21,080
Shares outstanding as of 31 December	**72,837**	**500,592**	**72,987**	**503,451**

All ordinary shares are fully paid. The ordinary shares have no par value designation but have a fractional value of 1/73,228,904th of the capital as of December 31, 2024 (2023: 1/73,228,904th). Each ordinary share carries one vote and a right to dividends.

Share-based payments

On 4 August 2020, the company's Board of Directors approved the Subscription Rights Plan 2020 for employees, directors and consultants of the company and/or its subsidiaries. The subscription rights were issued in response to the decision taken by the Board of Directors dated 6 August 2020 in the presence of Civil-law Notary Barbara Glorieux and her colleague Civil-law Notary Liesbet Degroote. A total of 2,600,000 subscription rights were issued. In 2020, there were 995,000 subscription rights granted at an exercise price of 18.52 euros and in 2021, there were 900,000 subscription rights granted at an exercise price of 19.44 euros.

The condition for vesting subscription rights for employees is that they still have an employment contract with the company; for directors and consultants the condition is that their relationship with the company has not been terminated. The costs of the subscription rights have been determined at the subscription rights' real value on grant date and are spread over the vesting period of the subscription rights. The costs are included in other personnel costs and amount to 0 for fiscal year 2024 and 1.8 million euros for fiscal year 2023. The subscription rights are settled via equity instruments.

In 2024, no shares (2023: 236,250) were issued as a result of the exercise of warrants under the 2018 Warrant Plan. The number of voting securities of Fagron is currently 73,228,904 (2023: 73,228,904). The total number of voting rights (denominator) is currently 73,228,904 (2023: 73,228,904). The capital amounts to 503,719,216.61 euros (2023: 503,719,216.61 euros).

Changes in the number of outstanding warrants under Warrant Plan 2019 and Subscription Rights Plan 2020, and their related weighted average exercise prices are as follows:

	Average exercise price in euros	Number of warrants
Outstanding as of January 1, 2023	**18.31**	**1,807,083**
Exercised	13.94	-236,250
Forfeited	18.52	-15,000
Outstanding as of December 31, 2023	**18.97**	**1,555,833**
Exercised	0	0
Forfeited	17.17	-5,000
Outstanding as of December 31, 2024	**18.97**	**1,550,833**

The weighted average exercise price per share at year-end was 18.97 euros in 2024 (2023: 18.97 euros). All warrant plans are equity-settled plans.

As of December 31, 2024, the total number of unexercised warrants that could give rise to the issuance of as many shares of the Company was 1,550,833. Their average exercise price is 18.97 euros. Outstanding year-end warrants have the following theoretical expiration date and exercise price:

Exercise date	Average exercise price in euros	Number of warrants	Year of expiry
2024 – August (Warrant Plan 2019)	19.03	85,000	2025
2023 – August (Subscription Rights Plan 2020)	18.52	750,833	2030
2024 - January (Subscription Rights Plan 2020)	19.44	715,000	2030
	18.97	**1,550,833**	

Some of the members of the executive management team and employees received Performance Share (Units) for the period 2022 - 2024. For the first allocation under the plan relating to 2022 - 2024, the distribution is 80% financial targets and 20% sustainability targets. Financial objectives relating to the first allocation under the plan of 2022 - 2024 are related to total shareholder value (TSR), organic sales growth, REBITDA and operating cash conversion. Sustainability targets with respect to the first award under the plan of 2022 - 2024 relate to greenhouse gas intensity reduction and employee satisfaction.

In 2024 members of the executive management team and employees received Performance Share (Units) for the period 2023 - 2025. For the allocation under the plan relating to 2023 - 2025, the distribution is 80% financial targets and 20% sustainability targets. Financial objectives relating to the allocation under the plan of 2023-2025 are related to total shareholder value (TSR), organic sales growth, REBITDA and operating cash conversion. Sustainability targets with respect to the award under the plan of 2023 - 2025 relate to greenhouse gas intensity reduction and health and safety management.

The vesting of performance shares granted pursuant to the Performance Share (Unit) Plan, will occur at the end of the performance period provided that the beneficiaries are still connected to the Company or any of its subsidiaries through an employment or service agreement and that the performance criteria and any other criteria established at the time of award are met.

The performance shares concern the grant of a conditional right to receive Fagron shares after receive Fagron shares after the end of the vesting period ("vesting"). The Performance Share Units relates to the conditional cash payment based on Fagron share price, but is otherwise similar to a grant of performance shares.

There is a minimum performance level for effective vesting and the maximum vesting is 150% of the initial award. The following table shows a vesting of 100%.

	Performance shares	Performance Share Units
Balance as of January 1, 2023	**0**	**0**
Awarded	138,372	134,271
Expired	0	5,537
Balance as of December 31, 2023	**138,372**	**128,734**
Awarded	138,284	113,539
Expired	33,049	15,634
Balance as of December 31, 2024	**243,607**	**226,639**

The Performance Share (Units) granted in 2023 and 2024 resulted in a charge of 3.0 million euros (2023: 1.4 million euros), which is included in the consolidated income statement under personnel expenses. The expense of the performance shares was recognized against equity in the amount of 1.2 million euros (2023: 0.7 million euros).

Fair value

The fair value of the subscription rights were determined at the time of grant using the "Black and Scholes" valuation model. The main data used in the model were the share price at grant date, the above-mentioned exercise price, the standard deviation of Fagron share price returns during option life and expected dividend, the option life specified above, and the annual risk-free interest rate. The expense is recorded on a straight-line basis from grant date to exercise date.

Performance shares are recognized at fair value at the grant date in accordance with IFRS 2. The fair value is determined using the share price excluding dividends at grant date. The market conditions of total shareholder return, which impacts on 20% of the targets, are not included in the fair value.

The Performance Share Units granted under these plans are recognized at fair value at grant date and are periodically updated in accordance with IFRS 2. The fair value is determined using the same method determined as the performance shares.

Dividends

A dividend of 22.0 million euros was made payable in 2024 (2023: 18.2 million euros). At the Annual General Meeting on May 12, 2025, a gross dividend for 2024 of 0.35 euros per share will be proposed (2023: 0.30), representing a total dividend of 25.6 million euros. This dividend is not included in this financial statement

A further note on equity is included in the Corporate Governance Statement.

Other reserves

(x 1,000 euros)	Consolidated reserves	Cumulative conversion differences	Transactions with non-controlling interest	Remeasurements of post-employment benefit obligations	Share-based payments	Total
Balance as of January 1, 2023	**-195,967**	**-81,752**	**-377**	**943**	**21,578**	**-255,575**
Other comprehensive income	0	3,214	0	190	0	3,404
Share-based payments	0	0	0	0	2,429	2,429
Change in non-controlling interest	0	0	409	0	0	409
Balance as of December 31, 2023	**-195,967**	**-78,538**	**32**	**1,133**	**24,007**	**-249,333**
Other comprehensive income	0	-15,875	0	-474	0	-16,349
Share-based payments	0	0	0	0	1,232	1,232
Change in non-controlling interest	0	0	0	0	0	0
Balance as of December 31, 2024	**-195,967**	**-94,413**	**32**	**659**	**25,239**	**-264,450**

Cash flow hedge reserve

(x 1,000 euros)	Fair value	Nominal value
Balance as of January 1, 2023	**7,384**	**180,000**
Change in unrealized gains and losses	-438	30,000
Realized gains and losses	-3,583	-40,000
Balance as of December 31, 2023	**3,363**	**170,000**
Change in unrealized gains and losses	-2,126	0
Realized gains and losses	-865	-40,000
Balance as of December 31, 2024	**372**	**130,000**

Notes to the consolidated financial statements

22 Long-term provisions

(x 1,000 euros)	Taxes	Disputes	Other	Total
Balance as of January 1, 2023	**1,104**	**689**	**231**	**2,024**
Additions:				
• Through business combination	0	0	0	0
• Other	0	235	24	259
Amounts used	0	-324	0	-324
Release	0	0	-1	-1
Currency translation differences	0	35	0	35
Balance as of December 31, 2023	**1,104**	**635**	**255**	**1,993**
Additions:				
• Through business combination	0	0	0	0
• Other	0	108	53	161
Amounts used	0	-103	0	-103
Release	0	0	0	0
Currency translation differences	0	-93	0	-93
Balance as of December 31, 2024	**1,104**	**547**	**309**	**1,958**

23 Pension Obligations

Pension obligations and costs

The amounts recognized in the balance sheet are determined as follows:

(x 1,000 euros)	2024	2023
Defined benefit pension plans	1,891	1,393
Other defined benefit pension plans	1,224	1,203
Pension obligations	**3,115**	**2,596**

The “Defined benefit plans” includes the pension plans held by Fagron in the Netherlands for Fagron Services BV and Spruyt hillen BV. The “Other defined benefit liabilities” include multiple smaller defined benefit plans, which are not further disclosed due to their limited size.

In accordance with IAS19, defined benefit liabilities are estimated using the Projected Unit Credit method. Under this method, benefits under the plan are attributed to years of service, taking into account future salary increases and an allocation of the plan’s benefit. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited services. If an employee’s service in later years will lead to a materially higher level of benefit than in earlier years, these benefits are attributed on a straight-line basis.

All defined benefit plans are final salary pension plans paid on a monthly basis. The amounts pertaining to post-employment medical plans are included in the liability but are not significant. There are no informal constructive liabilities.

The amounts recognized regarding the Dutch defined benefit plans held by Fagron Services BV and Spruyt hillen BV are determined as follows:

(x 1,000 euros)	2024	2023
Present value of defined benefit obligations	15,678	15,822
Fair value of plan assets	-13,787	-14,429
Net liability arising from defined benefit obligations	**1,891**	**1,393**

Notes to the consolidated financial statements

Movements in the present value of the defined benefit liabilities and the fair value of the plan assets were as follows:

(x 1,000 euros)	Present value of defined benefit obligations	Fair value of fund investments	Total
Balance as of January 1, 2023	**14,352**	**-12,833**	**1,519**
Pension costs attributed to the year of service	0	0	0
Interest expense (income)	589	-525	64
Actuarial (gains)/losses:			
• Return on plan assets (excluding interest income)	0	-1,738	-1,738
• Actuarial differences due to changes in demographic assumptions	-1	0	-1
• Actuarial differences due to changes in financial assumptions	1,282	0	1,282
• Actuarial differences due to adjustments in experience	267	0	267
Employer contributions	0	0	0
Plan contribution	-667	667	0
Balance as of December 31, 2023	**15,822**	**-14,429**	**1,393**
Pension costs attributed to the year of service (income)	0	0	0
Interest expense (income)	557	-507	50
Actuarial (gains)/losses:			
• Return on plan assets (excluding interest income)	0	605	605
• Actuarial differences due to changes in demographic assumptions	-11	0	-11
• Actuarial differences due to changes in financial assumptions	-9	0	-9
• Actuarial differences due to adjustments in experience	-12	0	-12
Employer contributions	0	-125	-125
Plan contribution	-669	669	0
Balance as of December 31, 2024	**15,678**	**-13,787**	**1,891**

The assets relate to eligible insurance policies and are not part of Fagron's own financial instruments. The pension insurer has fully invested the assets in the following funds: AeAM Strategic Liability Matching Fund, AEGON Strategic Allocation Fund Fixed Income, AEGON Strategic Allocation Fund Equity.

Actuarial assumptions

The principal actuarial assumptions used for the actuarial valuations are:

	December 31, 2024	December 31, 2023
Weighted average discount rate	3.60%	3.60%
Expected rate of salary increase	N/A	N/A
Expected rate of price inflation	N/A	N/A
Future rate of pension increases actives	2.00%	2.25%

The life expectancy is determined on the basis of the AG2024 Forecast Table.

Realized and unrealized result

The amounts recognized in the realized and unrealized result in respect of these defined benefit plans are as follows:

(x 1,000 euros)	December 31, 2024	December 31, 2023
Interest expense	50	64
Pension costs (income) attributed to the year of service	0	0
Pension costs defined benefit plans recognized in the -income statement	**50**	**64**
Actuarial differences on the present value of unfunded liabilities:		
• Costs (return) on plan assets (excluding interest income)	669	667
• Actuarial (gains)/losses arising from changes in demographic assumptions	-11	-1
• Actuarial (gains)/losses arising from changes in financial assumptions	596	-456
• Actuarial differences as a result of adjustments in experience	-12	267
Pension costs defined benefit plans recognized as other comprehensive income	**1,242**	**477**
Total comprehensive income for the year	**1,292**	**541**

There were no new entrants to the defined benefit plan; further accrual only takes place in a defined contribution plan. New employees are offered a defined contribution plan.

