

Brenntag Nordic A/S
Borupvang 5 B, 2750 Ballerup

Company reg. no. 24 99 45 89

Annual report

2023

The annual report was submitted and approved by the general meeting on the 22 May 2024.

Marianne Phillip
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Brenntag Nordic A/S for the financial year 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Ballerup, 22 May 2024

Managing Director

René Fleischer

Board of directors

Russel Ian Argo
Chairman

Marianne Philip

Jan Hoffmann Sørensen

Torsten Walz

Jonny Rønnov Christoffersen

Trine Kjær

Independent auditor's report

To the Shareholder of Brenntag Nordic A/S

Opinion

We have audited the financial statements of Brenntag Nordic A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 22 May 2024

Deloitte

State Authorised Public Accountants
Company reg. no. 33 96 35 56

Christian Sanderhage

State Authorised Public Accountant
mne23347

Company information

The company	Brenntag Nordic A/S Borupvang 5 B 2750 Ballerup
	Phone 43292800
	Fax 43292700
	Web site www.brenntag.com/en-dk/
	E mail main@brenntag-nordic.com
	Company reg. no. 24 99 45 89
	Domicile: Ballerup
	Financial year: 1 January - 31 December
Board of directors	Russel Ian Argo, Chairman Marianne Philip Jan Hoffmann Sørensen Torsten Walz Jonny Rønnov Christoffersen Trine Kjær
Managing Director	René Fleischer
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S
Bankers	Danske Bank Holmens Kanal Afdeling Holmens Kanal 2 1090 København K
Lawyer	Kromann Reumert Sundkrogsgade 5 2100 København Ø
Parent company	Brenntag AG, Essen, Germany
Subsidiary	Aktieselskabet af 1. januar 1987, Ballerup

Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Net turnover	1.272.994	1.406.312	943.780	1.039.932	972.546
Results from operating activities	145.453	143.938	76.357	132.281	40.082
Net financials	20.134	2.115	2.008	3.009	2.490
Net profit or loss for the year	131.063	116.067	62.224	103.960	24.880
Statement of financial position:					
Balance sheet total	1.051.014	1.090.753	919.699	956.279	863.392
Investments in property, plant and equipment	7.874	12.569	13.703	15.089	10.669
Equity	868.726	814.226	753.159	742.935	692.975
Employees:					
Average number of full-time employees	127	125	128	127	129
Key figures in %:					
Profit margin	11,4	10,2	8,2	11,7	3,3
Return on assets	13,8	13,5	8,4	12,8	4,7
Solvency ratio	82,7	74,6	81,9	77,7	80,3
Return on equity	15,6	15,0	8,3	14,5	3,5

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The comparative figures for 2019-2021 have not been corrected related to the change in the presentation of the income statement from functional classification to the natural classification.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Financial highlights

Profit margin (EBIT margin)

$$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

Return on assets

$$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Assets in total}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

The principal activities of the company

In the Danish market Brenntag Nordic A / S buys, manufactures and sells chemicals and ingredients, etc. primarily for the B2B market.

The product range covers industrial commodities as well as special products and specific customer solutions.

The largest part of revenue is in Denmark. Sales outside Denmark are primarily made up of sister companies in the Nordic region. In addition, there are direct sales to a number of large customers in the Nordic region within some selected product areas.

Development in activities and financial matters

The Company's activities have decreased compared to 2022 due to the changes in the market conditions and falling prices in the chemistry market due to lower cost prices on chemicals, due lower energy costs and inflation during 2023. However, the Company have managed to keep a good GP/t based on efficient purchase and price management.

We have seen higher costs on transport and other operating costs in Denmark due to change in the supply chain and higher cost levels.

Results before tax is increased compared to 2022 and amounted to DKK 167 million for 2023. Net profit for the year amounted to DKK 131 million. The reason is higher interest on financial loan to the Brenntag Group due higher interest rates and higher loan during 2023.

Result before financials shows a profit of DKK 145 million (2022: DKK 144 million). Equity has increased due to the good result for 2023 in total DKK 55 million minus proposed dividend for 2023 of DKK 67 million and payout dividend for 2022 of DKK 55 million.

Investment in new production equipment at sites in Vejle, Høsten and Copenhagen amount to net DKK 8 million (2022: DKK 13 million).

