

The main objective of the ITW Reagents Division is to grow. Growth must be healthy and sustainable. Most of this growth will come from our main customers, so it is essential to focus on customer loyalty.

In recent years, there have been all kinds of unprecedented events. These events have occurred within a short period of time and have forced PanReac-AppliChem to seek solutions to the numerous challenges that have arisen.

In the current context and for the coming years, the chemical sector for laboratory products and pharmaceutical excipients is experiencing significant growth, and several important trend changes are expected:

- **Market growth:**
 - The pharmaceutical excipients market was valued at approximately \$9.1 billion in 2023 and is expected to grow at a compound annual growth rate (CAGR) of 8% between 2024 and 2032. This growth is driven by the increasing adoption of biopharmaceuticals and biologics, such as proteins, peptides, and nucleic acids.
 - The laboratory chemicals market is estimated to reach USD 34.17 billion by 2029, growing at a compound annual growth rate (CAGR) of 4.30% between 2024 and 2029. This growth is driven by increasing research and development activities in the biological and chemical sciences.
- **Technological innovation:** There is a growing demand for functional excipients and advances in nanotechnology, which are driving the incorporation of new raw materials and technologies in the development of natural and sustainable excipients. In addition, advancements in technologies such as cell culture, nanomaterials, recombinant DNA, and biotherapy are fueling the development of new laboratory chemicals.

Despite the growth, the sector faces challenges such as the adverse effects of certain excipients, the lack of adequate approval processes, and the availability of substitutes for laboratory chemicals. However, patent expirations and collaboration between pharmaceutical companies present growth opportunities, while the increasing demand for environmental protection and resource efficiency offers additional prospects for the industry.

In recent years, our Division has successfully navigated a new political environment, a pandemic that has had a major impact from human, socioeconomic, and even geopolitical perspectives, and an unprecedented global energy crisis that began with new environmental demands and was amplified by the invasion of Ukraine. The pandemic had a significant impact on the industry, initially driving demand for excipients used in the development of vaccines and therapies. Although the pandemic has subsided, the market continues to grow steadily.

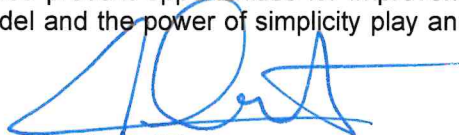
Donald Trump's tariff policies have had a significant impact on global trade and the U.S. economy, characterized by a protectionist and aggressive approach that is affecting world markets.

In this new environment, the European industry is facing uncertain and challenging times. However, in recent years, we have maintained steady growth above that of our competitors, and this year we have an opportunity to gain market share from one of our main competitors in the laboratory segment, which is undergoing a restructuring process.

Our strategy has been to expand as an international company in our main European markets: Spain, Germany, Italy, and France. In other international markets, we have strengthened the concept of Sustainable Business. In all cases, this has been achieved through our Preferred Distributors in the Laboratory segment and through our Key Accounts in the Process Business.

In this context, PanReac-AppliChem, like the entire company, has prioritized strengthening Environmentally Sustainable Growth. In recent years, special attention has been given to Renewable Energies and water consumption.

These trends reflect a dynamic and evolving sector, with a growing focus on innovation and sustainability. Difficult and uncertain times present opportunities for improvement and growth by leveraging our Business Model. The decentralized model and the power of simplicity play an important role in supporting the expansion of our market share.



Alberto López
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ITW Reagents Division