Brenntag Nordic A/S

Borupvang 5 B, 2750 Ballerup

Company reg. no. 24 99 45 89

Annual report

2021

The annual report was submitted and approved by the general meeting on the 19 May 2022.

____

Marianne Phillip

Chairman of the meeting

Contents

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

The board of directors and the managing director have today presented the annual report of Brenntag Nordic A/S for the financial year 1 January to 31 December 2021.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2021 and of the company's results of its activities in the financial year 1 January to 31 December 2021.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Ballerup, 19 May 2022

Managing Director

René Fleischer

Board of directors

Russel Ian Argo
Chairman

Torsten Walz

Marianne Philip

Jan Hoffmann Sørensen

Lene Baden Filtenborg

Karin Poulsen

Independent auditor's report

To the shareholder of Brenntag Nordic A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Brenntag Nordic A/S for the financial year 1 January to 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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.

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 conclusions thereon.

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, in our view, 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 in Management's Review.

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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 the internal control that we identify during our audit.

Hellerup, 19 May 2022

PricewaterhouseCoopers
State Authorised Public Accountants
Company reg. no. 33 77 12 31

Ulrik Ræbild State Authorised Public Accountant mne33262	Daniel Nielsen State Authorised Public Accountant mne45105

Company information

The company	Brenntag Nordic A/S Borupvang 5 B 2750 Ballerup	
	Phone	43292800
	Fax	43292700
	Web site	www.brenntag-nordic.com
	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 Torsten Walz Marianne Philip Jan Hoffmann Sørensen Lene Baden Filtenborg Karin Poulsen	
Managing Director	René Fleischer	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	
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.	2021	2020	2019	2018	2017
Income statement:					
Net turnover	943.780	1.039.932	972.546	1.013.713	879.757
Results from operating activities	76.357	132.281	40.082	45.677	42.411
Results before financial income and expense	77.459	122.034	32.232	42.643	34.993
Net financials	2.008	3.009	2.490	-956	-2.049
Net profit or loss for the year	62.224	103.960	24.880	374.865	38.605
Statement of financial position:					
Balance sheet total	919.699	956.279	863.392	922.036	530.567
Investments in property, plant and equipment	13.703	15.089	10.669	46.629	10.107
Equity	753.159	742.935	692.975	724.047	372.121
Employees:					
Average number of full-time employees	128	127	129	135	133
Key figures in %:					
Gross margin	23,5	27,3	19,2	20,6	26,2
Profit margin	8,2	11,7	3,3	4,2	4,0
Return on assets	8,4	12,8	4,7	4,8	6,8
Solvency ratio	81,9	77,7	80,3	78,5	70,1
Return on equity	8,3	14,5	3,5	68,4	10,4

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

Financial highlights

Gross margin	$\frac{\text{Gross results x 100}}{\text{Net turnover}}$
Profit margin (EBIT margin)	$\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Net turnover}}$
Return on assets	$\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Assets in total}}$
Solvency ratio	$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$

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 2020. The Special Corona effect on sales of hand disinfection etc. the company had in 2020 has not Continued in 2021. But 2021 was heavily impacted by the negative consequences on Covid 19 relating to Business sourcing of raw materials, working from Home and lack of logistic capacity etc., which have increased our cost base, but we manage to adjust our prices accordingly.

Results before tax is decreased compared to 2020 and amounted to DKK 79 million for 2021. Net profit for the year amounted to DKK 60 million.

Result before financials shows a profit of DKK 77 million (2020: DKK 122 million). Equity has increased due to the good result for 2021 in total DKK 60 million minus the pay out the dividend from 2020 of DKK 52 million.

Investment in new production equipment at sites in Vejle, Høsten and Copenhagen amount to net DKK 14 million (2020: DKK 15 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.

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 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 2022 will be the same level as 2021 without the COVID-19 effect is at range of DKK 80-90 million including our optimization projects related to Project Brenntag, which already had a positive impact on 2021.

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 is continuously implementing a series of measures such as water, gas, electricity and wastewater to reduce our environmental impact in cooperation with local authorities. The Brenntag Group also imposes a large number of additional requirements for the company's handling of the external environment. Brenntag have continued 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.

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://www.brenntag.com/en-dk/sustainability/qshe/

Brenntag will continue to work on CSR policies in 2022 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.

Further reference is made to the consolidated financial statements of Brenntag AG for a description of the Group's CSR policy:
https://www.brenntag.com/corporate/en/sustainability/service-contacts/

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

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

Management

In Brenntag Nordic we have a leadership group of 18 leaders in 2021 with 55% men and 45% women.

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 2021, 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.

About 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.

