



Brenntag SE Essen

Combined Management Report
of the Brenntag Group and Brenntag SE
for the financial year
January 1 to December 31, 2023

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Annual Financial Statements
as at December 31, 2023

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Management Report

of the Brenntag Group and Brenntag SE

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Preamble

The German Corporate Governance Code (“GCGC”) provides for disclosures on the internal control and risk management system that go beyond the legal requirements for the management report. The disclosures are excluded from the statutory auditor’s audit of the management report content (“disclosures not typically part of the management report”).

In the following, these disclosures are allocated thematically to the main elements of the internal control/risk management system; they have also been set apart from the disclosures required to be audited by placing them in separate paragraphs and labeled accordingly.

Group overview

Business activities and Group structure

Brenntag’s growth opportunities and business model are based not only on complete geographic coverage, a wide product portfolio and a comprehensive offering of value-added services, but especially on high diversity across its suppliers, customers and industries and our targeted use of the potential offered by outsourcing on the part of suppliers.

Brenntag is a partner to chemical manufacturers (its suppliers) and its roughly 180,000 customers¹⁾. As the global market leader in chemical and ingredients distribution, Brenntag has the vision of shaping the future of the industry.

Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers. This enables it to achieve economies of scale and offer a comprehensive range of products and value-added services. The products it purchases are stored in distribution facilities, packed into quantities the customers require and delivered, typically in less-than-truckloads. Overall, Brenntag offers a broad product range comprising more than 20,000 chemicals²⁾ and ingredients as well as extensive value-added services such as just-in-time delivery, product mixing, repackaging, inventory management and drum return handling.

Among other things, Brenntag also offers tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory know-how and digital solutions such as digital sales channels and product platforms.

To enable it to best respond to its customers’ and suppliers’ diverse and changing requirements, Brenntag manages its business through two global divisions: Brenntag Specialties and Brenntag Essentials. Brenntag Specialties focuses on selling ingredients and value-added services, and in 2023 was divided into the focus industries Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. It is managed through the geographical segments EMEA, Americas and APAC. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications, and is managed through the geographical segments EMEA, North America, Latin America and APAC.

Effective January 1, 2024, Brenntag introduced a new management and governance structure for both divisions with a view to gradually transforming the Group structure into more independent, more autonomous and market-leading business units and accelerating strategy execution. A divisional Executive Committee (ExCo) headed by a divisional Chief Executive Officer (CEO) was introduced for each division. Since January 1, 2024, Brenntag Specialties has been divided into two reportable segments, Life Science and Material Science. The Brenntag Essentials division continues to be managed through the geographical segments EMEA, North America, Latin America and APAC.

¹⁾ The number of customers includes the customers that bought from Brenntag at least once in the reporting period. The decision criterion is “sold-to”; a sold-to party is the legal entity that is responsible for the purchase order and makes contact with the supplier’s branch.

²⁾ Chemical substances, including the quality grade and concentration level (in the case of diluted products) or the product form (in the case of solid substances), are recorded as chemicals.

PREAMBLE
GROUP OVERVIEW

The two divisions are supported by Brenntag Business Services, which have been allocated to “All other Segments”. In addition, “All other Segments” combine the central functions for the entire Group and the activities with regard to the digitalization of Brenntag’s business. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

As at December 31, 2023, the scope of consolidation comprised Brenntag SE and in addition 27 (Dec. 31, 2022: 27) domestic and 195 (Dec. 31, 2022: 193) foreign consolidated subsidiaries including structured entities. Four (Dec. 31, 2022: four) associates were accounted for using the equity method.

Objectives and strategy

In the coming years, Brenntag aims to strengthen and further expand its position as the global market leader in chemical and ingredients distribution in a changing global market environment.

In financial year 2023, Brenntag worked systematically to drive the execution of its “Strategy to Win” presented in November 2022. Firstly, the core elements comprised differentiated strategies for the two divisions Brenntag Specialties and Brenntag Essentials, which will be further developed through the “Advanced Operating Model” from January 2024 onwards. Secondly, Brenntag is pursuing a sustainability agenda with the aim of assuming a leading role in the responsible distribution of sustainable chemicals and ingredients. This includes using 100% environmentally-friendly energy by 2025 and achieving net-zero emissions by 2045, for example. Thirdly, Brenntag aims to drive market consolidation through value-creating M&A activity. Its focus here is on expanding its position in emerging markets in both divisions, improving strategic capabilities and market positions, augmenting the existing portfolio and improving technical capabilities. Fourthly, it is transforming itself into a data- and technology-driven company.

Through the “Advanced Operating Model” announced in July 2023 and operationalized in January 2024, Brenntag is continuing to implement the two divisions’ differentiated steering. This includes the divisions’ new steering and governance structure via divisional CEOs and Executive Committees. In addition, specific functions and responsibilities will be transferred from corporate level to the divisions to enable them to manage their business independently, enhance their decision-making and improve their business performance. They will be supported in this by a leaner corporate center. From the beginning of 2024, the Group will also create dedicated legal entity structures for both divisions along the new organizational structure.

In December 2023, Brenntag then presented its strategic roadmap extending through to 2027. This is centered around the further separation of Brenntag Essentials and Brenntag Specialties into two independent and autonomous global divisions with honed profiles. Brenntag Essentials’ strategy rests on three pillars: 1) last-mile delivery services, 2) regional provision and supply chain services, and 3) global sourcing and interregional optimization. Through this triple business model, Brenntag Essentials plans to accelerate its growth in the highly attractive, globally expanding chemical distribution market. The division plans to continue to invest in continuously enhancing its performance and to further implement a disciplined and targeted M&A strategy. Brenntag Specialties is placing emphasis on five performance levers: 1) price and margin management, 2) cost and efficiency improvements, 3) portfolio management and strategic portfolio decisions, 4) value-added services and 5) strategic acquisitions. With its global industry-segment setup, Brenntag Specialties will implement dedicated industry strategies and by doing so plans to extend its focus on very attractive market segments and further increase Life Science’s share of the portfolio. As communicated at the Capital Markets Day, a EUR 300 million cost reduction program was put in place with a view to enhancing efficiency and offsetting inflation-driven increases in costs. This also includes the reduction in costs from the DiDEX program.

Management systems

Financial performance indicators

The Brenntag Group's financial management system is based on the key performance indicators operating gross profit, operating EBITA, working capital turnover and free cash flow. Brenntag also measures return on capital and sets strict requirements for the performance of investment projects and acquisitions.

In the following, the performance indicators used to measure the Group's financial performance are explained. They also include alternative performance indicators not defined under IFRSs (operating EBITA, working capital turnover and free cash flow), as a result of which these terms may be defined differently by other companies. These alternative performance indicators are calculated continuously using a uniform approach, which ensures that metrics from different financial years can be compared. Brenntag sometimes also adjusts for acquisition effects, in which case it talks about organic growth.

Most significant financial performance indicators

For Brenntag as a chemical distributor, **operating gross profit** is an important factor for increasing enterprise value over the long term. Operating gross profit is defined as the difference between external sales and cost of materials, adjusted for certain items. The goal is for the growth in operating gross profit to exceed macroeconomic benchmarks such as industrial production and the Global Manufacturing Purchasing Managers' Index (PMI). In order to ensure that measurement of performance at Group or regional level is meaningful, the growth in operating gross profit is adjusted for currency translation effects.

Operating EBITA is the key performance indicator in the Brenntag Group. This is the operating profit as recorded in the consolidated income statement, plus amortization and impairment of intangible assets and depreciation and impairment of investment property, adjusted for certain items.

In the course of operationalizing its strategy, Brenntag decided to replace operating EBITDA with operating EBITA as its key performance indicator from financial year 2023 onwards.

Brenntag adjusts operating EBITA for holding charges and for income and expenses arising from special items so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Holding charges are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations.

In its efforts to generate increasing cash flow, Brenntag analyzes **working capital turnover**. This is defined as:

$$\text{working capital turnover} = \frac{\text{sales}}{\text{average working capital}}$$

Working capital is defined as trade receivables plus inventories less trade payables.

Average working capital for a particular year is defined as the arithmetic average of working capital at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

To measure cash generation, Brenntag uses the performance indicator **free cash flow**. Free cash flow is an important performance indicator for Brenntag, as it shows what level of cash is generated from operating activities and will therefore be available for growth through acquisitions as well as for lenders, shareholders and tax payments.

Free cash flow is defined as follows:

Operating EBITDA

- payments to acquire intangible assets and property, plant and equipment
- + / - changes in working capital
- principal and interest payments on lease liabilities
- = free cash flow

Additional financial performance indicators

In addition to the aforementioned most significant financial performance indicators, Brenntag uses several other metrics to assess the economic success of its business activities.

In the Brenntag Group, return on capital is measured using the indicator return on capital employed (ROCE). ROCE is defined as:

$$\text{ROCE} = \frac{\text{Operating EBITA}}{\begin{aligned} &(\text{average carrying amount of equity} \\ &+ \text{average carrying amount of financial} \\ &\text{and lease liabilities} \\ &- \text{average carrying amount of cash} \\ &\text{and cash equivalents}) \end{aligned}}$$

The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

The conversion ratio is an indicator calculated in order to measure the efficiency of a segment or the Group, more specifically by expressing operating EBITA for a given period as a percentage of operating gross profit for the same period. The indicator is used primarily to assess longer-term trends and less so to analyze short-term fluctuations between quarters.

To determine whether a particular investment project is expected to generate value for Brenntag, it takes the modified internal rate of return (MIRR) and the payback period as measures of the risk involved in the project. An investment project is generally only approved if the MIRR is above the hurdle rate and the combination of return and payback seems attractive. The hurdle rate for the MIRR varies according to the risk involved in the project and depends, among other factors, on the respective country risk.

In addition to these metrics, Brenntag has also set strategic objectives as well as financial hurdle rates that generally have to be considered when an acquisition is carried out. In particular, potential acquisitions must be able to satisfy the hurdle rate of return in the form of free cash flow on capital employed. Again, the hurdle rate of return depends, among other factors, on the country risk of the acquisition.

Further performance indicators such as tax rate, earnings per share (EPS) and net debt leverage are only used at Group level. They are not used to measure the performance of Brenntag's divisions and segments since factors such as interest or tax are less a reflection of the operating performance of the segments, but are above all based on central decisions.

Net debt leverage is used to continuously review the adequacy of the company's capital structure. In this case, the difference between financial and lease liabilities and cash and cash equivalents is expressed relative to operating EBITDA.

Adjustments for exchange rate effects

For Group accounting, the results of all Group companies are translated into the Group currency, the euro. The results are generally translated at the average rate for the reporting period or, for Group companies in hyperinflationary economies, at the closing rate.

Therefore, the results and in particular the change between reporting periods may not only be affected by changes in operating performance, but also by effects of translation from functional currencies into the Group currency, the euro (translation effects). As Brenntag considers it important to assess the operating performance of the Group companies and in particular the change in operating performance between reporting periods free of distortions from translation effects, it also reports the changes adjusted for these effects.

Exchange rate-adjusted financial metrics are not to be seen as substitutes or as more meaningful financial indicators, but always as additional information on sales, operating expenses, earnings or other metrics.

Non-financial performance indicators

Brenntag believes that non-financial objectives also have a supporting role to play in the company's success. A sustainability strategy has been developed with a view to strengthening sustainable governance.

Climate protection plays a particularly important role within Brenntag's sustainability strategy, as the entire value chain is affected. Not only do Brenntag's own activities produce CO₂ emissions; the products that the company buys have also emitted greenhouse gases during their manufacture. Moreover, climate protection is important to many of Brenntag's customers. For Scope 1 and 2 greenhouse gas emissions, the Brenntag Group has set several targets so that it contributes to the 1.5°C target: to reduce Scope 1 and 2 emissions by 40% in absolute terms between the 2020 base year and 2030¹⁾, and over the long term to be net zero in accordance with the Paris Agreement by 2045²⁾. **Scope 1 emissions** are all direct emissions from sources that are owned or controlled by a company itself, e.g. emissions from fuels and coolants at the company's own site or from the company's own vehicle fleet. **Scope 2 emissions** are indirect emissions from the generation of purchased energy, e.g. electricity or district heating from an energy provider. The market-based method is taken as the basis for setting targets. Under this method, the calculation uses the emission factors of the energy supplier or an individual electricity product. Using the market-based method enables company-specific purchases of energy from renewable sources to be presented in a transparent manner.

To improve health and safety in the workplace, training sessions, safety projects and dedicated campaigns are carried out so as to continuously raise employee awareness of health and occupational safety, particularly the safe handling of chemicals. The **Total Recordable Injury Rate (TRIR)** is used as a performance indicator. This shows the number of injured people who receive medical treatment beyond first aid per one million work hours.

For Brenntag as a company with operations worldwide, the diversity of its workforce is another factor in its success. Brenntag strives for diversity at all levels of the company. The aim by 2030 is to increase the **percentage of women at all levels of management** below the Group Board of Management to at least 30%.

¹⁾ Reduction with respect to the sites already included in the 2020 base year. New sites will be tracked separately.

²⁾ The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties at COP 21 in Paris on December 12, 2015 and entered into force on November 4, 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared with pre-industrial levels.

Report on economic position

Economic and sector-specific environment

Geopolitical conflicts such as the war in Ukraine and the Middle East conflict made for a difficult market environment again last year. These uncertainties affected business activities across various sectors. Together with an only slow decline in inflation and sustained high procurement and personnel costs, they caused investors to generally hold back and economic growth to slow. In the first nine months of financial year 2023, the restrictive monetary policy of national and supranational banks also acted as a drag on general economic performance. Although the global economy still appeared resilient in 2023, global industrial production rose at a much slower pace than in previous years, expanding by 1.4% year on year over the course of financial year 2023.¹⁾ Based on the difficult environment, the Global Manufacturing Purchasing Managers' Index (PMI) stood at 49.3, a reading once again below the 50 neutral mark.

Economic performance in the euro zone remained weak in 2023, with industrial production falling by 1.1% compared with the previous year. High inflation, more restrictive financing conditions and weak demand from abroad continued to weigh on business and consumer confidence.

Much like the euro zone, the US economy was also marked by falling, yet still high inflation. The uncertainties and vulnerabilities remained significant, driven not only by inflation, but also by the turmoil in the US banking sector. However, buoyed by the nevertheless sustained momentum in consumer spending and stable employment markets, industrial production showed a year-on-year increase of 0.9% last year.

In Latin America, economic performance remained mixed, but on the whole more stable than in the USA and the euro zone. Overall, the Latin American economy expanded year on year in 2023, with industrial production increasing by around 1.3%.

The emerging economies of Asia (excluding China and Japan) also achieved growth in 2023, with production expanding by 2.7% compared with the prior-year figure. Overall too, the Asia Pacific region remained one of the main sources of global growth, driven by growing consumption and rising capital spending.

Although China continues to make an important contribution to global growth, the Chinese economy fell short of the growth rates achieved in past years due to weak consumption and weak exports, especially in the second half of 2023. Industrial production in China grew by 4.4% in 2023.

The global chemical industry also moved along these global trend lines. Following strong growth rates in the previous two years, driven by a post-COVID 19 pandemic recovery and sharp price rises, the global chemical industry showed a slight contraction of 1.5%, driven by only marginal growth in quantities produced (+1.4%) in combination with falling prices compared with the previous year (-2.8%). In Europe, production fell by 4.9% due to high production costs. The trend was less dramatic in North America, where chemical production dropped only slightly, contracting by 0.3%. In Asia, on the other hand, chemical production grew by 4.5%, making the region the chemical industry's main growth driver again in 2023.

¹⁾ All data in this section were taken from the Oxford Economics global industry databank.

Business performance

Major events impacting on business in 2023

In January 2023, Brenntag appointed Michael Friede to the Board of Management of Brenntag SE effective April 1, 2023. Taking on the role of Chief Operating Officer (COO) Brenntag Specialties, he succeeded Henri Nejade, who chose not to extend his contract when it expired on June 30, 2023.

In February 2023, Brenntag agreed a new syndicated credit facility for EUR 1.5 billion. This new credit facility has a term of five years. In a first for Brenntag, the interest rates on the credit facility are linked to the achievement of quantitative ESG criteria. The ESG targets defined for this purpose are derived from the ESG strategic objectives for 2030, which Brenntag redefined back in 2022.

In March 2023, Brenntag launched a share buyback program of up to EUR 750 million. This is intended to allow shareholders to share in the company's success. The first tranche of the share buyback program, in the amount of EUR 500 million, was to be conducted by December 2023 at the latest. By the end of October 2023, Brenntag had already completed this first tranche of the share buyback program and acquired around seven million treasury shares. These shares with a nominal value of around EUR 7 million were withdrawn and the company's share capital was reduced to around EUR 147.5 million. In the course of the second tranche from January 2, 2024 through March 31, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million (a maximum of 7,699,220 shares).

Also in March 2023, Brenntag acquired the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia. The company generated sales of around EUR 34 million in financial year 2022. The acquisition of one of the largest specialty chemical distributors on the Arabian Peninsula expands Brenntag's market presence in this area.

At the Annual General Meeting of Brenntag SE on June 15, 2023, Richard Ridinger was re-elected as a member of the Supervisory Board for four years. In addition, Sujatha Chandrasekaran was elected as a new member of the Supervisory Board for three years. At its constituting meeting following the Annual General Meeting, the Supervisory Board of Brenntag SE unanimously elected Richard Ridinger to serve as its new Chairman. He thus succeeds Doreen Nowotne, who had chaired the Supervisory Board since June 2020 and decided not to seek re-election.

At the beginning of July, Brenntag announced a restructuring of the Board of Management and a new governance structure for the two divisions. Since August 2023, the Board of Management of Brenntag SE has consisted of four members. Ewout van Jarwaarde was appointed CEO Brenntag Essentials and succeeded Steven Terwindt, who did not extend his contract with Brenntag when it expired at the end of July 2023. Michael Friede, COO Brenntag Specialties, was appointed CEO Brenntag Specialties effective August 1, 2023. The CTO role established at Board of Management level at the beginning of 2021 no longer exists and the related responsibilities are assigned to the various Board of Management members.

In July 2023, Brenntag acquired all shares in Aik Moh Group (Aik Moh) based in Singapore. Aik Moh owns further sites in Malaysia, Indonesia and the Philippines and mostly distributes solvents, glycols and blends. In financial year 2022, Aik Moh generated sales of around EUR 77 million. The acquisition expands Brenntag Essentials' business in key focus markets in the Asia Pacific region. This step supports the ongoing transformation and promotes the execution of the Brenntag Essentials strategy of strengthening local capacity and market coverage in high-growth markets such as Asia Pacific.

At the end of September, Brenntag acquired 70% of the shares in Shanghai Saifu Chemical Development Co., Ltd. Headquartered in Shanghai, China, the company is a leading market player in the specialty distribution of personal care ingredients in the Greater China region. In financial year 2022, the company generated annual sales of EUR 71 million.

Also at the end of September, Brenntag acquired Avebe Nişasta Sanayii ve Ticaret Limited Şirketi. Headquartered in Izmir, Turkey, the company specializes in potato starch and protein products. These are used, among other things, in foods, animal feed and the construction industry. This expansion of the portfolio to include innovative and sustainable products, particularly in the Life Science segment, is part of Brenntag's "Strategy to Win". The acquiree generated annual sales of around EUR 19 million in financial year 2022.

In October 2023, Brenntag acquired all shares in Colony Gums, Inc. and Harvest Moon Holdings, LLC, a US manufacturer of stabilizer blends and provider of blending services, based in Monroe, North Carolina (Colony Gums). The company reported sales of EUR 35 million in financial year 2022. The acquisition complements and expands Brenntag's product portfolio and services in the global Specialties division.

At the end of October, Brenntag acquired all shares in Old World Specialty Chemicals, LLC and Old World Logistics, LLC (OWI Chlor Alkali), one of the largest independent distributors of caustic soda in North America. OWI Chlor Alkali's annual sales revenues amounted to around EUR 259 million in financial year 2022. The companies will be integrated into Brenntag Essentials' existing network in North America, significantly expanding Brenntag Essentials' local and regional presence.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and the coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. In December 2020, the court of appeal imposed a fine of EUR 47 million. In September 2023, the Cour de cassation (Court of cassation) repealed the court of appeal judgment at Brenntag's request and referred the matter back to the court of appeal. In November 2023, the fine of EUR 47 million imposed by the court of appeal was reimbursed. With further steps expected to be taken by the French authorities responsible, a provision was recognized in the amount of the EUR 47 million reimbursement.

In financial year 2023, there was a major fire at a warehouse site in Canada and another at a warehouse of an external warehouse operator in Turkey. In this context, operating EBITA was adjusted for a special item in the form of costs totaling EUR 29.4 million after deduction of insurance payouts. These costs are mainly attributable to the loss of inventories, but also include among others environmental remediation measures.

Statement by the Board of Management on the situation and business performance in 2023

The Brenntag Group achieved operating EBITA of EUR 1,265.0 million in financial year 2023, a decrease of 16.3% compared with the previous year. On a constant currency basis, this represents a decline of 13.1%. Given the challenging geopolitical and economic environment, Brenntag is satisfied overall with the results achieved in the past financial year.