Financial risks and the use of financial instruments

Market risks

The company is constantly influenced by the competitive and market situation - including customers' expectations for the future and hence the demand for the products it offers. The market is characterized by a strong price competition from a number of players.

Currency risks

The business activities involve a number of risks that may affect the company's financial position. Including currency fluctuations in the purchase and sale of goods, etc. Continuous work is being carried out with the control and matching of currency flows in critical currencies.

Management's review

Interest risks

The company's interest rate risk is primarily related to the financial loan to the parent company, where the interest rate is agreed on a quarterly basis. Interest rates to other credit institutions are fixed-rate, in addition, there is a limited risk of a few financial leasing agreements.

Credit risks

The company's credit risks relate exclusively to our customers. Internal control systems based on strict credit management and rating system including the use of external credit information mean that the company does not have significant risks with regard to individual customers or collaborators. Historically, the company has not recorded significant losses on trade receivables.

Strategy and Objectives

The company's strategy is to grow through organic growth and expand our current logistics and production capacity. By offering our customers value for them and their business, the company also continuously evaluates the possibilities for acquiring activities that may fit into the current set-up.

Objectives and Expectations for the coming year

We expect the operating result for 2024 to be lower than 2023 in the range of DKK 95-100 million due to the change in market conditions – i.e., lower volumes in some areas, lower cost prices and sales prices, which will reduce the GP/t, but inflation is expected to be back at more normal level.

We expect the financial income to be better than the level from 2023 based on the higher interest rates.

External Environment

Brenntag continuously works to limit the impact of the external environment around our sites and warehouses according to the current rules, which are regularly reviewed by Norsk Veritas as part of our quality system. In addition, Brenntag Nordic A/S has focused on our environmental impacts in Denmark for a number of years and have increased measures such as water, gas, electricity and wastewater to reduce our environmental impact in cooperation with local authorities. Brenntag have also invested in projects to reduce the Co2 impact link to our local business.

The Brenntag Group also imposes a large number of additional requirements/reporting for the company's handling of the external environment. Brenntag have continue a No of projects to reuse chemicals and work to together with a number of players within chemical market in Denmark to create circular economy solutions under the Danish Environmental Agency and continue to work for more sustainable solutions in order to reduce the Co2 impact related to importing, supply chain incl production/warehouses setc, and selling chemistry into the Danish Market.

Management's review

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Brenntag works with social responsibility through our quality system based on various ISO standards, etc., which means that we continuously work with deviations and improvements in safety, environment, working conditions, etc., as well as the Brenntag Group's internal guidelines for good business and safety.

Brenntag Nordic A/S wants to comply with the laws and regulations of the countries and communities in which it operates. In this context, Brenntag Nordic A/S has introduced a CSR policy that in addition to the already established ISO standards and Responsible Care, will ensure that this happens.

The CSR declaration can be obtained at the following Internet address:

<https://corporate.brenntag.com/en/sustainability/>

Brenntag will continue to work on CSR policies in 2024 and focus on supplier evaluations to ensure that we live up to our CSR policy. We expect this process to continue in the coming years.

Brenntag work in the B2B business segment and the risk not to be compliant with Anti-Trust and Corruption rules/laws exists for example via Price agreements, Market sharing etc., However Brenntag work to be compliant with Anti-Trust and Corruption via all our commercial agreements and co-operation with our customers.

All staff within the commercial areas as well as management need to pass a test on Anti-Trust and Corruption rules/laws via yearly E-learning program, data protection ect. and HR secure that all have passed this test.

We also via our legal departments secure that all our commercial agreements are compliant before signing.

Further reference is made to the consolidated financial statements of Brenntag SE for a description of the Group's CSR policy:

https://brenntagprod-media.e-spirit.cloud/06432017-be1f-41ce-8d1d-564e2a66d213/documents/corporate/investor-relations/2023/annual-report-2023/brenntag_annualreport-2023_en.pdf#page=87

Management's review

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

Overview of the status of target figures for the underrepresented gender

	2023
Other management levels	
Total number of other management levels	18
Underrepresented gender at other management levels	39 %
Target figure of underrepresented gender at other management levels	40 %
Year of expected fulfillment	2025

In view of the structure of the Board today (3 men, 1 woman), we have achieved an equal split.

Policy and goal

It is our policy to increase the number of women in other management levels and we will strive for a more positive attitude towards promoting/hiring women.

