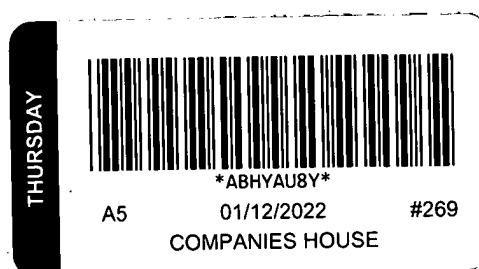


Registered number: 04178371

EMERALD KALAMA CHEMICAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



EMERALD KALAMA CHEMICAL LIMITED

COMPANY INFORMATION

Directors	G R Smith W T Byrne (resigned 29 July 2021) E T Gotch (resigned 29 July 2021) H Hüppeler (appointed 24 August 2021) R G Krüger (appointed 24 August 2021) A Risino (appointed 24 August 2021) S Thompson (appointed 24 August 2021)
Registered number	04178371
Registered office	Dans Road Widnes Cheshire WA8 0RF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11 Floor, Landmark St Peters Square 1 Oxford Street Manchester M1 4PB
Bankers	Barclays Bank Plc 48B - 50 Lord Street Liverpool L2 1TD
Solicitors	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ

EMERALD KALAMA CHEMICAL LIMITED

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EMERALD KALAMA CHEMICAL LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

The principal activity of the Company during the year remained that of the manufacture and sale of synthetic organic chemicals and the Company expects to continue to carry out these activities in the future.

The manufacturing plant is based in Widnes, Cheshire, UK.

Business review

Turnover for the year was £38.6 million (2020: £46.8 million), which was a decrease of £8.2 million (2020: decrease of £1.3 million) compared to prior year (17.5% decrease). This overall decrease in revenue is caused by a mix effect amongst the various product groups as demand (decrease 0.3kt) and production (increase 0.3kt) remained stable.

Stocks increased from £11.4 million to £12.2 million (7% increase) as a consequence of the above mentioned sales and production.

Gross profit in 2021 decreased to £5.4 million, which was a significant decrease of £7.4 million on prior year. This equates to a gross profit percentage of turnover of 13.9% (2020: 27.4%). This decrease is due primarily to increased raw material prices and utility costs.

Operating profit, therefore, decreased from £9.3 million in 2020 to £1.5 million in 2021, a decrease of £7.8 million on the prior year.

Financial and non-financial key performance indicators

Key performance indicators used by the Company are as follows and are explained in the business review above:

	2021	2020	Definition
Sales trend	(17.5%)	(2.7)%	Year on year turnover growth expressed as a percentage
Gross margin	13.9%	27.4%	Gross profit expressed as a percentage
Operating margin	3.9%	19.8%	Operating profit expressed as a percentage
Production (tonnes)	6,800	6,480	Production volume in the year in tonnes

EMERALD KALAMA CHEMICAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' statement of compliance with duty to promote the success of the Company

In accordance with section 172 of the Companies Act 2006 the Directors, collectively and individually, confirm that during the year ended 31 December 2021, they acted in good faith and have upheld their 'duty to promote the success of the company' to the benefit of its stakeholder groups. Section 172 describes a diverse range of stakeholders whose interests are said to feature in the 'success of the Company'; comments on each of these are provided below:

Community and Environment

The Company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. At Emerald, we protect the health and safety of our people and embrace the communities where we live and work, which goes hand in hand with environmental stewardship. With this in mind, we approach sustainability holistically and cross-functionally, as an ingrained part of every initiative and the way we approach our work each and every day. During the year covered by this report the Company has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Our People

The quality and commitment of our people has played a major role in our business success. This has been demonstrated through stimulation of cooperation, communication, trust and personal development. Employees' performance is aligned to Company goals through an annual performance review process that is carried out with all employees.

Culture, values and standards

At Lanxess, success is determined by the personal commitment and performance of each individual employee. The goal is to sustainably increase the value of the company - and to make meaningful contributions to our customers, employees, stockholders and the public.

