

Company Registration No. 01514781

SENSIENT FLAVORS LIMITED

**Annual Report and Financial Statements
31 December 2021**



SENSIENT FLAVORS LIMITED

Company Registration No: 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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OFFICERS AND PROFESSIONAL ADVISERS**DIRECTORS**

M. E. George

A. M. Agallar

REGISTERED OFFICE

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United Kingdom

BANKERS

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Ernst & Young LLP
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STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

Principal Activities

The principal activity of the company during the year continued to be the manufacture and sale of flavouring ingredients for the food industry in the United Kingdom, Europe and other overseas markets.

The company's key performance indicators during the year were as follows:

	2021	2020	Change
	£'000	£'000	%
Turnover	57,716	60,170	(4)%
Depreciation	2,660	2,512	6%
Operating Loss	(2,221)	1,376	(261)%
Loss after tax	(3,101)	117	(2,755)%
Current assets as % of current liabilities	76%	82%	(6)%
Average no of employees	238	235	1%

Turnover decreased during the year.

A switch to intercompany overseas sales in Europe from external sales following UK Government's Brexit agreement with the EU in December 2020 led to the decline in turnover and operating financial performance during the year. Volumes however, remained in line with prior year.

There was limited disruption from Covid during the year and in the second half of the year order patterns normalised and we observed sales growth.

Depreciation has marginally increased in the year with continued spending on the plant and a number of projects completed during the year.

The "quick ratio" (current assets as a percentage of current liabilities) is lower than prior year as a result of the scenario immediately above.

Post Brexit went well and has helped to set the business on a stable footing for continued trade into mainland Europe.

Despite the influencing factors considered above contributing to 2021's performance and results, the company remains one of the leading ingredient manufacturers in United Kingdom.

Future developments

The directors aim to maintain the policies of the company, while concentrating on increasing revenue, improving supply chain and manufacturing processes, and reducing costs. To become more competitive and increase sales, there will be additions to the headcount in the innovations departments to improve the product offering, together with a continuous investment in fixed assets. Opportunities to increase volumes with current customers will continue, while trying to increase our customer and product portfolios.

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STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties

The directors continually review and evaluate the risks that the company is facing. The principal risks and uncertainties facing the company are broadly grouped as – competitive, legislative and financial risks.

Competitive risks

The flavour industry throughout Europe has faced very strong competition in recent years. The company puts strong emphasis on its excellent service levels, quality of its product and competitive pricing to its customer base to maintain its position within the market.

Legislative risks

Legislative risk within the UK food and flavour industry is controlled by the Food Standards Agency. Other industry specific recognised bodies provide good practice / standards to follow.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

- **Foreign currency exchange risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Sensient Group uses foreign exchange forward contracts to hedge significant exposures.

- **Credit risk**

The company's principal financial assets are bank and cash balances, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the related cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

- **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term intercompany debt finance.

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STRATEGIC REPORT (CONTINUED)

- **Price risk**

The company is exposed to commodity price risk. The company generally purchases these commodities based upon market prices that are established with the vendor as part of the purchase process. The company does not use commodity financial instruments to hedge commodity prices due to cost benefit considerations.

Research and development

The group carries out product research and development to enhance its current portfolio of products. Research and development expenditure charged to operating profit in the current year is £823,812 (2020: £917,206).

Section 172 (1) statement – Sensient Flavors Limited approach

Section 172 of the Companies Act 2006 requires Directors of Sensient Flavors Limited UK (the “Company”) to consider the interests of stakeholders and other matters in their decision-making. When making decisions, the Directors continue to regard the interests of the Company’s employees and other stakeholders, including customers, suppliers, strategic partners, and shareholders; the impact of the Company’s activities on the community and the environment; and the Company’s reputation. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its stakeholders in the long term.

The ultimate parent company of the Company is Sensient Technologies Corporation (“Sensient”), which is a U.S.-based public corporation (incorporated in the State of Wisconsin) listed on the New York Stock Exchange (ticker: SXT). In accordance with Wisconsin law, Sensient’s Board of Directors has always considered the interests of a wide variety of stakeholders, including not only shareholders, but also employees, suppliers, customers, the communities in which the Company operates, and any others that the Board of Directors consider relevant. Sensient’s consideration of these other stakeholders is best exemplified by its emphasis on legal compliance and in conducting business ethically, principles that are contained in Sensient’s “Three Rules.”

Sensient’s Three Rules are guiding principles for how Sensient conducts business and must be followed by all employees, at all times:

1. **Always Tell the Truth.** We do not lie, cheat, or steal or engage in unethical, illegal, or immoral behaviour. We will willingly lose a sale or customer in order to comply with the law and our consciences.
2. **Always Produce Safe, High-Quality Products in Safe and Secure Facilities.** We are absolutely and passionately committed to producing safe and quality products made in accordance with the highest manufacturing standards. Our workers and facilities must meet or exceed all environmental, health, and safety standards. We work diligently to ensure the physical security of all of our employees and facilities.
3. **Always be Professional.** We always dress and behave professionally as a sign of respect for each other, our Company, and our business partners.