Actions

Our employee turnover is very low, and thereby also the turnover of leaders. What counts is the qualifications, and we always treat our candidates regardless of gender.

In 2023, we have encouraged potential future female leaders to take on further responsibility in current position and to get further relevant education for which the company holds the expense.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

Use of data is fundamental for Brenntag business model, and we have defined clear rules/Guidelines.

The guidelines includes handling, storage, and use of data regardless of the data belongs to Customer, supplier or employees.

We handle the data with trust and have different guidelines about the use of data and secure that data is used correctly for it purpose and not shared with not relevant partners/employees etc.

We do also respect GDPR incl training of employees in data handling and Code of Conduct. Hereby secure that the company don't take any legal or financial risks due to wrong use of data.

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
1 Net turnover	1.272.994	1.406.312
Other operating income	24.759	14.100
Other external expenses	<u>-1.002.686</u>	<u>-1.136.986</u>
Gross profit	295.067	283.426
3 Staff costs	-98.872	-103.519
Depreciation and writedown relating to fixed assets	-15.689	-15.076
Other operating costs	<u>-35.053</u>	<u>-20.893</u>
Operating profit	145.453	143.938
Income from equity investments in group enterprises	1.638	2.053
Other financial income from group enterprises	21.104	6.276
Other financial income	2.299	1.082
Other financial costs	<u>-3.269</u>	<u>-5.243</u>
Pre-tax net profit or loss	167.225	148.106
4 Tax on ordinary results	<u>-36.162</u>	<u>-32.039</u>
5 Net profit or loss for the year	131.063	116.067

Balance sheet at 31 December

DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
6 Software	1.496	2.071
Total intangible assets	1.496	2.071
7 Land and property	47.844	51.880
8 Production plant and machinery	43.189	46.078
9 Other plants, operating assets, and fixtures and furniture	1.705	3.673
10 Leasehold improvements	160	50
Total property, plant, and equipment	92.898	101.681
11 Investments in group enterprises	8.075	28.000
12 Other receivables	1.693	1.641
Total fixed assets	9.768	29.641
Total non-current assets	104.162	133.393
Current assets		
Raw materials and consumables	6.078	5.660
Work in progress	345	467
Manufactured goods and trade goods	73.317	120.979
Total inventories	79.740	127.106
Trade receivables	170.814	250.730
Amounts owed by group enterprises	670.915	524.772
13 Deferred tax assets	3.081	1.960
Other receivables	230	187
14 Prepayments and accrued income	538	147
Total receivables	845.578	777.796
Cash and cash equivalents	21.534	52.458
Total current assets	946.852	957.360
Total assets	1.051.014	1.090.753

Balance sheet at 31 December

DKK thousand.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
15	Contributed capital	6.206	6.206
	Reserve for net revaluation according to the equity method	6.744	26.670
	Result brought forward	788.776	726.350
	Proposed dividend for the financial year	67.000	55.000
	Total equity	868.726	814.226
Provisions			
16	Other provisions	48.576	48.618
	Total provisions	48.576	48.618
Liabilities other than provisions			
	Bank debts	0	1
	Trade payables	74.020	145.174
	Debt to group enterprises	23.675	31.429
	Corporate tax	1.939	6.470
	Other payables	22.526	29.778
17	Other short-term provision	11.552	15.057
	Total short term liabilities other than provisions	133.712	227.909
	Total liabilities other than provisions	133.712	227.909
	Total equity and liabilities	1.051.014	1.090.753
2 Fees, auditor			
18 Contingencies			
19 Related parties			

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for net revalua- tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	6.206	24.617	667.336	55.000	753.159
Dividend for the financial year	0	0	0	-55.000	-55.000
Result for the year	0	2.053	59.014	55.000	116.067
Equity 1 January 2023	6.206	26.670	726.350	55.000	814.226
Dividend for the financial year	0	0	0	-55.000	-55.000
Result for the year	0	1.637	62.426	67.000	131.063
Other regulation in subsidiary	0	-21.563	0	0	-21.563
	6.206	6.744	788.776	67.000	868.726

Notes

DKK thousand.