In 2023, Brenntag continued to operate in a difficult macroeconomic environment as a result of the years of the pandemic, the war in Ukraine and other geopolitical tensions. In light of these challenging conditions, Brenntag was able to fully maintain its operating activities, supply its customers with the required products and offer its employees a safe working environment in financial year 2023 due primarily to the resilience of its business model. As market leader, Brenntag plays an important role in global distribution markets and enjoys a high level of trust among its business partners, also in times of major uncertainty. In particular, Brenntag's broad and globally diversified customer and product portfolio and its close relationships with suppliers paid off again.

In line with expectations, both divisions, Brenntag Specialties and Brenntag Essentials, recorded a year-on-year decline in earnings, with the decline at Brenntag Specialties being stronger than that at Brenntag Essentials. At Brenntag Specialties, the focus industries Pharma and Water Treatment performed particularly well, but failed to offset the decline in earnings in other areas, particularly in Nutrition. At Brenntag Essentials, the North America segment achieved an extremely encouraging result. Apart from EMEA, the remaining segments were able to increase their volumes in the second half of 2023, compared with the first half of the year. Nevertheless, the earnings of all segments except North America fell short of the previous year.

Due to the difficult market environment in the course of the year, Brenntag successfully took various measures to reduce the Group's operating costs and counteract the inflation-driven increases in costs – including reducing the headcount by 400 since the end of June 2023. This enabled it to reduce the Group's operating costs compared with the previous year despite inflation-driven increases in costs.

Due to a significant reduction in inventories, the Group recorded a substantial reduction in working capital in financial year 2023. This was driven largely by falling volumes and prices. At the same time, annualized working capital turnover fell year on year.

At EUR 321.1 million in financial year 2023, the total cash outflow for investments was well above the prior-year figure (2022: EUR 267.2 million). Investments were made in the global site network in particular.

Brenntag generated a high free cash flow of EUR 1,712.0 million in financial year 2023 (Dec. 31, 2022: EUR 1,005.1 million). This is a significant increase on the prior-year figure and offers the Group financial flexibility. It was also achieved thanks in particular to the clear reduction in working capital.

Based on the operating results, Brenntag posted significantly lower profit after tax of EUR 721.1 million in financial year 2023 (Dec. 31, 2022: EUR 902.5 million).

Due to its long-standing relationships with its suppliers and customers, its broad range of products and services, and the organization's ability to adapt to changing market requirements, Brenntag believes it is very well positioned for future success and its active role in shaping the industry.

Brenntag's results of operations did not remain unscathed by the macroeconomic challenges and difficult economic conditions in financial year 2023. In these circumstances, Brenntag is nevertheless satisfied with its earnings performance overall.

Results of operations

Business performance of the Brenntag Group

in EUR m	2023	2022	Change	
			in %	in % (fx. adj.) ¹⁾
Sales	16,815.1	19,429.3	- 13.5	- 11.0
Operating gross profit ²⁾	4,041.8	4,319.0	- 6.4	- 3.7
Operating expenses	- 2,457.2	- 2,510.4	- 2.1	0.3
Operating EBITDA	1,584.6	1,808.6	- 12.4	- 9.2
Depreciation and impairment of property, plant and equipment and right-of-use assets	- 319.6	- 296.9	7.6	10.5
Operating EBITA	1,265.0	1,511.7	- 16.3	- 13.1
Net expense from special items	- 78.3	- 19.8	-	-
EBITA	1,186.7	1,491.9	-	-
Amortization of intangible assets	- 64.0	- 109.5	-	-
Net finance costs	- 119.9	- 147.5	-	-
Profit before tax	1,002.8	1,234.9	-	-
Income tax expense	- 281.7	- 332.4	-	-
Profit after tax	721.1	902.5	-	-

4.01 Business performance of the Brenntag Group

¹⁾ Change in % (fx. adj.) is the percentage change on a constant currency basis.

²⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at sites in Canada and Turkey in the Brenntag Specialties division.

The Brenntag Group generated **sales** of EUR 16,815.1 million in financial year 2023, a year-on-year decline of 13.5%. On a constant currency basis, sales were down by 11.0% on the prior-year figure. The decline was due mainly to lower sales prices, but also to falling volumes.

Both divisions contributed to this performance.

Brenntag Essentials' sales were down by 11.2% on the previous year, with more than half of the decline attributable to weaker business within the EMEA region. Brenntag Specialties generated sales of EUR 6,983.4 million, 8.6% less than in 2022. Business was weaker in the Americas in particular, decreasing by 13.5%.

The Brenntag Group generated **operating gross profit** of EUR 4,041.8 million in financial year 2023, a year-on-year decline of 6.4%. On a constant currency basis, operating gross profit was down by 3.7% on the prior-year figure. Both divisions recorded volume-related decreases in earnings in particular, while operating gross profit per unit rose slightly both for the Brenntag Group overall and for the Brenntag Essentials division. This decline was only partly offset by the additional operating gross profit from the acquisitions closed.

The Brenntag Group's **operating expenses** amounted to EUR 2,457.2 million in financial year 2023, a fall of 2.1% year on year. On a constant currency basis, operating expenses were roughly in line with the prior-year figure. This was due mainly to the acquisitions closed. On an organic basis, on the other hand, costs were down slightly on the prior-year figure. A decline in advisory, variable personnel and transport expenses was partly offset by increased costs for IT implementation, primarily in connection with the DiDEX initiative, and inflation-driven increases in costs. Brenntag sees these additional costs as an investment in the Group's future. Overall, the acquisitions newly closed led to operating expenses at the prior-year level for the Brenntag Group.

The Brenntag Group achieved **operating EBITDA** of EUR 1,584.6 million overall in financial year 2023, a year-on-year decline of 12.4%, or 9.2% on a constant currency basis.

Depreciation and impairment of property, plant and equipment and right-of-use assets rose by EUR 22.7 million year on year to EUR 319.6 million in financial year 2023. This represents a rise of 7.6% compared with the previous year, or 10.5% on a constant currency basis.

REPORT ON ECONOMIC POSITION

The Brenntag Group's **operating EBITA** came to EUR 1,265.0 million in financial year 2023, a decrease of 16.3%. On a constant currency basis, this represents a decline in earnings of 13.1% compared with the prior-year figure. This decline in earnings compared with the above-average earnings achieved in the prior-year period stemmed from both divisions in financial year 2023. Falling demand in the Brenntag Specialties division, particularly in the Americas segment, made it difficult to repeat the strong prior-year results despite a fall in costs on an organic basis. Across the segments, the focus industries Nutrition and Material Science in particular were affected.

Amortization of intangible assets amounted to EUR 64.0 million. Compared with financial year 2022, Brenntag recorded a decrease of EUR 45.5 million. However, in the previous year, an impairment loss of EUR 38.1 million was recognized for the goodwill of the Brenntag Essentials Latin America segment. The write-down was due in particular to the lower income expected from the cash-generating unit in combination with the appreciable year-on-year increase in country risk premiums.

Net expense from special items breaks down as follows:

in EUR m	2023	2022
Provision for legal risks	- 31.4	- 2.1
Provisions for excise duties	- 1.2	19.0
Major fires at sites in Canada and Turkey	- 29.4	-
Other special items	- 16.3	- 36.7
Net expense from special items	- 78.3	- 19.8

4.02 Net expense from special items

Provisions of EUR 34.7 million were recognized for legal risks arising from the sale of certain minerals in North America in financial year 2023. The official investigations into possible violations of export control regulations were concluded without any fines being imposed, enabling the existing provisions of EUR 3.3 million to be reversed.

In 2023, further tax decision notices for the tax on alcohol were received in relation to provisions recognized in 2021 for excise duties, leading to a lower-than-expected tax liability. The reversal of the relevant provisions resulted in other operating income of EUR 10.3 million in financial year 2023.

At the end of the financial year, provisions of EUR 11.5 million were recognized for a further case in Sweden.

Costs amounting to EUR 19.1 million after deduction of insurance payouts of EUR 8.2 million were incurred as a result of a major fire at a warehouse site in Canada. They comprise costs for the loss of inventories, repairs, remediation of the resulting environmental damage and maintaining business operations.

Costs totaling EUR 10.3 million after deduction of insurance payouts of EUR 6.0 million were incurred in another major fire at a warehouse of an external warehouse operator in Turkey. They consist predominantly of expenses arising from the loss of inventories.

Other special items amounting to EUR 16.3 million include advisory and other one-time expenses necessary in order to achieve the desired structure, such as restructuring expenses in connection with vacating sites, severance payments and withdrawing from certain markets.

Net finance costs came to EUR 119.9 million in financial year 2023 (2022: EUR 147.5 million), with the year-on-year change attributable mainly to four effects. Firstly, net interest expense widened year on year to EUR 103.9 million (2022: EUR 92.1 million). This was due mainly to general interest rate levels being higher than in the previous year. The translation of foreign currency receivables and liabilities, on the other hand, had an opposite effect. In financial year 2023, this resulted in slightly lower expenses than in the prior-year period. A reduction in purchase price obligations relating to the acquisition of non-controlling interests also contributed to the improvement in net finance costs (2023: income of EUR 26.4 million; 2022: expense of EUR 7.6 million). Moreover, in financial year 2023, the classification of Turkey as a hyperinflationary economy in financial year 2022 increased net finance costs to a slightly lesser extent than it did in the previous year.

Income tax expense fell by EUR 50.7 million year on year to EUR 281.7 million in financial year 2023.

Profit after tax stood at EUR 721.1 million in financial year 2023 (2022: EUR 902.5 million).

REPORT ON ECONOMIC POSITION

in EUR m	2023	2022	Change	
			abs.	in %
Operating EBITA	1,265.0	1,511.7	- 246.7	- 16.3
Average carrying amount of equity	4,499.5	4,543.1	- 43.6	- 1.0
Average carrying amount of financial and lease liabilities	2,921.8	3,120.2	- 198.4	- 6.4
Average carrying amount of cash and cash equivalents	- 727.7	- 882.2	154.5	- 17.5
ROCE	18.9%	22.3%	-	-
ROCE after special items	17.7%	22.0%	-	-

4.03 Return on capital employed (ROCE)

The Brenntag Group posted **ROCE** of 18.9% in financial year 2023, a fall of 3.4 percentage points compared with the previous year. This change is due mainly to the significant reduction in operating EBITA. Unadjusted for special items, ROCE fell to 17.7% in financial year 2023 (2022: 22.0%).

Business performance in the divisions

in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Brenntag Group
Operating gross profit¹⁾				
2023	1,479.6	2,533.5	28.7	4,041.8
Change versus 2022 in %	- 11.8	- 2.9	- 10.6	- 6.4
fx. adj. change versus 2022 in %	- 8.2	- 0.7	- 10.6	- 3.7
Operating EBITDA				
2023	595.1	1,109.6	- 120.1	1,584.6
Change versus 2022 in %	- 23.7	- 3.8	- 3.4	- 12.4
fx. adj. change versus 2022 in %	- 19.7	- 1.6	- 3.0	- 9.2
Operating EBITA				
2023	550.8	848.9	- 134.7	1,265.0
Change versus 2022 in %	- 25.4	- 6.8	- 1.8	- 16.3
fx. adj. change versus 2022 in %	- 21.5	- 4.7	- 1.2	- 13.1

4.04 Business performance in the divisions

¹⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at sites in Canada and Turkey in the Brenntag Specialties division.

REPORT ON ECONOMIC POSITION

Brenntag Specialties

in EUR m	EMEA	Americas	APAC	Brenntag Specialties
Operating gross profit²⁾				
2023	667.6	558.7	253.3	1,479.6
Change versus 2022 in %	- 7.9	- 15.9	- 12.4	- 11.8
fx. adj. change versus 2022 in %	- 3.6	- 13.4	- 7.7	- 8.2
Operating EBITDA³⁾				
2023	266.1	220.9	109.6	595.1
Change versus 2022 in %	- 20.6	- 25.7	- 26.2	- 23.7
fx. adj. change versus 2022 in %	- 14.7	- 23.5	- 22.4	- 19.7
Operating EBITA²⁾				
2023	256.1	203.9	92.3	550.8
Change versus 2022 in %	- 20.9	- 27.5	- 31.1	- 25.4
fx. adj. change versus 2022 in %	- 15.2	- 25.3	- 27.5	- 21.5

4.05 Business performance in the segments / Brenntag Specialties

²⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at sites in Canada and Turkey.

³⁾ The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Specialties division came to EUR 1,479.6 million in financial year 2023, a decrease of 11.8% on the prior-year figure. On a constant currency basis, operating gross profit was down by 8.2% year on year. This change was due especially to declining volumes in combination with slightly lower operating gross profit per unit. All segments contributed to the decrease in operating gross profit, with the largest effects occurring in the Americas segment. Across the segments, the focus industries Nutrition and Material Science in particular were affected. Overall, this was driven by subdued demand, as customers ran down inventories that had been built up previously and waited for prices to fall. Demand was also negatively impacted by higher interest rates and energy costs as well as economic weakness in a number of economies.

a decrease of 23.7% on the prior-year figure. On a constant currency basis, this represents a decline of 19.7%.

Operating EBITA in the Brenntag Specialties division came to EUR 550.8 million in financial year 2023, a decrease of 25.4% on the prior-year figure. On a constant currency basis, this represents a decline of 21.5%. All segments of the Brenntag Specialties division contributed to this result. The decline was due in particular to the aforementioned performance at operating gross profit level. On an organic basis, costs were roughly in line with the prior-year figure. Overall – on an organic basis and including the acquisitions – costs were up slightly year on year. Volume-related reductions in costs were partly offset by inflation-driven increases in costs. In addition, costs were incurred in connection with the new strategy; these are an investment in Brenntag's future.

Overall, the Brenntag Specialties division generated **operating EBITDA** of EUR 595.1 million in financial year 2023,

Brenntag Essentials

in EUR m	EMEA	North America	Latin America	APAC	Brenntag Essentials
Operating gross profit					
2023	908.4	1,369.9	152.0	103.2	2,533.5
Change versus 2022 in %	- 6.3	2.0	- 14.1	- 13.7	- 2.9
fx. adj. change versus 2022 in %	- 5.7	5.2	- 12.3	- 8.1	- 0.7
Operating EBITDA¹⁾					
2023	410.9	625.4	43.5	29.9	1,109.6
Change versus 2022 in %	- 13.4	8.2	- 28.3	- 27.8	- 3.8
fx. adj. change versus 2022 in %	- 12.7	11.5	- 26.8	- 22.9	- 1.6
Operating EBITA¹⁾					
2023	302.7	496.9	26.6	22.8	848.9
Change versus 2022 in %	- 17.6	6.1	- 37.9	- 32.1	- 6.8
fx. adj. change versus 2022 in %	- 17.0	9.4	- 36.5	- 27.8	- 4.7

4.06 Business performance in the segments / Brenntag Essentials

¹⁾ The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Essentials division decreased by 2.9% year on year to EUR 2,533.5 million in financial year 2023. On a constant currency basis, operating gross profit was down by 0.7% on the prior-year figure. This performance is due to declining volumes in the EMEA, North America and Latin America segments and the fall in operating gross profit per unit in the EMEA, Latin America and APAC segments. Both on an organic basis and including the new acquisition, the APAC segment achieved an increase in volumes. In the North America segment, operating gross profit per unit was well above the previous year, as a result of which this segment posted growth in operating gross profit overall and operating gross profit per unit for the entire Brenntag Essentials division also increased year on year. This underlines the segment's performance, which was further supported by the entities acquired.

Operating EBITDA in the Brenntag Essentials division came to EUR 1,109.6 million in financial year 2023, a 3.8% decline compared with the previous year. On a constant currency basis, this represents a decrease of 1.6%.

Operating EBITA in the Brenntag Essentials division dropped by 6.8% year on year to EUR 848.9 million in financial year 2023. On a constant currency basis, it showed a decrease of 4.7%. This was due to the decline in operating gross profit. On an organic basis, the division was able to reduce costs moderately compared with the previous year. Overall – on an organic basis and including the acquisitions – costs were roughly in line with the prior-year figure. Operating EBITA in the Latin America segment was down considerably on the previous year. The decline is primarily attributable to a slump in demand at Brenntag Brazil as a result of competition. At the end of the year, an improvement was

achieved in both margins and volumes by initiating appropriate measures. In the EMEA segment, falling costs were not enough to offset the fall in demand.

All other Segments

In “All other Segments”, which also include the holding companies, Brenntag recorded a clear year-on-year reduction in costs in financial year 2023. This was due in particular to lower variable personnel expenses.

BRENTTAG International Chemicals GmbH, the only operating company within “All other Segments”, achieved operating EBITDA below the prior-year figure in financial year 2023 due to the trend in volumes.

Overall, the **operating EBITDA** of “All other Segments” amounted to EUR -120.1 million in financial year 2023, an improvement of 3.0% compared with the previous year. The **operating EBITA** of “All other Segments” came to EUR -134.7 million in financial year 2023 and therefore improved by 1.2% year on year.

Forecast/Actual comparison

Given the global impact on the economy of the war in Ukraine, the resulting energy prices and the path of inflation rates, Brenntag is satisfied with its operating EBITA performance. This earnings forecast is inclusive of the contribution from the acquisitions closed and exclusive of foreign currency translation effects arising after the date of the forecast's preparation. The year-end results were slightly below the range forecast at the beginning of the year. For the reporting period, Brenntag had initially forecast operating EBITA of between EUR 1,300.0 million and EUR 1,500.0 million and operating EBITDA of between EUR 1,600 million and EUR 1,800 million. When publishing the half-year report, Brenntag confirmed the lower half of this forecast range. Most recently, when publishing the financial results for the third quarter, it predicted operating EBITA and operating EBITDA around the lower end of the forecast range. The revisions were in each case based on the results for the quarters of 2023 already ended, the trend in earnings in the past quarter and the outlook for the rest of the year. The forecast also reflected expectations for future market conditions. The forecasts were based on the assumption at the date of their publication that exchange rates would remain stable. At year-end, the Brenntag Group achieved operating EBITA of EUR 1,265.0 million and operating EBITDA of EUR 1,584.6 million, putting it around the lower end of the aforementioned range in each case, as most recently forecast.

In financial year 2023, the Brenntag Group expected a decline in both operating EBITA and operating EBITDA in both divisions, with the relative decline for the Brenntag Essentials division expected to be lower than for the Brenntag Specialties division. For Brenntag Essentials, operating EBITA was down by 4.7% and operating EBITDA by 1.6% on the prior-year figure. For Brenntag Specialties, operating EBITA fell by 21.5% and operating EBITDA by 19.7% compared with the previous year. This confirmed the performance expected in the divisions.

Moreover, the Brenntag Group anticipated a decline in operating gross profit slightly below that in operating EBITA. It expected the decline in operating gross profit to be attributable to both divisions and assumed that the decline recorded by Brenntag Essentials would be relatively lower than that recorded by Brenntag Specialties. Overall in financial year 2023, the Brenntag Group generated operating gross profit of EUR 4,041.8 million, a decrease of 3.7% on the prior-year figure. Operating gross profit showed a year-on-year fall of 0.7% for Brenntag Essentials and 8.2% for Brenntag Specialties. All forecasts for operating gross profit were thus confirmed.

At the beginning of financial year 2023, Brenntag anticipated a moderate improvement in working capital turnover compared with the reported averages for the previous financial year. Brenntag also expected a reduction in working capital overall. Despite a positive change in absolute working capital, the decline in external sales resulted in a reduction in average working capital turnover of 0.2x, although there was a continuous improvement over the course of the year. Overall in financial year 2023, Brenntag achieved a significant reduction in average working capital of more than EUR 280 million compared with the previous year. This contributed to a substantial improvement in free cash flow.

In financial year 2023, Brenntag expected a high free cash flow roughly in line with the prior-year figure. By generating free cash flow of EUR 1,712.0 million (Dec. 31, 2022: EUR 1,005.1 million), it exceeded this forecast by a significant margin. This is due especially to the substantial reduction in working capital.

Financial position

Capital structure

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

The most important component in Brenntag's financing structure is the Group-wide syndicated loan agreement. As the old loan would have matured in January 2024, Brenntag agreed a new syndicated loan with a consortium of international banks in February 2023. As at December 31, 2023, this totaled the equivalent of EUR 1.5 billion. The new syndicated loan originally had a term running until February 2028, which at the beginning of 2024 was extended until February 2029. It is based on variable interest rates with margins depending on the credit rating, and is divided into two revolving credit facilities – one credit facility in the amount of EUR 1 billion and a USD credit facility in the amount of USD 525.0 million (euro equivalent as at Dec. 31, 2023: EUR 475.1 million). The margin is also linked to the achievement of certain Brenntag Group sustainability targets. At the beginning of 2023, Brenntag was still paying down outstanding liabilities under the old syndicated loan.

As at December 31, 2023, total liabilities (excluding accrued interest and before offsetting of transaction costs) under the new syndicated loan amounted to EUR 50.0 million. These liabilities were drawn entirely under the EUR 1 billion credit facility. The USD credit facility, on the other hand, was entirely unutilized as at December 31, 2023. Both credit facilities are available for further drawdowns at any time. The syndicated loan is guaranteed by Brenntag SE.

In September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually.