To help maintain a culture of compliance, Sensient rigorously enforces the Three Rules, which are embodied in its Code of Conduct. To emphasize the non-negotiable nature of the Three Rules and emphasize the extent to which they are a key part of our culture, Sensient’s CEO periodically reports anonymized investigation summaries and outcomes of each confirmed violation to all Sensient employees. In sum, the Three Rules are not empty platitudes; they are Sensient’s and the Company’s solemn creed.

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STRATEGIC REPORT (CONTINUED)

Beyond our emphasis on meeting or exceeding all legal requirements – including health, product safety, occupational safety, food, drug, and cosmetics regulations, U.S. securities regulations, labour and employment laws, and environmental laws and regulations – which are designed to protect our stakeholders across multiple dimensions, the Company and Sensient undertake a number of additional actions. The rest of this statement provides specific examples of how both the Company and Sensient consider the interests of their stakeholders in carrying out business.

Policies and Practices

Sensient's mission is as follows: We develop, produce, and supply critical food, pharmaceutical, and personal care ingredients to the world. The Company plays a key role in providing food ingredients to businesses in the UK and EU.

The Company's primary objectives continue to be to grow revenue and earnings, maximising the longer-term value of the business for its owners, delivering a continuously improving, high quality service to its customers and creating secure and rewarding employment for its people.

The Company aims to deliver sustainable and growing revenues, profits, and cash from existing and new customers. This is achieved through a detailed understanding of customer needs and from proactive and efficient operations, supported by market leading technologies and a lean overhead cost structure.

The Company supplies flavours and extracts to food and beverage manufacturers. The manufacturers are focused on a combination of quality, uniqueness, taste, naturalness, function and cost of our flavours.

The Company relies on the engagement and knowledge of its people for its success. Our flavourists, regulatory staff and application technicians are key to our growth. It is their responsibility to develop flavours in line with the customer needs and appropriate for the application in which the flavour is being used. The flavourist must be equipped therefore with both the knowledge and tools to understand how they can personally develop the flavour delivered and how they impact the taste profile and labelling of the food or beverage product.

The Company has a competency-based approach to learning and fosters a culture of personal responsibility and local decision-making. Our technical teams work closely with our sales and marketing teams to ensure their solutions and new developments meet market needs.

The Company aims to grow its business through development of new technologies to expand revenue at both existing customers and earn entry into new customers.

Corporate Governance

The Company manages corporate governance in line with the policies of its ultimate parent, Sensient, whose Board of Directors is responsible for overseeing the management of Sensient's business and affairs, including management's establishment and implementation of key strategic priorities and initiatives.

Long-term, sustainable value creation and preservation are possible only through the prudent assumption and management of both risks and potential rewards, and Sensient's Board of Directors takes a leading role in overseeing its overall risk tolerances as part of the strategic planning process and in overseeing Sensient's management of strategic risks.

The Company's UK management team is responsible for implementing any additional policies for any UK-specific risks and decides on and implements those policies in addition to the group ones, as necessary.

The Company regularly deals with customer confidential information, as well as the personal data of its employees. It has robust policies and procedures in place to continually train and refresh the training of its people in the proper management of this data.

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STRATEGIC REPORT (CONTINUED)

Throughout the Company, there are clear complaints procedures on which employees receive annual training.

Sensient's internal audit team audits the ongoing effectiveness of internal controls at least annually.

Sensient has an established and published Corporate Code of Conduct that is consistent across the corporation to maintain appropriate standards of corporate governance in order to conduct its business in a prudent and organised manner.

Employee matters

Our employees are our most important asset – Sensient takes pride in our robust health and safety programs, which help ensure that all of our people have safe working conditions. Our employees are also our customers. By focusing on employees, we empower them and improve our programs to ensure that Sensient remains a world-class organization. Following are examples demonstrating our commitment and progress toward achieving our ultimate goal of providing the safest workplace possible:

- Implementation of best-practice programs and management systems across all business units worldwide.
- Ongoing capital investments aimed at creating the highest standards for environment, health, and safety in each of our plants around the world.
- Meaningful use of metrics to apply leading and lagging indicators toward incremental improvement and sustainable results.
- Appropriate training and a corporate culture that expects employees to perform their jobs safely in compliance with the law.
- Regular communication and engagement with employees on safety topics through safety committee meetings, plant-wide communication meetings, and “tool box” meetings.
- Root cause analysis of all injuries and near misses to ensure that lessons learned can be applied across the entire organization.

In addition to our commitment to providing a safe workplace, Sensient also seeks to provide a work environment that is respectful of every person and is free from judgment, discrimination, intimidation, and harassment based on race, religion, colour, sex, age, national origin, disability, genetic, veteran or military status, sexual preference, or any characteristic protected by any applicable local or national law. Sensient's Code of Conduct specifically prohibits discrimination, intimidation, and harassment and calls for summary termination of anyone found to have violated these policies.

We employ these same anti-discrimination principles in our hiring practices. We are proud of our commitment to hiring the best, most well-qualified people without regard to any factor other than professional merit and the content of their character. We continually endeavour to treat each person as an individual entitled to respect and dignity based upon their individual character. The result is a workforce made up of incredibly talented people from many diverse backgrounds.

Social Matters

Sensient strives to conduct business in an ethical manner and to make a positive contribution to society through our product offerings and business activities. We have a comprehensive Code of Conduct that governs all of our employees worldwide to ensure a culture that promotes ethical behaviour, respects and protects human rights, and requires compliance with all applicable laws. All employees, as well as Sensient's Board of Directors, receive comprehensive training on our Code of Conduct on an annual basis.

