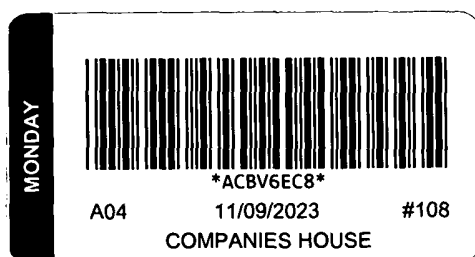


Registered number: 05777067

BRENNTAG UK HOLDING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



BRENNTAG UK HOLDING LIMITED

COMPANY INFORMATION

DIRECTORS

R Argo
C Blomme
M Gratton
R Ward (resigned 6 May 2022)

COMPANY SECRETARY

M Gratton

REGISTERED NUMBER

05777067

REGISTERED OFFICE

Alpha House
Lawnswood Business Park
Redvers Close
Leeds
West Yorkshire
LS16 6QY

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Central Square
29 Wellington Street
Leeds
West Yorkshire
LS1 4DL

BRENNTAG UK HOLDING LIMITED

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BRENNTAG UK HOLDING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

The directors present their Strategic Report for the year ended Saturday, December 31, 2022.

BUSINESS REVIEW

The Company is the UK parent company of the Brenntag UK & Ireland group of companies.

During 2022 many challenges remained in place which placed a strain upon society, industry and supply chains. The ongoing war in Ukraine saw energy prices rise sharply and this had a substantial impact on supply and demand, in addition UK inflation rose to its highest level in decades. Numerous manufacturers had to cut back production, chemical base materials were in short supply whilst other were only available at increased prices. There were further lockdowns in China as a result of the COVID-19 pandemic and this resulted in disruption and delays at ports and a shortage of containers. However, despite these adverse market conditions, the Company's trading subsidiaries performed well, with income from group undertakings amounting to £32,003,000 (2021 - £44,713,000).

During the year the Company made excellent progress with its ongoing group simplification project. Tan International Limited, Brenntag Inorganic Chemicals (Thetford) Limited and Brenntag Packed Chemicals Limited were all successfully dissolved. The Company also passed a special resolution to voluntarily wind up A1 Cake Mixes Limited, following the transfer of its trade to a fellow group company. There are no adverse effects of the simplification on the Brenntag UK Holding subgroup's financial position, with any investment impairments being offset by final dividend distributions. Furthermore the removal of obsolete subsidiaries will have an ongoing benefit in terms of simplification and reduced administrative burden.

The financial results are summarised on page 12. The directors are pleased with the performance for the year and believe it demonstrates the resilience of the Group's business model and the operational strength of the global Brenntag organisation. The directors are satisfied with the net asset position of the Company at the year end, as disclosed on page 13.

The Company has access to considerable financial resources and has rigorous procedures for identifying, quantifying and mitigating all aspects of risk relevant to the business. In light of these factors the directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future.

BRENTAG UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the Company would be a deterioration in the performance of its investments. The Company closely monitors its investments and addresses any aspect of risk where identified. In particular the Company's trading subsidiaries face risks caused by the stability of the political and economic environment.

Economic downturns may have a negative impact on the sales and gross profit of the Company's trading subsidiaries. Geopolitical uncertainties, the difficult macroeconomic environment and the ongoing problems with the COVID-19 pandemic, especially in China, had a significant impact on global capital markets in 2022. The rise in commodity and energy prices exacerbated by the war in Ukraine, together with substantial cost increases on the procurement side and in personnel expenses, acted as an additional drag on the business sector and, in Europe especially, led to a sharp decline in business activity.

In the UK inflation rose to its highest level in decades and Trade Union Groups have led significant strike action over ongoing disputes with the UK government over workers pay and conditions. Following Brexit, the UK is suffering a severe shortage of drivers and is therefore lacking the necessary transport capacity. The Road Haulage Association estimates that the country is short of around 100,000 long-distance drivers due to an ageing work force, poor terms and conditions, working conditions and increased costs as a result of Brexit related checks. In future businesses must expect higher transport costs.

The war in Ukraine has created increased geopolitical risks and further challenges for global supply chains. Following Russia's invasion of Ukraine the Group were quick to take the necessary steps to wind down all business operations in and with Russia and Belarus. The Group regretted having to take this step after years of trustful and excellent working relationships with our employees, customers and suppliers in those markets. However, the current situation as well as the Group's values presented no other option. The future of the Company's indirect subsidiary, OOO Multisol, remains under review and continues to be uncertain. The Group will continue to closely monitor the situation in both Ukraine and Russia and will develop an action plan on this basis.