In October 2021, Brenntag Finance B.V. issued a further bond for EUR 500.0 million (Bond 2029). The bond has a maturity of eight years and carries an annual coupon of 0.50%. It is the first bond issue to take place under a EUR 3.0 billion debt issuance program newly established in 2021 and updated in 2023. Most of the proceeds from the Bond 2029 were swapped into US dollars by way of a long-dated derivative (cross-currency interest rate swap).

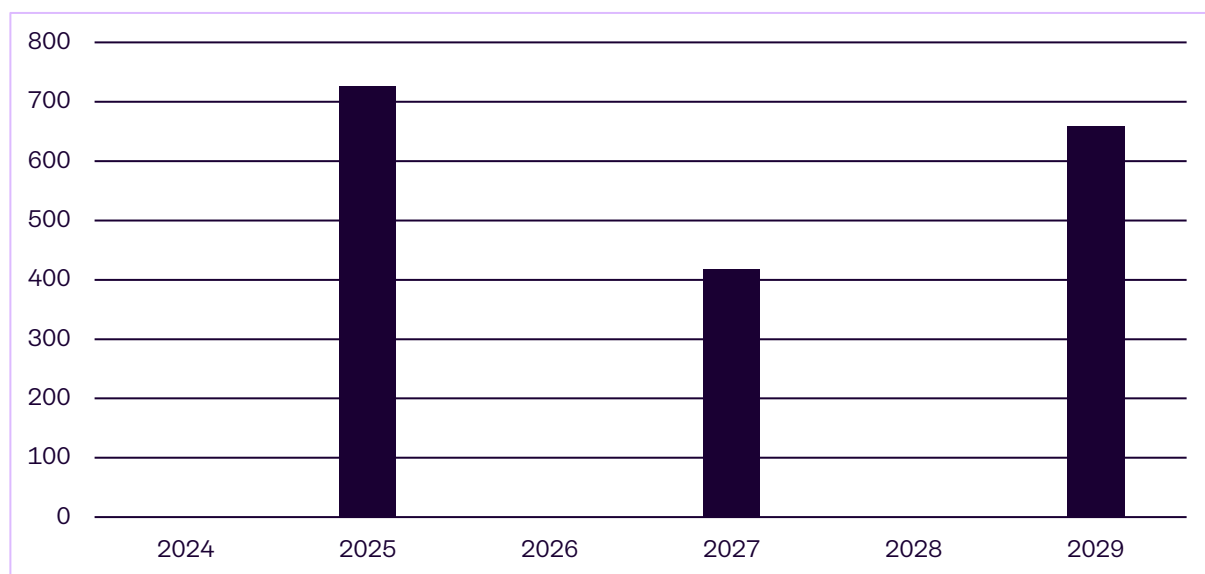
In addition, in August 2022, Brenntag closed a promissory note (Schuldschein) transaction for around EUR 640.0 million. The promissory notes were issued by Brenntag SE and comprise a total of seven tranches with tenors of three, five and seven years and carrying floating or fixed interest rates. Alongside euro-denominated tranches totaling EUR 390.0 million, the company also issued US dollar-denominated tranches totaling USD 250.0 million (euro equivalent as at Dec. 31, 2023: EUR 226.2 million).

In addition to the four above-mentioned financing instruments, some Group companies make use of credit lines with local banks in consultation with Group Treasury.

Due to the two fixed-rate bonds and the partly fixed-rate promissory notes, over 60% of the Brenntag Group's financial liabilities were hedged against the risk of interest rate increases as at December 31, 2023.

According to its short- and mid-term financial planning, Brenntag expects the capital requirements for operating activities, planned investments and projects, and dividends and acquisitions on the assumed scale to be covered by the cash provided by operating activities. To cover short-term liquidity requirements and for general corporate purposes, it likewise has the aforementioned credit facilities under the syndicated loan.

Maturity profile of our credit portfolio¹⁾ as at February 7, 2024 in EUR m:



4.07 Maturity profile of our credit portfolio

¹⁾ Syndicated loan, promissory notes, Bond 2025 and Bond 2029 excluding accrued interest and transaction costs. The illustration shows the maturity profile as at February 7, 2024 (at the exchange rates applicable on February 7, 2024), i.e. after the syndicated loan was extended in February 2024.

Investments

In financial year 2023, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 321.1 million (2022: EUR 267.2 million).

Brenntag regularly invests in the maintenance, replacement and extension of the Group infrastructure necessary to perform its services, such as warehouses, offices, trucks, field service vehicles and IT hardware for various systems.

Investments in intangible assets amounted to EUR 15.5 million in financial year 2023 (2022: EUR 8.0 million) and related mainly to digitalization.

Investments are typically funded from cash flow and/or available cash from the respective Group companies. With larger investment projects which cannot be covered by local funds, financing is provided by the Group and external borrowings are mostly not necessary.

REPORT ON ECONOMIC POSITION

Cash flow

in EUR m	2023	2022
Net cash provided by operating activities	1,663.9	956.7
Net cash used in investing activities	- 558.3	- 401.4
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	- 277.3	- 156.7
of which payments to acquire intangible assets and property, plant and equipment	- 321.1	- 267.2
of which proceeds from divestments	40.1	22.5
Net cash used in financing activities	- 1,553.8	- 225.8
of which dividends paid to Brenntag shareholders	- 304.7	- 224.0
of which proceeds from promissory notes	-	640.0
of which repayments of / proceeds from borrowings	- 738.1	- 540.2
of which payments to acquire treasury shares	- 496.2	-
of which other financing activities	- 14.8	- 101.6
Change in cash and cash equivalents	- 448.2	329.5

4.08 Cash flow

Net cash provided by operating activities of EUR 1,663.9 million (2022: EUR 956.7 million) was influenced by the

decrease in working capital of EUR 608.7 million (2022: increase of EUR 385.7 million).

Of the net cash of EUR 558.3 million used in investing activities (2022: EUR 401.4 million), EUR 321.1 million (2022: EUR 267.2 million) comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units, in the amount of EUR 277.3 million in financial year 2023, consisted mainly of payments to acquire the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia, all shares in the Aik Moh Group based in Singapore, 70% of the shares in Shanghai Saifu Chemical Development Co., Ltd. headquartered in Shanghai, China, all shares in Colony Gums, Inc. and Harvest Moon Holdings, LLC, based in Monroe, North Carolina, and likewise all shares in Old World Specialty Chemicals, LLC, and Old World Logistics, LLC, in Northbrook, Illinois.

In addition to other bank loans taken out and repaid as well as lease liabilities repaid, net cash used in financing activities of EUR 1,553.8 million (2022: EUR 225.8 million) also included the repayment of EUR 549.0 million on the syndicated loan. EUR 496.2 million were used to acquire treasury shares and a further EUR 304.7 million for the dividend payment to Brenntag shareholders.

Free cash flow

in EUR m	2023	2022	Change	
			abs.	in %
Operating EBITDA	1,584.6	1,808.6	- 224.0	- 12.4
Payments to acquire intangible assets and property, plant and equipment	- 321.1	- 267.2	- 53.9	20.2
Change in working capital	608.7	- 385.7	994.4	- 257.8
Principal and interest payments on lease liabilities	- 160.2	- 150.6	- 9.6	6.4
Free cash flow	1,712.0	1,005.1	706.9	70.3

4.09 Free cash flow

The Brenntag Group's free cash flow amounted to EUR 1,712.0 million in financial year 2023, an increase of 70.3% on the previous year.

This is due mainly to the significant improvement in working capital compared with the previous year. Capital expenditure to expand the Group's infrastructure was up by 20.2% on the prior-year figure.

REPORT ON ECONOMIC POSITION

Net assets

in EUR m	Dec. 31, 2023		Dec. 31, 2022	
	abs.	in %	abs.	in %
Assets				
Current assets	4,612.6	44.6	5,920.3	52.1
of which trade receivables	2,263.1	21.9	2,676.8	23.5
of which inventories	1,376.4	13.3	1,773.8	15.6
Non-current assets	5,725.2	55.4	5,452.7	47.9
of which goodwill	3,210.8	31.1	3,111.5	27.4
Total assets	10,337.8	100.0	11,373.0	100.0
Liabilities and equity				
Current liabilities	3,021.0	29.2	3,238.0	28.5
of which trade payables	1,633.7	15.8	1,862.0	16.4
of which financial and lease liabilities	562.7	5.4	429.7	3.8
Equity and non-current liabilities	7,316.8	70.8	8,135.0	71.5
of which financial and lease liabilities	2,201.0	21.3	2,666.1	23.4
of which equity	4,356.7	42.1	4,802.7	42.2
Total liabilities and equity	10,337.8	100.0	11,373.0	100.0

4.10 Net assets

As at December 31, 2023, total assets had decreased by EUR 1,032.5 million compared with the end of the previous year to EUR 10,340.5 million (Dec. 31, 2022: EUR 11,373.0 million). This is due predominantly to the decline in working capital from EUR 2,588.6 million to EUR 1,999.6 million, with inventories and trade receivables down substantially compared with the prior-year reporting date. This is attributable to falling prices, falling volumes and continuous measures for improvement. At the same time, trade payables fell considerably and partly offset the positive contribution.

At 7.3, annualized working capital turnover was below the prior-year figure (7.5).

The Brenntag Group's non-current assets rose by EUR 272.5 million year on year to EUR 5,725.2 million (Dec. 31, 2022: EUR 5,452.7 million). The rise is due mainly to acquisitions amounting to EUR 296.2 million.

In March 2023, Brenntag launched a share buyback program of up to EUR 750 million. The first tranche of the share buyback program, in the amount of EUR 500 million, was completed in October 2023, the share capital was reduced by a nominal amount of around EUR 7 million by withdrawing the shares and the excess amount was eliminated against additional paid-in capital. The company's share capital now amounts to around EUR 147.5 million. In the course of the second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock

market up to a total purchase price of EUR 250 million. As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag. For this, in December 2023, Brenntag recognized a liability of EUR 250.0 million directly in equity for the obligation to acquire treasury shares.

Cash and cash equivalents decreased by EUR 469.2 million compared with the 2022 year-end figure to EUR 576.9 million (Dec. 31, 2022: EUR 1,046.1 million). The main items set against net cash provided by operating activities were the payments of EUR 496.2 million for the aforementioned share buybacks, Brenntag SE's dividend payment of EUR 304.7 million in the second quarter of 2023 and the net cash used in investing and acquisition activities and to repay borrowings.

Overall, net financial liabilities changed as follows compared with the end of the previous year:

REPORT ON ECONOMIC POSITION

	Dec. 31, 2023	Dec. 31, 2022
in EUR m		
Liabilities under syndicated loan	45.6	551.9
Other liabilities to banks	182.1	217.9
Promissory notes (Schuldschein)	622.5	627.1
Bond 2025	600.1	599.2
Bond 2029	498.0	497.5
Derivative financial instruments	29.0	56.9
Liabilities relating to the acquisition of treasury shares	250.0	-
Other financial liabilities	86.6	111.0
Total	2,313.9	2,661.5
Lease liabilities	449.8	434.3
Cash and cash equivalents	576.9	1,046.1
Net financial liabilities	2,186.8	2,049.7

4.11 Net financial liabilities

Annual financial statements of Brenntag SE

General information

Brenntag SE is the parent and the strategic management holding company of the Brenntag Group. The key management functions at overall Group level are the responsibility of the Board of Management. These primarily include setting the Group strategy and deciding on the allocation of resources, as well as executive development and financial management.

The annual financial statements of Brenntag SE have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Brenntag SE has its registered office at Messeallee 11, 45131 Essen and is entered in the commercial register at the Essen Local Court under commercial register number HRB 31943.

The full annual financial statements of Brenntag SE are published in the Company Register and can be ordered as an offprint from Brenntag SE.

Business performance

The net assets, financial position and results of operations of Brenntag SE are determined mainly by the business success of the Brenntag Group's investees. The section "Business performance" in the Report on economic position reports in detail on the performance and success of the Group and the divisions.

Net income for financial year 2023 was expected to be similar to the prior-year figure. Net income for the financial year came to EUR 120.6 million (2022: EUR 250.7 million) and therefore fell significantly short of expectations. The main contributing factor here were the lower-than-forecast profit distributions from subsidiaries and second-tier subsidiaries.

Results of operations of Brenntag SE

in EUR m	2023	2022
Sales	226.7	64.8
Other operating income	115.8	193.4
Cost of materials	- 194.7	- 32.1
Personnel expenses	- 62.4	- 54.4
Amortization and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment	- 4.0	- 3.3
Other operating expenses	- 240.3	- 355.6
Net finance income	288.2	446.2
Profit before tax	129.3	259.0
Taxes on income	- 8.7	- 8.3
Profit after tax/net income for the financial year	120.6	250.7
Withdrawal from retained earnings	203.9	58.3
Distributable profit	324.5	309.0

4.12 Brenntag SE / Income statement in accordance with the German Commercial Code (HGB)

Sales resulted exclusively from sales to affiliated companies. Of the total, revenues from the provision of services to affiliated companies, which resulted mainly from IT services and other management services provided, accounted for EUR 222.8 million (2022: EUR 62.5 million). The year-on-year rise in sales in financial year 2023 is due to the revision of intra-Group service agreements.

Other operating income decreased by EUR 77.6 million to EUR 115.8 million. The decrease is attributable mainly to a decline in income from foreign currency hedges and foreign exchange gains.

Cost of materials of EUR 194.7 million (2022: EUR 32.1 million) consisted solely of the cost of purchased services. Cost of materials rose due to the revision of intra-Group service agreements.

The EUR 8.0 million rise in personnel expenses to EUR 62.4 million is attributable to the increase in headcount.

Other operating expenses amounted to EUR 240.3 million (2022: EUR 355.6 million). Derivative financial instruments, advisory expenses (EUR 91.8 million), primarily in IT and other strategic projects, and lease expenses were the main contributors to expenses. The main driver of the reduction was the EUR 78.7 million decline in expenses from foreign currency losses to EUR 14.5 million.

Only depreciation and amortization charges were recognized in financial year 2023.

As in the previous year, net finance income consisted mainly of income from profits transferred by Brenntag Holding GmbH, Essen, in the amount of EUR 276.5 million (2022: EUR 431.9 million). Net interest income in the amount of EUR 11.7 million (2022: EUR 14.3 million) was driven mainly by intra-Group financing activities.

As at December 31, 2023, temporary differences – both Brenntag SE's own and those at companies in the consolidated tax group and German partnerships – gave rise to a future tax receivable, as deferred tax assets exceeded deferred tax liabilities. Applying the option under Section 274, para. 1, sentence 2 of the German Commercial Code, a deferred tax asset was not recognized for the excess of deferred tax assets over deferred tax liabilities.

Financial position and net assets of Brenntag SE

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Fixed assets	2,567.8	2,550.5
Current assets including prepaid expenses	1,686.8	2,036.4
Total assets	4,254.6	4,586.9
Equity	2,112.4	2,792.7
Provisions	90.4	113.0
Liabilities	2,051.8	1,681.2
Total equity and liabilities	4,254.6	4,586.9

4.13 Brenntag SE / Balance sheet in accordance with the German Commercial Code (HGB) – condensed version

The net assets of Brenntag SE reflect the company's holding function and its activity as the Group's central financing company. Fixed assets in the amount of EUR 2,567.8 million (Dec. 31, 2022: EUR 2,550.5 million) consisted almost exclusively of financial assets. These mainly include the investment in Brenntag Holding GmbH, an intermediate holding company with further subsidiaries and second-tier subsidiaries.

Current assets including prepaid expenses fell by EUR 349.6 million to EUR 1,686.8 million. The decrease related, firstly, to finance receivables due from affiliated companies, which amounted to EUR 1,596.7 million (Dec. 31, 2022: EUR 1,747.6 million), and, secondly, to cash at bank and in hand, which amounted to EUR 45.5 million (Dec. 31, 2022: EUR 224.8). It is important to bear in mind here that, due to the reporting date, the prior-year disclosure included invested funds from promissory notes raised during the year.

The equity of Brenntag SE decreased by EUR 680.3 million to EUR 2,112.4 million. In addition to the dividend of EUR 304.7 million paid for financial year 2022, this decrease is due in particular to the withdrawal of EUR 496.2 million of treasury shares under the share buyback program explained below.

On March 7, 2023, the Board of Management of Brenntag SE resolved on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of an initial tranche in the period to October 20, 2023, Brenntag SE acquired 7,046,163 no-par value shares, each with a notional value of EUR 1.00 (EUR 499,999,911.28 in total). The shares were acquired on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to withdraw treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 154,500,000.00 – by EUR 7,046,163 – by withdrawing 7,046,163 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to October 20, 2023. The 7,046,163 no-par value shares held by the company and acquired under the share buyback program were withdrawn. The subscribed capital therefore amounted to EUR 147.5 million in total as at December 31, 2023 (Dec. 31, 2022: EUR 154.5 million) and is divided into 147,453,837 (Dec. 31, 2022: 154,500,000) no-par value registered shares. In the course of a second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million (maximum of 7,699,220 shares). As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag. This has no effect on the annual financial statements of Brenntag SE as at December 31, 2023.

Provisions amounted to EUR 90.4 million in total (Dec. 31, 2022: EUR 113.0 million) and consisted mainly of provisions for pensions and similar obligations, provisions for outstanding invoices and provisions for other personnel expenses. Provisions for pensions increased by EUR 1.5 million to EUR 46.8 million. Provisions for outstanding invoices decreased by EUR 21.3 million to EUR 15.0 million.

Liabilities of EUR 2,051.8 million (Dec. 31, 2022: EUR 1,681.2 million) related mainly to finance liabilities to affiliated companies, which rose by EUR 316.0 million year on year to EUR 1,348.0 million.

Expected development, opportunities and risks of Brenntag SE

In line with its function as a holding company, Brenntag SE's future results mainly depend on the receipt of dividends from companies in the Group and therefore also on the business performance of subsidiaries and decisions on dividend distributions. Thus, Brenntag SE's expected performance in financial year 2024 and the risk situation also depend to a significant extent on the performance of the Group as a whole and its opportunities and risk situation. This is covered in the Report on expected developments, opportunities and risks. In this respect, the statements made there regarding the expected performance and the risk position of the Group also apply to the future performance and the risk position of Brenntag SE. In addition, the risk management tools and methods for the financial instruments of Brenntag SE are explained in the report on opportunities and risks.

Brenntag SE's most significant financial performance indicator is the net income for the financial year recognized in the financial statements prepared in accordance with German commercial law. Due to the potential for distributions of retained profits at subsidiaries and the profit and loss transfer agreements entered into, we expect to generate positive net income for financial year 2024 that is well above net income for financial year 2023. At Brenntag, intra-Group profits are distributed taking local financing requirements and further constraints into consideration. Even if no intra-Group dividends are distributed to Brenntag SE in a financial year, there are sufficient reserves to pay an appropriate dividend to the Brenntag shareholders.

Appropriation of distributable profit of Brenntag SE

The net income of Brenntag SE as at December 31, 2023 was EUR 120,598,676.91. After allowing for the withdrawal of EUR 203,851,323.09 from retained earnings, the distributable profit is EUR 324,450,000.00.

At the Annual General Meeting on May 23, 2024, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag SE amounting to EUR 324,450,000.00 be used to pay a dividend of EUR 2.10 per no-par value share entitled to a dividend and to appropriate to retained earnings such amount of the distributable profit attributable to non-dividend bearing, no-par value shares at the time of the adoption of the resolution on the appropriation of distributable profit for financial year 2023 by the Annual General Meeting.

Employees

As at December 31, 2023, Brenntag had 17,709 employees worldwide, including the 411 employees of the companies newly acquired in 2023. 90% of the workforce work outside Germany. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully

included. Excluding the new acquisitions, the total number of people employed in the Brenntag Group declined by 242, or 1.4%, compared with the previous year. Voluntary employee turnover was 7.8% on average across the Group (2022: 9.4%).

	Dec. 31, 2023		Dec. 31, 2022	
	abs.	in %	abs.	in %
Headcount				
Brenntag Specialties	4,666	26.4	4,527	25.8
Brenntag Essentials	10,684	60.3	10,811	61.6
All other Segments	2,359	13.3	2,202	12.6
Brenntag Group	17,709	100.0	17,540	100.0

4.14 Employees per division

All logistics functions are part of the Brenntag Essentials division in all regions except Asia Pacific (in the Asia Pacific region, they are part of the Brenntag Specialties division). To take account of this in the segment results, the other division is charged at the amount of the logistics services it uses. The same applies to the services provided to Essentials or Specialties by Business Services.

Brenntag strives for diversity at all levels of the company. One important element of its diversity management is its aim to increase the percentage of women at all levels of management below the Group Board of Management to at least 30% by 2030. The following table shows the percentage of women in leadership positions at management level L-1 (first level below the Board of Management of Brenntag SE) through to L-5+ (fifth level and all other levels below the Board of Management of Brenntag SE).

Percentage of women	Dec. 31, 2023	Dec. 31, 2022
Level L-1	23.7	22.7
Level L-2	32.9	30.4
Level L-3	35.0	36.0
Level L-4	36.4	37.3
Level L-5+	24.8	24.9
Brenntag Group	31.3	31.0

4.15 Percentage of women in leadership positions
by management level

Further information on employee-related topics can be found in the separate non-financial Group report in the Annual Report 2023.