Note		2021	2020
1	Net turnover	943.780	1.039.932
	Production costs	-721.930	-755.996
	Gross profit	**221.850**	**283.936**
	Distribution costs	-43.730	-48.476
	Administration costs	-101.763	-103.179
	Other operating income	19.722	12.465
	Other operating costs	-18.620	-22.712
	Operating profit	**77.459**	**122.034**
	Income from equity investments in group enterprises	2.023	5.296
	Other financial income from group enterprises	4.346	4.320
	Other financial income	345	543
4	Other financial costs	-2.683	-1.854
	Pre-tax net profit or loss	**81.490**	**130.339**
5	Tax on ordinary results	-19.266	-26.379
6	**Net profit or loss for the year**	**62.224**	**103.960**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2021	2020
	Non-current assets		
7	Goodwill	0	22
8	Software	1.663	1.999
	Total intangible assets	1.663	2.021
9	Land and property	54.130	56.366
10	Production plant and machinery	46.069	45.883
11	Other plants, operating assets, and fixtures and furniture	3.113	2.509
12	Tangible assets under construction and prepayments for tangible assets	954	529
13	Decoration rented premises	0	75
	Total property, plant, and equipment	104.266	105.362
14	Equity investments in group enterprises	25.947	23.924
15	Other debtors	1.523	1.483
	Total financial fixed assets	27.470	25.407
	Total non-current assets	**133.399**	**132.790**
	Current assets		
	Raw materials and consumables	6.339	7.195
	Work in progress	798	354
	Manufactured goods and trade goods	76.929	69.033
	Total inventories	84.066	76.582
	Trade receivables	136.826	112.975
	Amounts owed by group enterprises	516.924	505.013
	Deferred tax assets	0	629
	Other receivables	685	3.850
16	Prepayments and accrued income	364	878
	Total receivables	654.799	623.345
	Cash and cash equivalents	47.435	123.562
	Total current assets	**786.300**	**823.489**
	Total assets	**919.699**	**956.279**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	2021	2020
	Equity		
17	Contributed capital	6.206	6.206
	Reserve for net revaluation according to the equity method	24.617	22.594
	Result brought forward	667.336	662.135
	Proposed dividend for the financial year	55.000	52.000
	Total equity	**753.159**	**742.935**
	Provisions		
18	Provisions for deferred tax	158	0
19	Other provisions	46.423	45.597
	Total provisions	**46.581**	**45.597**
	Liabilities other than provisions		
	Bank debts	0	3
	Trade payables	70.419	71.001
	Debt to group enterprises	4.955	22.921
	Corporate tax	9.419	18.683
	Other payables	24.567	39.353
20	Other short-term provision	10.599	15.786
	Total short term liabilities other than provisions	119.959	167.747
	Total liabilities other than provisions	**119.959**	**167.747**
	Total equity and liabilities	**919.699**	**956.279**

2 Staff matters
3 Fees, auditor
21 Contingencies
22 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the equity method	Result brought forward	Proposed dividend for the financial year	Total
Equity 1 January 2020	6.206	17.298	615.471	54.000	692.975
Dividend for the financial year	0	0	0	-54.000	-54.000
Result for the year	0	5.296	46.664	52.000	103.960
Equity 1 January 2021	6.206	22.594	662.135	52.000	742.935
Dividend for the financial year	0	0	0	-52.000	-52.000
Result for the year	0	2.023	5.201	55.000	62.224
	6.206	**24.617**	**667.336**	**55.000**	**753.159**

Notes

DKK thousand.

		2021	2020
1.	**Net turnover**		
	Denmark	883.848	979.498
	Scandinavia	51.302	50.147
	Europe	7.722	9.585
	Other	908	702
	Total geographical segments	943.780	1.039.932
	Agency sales	474	334
	Direct sales	208.540	201.623
	Warehouse sales	734.766	837.975
	Total business segments	943.780	1.039.932
2.	**Staff matters**		
	Salaries and wages	90.036	91.832
	Pension costs	8.597	8.197
	Other costs for social security	1.525	1.395
		100.158	**101.424**
	Average number of employees	128	127

In accordance with section 98 B(3) of Danish Financial Statements Act, remuneration to the Executive Board is not disclosed.

3. Fees, auditor

Please refer to the note the consolidated financial statement for the parent company, Brenntag AG.

		2021	2020
4.	**Other financial costs**		
	Other financial costs	2.683	1.854
		2.683	**1.854**

DKK thousand.

		2021	2020
5.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	17.419	28.530
	Adjustment for the year of deferred tax	786	-975
	Adjustment of tax for previous years	1.061	-1.176
		19.266	**26.379**
6.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	2.023	5.296
	Dividend for the financial year	55.000	52.000
	Transferred to retained earnings	5.201	46.664
	Total allocations and transfers	**62.224**	**103.960**
7.	**Goodwill**		
	Cost 1 January	46.861	46.861
	Cost 31 December	**46.861**	**46.861**
	Amortisation and writedown 1 January	-46.839	-46.785
	Amortisation for the year	-22	-54
	Amortisation and writedown 31 December	**-46.861**	**-46.839**
	Carrying amount, 31 December	**0**	**22**

Amortised over 5-10 years

DKK thousand.