We anticipate that the challenging economic conditions will persist into 2023. The Group are well placed to deal with the upcoming challenges during 2023.

BRENNTAG UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

KEY PERFORMANCE INDICATORS

The Company monitors its subsidiaries' operational performance using a suite of KPIs. Aside from pure financial indicators there are measures of health and safety performance and customer service around product availability and delivery performance.

As a non-trading holding company, the directors believe that the principal measure for assessing Brenntag UK Holding Limited's individual company performance is profit before taxation.

	2022 £000	2021 £000	Change £000	Change %
Profit before taxation	21,173	31,708	(10,535)	-33.2%

The directors' are pleased with the results achieved in 2022 which have been achieved against a backdrop of much economic uncertainty and difficult macroeconomic conditions. The reduction in profit before taxation arises from a fall in dividend income from subsidiary undertakings, however this is not indicative of the performance of the Company's trading subsidiaries, who have all seen an improvement in operating profit year on year. This excellent trading performance is evidence of the resilience of the Brenntag business model and the directors' are confident the Group will continue to grow and succeed.

BRENNTAG UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Under section 172(1) of the Companies Act 2006, the Board has a duty to act in good faith and in a way that would be most likely to promote the success of the Company for the benefit of its shareholder whilst having regard to matters set out in S172(1) (a-f) of the Act:

- (a) the likely long term consequences of decisions;
- (b) the interest of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business and conduct; and
- (f) the need to act fairly as between the Company's owners.

To discharge their section 172(1) duties the Board had regard to the factors set out above in making the principal decisions taken by the Company.

The Company is the UK parent company of the Brenntag UK & Ireland group of companies, has no employees, or external customers and very few external suppliers, therefore the Board primarily considers the interests of its sole member and ultimate parent company, Brenntag SE with regard to performing their duties under S172(1). All Board decisions made during the year were made to promote the long term success of both the Company and its ultimate parent company and were in line with the strategic goals and objectives of the Group.

Developments during the year

The Board made a number of key decisions on behalf of the Company during the year and throughout the decision making process considered the impact on the Company's stakeholders. The principal decisions included:

- The approval of an interim dividend payment to its immediate parent. The Board considered the long term consequences of paying up its distributable reserves and considered on balance it was in the best interest of its stakeholders as a whole; and
- The Board approved a business transfer from A1 Cake Mixes Limited (A1) to Kluman and Balter Limited, both wholly owned group subsidiaries. Following the business transfer a special resolution was passed to wind up A1. When approving any group restructuring the Board considers the impact on the Company's stakeholders and the stakeholders of the wider Brenntag Group. The Company's ultimate parent company Brenntag SE, is actively involved in such decisions through a formal and comprehensive approval process. The Board believe the streamlining of the Group's organisational structure will reduce administrative burden, enabling resources to concentrate on promoting the long term success of the business. The decision was considered to be in the best interest of both the Company's shareholder and the wider group's business partners and employees.
- On 25 August 2022, the Company acquired 100% of the issued share capital of Prime Surfactants Limited and its dormant subsidiary Prime Example Limited for a cash consideration of £24,793,000, which was financed by intergroup loans and surplus cash resources.

BRENNTAG UK HOLDING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

This report was approved by the Board on 5 July 2023 and signed on its behalf.

M Gratton
Director

A handwritten signature in black ink, appearing to be 'M Gratton', written over a light blue horizontal line.

BRENNTAG UK HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

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 regulation.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

RESULTS AND DIVIDENDS

The results for the year are reviewed in the Strategic Report on page 1. The profit for the year, after taxation, amounted to £20,995,000 (2021 - £31,498,000).

Interim dividends were paid during the year totalling £26,881,000 (2021 - £25,395,000). The directors do not recommend the payment of a final dividend (2021 - £nil).

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

R Argo
C Blomme
M Gratton
R Ward (resigned 6 May 2022)

FUTURE DEVELOPMENTS

The directors are satisfied with the Company's results and are confident of the Company's future prospects. As a result there are no plans to change the Company's activities in the foreseeable future.

BRENNTAG UK HOLDING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL RISK MANAGEMENT

Currency risk

Currency risk at a transactional level is managed through the regular forecasting of future currency flows. The Company hedges these flows by using derivative instruments where applicable.