Sensitivity analysis

The sensitivity analysis illustrates the sensitivity of the pension liability as of December 31, 2024, and the “Pension cost allocated to the year of service” relative to the key actuarial assumptions.

The table below shows, for each major actuarial assumption, the pension liability as at December 31, 2024, compared to the corresponding amounts if the actuarial assumption of the respective scenarios were applied. Salary increases are not included in the sensitivity analysis.

	Base scenario	Increase in base scenario	Decrease in base scenario
Weighted average discount rate	3.60%	3.85%	3.35%
Defined benefit obligation	15,678	15,141	16,244
Inflation increase	2.00%	2.50%	1.50%
Defined benefit obligation	15,678	15,745	15,612
Life expectancy	+/- 0 jaar	+1 jaar	-1 jaar
Defined benefit obligation	15,678	16,072	15,273

Pension plans in Belgium

Fagron has nine pension plans in place in Belgium which are legally structured as defined contributions plans. Because of a previous legislative amendment in Belgium applicable to 2nd pillar pension plans (the Supplementary Pensions Act), all Belgian Defined Contribution plans have to be considered as defined benefit plans under IFRS. The Supplementary Pensions Act was established in 2015 as follows:

- For contributions through December 31, 2015, the employer must continue to guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions;
- For all contributions from 2016 onwards, the employer must continue to guarantee a minimum return that can vary between 2.5% and 3.75%, depending on the evolution of the average OLO 10-year interest rate over a 24-month period. The current guaranteed minimum return is 2.5%.

Because of this minimum guaranteed return for defined contributions plans in Belgium, the employer is exposed to a financial risk. The employer has a legal obligation to pay further pension contributions in the financing fund if the fund does not hold sufficient assets to pay all current and future pension commitments. These Belgian defined contributions plans should therefore be classified and accounted for as defined benefit plans under IAS 19.

In the past, Fagron did not apply the defined benefit accounting for these plans because higher discount rates were applicable and the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of continuous low interest rates on the European financial markets, the employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past. As a result, these plans need to be considered defined benefit plans.

Management has estimated the potential resulting liabilities as of December 31, 2024. Based on this estimation, it has been established that there are no substantive liabilities. The 2024 employer contribution for these Belgian pension plans is 0.1 million euros (2023: 0.1 million euros). The employee share for 2024 is nil (2023: nil), the employee contribution was abolished in 2014.

The total amount of fund investments as of December 31, 2024 is 1.5 million euros (2023: 1.4 million euros).

24 Financial debt and financial instruments

(x 1,000 euros)	2024	2023
Non-current		
Bank borrowings	340,912	324,685
Other borrowings	607	354
Financial lease liabilities	34,676	32,026
Total non-current	**376,196**	**357,065**
Current		
Bank borrowings	0	0
Financial lease liabilities	9,502	9,678
Total current	**9,502**	**9,678**
Total financial debts	**385,698**	**366,743**

		2024		**2023**
(x 1.000 euro)	Financial leases	Bank borrowings and other borrowings	Financial leases	Bank borrowings and other borrowings
Non-current borrowings by term				
More than 1 year but less than 5 years	31,252	341,520	27,296	325,039
More than 5 years	3,423	0	4,730	0
Total non-current borrowings	**34,676**	**341,520**	**32,026**	**325,039**

Notes to the consolidated financial statements

(x 1,000 euros)	2023	Cash flow from financing activities	Non-cash change: Additions IFRS 16	Non-cash change: Acquisitions/ divestments	Non-cash change: Exchange rates	2024
Non-current borrowings	357,065	3,136	8,794	1,854	5,346	376,196
Current borrowings	9,678	-6,858	4,605	2,220	-143	9,502
Total borrowings	**366,743**	**-3,722**	**13,399**	**4,075**	**5,203**	**385,698**

The cash flow from financing activities is the sum of the New debt, Reimbursement of debt and Payment of lease obligations as per the Consolidated cash flow statement.

Bank borrowings and financial instruments

The book value of bank loans is denominated in euros. The reported values approximate their fair values. The effective interest rate for the year 2024, was 3.6% (2023: 2.7%).

Sustainable syndicated credit facility

On August 1, 2019, Fagron has a (sustainable) syndicated credit facility consisting of a revolving credit line of 245 million euros and a term loan facility of 130 million euros. The term of this financing is 5 years with the option to extend twice for one year. In 2022, the opportunity to extend the term loan facility in the amount of 105 million euro. Both extension options were exercised, with the result that both term loan facilities for a total value of 235 million euros and 225 million euros of the revolving credit line have been extended until mid-2026.

Effect of the initial application of the interest rate reform

In 2022, Fagron applied the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 have been applied. The adoption of these amendments allows Fagron to reflect the effects of the transition from interbank offered interest rates (IBOR) to alternative reference interest rates (also referred to as "risk-free interest rates" or RFRs) without giving rise to accounting consequences that would not provide useful information to users of financial statements. Fagron did not restate the prior period.

All interest rate reforms have been fully implemented and there is no impact on the fiscal year ended December 31, 2024.

Progress in the introduction of alternative benchmark interest rates

Fagron completed the transition to TERM SOFR for all USD Libor linked contracts completed before the USD Libor was terminated as of June 30, 2023. Also, to the extent applicable, a fall-back clause is included for the EURIBOR.

Financial covenants syndicated credit facility

Test period	Net financial debt/REBITDA	REBITDA/net interest expense
Semi-annual test periods (June/December)	Max. 3.50x	Min. 4.00x

As of the end of 2024, an amount of 106.3 million euros had been drawn under the syndicated credit facility (2023: 90.5 million euros). In addition to these financial covenants, the total EBITDA, calculated as being the result before interest, taxes, depreciation, amortization and impairment, of the guarantors should be at least 70% of the consolidated EBITDA of the total Group. The credit facility is a so-called Sustainability Linked Loan where the interest rate is linked to Fagron's sustainability target to reduce greenhouse gas intensity (Scope 1 and Scope 2 of the GHG protocol) by 30% in six years. Based on the annual progress measured, a discount or an addition can be applied to the credit facility's interest rate.

As of 2021, Fagron used financial derivatives in order to hedge the interest risk for 100 million US dollars of financing. In 2022, several financial derivatives were concluded to hedge part of the interest rate risk on the euro term loans (6m EURIBOR) for a total nominal value of 180 million euros. During 2023 an interest rate hedge with a value of 30 million euro expired and a new hedge as concluded for 20 million euro. In 2024 an interest hedge with a value of 40 million euro expired and was not replaced. At the end of 2023, the fair value of the US-dollar interest rate hedge is 2.2 million euros which revaluation has been recognized directly in the income statement. This US-dollar interest hedge expired in 2024 having a negative impact of 2.2 million euros in the income statement. The fair value of the EUR interest rate hedges is EUR 0.4 million for which is recognized in the cash flow hedge reserve in line with the hedge accounting rules set out in IFRS 9.

These instruments were valued in accordance with a Level 2 method. This implies that the valuation was based on inputs other than the listed prices in active markets such as included in Level 1. The fair values of all derivatives held for hedging purposes were based on valuation methods. These methods maximize the use of detectable market data, where available, and minimize the impact of the company's estimates and projections. Hedge instruments were valued based on discounted cash flows. The parameters used for these models are those applicable as at year-end and are therefore classified as Level 2. The valuation was calculated using the discounted cash flows of the nominal value and interest flows. The maturity of the financial derivatives varies with the last one expiring in 2026.

As do the borrowing companies, Fagron NV and Fagron Capital NV, the following companies serve as guarantors for the bank loans concluded by Fagron:

Company name of guarantors

Anazaohealth Corp Inc.
Fagron Belgium NV
Fagron BV
Fagron Capital NV
Fagron Compounding Services LLC
Fagron GmbH
Fagron Essentials LLC
Fagron Nederland BV
Fagron NV
Fagron Sp. z.o.o
Galfarm Sp. z.o.o.
Pharma-Pack NV
Pharmaline BV
SM Empreendimentos Farmaceuticos Ltda
Spruyt hillen BV

25 Trade payables

(x 1,000 euros)	2024	2023
Payables	107,510	100,200
Investment payables	6,765	4,732
Trade payables	**114,276**	**104,932**

Trade payables generally have due dates that are close to each other. The reported values approximate their fair values.

26 Other current payables

(x 1,000 euros)	2024	2023
Prepayments	39	82
Other payables	7,682	4,618
Accrued expenses	14,748	11,594
Other current payables	**22,469**	**16,294**

Other liabilities of 5.9 million euros (2023: 4.1 million euros) relate to amounts still to be paid for existing participations (subsequent payments).

The accrued expenses of 4.7 million euros (2023: 5.2 million euros) relate to interest yet to be paid. The remainder of this item concerns various accruals and deferrals.

The debts generally have due dates that are close to each other. The reported values approximate their fair values.

Notes to the consolidated financial statements

27 Leases

(x 1,000 euros)	Closing balance sheet leases on December 31, 2024	Closing balance sheet of leases on December 31, 2023
Assets		
Buildings & land	35,383	33,990
Machinery & installations	1,055	1,696
Furniture and vehicles	3,518	2,424
Total lease assets	**39,956**	**38,110**
Liabilities		
Lease liabilities - non-current	34,676	32,026
Lease liabilities - current	9,502	9,678
Total lease liabilities	**44,178**	**41,704**

(x 1,000 euro)	2024	2023
Depreciation and amortization		
Buildings & land	10,750	9,412
Machinery & installations	883	886
Furniture and vehicles	1,705	1,308
Total depreciation	**13,339**	**11,606**
Costs related to low-value leases	40	40
Costs related to short-term leases	588	707
Costs related to variable costs	129	191
Financial expenses	2,058	1,819

28 Total adjustments for non-cash items

(x 1,000 euros)	2024	2023
Amortization intangible fixed assets	11,114	10,622
Depreciation property, plant and equipment	11,899	12,294
Depreciation lease and similar rights	13,339	11,606
Write-down on inventories and receivables	4,409	4,790
(Profit) loss on sale of non-current assets	-580	-631
Movements in provisions	-135	-41
Share-based payments	1,232	2,429
Total adjustments for non-cash items	**41,277**	**41,069**

29 Total changes in working capital

(x 1,000 euros)	2024	2023
Changes in operational working capital	-41,509	-5,590
Changes in other working capital	6,720	-717
Total changes in working capital	**-34,789**	**-6,307**

The cash out in operational working capital in 2024 is mainly related to a reduction of the factoring amount and to the growth of the business.

Notes to the consolidated financial statements

30 Contingent liabilities

Fagron runs certain risks for which no provision has been made (such as the possible tax liabilities with regard to ICMS in Brazil) because it is not likely that these risks will have a negative impact for Fagron. ICMS is a business tax incentive program called Produzir for companies based in the Brazilian state of Goiás. This is contested by several Brazilian states.

In 2018, 2021 and 2023, Fagron received tax assessments regarding the amortization of goodwill due to mergers in Brazil for 2014 until 2019. We dispute these assessments for a total amount of 33.8 million euros and have not made any provision for this purpose.

Fagron is also involved in a number of claims, disputes and legal proceedings within the normal conduct of its business. Management is of the opinion that it is unlikely that these claims, disputes and lawsuits will have a negative impact on the financial situation at Fagron. For claims where it is considered probable that the claim will result in payment, and for which a reliable estimate can be made, a provision has been made (see Note 22).

31 Related parties

The overall compensation package for members of the executive leadership team and the CEO individually as well as non-executive directors for fiscal years 2023 and 2024 is shown below:

(x 1,000 euros)	Fixed remuneration component	Variable remuneration component
2023 financial year		
Rafael Padilla, Chief Executive Officer	540	567
Executive Leadership Team, including the Chief Executive Officer	2,131	1,852
Non-executive members of the Board of Directors	276	0
2024 financial year		
Rafael Padilla, Chief Executive Officer	567	764
Executive Leadership Team, including the Chief Executive Officer	2,562	2,728
Non-executive members of the Board of Directors	346	0

The variable remuneration component concerns the bonus realized for 2024, which will be paid in 2025. The Nomination and Remuneration Committee formulates proposals annually regarding remuneration policy and/or other benefits for members of the executive leadership team and the CEO.