Quality management, safety, health and environmental protection

Occupational health and safety, process safety, customer satisfaction, respect for the environment and the long-term conservation of natural resources are of key importance to Brenntag as a matter of principle.

Brenntag's global business operations and its highly diversified customer and supplier structure bring a diverse range of operating conditions (legislation, cultures, industry standards and other requirements). The combination of the safe handling of chemicals, particularly chemical process safety and typical occupational safety issues arising from transportation, storage, packaging and distribution add to the complexity at Brenntag.

In order to meet the resulting requirements, Brenntag's **QSHE strategy** (QSHE: quality, safety, health and environment) is based on the following four pillars:

- Culture
- Team
- Management System
- Monitoring & Controlling

Brenntag made further progress on occupational safety in financial year 2023. The TRIR accident rate fell from 2.7 in the previous year to 2.5.

With regard to environmental and climate protection, Brenntag's target for 2023, derived from the linear reduction target toward net zero in 2045, was to reduce total Scope 1 and 2 emissions by at least 12.6% compared with the 2020 base year. Brenntag achieved -22.5% (2022: -9.6%).

Further information on quality, safety, health and environmental protection is published in the separate non-financial Group report along with quantitative disclosures on relevant performance indicators.

Report on expected developments, opportunities and risks

Report on expected developments

The Brenntag Group expects 2024 to be another financial year shaped by the war in Ukraine, the Middle East conflict, geopolitical tensions and an only slow fall in inflationary pressures. This continues to result in a still greater-than-average degree of uncertainty over growth expectations for the global economy in 2024. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will grow only slightly in 2024: Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of +1.2% in 2024.

In light of the continuing economic uncertainty and the fact that global economic growth is expected to remain subdued, Brenntag expects the Group's operating EBITA for financial year 2024 to be between EUR 1,230 million and EUR 1,430 million. This includes improvements in earnings and additional expenses arising from our digitalization strategy. Our forecast takes into account the contributions to earnings from acquisitions already closed and assumes that exchange rates will remain stable compared with those at the time of the forecast.

After the Brenntag Specialties and Brenntag Essentials divisions recorded a decline in operating EBITA in 2023, the Brenntag Group expects a moderate rise in operating EBITA in both divisions in 2024. It is expected that Brenntag Specialties will report a slightly higher relative rise in operating EBITA.

The forecast increase in operating EBITA is lower than the meaningful increase expected in operating gross profit due to the fact that further initial expenditure will be incurred in connection with the digitalization initiatives. Brenntag expects the rise in the Group's operating gross profit to be driven by a rise in operating gross profit in both divisions. In this case, it is anticipated that the relative rise at Brenntag Specialties and Brenntag Essentials will be of a similar magnitude.

Following a decrease in working capital turnover in the past financial year, Brenntag anticipates that, in 2024, it will achieve a moderate improvement in working capital turnover compared with the reported averages for the past financial year. Overall, however, Brenntag expects the planned business activity and the improvement in working capital turnover to result in a moderate increase in working capital.

Assuming that exchange rates remain stable, Brenntag expects free cash flow in 2024 to be significantly lower than in the previous year. This takes into account capital expenditure of around EUR 350 million in financial year 2024, including expenditure to optimize the global site network. Brenntag is also investing more in safety and sustainability at the sites. Further investments relate to measures under Brenntag's digitalization strategy. It is intended to use this free cash flow to continue to ensure Brenntag's acquisition strategy and dividend policy and fund the expenses in 2024 in connection with the implementation of the company's transformation and growth strategy. At the same time, it is intended to maintain liquidity at an adequate level.

Main elements of the internal control / risk management system

It is essential to Brenntag's long-term success that opportunities and risks are identified at an early stage and leveraged or managed. The aim of risk management is to identify, monitor and mitigate emerging risks at an early stage or to prevent them completely. The risk management system consists of risk reporting (an early detection system), controlling, an internal monitoring system and individual measures to identify new risks at an early stage and limit any known risks. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

The risk management system is continuously further developed in accordance with the requirements of Section 91, para. 2 of the German Stock Corporation Act (AktG).

In the reporting period, a Risk Management and Internal Control Committee was established that monitors, coordinates and initiates continuous improvements in risk management and in internal control functions and activities. It reviews risk management-related strategies and guidelines and monitors their implementation, maintenance and approval. It also deals with the process-related review in that it tracks countermeasures and checks their plausibility.

The risk-bearing capacity concept introduced in the previous year was revised and is now based on a combined equity and liquidity approach.

To determine the entities included in the risk capture process, risk-related materiality thresholds are derived from Brenntag's risk appetite, with EBITA serving as the key metric. Material qualitative risk factors such as business model complexity, the maturity of governance, risk and compliance functions, specific local regulatory requirements and an entity's significance are also considered.

To take into account early risk detection, the risks for the following two years are also captured.

Measures to effectively reduce a potential or real risk are assigned a specific mitigation strategy and a status. If the measure is to be implemented in the future, an implementation date must be given.

Risk reporting (early detection system)

Brenntag continually identifies and analyzes risks at the Group companies and constantly improves internal workflows and the IT systems used throughout the Group.

Responsibility for risks at the entities included in the risk capture process lies initially with the legal units in the Brenntag Group. This includes identifying risks and estimating their effects. It must also be ensured that there are suitable measures in place to reduce risks.

The biannual risk inventories are one important tool for global risk management. These are performed at the Group companies and at the highest Group level with system support and documented by the system. In addition, all units have been instructed to immediately report any significant risks emerging (ad hoc reporting) to Group headquarters. Since this reporting period, risks have been captured using a system-supported tool.

The prescribed risk catalog was extended to include the risk categories strategic risks, ESG risks and quality assurance risks. In the reporting period, the risk register was augmented accordingly so as to ensure that risks with a relatively low probability of occurrence and high extent of damage (tail event risks) are captured.

The risk inventories gather estimations on existing risks. Standardized risk catalogs giving examples of the typical risks for the Brenntag Group are used as a system for gathering this information. In doing so, thematically related risks are grouped into risk categories. Any risks which are identified are assessed with regard to the possible extent of damage and their probability of occurrence, in each case on a five-level scale.

First, the gross risk is assessed. The gross risk is the maximum damage if no counteraction is taken. If a risk can be reliably counteracted by effective action, these measures have to be shown in risk profiles and assessed with regard to their effectiveness. The residual risk (net risk) is then the gross risk less the effect of measures taken to reduce the risk. These measures are supplemented with the mitigation strategy applied and the status of implementation.

REPORT ON EXPECTED DEVELOPMENTS, OPERTUNITIES AND RISKS

Brenntag classifies net risks as “critical”, “high”, “medium” or “low” according to the estimated probability of occurrence and the possible extent of damage, i.e. the negative impact on the results of operations, the financial position and cash flow. The extent of damage is classified by inferring percentages with respect to Group EBITA. As at December 31, 2023, this gives the following risk matrix for the 2024 analysis period:

Possible extent of damage			Probability of occurrence				
			Highly improbable	Improbable	Possible	Probable	Highly probable
qualitative	in EUR m	in EUR m (old)	< 6%	6-25% (6-15%)	26-50% (16-30%)	51-70% (31-70%)	> 70%
Critical	> 283	> 1,200	Medium	High (Medium)	High	Critical (High)	Critical (High)
High	> 113-283	> 600-1,200	Low (Medium)	Medium	High (Medium)	High	Critical (High)
Medium	> 57-113	> 240-600	Low	Medium	Medium	High (Medium)	High
Low	> 11-57	> 120-240	Low	Low	Medium	Medium	High (Medium)
Insignificant	≤ 11	≤ 120	Low	Low	Low	Low (Medium)	Medium

4.16 Risk assessment matrix¹⁾

¹⁾ In the course of continuously developing the risk management system, the definitions with regard to extent of damage and probability of occurrence were reviewed and adapted. For the purposes of comparison, the prior-year figures are shown in brackets.

The individual risks reported are consolidated at regional level and for the Group and then presented to the Risk Management and Internal Control Committee and the Board of Management.

A Monte Carlo simulation is used to assess and aggregate the risks. The resulting value at risk (VaR 95) is compared against risk-bearing capacity in order to ensure the stability and sustainability of business activities from a risk perspective as well.

Risk capture at local level includes risks only, not opportunities. In addition, the risks identified are evaluated and opportunities assessed by the function heads at the level of Brenntag SE (top-down review). The estimate of the risks per risk category and the opportunities and risks are explained in detail in the section “Report on opportunities and risks”.

The process for systematically identifying and assessing risks for the Group companies is regularly audited by Internal Audit Brenntag Group. In addition, the statutory auditor, as an independent, external party, assesses the general suitability of the risk early detection system in the course of its audit of the annual financial statements.

Controlling

The Corporate Controlling department immediately processes the information gained from the monthly and quarterly reports and can thus identify and communicate risks and opportunities. This also includes an analysis of the reasons for any deviations from planned figures. On the basis of any identified deviations from planned figures, the Corporate Controlling department regularly examines the achievability of targets in forecasts, indicating the associated opportunities and risks. The financial performance indicators examined are described mainly in the section “Financial management system”, first and foremost operating EBITA.

The ongoing evaluation of opportunity and risk potential in all segments is also an elementary part of Brenntag’s strategy, which is described in detail in the section “Objectives and strategy”. As part of regular strategy development, Brenntag analyzes the market opportunity and risk situation in each Brenntag segment and, on this basis, establishes goals and value-enhancing measures designed to mitigate risks and exploit opportunities. Finally, the situation analysis and business operation plans are regularly reviewed in discussions on business performance.

Internal monitoring system

Another important part of risk management in the Brenntag Group is the internal monitoring system consisting of the organizational security measures, internal controls and internal audit.

The internal control system comprises all central and decentralized policies and regulations adopted by the Board of Management and the regional and local management teams with the aim of ensuring

- the effectiveness and efficiency of the workflows and processes,
- the completeness, correctness and reliability of internal and external financial reporting as well as
- the Group-wide observance of applicable laws and regulations (compliance).

Both the efficiency of the workflows and processes and the effectiveness of the internal control systems set up in the decentralized units as well as the reliability of the systems used are regularly examined by Internal Audit Brenntag Group. The results of these audits are reported immediately. Thus, Brenntag ensures that the Board of Management and the Audit Committee are kept continuously informed of any weaknesses and any resulting risks, along with the appropriate recommendations to eliminate the weaknesses. Moreover, in 2023 measures were implemented to further develop central management of the internal control system. These aim to ensure and further enhance the quality and transparency of internal controls.

Internal control system related to the (Group) accounting process (report in accordance with Section 289, para. 4 and Section 315, para. 4 of the German Commercial Code (HGB))

The Group accounting process is managed by the Corporate Accounting department. A major element of the internal control system related to the (Group) accounting process is an IFRS accounting manual applicable throughout the Group which specifies accounting and measurement policies for all companies included in the consolidated financial statements. Preparation of the consolidated financial statements is supported by the use of uniform, standardized reporting and consolidation software (SAP SEM-BCS) containing comprehensive testing and validation routines. The services of external experts are used for special areas of accounting, e.g. the annual goodwill impairment test as well as environmental and pension actuarial reports to determine the relevant provisions.

There are also other Group-wide guidelines which have concrete effects on accounting. The management of the local units confirm compliance with these guidelines by issuing a management certificate. Particularly notable examples include the "Internal Control Guideline", which contains requirements on the performance of monitoring routines as well as the separation of functions, the dual control principle and access authorizations, the "Transfer Pricing Guideline" and the "Finance Guideline".

In addition, Internal Audit Brenntag Group regularly checks compliance with these Group guidelines at the subsidiaries.

Summary assessment of the internal control and risk management system¹⁾

In continually addressing internal control and risk management in financial year 2023, the Board of Management identified the potential for improvement in some areas. It responded to any risks detected by initiating immediate measures and organizational changes. In summary, bearing in mind these initiatives, the Board of Management has no indications that the internal control and risk management system is not appropriate and effective.

¹⁾ The disclosures in this paragraph are disclosures not typically part of the management report as defined in the preamble to this management report.

Report on opportunities and risks

Brenntag's strategy is geared to steadily improving the efficiency and underlying profitability of the business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

Projects, in particular the strategic initiatives (see the section "Objectives and strategy"), are regularly implemented to maintain and strengthen the Group's profitability. These projects focus on developing opportunities to increase operating gross profit and on optimizing costs.

To limit or entirely eliminate possible financial consequences of risks that may occur, Brenntag has, insofar as is possible, taken out appropriate insurance for the size of its businesses to cover damage and liability risks. The following sections describe the risks and opportunities which could influence the business performance, financial position and results of operations of the Brenntag Group. Similar, organizationally or functionally related risks have been systematically grouped in risk categories. The estimates

made per risk category relate to the net risk. Unless stated otherwise or obvious from the context, the following statements on risks and opportunities refer to all Brenntag segments.

As part of Group risk management, Brenntag also analyzes environmental, social and governance-related (ESG) aspects, such as environmental matters, employee matters, human rights, anti-corruption and bribery matters and their

respective risk aspects. The risks are transferred into the non-financial Group report in accordance with Section 289c of the German Commercial Code (HGB) if risks have a severe, negative impact on the environment and society and it is highly probable that they will occur.

The process of aggregation into risk categories includes risks only and does not offset risks against opportunities. In the further explanations of the risk categories, possible opportunities are considered individually and described separately and independently of the risks. For three risk categories, the year-on-year change in the overall risk from medium to high is due to the adaptation of the risk matrix described above. For risk categories for which the overall risk decreased compared with the previous year, the change is discussed separately in the relevant paragraphs. This gives the following assessment of corporate risks for financial year 2023 in the 2024 analysis period (as at Dec. 31, 2023) plus the prior-year comparative assessment:

Risk category	Possible extent of damage	Probability of occurrence	Overall risk	
			Dec. 31, 2023	Dec. 31, 2022
Economic environment and political stability	High	Possible	High	Medium
Market risks	Critical	Possible	High	Medium
Strategic risks	High	Possible	High	-
IT risks	High	Possible	High	Medium
Tax risks ¹⁾	High	Possible	High	-
Operational risks	High	Improbable	Medium	Medium
Environmental protection, health and safety	High	Improbable	Medium	Medium
Personnel risks	High	Improbable	Medium	Medium
Compliance risks	High	Improbable	Medium	Medium
ESG risks	High	Improbable	Medium	-
Acquisition risks	High	Improbable	Medium	Medium
Legal risks ¹⁾	Medium	Possible	Medium	Medium
Financial risks	Insignificant	Possible	Low	Medium
Quality assurance risks	Insignificant	Improbable	Low	-

4.17 Overview of corporate risks

¹⁾ To enhance transparency, the legal and tax risk categories have been examined separately since this reporting period.

■ Economic environment and political stability:

Due to the international nature of its business, Brenntag is exposed to a number of economic, political and other risks, and the possibility that negative developments in individual regions or countries might have an adverse effect on its business or financial position cannot be entirely ruled out. For example, natural disasters, pandemics or the instability of the economic and political situation in regions or countries in which Brenntag operates may have a negative impact on its business and its operating result. Countries and regions with an unstable economic and political situation are often emerging markets, which offer great

opportunities due to above-average growth. Overall, the international nature of the business balances out the risks. Moreover, a large percentage of business is conducted in stable economies.

Economic downturns may have a negative impact on Brenntag's sales and operating gross profit. In addition to sales risks arising from high unemployment in certain countries and high levels of public debt, a pronounced economic downturn in our core markets in particular, an increase in protectionist tendencies and the possible escalation of geopolitical tensions may lead to falling

demand. Global supply chains have remained very strained and the trend in energy prices, driven primarily by various, global crises such as the war in Ukraine and the unrest in the Middle East, poses an additional challenge for international trade. The significant factors influencing the outlook include further developments and effects attributable to higher energy and supply costs in Europe, the trend in inflation in the USA and Europe, and the economic trend in China. Brenntag has drawn up lists of measures for various scenarios, depending on possible political and economic developments.

The constant dialog with customers and suppliers in the region also enables Brenntag to identify any impact on its business and supply chains at an early stage and act accordingly. In a recession, lower profitability on the part of customers could lead to higher bad debt losses. We counter this risk through a high level of diversification by geography, customer industries, suppliers, products and customers.

The increase in geopolitical risks could lead to more supply chain bottlenecks and therefore require rapid adaptability and flexibility in sourcing goods. In addition, difficult-to-predict processes of industrial change have accelerated. Due to its broad geographical footprint, close supplier relationships, diversified product portfolio, and global supplier and customer relationships, Brenntag is well able to balance out and overcome bottlenecks in the supply chain. However, any strain on global supply chains harbors the risk of further increases in raw materials prices as well as the risk that these additional costs cannot be passed on to customers. In order to ensure a supply of raw materials at the best possible price, Brenntag continuously analyzes supply chains and occasionally stockpiles inventories as a safety cushion. This, in turn, raises the risk that, if the situation in the raw materials market were to ease, the inventories would be too expensive and have to be sold at less than their value. At the same time, customers could start substituting the products with cheaper alternatives.

Brenntag continuously analyzes all risks relevant to its business and promptly takes all the necessary and possible measures to counter them.

On the sales side, risks may arise from political measures, more specifically from tighter standards and increasing regulation, which at the same time, however, frequently represent an opportunity for advantage over many medium-sized competitors. Based on its global expertise, such as in the field of regulation, and its broad portfolio of products and services, as a result of which alternative procurement channels can frequently be used, Brenntag is superbly positioned to be able to serve its customers' requirements at all times. This was seen especially during the COVID-19 pandemic and the container shortage, for example.

■ Market risks and opportunities:

Brenntag's strategic development is geared to the current global, regional and local market growth drivers.

Brenntag's business is managed through two global divisions focused on customer and supplier needs: Brenntag Specialties and Brenntag Essentials. Based on this, there are major sales opportunities of strategic significance for Brenntag in the flexible and efficient marketing of process chemicals and in the large, globally relevant focus industries on which Brenntag Specialties concentrates, namely Life Science (Nutrition, Pharma and Beauty & Care) and Material Science. In addition, its global network and comprehensive portfolio of products and services places Brenntag in a unique position to meet customers' increasing requirements for pan-regional and global end-to-end solutions. The growing demand for customer-specific solutions, blending and services and alternative sales channels also open up further growth opportunities.

As an international Group, Brenntag sees opportunities in all regional markets to extend its market lead. The continuous expansion of its geographic presence in emerging markets, particularly in the Asia Pacific region, offers above-average growth opportunities. Brenntag intends to continue to optimally exploit the opportunities presented by company acquisitions and the active consolidation of the fragmented chemical distribution market.

In terms of product sourcing, Brenntag's operating model enables it to achieve economies of scale. The optimization of the local product portfolios through sales partnership agreements with chemical producers for new products or product categories offers further potential. In addition, Brenntag intends to continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and sales activities. The global distribution network and the experienced professional organization at all levels of the Brenntag Group are key elements for tapping this potential.

Through the "Advanced Operating Model", Brenntag is optimizing the differentiated management of the two divisions Brenntag Essentials and Brenntag Specialties with a view to making optimum use of the opportunities outlined (please also see the section "Objectives and strategy"). This is centered around the further separation of Brenntag Essentials and Brenntag Specialties into two independent and autonomous global divisions with honed profiles. For each of the two divisions, specific strategies were set out to address the particular potential in their respective markets.

Brenntag plans to leverage customers' increasing need for sustainable solutions and products to strengthen its position as market leader through the pioneering role it aims to play

in responsible and sustainable chemical distribution. Through its transformation into a data- and technology-driven company which began some years ago, it also intends to fully exploit the potential of digital solutions in all Brenntag business models while at the same time enabling more efficient and reliable supply chains. Lastly, through continuing M&A activities, Brenntag wishes to leverage growth opportunities in attractive market segments.

At local level, Brenntag creates the right conditions through its operating activities to effectively and efficiently exploit the opportunities which the markets offer.

In some local markets Brenntag serves, competition from other chemical distributors is growing. This stronger competition, which is partly due to the increasing pan-regional activities and consolidation among competitors as well as the development of new sales channels, some of them digital, is a risk that might negatively impact sales and earnings. Brenntag therefore works continually to improve its portfolio of products and services. The local business might also be impacted by customers relocating to low-cost countries. However, Brenntag sees its extensive global presence as a key factor in balancing out these local risks.

As far as possible, the sourcing risk related to the supply of strategically important raw materials is offset through long-term contracts and/or partnerships with different suppliers and alternative supply sources. However, the purchase prices can vary considerably depending on the market situation and impact on cost structures. To safeguard its competitiveness, Brenntag counteracts these risks by adjusting sales prices, through international procurement and through strict cost management.

In the course of the central review process, the estimate of probability of occurrence resulting from aggregation was changed from “improbable” to “possible” on the basis of the current market assessment.

The risk arising from future market developments is counteracted by constantly monitoring markets and competitors as well as by holding regular strategy meetings.

■ **Strategic risks**

The risk portfolio was extended to include the strategic risk category in order to take account of the increased significance of geopolitical change and the possible effects of the Advanced Operating Model. Strategic opportunities and risks for the Brenntag Group stem primarily from the ongoing transformation efforts and their successful or delayed implementation. Opportunities to increase EBITA by implementing “Strategy to Win” through the new operating models within the divisions and Group functions, through the further transformation into independent and autonomous

divisions, and through DiDEX contrast with the risk that these efforts will be delayed or ultimately fail.