Interest risk

Intercompany loan structures are managed at a group level, interest rates are based on external market rates. Interest risks are mainly managed by the Brenntag Group treasury department. The group hedges such risks by using various derivative instruments, this permits a balancing of risks for the Company and throughout the group.

Liquidity risk

Management control liquidity risk through the careful management of all aspects of the Company's cash flows and the safe investment of cash assets.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Qualifying third party indemnity insurance was in place for the benefit of all the directors of the Company during the year and up to the date of signing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

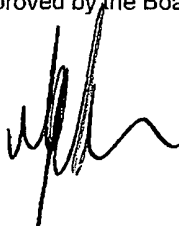
There have been no significant events affecting the Company since the year end.

INDEPENDENT AUDITORS

The current independent auditors, PricewaterhouseCoopers LLP, have resigned following a Brenntag Group wide audit retender, Deloitte LLP will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 5 July 2023 and signed on its behalf.

M Gratton
Director



BRENNTAG UK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Brenntag UK Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

BRENNTAG UK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

BRENNTAG UK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to taxation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting entries to manipulate the financial statements and bias within management's estimates and assumptions. Audit procedures performed by the engagement team included:

- testing financial statement balances to supporting documentation;
- enquiring with management and those charged with governance to understand the relevant laws and regulations applicable to the company, and their assessment of fraud related risks;
- challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), specifically impairment of investments; and
- reviewing financial statement disclosures and testing to supporting documentation, where applicable, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

BRENNTAG UK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

5 July 2023

BRENTAG UK HOLDING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Administrative expenses		(382)	(1,175)
Other operating income		468	522
Operating profit/(loss)		<u>86</u>	<u>(653)</u>
Income from shares in group undertakings	5	32,003	44,713
Interest receivable and similar income	6	843	1,105
Amounts written off investments	10	(2,044)	(6,542)
Interest payable and similar expenses	7	(9,715)	(6,915)
Profit before taxation		<u>21,173</u>	<u>31,708</u>
Tax on profit	8	(178)	(210)
Profit for the financial year		<u><u>20,995</u></u>	<u><u>31,498</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

The notes on pages 15 to 31 form part of these financial statements.

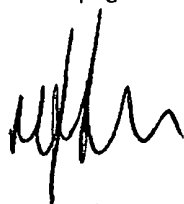
BRENNTAG UK HOLDING LIMITED
REGISTERED NUMBER: 05777067

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	10	386,032	363,283
		<u>386,032</u>	<u>363,283</u>
Current assets			
Debtors: amounts falling due after more than one year	11	300	300
Debtors: amounts falling due within one year	11	2,659	124
Cash at bank and in hand		3,340	297
		<u>6,299</u>	<u>721</u>
Creditors: amounts falling due within one year	12	(59)	(494)
Net current assets		<u>6,240</u>	<u>227</u>
Total assets less current liabilities		<u>392,272</u>	<u>363,510</u>
Creditors: amounts falling due after more than one year	13	(294,762)	(260,205)
Provisions for liabilities			
Deferred tax	15	(91)	-
		<u>(91)</u>	<u>-</u>
Net assets		<u>97,419</u>	<u>103,305</u>
Capital and reserves			
Called up share capital	16	49,411	49,411
Share premium account		20,582	20,582
Profit and loss account		27,426	33,312
Total shareholders' funds		<u>97,419</u>	<u>103,305</u>

The financial statements on pages 12 to 31 were approved by the Board on 5 July 2023 and were signed on its behalf by:

M Gratton
Director



The notes on pages 15 to 31 form part of these financial statements.

BRENNTAG UK HOLDING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2021	49,411	20,582	27,209	97,202
Comprehensive income for the year				
Profit for the financial year	-	-	31,498	31,498
Total comprehensive income for the year	-	-	31,498	31,498
Dividends: equity capital	-	-	(25,395)	(25,395)
Total transactions with owners	-	-	(25,395)	(25,395)
At 31 December 2021 and 1 January 2022	49,411	20,582	33,312	103,305
Comprehensive income for the year				
Profit for the financial year	-	-	20,995	20,995
Total comprehensive income for the year	-	-	20,995	20,995
Dividends: equity capital	-	-	(26,881)	(26,881)
Total transactions with owners	-	-	(26,881)	(26,881)
At 31 December 2022	49,411	20,582	27,426	97,419

The notes on pages 15 to 31 form part of these financial statements.

Reserves of the Company represent the following:

Called-up share capital

The balance classified as share capital represents the nominal value of ordinary £1 shares issued.