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STRATEGIC REPORT (CONTINUED)

Through our Supplier Code of Conduct, we also seek to work with suppliers that share our values. Requirements and expectations for ourselves and our suppliers include the ethics and human rights matters described in the Corporation's Sustainability Report. These standards apply to both Sensient's facilities and our suppliers' facilities globally. In the event local standards on a matter do not exist or do not meet these ethical standards, Sensient and our suppliers establish employment practices and apply U.S. standards where appropriate while complying with local law. We reserve the right to audit the operations and records of our suppliers to establish compliance with these standards.

Environment matters

Sensient is committed to the principles of sound environmental stewardship and the responsible and sustainable use of energy and natural resources. We view these principles as important aspects of our economic health and core values. We expect each employee to actively participate in and contribute to this Corporate philosophy. Our Code of Conduct requires each Sensient employee and facility to comply with all applicable local and national environmental laws and regulations. All Sensient facilities are required to operate in a manner to avoid harm to the environment, prevent pollution, and reduce waste.

Sensient has a strong record of environmental compliance in all of our facilities in more than 30 countries. But we recognize that compliance alone is not sufficient to meet global sustainability challenges. We are committed to conserving our natural resources and to improving our environment so future generations can live healthy, prosperous lives. We are constantly evaluating new ways to reduce our environmental impact as measured through our energy consumption, water consumption, and generation of waste materials.

Sensient is constantly looking for opportunities to drive sustainability in our day-to-day operations. Not only does this reduce our environmental footprint, it also allows us to operate more cost effectively and provide greater returns to our shareholders.

Business relationships

The Company closely monitors all its business relationships such that it can anticipate the needs of the customer, in order to adapt its approach, develop its flavours and grow its business. It continually assesses the risks and changes facing its customers, its own people and the markets in which it operates.

Through our Supplier Code of Conduct, we also seek to work with suppliers that share our values. Requirements and expectations for ourselves and our suppliers include the ethics and human rights matters described below. These standards apply to both Sensient's facilities and our suppliers' facilities globally. In the event local standards on a matter do not exist or do not meet these ethical standards, Sensient and our suppliers establish employment practices and apply U.S. standards where appropriate while complying with local law. We reserve the right to audit the operations and records of our suppliers to establish compliance with these standards.

Compliance with the law and observing our ethical obligations are absolutely essential conditions for fulfilling our duties to each other, our customers, and society as a whole. Our minimum requirements and expectations include, but are not limited to:

- **Antitrust and Fair Competition.** Sensient and our suppliers will comply with all fair competition laws and not engage in illegal monopolies, illegal behaviour, price fixing, collusive bidding, price discrimination, and other unfair practices.
- **Intellectual Property.** Our suppliers must respect Sensient's and third parties' intellectual property rights. Suppliers must promptly notify Sensient if they know or suspect that their products, or Sensient's use of their products, infringe any third-party intellectual property rights.

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STRATEGIC REPORT (CONTINUED)

- **Gifts.** Gifts to or from Sensient employees are neither expected nor necessary for business relationships between our suppliers and Sensient. Our Code of Conduct prohibits Sensient employees from giving or receiving gifts of more than a token value, and all gift-giving is limited.
- **Embargoes and Trade Law.** Sensient and our suppliers are expected to comply with all applicable trade laws and restrictions imposed by the United Nations, the United States, the United Kingdom, and other national governments.
- **Management and Transparency.** Our suppliers are expected to have systems in place to track compliance with applicable laws and regulations and to investigate, to the extent allowed by law, allegations of misconduct. Suppliers must immediately inform Sensient in writing if they are aware of any negative publicity regarding the supplier or any product supplied to Sensient.
- **Freedom of association.** We respect our employees' right to freedom of association and collective bargaining and we comply with laws regulating the employer-employee relationship, including laws relating to works councils.
- **No forced labour.** The use by Sensient or any supplier of slaves or forced labour of any kind is prohibited, including prison labour, non-rescindable contracts, or labour obtained through threats of punishment, deposits of bonds or travel documents, or other constraints. Sensient annually files a transparency statement in compliance with the UK Modern Slavery Act 2015 and expects suppliers subject to the Act to do so as well.
- **No child labour.** Work by children under the age of 15 years for Sensient or any supplier (or any higher age established by applicable law) is strictly prohibited. In addition, suppliers are expected to conform to Convention 138 (Minimum Age) and Convention 182 (Worst Forms of Child Labour) of the International Labour Organization.
- **No harassment or abuse.** Sensient expects all employees to be treated with respect and dignity and prohibits harassment and abuse of any kind. We hold our suppliers to the same standards.
- **Diversity and Equal Opportunity.** Sensient values the diversity and experience of our workforce and we support women's and minority groups' rights. We strive to provide equal employment opportunities to all people without discrimination because of their race, religion, colour, sex, age, national origin, disability, genetic condition, veteran or military status, sexual preference, or any other characteristic protected by applicable law. We are committed to hiring the best, most well-qualified people without regard to any factor other than professional merit and the content of their character. And we continually endeavour to treat each person as an individual entitled to respect and dignity based upon their individual character. The result is a workforce made up of incredibly talented people from many diverse backgrounds. We expect the same from our suppliers.
- **Reasonable compensation.** Sensient and our suppliers will pay reasonable compensation that, at a minimum, complies with all applicable laws and requirements.
- **Working hours and overtime.** Sensient and our suppliers will comply with all applicable requirements and limitations set by the laws of the country of manufacture and may not require excessive overtime.
- **Workplace health and safety.** Sensient is committed to worker health and safety. Our suppliers must provide a safe workplace for their workers including, at a minimum, adequate lighting, ventilation, potable water, and sanitary facilities. Where applicable, suppliers must provide safety equipment, guards, and personal protective equipment to protect workers from hazardous machinery and materials.
- **Environmental impact.** Sensient is committed to sound environmental management. Our suppliers must also conduct their businesses in compliance with applicable requirements in a way that minimizes impact to the environment. We also expect our suppliers to support our own efforts by implementing sustainable operating practices and striving to reduce their use of energy and water and to minimize generation of waste.