	<u>2023</u>	<u>2022</u>
1. Net turnover		
Denmark	1.146.828	1.319.332
Scandinavia	76.495	74.638
Europe	24.073	10.522
Other	25.598	1.820
Total geographical segments	<u>1.272.994</u>	<u>1.406.312</u>
Agency sales	204	420
Direct sales	233.022	293.680
Warehouse sales	1.039.768	1.112.212
Total business segments	<u>1.272.994</u>	<u>1.406.312</u>
2. Fees, auditor		
Please refer to the note the consolidated financial statement for the parent company, Brenntag SE.		
3. Staff costs		
Salaries and wages	89.327	92.733
Pension costs	8.090	9.320
Other costs for social security	1.455	1.466
	<u>98.872</u>	<u>103.519</u>
Average number of employees	<u>127</u>	<u>125</u>
In accordance with section 98 B(3) of Danish Financial Statements Act, remuneration to the Executive Board is not disclosed.		
4. Tax on ordinary results		
Tax of the results for the year, parent company	37.553	34.192
Adjustment for the year of deferred tax	-1.121	-2.117
Adjustment of tax for previous years	-270	-36
	<u>36.162</u>	<u>32.039</u>

Notes

DKK thousand.

	<u>2023</u>	<u>2022</u>
5. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	0	2.053
Dividend for the financial year	67.000	55.000
Transferred to retained earnings	<u>64.063</u>	<u>59.014</u>
Total allocations and transfers	<u>131.063</u>	<u>116.067</u>
6. Software		
Cost 1 January	35.388	34.306
Additions during the year	78	331
Transfers	<u>0</u>	<u>751</u>
Cost 31 December	<u>35.466</u>	<u>35.388</u>
Amortisation and writedown 1 January	-33.317	-32.643
Amortisation for the year	<u>-653</u>	<u>-674</u>
Amortisation and writedown 31 December	<u>-33.970</u>	<u>-33.317</u>
Carrying amount, 31 December	<u>1.496</u>	<u>2.071</u>
Amortised over <u>3-8 years</u>		
7. Land and property		
Cost 1 January	122.374	119.527
Additions during the year	<u>1.068</u>	<u>2.847</u>
Cost 31 December	<u>123.442</u>	<u>122.374</u>
Depreciation and writedown 1 January	-70.494	-65.397
Depreciation for the year	<u>-5.104</u>	<u>-5.097</u>
Depreciation and writedown 31 December	<u>-75.598</u>	<u>-70.494</u>
Carrying amount, 31 December	<u>47.844</u>	<u>51.880</u>
Amortised over <u>30-40 years</u>		

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
8. Production plant and machinery		
Cost 1 January	170.267	161.957
Additions during the year	6.018	8.107
Transfers	0	203
Cost 31 December	<u>176.285</u>	<u>170.267</u>
Depreciation and writedown 1 January	-124.189	-115.888
Depreciation for the year	-8.907	-8.301
Depreciation and writedown 31 December	<u>-133.096</u>	<u>-124.189</u>
Carrying amount, 31 December	<u>43.189</u>	<u>46.078</u>
Amortised over <u>4-10 years</u>		
9. Other plants, operating assets, and fixtures and furniture		
Cost 1 January	23.691	22.139
Additions during the year	652	1.552
Disposals during the year	-7.058	0
Cost 31 December	<u>17.285</u>	<u>23.691</u>
Amortisation and write-down 1 January	-20.018	-19.026
Depreciation for the year	-1.012	-992
Reversal of depreciation, amortisation and writedown, assets disposed of	5.450	0
Amortisation and write-down 31 December	<u>-15.580</u>	<u>-20.018</u>
Carrying amount, 31 December	<u>1.705</u>	<u>3.673</u>
Amortised over 4-6 years		

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
10. Leasehold improvements		
Cost 1 January	4.272	4.209
Additions during the year	<u>135</u>	<u>63</u>
Cost 31 December	<u>4.407</u>	<u>4.272</u>
Depreciation and write-down 1 January	-4.222	-4.209
Depreciation for the year	<u>-25</u>	<u>-13</u>
Depreciation and write-down 31 December	<u>-4.247</u>	<u>-4.222</u>
Carrying amount, 31 December	<u>160</u>	<u>50</u>
Amortised over 6 years		
11. Investments in group enterprises		
Acquisition sum, opening balance 1 January	<u>1.330</u>	<u>1.330</u>
Cost 31 December	<u>1.330</u>	<u>1.330</u>
Revaluations, opening balance 1 January	26.670	24.617
Result for the year	1.638	2.053
Other regulation in subsidiary	<u>-21.563</u>	<u>0</u>
Revaluations 31 December	<u>6.745</u>	<u>26.670</u>
Carrying amount, 31 December	<u>8.075</u>	<u>28.000</u>