Share premium account

The balance classified as share premium includes the net proceeds in excess of nominal value on issue of the Company's equity share capital, comprising £1 ordinary shares.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

1.1 General Information

The Company's principal activity is the holding of investments.

The Company is a private company limited by shares and is incorporated in England & Wales. The address of its registered office is Alpha House, Lawnswood Business Park, Redvers Close, Leeds, LS16 6QY.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss 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 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 2).

The following principal accounting policies have been consistently applied:

1.3 Going concern

The Company has access to considerable financial resources and has rigorous procedures for identifying, quantifying and mitigating all aspects of risk relevant to the business.

The directors have carried out a robust assessment of the risks facing both the Company and the UK Group of Companies of which it forms part of. The directors have prepared sensitivity analysis to assess the Company's cash flows based on different scenarios including a severe downturn in the UK economy. The cashflows cover the period to 31 December 2024 and in each scenario both the Company and the UK Group of Companies maintains substantial liquidity. The Company has committed to providing financial support to its subsidiaries for at least 12 months from the date of signing the accounts.

Having considered the sensitivity analysis the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Cash flow

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Brenntag SE, includes the Company's cash flow in its own consolidated financial statements.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Consolidated financial statements

The Company is itself a wholly owned subsidiary company of Brenntag France Holding SAS and of its ultimate parent company Brenntag SE. It is included in the consolidated financial statements of Brenntag SE, which are publicly available. Therefore the Company is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006.

These financial statements are the Company's separate financial statements.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Other long term receivables 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.

1.8 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.

1.9 Financial instruments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including other debtors, loans to fellow group companies, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying value would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income. Financial assets are derecognised when (a) the contractual rights to the cash flow from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where debt instruments are measured at the present value of the future receipts discounted at a market rate of interest. Such liabilities are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised as a pre-payment and amortised over the period of the facility to which the loan relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in finance costs or income as appropriate.

1.10 Creditors

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

1.11 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 that relate to borrowings, cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest receivable or payable'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within operating profit.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.14 Interest income

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

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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, 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.

1.16 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned, as permitted under FRS 102.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, 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 continually evaluated and are based on historical experience and other factors that are considered to be relevant.

Critical judgements in applying the entity's accounting policies

The directors believe that none of the judgements applied would have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Critical accounting assumptions and estimates

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Impairment of investments

The Company annually tests its investments for impairment. Impairment testing is an area involving estimation and assessment as to whether the carrying value of the investment can be supported by its recoverable amount. The cash flow forecasts used for the impairment testing at the year end were derived from the budget for 2023 and a long term plan for the years 2024 to 2026. The growth rates used in the forecast are based on management's past experience and expectations as to future trends in markets and costs, as well as consideration of the macroeconomic environment. The cash flows are discounted using the Brenntag region specific WACC. In calculating the recoverable amount, assumptions are required to be made in respect of uncertain matters, including:

- future levels of EBITDA and working capital;
- timing and quantum of future capital expenditure;
- future WACC; and
- expectation of fair market value of the investment, net of disposal costs to an unrelated party.

The directors have evaluated the carrying value of investments by assessing their underlying net assets and expected future cashflows. When modelling future cashflows, both judgement and estimation are required. Changes in assumptions could result in impairment. When assessing if any impairment existed in relation to the Company's investment in the Multisol group of companies, an impairment would have been required if forecasted EBITDA was reduced in the model by 9%. When assessing if any impairment existed in relation to the Company's investment in Kluman and Balter Limited, an impairment would have been required if forecasted EBITDA was reduced in the model by 17%.

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. AUDITORS' REMUNERATION

	2022 £000	2021 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	<u>14</u>	<u>12</u>

All audit costs for the Company, for the current and prior year, are borne by Brenntag UK Limited, a fellow group company.

4. EMPLOYEES

The Company has no employees (2021 - nil) other than the directors. The directors are wholly remunerated through fellow group companies. A corporate services recharge has been made to recharge the administration costs borne by fellow subsidiaries on behalf of the Company, this includes £5,000 (2021 - £5,000) for directorship costs.