Emerging or widening geopolitical risks, for example as a result of the war between Russia and Ukraine, in Northeast Asia, in the Middle East or through increased protectionist measures ahead of or during the US elections, could adversely affect the Brenntag Group’s regional business performance. Due to our global footprint, however, Brenntag is well positioned to offset the effects in one region through others.

While the allocation of the business portfolio to the two divisions reflects the different market requirements of Essentials and Specialties, and positions our divisions such that they are able to better leverage the profitable growth in their respective business environment, this allocation also harbors a certain risk of lost business as a result of temporary coordination problems, a possible distraction from business and resource bottlenecks.

Intensifying competition as a result of competitors’ transformative M&A activities may lead to an increased risk of being at a disadvantage in the trend toward consolidation in chemical distribution markets regionally and globally. However, Brenntag intends to carefully analyze such inorganic growth opportunities and actively participate if the risk/reward profile is judged to be positive for Brenntag.

■ **IT risks and opportunities:**

IT and cyber risks arise, on the one hand, from the dependency of business processes and the increasing integration of systems, and on the other from external IT security risks, such as the increasing threat posed by cybercrime (e.g. manipulation and theft of data through hacker attacks). These risks could result in network failure and system slowness or errors; data can be falsified, stolen or destroyed by errors in system operations, program errors or external influences. Brenntag counters these risks by regularly training employees and raising awareness, through ongoing investments in hardware and software, by continually updating systems (in particular by installing patches), through the use of virus scanners, firewall systems, data security measures, and privilege and access controls. These IT security measures are monitored using Group-wide IT security standards and IT policies. On the other hand, the increasing use of IT systems and data analytics opens up efficiency gains in operational processes and in improved communication with customers and suppliers. In addition, IT-managed systems generally improve the quality and security of internal controls and data protection.

Brenntag invests in the further development and security of its digital landscape and the software used, especially on ERP systems and digital platforms. This opens up

opportunities for improved business process support. On the other hand, risks arise in the course of implementation and development processes (e.g. from requirements that may change over time), which Brenntag counters by constantly monitoring and, if necessary, adjusting the implementation plans and solutions.

■ **Tax risks:**

To enhance transparency, the two risk categories legal and tax risks were separated and are now examined individually. As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions. In the course of the central review, the estimate of probability of occurrence was changed from “improbable” to “possible” bearing in mind past experience.

The German Group companies BRENNTAG GmbH and BCD Chemie GmbH were the subject of routine reviews of the tax on alcohol and energy conducted by the German customs authorities for the years 2014 to 2018. As a result, in financial years 2021 and 2023, tax decision notices relating to alcohol tax were received for the years 2014 to 2017 in the amount of EUR 143.6 million and the appropriate taxes were paid. Legal redress was sought against these decisions. For the above-mentioned review period, the reviews have been completed, decision notices have been received and the tax assessment amounts have been paid.

The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. Brenntag and its legal advisers believe that the legal redress being sought and the arguments presented in the proceedings can be successful.

Under further tax audit notices issued in 2022 and 2023, BRENNTAG GmbH was also the subject of a review for 2021 and 2022. The assessments for those years so far amount to EUR 30.6k in total.

With the support of external experts on excise duties, Brenntag is examining the extent to which comparable excise duty risks also exist in other European countries. Ultimately, this investigation has so far identified one case in Sweden, which is currently being dealt with in detail with a local, external legal adviser. Based on the information available, a provision of EUR 12.5 million, including interest payable, was recognized for this.

■ **Operational risks:**

Brenntag's business is exposed to operational risks. As a chemical distributor, Brenntag is exposed to the risk of

interruptions to business, quality problems or unexpected technical difficulties, for example as a result of the incorrect handling of chemicals or machinery and equipment on site and during transportation. Disruptions and outages at its warehouse sites or during transportation may lead to delivery delays and falling sales revenues. Brenntag counters this risk through extensive safety measures at its sites and regionally standardized quality and safety manuals, by specifically training employees in how to handle chemicals correctly and through safety campaigns across the sites. In addition, Brenntag has taken out appropriate business interruption insurance for sites where any disruption might pose the threat of interruptions to business due to the local geographical site structure and/or portfolio structure, as well as increased cost of working cover for all sites. As Brenntag frequently uses the sites of external providers as well as its own sites, it is possible that it may (partly) relocate to different external sites in the event of an interruption to business so that it can continue to ensure that our customers are supplied.

Risks may also arise if the products purchased and delivered to customers do not meet the specified and agreed quality, the wrong products are delivered or if, in specific cases, their sale is subject to restrictions. The distribution of certain products may result in particular liability risks. However, the procedures that have been established guarantee a good level of assurance that products are procured from reliable sources and that they are the right ones, meet the required standard of quality and are sold on in accordance with the law. In addition, there is product liability insurance, including extended product liability cover, to cover the above-mentioned losses.

■ **Quality management, safety, health, environmental protection and ESG:**

The risks to safety, health and the environment arising from the distribution of chemicals are countered by maintaining a high standard of safety precautions at the sites. This is part of Brenntag's QSHE strategy (QSHE: quality, safety, health and environment). Information on the QSHE strategy is published in the separate non-financial Group report. The monitoring of respect for human rights as well as environmental, health and safety risks is part of the sustainability strategy. The Board of Management sets the ESG targets at the beginning of the year and is informed about the achievement of those targets once a quarter.

As a chemical distributor, Brenntag generally operates in a complex regulatory environment. Cross-country teams of regulatory specialists are deployed to ensure that operating and business processes are in compliance with the relevant requirements. Here too, Brenntag sees itself in a good position due to its scale, the central systems it has in place and its expertise.

As a key player in the chemicals industry, Brenntag is aware of its responsibility as regards social standards. Respect for international human rights is embedded in the Group through a human rights risk management system that is monitored by the Human Rights Officer. Among other things, the system includes risk analyses conducted both in Brenntag's own operations and for suppliers. More information on human rights and the supply chain is published in the separate non-financial Group report.

Environmental and climate protection plays an important role at Brenntag. Brenntag's goal worldwide is to conserve resources, make optimum use of them and minimize the impact of its business activities on soil, water and air. Climate change may give rise to a range of different risks for Brenntag, but also to opportunities for the company. Brenntag has sites all over the world, and more and more acute risks can be expected as a result of extreme weather events such as hurricanes and flooding. In 2022, the company conducted a pilot project with a view to better preparing the Brenntag sites for such climatic changes. This was developed in greater detail and continued in 2023. The aim of the project is to analyze the exposure of all sites to physical risks in three different global warming scenarios. Sites at risk prepare for the relevant weather conditions by taking advance action to remove mainly critical products and sensitive equipment from storage areas that are particularly under threat or to secure those products and equipment. Plans are drawn up to ensure that customers will be supplied from other sites in the Brenntag network should sites be temporarily out of operation following such events. In addition, the global fight against climate change will lead to structural, regulatory and technological changes in the market on the one hand, but also to increased costs as a result of preventive technologies or government carbon taxes on the other.

Reducing CO₂ emissions (Scope 1 and 2) to net zero by 2045 is one of the ESG targets through which Brenntag contributes to climate protection and wishes to fulfil its responsibility. In addition, the sustainability component will be an important management metric for Brenntag's product portfolio in future so that Brenntag is well positioned with regard to the aforementioned market changes.

■ Personnel risks and opportunities:

Personnel risks result mainly from the steadily increasing skills shortage, particularly in sales, logistics and IT, as a result of which Brenntag may lose high performers and staff in key positions or be unable to find a sufficient number of qualified staff to fill vacancies within the Group. There is also a risk that qualified Brenntag employees will be headhunted by competitors. Brenntag counters these risks by positioning itself globally as the preferred employer in chemical distribution, by fostering long-term employee retention and

through suitable retention measures. It also limits these risks through Brenntag's global employer brand and through globally uniform programs and measures that allow the Brenntag companies to take into account country-specific legislation and circumstances. Information on Brenntag's HR strategies and tools is provided in the "Social" section of the separate non-financial Group report for 2023. Combining these with other early warning indicators, Brenntag is able to promptly identify possible changes in employees' attachment to the company and initiate appropriate management measures where necessary.

■ Compliance risks:

For Brenntag to be able to cooperate with its business partners as a reliable partner of integrity, it is essential to comply with the applicable rules and laws. This ensures a working relationship of trust with partners based on shared fundamental beliefs. The aim here is to guarantee that Brenntag acts in accordance with its corporate values in its dealings with all stakeholders. Risks that may arise from employee misconduct are minimized through suitable measures. At the same time, the internal compliance management system is constantly further developed.

Compliance involves conducting business in accordance with the relevant regulations. In particular, any form of corruption, bribery or fraud is forbidden at Brenntag. Other focal points of compliance at Brenntag include working toward compliance with antitrust, foreign trade and data protection requirements.

As the global market leader in chemical distribution and as a company with operations around the globe, Brenntag conducts business worldwide. In a rapidly changing environment, export control regulations, embargoes or other types of trade restriction can impact on Brenntag's business. Brenntag must comply with all the foreign trade laws applicable to it, such as restrictions on exports and imports of particular goods, services and technologies to or from countries subject to sanctions or embargoes. When it comes to checking companies and persons against sanction lists, Brenntag uses an automated, IT-based solution, among other things. With the help of a special software application, regular checks are carried out against the sanction lists issued by the United Nations, the European Union, the USA and various other countries. The aim is to identify sanctioned companies and persons, and comply with various sanctions provisions.

The binding rules requiring all employees to treat one another and business partners fairly are set out in particular in Brenntag's Code of Business Conduct and Ethics and in other internal guidelines. Failure to observe the relevant rules can give rise to risks and this is counteracted primarily through various control measures and regular audits.

Brenntag's Code of Business Conduct and Ethics is binding on all employees throughout the Group. Employees are required to familiarize themselves with its content and comply with the Code of Business Conduct and Ethics.

Employees are made aware of compliance issues through comprehensive training measures, among other things.

Reports of possible compliance violations are received, among other means, through an electronic whistleblowing system. All incoming reports are taken seriously and investigated. If an investigation confirms the suspicion, measures are taken to punish a violation or eliminate weaknesses in processes.

As a company with operations worldwide, Brenntag is subject to laws and regulations relating to data protection. Breaches of data protection regulations may lead to large penalties and substantial reputational damage. Among other measures, a global data protection guideline was introduced to mitigate these risks. In addition, both the central data protection department and the regional and local data protection coordinators continuously monitor data protection compliance. Employees receive regular data protection training.

■ Acquisition risks and opportunities:

In the Brenntag Group, every decision to acquire is linked to minimum requirements on the internal rate of return of the particular investment. The company valuations incorporating the findings of due diligence work performed are of central importance in acquisitions. Therefore, all significant risks and opportunities are systematically recorded and an appropriate purchase price determined. Company acquisitions always involve risks surrounding the integration of employees and business operations. Particularly when acquiring small companies, there is often a particular dependency on a handful of key employees. Significant integration risks mainly include the loss of the acquiree's key employees and the loss of business relationships with suppliers and customers. Achieving the planned growth in the acquired business and realizing the planned synergies from the transaction are other significant areas of risk. Brenntag strives to limit these risks with adequate transaction structures, by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia. In the case of acquisitions in emerging markets in Asia and Latin America, purchase prices are sometimes relatively high and the risks also higher (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks). In the course of the central review, the risk was changed from

"insignificant" to "high" bearing in mind the intended increase in acquisition volume. However, there are also much greater opportunities due to higher expected growth rates. Strong market fragmentation regularly gives rise to acquisition opportunities for Brenntag (multitude of acquisition opportunities). Brenntag can selectively pursue acquisition targets with the most suitable target entities and a number of opportunities arise to support strategic objectives through acquisitions. Systematic use of a practiced acquisition and integration process helps to minimize risks and exploit potential.

■ Legal risks:

Brenntag SE and individual subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with their activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding alleged wrongdoings with the assistance of in-house and external counsel.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. In December 2020, the court imposed a fine of EUR 47 million. Brenntag lodged an appeal against the decision, whereupon the imposed fine was reimbursed in November 2023 and the proceedings referred back by the Cour de cassation (Court of cassation) for a further decision. With further steps expected to be taken by the French authorities responsible, a provision was recognized in the amount of the EUR 47 million reimbursement. Regarding the investigation also ongoing at the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. Based on current knowledge, Brenntag assumes that claims for civil liability arising from the above-mentioned proceedings are not sufficiently substantiated.

Given the number of legal disputes and other proceedings that Brenntag is involved in, it is possible that a ruling may be made against Brenntag in some of these proceedings. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its net

assets, financial position and results of operations to be materially affected.

In connection with the sale of talc and similar products, actions have been brought against our North American subsidiaries, against which the Brenntag Group is actively defending itself. In addition, Brenntag has taken measures to mitigate the risk and is asserting claims for compensation from third parties. Nevertheless, the possibility that these legal disputes will result in significant adverse effects on the results of operations cannot be ruled out.

In the course of the central review, the estimate of the effect was changed from “low” to “medium” and the estimate of probability of occurrence from “improbable” to “possible” bearing in mind past experience.

■ Financial risks and opportunities:

Brenntag’s business is generally exposed to exchange rate, interest rate, credit and price risks. Due to the fact that Brenntag conducts business in different currency areas, changes in exchange rates may have positive or negative translation effects on the results of the Group. In particular, any change in the euro/US dollar exchange rate may have a substantial impact as a large proportion of business is conducted in the US dollar area. Brenntag has decided not to hedge exchange rate differences resulting from the translation of financial statements of subsidiaries whose functional currency is not the euro (translation risks). On the other hand, transaction exposures resulting from the translation of foreign currency receivables and liabilities into the functional currency of a subsidiary are hedged insofar as is possible and where it makes economic sense to do so. This is based on a Group-wide Finance Guideline that sets out basic requirements and objectives, threshold values and hedging instruments to be used. The Finance Guideline requires Group companies to offset the risks of open net foreign currency exposure using suitable instruments such as forward and swap contracts or to keep them within certain limits. Any exceptions exceeding the above limits must be agreed on a case-by-case basis with the Treasury department.

Unfavorable political developments and financial policy decisions in specific countries may have a particularly negative impact in this context.

Risks related to cash investments are limited by only doing business with banks and business partners considered to be of strong credit standing. Payments are also handled through such banks. The credit facility under the syndicated loan is made available by a large number of international banks, meaning that availability is ensured through high diversity. Uncollectibility risk is reduced by continually monitoring customers’ credit ratings and payment behavior

and setting appropriate credit limits. The risk is limited by the large number of customers the company has in different countries; even the largest key account customer only accounts for a very small single-digit percentage of Group sales. In some cases, credit insurance is also taken out in order to limit risks.

The Brenntag Group is partly financed with debt capital. Brenntag is confident that the loan agreements and credit lines, the bonds issued and the liquid funds available are adequate to cover the Group’s future liquidity needs, even if requirements should increase unexpectedly. Like comparable loan agreements, the syndicated loan contains a number of customary provisions. In the event of a severe breach of the provisions of the loan agreement, the facility agent appointed by the lenders may call in the loans if he deems this move necessary to safeguard the lenders’ interests. As the Group’s main financing instruments (syndicated loan, two bonds and promissory notes) all contain so-called cross-default clauses, any breach of contract or calling due of outstanding amounts in respect to one financing instrument could also have a negative impact on the others.

The terms and conditions of the financing instruments are also influenced by the Group’s credit rating. A change in the rating that the international rating agencies Standard & Poor’s and Moody’s assign to Brenntag may impact on the Group’s financing terms. The rating may have a positive or a negative impact. Both rating agencies continue to assign an investment grade rating, thereby confirming Brenntag’s high credit standing. Moody’s currently rates Brenntag at “Baa2” with a stable outlook, while Standard & Poor’s has given Brenntag a rating of “BBB+” with a stable outlook.

Some of Brenntag’s financing is based on variable interest rates which are subject to fluctuations in market interest rates. This means that Brenntag has both the opportunity to participate in falling market interest rates but also the risk of incurring higher interest cost as a result of rising market interest rates. The split between variable and fixed interest rates is determined as part of interest risk management. Derivative instruments such as foreign exchange forwards, interest rate and currency swaps or combined instruments may be used to hedge risks from financing. Interest rate-related financial risks are mainly managed by the Treasury department at Group headquarters. If individual companies hedge financial risks from operating activities themselves, this is done in consultation with and under the supervision of Group headquarters. This permits a balancing of risks throughout the Group.

The Brenntag Group has obligations to current and former employees as a result of pension commitments. Some of the pension obligations are covered by plan assets. The plan

assets are subject to capital market risks, as a portion of them is invested in funds and equities. Any changes in relevant inputs, such as an increase in life expectancy or salaries, may lead to higher cash outflows and higher present values of the defined benefit obligation. To some extent regionally, contributions are also paid into defined benefit pension plans maintained by more than one employer (termed multi-employer plans). If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers.

The above-mentioned financial risks are also relevant mainly for the single-entity financial statements of Brenntag SE prepared in accordance with German commercial law. In addition, the company is exposed to impairment risk on the equity investments it holds. The continuous monitoring of our investments in subsidiaries is an integral part of our risk management, meaning that potential impairments are identified at an early stage and, if necessary, countermeasures can be taken to stabilize or improve the subsidiaries' profitability.

The year-on-year decrease in the overall risk from medium to low is attributable to the fact that offsetting foreign currency effects within the Group were taken into account in this reporting period.

Summary of the opportunities and risk situation

During the past financial year, the executive directors once again continuously updated and assessed the risk situation for the Brenntag Group. The Group's risk position did not change significantly during that period. In our opinion, the risks described in the section "Report on opportunities and risks" do not jeopardize the continued existence of the company, either individually or collectively, and do not exceed its risk-bearing capacity. It can be concluded, therefore, that none of the risks, either in isolation or in aggregate, compromises the going concern principle from an equity or liquidity standpoint. Additional risks and opportunities that are not yet known or risks that are currently considered immaterial may also have a negative impact on our business operations. Brenntag is convinced that the challenges arising from the risks described above can continue to be mastered successfully.

Explanatory report on information required under Sections 289a and 315a of the German Commercial Code (HGB)

Composition of the subscribed capital

As at December 31, 2023, the subscribed capital of Brenntag SE totaled EUR 147,453,837. The share capital is divided into 147,453,837 no-par value registered shares, each with a notional value of EUR 1.00.

According to article 7, para. 3 of the Articles of Association of Brenntag SE, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted to trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) in conjunction with Article 9, para. 1 (c) (ii) of Council Regulation (EC) No 2157/2001 on the Statute for a European company ("the SE Regulation"), only those persons recorded in the company's share register will be recognized as shareholders of Brenntag SE. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag SE the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the Annual General Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag SE. Excepted from this rule are any treasury shares held by Brenntag SE that do not entitle Brenntag SE to any membership rights. Brenntag SE does not currently have any treasury shares. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (which apply to an SE as a European stock corporation by way of the reference to other relevant provisions contained in Article 9 of the SE Regulation), in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

Restrictions on voting rights or transfer of shares

The Board of Management of Brenntag SE is not aware of any agreements relating to restrictions on voting rights or on the transfer of shares.

Direct or indirect interests in the capital of the company exceeding 10% of the voting rights

As at December 31, 2023, the company was aware of one direct or indirect interest in the capital of the company that exceeded 10% of the voting rights. Section 33 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag SE reaches, exceeds or falls below certain thresholds as a result of purchases, disposals or otherwise must notify Brenntag SE and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). On September 1, 2023, Brenntag was informed pursuant to Section 33 of the German Securities Trading Act that Kühne Holding AG's share of the voting rights exceeded 10%. Other voting right notifications in accordance with Section 33 of the German Securities Trading Act received by Brenntag SE in the reporting period concern shares of the voting rights in excess of the 3% and 5% thresholds.

Shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control.

System of control of any employee participation scheme where the control rights are not exercised directly by the employees

Brenntag SE does not have a general employee participation scheme.

Legislation and provisions of the Articles of Association applicable to the appointment and removal of the members of the Board of Management and governing amendments to the Articles of Association

The appointment and removal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act. The Supervisory Board appoints the members of the Board of Management for a maximum term of five years. Their appointment may be resolved according to article 13, para. 4 of the Articles of Association of Brenntag SE by simple majority of votes. In the event of a tie, the Chair of the Supervisory Board has the casting vote. According to article 9, para. 1 of the Articles of Association of Brenntag SE, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board. As at December 31, 2023, the Board of Management of Brenntag SE consisted of four members.

Contrary to Sections 133, para. 1 and 179, para. 2, sentence 1 of the German Stock Corporation Act, article 20 of the Articles of Association of Brenntag SE stipulates that in cases that require the majority of the share capital represented when the resolution is passed, the simple majority of the capital represented is sufficient. However, this does not apply to changes to the object of the company, as Section 179, para. 2, sentence 2 of the German Stock Corporation Act only permits amendments to a company's Articles of Association regarding the object of the company to be adopted with larger majorities than three-quarters of the capital represented when the resolution is passed. The authority to adopt purely formal amendments to the Articles of Association is transferred to the Supervisory Board under article 14, para. 2 of the Articles of Association of Brenntag SE. In addition, by resolution of the Annual General Meeting on June 20, 2018, the Supervisory Board was authorized to amend the Articles of Association of Brenntag SE in connection with the creation of new authorized capital after implementation of each capital increase and after expiry of the authorization period without use of the authorized capital.