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	Equity interest	Equity	Results for the year	Carrying amount, Brenntag Nordic A/S
Aktieselskabet af 1. januar 1987, Ballerup	100 %	<u>8.075</u>	<u>1.638</u>	<u>8.075</u>
		<u>8.075</u>	<u>1.638</u>	<u>8.075</u>

There has been a change in the accounting policies in our subsidiary. The investment in participating interest is changed from applying the equity method to cost.

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
12. Other receivables		
Cost 1 January	1.641	1.523
Additions during the year	<u>52</u>	<u>118</u>
Cost 31 December	<u>1.693</u>	<u>1.641</u>
Carrying amount, 31 December	<u>1.693</u>	<u>1.641</u>
13. Deferred tax assets		
Deferred tax assets 1 January	1.960	-158
Deferred tax of the results for the year	<u>1.121</u>	<u>2.118</u>
	<u>3.081</u>	<u>1.960</u>
The recognised tax asset comprises timing differences relating to property, plant and equipment. In the years ahead, the Company or the group of jointly taxed enterprises expect to realise the recognised deferred tax asset; on that basis, the asset has been recognised at 31 December 2023.		
14. Prepayments and accrued income		
Other prepayments	402	137
Prepaid rent	<u>136</u>	<u>10</u>
	<u>538</u>	<u>147</u>
15. Contributed capital		
The Share capital consist of 62,060 shares, each with nominal value of DKK 100. No shares hold particular rights.		
16. Other provisions		
Reestablishment provision	39.098	38.879
Environmental provision	<u>9.478</u>	<u>9.739</u>
	<u>48.576</u>	<u>48.618</u>

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
17. Other short-term provision		
Prepayments/deferred income	<u>11.552</u>	<u>15.057</u>
	<u>11.552</u>	<u>15.057</u>

18. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of DKK 0.9 million. The leases have remaining terms to maturity of between 2-42 months with a total remaining lease payment of DKK 2.4 million.

The company has entered into rent obligation with a total obligation of DKK 9.7 million. The main lease, for which the annual rent amounts to DKK 6.8 million. The lease may be terminated at 6-12 months' notice.

Recourse guarantee commitments

The company has provided guarantees for the bank debts of the group enterprises. The guarantee is limited to EUR 20 million.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

19. Related parties

Controlling interest

Brenntag Holding B.V	Majority shareholder
Amsterdam, the Netherlands	

Other related Parties

Aktieselskabet af 1. januar 1987	Subsidiary
Borup Kemi I/S	Associate

Notes

DKK thousand.

Transactions

During the year, there have been no transactions with Board of Directors, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Consolidated financial statements

The company is included in the consolidated Financial Statements of Brenntag SE, Essen, Germany

The Consolidated Financial Statement may be obtained at:

<https://annualreport.brenntag.com/en/>

Accounting policies

The annual report for Brenntag Nordic A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The management has decided to change the presentation of the income statement from functional classification to natural classification. In the opinion of the management the natural classification of the expenses provides a more accurate presentation of the financial position of the company.

All other policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Brenntag Nordic A/S and its group enterprises are included in the consolidated financial statements for Brenntag SE, Essen, Germany.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Brenntag SE, Essen, Germany.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Accounting policies

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Accounting policies

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

Dividend from investments in group enterprises is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Software

Software are measured at cost with deduction of accrued amortisation. Software are amortised on a straight-line basis over an evaluation of the expected useful life, the amortisation period is set at 3-8 years.

Tangible fixex assets

Tangible fixex assets are measured at cost with deducation of accrued depreciation and writedown.

Accounting policies

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	30-40 years
Production plants and machinery	4-10 years
Other plants, operating assets, fixtures and furniture	4-6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Accounting policies

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 6 years.

Financial fixed assets

Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

Accounting policies

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Debtors

Debtors are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, writedown takes place at the net realisable price.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

As administration company, Brenntag Nordic A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Accounting policies

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

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Torsten Walz

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Marianne Philip

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