A further explanation of the compensation package is included in the Remuneration Report and Policy in the Corporate Governance Statement.

32 Business Combinations

Fair value of the acquired assets and liabilities

The preliminary determination of the fair value of acquired assets and liabilities of Parma Produkt in Hungary and LSP in United Kingdom resulted in an adjustment of 14.3 million euro in goodwill.

(x 1,000 euros)	2024
Intangible fixed assets	8,180
Property, plant and equipment	9,710
Financial assets	286
Other non current assets	93
Deferred taxes assets	1
Inventories	2,040
Trade receivables	1,335
Other receivables	1,631
Cash and cash equivalents	4,344
Total assets	**27,620**
Borrowings	1,986
Lease liabilities	2,089
Deferred taxes liabilities	279
Trade payables	1,921
Other current payables	1,367
Total liabilities	**7,641**
Net acquired assets	**19,979**
Goodwill	14,300
Total acquisition amount	**34,279**

The final determination of the fair value of acquired assets and liabilities of previously made acquisitions in 2023 did not result in an adjustment in goodwill.

Contingent liabilities

In 2024, 28.9 million euro was paid for the acquired assets and liabilities reduced by cash and the change in deferred payments.

At year-end, Fagron has outstanding liabilities of approximately 5.9 million euros to selling shareholders which were determined based on business plans at the time of acquisition, see also Note 26.

Deferred payments for business combinations are expected to be paid in 2025 and 2026

The subsequent payments for business combinations vary between 0 euros and a maximum of 5.9 million euros. The retrospective payments are valued at fair value at the moment of acquisition. The current expectation is that the remunerations will be paid on the expiration dates.

33 Information regarding the Statutory Auditor, her compensation and additional services

The Company's Statutory Auditor is Deloitte Bedrijfsrevisoren, represented by Mrs Ine Nuyts.

(x 1,000 euros)	2024	2023
Audit fee for the Group audit		
Fagron Group	**583**	**535**
Remuneration for Deloitte Bedrijfsrevisoren	478	445
Remuneration for parties linked to Deloitte Bedrijfsrevisoren	104	90
Remuneration for additional services rendered by the Statutory Auditor to Fagron		
Other audit assignments	96	5
Other non-auditing assignments	0	5
Remuneration for additional services rendered by parties linked to the Statutory Auditor		
Tax advisory assignments	0	0
Other non-auditing assignments	0	0

34 Significant events after the balance sheet date

In January 2025 Fagron closed the acquisition of EuroOTC's raw materials business in Germany.

Fagron signed two acquisitions, CareFirst Specialty Pharmacy in North America with mid-single digit million euro in annual revenue and Injeplast in Brazil with low double digit million euro in annual revenue, in January 2025. The combined enterprise value of these two acquisitions is approximately 30 million euro and both businesses operate with an EBITDA margin slightly above Fagron's existing group margin.

In February 2025 Fagron signed and closed the acquisition of Guinama in Spain for the acquisition value of approximately 22 million euro. Guinama generates low double-digit million euro of annual revenue and has an EBITDA margin slightly above Fagron's existing group margin.

On February 19, 2025, Fagron entered into an amended syndicated credit facility for a total amount of 575 million euro (from 460 million euro), to support incremental growth needs. The interest cost of the new facility is similar to the previous one, and the term is 5 years with two options to extend it for one year each.

35 Additional Notes

1. Fagron NV has signed a declaration of liability for the benefit of a number of Dutch subsidiaries, specifically:
   Fagron Brazil Holding BV
   Fagron BV
   Fagron Holding EMEA BV
   Fagron Nederland BV
   Fagron Services BV
   Fagron Steriele Services BV
   Infinity Pharma BV
   Pharma Assist BV
   Pharmaline BV
   Spruyt hillen BV

2. Exemption of a German subsidiary:

Fagron GmbH in Barsbuttel (Germany) is exempt from the obligation to set up its financial statements and financial report according to §264b of the German commercial code, and to audit and publish these in line with the applicable regulations for businesses.

Hiperscan GmbH in Dresden (Germany) is exempt from the obligation to set up its financial statements and financial report according to §264 (3) of the German commercial code, and to audit and publish these in line with the applicable regulations for businesses.

Notes to the consolidated financial statements

36 List of consolidated companies

Name	Ownership
ABC Dental & Pharmaceutical Consultancy NV	100.00%
AnazaoHealth Inc.	100.00%
ApodanNordic PharmaPackaging A/S	100.00%
Arseus Dental Solutions SAS	100.00%
Central de Drogas S.A. de C.V.	100.00%
Coast Quality Pharmacy LLC	100.00%
Dr. Kulich Pharma S.R.O	100.00%
Fagron a.s.	82.24%
Fagron Belgium NV	100.00%
Fagron Brazil Holding BV	100.00%
Fagron BV	100.00%
Fagron Capital NV	100.00%
Fagron Care Sp. z.o.o.	100.00%
Fagron Colombia SAS	100.00%
Fagron Compounding Services LLC	100.00%
Fagron Compounding Services NV	100.00%
Fagron Genomics S.L.U.	100.00%
Fagron GmbH	100.00%
Fagron Hellas A.B.E.E.	100.00%
Fagron Holding EMEA BV	100.00%
Fagron Holding USA LLC	100.00%
Fagron Hrvatska d.o.o.	100.00%
Fagron Iberica SAU	100.00%
Fagron Essentials LLC	100.00%
Fagron Italia SrL	100.00%
Fagron Lékárna Holding s.r.o.	100.00%
Fagron Nederland BV	100.00%

Name	Ownership
Fagron Nordic A/S	100.00%
Fagron NV	100.00%
Fagron SAS	100.00%
Fagron Shared Services S.L	100.00%
Fagron Services BV	100.00%
Fagron Service Northern Europe Sp. z o.o	100.00%
Fagron SH Ltd	100.00%
Fagron South Africa (Pty) Ltd	100.00%
Fagron Sp. z o.o	100.00%
Fagron Sterile Services BV	100.00%
Fagron Technologies Ltda	100.00%
Fagron UK Ltd	100.00%
Fresenius Kabi Compounding LLC	100.00%
Gako Deutschland GmbH	100.00%
Galfarm Sp. z.o.o.	100.00%
Gluck Health Limited	100.00%
Gluck International Limited	100.00%
GX Sciences, LLC	100.00%
Hiperscan GmbH	100.00%
Humco Holding Group Inc.	100.00%
Humco Qsub 1 Inc.	100.00%
Infinity Pharma BV	100.00%
JCB Laboratories LLC	100.00%
Letco Medical Holdings LLC	100.00%
Letco Medical LLC	100.00%
LSP Support Services Limited	100.00%
Ma'ayan Haim Beit Dagan Ltd	100.00%
Ortofarma Laboratorio de Controle de Qualidade Ltda	100.00%

Notes to the consolidated financial statements

Name	Ownership
Panoramix Holding BV	100.00%
Parma Produkt Gyógyszergyártó Kft	100.00%
Pharma Assist BV	100.00%
Pharma Tamar Ltd	100.00%
Pharmaline BV	100.00%
Pharma-Pack NV	100.00%
Pierson Laboratories Inc.	100.00%
Pro Health lab coleta de análises clínicas Ltda	100.00%
SM Empreendimentos Farmaceuticos Ltda	100.00%
Spruyt hillen BV	100.00%
The London Specialist Pharmacy Limited	100.00%
Wildlife Pharmaceuticals (Pty) Ltd.	100.00%

Statutory Auditor's Report

Statutory auditor's report to the shareholders' meeting of Fagron NV for the year ended 31 December 2024 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Fagron NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 9 May 2022, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration" issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2024. We have performed the statutory audit of the consolidated financial statements of Fagron NV for 6 consecutive periods.

Report on the consolidated financial statements

Unqualified Opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 1 083 518 (000) EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 81 001 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2024 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

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

Key audit matters	How our audit adressed the key audit matters
Goodwill – impairment testing Goodwill amounts to 446 947 (000) EUR and represents 41% of the total consolidated statement of financial position at 31 December 2024. Goodwill is tested annually for impairment at the level of the cash generating units ("CGU"). These calculations are based on estimates of future cash flows. The annual impairment testing of goodwill is important for our audit because it relies on a number of critical judgements, such as the determination of the CGU as well as estimates and assumptions used in a discounted free cash flow model to determine the CGU's recoverable value. The key judgments are the sales growth, the gross margin rate, the discount rate and the long-term growth rate. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider the annual impairment test of goodwill as a key audit matter. We focused our audit efforts on the impairment assessment of the Fagron Latin America cash generating unit. We refer to note 4 and 15 to the consolidated financial statements.	Our audit procedures include the evaluation of the design and implementation of the relevant controls over the preparation and approval of the budget and the impairment models. Supported by our valuation specialists, we challenged the key assumptions, methodologies and data used by the group in its determination of the recoverable value, for example by analysing sensitivities in the group's discounted cash flow model and benchmarking with external macroeconomic data to determine if they were reasonable and consistent with the current economic climate. Furthermore, we assessed the determination of the CGU's and the historical accuracy of management's estimates. We assessed the adequacy of the group's disclosures in the consolidated financial statements.

Responsibilities of the Board of Directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Accounting 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for 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 other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory 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 ISA 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 financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, 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 an 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 use of the going concern basis of accounting by the board of directors 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 financial statements 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 financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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, amongst 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 we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any 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 financial statements, including the sustainability information and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory Auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

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

The annual report includes the consolidated sustainability information which is the subject of our separate report on the limited assurance regarding the sustainability information. This section does not pertain to the assurance on the consolidated sustainability information included in the annual report. For this part of the annual report on the consolidated financial statements, we refer to our report on the matter.

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

Statements related to independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Single European Electronic Format (ESEF)

In accordance with the draft standard on the audit of the compliance of the financial statements with the Single European Electronic Format ("ESEF"), we have also performed the audit of the compliance of the ESEF format and of the tagging with the technical regulatory standards as defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 ("Delegated Regulation").

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

Our responsibility is to obtain sufficient and appropriate evidence to conclude that the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements as stipulated by the Delegated Regulation.

Based on our work, in our opinion, the format and the tagging of information in the the official Dutch version of the digital consolidated financial statements included in the annual financial report of Fagron NV as of 31 December 2024 are, in all material respects, prepared in accordance with the ESEF requirements as stipulated by the Delegated Regulation.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Antwerp on 5 March 2025

The Statutory Auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Ine Nuyts

Statutory financial statement

Condensed stand-alone income statement Fagron NV

(x 1,000 euros)	2024	2023
Operating income	**5,090**	**4,509**
Revenue	0	0
Other operating income	5,090	4,351
Non-recurring operating income	0	158
Operating expenses	**6,757**	**5,838**
Trade goods, raw and auxiliary materials	0	0
Services and other goods	5,953	5,063
Employee benefit expenses	791	762
Depreciation and amortization	1	1
Provisions for risks and costs	0	0
Other operating expenses	12	11
Non-recurring operating expenses	0	1
Operating result	**-1,667**	**-1,329**
Financial result	**35,672**	**14,964**
Recurring financial result	35,672	14,964
Non-recurring financial result	0	0
Profit for the financial year before taxes	**34,005**	**13,635**
Tax on the result	1	25
Net result for the financial year	**34,004**	**13,610**

Condensed stand-alone balance sheet Fagron NV

(x 1,000 euros)	2024	2023
Non-current assets	**498,573**	**498,574**
Formation expenses	0	0
Intangible fixed assets	0	0
Property, plant and equipment	1	2
Financial non-current assets	498,572	498,572
Current assets	**73,855**	**108,052**
Receivables due after one year	0	0
Inventories and orders in progress	0	0
Receivables due within one year	63,056	97,290
Investments	6,688	3,978
Cash and cash equivalents	4,043	6,657
Accrued expenses	68	127
Total assets	**572,428**	**606,626**

(x 1,000 euros)	2024	2023
Equity	**544,332**	**535,821**
Capital	503,719	503,719
Share premiums	7,335	7,335
Legal reserves	7,290	5,590
Unavailable reserves - treasury shares	6,508	3,979
Available reserves	19,480	15,198
Retained earnings	0	0
Debt	**28,096**	**70,805**
Debt due after one year	0	0
Debt due within one year	27,233	70,400
Accrued expenses	863	405
Total liabilities	**572,428**	**606,626**

Appropriation of profits Fagron NV

(x 1,000 euros)	2024	2023
Profit to be appropriated	**34,004**	**13,610**
Profit for the year to be appropriated	34,004	13,610
Profit carried forward from the previous year	0	0
Withdrawal from equity	**0**	**9,025**
From the capital and share premiums	0	0
From the reserves	0	9,025
Addition to equity	**8,511**	**680**
To the legal reserves	1,700	680
To the other reserves	6,811	0
Profit to be carried forward	**0**	**0**
Profit to be carried forward	0	0
Profit to be distributed as dividends	**25,493**	**21,955**
Dividend	25,493	21,955

Accounting policies

The valuation rules are determined in accordance with the provisions of the Royal Decree dated 29 April 2019 in implementation of the Belgian Companies Code.