Powers of the Board of Management to issue or repurchase shares

Authorization to create authorized capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to increase the share

capital of Brenntag SE on one or more occasions until June 8, 2027 by a total of up to EUR 35,000,000 by issuing up to 35,000,000 new registered ordinary shares in return for cash contributions or contributions in kind. The shareholders shall generally be granted a subscription right. However, in certain cases the Board of Management is authorized, with the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights for one or more capital increases under the authorized capital. This shall apply, for example, if the capital increase is effected against cash contributions and the issue price of the new shares is not significantly lower than the stock market price of the shares of the same class and carrying the same rights already traded on the stock market at the time of final determination of the issue price within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act and the total pro rata amount of registered share capital represented by the new shares issued in accordance with this paragraph with exclusion of subscription rights pursuant to Section 186, para. 3, sentence 4 of the German Stock Corporation Act is not less than 10% of the registered share capital (simplified exclusion of subscription rights). The 10% threshold will be determined based on the share capital at the time the authorization becomes effective. If the share capital is lower at the time this authorization is exercised, that lower amount will apply.

The Board of Management shall decide on the further content of the share rights and the conditions of the issuance of shares with the approval of the Supervisory Board.

Authorization to acquire and use treasury shares in accordance with Section 71, para. 1, no. 8 of the German Stock Corporation Act

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10% of the share capital. The shares acquired on the basis of this authorization, together with other shares in the company which Brenntag SE has already acquired and still holds, may at no time account for more than 10% of the respective registered share capital. The authorization may be exercised in whole or in part, once or several times. It took effect at the close of the Annual General Meeting on June 9, 2022 and shall be valid until June 8, 2027. If the shares are purchased on the stock exchange, the purchase price (excluding incidental costs) may not be more than 10% higher or lower than the arithmetic mean of the share prices (closing auction prices of Brenntag SE shares in Xetra trading or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days prior to the purchase or the entering into an obligation to

purchase. In the case of acquisition by means of a public purchase offer, Brenntag SE may either publish a formal offer or issue a public invitation to submit offers for sale. The purchase price offered (excluding incidental costs) or the limits of the purchase price range per share determined by Brenntag SE (excluding incidental costs) may not exceed or fall below the arithmetic mean of the share prices on the Frankfurt Stock Exchange on the last five trading days prior to the publication of the purchase offer or the invitation to submit offers by more than 10%. The authorization may be exercised for any purpose permitted by law. The Board of Management was authorized, with the approval of the Supervisory Board, to withdraw the treasury shares acquired on the basis of the authorization pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act without any further resolution by the Annual General Meeting. The withdrawal may be limited to a portion of the shares acquired. The authorization to withdraw shares may be exercised more than once. The withdrawal of shares generally leads to a reduction in registered share capital. In derogation of this, the Board of Management may determine that the registered share capital shall remain unchanged and that instead the withdrawal shall increase the proportion of the registered share capital represented by the remaining shares in accordance with Section 8, para. 3 of the German Stock Corporation Act. In this case, the Board of Management is authorized to adjust the indication of the corresponding number in the Articles of Association. Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

On March 7, 2023, the Board of Management of Brenntag SE resolved on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of an initial tranche in the period to October 20, 2023, Brenntag SE acquired 7,046,163 no-par value shares, each with a notional value of EUR 1.00 (EUR 499,999,911.28 in total). The shares were acquired on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to withdraw treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 154,500,000.00 – by EUR 7,046,163 – by withdrawing 7,046,163 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to October 20, 2023. The 7,046,163 no-par value shares held by the company and acquired under the share buyback program were withdrawn. In the course of a second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag

SE shares on the stock market up to a total purchase price of EUR 250 million (maximum of 7,699,220 shares). As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag.

Authorization to issue bonds and to create conditional capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized ("Authorization 2022"), with the approval of the Supervisory Board, to issue holder or registered convertible bonds or bonds with warrants as well as profit participation rights or profit participating bonds with option or conversion rights on one or more occasions up to June 8, 2027 for a total nominal amount of up to EUR 2,000,000,000 with or without limited term ("Bonds") and to grant the holders or creditors of the Bonds option or conversion rights to up to 15,450,000 new Brenntag SE shares with a pro rata total amount of the registered share capital of up to EUR 15,450,000 in accordance with the respective option or convertible bond conditions or profit participation right or participating bond conditions ("Conditions") to be determined by the Board of Management. In order to grant shares to the holders or creditors of Bonds, the registered share capital was conditionally increased at the Annual General Meeting on June 9, 2022 by up to 15,450,000 no-par value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued ("Conditional Capital 2022"); this equates to an increase in the registered share capital of up to EUR 15,450,000. The Bonds may, in addition to euros, also be issued in a foreign legal currency, subject to a limit of the corresponding equivalent value in euros, and by companies dependent on Brenntag SE or in which it holds a majority interest; in this case, the Board of Management was authorized, with the approval of the Supervisory Board, to assume the guarantee for the Bonds on behalf of Brenntag SE and to grant the holders of such Bonds option or conversion rights to Brenntag SE shares and to make other declarations and take other actions necessary for a successful issue. The issues of Bonds may be divided into partial Bonds each having equal rights. Bonds may only be issued against contribution in kind, provided that the value of the contribution in kind corresponds to the issue price and that this price is not significantly lower than the theoretical market value of the Bonds determined in accordance with recognized methods of financial mathematics. The Board of Management is authorized, under certain circumstances and with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the Bonds. However, with regard to the exclusion of subscription rights against cash payment, this authorization

shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital (simplified exclusion of subscription rights). The 10% threshold will be determined based on the share capital at the time the authorization becomes effective. If the share capital is lower at the time this authorization is exercised, that lower amount will apply.

When convertible bonds, profit participation rights or profit participating bonds with conversion rights are issued, the holders are granted the right to exchange their Bonds for new Brenntag SE shares in accordance with the more detailed Conditions.

When bonds with warrants, profit participation rights or profit participating bonds with option rights are issued, one or more warrants shall be attached to each partial bond or each profit participation right or each participating bond, entitling the holder to subscribe for Brenntag SE shares in accordance with the more detailed Conditions.

New shares are issued at the option or conversion price to be set in accordance with the aforementioned resolution granting authorization.

Significant agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid

As at the reporting date, the most important component in Brenntag's financing structure is the Group-wide loan agreement concluded with a consortium of international banks. The total loan volume is described in the section "Capital structure". The main conditions are laid down in a syndicated facilities agreement entered into in February 2023. Under this agreement, individual lenders have the right to terminate the agreement if any person or group of persons acting in concert acquire directly or indirectly more than 50% of the shares issued or the voting rights in Brenntag SE. The right to terminate in the event of a change of control is preceded by a 30-day negotiating period on the continuation of the loan agreements. If the parties involved cannot reach agreement on the continuation of the loan agreements in this period, each lender can within ten days terminate his involvement as a lender in the agreement by giving notice of at least another 30 days and request payment of the outstanding loan amounts.

Section 5 of the conditions of issue relating to the Bond 2025 in the amount of EUR 600.0 million issued by Brenntag Finance B.V. in September 2017 also contains provisions governing a change of control, under which bondholders may request that the bond be repaid early if the rating is downgraded within a certain period of a change of control (in each case as defined in the conditions of issue).

Furthermore, section 5 of the conditions of issue relating to the Bond 2029 in the amount of EUR 500.0 million placed by Brenntag Finance B.V. in September 2021 and paid out in October 2021 (first issue under the newly established debt issuance program) also contains a provision governing a change of control, under which bondholders may likewise request that the bond be repaid early if the rating is downgraded within a certain period of a change of control (in each case as defined in the conditions of issue).

Section 5 of the loan agreement relating to the promissory note transaction placed by Brenntag SE in August 2022 for around EUR 640 million also contains provisions governing a change of control. In this case too, the lenders may request that the notes be repaid early if the rating is downgraded within a certain period of a change of control (as defined in the loan agreement).

Compensation agreements with members of the Board of Management or employees in the event of a takeover bid

There are no compensation agreements with members of the Board of Management or employees in the event of a takeover bid.

Corporate Governance Statement

The Corporate Governance Statement required under Sections 289f, 315d of the German Commercial Code (HGB), including the corporate governance report, can be found on the website at

<https://brenntagprod-media.e-spirit.cloud/06432017-be1f-41ce-8d1d-564e2a66d213/documents/global/about/corporategovernancestatementen.pdf>.

Non-financial statement

The non-financial statement required under Section 315b of the German Commercial Code (HGB) is available in a separate section of the Annual Report 2023 in the form of a separate non-financial Group report and is published on the following webpage

<https://corporate.brenntag.com/en/investor-relations/publications-and-events/financial-publications/>.



Annual Financial Statements as at December 31, 2023

Brenntag SE Essen

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Income statement

in EUR k	Notes	2023	2022
Sales	1.)	226,712	64,772
Other operating income	2.)	115,763	193,379
Cost of materials	3.)	- 194,733	- 32,121
Personnel expenses	4.)	- 62,420	- 54,399
Amortization of intangible assets and depreciation of property, plant and equipment	8.)	- 3,955	- 3,291
Other operating expenses	5.)	- 240,233	- 355,569
Net finance income	6.)	288,172	446,205
Profit before tax		129,306	258,976
Taxes on income	7.)	- 8,707	- 8,282
Profit after tax / net income for the financial year		120,599	250,694
Profit carried forward		4,268	-
Appropriation to retained earnings		- 4,268	-
Withdrawal from retained earnings		203,851	58,306
Distributable profit		324,450	309,000

BALANCE SHEET

Balance sheet

in EUR k	Notes	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
Fixed assets	8.)		
Intangible assets		22,092	13,146
Property, plant and equipment		2,377	2,303
Financial assets		2,543,290	2,535,048
		2,567,759	2,550,497
Current assets	9.)		
Receivables and other assets		1,621,736	1,795,367
Cash at bank and in hand		45,523	224,821
		1,667,259	2,020,188
Prepaid expenses	10.)	19,501	16,178
		4,254,519	4,586,863
EQUITY AND LIABILITIES			
Equity	11.)		
Subscribed capital ¹⁾		147,454	154,500
Additional paid-in capital		1,012,391	1,501,502
Retained earnings		628,095	827,677
Distributable profit		324,450	309,000
		2,112,390	2,792,679
Provisions	12.)	90,373	112,982
Liabilities	13.)	2,051,756	1,681,202
		4,254,519	4,586,863

¹⁾ Conditional capital as at December 31, 2023 in the amount of EUR 14,745k (Dec. 31, 2022: EUR 15,450k)

Notes

General information

Brenntag SE, which is domiciled in Essen, business address Messeallee 11, 45131 Essen, is recorded in the commercial register of the district court of Essen under commercial register number HRB 31943.

Principles

The annual financial statements of Brenntag SE have been drawn up in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the sake of clarity, certain items have been aggregated in the balance sheet and income statement. These items have been shown and explained in detail in the Notes. In addition, the income statement prepared using the nature of expense method has been placed before the balance sheet.

The financial statements are denominated in euros (EUR). Unless otherwise stated, the amounts are in thousand euros (EUR k). For arithmetic reasons, rounding differences of $\pm$ one unit (EUR k) may occur.

The annual financial statements and management report of Brenntag SE as well as the consolidated financial statements of Brenntag SE prepared in accordance with International Financial Reporting Standards (IFRSs) – as adopted in the EU – are submitted electronically to and published in the Company Register. The management report of Brenntag SE is combined with the Group management report of Brenntag SE.

Accounting and valuation policies

Purchased intangible assets are shown at cost and are amortized on a straight-line basis over their expected useful lives. Internally generated intangible assets are not capitalized. Prepayments made on intangible assets are shown at their nominal value.

Property, plant and equipment are carried at cost and, unless with an indefinite useful life, regularly depreciated over their useful lives, normally on a straight-line basis.

Decreases in value which go beyond regular depreciation and are expected to be permanent are accounted for by write-downs. If the reason for the write-down no longer applies, the respective item is reversed provided that the reversal does not cause the carrying amount to exceed the cost of acquisition less accumulated depreciation.

The following useful lives are taken as a basis for depreciation:

	Useful life
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	2 to 5 years
Other equipment, fixtures, furniture and office equipment	3 to 20 years

Assets of minor value costing not more than EUR 800 are expensed in full in the year of acquisition. Assets costing more than EUR 800 are depreciated over their normal useful lives.

Shares in affiliated companies are stated at cost, or in the case of an expected permanent decrease in value, at fair value. Where the reasons for write-downs made in prior periods no longer apply or only partially apply, the respective items are reversed provided that the reversal does not cause the carrying amount to exceed the cost of acquisition.

Receivables and other assets are stated at nominal values. Reasonable allowance is made for individual discernible risks.

Cash at bank and in hand are carried at nominal value.

Cash outflows recorded at their nominal value in the financial year which represent expense after the reporting date are shown as prepaid expenses.

Assets protected from access by all other creditors which serve to meet pension obligations (plan assets) are offset against the underlying obligations. If the obligations exceed the assets, a provision is recorded. If the value of said assets exceeds the obligations, it is recorded in the balance sheet as an "excess of plan assets over post-employment benefit liability".

The subscribed capital is shown at nominal value and fully paid in.

Provisions for pensions and long-service anniversaries are determined using the projected unit credit method, based on an actuarial method that uses biometric probabilities (Heubeck 2018G mortality tables). Expected future salary and pension increases are taken into account when determining the obligations. The discount factor used for pension provisions is the average market interest rate of the past ten financial years for an assumed remaining term of 15 years, as determined and published by Deutsche Bundesbank. Assets protected from access by all other creditors with the exclusive purpose of settling pension obligations are directly offset against the corresponding liabilities. Owing to the first-time application in the previous year of IDW RH FAB 1.021 "Handelsrechtliche Bewertung von Rückstellungen für Altersversorgungsverpflichtungen aus rückgedeckten Direktzusagen" (Valuation under Commercial Law of Provisions for Pension Obligations Arising from Reinsured Direct Pension Commitments), the pension provisions and claims under reinsurance policies that have the exclusive purpose of settling pension obligations and are protected from access by all other creditors are valued according to the so-called "primacy of the liabilities side" principle so the claim under the reinsurance policy is measured according to the necessary settlement amount of the matched reinsured part of the pension obligations. The first-time application of IDW RH FAB 1.021 resulted in the previous year in expense of EUR 1,943k, which was contained in net finance income.

The tax and other provisions are established to cover all foreseeable risks and uncertain obligations, based on reasonable assessments of the settlement amounts. Future price and cost increases are taken into account where they can be reliably estimated. Provisions with a remaining term of more than one year are discounted at the average market interest rate of the prior seven financial years as published by Deutsche Bundesbank.

The share-based remuneration programs for the Board of Management as well as for executives and senior managers are, according to the International Financial Reporting Standards (IFRS 2), classified and accounted for as cash-settled, share-based payment transactions. Provisions are established for the resulting obligations. The settlement amount is measured according to the fair value. This is recognized as personnel expenses over the vesting period, during which the employees become unconditionally entitled to the awards granted (unconditional right). The fair value is to be remeasured at every reporting date and at the date of settlement.

Interest cost from the unwinding of discounting of provisions is shown separately under net finance income. Income from plan assets to be offset is netted against the relevant interest cost from the unwinding of discounting in accordance with Section 246, para. 2, sentence 2, half-sentence 2 of the German Commercial Code.

All liabilities are recognized at the settlement amount.

Deferred taxes are calculated for temporary differences between the amount of assets, liabilities, prepaid expenses and deferred income in the commercial financial statements and those prepared for tax purposes.

As well as temporary differences arising from its own balance sheet items, Brenntag SE also includes those relating to subsidiaries of the tax group and German partnerships in which Brenntag SE is directly or indirectly a partner. Deferred taxes from temporary accounting differences are calculated on the basis of the combined income tax rate of the fiscal unit headed

by Brenntag SE, which is currently 32% (Dec. 31, 2022: 32%). The combined income tax rate comprises trade tax, corporate income tax and solidarity surcharge thereon. In the case of partnerships, however, deferred taxes relating to temporary accounting differences are calculated using a combined income tax rate that only includes corporate income tax and solidarity surcharge thereon; this currently amounts to 15.83% (Dec. 31, 2022: 15.83%).

An overall tax liability is recognized in the balance sheet as a deferred tax liability. In the event of an overall tax receivable, the option to recognize a deferred tax asset is not used.

The Brenntag SE Group falls within the scope of the OECD's Pillar Two model rules. In Germany, the jurisdiction in which Brenntag SE is domiciled, the Pillar Two legislation has been enacted and must be applied from the new financial year 2024 onwards. As the Pillar Two legislation was not yet in effect at the reporting date, the Group is not currently subject to any tax charge in this respect.

Due to the complexity of applying the legislation and calculating GloBE income, the quantitative effects of the legislation enacted cannot yet be estimated reliably. Even for companies with an effective tax rate of over 15%, Pillar Two could therefore result in tax effects. Brenntag is currently working together with tax specialists to support it in applying the Pillar Two legislation.

Assets and liabilities in foreign currency are translated, in accordance with Section 256a of the German Commercial Code, at the average spot exchange rate on the reporting date and measured taking into account the acquisition cost principle (Section 253, para. 1, sentence 1 of the German Commercial Code) and the realization principle (Section 252, para. 1, No. 4, half-sentence 2 of the German Commercial Code). Current items with a remaining term of less than one year are recognized, in accordance with Section 256a of the German Commercial Code, at the average spot exchange rate on the reporting date. Resulting gains and losses are posted to income or expense and shown under the item "Other operating income" or "Other operating expenses".

Derivative financial instruments are only used for hedging purposes. In addition to interest rate derivatives, foreign exchange derivatives are mainly contracted to reduce the exchange rate risks to which Brenntag SE and the companies of the Brenntag Group are exposed due to their international business activities. These foreign currency hedges relate to underlying transactions already contracted in foreign currency.

Derivative financial instruments that are not used as hedging instruments are measured individually at cost or at their lower fair value or the forward market rate on the reporting date. According to measurement principles under commercial law, a negative measurement result is recorded in the income statement and leads to the establishment of a provision for expected losses. By contrast, positive measurement results are not taken into consideration.

If it is possible to establish measurement units, underlying hedged items and hedging instruments are grouped together in measurement units (micro, macro and / or portfolio hedges). The unrealized gains and losses in a measurement unit are offset against each other using the net presentation method, i.e. the changes in value of the underlying hedged item and the hedging instrument which cancel each other out are not taken into consideration. Provisions for expected losses are set up for any net unrealized losses from the measurement units. By contrast, net unrealized gains are not recognized.

Income statement disclosures

1.) Sales

Sales totaled EUR 226,712k (2022: 64,772k) and result exclusively from sales to affiliated companies.

Total sales break down as follows:

in EUR k	2023	2022
Sales from the provision of services to affiliated companies	222,799	62,512
Sales from rentals to affiliated companies	3,913	2,260
Total	226,712	64,772

Sales from the provision of services to affiliated companies in the amount of EUR 222,799k (2022: 62,512k) result mainly from IT services and other management services provided.

2.) Other operating income

Other operating income breaks down as follows:

in EUR k	2023	2022
Income from derivative financial instruments	79,160	113,550
Income from the translation of foreign currency receivables and liabilities at the closing rate	14,253	14,194
Income from the reversal of provisions	10,181	3,722
Income from intercompany cost allocations	9,703	13,388
Income from exchange rate gains	2,114	47,959
Miscellaneous	352	566
Total	115,763	193,379

As in the previous year, income from intercompany cost allocations results solely from the passing-on of the cost of insurance premiums and other costs to Group companies.

3.) Cost of materials

Cost of materials amounts to EUR 194,733k (2022: EUR 32,121k) and consists solely of cost of purchased services.

4.) Personnel expenses / Employees

in EUR k	2023	2022
Wages and salaries	- 55,222	- 46,291
Social security costs	- 5,020	- 4,054
Pension expenses	- 2,178	- 4,054
Total	- 62,420	- 54,399

On the basis of the calculation method pursuant to Section 267, para. 5 of the German Commercial Code, an average of 347 people (2022: 291 people) were employed at Brenntag SE. These employees perform group corporate functions.

The average number of employees breaks down as follows:

	2023	2022
Full-time employees	307	256
Part-time employees	40	35
Total	347	291

5.) Other operating expenses

in EUR k	2023	2022
Expense from derivative financial instruments	- 69,881	- 82,175
Cost of expert reports, advisory services and financial statement audits	- 68,077	- 95,599
Cost of IT and other services	- 23,650	- 10,299
Rental and lease expenses	- 19,463	- 11,650
Expense from the translation of foreign currency receivables and liabilities at the closing rate	- 18,129	- 13,984
Expense from exchange rate losses	- 14,510	- 93,162
Expense from intercompany allocations	- 6,829	- 29,749
Cost of insurance premiums	- 4,817	- 4,141
Expense from the measurement of derivative financial instruments	- 435	- 248
Valuation allowances on receivables	- 258	- 291
Expenses from the disposal of fixed assets	- 11	- 51
Miscellaneous	- 14,173	- 14,220
Total	- 240,233	- 355,569

Miscellaneous expenses include maintenance costs, travel and representation costs, car costs, post and telecommunications charges, advertising costs as well as social expenses.