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STRATEGIC REPORT (CONTINUED)

- **Property rights.** Our suppliers must respect property rights in the communities in which they operate and must ensure fair negotiation on all land transfers to which they are a party, and compliance with all applicable laws and regulations related to property rights.
- **Relationships with local communities.** We respect the cultures, customs, and values of the people in the communities in which we operate. We are committed to engagement and consultation with our relevant stakeholders as we prepare, evaluate, and continue to refine our human rights policies and initiatives.
- **Right to water.** We recognize the right to water as a fundamental human right. We respect the human need for sustainable water supplies, safe drinking water, and protection of ecosystems and communities through water pollution control.
- **No bribery or corrupt payments.** Bribery of government officials or private persons is strictly prohibited. We have a comprehensive anti-bribery policy that requires strict compliance with the United States Foreign Corrupt Practices Act as well as the United Kingdom Bribery Act. This policy applies to everyone who works for or with Sensient, including all directors, officers, employees, third-party business partners, and other intermediaries who interface with government officials on Sensient's behalf.
- **Political contributions.** Sensient prohibits contributions – either in-kind or financial – to political candidates or parties.
- **Cybersecurity.** Sensient has a robust program to protect employees' private information. We expect our suppliers to do likewise.

Decision Making

While key decisions, direction and parameters are defined and driven at the parent company level, local decision-making is expected and encouraged. The Company's senior management team meets weekly to discuss key aspects of the business. All members of this team provide an update of highlights to each other. Notes are made for these meetings and actions regularly assessed and followed, often by separate focused teams reporting back to the subsequent meeting.

The business uses various tools such as shared files, video meetings, cascade documents and IT platforms to ensure that key decisions are communicated and implemented.

On behalf of the Board

M E George

M. E. George
Director

Date: 19 December 2022

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DIRECTOR'S REPORT

The directors present their annual report and the audited financial statements for Sensient Flavors Limited for the year ended 31 December 2021.

During the year the Company has continued to take advantage of the FRS 102 disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, Sensient Technologies Corporation, was notified of and did not object to the use of the disclosure exemptions.

DIVIDENDS

No dividends were received in 2021 (2020: Nil). No dividends have been declared and paid by the company during the year (2020: Nil).

DIRECTORS

The current membership of the board is set out on page 1. The directors who served during the year and to the date of this report were:

M. E. George

A. M. Agallar

GOING CONCERN

The success of the business is reliant upon the food and beverage sector. At a high level people always need to eat and drink and modern food and beverages will continue to contain the type of flavours and ingredients that we sell. The mix of our customers' sales has changed, with out of home consumption seeing a decline and in home consumption seeing growth.

The net impact of COVID-19 is relatively small with decreases in product lines impacted by the pandemic, broadly offset by increases in other product lines. Our Supply Chain remained open during the 2021 lockdown, and we anticipate that this will continue to be the case. We have prepared budget and forecasts based on various scenarios for the period of 12 months from the date of the statutory audit report of the Company for the year ended 31 December 2021 and are of the opinion that it is robust and the business can withstand further COVID-19 waves. However the company was in a net current liabilities position at 31 December 2021, hence reliant on the parental support.

The directors have received confirmation that Sensient Technologies Corporation (the company's ultimate parent undertaking) will provide continuing financial support for a period of 12 months from the date of approving the financial statements for the year ended 31 December 2021. Having reviewed the company's forecasts and parental support, the directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis.

EMPLOYEE INVOLVEMENT

The company holds monthly Town Hall Meetings where the company's performance is shared with the employees. This allows employees to see the direct impact they have on the performance of the company. Employees are also encouraged to give suggestions via a suggestion box on how business activities and surroundings can be improved to make the work environment better. These suggestions are also discussed at the monthly Town Hall Meetings.

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DIRECTOR'S REPORT (CONTINUED)**Streamlined Energy and Carbon Reporting**

Sensient Flavors Limited manufactures savoury flavours, and sweet & beverage flavours across its two sites in the UK: Savoury flavours operations based at Felinfach, Ceredigion, and the sweet and beverage manufacturing located at Bletchley, Milton Keynes. Sensient with the 2 sites in the UK employs 238 staff.

Data below is a consolidated report for the legal entity.