Statutory financial statements of Fagron NV

As required under Article 3:17 of the Belgian Companies Code, this annual report is a condensed version of the statutory financial statements of Fagron NV. The annual report and the Statutory Auditor’s report will be filed and will also be available for inspection at the company’s registered office.

The Statutory Auditor certified the statutory financial statements of Fagron NV for the fiscal year 2024 without reservations.

Alternative performance indicators

In addition to the terms as defined in IFRS, this interim financial information also includes other terms. These “alternative performance indicators” are set out below:

Alternative performance indicators

(x 1,000 euros)	2024	2023
Operating profit (EBIT)	130,696	108,633
Depreciation and amortization	40,760	39,311
EBITDA	**171,456**	**147,944**
EBITDA	171,456	147,944
Non-recurrent result	2,531	1,010
EBITDA before non-recurrent result	**173,987**	**148,954**
Non-current financial debt	-341,520	-325,039
Non-current lease liabilities	-34,676	-32,026
Current financial debt	0	0
Current lease liabilities	-9,502	-9,678
Cash and cash equivalents	115,038	133,008
Net financial debt	**-270,660**	**-233,735**

(x 1,000 euros)	2024	2023
Inventories	136,962	113,938
Trade receivables	81,963	62,052
Trade payables	-114,276	-104,932
Operational working capital	**104,649**	**71,058**
Total cash flow from operating activities	109,893	124,633
Acquisition of tangible fixed assets	-26,233	-20,334
Acquisition of intangible fixed assets	-14,563	-18,140
Free cash flow	**69,098**	**86,160**

The non-recurring result amounted to 2.5 million euros in 2024 and consisted mainly of restructuring costs and acquisition costs. The non-recurring result amounted to 1.0 million euros in 2023 and consisted mainly of restructuring costs offset by the release of earn-outs in EMEA.

Alphabetical terminology list

In addition to the terms as defined in IFRS, this annual report also includes other terms. These “alternative performance indicators” are explained below. The IFRS terminology is in italics.

EBIT	“*Earnings Before Interests and Taxes*”. Profit (loss) from operations.
EBITDA	“*Earnings Before Interests, Taxes, Depreciations and Amortizations*”. Profit (loss) from operations plus depreciation and amortization, including write-downs on inventory and receivables.
Financial result	*Net finance costs*. Balance of financing income and financing costs.
Gross margin	Sales less purchased trade goods, raw and auxiliary materials and also adjusted for change in inventories and work in progress, as a percentage of sales.
Net financial debt	Non-current and current financial liabilities, less cash and cash equivalents (excluding financial instruments).
Net operational capex	Net capital expenditures. *Intangible and tangible fixed assets acquired and produced (excluding acquisitions), less assets sold.*
Net result	*Profit (loss) of the period*. Consolidated result.
Non-recurring items	*Non-recurring costs or revenues outside the ordinary course of business.*
Operating profit	*Profit (loss) from operations*. EBIT (“Earnings Before Interests and Taxes”).
Operational working capital	*Inventories + Trade receivables – Trade payables*
Recurrent net profit	Profit (loss) for the period adjusted for non-recurring items.
REBITDA	“*Recurring Earnings Before Interests, Taxes, Depreciations and Amortizations*”. Profit (loss) from operations plus depreciation and amortization and adjusted for all non-recurring items.

Appendix

Warning with regard to forward-looking statements

This annual report may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, containing information such as, but not limited to, communications expressing or implying beliefs, expectations, intentions, forecasts, estimates or predictions (and the assumptions on which they are based) on the part of Fagron. Forward-looking statements by definition involve risks and uncertainties. Therefore, actual future results or circumstances may differ materially from those expressed or intended in forward-looking statements. Such a difference may be caused by a range of factors (such as, but not limited to, evolving statutory and regulatory frameworks within which Fagron operates, claims in the areas of product liability, currency risk, etc.).

Any forward-looking statements in this annual report are based on information available to Fagron's management on 13 March 2024. Fagron cannot accept any obligation to publish a formal notice each time changes in said information occur or if other changes or developments occur in relation to forward-looking statements contained in this annual report.

List of Definitions

API
Active Pharmaceutical Ingredient. An ingredient in a medical product that is responsible for the efficacy of the product.

Business Partner Code of Conduct
This code describes how Fagron expects its business partners to behave.

CO_2 eq
Carbon dioxide equivalent (CO_2-eq) is a measure of how much a greenhouse gas contributes to global warming. For example, one kg of nitrous oxide (N_2O, nitrous oxide) has the same contribution to climate change as 250 kg of CO_2.

Code of Conduct & Ethics
This code describes how Fagron expects its employees to behave.

CSRD
CSRD stands for Corporate Sustainability Reporting Directive (EU/2022/2464). This EU directive requires large companies such as Fagron to disclose information about the way they deal with social, governance and environmental challenges. This helps investors, civil society organizations, consumers, policymakers, and other stakeholders assess the non-financial performance of large companies.

Dispute resolution / dispute settlement
The resolution of problems or disputes without appealing to the courts, for example through arbitration.

ELT
ELT stands for Executive Leadership Team.

EMEA
EMEA stands for Europe, the Middle East and Africa.

Emergency plan
An emergency response plan is a guideline that establishes how a facility should handle an emergency, such as an outbreak of fire. The plan primarily describes who has which tasks, responsibilities, and authority and how these relate to laws and regulations.

ESG
ESG stands for Environmental, Social and Governance.

ESRS
European Sustainability Reporting Standards are the reporting standards that specify what large companies must report according to the CSRD.

FSS
FSS stands for Fagron Sterile Services.

GDP
Good Distribution Practice are the standards with which Fagron must comply to ensure that the quality and integrity of medicine is maintained throughout the supply chain.

GMP
Good Manufacturing Practices are the standards with which Fagron must comply to ensure that when medicine is used correctly, the quality is safe for patients to use. GMP is intended to minimize the risks for the patient.

Greenhouse gas emission scopes
Greenhouse gas emissions can be divided in three scopes:
1. Scope 1 emissions: direct emission from owned and controlled sources
2. Scope 2 emissions: indirect emissions from purchased or acquired energy
3. Scope 3 emissions: all indirect emissions (not included in scope 2) that occur in a reporting company's value chain, including both upstream and downstream emissions

List of Definitions

Greenhouse Gas Intensity
Greenhouse gas intensity stands for the total greenhouse gas emissions in CO_2-eq divided by a unit of production or revenue. Fagron calculates its greenhouse gas intensity based on million euro revenue.

Greenhouse gases
Greenhouse gases are gases in the earth's atmosphere that can absorb heat. With that, they contribute to the retention of heat in the atmosphere and increase the earth's temperature. Examples of greenhouse gases are carbon dioxide (CO_2) and methane (CH_4).

KPI
KPI stands for Key Performance Indicator. It is an indicator that provides insight in the performance over time for a specific objective.

Location-based scope 2 greenhouse gas emissions
Scope 2 greenhouse gas emissions calculated by using the average emissions intensity of the grid where the energy consumption occurs. For example, to calculate the location-based scope 2 greenhouse gas emissions of the electricity consumed in one of Fagron's facilities in the Netherlands, one uses the average carbon footprint of electricity purchased from the Dutch grid.

Market-based scope 2 greenhouse gas emissions
Scope 2 greenhouse gas emissions calculated by using the emissions intensity of the contract through which the energy is purchased. For example, to calculate the market-based scope 2 greenhouse gas emissions of the electricity consumed in one of Fagron's facilities in the Netherlands, one uses the average carbon footprint of electricity purchased a shown on the electricity bill.

Materiality assessment/double materiality assessment
(Double) Materiality assessment means the exercise to identify and determine potential ESG topics that could affect a business and/or stakeholders. A topic can be material from either a financial perspective (financial materiality) or an impact perspective (impact materiality). An ESG topic meets the criteria of double materiality within the meaning of the CSRD if it is material from the financial impact perspective or the impact perspective, or both.

MWh
Megawatt hour (MWh) is a unit of energy and equals one million watt-hours (Wh) or 1,000 kilowatt-hours (kWh).

UDHR
The Universal Declaration of Human Rights is a declaration adopted by the United Nations, describing human rights for every human being.

ESRS Index

All references refer to the Sustainability Statement, unless specified otherwise.

General Information

ESRS 2 - General disclosures

Disclosure	Paragraph	Location in Annual Report/Disclosure
BP-1	5a-c	General basis for preparation. More details reported per material topic.
BP-1	5d/e	Not applicable.
BP-2	9	No deviations from time horizon definitions.
BP-2	10-13	General basis for preparation
BP-2	14	General basis for preparation. More details reported per material topic.
BP-2	15	The only sustainability framework applied is the ESRS/CSRD.
BP-2	16	General basis for preparation
BP-2	17	Not applicable, Fagron has more than 750 employees.
GOV-1	21	Corporate Governance Statement – Composition of the Board of Directors Corporate Governance Statement – Diversity in the Board of Directors
GOV-1	22	Sustainability management
GOV-1	23	Corporate Governance Statement – Expertise and skills of the Board of Directors
GOV-2	26a/b	Sustainability management. See for more information on the general activities of the board of directors including consideration of sustainability topics in major transactions and risk management process: Corporate Governance Statement – Activities of the Board of Directors in 2024
GOV-2	26c	Corporate Governance Statement – Activities of the Board of Directors in 2024

Disclosure	Paragraph	Location in Annual Report/Disclosure
GOV-3	29	Corporate Governance Statement – Remuneration report and policy
GOV-4	32	This ESRS Index.
GOV-5	36	Internal controls over sustainability reporting: General basis for preparation. Risk management: Risk management
SBM-1	40a	i./ii. About Fagron - Our business model and value chain iii. Stakeholder group: Our people – Introduction iv. Not material.
SBM-1	40b/c	Fagron will publish this information once ESRS sector descriptions become available.
SBM-1	40d	Fagron is not active in the fossil fuel sector, chemicals production, controversial weapons or the cultivation and production of tobacco.
SBM-1	40e	All sustainability related goals are described in the chapter on Sustainability Performance or our Sustainability Statement. These do not pertain to specific customer categories or geographical areas. Targets related to our Fagron Brands segment can be found under Sustainability Performance – Future forward: Compounding, and per stakeholder group in our Sustainability Statement.
SBM-1	40f	See About Fagron – Our business model and value chain for our segments (products/services) and customer groups. All of these are relevant for our sustainability-related goals since they relate to access to medicine.
SBM-1	40g	Our strategy and long-term value creation are closely interlinked see About Fagron – Our strategy and About Fagron – Creating long-term value. There are no main challenged, critical solutions or projects to put in place that are specifically relevant for sustainability reporting.