6.) Net finance income

in EUR k	2023	2022
Income from profit transferred	276,460	431,876
of which from affiliated companies	(276,460)	(431,876)
Other interest and similar income	108,040	50,526
of which from affiliated companies	(101,409)	(38,821)
Interest and similar expenses	- 96,328	- 36,197
of which to affiliated companies	(- 37,800)	(- 14,953)
of which from the unwinding of discounting of provisions	(- 604)	(- 3,506)
Total	288,172	446,205

The income from profit transferred amounting to EUR 276,460k (2022: EUR 431,876k) results from the profit of Brenntag Holding GmbH, Essen, taken over under a profit-and-loss transfer agreement.

The most important component in the financing structure of Brenntag SE is the Group-wide syndicated loan agreement concluded with a consortium of international banks. The syndicated loan was extended in early 2024 and has a term ending in February 2029. Of the interest cost, EUR 7,230k (2022: EUR 1,726k) results from the portion of this syndicated loan attributable to Brenntag SE and also includes the pro rata transaction costs incurred as part of the refinancing in 2023 and to be amortized over the term of the loan. Furthermore, at the end of August 2022, Brenntag SE placed promissory notes with a nominal value of around EUR 640 million. The interest cost from these promissory notes amounts to EUR 29,843k (2022: EUR 6,726k).

Net finance income also includes the interest cost from the unwinding of discounting of pension and other non-current personnel provisions. This interest portion comprises the net expense after offsetting against income from corresponding assets insofar as they are plan assets.

In accordance with Section 246, para. 2, sentence 2 of the German Commercial Code, income from the investment of these assets was offset against interest cost from the unwinding of discounting of the corresponding pension provisions as follows:

in EUR k	2023	2022
Interest cost from the unwinding of discounting of pension provisions (gross) in accordance with Section 253, para. 2 of the German Commercial Code	- 1,092	- 1,069
Income / Expenses due to change in discount rate	434	- 862
Income / Expense from assets	63	- 1,565
Interest cost from the unwinding of discounting of pension provisions (net)	- 595	- 3,496

In financial year 2022, income / expense from assets includes expense in the amount of EUR 1,943k resulting from the first-time application of IDW RH FAB 1.021.

7.) Taxes on income

in EUR k	2023	2022
Taxes on income	- 8,707	- 8,282
Deferred taxes	-	-
Total	- 8,707	- 8,282

As at December 31, 2023, temporary differences – both Brenntag SE's own and those at companies in the consolidated tax group and German partnerships – give rise to a future tax receivable as deferred tax assets exceed deferred tax liabilities. Applying the option under Section 274, para. 1, sentence 2 of the German Commercial Code, a deferred tax asset is not recognized for the excess of deferred tax assets over deferred tax liabilities.

Deferred tax liabilities arise mainly from different valuations of prepaid expense items as well as computer hardware and software.

Deferred tax assets result in particular from different carrying amounts of pension obligations as well as other provisions including other personnel, environmental and demolition provisions.

Balance sheet disclosures

8.) Fixed assets

Intangible assets changed in financial year 2023 as follows:

	Intangible assets			Total
	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	Prepayments	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets that are still in development	
in EUR k				
Cost				
January 1, 2023	30,179	1,798	36,390	68,367
Additions	10,987	1,356	-	12,343
Transfers	-	-	-	-
Disposals	-	- 25	-	- 25
December 31, 2023	41,166	3,129	36,390	80,685
Accumulated amortization and write-downs				
January 1, 2023	- 26,480	- 346	- 28,395	- 55,221
Amortization and write-downs	- 3,372	-	-	- 3,372
Disposals	-	-	-	-
December 31, 2023	- 29,852	- 346	- 28,395	- 58,593
Net amounts at December 31, 2023	11,314	2,783	7,995	22,092
Net amounts at December 31, 2022	3,699	1,452	7,995	13,146

The additions to intangible assets relate mainly to the introduction, expansion and optimization of software systems.

Amortization and write-downs in financial year 2023 consist of amortization.

Property, plant and equipment changed in financial year 2023 as follows:

	Property, plant and equipment Other equipment, operating and office equipment
in EUR k	
Cost	
January 1, 2023	6,578
Additions	667
Transfers	-
Disposals	- 11
December 31, 2023	7,234
Accumulated depreciation and write-downs	
January 1, 2023	- 4,275
Depreciation and write-downs	- 583
Disposals	1
December 31, 2023	- 4,857
Net amounts at December 31, 2023	2,377
Net amounts at December 31, 2022	2,303

Depreciation and write-downs in financial year 2023 consist solely of depreciation.

Financial assets changed in financial year 2023 as follows:

	Financial assets
	Shares in affiliated companies
in EUR k	
Cost	
January 1, 2023	2,535,048
Additions	8,242
Disposals	-
December 31, 2023	2,543,290
Accumulated write-downs	
January 1, 2023	-
Write-downs	-
Disposals	-
December 31, 2023	-
Net amounts at December 31, 2023	2,543,290
Net amounts at December 31, 2022	2,535,048

Additions to shares in affiliated companies in the amount of EUR 8,242k result from contributions paid into the additional paid-in capital of Brenntag Holding GmbH, Essen.

9.) Receivables and other assets

in EUR k	Dec. 31, 2023	Dec. 31, 2022
Receivables from affiliated companies	1,596,907	1,747,636
of which remaining term more than one year	(206,126)	(197,559)
Other assets	24,829	47,731
of which remaining term more than one year	(-)	(-)
Total	1,621,736	1,795,367

Receivables from affiliated companies are largely financing and loan receivables as well as interest accrued thereon in the amount of EUR 1,298,922k (Dec. 31, 2022: EUR 1,268,085k) and the receivable from the profit transfer of Brenntag Holding GmbH, Essen, in the amount of EUR 269,471k (Dec. 31, 2022: EUR 431,876k). Receivables from affiliated companies also contain trade receivables amounting to EUR 80,877k (Dec. 31, 2022: EUR 41,661k).

Other assets are mainly tax refund claims amounting to EUR 24,415k (Dec. 31, 2022: EUR 46,643k).

10.) Prepaid expenses

As at December 31, 2023, prepaid expenses amounting to EUR 19,501k (Dec. 31, 2022: 16,178k) relate mainly to maintenance costs and other expenses paid in advance. In addition, this item includes as at December 31, 2023 the transaction costs in the amount of EUR 3,016k (Dec. 31, 2022: EUR 543k) incurred as part of the refinancing of the syndicated loan in 2023 and to be amortized over the term of the loan. Furthermore, this item includes pro rata transaction costs totaling EUR 441k (Dec. 31, 2022: EUR 603k) for the bond in the amount of EUR 600 million placed by Brenntag Finance B.V., Amsterdam / Netherlands in September 2017 and for the bond in the amount of EUR 500 million placed in October 2021, also by Brenntag Finance B.V., Amsterdam / Netherlands. The transaction costs of the two bonds will be allocated pro rata temporis over the term until September 2025 and October 2029, respectively. Furthermore, prepaid expenses also contain pro rata transaction costs in the amount of EUR 928k (Dec. 31, 2022: EUR 1,312k) of the promissory notes issued by Brenntag SE in the amounts of EUR 390 million and USD 250 million in August 2022.

11.) Equity

Equity changed in the reporting year as follows:

in EUR k	2023				
	Subscribed capital	Additional paid-in capital	Retained earnings	Distributable profit	Total
January 1, 2023	154,500	1,501,502	827,677	309,000	2,792,679
Treasury shares withdrawn	- 7,046	- 489,111	-	-	- 496,157
Dividend for 2022	-	-	-	- 304,731	- 304,731
Net income for the financial year	-	-	-	120,599	120,599
Appropriation to retained earnings	-	-	4,269	- 4,269	-
Withdrawal from retained earnings	-	-	- 203,851	203,851	-
December 31, 2023	147,454	1,012,391	628,095	324,450	2,112,390

Equity changed as follows in the previous year:

in TEUR	2022				
	Subscribed capital	Additional paid-in capital	Retained earnings	Distributable profit	Total
January 1, 2022	154,500	1,501,502	885,983	224,025	2,766,010
Dividend for 2021	-	-	-	- 224,025	- 224,025
Net income for the financial year	-	-	-	250,694	250,694
Withdrawal from retained earnings	-	-	- 58,306	58,306	-
December 31, 2022	154,500	1,501,502	827,677	309,000	2,792,679

Subscribed capital

The subscribed capital totals EUR 147,454k (Dec. 31, 2022: EUR 154,500k), is divided into 147,453,837 (Dec. 31, 2022: 154,500,000) no-par value registered shares, each with a notional value of EUR 1.00, and is fully paid up. The decrease in the subscribed capital compared with the previous year is due to the shares acquired and subsequently withdrawn in the course of the share buyback program launched in March 2023.

Conditional capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized ("Authorization 2022"), with the approval of the Supervisory Board, to issue holder or registered convertible bonds or bonds with warrants as well as profit participation rights or profit participating bonds with option or conversion rights on one or more occasions up to June 8, 2027 for a total nominal amount of up to EUR 2,000,000,000 with or without limited term ("Bonds") and to grant the holders or creditors of the Bonds option or conversion rights to up to 15,450,000 new Brenntag SE shares with a pro rata total amount of the registered share capital of up to EUR 15,450,000 in accordance with the respective option or convertible bond conditions or profit participation right or participating bond conditions ("Conditions") to be determined by the Board of Management. In order to grant shares to the holders or creditors of Bonds, the registered share capital was conditionally increased at the Annual General Meeting on June 9, 2022 by up to 15,450,000 no-par value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued ("Conditional Capital 2022"); this equates to an increase in the registered share capital of up to EUR 15,450,000. The Bonds may, in addition to euros, also be issued in a foreign legal currency, subject to a limit of the corresponding equivalent value in euros, and by companies dependent on Brenntag SE or in which it holds a majority interest; in this case, the Board of Management was authorized, with the approval of the Supervisory Board, to assume the guarantee for the Bonds on behalf of Brenntag SE and to grant the holders of such Bonds option or conversion rights to Brenntag SE shares and to make other declarations and take other actions necessary for a successful issue. The issues of Bonds may be divided into partial Bonds each having equal rights. Bonds may only be issued against contribution in kind, provided that the value of the contribution in kind corresponds to the issue price and that this price is not significantly lower than the theoretical market value of the Bonds determined in accordance with recognized

methods of financial mathematics. The Board of Management is authorized, under certain circumstances and with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the Bonds. However, with regard to the exclusion of subscription rights against cash payment, this authorization shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital (so-called simplified exclusion of subscription rights). The decisive factor for the limit of 10% of the registered share capital is the amount of registered share capital at the time this authorization takes effect. If the amount of registered share capital is lower at the time this authorization is exercised, this lower figure shall apply. Details can be found in the Articles of Association of Brenntag SE, which can be viewed on the Brenntag SE website (<https://corporate.brenntag.com/en/about/corporate-governance/corporate-management-and-control/>).

When convertible bonds, profit participation rights or profit participating bonds with conversion rights are issued, the holders are granted the right to exchange their Bonds for new Brenntag SE shares in accordance with the more detailed Conditions.

When bonds with warrants, profit participation rights or profit participating bonds with option rights are issued, one or more warrants shall be attached to each partial bond or each profit participation right or each participating bond, entitling the holder to subscribe for Brenntag SE shares in accordance with the more detailed Conditions.

New shares are issued at the option or conversion price to be set in accordance with the aforementioned resolution granting authorization.

The authorization resolved upon at the Annual General Meeting on June 20, 2018 ("Authorization 2018") to issue Bonds and grant the holders or creditors of the Bonds option or conversion rights to up to 15,450,000 new Brenntag SE shares representing a pro rata total amount of the registered share capital of up to EUR 15,450,000 was rescinded when the Authorization 2022 became effective.

Authorized capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to increase the share capital of Brenntag SE on one or more occasions until June 8, 2027 by a total of up to EUR 35,000,000 by issuing up to 35,000,000 new registered ordinary shares in return for cash contributions or contributions in kind. The shareholders shall generally be granted a subscription right. However, in certain cases the Board of Management is authorized, with the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights for one or more capital increases under the authorized capital. This shall apply, for example, if the capital increase is effected against cash contributions and the issue price of the new shares is not significantly lower than the stock market price of the shares of the same class and carrying the same rights already traded on the stock market at the time of final determination of the issue price within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act and the total pro rata amount of registered share capital represented by the new shares issued in accordance with this paragraph with exclusion of subscription rights pursuant to Section 186, para. 3, sentence 4 of the German Stock Corporation Act does not exceed 10% of the registered share capital (simplified exclusion of subscription rights). The decisive factor for the limit of 10% of the registered share capital is the amount of registered share capital at the time this authorization takes effect. If the amount of registered share capital is lower at the time this authorization is exercised, this lower figure shall apply. Details can be found in the Articles of Association of Brenntag SE, which are available in the Corporate Governance section of the website at www.brenntag.com.

The Board of Management shall decide on the further content of the share rights and the conditions of the issuance of shares with the approval of the Supervisory Board.

Additional paid-in capital

The Company's additional paid-in capital amounts to EUR 1,012,391k (Dec. 31, 2022: EUR 1,501,502k) and has decreased compared with the previous year by EUR 489k due to the purchase and withdrawal of treasury shares.

Retained earnings

The retained earnings are solely other retained earnings.

Information in accordance with Section 160, para. 1, no. 8 of the German Stock Corporation Act

Section 33 of the German Securities Trading Act (WpHG) requires any investor whose percentage of voting rights in Brenntag SE reaches, exceeds or falls below certain thresholds by purchase, sale or any other means to notify Brenntag SE and the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht).

The following table shows the reportable shareholdings which had been notified to Brenntag SE by February 29, 2024. In cases where a notifying party reached, exceeded or fell below the thresholds given in Section 33, para. 1 of the German Securities Trading Act in several cases, only the last reported notification is listed. All voting right notifications disclosed by Brenntag SE in the reporting year and beyond are available on the Brenntag Group website.

Reportable shareholdings which had been notified to Brenntag SE by February 29, 2024:

Notifying party	Publication of notification	Date of reaching, exceeding or falling below threshold	Reporting threshold	Voting rights	
				absolute	in %
Ameriprise Financial Inc., Wilmington / Delaware, USA	March 6, 2023	February 28, 2023	Falling below 3%	4,622,244	2.990 ¹⁾
Flossbach von Storch SICAV, Luxembourg / Luxembourg	March 28, 2023	March 24, 2023	Exceeding 3%	4,848,949	3.140 ²⁾
EuroPacific Growth Fund, Boston / Massachusetts, USA	March 30, 2023	March 29, 2023	Falling below 3%	4,344,641	2.810 ³⁾
Government of Singapore, acting by and through the Ministry of Finance, Singapore / Singapore	May 9, 2023	May 3, 2023	Falling below 3%	4,579,525	2.960 ^{1) 4)}
Flossbach von Storch AG, Cologne / Germany	June 1, 2023	May 31, 2023	Exceeding 5%	8,230,000	5.330 ¹⁾
Mr. Hugh Anthony Arrell	June 15, 2023	June 1, 2023	Falling below 3%	4,317,056	2.790 ^{1) 5)}
Mr. Klaus-Michael Kühne	September 1, 2023	August 30, 2023	Exceeding 10%	15,455,000	10.003 ^{1) 6)}
The Capital Group Companies, Inc., Los Angeles / California, USA	September 27, 2023	September 25, 2023	Falling below 5%	7,613,243	4.930 ¹⁾
Wellington Management Group LLP, Boston / Massachusetts, USA	October 13, 2023	October 9, 2023	Exceeding 5%	7,750,402	5.020 ¹⁾
BlackRock, Inc., New York / New York, USA	February 2, 2024	January 30, 2024	Falling below 5%	7,257,708	4.920 ¹⁾

¹⁾ attributed in accordance with Sec. 34 German Securities Trading Act

²⁾ The voting rights are attributed to Flossbach von Storch AG.

³⁾ The voting rights are attributed to The Capital Group Companies, Inc.

⁴⁾ The voting rights are attributed to GIC Private Limited.

⁵⁾ The voting rights are attributed to Burgundy Asset Management Ltd.

⁶⁾ The voting rights are attributed to Kühne Holding AG.

Information on amounts subject to a restriction on distribution

The difference between the provisions for pensions recognized using the average market rate of the past ten financial years and the average market rate of the past seven financial years in the amount of EUR 763k (Dec. 31, 2022: EUR 3,869k) means that this part of the freely available reserves in accordance with Section 253, para. 6 of the German Commercial Code is subject to a restriction on distribution. There are sufficient freely available reserves to cover the amounts subject to a restriction of distribution. Therefore, there is no restriction on distribution with regard to the distributable profit.

12.) Provisions

Provisions break down as follows:

in EUR k	Dec. 31, 2023	Dec. 31, 2022
Provisions for pensions and similar obligations	46,756.0	45,261
Provisions for taxes	3,700.0	3,000
Other provisions	39,917.0	64,721
Total	90,373.0	112,982

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations relate mainly to provisions for current pensions, entitlements to future pension payments as well as deferred compensation. They cover pension obligations towards former and current employees.

The provisions were valued on the basis of the following parameters:

in %	Dec. 31, 2023	Dec. 31, 2022
Pension trend	2.00	2.00
Salary trend	2.50	2.50
Pension contribution assessment ceiling trend	3.00	2.25
Staff turnover rate	0,00 - 25,00	0,00 - 25,00
Applicable discount rate (ten-year average)	1.83	1.79

The average market rate of the past seven financial years for an assumed remaining term of 15 years amounted to 1.76% as at December 31, 2023 (1.45% as at Dec. 31, 2022).

The above-mentioned interest rates are forecast interest rates used by the actuary. As at December 31, 2023, the interest rates published by Deutsche Bundesbank differ from them and are 1.82% (average market interest rate of the past ten financial years) and 1.74% (average market interest rate of the past seven financial years).

The pension obligations were netted against assets protected from access by all other creditors with the exclusive purpose of settling pension obligations. The assets are pension liability insurance policies.

in EUR k	Dec. 31, 2023	Dec. 31, 2022
Settlement amount of offset liabilities	63,497	61,594
Value of the offset assets (primacy of the liabilities side)	16,789	16,376
Cost of the assets	(16,789)	(16,376)
Pension provisions (excluding death benefit liabilities)	46,708	45,218
Offset income	497	-
Offset expenses	- 1,092	- 3,496

In financial year 2022, offset expenses included expense in the amount of EUR 1,943k resulting from the first-time application of IDW RH FAB 1.021.

The plan assets were valued according to the "primacy of the liabilities side" principle, i.e. the insurance entitlement was recognized in the amount of the necessary settlement amount of these portions of the pension commitments.

The difference between the provisions for pensions recognized using the average market rate of the past ten financial years and the average market rate of the past seven financial years amounted to EUR 763k as at December 31, 2023 (EUR 3,869k as at Dec. 31, 2022).

Tax provisions

The tax provisions amounting to EUR 3,700k (Dec. 31, 2022: EUR 3,000k) relate to taxes on income.

Other provisions

Other provisions break down as follows:

in EUR k	Dec 31, 2023	Dec 31, 2022
Outstanding invoices	15,009	36,325
Provisions for personnel expenses	23,316	26,572
Expected losses from derivative financial instruments	435	248
Miscellaneous provisions	1,157	1,576
Total	39,917	64,721

The provisions for personnel expenses include mainly expenses for annual remuneration, severance pay, overdue vacations, pre-retirement part-time work, anniversary bonuses and contributions to the employers' liability insurance associations. Furthermore, they include the pro-rata-temporis obligations resulting from the share-based remuneration programs for the Board of Management members.

Miscellaneous provisions include audit costs of the annual and consolidated financial statements.

13.) Liabilities

in EUR k				
	Dec.31, 2023			
	Remaining term less than 1 year	Remaining term more than 1 year	of which more than 5 years	Total
Liabilities to banks	57,383	639,763	80,000	697,146
Trade payables	5,149	-	-	5,149
Liabilities to affiliated companies	1,347,964	-	-	1,347,964
Other liabilities	1,497	-	-	1,497
of which from taxes	(1,246)	(-)	(-)	(1,246)
of which relating to social security	(48)	(-)	(-)	(48)
Total	1,411,993	639,763	80,000	2,051,756

in EUR k				
	Dec.31, 2022			
	Remaining term less than 1 year	Remaining term more than 1 year	of which more than 5 years	Total
Liabilities to banks	3,930	639,763	80,000	643,693
Trade payables	4,618	-	-	4,618
Liabilities to affiliated companies	1,032,002	-	-	1,032,002
Other liabilities	889	-	-	889
of which from taxes	(713)	(-)	(-)	(713)
of which relating to social security	(40)	(-)	(-)	(40)
Total	1,041,439	639,763	80,000	1,681,202

Liabilities to banks include the promissory notes with a nominal value of around EUR 640 million placed by Brenntag SE at the end of August 2022. These were issued at the nominal amount. Alongside five euro-denominated tranches with a total nominal value of EUR 390 million, Brenntag SE also issued two US dollar-denominated tranches with a total nominal value of around EUR 250 million. The seven tranches have tenors of three, five and seven years and are due for repayment on August 29 and 30 of the respective year.