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2022 £000	2021 £000
Dividends received from subsidiary undertakings	<u>32,003</u>	<u>44,713</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £000	2021 £000
Gain on derivative financial instruments	<u>843</u>	<u>1,105</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £000	2021 £000
On loans from group undertakings	<u>9,715</u>	<u>6,915</u>

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. TAX ON PROFIT

	2022 £000	2021 £000
Current tax		
UK corporation tax charge on profit for the year	-	-
Deferred tax		
Origination and reversal of timing differences	161	210
Changes to tax rates	17	-
Total deferred tax	178	210
Tax on profit	178	210

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before taxation	21,173	31,708
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	4,023	6,025
Effects of:		
Expenses not deductible for tax purposes	388	1,275
Dividends from UK companies	(6,080)	(8,496)
Re-measurement of deferred tax - change in UK tax rate	17	-
Group relief	1,830	1,406
Total tax charge for the year	178	210

Factors that may affect future tax charges

The UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. DIVIDENDS

	2022 £000	2021 £000
Interim paid: 54.40p (2021: 51.39p) per £1 ordinary share	26,881	25,395

Interim dividends for the financial year ended 31 December 2022, amounting to £36,322,000 were proposed and paid on 7 June 2023.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 1 January 2022	373,425
Additions	24,793
Amounts written off	(8,492)
At 31 December 2022	389,726
Impairment	
At 1 January 2022	10,142
Charge for the period	2,044
Impairment on disposals	(8,492)
At 31 December 2022	3,694
Net book value	
At 31 December 2022	386,032
At 31 December 2021	363,283

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. INVESTMENTS (CONTINUED)

On 25 August 2022, the Company acquired 100% of the issued share capital of Prime Surfactants Limited and its dormant subsidiary Prime Example Limited for a cash consideration of £24,793,000, which was financed by intergroup loans and surplus cash resources.

During the year, the Group continued its ongoing project to streamline its group structure, resulting in the following key achievements:

- On 31 March 2022, a business transfer from A1 Cake Mixes Limited (A1) to Kluman and Balter Limited, both fully owned subsidiaries of the Company, took place. Following the transfer, A1's balance sheet was simplified and outstanding reserves balances eliminated via a dividend distribution. This resulted in a corresponding impairment charge of £2,044,000. A special resolution to voluntarily wind up A1 was passed on 12 September 2022;
- The Company successfully completed the formal liquidation of its non-trading subsidiaries, Brenntag Inorganic Chemicals (Thetford) Limited and Tan International Limited, resulting in a disposal of the investments which were fully impaired as at 31 December 2021; and
- The Company's indirect subsidiary, Brenntag Packed Chemicals Limited, was successfully dissolved following a business transfer to its immediate parent, Brenntag UK Limited.

Following Russia's invasion of Ukraine the Group were quick to take the necessary steps to wind down all business operations in and with Russia and Belarus. The Group regret having to take this step after years of trustful and excellent working relationships with our employees, customers and suppliers in those markets. However, the current situation as well as the Group's values presents no other option. Therefore, the future of the Company's indirect subsidiary, OOO Multisol, is currently uncertain.

The directors have evaluated the carrying value of investments shown above by assessing their underlying net assets and expected future cashflows. At the date of the impairment test, no impairment of investments resulted. When modelling future cashflows, both judgement and estimation are required. Changes in assumptions could result in impairment. When assessing if any impairment existed in relation to the Company's investment in the Multisol group of companies, an impairment would have been required if forecasted EBITDA was reduced in the model by 9%.

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. INVESTMENTS (CONTINUED)**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
A1 Cake Mixes Limited [note 1]	55 Westburn Drive, Cambuslang, Glasgow, Scotland, G72 7NA	Import and distribution of food and bakery ingredients (non- trading from 31 March 2022)	Ordinary	50% -
Brenntag Chemicals Distribution (Ireland) Limited	First Floor, Riverside Two, Sir John Rogerson's Quay, Dublin 2, Ireland	Chemical distribution	Ordinary	100%
Brenntag Colours Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
Brenntag Inorganic Chemicals Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Intermediate holding company	Ordinary	100%
Brenntag Inorganic Chemicals (Thetford) Limited [note 2]	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
Brenntag UK Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Chemical distribution	Ordinary	100%
Kluman and Balter Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Import and distribution of food and bakery ingredients	Ordinary	100%

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. INVESTMENTS (CONTINUED)**Direct subsidiary undertakings (CONTINUED)**

Name	Registered office	Principal activity	Class of shares	Holding
Multisol Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Specialised solvents & oils	Ordinary	100%
Tan International Limited [note 3]	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
Prime Surfactants Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Chemical distribution	Ordinary	100%