ESRS Index

Disclosure	Paragraph	Location in Annual Report/Disclosure
SBM-1	41	Not applicable.
SBM-1	42a/b	About Fagron – Creating long-term value
SBM-1	42c	About Fagron – Our business model and value chain
SBM-2	45a	Stakeholder engagement
SBM-2	45b-d	Materiality assessment –Assessing impact materiality.
SBM-3	48a	Materiality assessment – Material topics
SBM-3	48b	We do not structurally assess the current and anticipated impact of the material topics on our business model, value chain, strategy and decision-making. We do regularly assess our sustainability strategy and action plans related to material topics to ensure that we minimize (potential) negative material impacts and risks. See Sustainability management.
SBM-3	48c	Reported per material topic.
SBM-3	48d-e	We do not have an integral picture of the current and expected financial effects of the material topics at this time, except for climate change see Climate change.
SBM-3	48f	We believe that our strategy and business model are resilient in terms of capacity to address our material impacts and risks. However, this was not assessed in detail, except for climate change see Climate change.
SBM-3	48g/h	Materiality assessment – Material topics
IRO-1	53a/d/h/g	Materiality assessment
IRO-1	53b	Materiality assessment – Assessing impact materiality Fagron is not aware that any specific activities, business relationships or geographies give rise to heightened risk of adverse impact higher than the risk of adverse impact as shown in our materiality matrix.
IRO-1	53c	i Connections of impacts and dependencies with risk and opportunities have been considered in the materiality assessment, and the outcome of the considerations are reflected in the materiality matrix. ii/iii Materiality assessment - Assessing financial materiality.
IRO-1	53d	Materiality assessment - Introduction
IRO-1	53e	Materiality assessment - Assessing financial materiality.
IRO-1	53f	Not specifically integrated into the overall management process.
IRO-2	56	This ESRS Index.
IRO-2	57	Not applicable.
IRO-2	58	Disclosure not mandatory.
IRO-2	59	Materiality assessment
MDR-P	All	Disclosed per material topic.
MDR-A	All	Disclosed per material topic.
MDR-M	All	Disclosed per material topic.
MDR-T	All	Disclosed per material topic.

ESRS Index

Environmental Information

Topic	Actual or potential impact	Scope of potential impact	Time horizon of potential impact
Climage change	Greenhouse gas emissions negatively impact health and safety of people worldwide.	Fagron, upstream and downstream value chain	Short, medium, and long-term
Chemical use & pollution	Pollutants released into the environment may negatively impact human health or the environment.	Fagron, upstream and downstream value chain	Short, medium, and long-term
Energy use	Energy use contributes to climate change.	Fagron, upstream and downstream value chain	Short, medium, and long-term
Waste	Waste management contributes to climate change and may contribute to pollution.	Fagron, upstream and downstream value chain	Short, medium, and long-term

ESRS E1 - Climate change

Disclosure	Paragraph	Location in Annual Report/Disclosure
GOV-3	13	Corporate Governance Statement – Remuneration report and policy
E1-1	16a	Climate change – Policies and targets
E1-1	16b	Climate change – Actions
E1-1	16c/h/i	Climate change – Actions
E1-1	16d	Climate change – Policies and targets
E1-1	16e	Fagron does not have any objectives or plans to align our economic activities with the criteria established under Commission Delegated Regulation 2021/2139.
E1-1	16f	Fagron does not conduct economic activities related to coal, oil and gas.
E1-1	16g	Fagron is not active in one of the industries that will be excluded from Paris-aligned Benchmarks.
E1-1	16j	Climate change – Actions Climate change – Performance
SBM-3 E1	18-19	Climate change – Policies and targets
IRO-1	20a	Materiality assessment – Assessing impact materiality
IRO-1	20b/c, 21	Climate change – Policies and targets
E1-2 MDR-P	24	65a. Climate change – Policies and targets, except for the process for monitoring which is described in Sustainability Management 65b/d/f. Climate change – Policies and targets 65c. Sustainability Management 65e. Not relevant.
E1-2	25	Climate change – Policies and targets
E1-3 MDR-A	28/29	Climate change - Actions
E1-4 MDR-T	32	80a-g. Climate change – Policies and targets 80h. Fagron's sustainability strategy 80i. No changes in targets since 2023 annual report. Changes in calculation and results see Climate change – Performance 80j. Climate change – Performance
E1-4	33/34a-e	Climate change – Policies and targets
E1-4	34c AR25a-b	Climate change – Performance
E1-4	34f	Climate change - Actions Concerning AR30b, we will not need to make use of technologies that are still under development. Concerning AR30c, Fagron has not considered climate scenarios to determine to detect relevant developments and decarbonization levers. Our targets and actions are aligned with the 1.5 °C target, and we believe that conducting an additional analysis is therefore not necessary.
E1-5	37-38	Energy use - Performance
E1-5	39	Fagron does not produce non-renewable energy.
E1-5	40-43	Energy use - Performance
E1-6	All (Except AR46g)	Climate change – Performance
E1-6	AR46g	When using the definition that primary data means data in terms of greenhouse gas emissions in metric tons CO_2-eq, then 0% of our Scope 3 is calculated using primary data.
E1-7	All	Fagron does not engage in carbon capture and/or storage and does not use carbon credits.
E1-8	All	Fagron does not apply internal greenhouse gas or carbon pricing.
E1-9	All	Will be reported in annual report 2025.

ESRS Index

ESRS E2 - Pollution

Disclosure	Paragraph	Location in Annual Report/Disclosure
IRO-1	11a	Own site locations – Materiality assessment - Assessing impact materiality. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	11b	No direct consultation has been conducted with affected communities, but interests have been assessed based on literature. See, Materiality assessment - Assess impact materiality and Stakeholder engagement.
E2-1 MDR-P	14	For pollution see: Chemical use & pollution - Policies, targets, and actions. For chemical use: No policy related to chemical use.
E2-1	15	Chemical use & pollution - Policies, targets, and actions.
E2-2 MDR-A	18	For pollution see: Chemical use & pollution - Policies, targets, and actions. For chemical use: No policy related to chemical use.
E2-2	19	Disclosure not mandatory.
E2-3 MDR-T	22	For pollution see: Chemical use & pollution - Policies, targets, and actions. For chemical use: No policy related to chemical use.
E2-3	23	Chemical use & pollution - Policies, targets, and actions.
E2-3	24	Disclosure not mandatory.
E2-4	25	Chemical use & pollution - Policies, targets, and actions.
E2-4	28a	Chemical use & pollution - Performance.
E2-4	28b	Not material for Fagron.
E2-4	29-31	Chemical use & pollution - Performance.
E2-5	34-35	Chemical use & pollution - Performance.
E2-6	39, 40a/c, 41	Will be reported in annual report 2025.
E2-6	40b	No operating and capital expenditures were incurred in the reporting period in conjunction with major incidents and deposits.

ESRS E3 – Water and marine resources

Disclosure	Paragraph	Location in Annual Report/Disclosure
IRO-1	8a	Own site locations – Materiality assessment - Assessing impact materiality. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	8b	No consultations have been conducted with affected communities, but interests have been assessed based on literature. See, Materiality assessment - Assess impact materiality and Stakeholder engagement.
Other	9-33	Not material for Fagron.

ESRS E4 – Biodiversity and ecosystems

Disclosure	Paragraph	Location in Annual Report/Disclosure
IRO-1	16a	No material sites identified in own operations.
IRO-1	16b-c	No negative impacts identified in terms of land degradation, desertification, soil sealing and threatened species in the own operations. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	17a	Own site locations – Materiality assessment - Assessing impact materiality. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	17b	Own site locations – no dependencies on biodiversity and ecosystems. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	17c-d	Have not been assessed because they relate to the supply chain. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	17e	No consultations have been conducted with affected communities, but interests have been assessed based on literature. See, Materiality assessment - Assess impact materiality and Stakeholder engagement.
IRO-1	18	Disclosure not mandatory.
IRO-1 E4	19	Fagron does not have sites located in biodiversity-sensitive areas, based on the assessment framework described in Materiality assessment - Assessing impact materiality. There were a number of facilities within one kilometre of a biodiversity sensitive area, with approximately 26 000 m² land cover, we do not believe this negatively affects these areas. It is therefore not necessary to implement biodiversity mitigation measures.

ESRS Index

Disclosure	Paragraph	Location in Annual Report/Disclosure
Other	20-45	Not material for Fagron.

ESRS E5 – Resource use and circular economy

Disclosure	Paragraph	Location in Annual Report/Disclosure
IRO-1	11a	Own site locations – Materiality assessment - Assessing impact materiality. Impacts in the value chain have not been assessed see Materiality assessment - Assessing impact materiality.
IRO-1	11b	No consultations have been conducted with affected communities, but interests have been assessed based on literature. See, Materiality assessment - Assess impact materiality and Stakeholder engagement.
E5-1 MDR-P	14	65a. Waste – Policies and targets except for the process for monitoring which is described in Sustainability management 65b. Waste – Policies and targets 65c. Sustainability management 65d-f. Not relevant 65f. The communication on the new Sustainable Strategy (including waste) on waste to relevant stakeholders who will be responsible for the implementation of strategy is still under development.
E5-1	15	These topics are not material for Fagron.
E5-1	16	Waste – Policies and targets
E5-2 MDR-A	19	Waste – Actions
E5-2	20	Disclosure not mandatory.
E5-3 MDR-T	23	80a-c/e. Waste – Policies and targets 80d. There is no baseline value because our targets do not include a reduction compared to a base-year. 80f-g. No specific methodologies, assumptions and scientific evidence used to define targets. 80h. Fagron's sustainability strategy 80i. Targets: Waste – Policies and targets, Waste – Performance 80j. Waste – Performance
E5-3	24	Targets relate to waste management.
E5-3	25	Waste – Policies and targets
E5-3	26	Disclosure not mandatory.
E5-3	27	Waste – Policies and targets

Disclosure	Paragraph	Location in Annual Report/Disclosure
E5-4	All	Not material for Fagron.
E5-5	35-36	Not material for Fagron.
E5-5	37-40	Waste – Performance
E5-6	All	Will be reported in annual report 2025.

ESRS Index

Social Information

Scocial information: Our people

Topic	Actual or potential impact	Scope of potential impact	Time horizon of potential impact
Compensation & benefits	Insufficient wages may, in individual cases negatively impact employees.	Fagron	Short, medium, and long-term
Diversity & inclusion	A non-inclusive environment may, in individual cases, negatively impact Our people if an individual does not feel like they can build healthy relationships at work.	Fagron	Short, medium, and long-term
Health & safety	A health and safety incident may, in individual cases, negatively impact Our people in terms of temporary or permanent health damage.	Fagron	Short, medium, and long-term
Human rights & labor rights	A human rights and labor rights infringement may, in individual cases, negatively impact Our people in terms of for example discrimination.	Fagron	Short, medium, and long-term
Remuneration of executives	(In)equitable balance between employee and executive pay may contribute to employee engagement.	Fagron	Short, medium, and long-term
Training & development	Not offering training and development opportunities may, in individual cases, negatively impact employees if an individual does not feel like they can develop themself.	Fagron	Short, medium, and long-term
Working hours	Unreasonable working hours may, in individual cases, negatively impact Our people if an individual does not feel like they can build healthy relationships at work.	Fagron	Short, medium, and long-term

Social information: Value chain workers

Topic	Actual or potential impact	Scope of potential impact	Time horizon of potential impact
Health & safety	A health and safety incident may, in individual cases, negatively impact value chain workers in terms of temporary or permanent health damage.	Upstream and downstream value chain	Short, medium, and long-term
Human rights & labor rights	A human rights and labor rights infringement may, in individual cases, negatively impact value chain workers in terms of for example discrimination.	Upstream and downstream value chain	Short, medium, and long-term

Social information: End-users

Topic	Actual or potential impact	Scope of potential impact	Time horizon of potential impact
Access to healthcare	Positive impact on health of end-users.	Downstream value chain	Short, medium, and long-term
Privacy of end-users	Unwanted exposure of patient data may negatively impact end-users in terms of physical safety for example when patient data can be linked to sexual orientation in countries where homosexuality is not accepted.	Downstream value chain	Short, medium, and long-term
Product quality	Failure to meet product quality and safety standards may lead to severe side-effects for end-users.	Downstream value chain	Short, medium, and long-term