In order to achieve these goals, we align our actions within the company with the five essential values of our Performance Culture: Respect, ownership, trust, professionalism and integrity. This leads to a corporate culture in which responsible and morally impeccable action and the pursuit of performance are not contradictions but complement each other harmoniously.

Stakeholders

The directors are committed to developing and maintaining key stakeholder relationships that includes both our customers, suppliers and Lenders. The board always tries to ensure that it has visibility of these relationships at all times so that it is able to take stakeholder considerations into account when it makes key decisions.

Shareholder

The directors are committed to openly engaging with our shareholder as we recognise the importance of a continuing effective dialogue. It is important to us that our shareholder understands our strategy and objectives so these must be explained clearly, feedback heard and any issues or questions properly raised and properly considered.

EMERALD KALAMA CHEMICAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

The Company's operations expose it to a variety of risks that include price risk, credit risk, concentration risk and foreign exchange risk. The Company has a number of management strategies in order to ensure business continuity as far as is reasonably practicable. The uncertainties around the global economy at the beginning of 2021 with respect to COVID-19 have eventually not affected the business negatively due to the nature of the products manufactured by Emerald. Emerald has taken appropriate measures to have a minimal impact from the Brexit uncertainties. At the time of preparing this report, the impact of the Russia-Ukraine conflict on the global economy has become visible. Due to the limited revenues in these countries, Emerald is not affected directly by the imposed sanctions. However, as the world economy is negatively affected by this conflict, there will be an adverse effect on the business of Emerald Kalama Chemical Limited specifically as well as Lanxess as a group due to higher utility prices, currency fluctuations and increased raw material and labour costs.

Price risk

The Company is subject to price risk as a result of fluctuations in sales prices and raw material prices. The Company offers fixed prices for some long term sales agreements with customers to manage this risk.

Credit risk

Credit limits are used. Ongoing credit evaluation and account monitoring procedures are used to minimise bad debt risk. Collateral is not generally required.

Concentration risk

A small number of key customers account for a significant proportion of the Company's turnover. This risk is managed by ongoing dialogue with these customers to determine their anticipated needs and respond accordingly.

Supplier risk

Key products supplied by a diverse selection of vendors account for a significant proportion of the Company's raw material purchases. This risk is managed by ongoing dialogue with these suppliers to manage their expectations in line with those of the Company. This managing process is undertaken at the local level and is also supported by the wider group. A key factor in the risk management is dual sourcing which is managed globally or locally as appropriate.

Cashflow/liquidity risk

This is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities as they fall due. The Company manages this risk by limiting exposure on credit risk, as detailed above, and tightly reviewing and managing cash balances and forecasts of cash flows. In addition, the Company is supported by the Emerald group of companies via its corporate treasury function and has access to the resources associated with a group of companies of such size.

Foreign exchange risk

The Company is exposed to the risk of exchange rate fluctuations as a result of the purchases and sales made in foreign currencies. The Company monitors currency risk closely and endeavours to meet its objective of managing exposure to currency fluctuations.

EMERALD KALAMA CHEMICAL LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.

tony risino

A Risino
Director

Date: 28/11/2022

EMERALD KALAMA CHEMICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £423 thousand (2020 - £7,350 thousand).

The directors have not recommended a final dividend (2020: £Nil).

Directors

The directors who served during the year were:

G R Smith
W T Byrne (resigned 29 July 2021)
E T Gotch (resigned 29 July 2021)
H Hüppeler (appointed 24 August 2021)
R G Krüger (appointed 24 August 2021)
A Risino (appointed 24 August 2021)
S Thompson (appointed 24 August 2021)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will 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 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.

Future developments

The Company is continuing to focus on increasing market share and pricing of its main product lines. Further investments in efficiencies and sustainability will lead to lower raw material cost, utility cost and waste and is part of a continuous improvement process. Investment in new product developments (R&D) and capacity has taken place during 2021. During 2022 main focus of the R&D activities will focus on expanding the product portfolio. This should lead to recovery in volume, revenue and margins.

EMERALD KALAMA CHEMICAL LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Qualifying third party indemnity provisions

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors and officers insurance policy.