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. INVESTMENTS (CONTINUED)**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
A1 Cake Mixes Limited [note 1]	55 Westburn Drive, Cambuslang, Glasgow, Scotland, G72 7NA	Import and distribution of food and bakery ingredients (non- trading from 31 March 2022)	Ordinary	50%
Multisol Europe Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Oil additives	Ordinary	100%
Multisol Group Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Intermediate holding company	Ordinary	100%
Multisol Mauritius Limited	Suite 510, 5th Floor Barkly Wharfe, Le Caudan Waterfront, Port-Louis, Mauritius	Specialised solvents & oils	Ordinary	100%
Multisol South Africa (Pty) Limited	3rd Floor, Tygervalley Chambers, One Willie Van Schoor Dr, Belville, 7550 Cape Town, South Africa	Specialised solvents & oils	Ordinary	100%
Murgatroyd's Salt & Chemical Company Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
OOO Multisol	Eniseysjay Str, 1, Build 1, Moscow 129344, Russian Federation	Specialised solvents & oils	Ordinary	100%
Brenntag Packed Chemicals Limited [note 4]	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. INVESTMENTS (CONTINUED)

Indirect subsidiary undertakings (CONTINUED)

Name	Registered office	Principal activity	Class of shares	Holding
Prime Example Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%

[1] A special resolution to voluntarily wind up A1 Cake Mixes Limited was passed on 12 September 2022.

[2] Brenntag Inorganic Chemicals (Thetford) Limited was formally dissolved on 16 December 2022.

[3] Tan International Limited was formally dissolved on 16 December 2022.

[4] Brenntag Packed Chemicals Limited was formally dissolved on 27 December 2022.

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. DEBTORS

	2022 £000	2021 £000
Amounts falling due after more than one year		
Other debtors	300	300
	<u>300</u>	<u>300</u>
Amounts falling due within one year		
Amounts owed by group undertakings	2,270	37
Other debtors	4	-
Deferred taxation	-	87
Derivative financial instruments	385	-
	<u>2,659</u>	<u>124</u>

Amounts owed by group undertakings are unsecured, interest is charged at market rate and repayment terms are as stated in the respective loan agreements.

12. CREDITORS: Amounts falling due within one year

	2022 £000	2021 £000
Accruals and deferred income	59	36
Derivative financial instruments	-	458
	<u>59</u>	<u>494</u>

13. CREDITORS: Amounts falling due after more than one year

	2022 £000	2021 £000
Amounts owed to group undertakings	294,462	259,905
Other creditors	300	300
	<u>294,762</u>	<u>260,205</u>

Amounts owed to group undertakings are unsecured, interest is charged at market rate and repayment terms are as stated in the respective loan agreements.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. FINANCIAL INSTRUMENTS

	2022 £000	2021 £000
Financial assets		
Derivative financial instruments measured at fair value through profit or loss	385	-
Financial assets that are debt instruments measured at amortised cost	5,914	634
	<u>6,299</u>	<u>634</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	-	458
Financial liabilities measured at amortised cost	294,762	260,205
	<u>294,762</u>	<u>260,663</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, amounts owed by group undertakings and other debtors.

Derivative financial instruments measured at fair value comprise foreign currency contracts to mitigate the exchange risk of certain foreign currency liabilities. At 31 December 2022, the outstanding contracts all mature within 3 months (2021 - 3 months) of the balance sheet date.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key input used in valuing the derivative is GBP:EUR exchange rate at the balance sheet date.

The Company has no interest rate derivative financial instruments (2021 - none).

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and other creditors.

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. DEFERRED TAXATION

	£000
At 1 January 2022	87
Movement in the year	(178)
At 31 December 2022	<u>(91)</u>

The deferred taxation balance is made up as follows:

	2022 £000	2021 £000
Derivative financial instruments	<u>(91)</u>	<u>87</u>

16. CALLED UP SHARE CAPITAL

	2022 £000	2021 £000
Allotted, called up and fully paid		
49,410,871 (2021 - 49,410,871) ordinary shares of £1 each	<u>49,411</u>	<u>49,411</u>

17. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 102 from disclosing related party transactions with members of the same group that are wholly owned. There have been no other related party transactions.

18. CONTROLLING PARTY

The Company's immediate parent company is Brenntag France Holding SAS which is registered in France.

The Company's ultimate parent company and controlling entity is Brenntag SE which is incorporated in Germany.

Brenntag SE is the parent undertaking of the smallest and largest group to consolidate these financial statements at Saturday, December 31, 2022. The consolidated financial statements of Brenntag SE are available from their registered office, at Messeallee 11, D-45131, Essen, Germany.