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ESRS S1 - Own Workforce

Disclosure	Paragraph	Location in Annual Report/Disclosure
SBM-2	12	Stakeholder engagement
SBM-3	13	We did not specifically analyze if our actual and potential impacts and risk related to our workforce are directly related to our strategy and business model. We do not structurally assess the current and anticipated impact of the material topics on our strategy and business model. We do regularly assess our sustainability strategy and action plans related to material topics to ensure that we minimize (potential) negative material impacts and risks. See Sustainability management.
SBM-3	14a-b	Reported per material topics related to our workforce.
SBM-3	14c	Not applicable.
SBM-3	14d	Materiality assessment - Assessing financial materiality.
SBM-3	14e	Fagron's climate transition plan does not entail changes to our strategy.
SBM-3	14f-g	Human rights & labor rights (Our people) - Performance
SBM-3	15-16	We are not aware any specific groups of people in our own workforce being at greater risk of harm or material risks and opportunities arising from impacts and dependencies having an impact on a specific group of people in our own workforce.
S1-1	19	Compensation & benefits – Policies and targets Diversity & inclusion – Policies and targets Employee engagement – Policies, targets, and actions Health & safety – Policies and targets Human rights & labor rights (Our people) – Policies and targets Training & development – Policies and targets Working hours - Policies and targets
S1-1 MDR-P	19	65a. Compensation & benefits – Policies and targets, Diversity & inclusion – Policies and targets, Employee engagement – Policies, targets, and actions, Health & safety – Policies and targets, Human rights & labor rights (Our people) – Policies and targets, Training & development – Policies and targets, Working hours - Policies and targets except for the process for monitoring which is described in Sustainability management. 65b. Compensation & benefits – Policies and targets, Diversity & inclusion – Policies and targets, Employee engagement – Policies, targets, and actions, Health & safety – Policies and targets, Human rights & labor rights (Our people) – Policies and targets, Training & development – Policies and targets, Working hours - Policies and targets 65c. Sustainability management 65d. Human rights & labor rights (Our people) – Policies and targets, not relevant for other material topics. 65e. Not relevant 65f. Compensation & benefits – Policies and targets, Human rights & labor rights (Our people) - Actions, Working hours - Policies and targets. For other material topics no separate policy other than the Sustainability Strategy. A communication strategy for the new sustainability strategy, both internally and externally, is under development.
S1-1	20	Policy commitments: Human rights & labor rights (Our people) – Policies and targets Process and mechanism: We do not currently have structured process and mechanism in place to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. We believe the policies and actions described in Human rights & labor rights protect the human rights and labor rights of Our people.
S1-1	20a	Human rights & labor rights (Our people) – Policies and targets
S1-1	20b	Stakeholder engagement
S1-1	20c	Human rights & labor rights (Our people) – Actions
S1-1	21	We believe that the policies related to Our people are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. More information on the three pillars for UN Guiding Principles and Fagron's approach can be found for Protect and Respect (Our commitments) under Human rights & labor rights (Our people) – Policies and targets and for Remedy see Sustainability statement – Grievance mechanism.
S1-1	22	Human rights & labor rights (Our people) – Policies and targets
S1-1	23	Health & safety – Policies and targets

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Disclosure	Paragraph	Location in Annual Report/Disclosure
S1-1	24a/b	Discrimination and harassment: Human rights & labor rights (Our people) – Policies and targets Diversity & inclusion: Diversity & Inclusion – Actions
S1-1	24c/d	Not applicable
S1-2	27a-b, e	Stakeholder engagement
S1-2	27c	Sustainability management
S1-2	27d/28	Not applicable
S1-3	32a	No general approach and process in place, except for those described under Grievance mechanism
S1-3	32b-e, 33	Sustainability statement – Grievance mechanism
S1-4 and S1-4 MDR-A	37, 38a-c, 40a, 42	Compensation & benefits – Actions and performance Diversity & inclusion – Actions Employee engagement – Policies, targets, and actions Health & safety – Actions and performance Human rights & labor rights (Our people) –Actions Training & development – Actions and performance Working hours – Actions and performance
S1-4	38d/39	Sustainability management
S1-4	40b	No material opportunities.
S1-4 and S1-4 MDR-A	43, 69	No earmarked financial resources are allocated to the management of material impacts related to Our people, they are part of the normal day-to-day business.
S1-5 MDR-T	46	80a/b/c/e/f/i. Compensation & benefits – Policies and targets, Diversity & inclusion – Policies and targets, Employee engagement – Policies, targets, and actions, Health & safety – Policies and targets, Training & development – Policies and targets, Working hours – Policies and targets 80d. There is no baseline value because our targets do not include a reduction increase compared to a base-year. 80g. Not applicable, not related to environmental matters. 80h. Fagron's sustainability strategy 80j. Compensation & benefits – Actions and performance, Diversity & inclusion – Performance, Employee engagement – Performance, Health & safety – Actions and performance, Training & development – Actions and performance, Working hours – Actions and performance
S1-5	47a	Fagron's sustainability strategy
S1-5	47b	Engagement of employees is vital to achieve some of the targets (such as employee engagement) but we do not engage with people in our own workforce to understand the progress made on targets.
S1-5	47c	Sustainability management
S1-6	50a/d/f	Headcount and breakdown by country: Stakeholder group: Our people – Introduction Breakdown by gender: Diversity & inclusion - Performance
S1-6	50b-d	Stakeholder group: Our people – Introduction
S1-6	51-52	Disclosure not mandatory.
S1-7	55	Stakeholder group: Our people – Introduction
S1-7	56	Disclosure not mandatory.
S1-8	60/63	Human rights & labor rights – Performance
S1-8	61-62	Disclosure not mandatory.
S1-9	66	Diversity & Inclusion - Performance
S1-10	69-70	Compensation & benefits - Actions and performance
S1-10	71	Disclosure not mandatory.
S1-11	74-75	Will be reported in annual report 2025.
S1-11	76	Disclosure not mandatory.
S1-12	All	Not material for Fagron.
S1-13	83a	Training & development – Actions and performance
S1-13	83b	Will be reported in annual report 2025.
S1-13	84-85	Disclosure not mandatory.
S1-14	88a	Health & safety – Policies and targets
S1-14	88b	Fatalities own workforce due to work-related injuries: Health & safety – Actions and performance. Fatalities value chain workers on Fagron sites and fatalities due to work-related ill-health will be reported in annual report 2025.
S1-14	88c	For employees: Health & safety – Actions and performance Non-employees will be reported in annual report 2025.
S1-14	88d/e	Will be reported in annual report 2025.
S1-14	89-90	Disclosure not mandatory.
S1-15	93a/94	Will be reported in annual report 2025.
S1-15	93b	Not material for Fagron.
S1-16	97a/c	Diversity & inclusion - Performance

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Disclosure	Paragraph	Location in Annual Report/Disclosure
S1-16	97b/c	Remuneration of executives - Performance
S1-16	98/99	Disclosure not mandatory.
S1-17	103a/d	Human rights & labor rights (Our people) – Performance
S1-17	103b/d	Fagron Integrity Line: Grievance mechanism - Actions and performance OECD: No complaints filed with any of the National Contact Points for OECD Multinational Enterprises in 2024.
S1-17	103c	Discrimination and harassment: Human rights & labor rights (Our people) – Performance Other: Grievance mechanism - Actions and performance
S1-17	104	Human rights & labor rights (Our people) – Performance

ESRS S2 – Workers in the value chain

Disclosure	Paragraph	Location in Annual Report/Disclosure
SBM-2	9	Stakeholder engagement
SBM-3	10	We did not specifically analyze if our actual and potential impacts and risk related to value chain workers are directly related to our strategy and business model. We do not structurally assess the current and anticipated impact of the material topics on our strategy and business model. We do regularly assess our sustainability strategy and action plans related to material topics to ensure that we minimize (potential) negative material impacts and risks. See Sustainability management.
SBM-3	11a	Stakeholder group: Value chain workers – Introduction
SBM-3	11b-c	Human rights & labor rights (Value chain workers) - Targets, actions, and performance No insight into geographies or commodities for which there is a significant risk of child labor or forced or compulsory labour nor into the occurence of material negative impacts. We are in the process of developing a standardized risk assessment to gain a better understanding.
SBM-3	11d	Not applicable
SBM-3	11e	We are not aware of any material risks and opportunities arising from impacts and dependencies on value chain workers other than those refered to in Risk management under "Supply chain risk".
SBM-3	12-13	We are not aware any specific groups of value chain workers being at greater risk of harm or material risks and opportunities arising from impacts and dependencies having an impact on a specific group of value chain workers. A more detailed insight will obtained once we have developed our Future Forward: Responsible supply chain plan.
S2-1	16	Human rights & labor rights (Value chain workers) – Policies Health & safety (Value chain workers)
S2-1 MDR-P	16	65a. Sustainability Statement – Human rights & labor rights (Value chain workers) – Policies except for the process for monitoring which is described except for the process for monitoring which is described in Sustainability management 65b/d/f. Human rights & labor rights (Value chain workers) – Policies 65c. Sustainability management 65e. Not relevant
S2-1	17	Policy commitments: Human rights & labor rights (Value chain workers) – Policies Processes and mechanism to monitor compliance with UN Guiding principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises: We do not currently have structured process and mechanism in place to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. We are actively working on due diligence for the supply chain as described in Human rights & labor rights (Value chain workers)
S2-1	17a	Human rights & labor rights (Value chain workers) – Policies
S2-1	17b	Stakeholder engagement
S2-1	17c	Fagron does not currently have any measures in place to provide or enable remedy for human rights impacts of value chain workers, because it is not aware of any human rights infringements.
S2-1	18	Human rights & labor rights (Value chain workers) – Policies
S2-1	19	We believe that the policies related to value chain workers are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. More information on the three pillars for UN Guiding Principles and Fagron's approach can be found for Protect and Respect (Our commitments) under Human rights & labor rights (value chain workers) – Policies. Currently no structured approach to remedy, this is under development as correction plan as part of the Future Forward: Responsible supply chain plan. Reports of non-respect of human rights and labor rights: Human rights & labor rights (Value chain workers) – Targets, actions, and performance
S2-2	22-24	Stakeholder group: Value chain workers – Introduction
S2-3	27-29	Stakeholder group: Value chain workers – Introduction

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Disclosure	Paragraph	Location in Annual Report/Disclosure
S2-4 MDR-A	31, 69	No earmarked financial resources are allocated to the management of material impacts related to Value chain workers, they are part of the normal day-to-day business.
S2-4	32	Human rights & labor rights (Value chain workers) – Targets, actions, and performance. Effectiveness of actions in reducing negative impacts on value chain workers is not tracked or assessed at the moment. More actions will developed after we have developed our Future Forward: Responsible Supply chain plan.
S2-4	33a	Fagron does not currently have any processes in place to identify actions needed.
S2-4	33b	Human rights & labor rights (Value chain workers) – Targets, actions, and performance
S2-4	33c	Fagron does not currently have any measures in place to provide or enable remedy in the event of material negative impacts.
S2-4	34a	Human rights & labor rights (Value chain workers) – Targets, actions, and performance. No tracking of effectiveness of our current actions. This will be included in the audit and monitoring plan that is under development.
S2-4	34b	No opportunities identified.
S2-4	35/36	Human rights & labor rights (Value chain workers) – Targets, actions, and performance. Currently no assessment of whether or not we ensure that our practices cause or contribute to material negative impacts on value chain workers.
S2-4	37	See S2-5 MDR-T.
S2-4	38	No earmarked financial resources are allocated to the management of material impacts related to value chain workers, with the exception of the membership fee to the PSCI.
S2-5 MDR-T	41	80a/b/c/e/f/j. Human rights & labor rights (Value chain workers) – Targets, actions, and performance 80d. There is no baseline value because our targets do not include a reduction compared to a base-year. 80g. Not applicable, not related to environmental matters. 80h. Fagron's sustainability strategy 80i. No changes compared to previous reporting period in targets and corresponding metrics.
S2-5	42	Sustainability management
S2-5	42a	Fagron's sustainability strategy
S2-5	42b	Fagron does not engage directly with value chain workers, legitimate representatives or credible proxies to track the performance against the targets as described in Human rights & labor rights (Value chain workers) – Targets, actions, and performance
S2-5	42c	Sustainability management

ESRS S3 - Affected communities

Disclosure	Paragraph	Location in Annual Report/Disclosure
SBM-2 S3	7	Stakeholder engagement
SBM-3 S3	8-11	Not applicable, because affected communities are not a key stakeholder for Fagron.
Other		Not material for Fagron.

ESRS S4 - Consumers and end-users

This table covers all material topics covered by ESRS S4 as well as the entity-specific topic “Access to healthcare”.