Streamlined energy and carbon reporting (SECR)

The following SECR disclosures presents our carbon footprint within the United Kingdom across Scope 1 and 2 emissions. We have followed the 2019 HM Government Environmental Reporting Guidelines and used the GHG Reporting Protocol – Corporate Standard and also used the 2020 UK Government's Conversion Factors for Company reporting. The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per tonne of product produced.

	2021	2020
Energy consumption (kWh)		
Natural Gas	54,826,826	60,997,885
Electricity	15,261,379	15,401,683
LPG	372	3,183
Scope 1 emissions of Carbon Dioxide (metric tonnes)		
Natural Gas	10,042	15,489
Gas Oil	345	18
LPG	-	1
Scope 2 Emissions of Carbon Dioxide (metric tonnes)		
Electricity	3,243	8,017
Total emissions (mt)	13,630	23,525
Intensity ratio tonnes CO ₂ per tonne produced	2.10	3.63

The company has taken measures to improve energy efficiency and reduce energy consumption through various projects.

Going concern

After reviewing the company's forecasts and projections, the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is due to the fact that the market and sector in which the company operates is experiencing sufficient demand. The company's products are used in the home care, personal care, household and pharmaceutical applications, and demand for these products remains strong. The impact of the developments in the worldwide economy have had a negative impact on the 2021 financial performance and continue to impact the performance of the company.

The directors have also considered the availability of intragroup funding from the wider Lanxess group should it be required, and have received assurances that support will be available to enable the company to meet its liabilities as they fall due, should it be required.

In their considerations, the directors have noted the intention of the new business unit that the Company is now part of since its acquisition by Lanxess, to continue and increase the investment level in the plant. The directors have also considered the ability of the company to meet its liabilities as they fall due within the period considered by the directors in their going concern assessment, which is 12 months from the date of signing of the financial statements. The company, therefore, continues to adopt the going concern policy in preparing its financial statements.

EMERALD KALAMA CHEMICAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Post balance sheet events

At the time of preparing this report, the impact of the Russia-Ukraine conflict on the global economy has become visible. Due to the limited revenues in these countries, Emerald is not affected directly by the imposed sanctions. However, as the world economy is negatively affected by this conflict, there will be an adverse effect on the business of Emerald Kalama Chemical Limited specifically as well as Lanxess as a group due to higher utility prices, currency fluctuations and increased raw material and labour costs.

Matters covered in the strategic report

In accordance with s414C(11) of the Companies Act, the Company has chosen to include information in respect of its financial risk management objectives and policies and exposure to risk in the Strategic Report. This information would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the Directors' Report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

tony risino
A Risino
Director

Date: 28/11/2022



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD KALAMA CHEMICAL LIMITED

Opinion

We have audited the financial statements of Emerald Kalama Chemical Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, 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 Financial Reporting Standard 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 state of the Company's affairs as at 31 December 2021 and of its profit 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD KALAMA CHEMICAL LIMITED (CONTINUED)

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 at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 the Directors' report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD KALAMA CHEMICAL LIMITED (CONTINUED)

Matter on which we are required to report by the Companies Act 2006

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 the Directors' report.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' responsibilities statement, 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.

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD KALAMA CHEMICAL LIMITED
(CONTINUED)**

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company, and the industry in which it operates. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006;
- We obtained an understanding of how the Company was complying with those legal and regulatory frameworks by making enquiries of management. We enquired of management whether they were aware of instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results to relevant supporting documentation;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The engagement team's discussions in respect of potential non-compliance with laws and regulations and fraud included the risk of fraud in revenue recognition. Audit procedures performed by the engagement team included:
 - Evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - Challenging assumptions and judgments made by management in its significant accounting estimates;
 - Identifying and testing of unusual journal entries; and
 - Identifying and testing related party transactions;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the Company operates and the engagement team's understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
 - The company's control environment including the adequacy of procedures for authorisation of transactions.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD KALAMA CHEMICAL 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.