Sensient Flavors Ltd entity (Felinfach and Milton Keynes)

Energy use type	Unity	FY Consumption		Emissions MT CO2 eq	
		2021	2020	2021	2020
Stationary combustion	GJ	156,681	135,831	19,718	8,500
Mobile combustion	Litre	65,843	26,505	152	98
Mob.Off-road combustion	Litre	6,967	12,348	13	27
Fugitive gaz	Kg	5	22	19	36
Fugitive gaz WWTP	KgCOD/y	707,895	818,440	1,487	1,719
Direct process emissions	Kg CO2	153	NA	153	NA
Total Scope 1	NA	NA	NA	11,541	10,379
Purchased electricity building	kWh	8,892,782	8,972,685	-	3,957
Total scope 2	kWh	8,892,782	8,972,685	-	3,957
Water consumption	M3	190,653	181,061	NA	NA
Scope 3		NA	NA	NA	NA
Total Scope 1 & 2		NA	NA	11,541	14,336

In order to facilitate year on year comparison of emissions taking into account fluctuations in activity level Sensient UK sites, (Felinfach and Milton Keynes) have calculated the intensity ratio of emissions per UK revenue (£m) and UK full time employee (FTE). This is based on UK sites £57.7m million revenue and 238 FTE employees for the year to 31 December 2021:

Emissions Scope 1 & 2

Turnover £m		Employees	
2021	2020	2021	2020
57.72	60.17	238	235
Emissions per turnover FY 21/20 (Tonne CO2 equivalent per £m)		Emissions per turnover FY 21/20 (Tonne CO2 equivalent per FTE)	
200.0	238.3	48.5	61.0

Energy efficiency action taken

As part of the required Energy Saving Opportunity Scheme Phase 2 Maloney Associates energy surveyor undertook an onsite energy audit for the UK sites.

These audits allowed us to:

- Understand the energy consumption of our assets and activities.
- Enhance the profile of the energy consumption of the organization.
- Identify usual and unusual patterns of energy consumption.
- Identify corrective actions to reduce our overall energy use - leading to long term energy efficiency;

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DIRECTOR'S REPORT (CONTINUED)

Several actions of ESOS action plan have been implemented at the UK sites, as well as some equipment upgrades, with a number of sustainable design features included such as:

Sensient Sweet and Beverage Flavors Milton Keynes:

1. Steam trap survey carried out with upgrade work completed on current steam system: CO2 losses from failed open steam trap was estimated 119 CO2 eq Tonnes/ year.
2. Changing all the current classic light over to LED lighting: Energy saving 522320 kWh.
3. Reducing energy consumption: Lagging of stills and tanks across the site. There are considerable energy savings from significantly reducing heat loss for process that operate at elevated temperatures. This project has an estimated/envisaged energy saving of 290,180.5 kWh = 2% of reduction on total consumption for the stationary combustion in 2021.

Sensient Flavors Ltd Felinfach Ceredigion:

1. Energy efficient LED lighting in warehouses 124 & 127 fitted with occupancy sensors: Energy reduction is 137885 kWh.
2. Rotary vacuum filter replacement by energy efficient technology.
3. Increase of Spray dryer efficiency: reduction of energy intensity: Energy use / Tonnes of production reduce by 4%.
4. Drytec heat exchanger replaced and replacement is greater efficiency
5. Reducing water consumption: Optimising the Drytec scrubber spray system to improve scrubbing efficiency, providing an overall reduced water usage: water reduction 4500 m3 per year - 3% of total water consumption.

Additionally, there has been a long term objective to switch electricity consumption from fossil fuel energy to renewable energy and this has been completed.

Methodology used for carbon footprint calculation

Ramboll (environmental consultancy firm) have worked closely with Sensient Technology Corporation since 2019. Ramboll has supported with carbon footprint reduction which has been calculated using a methodology described in our Sensient Technologies Corporation GHG inventory management plan and aligned with the principles of the Greenhouse Gas Protocol (GHG) Standard for Corporate Accounting and Reporting produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) - a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The footprint utilises UK Government conversion factors for the year of reporting (UK Government, Department for Business, Energy & Industrial Strategy. (2020). For energy use where figures were not already in kWh these have been converted using their density and gross calorific value taken from the UK government GHG conversion factors fuel properties tab for the year of reporting. For leased vehicles this was based on the conversion factors for diesel, petrol and plug-in hybrid vehicles.

The data captured within this year's carbon footprint has predominantly been derived from a summary spreadsheet collated by Sensient Technologies Corporation GHG Inventory. This included an overview of consumption figures for electricity, gas, water, waste, generators, and refrigerant gas, which was demonstrated through annual totals by site location.

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DIRECTOR'S REPORT (CONTINUED)

REAPPOINTMENT OF AUDITORS

The auditor, Ernst & Young LLP is deemed to be reappointed in accordance with section 485 of the Companies Act 2006 by virtue of an elective resolution passed by members.

DISCLOSURE OF INFORMATION FOR THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors,
And signed on behalf of the Board.