Disclosure	Paragraph	Location in Annual Report/Disclosure
SBM-2 S4	8	Stakeholder engagement
SBM-2 S4	9	We did not specifically analyze if our actual and potential impacts and risk related to consumers and end-users are directly related to our strategy and business model. We do not structurally assess the current and anticipated impact of the material topics on our strategy and business model. We do regularly assess our sustainability strategy and action plans related to material topics to ensure that we minimize (potential) negative material impacts and risks. See Sustainability management.
SBM-3 S4	10a-c	Reported per material topic related to end-users.
SBM-3 S4	10d	We are not aware of any material risks and opportunities arising from impacts and dependencies on end-users other than those refered to in Risk management under "changing customer demands".

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Disclosure	Paragraph	Location in Annual Report/Disclosure
SBM-3 S4	11-12	We are not aware any specific groups of end-users being at greater risk of harm or material risks and opportunities arising from impacts and dependencies having an impact on a specific group of end-users.
S4-1	15	Stakeholder group: End-users - Introduction
S4-1 MDR-P	15	65a. Access to healthcare - Policies, targets and actions, Privacy of end-users - policies and targets, Product quality & safety - Policies and targets except for the process for monitoring which is described except for the process for monitoring which is described in Sustainability management 65b. Access to healthcare - Policies, targets and actions, Privacy of end-users - policies and targets, Product quality & safety - Policies and targets. 65c. Sustainability management 65d/e. Not relevant 65f. For access to healthcare no separate policy other than the Sustainability Strategy. A communication strategy for the new sustainability strategy, both internally and externally, is under development. Privacy of end-users - policies and targets, Product quality & safety - Policies and targets
S4-1	16a, c	Stakeholder group: End-users - Introduction
S4-1	16b	Stakeholder engagement
S4-1	17	We believe that the policies related to end-users are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. More information on the three pillars for UN Guiding Principles and Fagron's approach can be found for Protect and Respect (Our commitments) under End-users – Introduction and for Remedy see End-users – Channels to raise concerns.
S4-2	20	Stakeholder engagement
S4-2	21/22	Not applicable.
S4-3	25	Stakeholder group: End-users - Introduction
S4-3	25c	Fagron does not support or require such channels by its business relationships. When it concerns medical products their are strict guidelines on the reporting of side effects, we trust that our clients inform end-users of available channels.
S4-3	26-27	Fagron does not currently assess if end-users are aware of and trust the channels to raise concern.
S4-4 MDR-A	30	Privacy of end-users - Actions and performance Product quality & safety
S4-4 MDR-A	30, 69	No earmarked financial resources are allocated to the management of material impacts related to end-users, they are part of the normal day-to-day business.
S4-4	31	Privacy of end-users - Actions and performance Product quality & safety
S4-4	32a	Fagron does not currently have any processes in place to identify actions needed, with the exception of Product quality & safety see Product quality & safety - Policies and targets.
S4-4	33b	Privacy of end-users - Actions and performance Product quality & safety
S4-4	33c	Fagron does not currently have any measures in place to provide or enable remedy in the event of material negative impacts, with the exception of Product quality & safety see Product quality & safety - Policies and targets.
S4-4	33	Access to healthcare - Policies, targets, and actions Privacy of end-users - Actions and performance Product quality & safety - Actions.
S4-4	34	We are not aware that our practices cause or contribute to material negative impacts on end-users other than those described under Privacy of end-users - Actions and performance and Product quality & safety - Actions.
S4-4	35	Stakeholder group: End-users - Introduction
S4-4	36	Access to healthcare - Performance.
S4-4	37	No earmarked financial resources are allocated to the management of material impacts related to end-users, other than what is included in the day-to-day business.
S4-5	40 MDR-T	80a/b/c/e/f. Access to healthcare - Policies, targets, and actions 80d. There is no baseline value because our targets do not include a reduction compared to a base-year. 80g. Not applicable, not related to environmental matters. 80h. Fagron's sustainability strategy 80i. No changes compared to previous reporting period in targets and corresponding metrics, with the exception for reporting revenue from Fagron Brands see Access to healthcare - Performance. 80j. Access to healthcare - Performance.
S4-5	41a	Fagron's sustainability strategy
S4-5	41b	Fagron does not engage directly with end-users, legitimate representatives or credible proxies to track the performance against targets.
S4-5	41c	Sustainability management

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Governance Information

Topic	Actual or potential impact	Scope of potential impact	Time horizon of potential impact
Compliance	Potential impact is linked to the type of laws or legislation, such as those related to product quality and safety or occupational health and safety.	Fagron, upstream and downstream value chain	Short, medium, and long-term
Corruption & bribery	Corruption and bribery may negatively impact end-users when it leads to unfair pricing of pharmaceutical products.	Fagron, upstream and downstream value chain	Short, medium, and long-term
Grievance mechanism	No potential impact, a well-functioning grievance mechanism plays an essential part in preventing potential impacts from occurring related to rules and regulations as well as topics included in our Code of Conduct & Ethics.	Fagron	Short, medium, and long-term

ESRS G1 - Business conduct

Disclosure	Paragraph	Location in Annual Report/Disclosure
GOV-1 G1	5a	Compliance – Policies, targets, and actions
GOV-1 G1	5b	Corporate Governance Statement - Expertise and skills of the Board of Directors
IRO-1 G1	6	Materiality assessment
G1-1	9	Compliance – Policies, targets, and actions
G1-1	10a	Grievance mechanism
G1-1	10b	The United Nations Convention against Corruption applies to nation states not to companies. Fagron believes that the policies it has adopted concerning corruption and bribery follow the spirit of the United Nations Convention against Corruption.
G1-1	10c	i. Channels: Grievance mechanism – Policies and targets Training: Grievance mechanism – Actions and performance ii. Grievance mechanism – Policies and targets
G1-1	10d	Not applicable, Fagron has policies in place in relation to the protection of whistleblowers.
G1-1	10e	Grievance mechanism – Policies and targets
G1-1	10f	Not material for Fagron.
G1-1	10g	Compliance – Performance
G1-1	10h	Corruption & bribery - Actions
G1-1	11	Grievance mechanism – Policies and targets
G1-2	14	Not material for Fagron.
G1-2	15a	Human rights & labor rights (Value chain workers) – Policies
	15b	Fagron does not currently take into consideration any social and environmental criteria in supplier selection, other than those included in the supplier qualification process as described in Product quality & safety – Policies and targets.
G1-3	18a	Corruption and bribery – Policies and targets
G1-3	18b/c	Internal audit procedure: Corruption & bribery - Policies and targets Grievance mechanism: Grievance mechanism – Policies and targets
G1-3	19	Fagron has procedures in place concerning corruption and bribery.
G1-3	20	Code of Conduct & Ethics: Compliance - Policies, targets, and actions Grievance mechanism: Grievance mechanism – Policies and targets, Actions and performance
G1-3	21	Corruption and bribery - Actions
G1-4	24	Corruption and bribery - Performance
G1-4	25	Disclosure not mandatory.
G1-5	All	Not material for Fagron.
G1-6	All	Not material for Fagron.

Statement on sustainability due diligence

The OECD Guidelines for Multinational Enterprises give guidance to multinationals on due diligence, i.e. processes to identify, prevent and mitigate actual and potential negative impacts on people and environment. This includes actual or potential negative impacts due to a company's operation or in the upstream or downstream value chain. Fagron is committed to reduce its negative impact on people and the environment and to increase its positive impact. Fagron does not have a formalized due diligence process in relation to ESG topics, but the activities as described in this annual report are linked with the core elements of due diligence.

Core elements of due diligence	Part of annual report
Embedding due diligence in governance, strategy, and business model	About Fagron and Sustainability management
Engaging with affected stakeholders	Stakeholder engagement
Identifying and assessing adverse impacts	Materiality assessment
Taking actions to address adverse impacts	“Actions” as reported for each material topic
Tracking effectiveness of actions	“Performance” as reported for each material topic

EU Taxonomy

The European Taxonomy Regulation (Sustainable Finance Taxonomy – Regulation (EU) 2020/852) stipulates that a large number of companies, including Fagron, must publish information whether their economic activities can be classified as "environmentally sustainable". Three indicators must be reported upon: revenue, capital expenditures and operational expenditures that contribute to the "environmentally sustainable" economic activities.

Taxonomy eligible and aligned revenue

Fagron has screened its activities for the activities defined in the European Taxonomy Regulation (and its delegated acts) as "environmentally sustainable". Screening occurred both on NACE codes referred to in the regulation as well as the general descriptions of the activities.

Fagron allocates its revenue to different NACE codes based on the designation activity code indicated on the excerpt from the chamber of commerce for each of the companies in the Fagron group. If this activity code cannot be directly linked to a NACE code because it concerns an entity not in the European Union we take the NACE code from the company with the most comparable activity within the European Union.

In case revenue is eligible we report on the external revenue of these companies as well as, in case of intercompany sales, an estimate of the final external revenue generated from these intercompany sales.

In line with the EU Taxonomy Climate Delegated Act and later amendments, it can be stated that Fagron's economic activities cannot be classified as "environmentally sustainable" from a climate change adaptation or climate change mitigation perspective. Fagron does not generate revenue from the following economic activities defined in the legislation:

- Forestry
- Restoration of wetlands
- Manufacturing: Including manufacturing of renewable energy technologies and equipment for the production and use of hydrogen (NACE codes 25, 27 and 28), technologies for low carbon transport (NACE codes 22.2, 26.1, 26.2, 26.3, 26.4, 27.1, 27.9, 28.14, 28.15, 29.1, 29.2, 29.3, 30.1, 30.2, 30.9, 33.15, 33.17), batteries (NACE codes 27.2, 38.32), energy efficient equipment for buildings (NACE codes 16.23, 23.11, 23.20, 23.31, 23.32, 23.43, 23.61, 25.11, 25.12, 25.21, 25.29 25.93, 27.31, 27.31, 27.33, 27.40, 27.51, 28.11, 28.12, 28.13, 28.14, 30.3, 33.16), low carbon technologies (NACE codes 22, 25, 26, 27, 28), cement (NACE code 23.51), aluminium (NACE codes 24.42, 24.53), iron and steel (NACE codes 24.1, 24.2, 24.31, 24.31, 24.33, 24.34, 24.51, 24.52), hydrogen (NACE code 20.11), carbon black (NACE code 20.13), soda ash (NACE code 20.13), chlorine (NACE code 20.13), organic base chemicals (NACE code 20.14), anhydrous ammonia (NACE code 20.15), nitric acid (NACE code 20.15), plastics in primary form (NACE code 20.16), electricity distribution and transmission equipment (NACE codes 26.51, 27.1, 27.3, 27.9, 33.13, 33.14, 33.2). Fagron has manufacturing activities, but does not manufacture any of these products.
- Energy: including energy generation from renewable sources, transmission and distribution of renewable energy and storage of renewable energy (NACE codes 35.11, 35.12, 35.13, 35.21, 35.22, 35.30, 42.21, 42.22, 49.5). Fagron does generate its own renewable electricity with solar photovoltaics primarily for own use.
- Transport
- Water supply, sewerage, waste management and remediation
- Construction and real estate activities
- Information and communication
- Professional, scientific and technical activities related to the reduction, avoidance or removal or GHG emissions (NACE codes 71.12, 72.1), energy performance of buildings (NACE code 71) or consultancy for physical climate risk management and adaptation (NACE code 74.9)

EU Taxonomy

- Software solutions including software enabling physical risk management and adaptation (NACE code 62.01). Fagron does provide software products related to pharmaceutical compounding that fall under the NACE code 62. These software products do not concern themselves with water leakage reduction.
- Emergency services

In line with the EU Environmental Delegated Act, it can be stated that Fagron's economic activities cannot be classified as "environmentally sustainable" in terms of "sustainable use and protection of water and marine resources" and "the protection and restoration of biodiversity and ecosystems". Fagron's economic activities do not fall under the following categories defined in the legislation:

- Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems (NACE codes 36 and 42.99).
- Water supply (NACE codes 36.00 and 42.9).
- Urban waste water treatment (NACE codes 37.00 and 42.9).
- Sustainable urban drainage systems (NACE codes 36.00, 37.00 and 42.9).
- Nature-based solutions for flood and drought risk prevention and protection (NACE code 42.91).
- Provision of IT/OT data-driven solutions for leakage reduction (NACE codes 36, 42.99 and 62). Fagron does provide software products related to pharmaceutical compounding that fall under the NACE code 62. These software products do not concern themselves with water leakage reduction.
- Conservation, including restoration, of habitats, ecosystems and species (NACE code 91.04).
- Hotels, holidays, camping grounds and similar accommodation (NACE codes 155.10, 155.20, 155.30).