Grant Thornton UK LLP

Frances Grant
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 29/11/2022

EMERALD KALAMA CHEMICAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	38,580	46,770
Cost of sales		(33,215)	(33,949)
Gross profit		<u>5,365</u>	<u>12,821</u>
Distribution costs		(1,229)	(810)
Administrative expenses		(2,634)	(2,757)
Other operating income	5	-	2
Operating profit	7	<u>1,502</u>	<u>9,256</u>
Interest receivable and similar income	11	36	2
Interest payable and similar expenses		(24)	-
Profit before tax		<u>1,514</u>	<u>9,258</u>
Tax on profit	13	(1,091)	(1,908)
Profit for the financial year		<u><u>423</u></u>	<u><u>7,350</u></u>

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 17 to 31 form part of these financial statements.

EMERALD KALAMA CHEMICAL LIMITED
REGISTERED NUMBER:04178371

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	24,089	23,118
		<u>24,089</u>	<u>23,118</u>
Current assets			
Stocks	15	12,161	11,364
Debtors: amounts falling due within one year	16	10,814	11,945
Cash at bank and in hand	17	339	199
		<u>23,314</u>	<u>23,508</u>
Creditors: amounts falling due within one year	18	(5,318)	(6,111)
Net current assets		<u>17,996</u>	<u>17,397</u>
Total assets less current liabilities		<u>42,085</u>	<u>40,515</u>
Provisions for liabilities			
Deferred tax	19	(2,467)	(1,320)
		<u>(2,467)</u>	<u>(1,320)</u>
Net assets		<u><u>39,618</u></u>	<u><u>39,195</u></u>
Capital and reserves			
Called up share capital	20	129	129
Share premium account	21	106	106
Capital redemption reserve	21	65	65
Profit and loss account	21	39,318	38,895
		<u>39,618</u>	<u>39,195</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

tony risino
A Risino
 Director

Date: 28/11/2022

The notes on pages 18 to 32 form part of these financial statements.

EMERALD KALAMA CHEMICAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	129	106	65	38,895	39,195
Comprehensive income for the year					
Profit for the year	-	-	-	423	423
Total comprehensive income for the year	-	-	-	423	423
At 31 December 2021	129	106	65	39,318	39,618

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	129	106	65	31,545	31,845
Comprehensive income for the year					
Profit for the year	-	-	-	7,350	7,350
Total comprehensive income for the year	-	-	-	7,350	7,350
At 31 December 2020	129	106	65	38,895	39,195

The notes on pages 17 to 31 form part of these financial statements.

EMERALD KALAMA CHEMICAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	423	7,350
Adjustments for:		
Depreciation of tangible assets	1,856	1,698
Interest paid	24	-
Interest received	(36)	(2)
Taxation charge	1,091	1,908
(Increase)/decrease in stocks	(796)	1,875
Decrease/(increase) in debtors	299	(1,387)
Decrease/(increase) in amounts owed by group companies	1,135	(3,636)
Decrease in creditors	(648)	(572)
Increase/(decrease) in amounts owed to group companies	562	(2,755)
Decrease in provisions	-	(95)
Corporation tax paid	(956)	(1,193)
Net cash generated from operating activities	<u>2,954</u>	<u>3,191</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,826)	(3,207)
Interest received	36	2
Net cash from investing activities	<u>(2,790)</u>	<u>(3,205)</u>
Cash flows from financing activities		
Interest paid	(24)	-
Net cash used in financing activities	<u>(24)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>140</u>	<u>(14)</u>
Cash and cash equivalents at beginning of year	199	213
Cash and cash equivalents at the end of year	<u><u>339</u></u>	<u><u>199</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	339	199
	<u><u>339</u></u>	<u><u>199</u></u>

The notes on pages 18 to 32 form part of these financial statements.

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Emerald Kalama Chemical Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Dans Road, Widnes, Cheshire, WA8 0RF.

The principal activity of the Company during the year remained that of the manufacture and sale of synthetic organic chemicals.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is GBP (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is due to the fact that the market and sector in which the company operates is experiencing sufficient demand. The company's products are used in the home care, personal care, household and pharmaceutical applications, and demand for these products remains strong. The impact of the developments in the worldwide economy have had a negative impact on the 2021 financial performance and continue to impact the performance of the company.