		31/12 2021	31/12 2020
8.	**Software**		
	Cost 1 January	33.842	33.813
	Additions during the year	198	29
	Transfers	266	0
	Cost 31 December	**34.306**	**33.842**
	Amortisation and writedown 1 January	-31.843	-30.806
	Amortisation for the year	-800	-1.037
	Amortisation and writedown 31 December	**-32.643**	**-31.843**
	Carrying amount, 31 December	**1.663**	**1.999**
	Amortised over 3-8 years		

		31/12 2021	31/12 2020
9.	**Land and property**		
	Cost 1 January	116.212	113.660
	Additions during the year	3.315	3.000
	Disposals during the year	0	-448
	Cost 31 December	**119.527**	**116.212**
	Depreciation and writedown 1 January	-59.846	-54.761
	Depreciation for the year	-5.551	-5.533
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	448
	Depreciation and writedown 31 December	**-65.397**	**-59.846**
	Carrying amount, 31 December	**54.130**	**56.366**
	Amortised over 30-40 years		

DKK thousand.

		31/12 2021	31/12 2020
10.	**Production plant and machinery**		
	Cost 1 January	153.881	142.020
	Additions during the year	7.813	10.581
	Transfers	263	1.280
	Cost 31 December	**161.957**	**153.881**
	Depreciation and writedown 1 January	-107.998	-100.470
	Depreciation for the year	-7.890	-7.528
	Depreciation and writedown 31 December	**-115.888**	**-107.998**
	Carrying amount, 31 December	**46.069**	**45.883**

Amortised over 4-10 years

		31/12 2021	31/12 2020
11.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January	20.518	47.593
	Additions during the year	1.621	1.196
	Disposals during the year	0	-28.271
	Cost 31 December	**22.139**	**20.518**
	Amortisation and writedown 1 January	-18.009	-45.319
	Depreciation for the year	-1.017	-961
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	28.271
	Amortisation and writedown 31 December	**-19.026**	**-18.009**
	Carrying amount, 31 December	**3.113**	**2.509**

Amortised over 4-6 years

DKK thousand.

		31/12 2021	31/12 2020
12.	**Tangible assets under construction and prepayments for tangible assets**		
	Cost 1 January	529	1.497
	Additions during the year	954	312
	Transfers	-529	-1.280
	Cost 31 December	**954**	**529**
	Carrying amount, 31 December	**954**	**529**
13.	**Decoration rented premises**		
	Cost 1 January	4.209	4.209
	Cost 31 December	**4.209**	**4.209**
	Depreciation and writedown 1 January	-4.134	-3.772
	Depreciation for the year	-75	-362
	Depreciation and writedown 31 December	**-4.209**	**-4.134**
	Carrying amount, 31 December	**0**	**75**

Amortised over 6 years

		31/12 2021	31/12 2020
14.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January	1.330	1.330
	Cost 31 December	**1.330**	**1.330**
	Revaluations, opening balance 1 January	22.594	17.298
	Results for the year	2.023	5.296
	Revaluation 31 December	**24.617**	**22.594**
	Carrying amount, 31 December	**25.947**	**23.924**

Group enterprises:

	Domicile	Equity interest
Aktieselskabet af 1. januar 1987	Ballerup	100 %

DKK thousand.

		31/12 2021	31/12 2020
15.	**Other debtors**		
	Cost 1 January	1.484	1.445
	Additions during the year	39	38
	Cost 31 December	**1.523**	**1.483**
	Carrying amount, 31 December	**1.523**	**1.483**

16.	**Prepayments and accrued income**		
	Prepaid insurance	85	0
	Prepaid lease	0	15
	Other prepayments	165	554
	Prepaid rent	114	309
		364	**878**

17. Contributed capital

The Share capital consist of 62,060 shares, each with nominal value of DKK 100. No shares hold particular rights.

18.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January	-629	346
	Deferred tax of the results for the year	787	-975
		158	**-629**

19.	**Other provisions**		
	Reestablishment provision	37.132	36.305
	Environmental provision	9.291	9.292
		46.423	**45.597**

DKK thousand.

		31/12 2021	31/12 2020
20.	**Other short-term provision**		
	Prepayments/deferred income	10.599	15.786
		10.599	**15.786**

21. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of DKK 1.1 million. The leases have remaining terms to maturity of between 6-48 months with a total remaining lease payment of DKK 1.8 million.

The company has entered into rent obligation with a total obligation of DKK 8.0 million. The main lease, for which the annual rent amounts to DKK 5.4 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 garantee is limited to EUR 10 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.

22. Related parties

Controlling interest

Brenntag Holding B.V Amsterdam, the Netherlands	Majority shareholder

Other related Parties

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

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 AG, Essen, Germany

The Consolidated Financial Statement may be obtained at:
https://corporate.brenntag.com/en/investor-relations/publications-and-events

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 accounting 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 AG, 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 AG, 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.

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.

Debtors, creditors, 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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Production costs

Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. irect and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

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 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 subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

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

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 5-10 years.

The Company' investment is considered to be of strategic importance for the company, with regard to the Companies expectations for activities and increase in earnings is the useful life of goodwill down 5-10 years.

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 fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

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
Technical 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 subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

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 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.

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 subsidiaries 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 subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

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.

The net realisable value for inventories is recognised as the market 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

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.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

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.

Accruals and deferred income

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