M E George

M. E. George
Director

Date: 19 December 2022

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STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that complies with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT FLAVORS LIMITED

Opinion

We have audited the financial statements of Sensient Flavors Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT FLAVORS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT FLAVORS LIMITED (CONTINUED)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are relating to FRS 102, the Companies Act 2006, and the United Kingdom direct and indirect tax regulations. The company must also comply with operational and employment laws and regulations including health and safety regulations, environmental regulations, UK Bribery Act, regulations related to the food industry and General Data Protection Regulation (GDPR);
- We understood how the Company is complying with those frameworks by making enquiries of management and senior finance personnel and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the business, and making enquiries of management and senior finance personnel; and
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and senior finance personnel to understand where they considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored;
 - We read financial statements disclosures and tested to supporting documentation to assess compliance with applicable laws and regulations;
 - We audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness. We also audited the risk of improper revenue recognition through performing audit procedures on revenue cut off;
 - We made enquiries of management and senior finance personnel, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of the business;
 - We challenged judgements made by management. This included corroborating the inputs and considering contradictory evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT FLAVORS LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

DocuSigned by:

Ernst & Young LLP

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Farzin Radfar (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date: 19 December 2022

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

STATEMENT OF COMPREHENSIVE INCOME**Year ended 31 December 2021**

	Note	2021 £	2020 £
TURNOVER	2	57,715,537	60,170,458
Cost of sales		(51,182,919)	(49,720,621)
Gross profit		6,532,618	10,449,837
Operating expenses	3	(8,986,719)	(9,697,591)
Other operating income	4	233,259	623,877
OPERATING (LOSS)/PROFIT	7	(2,220,842)	1,376,123
Interest payable and similar charges	6	(499,852)	(538,482)
Interest receivable and similar income		415	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,720,279)	837,641
Tax on profit	8	(380,655)	(721,081)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(3,100,934)	116,560
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME		(3,100,934)	116,560

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

BALANCE SHEET**As at 31 December 2021**

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	9	28,100,798	27,900,101
CURRENT ASSETS			
Stock	10	20,210,314	20,180,378
Debtors	11	11,060,421	12,427,327
Cash at bank and in hand		16,439	59,790
		31,287,174	32,667,495
CREDITORS: amounts falling due within one year	12	(41,403,504)	(39,767,348)
NET CURRENT LIABILITIES		(10,116,330)	(7,099,853)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,984,468	20,800,248
CREDITORS: amounts falling due after more than one year	13	(13,650,000)	(13,650,000)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(2,503,872)	(2,218,718)
NET ASSETS		1,830,596	4,931,530
CAPITAL AND RESERVES			
Called up share capital	15	609,000	609,000
Share premium account	17	147,000	147,000
Profit and loss account	17	1,074,596	4,175,530
EQUITY SHAREHOLDERS' FUNDS		1,830,596	4,931,530

The Board of Directors approved these financial statements on 19 December 2022 and signed on its behalf by:

M E George

M. E. George
Director

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2021**

	Share capital account (Note 15) £	Share premium account £	Profit and loss account £	Total £
At 1 January 2020	609,000	147,000	4,058,970	4,058,970
Profit for the financial year and total comprehensive income	-	-	116,560	116,560
At 31 December 2020	609,000	147,000	4,175,530	4,931,530
Profit for the financial year and total comprehensive income	-	-	(3,100,934)	(3,100,934)
At 31 December 2021	609,000	147,000	1,074,596	1,830,596

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS

Year ended 31 December 2021

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Sensient Flavors Ltd is a private company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Sensient Flavors Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling. Foreign currency operations are included in accordance with the policies set out below.

Sensient Flavors Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Sensient Flavors Limited is consolidated in the financial statements of its ultimate parent, Sensient Technologies Corporation, which are publicly available.

Exemptions from disclosure have been taken in relation to:

- the preparation of a statement of cash flows;
- financial instruments;
- share-based payments;
- intra-group transactions; and
- remuneration of key management personnel.

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going Concern

The success of the business is reliant upon the food and beverage sector. At a high level people always need to eat and drink and modern food and beverages will continue to contain the type of flavours and ingredients that we sell. The mix of our customers' sales has changed, with out of home consumption seeing a decline and in home consumption seeing growth.

The net impact of COVID-19 is relatively small with decreases in product lines impacted by the pandemic, broadly offset by increases in other product lines. Our Supply Chain remained open during the 2021 lockdown, and we anticipate that this will continue to be the case. We have prepared budget and forecasts based on various scenarios for the period of 12 months from the date of the statutory audit report of the Company for the year ended 31 December 2021 and are of the opinion that it is robust and the business can withstand further COVID-19 waves. However the company was in a net current liabilities position at 31 December 2021, hence reliant on the parental support.

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS**ACCOUNTING POLICIES (Continued)**

The directors have received confirmation that Sensient Technologies Corporation (the company's ultimate parent undertaking) will provide continuing financial support for a period of 12 months from the date of approving the financial statements for the year ended 31 December 2021. Having reviewed the company's forecasts and parental support, the directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2½ %
Plant and machinery	5 - 15 %
Computer equipment	20 %

Depreciation is not provided on freehold land.

Assets in the course of construction are capitalised at cost. No depreciation is charged until the assets are brought into service.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Operating leases

Costs in respect of operating leases are charged in arriving at operating profit on a straight-line basis over the lease term.

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS**ACCOUNTING POLICIES (Continued)****Pension scheme arrangements**

The company operates a defined contribution pension scheme and the payments made to the scheme are charged to the profit and loss account as they are incurred. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund.