The directors have also considered the availability of intragroup funding from the wider Lanxess group should it be required, and have received assurances that support will be available to enable the company to meet its liabilities as they fall due, should it be required.

In their considerations, the directors have noted the intention of the new business unit that the Company is now part of since its acquisition by Lanxess, to continue and increase the investment level in the plant. The directors have also considered the ability of the company to meet its liabilities as they fall due within the period considered by the directors in their going concern assessment, which is 12 months from the date of signing of the financial statements. The company, therefore, continues to adopt the going concern policy in preparing its financial statements.

2.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover represents revenue earned from the sale of goods.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point when the goods are dispatched in accordance with the terms and conditions of sale. Management will review the treatment of shipments where the risks and rewards of ownership of the goods do not transfer upon dispatch.

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.4 Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 6.67%
Plant and machinery	- 6.67% - 15%
Computer equipment	- 33%
Land is not depreciated	

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.11 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within administrative expenses.

2.12 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.13 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

2.15 Research and development

Expenditure on research and development is charged to profit or loss as incurred.

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Interest income is recognised in profit or loss using the effective interest method.

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.17 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these significant judgements and estimates have been made include:

- *Useful economic life and carrying value of tangible fixed assets* - tangible fixed assets are depreciated over their estimated useful lives. Useful lives and depreciation are reviewed if there is an indication of a significant change since the last reporting date. The carrying value of tangible fixed assets is also considered by management when there are indicators of impairment. If an impairment trigger is identified an impairment review is conducted, considering whether the recoverable value is higher than the carrying value. No impairment has been identified in the year (2020: £Nil).
- *Stock provision* - At each Balance sheet date, management performs a review of stock to assess the carrying value and the level of provisioning required. The estimates and associated assumptions are based on historical experience and specific identification.

4. Turnover

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	1,569	1,619
Rest of Europe	17,147	21,324
Rest of the world	19,864	23,827
	<u>38,580</u>	<u>46,770</u>

The whole of the turnover is from the sale of goods and is attributable to one class of business, the manufacture and sale of synthetic organic chemicals.

5. Other operating income

	2021 £000	2020 £000
Sundry income	-	2
	<u>-</u>	<u>2</u>

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Analysis of net debt

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash at bank and in hand	199	140	339
	<u>199</u>	<u>140</u>	<u>339</u>

7. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Research & development charged as an expense	270	320
Depreciation of tangible fixed assets	1,855	1,698
Exchange differences	134	159
Other operating lease rentals	65	53
	<u>2,324</u>	<u>2,230</u>

8. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	43	43
Fees payable to the Company's auditor and its associates in respect of:		
Tax compliance services	21	10
All other taxation advisory services	7	24
Other non-audit services	1	1
	<u>29</u>	<u>35</u>

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	£000	£000
Wages and salaries	5,496	5,370
Social security costs	552	540
Cost of defined contribution scheme	414	388
	<u>6,462</u>	<u>6,298</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Production	48	48
Selling and administrative	42	43
	<u>90</u>	<u>91</u>

10. Directors' remuneration

	2021	2020
	£000	£000
Directors' emoluments	200	121
Company contributions to defined contribution pension schemes	14	11
	<u>214</u>	<u>132</u>

During the year retirement benefits were accruing to 1 directors (2020: 1) in respect of defined contribution pension schemes.

11. Interest receivable

	2021	2020
	£000	£000
Interest receivable on bank deposits	<u>36</u>	<u>2</u>

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Interest payable and similar expenses

	2021 £000	2020 £000
Other interest payable	24	-
	24	-

13. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	19	1,445
Adjustments in respect of previous periods	(75)	(18)
	(56)	1,427
Total current tax	(56)	1,427
Deferred tax		
Origination and reversal of timing differences	246	380
Changes to tax rates	533	99
Adjustment in respect of previous periods	368	2
Total deferred tax	1,147	481
Taxation on profit on ordinary activities	1,091	1,908