Some of Fagron's economic activities are related to the "transition to a circular economy", and are therefore eligible under the EU taxonomy. Fagron carries out activities related to the manufacturing of plastic packaging goods. This economic activity does not meet the criteria for having a substantial contribution to the transition to a circular economy:

- Manufacture of plastic packaging goods (NACE code 22.22): Fagron only produces plastic packaging for use with its own Fagron lab equipment. This packaging is therefore used as primary packaging for pharmaceutical products. Legislation at this point does not allow the use of recycled post-consumer material in this type of packaging, nor can this type of packaging be designed for reuse withing a reuse system. Fagron is currently not producing packaging that contains at least 65% of bio-waste feedstock. Only the Fagron group company Gako Deutschland GmbH works with the manufacturing of plastic packaging goods.

Contrary to what was reported in 2023, the revenue of Gako Deutschland GmbH and Hiperscan GmbH does not fall under electrical and electronic equipment but rather under 28.99 manufacturing of other special-purpose machinery. This was a misstatement in 2023. 28.99 is a non-eligible economic activities, and is therefore not reflected in the tables below as eligible activity.

Both external and intercompany sales are taken into account to estimate total final external revenue generated, while in 2023 only external revenue was considered. Of the intercompany revenue we only taken into account the revenue that Gako Deutschland GmbH has towards companies that do not fall in the categories manufacture of active pharmaceutical ingredients and manufacture of medicinal products. This ensures there is no double counting of internal revenue and intercompany revenue.

Some of Fagron's economic activities are related to "pollution prevention and control", and are therefore eligible under the EU taxonomy. Fagron carries out activities related to the manufacturing of pharmaceutical ingredients (API) or active substances and the manufacturing of medicinal products. Neither of these economic activities meet the criteria for having a substantial contribution to pollution prevention and control:

- Manufacture of active pharmaceutical ingredients (API) or active substances (NACE code 21.1): According to the registrations in the chamber of commerce in the respective countries in which Fagron group companies operate, some of Fagron's activities fall under the NACE code 21.1 (Manufacture of basic pharmaceutical products). However, Fagron does not, with the exception of Wildlife Pharmaceuticals, manufacture active pharmaceutical ingredients or active substances. Fagron does purchase these products and repackages them (Fagron Brands and Essentials segments) or compounds them (Fagron Compounding segment). Wildlife Pharmaceuticals manufactures a number of APIs for veterinary use in South Africa. Since these products are not meant for human use, no study has been carried out as to whether their key human metabolites are biodegradable or mineralize in the environment.

- Manufacture of medicinal products (NACE code 21.2): According to the registrations in the chamber of commerce in the respective countries in which Fagron group companies operate, some of Fagron's activities fall under the NACE code 21.2 (Manufacture of basic pharmaceutical preparations). It is possible that some of the sterile and non-sterile products that Fagron puts on the market under its compounding segment meet some of the requirements set out in the legislation. However, Fagron has not established whether the medicinal products qualify as an appropriate substitute to another medicinal product that is not biodegradable.

Since the revenue of every company is only counted towards the main economic activity (one NACE code), there is no risk for double counting the same revenue under both "transition of circular economy" and "pollution prevention and control". In total this means that 1% of Fagron's revenue falls within an economic activity that is eligible for the taxonomy in relation to the "transition to the circular economy" and Fagron's revenue from its compounding segment 46% of Fagron's revenue falls within an economic activity that is eligible for the taxonomy in relation to "pollution prevention and control". 0% of Fagron's economic activities are aligned with the Taxonomy Regulation since they do not meet the criteria for making a substantial contribution.

Taxonomy aligned and eligible CapEx

There are five reasons why CapEx could be taxonomy aligned or eligible:

1. Aligned: The capital expenditures are associated with taxonomy aligned revenue or activities
2. Eligible: The capital expenditures are associated with taxonomy eligible revenue or activities
3. Aligned: The capital expenditures are earmarked in a CapEx plan to allow a large proportion of the revenue of activities to become taxonomy aligned
4. Aligned: The capital expenditures serve to enable a company to become low-carbon or lead to GHG emission reduction.
5. Eligible: The capital expenditures serve to enable a company to become low-carbon or lead to GHG emission reduction, but these expenditures do not meet the technical screening criteria.

Fagron does not have any CapEx falling in the first category, because there are no taxonomy aligned activities. Of course there is CapEx associated with the eligible revenue from the manufacturing of plastic packaging goods, manufacture of active ingredients (API) or active substances and the manufacture of medicinal products. This CapEx amounted to a total of 23,962 (x1,000 euro) in 2024.

Fagron does not have any CapEx falling into the third category, because we do not currently have any CapEx plan to allow taxonomy-eligible economic activities to become Taxonomy-aligned.

Fagron has CapEx falling in the fifth category (eligible CapEx), these include CapEx on:

- CCM 7.3: Installation, maintenance and repair of energy efficiency equipment
- CCM 7.4: Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- CCM 7.6: Installation, maintenance and repair of renewable energy technologies

Fagron determines the total CapEx falling in the fourth and fifth category by running through the list of CapEx expenditures for the group and assesses if the description includes energy efficiency equipment, charging stations or solar panels. Any capital expenditure above 100,000 euro apply to larger projects, and might include installation of this type of equipment. We conduct a thorough analysis of these projects by discussing these expenditures with the project lead or engineering lead on the project. A total of 370 (x1,000 euro) was spent in 2024 on energy efficiency equipment, charging stations and renewable energy technologies. Because often invoiced together these expenditures cannot be split over the manufacturing of this equipment (under CCM 3.5, CCM 3.2 and CCM 3.1) and the installation of this equipment (CCM 7.3, CCM 7.4 and CCM 7.6). We therefore report a total of 0 (x1,000 euro) is aligned and 0 (x1,000 euro) is eligible in these categories.

This means that a total of 0% of Fagron's CapEx are aligned and a total of 54% are eligible under the Taxonomy Regulation. This is a significant increase compared to the value reported in 2023 because we have included the capital expenditures that are associated with taxonomy eligible revenue or activities this year. CapEx in this category was not reported on in 2023. There is no risk for double counting because the 54% only relates to capital expenditures associated with taxonomy eligible revenue or activities, for which we have ensured there is no double counting (see revenue).

Taxonomy aligned and eligible OpEx

The definition of OpEx as given in the taxonomy does not align with the definitions of the IFRS. We determine the Eu taxonomy OpEx denominator by allocating specific OpEx accounts from our financial reporting to the following EU Taxonomy OpEx categories:

- Research and development
- Building renovation measures
- Short-term lease
- Maintenance and repair
- Any other direct expenditures relating to day-to-day servicing of assets of property, plant and equipment by the undertaking or third party that are necessary to ensure the continued and effective functioning of such assets.

There are five reasons why OpEx could be taxonomy aligned or eligible:

1. Aligned: The operational expenditures are associated with taxonomy aligned revenue or activities
2. Eligible: The operational expenditures are associated with taxonomy eligible revenue or activities
3. Aligned: The operational expenditures are earmarked in a OpEx plan to allow a large proportion of the revenue of activities to become taxonomy aligned
4. Aligned: The operational expenditures serve to enable a company to become low-carbon or lead to GHG emission reduction
5. Eligible: The operational expenditures serve to enable a company to become low-carbon or lead to GHG emission reduction, but these expenditures do not meet the technical screening criteria.

Fagron does not have any OpEx falling in the first category, because there are no taxonomy aligned activities. Of course there is OpEx associated with the eligible revenue from the manufacturing of plastic packaging goods, electrical and electronic equipment, manufacture of active ingredients (API) or active substances and the manufacture of medicinal products. This OpEx amounted to a total of 4,293 (x1,000 euro) in 2024.

Fagron does not have any OpEx falling into the third category, because we do not currently have any OpEx plan to allow taxonomy-eligible economic activities to become Taxonomy-aligned.

Fagron has OpEx falling in the fifth category (eligible OpEx), these include OpEx on:

- CCM 7.3: Installation, maintenance and repair of energy efficiency equipment
- CCM 7.4: Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- CCM 7.6: Installation, maintenance and repair of renewable energy technologies

Fagron determines the total OpEx falling in the fourth and fifth category by summing the maintenance and repair costs of all installed charging stations and solar panels that are not capitalized, in which case they would be included under CapEx. We do not take into consideration the maintenance and repair costs of energy efficiency equipment because no historic log exists within the company with the energy labels of each of the pieces of equipment installed, in addition to a large part of the equipment being installed outside the EU and not having an EU energy label designation. We will consider looking into this topic in more details in the next years. A total of 5 (x1,000 euro) was spent in 2024 on maintenance and repair of charging stations and solar panels. Since Fagron does not currently carry out climate change adaptation analyses of the facilities where these charging stations and solar panels have been installed to the level of detailed as required to meet the "Do not significant harm" criteria, we cannot proof that we meet the criteria as set out in Appendix A of the Climate Delegated Act. Out of cautionary principle, Fagron therefore states that a total of 0 (x1,000 euro) is aligned and 0 (x1,000 euro) is eligible in these categories.

This means that a total of 0% of Fagron's OpEx are aligned and a total of 37% are eligible under the Taxonomy Regulation. This is a significant increase compared to the value reported in 2023 because we have included the operational expenditures that are associated with taxonomy eligible revenue or activities this year. OpEx in this category was not reported on in 2023. There is a minor risk for double counting because the 37% relates almost completely to operational expenditures associated with taxonomy eligible revenue or activities, for which we have ensured there is no double counting (see revenue).

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activites (1)	Code (2)	Turnover (3)	Proportion of Turnover 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2023 (18)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Million euro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	N	N	N	N	N	N	N	**0%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacturing of plastic packaging goods	CE 1.1	7,9	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	2,4	0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
Manufacture of medicinal products	PPC 1.2	395,7	45%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								41%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		406,0	47%	0%	0%	0%	46%	1%	0%								41%[1]		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		406,0	47%	0%	0%	0%	46%	1%	0%								41%[1]		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		465,9	53%																
TOTAL		**872,0**[2]	**100%**																

1 Value has been updated, to reflect new classification of economic activities previously classified to relate to "manufacture of electrical and electronic equipment".
2 Explanation 6 in the consolidated financial statements.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activites (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaption (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaption (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2023 (18)**	**Category (enabling activity or) (20)**	**Category (transitional activity) (21)**
		Million euro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacturing of plastic packaging goods	CE 1.1	0,2	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-[1]		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	0,4	1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-[1]		
Manufacture of medicinal products	PPC 1.2	23.3	53%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-[1]		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.0[2]	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0,0[2]	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0,0[2]	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		24,0	54%	0%	0%	0%	54%	1%	0%								1%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		24,0	54%	0%	0%	0%	54%	1%	0%								1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities	-	20,2	46%																
TOTAL	-	44,2[3]	100%																

1 Value has been updated, to reflect new classification of economic activities previously classified to relate to "manufacture of electrical and electronic equipment".
2 There was expenditure on energy efficient equipment, charging stations for electric vehicles and solar panels in 2024. Fagron does not have the data granularity available as required by the EU Taxonomy and detailled in question 62 of the FAQ publised on 29 November 2024 to allocate these expenditures to the designated economic activity.
3 Note 5 in the consolidated financial statements.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activites (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaption (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaption (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2023 (18)**	**Category (enabling activity or) (20)**	**Category (transitional activity) (21)**
		Million euro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacturing of plastic packaging goods	CE 1.1	0,0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-[1]		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	0,1	1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-[1]		
Manufacture of medicinal products	PPC 1.2	4,1	36%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-[1]		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0,0[2]	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-[1]		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0,0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-[1]		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0,0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-[1]		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,3[3]	37%	0%	0%	0%	37%	0%	0%								0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		4,3	37%	0%	0%	0%	37%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities	-	7,3	100%																
TOTAL	-	**11,6**	**100%**																

1 Value not reported in 2023.
2 There was expenditure on repair and maintenance of energy efficient equipment in 2024, but Fagron does not currently have data available on the energy labels of this equipment.
3 Value does not add up due to rounding.

Template 1 – Nuclear and fossil gas related activities

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

The other four templates related to nuclear and fossil gas related activities have not been included in this annual report. Since Fagron is not active in these sectors, the values to be reported in templates 2 to 5 are not completed.

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