Turnover

Turnover excludes value added tax and trade discounts and represents the invoiced value of goods and services supplied through the principal activity of the company, which is the manufacture and sale of flavouring ingredients for the food industry.

Revenue Recognition

The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period. All differences are dealt with through the profit and loss account.

Capitalisation of interest

Interest on loans acquired to purchase fixed assets is capitalised into the cost of the asset up to the date when the asset is completed. Upon completion of the asset, interest on the loan is written off to the profit and loss account. Capitalised interest is amortised over the useful economic life of the assets for which the loan was received.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Using information available at the balance sheet date, judgments have been made regarding the level of provision required to account:

- for potentially uncollectible receivables;
- a correct stock valuation, considering potentially obsolete stock.

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS**ACCOUNTING POLICIES (Continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activities excluding Value Added Tax and trade discounts.

Turnover is attributable to each of the company's geographical markets as follows:

	2021 £	2020 £
Geographical analysis of turnover by destination		
United Kingdom	18,787,461	19,242,230
Other European countries	23,163,499	24,379,191
Rest of the world	15,764,577	16,549,037
	<u>57,715,537</u>	<u>60,170,458</u>

3. OPERATING EXPENSES

	2021 £	2020 £
Distribution costs	1,961,051	1,625,310
Administrative expenses	7,025,668	8,072,281
	<u>8,986,719</u>	<u>9,697,591</u>

4. OPERATING INCOME

	2021 £	2020 £
Income related to Freight	233,259	623,877
	<u>233,259</u>	<u>623,877</u>

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS (CONTINUED)**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2021	2020
	£	£
Directors' emoluments		
Emoluments	240,876	304,253
Pension contributions	18,338	19,255
Shares granted	-	24,260
	<u>259,214</u>	<u>347,768</u>

	2021	2020
	No.	No.
Number of directors who are members of the company's defined contribution pension scheme	1	2
Number of directors shares granted	-	-

Directors emoluments supplied above refer to M. E. George. The other director does not receive emoluments from the entity as they provide no qualifying service.

	2021	2020
	No.	No.
Emoluments paid in respect of highest paid director		
Emoluments	240,876	285,701
Pension Contribution	18,338	19,255
Gains Made	-	24,260
	<u>259,214</u>	<u>329,216</u>

	2021	2020
	No.	No.
Average number of persons employed (including executive directors)		
Production	164	169
Administration	74	66
	<u>238</u>	<u>235</u>

	2021	2020
	£	£
Staff costs during the year (including directors)		
Wages and salaries	9,710,249	9,118,629
Social security costs	1,042,092	970,840
Pension contributions	844,835	815,284
	<u>11,597,176</u>	<u>10,904,753</u>

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS (CONTINUED)**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2021	2020
	£	£
Bank interest	195,457	233,253
Interest payable from loan to fellow group undertaking	304,395	305,229
	<u>499,852</u>	<u>538,482</u>

The loan from group undertakings has a fixed interest rate of 2.23%. The fixed rate shall be reset upon maturity if extended.

7. OPERATING (LOSS)/ PROFIT

	2021	2020
	£	£
Operating (Loss)/Profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	2,659,684	2,565,587
Auditors' remuneration		
- Audit	76,800	75,300
Operating lease hire - Plant and Machinery	130,616	260,842
- Buildings	88,308	116,020
Foreign exchange (gains) / losses	29,842	(30,980)
Research and developments	823,812	917,206

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**i) Tax charge for the year**

	2021	2020
	£	£
Current Tax		
UK corporation tax on profits of the period	20,348	173,332
Adjustment in respect of previous periods	75,153	26,012
	<u>95,501</u>	<u>199,344</u>
Deferred taxation		
Origination and reversal of timing differences	(352,422)	270,446
Adjustment in respect of previous periods	31,763	46,209
Effect of changes in tax rates	605,813	205,082
Total deferred tax	<u>285,154</u>	<u>521,737</u>
	<u>380,655</u>	<u>721,081</u>
Tax on profits on ordinary activities		

SENSIENT FLAVORS LIMITED

Company Registration No: 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS (CONTINUED)**8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (Continued)*****ii) Factors affecting the current tax charge for the year***

	2021	2020
	£	£
Profit/(Loss) on ordinary activities before taxation	(2,720,279)	837,641
United Kingdom corporation tax at 19% (2020: 19%)	(516,853)	159,152
Effects of:		
Expenses not deductible for tax purposes	277,985	284,625
Income not taxable	(93,206)	-
Tax rate changes	605,813	205,082
Adjustment in respect of prior years	106,916	72,222
Total tax charge	380,655	721,081

iii) Deferred tax rate

The UK Budget on 3 March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023 which was substantively enacted at the balance sheet date. Deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date, hence 25% has been used.