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	1,514	9,258
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% <i>(2020: 19%)</i>	288	1,759
Effects of:		
Expenses not deductible for tax purposes	1	83
Fixed asset timing differences	14	-
R&D expenditure credits	10	-
RDEC payments	(107)	-
Adjustments to tax charge in respect of prior periods	(75)	(15)
Adjustments for changes in tax rates	592	99
Adjustments to tax charge in respect of prior periods - deferred tax	368	-
Effects of group relief/other reliefs	-	(18)
Total tax charge for the year	1,091	1,908

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2021	6,520	38,479	609	3,027	48,635
Additions	-	-	-	2,826	2,826
Transfers between classes	848	1,941	204	(2,993)	-
At 31 December 2021	7,368	40,420	813	2,860	51,461
Depreciation					
At 1 January 2021	381	24,907	229	-	25,517
Charge for the year on owned assets	190	1,539	126	-	1,855
At 31 December 2021	571	26,446	355	-	27,372
Net book value					
At 31 December 2021	6,797	13,974	458	2,860	24,089
At 31 December 2020	6,139	13,572	380	3,027	23,118

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Stocks

	2021 £000	2020 £000
Raw materials and consumables	3,159	3,154
Work in progress	4,253	5,334
Finished goods and goods for resale	4,749	2,876
	<u>12,161</u>	<u>11,364</u>

An impairment loss of £168,000 (2020: £113,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	2021 £000	2020 £000
Trade debtors	8,229	8,770
Amounts owed by group undertakings	1,620	2,755
Other debtors	868	312
Prepayments and accrued income	97	108
	<u>10,814</u>	<u>11,945</u>

An impairment loss of £Nil (2020: £Nil) was recognised against trade debtors.

Amounts owed by group undertakings are unsecured and are repayable on demand and are not subject to interest.

17. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	<u>339</u>	<u>199</u>

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	1,831	2,744
Amounts owed to group undertakings	845	-
Corporation tax	-	993
Other taxation and social security	186	163
Accruals and deferred income	2,456	2,211
	<u>5,318</u>	<u>6,111</u>

Amounts owed to group undertakings are unsecured and are repayable on demand and are not subject to interest.

19. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(1,320)	(839)
Charged to the profit or loss	(779)	(479)
Adjustments in respect of prior periods	(368)	(2)
At end of year	<u>(2,467)</u>	<u>(1,320)</u>

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(2,526)	(1,342)
Short term timing differences	59	22
	<u>(2,467)</u>	<u>(1,320)</u>

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Share capital

	2021	<i>2020</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
1,287,249 (2020 - 1,287,249) Ordinary shares of £0.10 each	129	<i>129</i>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

21. Reserves

Share premium account

Includes any premiums received on issue of share capital.

Capital redemption reserve

Relates to the Company's repurchase of its own shares.

Profit and loss account

Includes all current and prior period retained profits and losses.

22. Capital commitments

As at 31 December 2020, the Company had capital commitments amounting to £Nil (2020: £91,000).

EMERALD KALAMA CHEMICAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	<i>2020</i>
	£000	<i>£000</i>
Not later than 1 year	65	<i>53</i>
Later than 1 year and not later than 5 years	82	<i>112</i>
	<u>147</u>	<u><i>165</i></u>

24. Related party transactions

The Company has taken advantage of the exemption, not to disclose transactions with other wholly owned group companies.

The key management personnel of the Company are considered to be the directors of the Company. Refer to note 10 for disclosure of the remuneration paid to the directors by this Company.

25. Ultimate parent undertaking and controlling party

The Company is 100% owned by Emerald Kalama Chemical Holdings Limited, a company incorporated in Jersey, which is its immediate parent undertaking.

The ultimate parent undertaking and controlling party is Lanxess AG, a company incorporated in Germany. The company is included in the consolidated financial statements of Lanxess AG, which are publicly available.

26. Post balance sheet events

At the time of preparing this report, the impact of the Russia-Ukraine conflict on the global economy has become visible. Due to the limited revenues in these countries, Emerald is not affected directly by the imposed sanctions. However, as the world economy is negatively affected by this conflict, there will be an adverse effect on the business of Emerald Kalama Chemical Limited specifically as well as Lanxess as a group due to higher utility prices, currency fluctuations and increased raw material and labour costs.