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS (CONTINUED)**9. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Plant and machinery £	Computer equipment £	Assets in course of construction £	Total £
Cost					
Cost					
At 1 January 2021	15,077,776	40,177,376	1,580,501	956,170	57,791,824
Additions	-	-	-	2,922,702	2,922,701
Disposals	(67,495)	(333,432)	(172,844)	-	(573,771)
Transfer	184,937	1,751,900	-	(1,936,837)	-
At 31 December 2021	<u>15,195,218</u>	<u>41,595,844</u>	<u>1,407,657</u>	<u>1,942,035</u>	<u>60,140,754</u>
Depreciation					
At 1 January 2021	5,252,203	23,279,837	1,359,683	-	29,891,723
Disposals	(33,545)	(305,062)	(172,844)	-	(511,451)
Charge for the year	722,658	1,936,183	843	-	2,659,684
At 31 December 2021	<u>5,941,316</u>	<u>24,910,958</u>	<u>1,187,682</u>	<u>-</u>	<u>32,039,956</u>
Net book value					
At 31 December 2020	<u>9,825,573</u>	<u>16,897,540</u>	<u>220,818</u>	<u>956,170</u>	<u>27,900,101</u>
At 31 December 2021	<u>9,253,902</u>	<u>16,684,886</u>	<u>219,975</u>	<u>1,942,035</u>	<u>28,100,798</u>

Included in the cost of £57,791,824 (2020 - £55,197,608) is capitalised interest of £183,664 (2020 - £183,664) on loans from group companies for the acquisition of assets. Interest was charged at a rate of 1% above the Canadian prime rate at the time.

Included within land and buildings is land of £1,606,627 (2020 - £1,606,627) which is not depreciated.

10. STOCK

	2021 £	2020 £
Raw materials and consumables	11,012,690	8,968,589
Finished goods and goods for resale	<u>9,197,624</u>	<u>11,211,789</u>
	<u>20,210,314</u>	<u>20,180,378</u>

Stock recognised in cost of sales during the year as an expense was £46,830,515 (2020: £45,810,492).

SENSIENT FLAVORS LIMITED

Company Registration No. 01514781

Annual Report and Financial Statements for the year ended 31 December 2021

NOTES TO THE ACCOUNTS (CONTINUED)**11. DEBTORS**

	2021	2020
	£	£
Trade debtors	4,715,909	7,020,380
Amounts owed by group undertakings	4,451,498	4,294,643
Prepayments and accrued income	855,910	653,556
Other taxation and social security receivable	990,346	458,748
Corporation Tax receivable	46,758	-
	11,060,421	12,427,327

Amounts owed by group undertakings is comprised of amounts due from fellow group companies which are repayable on demand.

An impairment gain of £17,755 (2020 – (loss) £77,718) was recognised against trade debtors.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	6,621,205	7,406,816
Amounts owed to group undertakings	31,110,808	29,442,831
Other taxation and social security payable	314,580	514,207
Accruals and deferred income	3,356,911	2,321,098
Corporation Tax Payable	-	82,396
	41,403,504	39,767,348

Amounts owed to group undertakings includes £25,760,605 (2020: £29,371,211) of intercompany drawings held under the cash arrangements within the group as held by fellow group undertakings. The remainder of the amount due to fellow group companies belong to transactional items (purchases of goods and/or services).

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Unsecured loan note	13,650,000	13,650,000

Interest on the unsecured loan due to Sensient Technologies Limited, the fellow group undertaking was £304,395 (2020: £305,229) at an interest rate of 2.23% (2020: 2.23%) for the year ended 31 December 2021. Interest is payable on each anniversary date of the loan agreement. The loan is extended in five year intervals unless notified by the lender upon 30 days' notice, prior to any future maturity date.

SENSIENT FLAVORS LIMITED

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NOTES TO THE ACCOUNTS (CONTINUED)**14. PROVISION FOR LIABILITIES AND CHARGES**

The deferred tax provision comprises the following:

	2021	2020
	£	£
Fixed asset timing differences	3,266,608	2,307,270
Short term timing differences	(69,440)	(88,552)
Losses	(672,948)	-
R&D Expenditure Credit	(20,348)	-
	<u>2,503,872</u>	<u>2,218,718</u>

Deferred Taxation Movement for the Year

Amount recognised at the start of the year	2,218,718
Deferred tax charge in P&L for current year	253,391
Adjustment in respect of prior years	31,763
Balance at 31 December 2021	<u>2,503,872</u>

15. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid		
609,000 ordinary shares of £1 each	<u>609,000</u>	<u>609,000</u>

16. DIVIDENDS

The company has not paid dividends on ordinary shares (2020: £Nil) during the year.

17. RESERVES**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve comprises accumulated profits and losses less dividend paid/payable.

18. PARENT COMPANY

The ultimate parent company and controlling party is Sensient Technologies Corporation, a company incorporated in the United States of America. The company's financial statements are filed at the Securities and Exchange Commission in Washington D.C. The largest and smallest group of undertakings for which group financial statements have been drawn up is held by Sensient Technologies Corporation.

The immediate parent company is Sensient Holdings UK, a company incorporated in Great Britain, and its financial statements are filed at Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

NOTES TO THE ACCOUNTS (CONTINUED)**19. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2021, the company was committed to making the following minimum lease payments in respect of buildings, plant and machinery operating leases:

	2021	2020
	£	£
Leases which expire:		
- Within one year	164,497	226,623
- Within 1 to 2 years	139,711	228,944
- Within 2 to 5 years	28,056	257,283
	<u>332,264</u>	<u>712,850</u>

20. SHARES GRANTED TO EXECUTIVES

Shares in the parent company, Sensient Technologies Corporation, can be granted to senior executives. No shares schemes or options were paid in 2021.