Five tranches carry floating interest rates, while two (EUR) tranches have a fixed interest rate over the respective term. Interest payments are made quarterly for the floating-rate USD tranches, semi-annually for the floating-rate EUR tranches, and annually for the fixed-rate EUR tranches.

Furthermore, Brenntag SE utilized funds under the syndicated loan in financial year 2023. Financial liabilities under the syndicated loan amount to EUR 50 million as at December 31, 2023.

Liabilities to affiliated companies consist mainly of intra-Group financing loans.

Other disclosures

Contingent liabilities

There are obligations of EUR 16k (Dec. 31, 2022: EUR 37k) under sureties which relate to rental contracts signed by companies of the Brenntag Group.

In addition to sureties, Brenntag SE has given debt guarantees for several Group companies. As at December 31, 2023, the latter amount to EUR 466,837k (Dec. 31, 2022: EUR 477,197k).

Furthermore, the company is liable with its entire assets for the liabilities existing in the Brenntag Group under the loan agreement concluded with a syndicate of international banks and for the liabilities under euro-denominated bonds (Bond 2025 and Bond 2029) issued by Brenntag Finance B.V., Amsterdam / Netherlands. The Bond 2025 in the amount of EUR 600 million matures in 2025. The Bond 2029 in the amount of EUR 500 million matures in 2029. The total liabilities (including accrued interest but before offsetting of transaction costs) under the syndicated loan amounted to EUR 50 million in the Group as at December 31, 2023 (Dec. 31, 2022: EUR 552 million).

Utilization of the existing contingent liabilities is not classified as probable as at the reporting date. As far as we are aware, given their secured liquidity the companies affected will be able to meet the underlying obligations in all cases.

Other financial commitments

Other financial commitments total EUR 17,390k as at December 31, 2023 (Dec. 31, 2022: EUR 18,642k) and relate to obligations arising from rental, lease and service agreements.

The nominal values of the other financial commitments have the following maturities:

in EUR k	Dec. 31, 2023
due 2024	2,866
due 2025	2,019
due 2026	1,966
due 2027	1,841
due 2028	1,787
due after 2028	6,911

Derivative financial instruments

Brenntag SE is exposed to currency and interest rate risks due to its international business activities. Selected derivative financial instruments are used to hedge these risks.

Furthermore, Brenntag SE performs central treasury functions for the companies of the Brenntag Group. The Group companies contract hedges with Brenntag SE to hedge their currency and interest rate risks.

Brenntag SE normally hedges its own exposure resulting from the Group's internal derivatives by back-to-back transactions with banks. Derivative financial instruments are only contracted with banks whose credit ratings we consider to be first-class.

Exchange rate risks

Foreign exchange forwards are contracted to hedge exchange rate risks from monetary assets and liabilities in foreign currency which arise from the normal business activities of Brenntag SE.

Brenntag SE has normally contracted offsetting exchange rate forwards with banks for the exchange rate forwards contracted with Group companies.

The fair values of the foreign exchange forwards are determined as the present value of the cash flows taking the respective contractually agreed forward rates and the forward rate on the reporting date into account.

The total nominal volume of foreign exchange forwards open on the reporting date amounted to EUR 900,713k (Dec. 31, 2022: EUR 908,376k). Of these, open foreign exchange forwards with a total nominal volume of EUR 473,179k (Dec. 31, 2022: EUR 448,043k) were combined into measurement units (portfolio hedges) for each foreign currency.

The unrealized gains and losses are offset against each other in each portfolio hedge using the net presentation method, i.e. the changes in value of the underlying hedged item and the hedging instrument which cancel each other out are not taken into consideration.

For each portfolio hedge in foreign currency, provisions for expected losses are set up for any net unrealized losses at the reporting date. Net unrealized gains are not recognized.

The foreign exchange forward contracts open on the reporting date break down as follows:

in EUR k	Nominal volume		Fair values	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Foreign exchange forwards - positive fair values -	458,303	384,700	3,632	4,775
Foreign exchange forwards - negative fair values -	442,410	523,676	- 2,595	- 3,322
Total	900,713	908,376	1,037	1,453

The portfolio hedges for each foreign currency consisting of foreign exchange forward contracts open at the reporting date had a positive fair value at the reporting date totaling EUR 205k (Dec. 31, 2022: positive fair value of EUR 353k). Therefore, it was not necessary to establish a provision for expected losses at the reporting date.

To determine the prospective effectiveness of the hedging relationship, we refer to the risk management system of Brenntag SE explained in the combined Group management report and management report of Brenntag SE.

A provision for expected losses of EUR 435k (Dec. 31, 2022: EUR 248k) was recognized for the foreign exchange forward contracts which do not meet the measurement unit criteria described above.

Interest rate and currency risks

In October 2021, Brenntag Finance B.V., Amsterdam / Netherlands issued a bond for EUR 500 million (Bond 2029). The bond matures in October 2029. Brenntag Finance B.V., Amsterdam / Netherlands swapped most of the proceeds from the Bond 2029 for US dollars by way of a cross-currency interest rate swap contracted with Brenntag SE. Brenntag SE has contracted offsetting cross-currency interest rate swaps with banks for the cross-currency interest rate swap contracted with Brenntag Finance B.V., Amsterdam / Netherlands in order to eliminate the interest rate and currency risks. The intra-Group and non-Group cross-currency interest rate swaps mature in October 2029 and have been combined in one measurement unit.

The fair value of the cross-currency interest rate swaps is determined in two steps. In the first step, the expected future cash flows are discounted using maturity-matched market interest rates according to the currency. In the second step, the cash flows discounted in foreign currency (US dollars) are then translated into EUR at market exchange rates.

The unrealized gains and losses are offset against each other in each measurement unit using the net presentation method, i.e. the changes in value of the underlying hedged item and the hedging instrument which cancel each other out are not taken into consideration.

For the measurement units at the reporting date, provisions for expected losses are set up for any net unrealized losses at the reporting date. Net unrealized gains are not recognized.

The open cross-currency interest rate swaps break down as follows:

in TEUR	Nominal volume		Fair values	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Cross-currency interest rate swaps				
- positive fair values -	452,489	468,779	24,595	50,783
Cross-currency interest rate swaps				
- negative fair values -	- 452,489	- 468,779	- 24,595	- 50,783
Total	-	-	-	-

The prospective effectiveness of the hedging relationship is reviewed using the critical term match method.

Transactions with related parties

All transactions with related parties were performed on terms equivalent to those that prevail in arm's length transactions.

Audit fees

Disclosure of audit fees as required by Section 285, no. 17 of the German Commercial Code has been dispensed with as the information is contained in the consolidated financial statements of Brenntag SE.

In addition to the financial statement audit services (the statutory annual audits of the single-entity financial statements and of the consolidated financial statements and the review of the quarterly reporting), the auditors Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, performed other assurance services (the engagement to provide assurance on the Brenntag Group's separate combined non-financial report, assurance services related to Brenntag SE's Board of Management remuneration and the comfort letter for the extension of the bond program).

Members of the Board of Management

The members of the Board of Management hold the following positions on statutory supervisory boards or comparable supervisory bodies of business enterprises.

Name	First appointed / Served until	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at Dec. 31, 2023)	
		External positions	Group company positions
Dr. Christian Kohlpaintner CEO	January 1, 2020	Evonik Industries AG (listed)	
Dr. Kristin Neumann CFO	April 1, 2022	Zeppelin GmbH	BRENNTAG GmbH (Chair)
Henri Nejade COO Brenntag Specialties	July 1, 2015 until March 31, 2023		Brenntag (Shanghai) Enterprise Management Co. Ltd. (until May 30, 2023) Brenntag Cangzhou Chemical Co., Ltd. Brenntag (Zhangjiagang) Chemical Co., Ltd. Brenntag Taiwan Co., Ltd.
Steven Terwindt COO Brenntag Essentials	August 1, 2020 until July 31, 2023		
Ewout van Jarwaade CEO Brenntag Essentials	January 1, 2021		
Michael Björn Friede CEO Brenntag Specialties	April 1, 2023	Pearl Polyurethanes LLC	Brenntag (Shanghai) Enterprise Management Co. Ltd. (since May 30, 2023)

Members of the Supervisory Board

The members of the Supervisory Board hold the following positions on statutory supervisory boards or comparable supervisory bodies of business enterprises:

Name	Position held	Member since	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at Dec. 31, 2023)
Richard Ridinger Chair (since June 15, 2023)	Independent Management Consultant	June 10, 2020	DSM-Firmenich AG (listed) Roar HoldCo AB (Chair) Recipharm AB (Chair)
Doreen Nowotne Chair (until June 15, 2023)	Independent Management Consultant	March 3, 2010 until June 15, 2023	JENOPTIK AG (listed) (until October 15, 2023) Lufthansa Technik AG (until November 30, 2023) Franz Haniel & Cie. GmbH (Chair) (until April 29, 2023)
Dr. Andreas Rittstieg Deputy Chair	Lawyer	March 19, 2010	Hapag Lloyd AG (listed) Hubert Burda Media Holding Geschäftsführung SE Huesker Holding GmbH Kühne Holding AG
Stefanie Berlinger	Managing Director Lilja & Co. GmbH	June 9, 2015	Prescus Capital AG (until December 22, 2023)
Sujatha Chandrasekaran	Independent Management Consultant	June 15, 2023	American Eagle Outfitters Inc. (listed) Cardinal Health Inc. (listed) Agendia Inc. (listed) Atos SE (listed)
Wijnand P. Donkers	Independent Management Consultant	June 8, 2017	EV Technology Group Inc. (listed)
Ulrich M. Harnacke	Chartered Accountant and Independent Business Consultant	June 8, 2017	Vossloh AG (listed) Thüga Group: Contigas Deutsche Energie-AG, Thüga AG and Thüga Holding GmbH & Co.KGaA Zentis GmbH & Co. KG

Remuneration of the Board of Management and the Supervisory Board as well as advances and loans

The total remuneration of the members of the Board of Management serving in the reporting year amounted to EUR 9,842k (2022: EUR 11,500k).

Of the total remuneration, EUR 4,886k (2022: EUR 1,343k, in each case the fair value at the date of grant) is attributable to the share-based remuneration programs.

As at December 31, 2023, after offsetting against plan assets, a provision under commercial law was recognized in the amount of EUR 8,382k (Dec. 31, 2022: EUR 4,345k) for pension obligations to former members of the Board of Management and their surviving dependents. Pension obligations before offsetting totaled EUR 18,023k (Dec. 31, 2022: EUR 10,295k). The cost of pension obligations (defined benefit plans) in the financial year amounted to EUR 91k (2022: EUR 189k). The total remuneration of former Board of Management members amounted to EUR 114k in financial year. In the previous financial year, the repayment of other remuneration by a former member of the Board of Management resulted in a reduction in expenses of EUR 36k.

The remuneration of the Supervisory Board totaled EUR 1,683k (2022: EUR 1,150k).

No remuneration was paid to former Supervisory Board members and their surviving dependents nor do any pension obligations to former Supervisory Board members exist.

As at December 31, 2023, there were no loans to members of the Board of Management or the Supervisory Board, nor any repayments of such loans during the year.

Detailed information on the remuneration of the members of the Board of Management and the Supervisory Board is to be found in the Remuneration Report.

Declaration of conformity with the German Corporate Governance Code

On December 14, 2023, the Board of Management and Supervisory Board issued the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code" for financial year 2023 as required by Section 161 of the German Stock Corporation Act. The declaration of conformity can be found in the chapter "To our shareholders" in Brenntag SE's 2023 annual report and can also be viewed at any time on the Brenntag SE website (<https://corporate.brenntag.com/en/about/corporate-governance/corporate-governance-code/>).

Events after the reporting period

The syndicated loan was extended at the beginning of 2024 until February 2029.

List of shareholdings

Brenntag SE holds at least 20% of the shares in the companies named in the list of shareholdings in the Annex either directly or indirectly (disclosure in accordance with Section 285, no. 11 of the German Commercial Code). The figures for equity and net income/loss for the year are in each case the figures used to prepare the consolidated financial statements in accordance with IFRS and before any transfer of profit or loss; the figures are rounded.

Proposal on the appropriation of distributable profit

The net income of Brenntag SE as at December 31, 2023 was EUR 120,598,676.91. After allowing for a withdrawal of EUR 203,851,323.09 from retained earnings, the distributable profit is EUR 324,450,000.00.

At the Annual General Meeting on May 23, 2024, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag SE amounting to EUR 324,450,000.00 be used to pay a dividend of EUR 2.10 per no-par value share entitled to a dividend and to appropriate to retained earnings such amount of the distributable profit attributable to non-dividend bearing, no-par value shares at the time of the adoption of the resolution on the appropriation of distributable profit for financial year 2023 by the Annual General Meeting.

Essen, March 4, 2024

Brenntag SE
THE BOARD OF MANAGEMENT

Dr. Christian Kohlpaintner

Michael Friede

Dr. Kristin Neumann

Ewout van Jarwaarde

List of shareholdings of der Brenntag SE

as at: December 31, 2023

Company	Domicile	Equity in EUR k	Net income/ loss in EUR k	Held directly % ¹⁾	Held indirectly % ¹⁾
Algeria					
Alliance Chimie Algerie SPA	Algiers	4,331	-150	0.00	100.00
SARL ALLIANCE INGREDIENTS	Rouiba (Algiers)	-1	-8	0.00	100.00
SARL ALLIANCE PHYTOSANITAIRE	Rouiba (Algiers)	8	1	0.00	100.00
Argentina					
Brenntag Argentina S.A.	Buenos Aires	15,300	-2,790	0.00	100.00
Australia					
Brenntag Australia Pty. Ltd.	Mulgrave	48,856	3,018	0.00	100.00
RAVENSWOOD INGREDIENTS PTY. LTD.	Mulgrave	-1,120	-1,190	0.00	100.00
Bangladesh					
BRENNTAG BANGLADESH FORMULATION LTD.	Dhaka	77	23	0.00	100.00
BRENNTAG BANGLADESH LTD.	Dhaka	2,653	319	0.00	100.00
BRENNTAG BANGLADESH SERVICES LTD.	Dhaka	759	58	0.00	100.00
Belgium					
BRENNTAG NV	Deerlijk	156,607	37,423	0.00	100.00
European Polymers and Chemicals Distribution BVBA	Deerlijk	477	-3	0.00	100.00
Bolivia					
Brenntag Bolivia S.R.L.	Santa Cruz	1,205	358	0.00	100.00
Brazil					
Brenntag Quimica Brasil Ltda.	Guarulhos, Estado de Sao Paulo	68,324	631	0.00	100.00
Quimilog Transportes e Logística Ltda.	Brusque	1,254	349	0.00	100.00
Bulgaria					
BRENNTAG BULGARIA EOOD	Sofia	18,288	3,531	0.00	100.00
Chile					
Brenntag Chile Comercial e Industrial Limitada	Santiago	35,812	-437	0.00	100.00
China					
Brenntag (Shanghai) Enterprise Management Co., Ltd.	Shanghai	3,114	-1,980	0.00	100.00
Brenntag (Zhangjiagang) Chemical Co., Ltd	Zhangjiagang	21,129	-1,868	0.00	100.00
Brenntag Cangzhou Chemical Co., Ltd	Cangzhou	26,869	-3,180	0.00	100.00
Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou	41,325	244	0.00	100.00
Guangzhou Saifu Chemical Co., Ltd.	Guangzhou	1,137	82	0.00	100.00
Guangzhou Wellstar Trading Co., Ltd.	Guangzhou	3,960	218	0.00	100.00
Shanghai Jia Rong Trading Co., Ltd.	Shanghai	94,444	2,759	0.00	100.00
Shanghai Saifu Chemical Development Co., Ltd.	Shanghai	75,255	-781	0.00	70.00
Shanghai Wellstar Trading Co., Ltd.	Shanghai	3,764	354	0.00	100.00
Shenzhen Wellstar Trading Co., Ltd.	Shenzhen	4,521	213	0.00	100.00
Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin	32,130	-290	0.00	100.00
Tianjin Zhong Yung Chemical Warehousing Co., Ltd.	Tianjin	81,830	238	0.00	100.00
ZhongYung (GuangDong) Chemical Distribution Service Co., Ltd	Dongguan	20,038	-953	0.00	100.00
Zhongbai Food Technology (Shanghai) Co., Ltd ²⁾	Shanghai	-2,066	-1,074	0.00	100.00
Zhongbai Xingye Food Technology (Beijing) Co., Ltd	Beijing	108,776	7,968	0.00	67.00
Costa Rica					
Brenntag Business Services Sociedad de Responsabilidad Limit	La Ribera, Belén, Heredia	-7,351	-6,124	0.00	100.00

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Company	Domicile	Equity in EUR k	Net income/ loss in EUR k	Held directly % ¹⁾	Held indirectly % ¹⁾
Quimicos Holanda Costa Rica S.A.	San Jose	8,830	347	0.00	100.00
Denmark					
Aktieselskabet af 1. Januar 1987	Ballerup	2,068	220	0.00	100.00
Brenntag Nordic A/S	Ballerup	127,190	17,340	0.00	100.00
Germany					
ACU PHARMA und CHEMIE GmbH	Apolda	11,320	975	0.00	100.00
BBG - Berlin-Brandenburger Lager- und Distribu- tionsgesellschaft Biesterfeld Brenntag mbH	Hoppegarten	-27	-44	0.00	100.00
BCD Chemie GmbH	Hamburg	70,504	27,335	0.00	100.00
BRENNTAG GmbH	Duisburg	181,637	32,988	0.00	100.00
BRENNTAG International Chemicals GmbH	Essen	54,057	20,291	0.00	100.00
Blitz 03-1161 GmbH	Mülheim an der Ruhr	30	1	0.00	100.00
Blitz 03-1162 GmbH	Mülheim an der Ruhr	30	1	0.00	100.00
Blitz 03-1163 GmbH	Mülheim an der Ruhr	31	1	0.00	100.00
Brenntag Beteiligungs GmbH	Essen	2,286,734	314,653	0.00	100.00
Brenntag European Services GmbH & Co. KG	Zossen	842,472	155,934	0.00	100.00
Brenntag Foreign Holding GmbH	Essen	341,242	5,672	0.00	100.00
Brenntag Germany Holding GmbH	Essen	295,027	138,526	0.00	100.00
Brenntag Global Services GmbH	Zossen	216,881	128,666	0.00	100.00
Brenntag Holding GmbH	Essen	2,497,524	358,709	100.00	0.00
Brenntag Real Estate GmbH	Essen	38,013	-332	0.00	100.00
Brenntag Vermögensmanagement GmbH	Zossen	24	-1	0.00	100.00
CLG Lagerhaus GmbH	Duisburg	58	1	0.00	100.00
CLG Lagerhaus GmbH & Co. KG	Essen	-1,394	-77	0.00	100.00
CM Komplementär 03-018 GmbH & Co. KG	Essen	-40	-2	0.00	100.00
CM Komplementär 03-019 GmbH & Co. KG	Essen	-29	-2	0.00	100.00
CM Komplementär 03-020 GmbH & Co. KG	Essen	-24	-2	0.00	100.00
CVB Albert Carl GmbH & Co. KG Berlin ³⁾	Berlin	3,901	482	0.00	100.00
CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hanover	20,759	5,032	0.00	51.00
CVH Chemie-Vertrieb Verwaltungsgesellschaft mbH	Hanover	29	3	0.00	51.00
CVM Chemie-Vertrieb Magdeburg GmbH & Co. KG ³⁾	Magdeburg	3,389	991	0.00	100.00
CVP Chemie-Vertrieb Berlin GmbH ³⁾	Berlin	31	5	0.00	100.00
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG ⁶⁾	Düsseldorf	55	-3	0.00	94.00
Dominican Republic					
BRENNTAG CARIBE S.R.L.	Santo Domingo	12,506	-958	0.00	100.00
Ecuador					
BRENNTAG ECUADOR S.A.	Guayaquil	11,026	-1,427	0.00	100.00
El Salvador					
BRENNTAG EL SALVADOR, S.A. DE C.V.	Soyapango	8,163	378	0.00	100.00
Finland					
Brenntag Nordic OY	Vantaa	14,196	3,768	0.00	100.00
France					
BRACHEM FRANCE HOLDING SAS	Chassieu	195,985	80,510	0.00	100.00
BRENNTAG EXPORT SARL	Vitrolles	10,794	825	0.00	100.00
BRENNTAG FRANCE HOLDING SAS	Chassieu	481,576	86,984	0.00	100.00
BRENNTAG MAGHREB SAS	Vitrolles	8,001	167	0.00	100.00
BRENNTAG SA	Chassieu	152,639	8,025	0.00	99.94
Multisol France SAS	Villebon sur Yvette	35,904	7,481	0.00	100.00
Multisol International Services SAS	Sotteville Les Rouen	14,100	264	0.00	100.00
Ghana					
Brenntag Ghana Limited	Tema	-3,059	-995	0.00	100.00

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LIST OF SHAREHOLDINGS OF BRENNTAG SE

Company	Domicile	Equity in EUR k	Net income/ loss in EUR k	Held directly % ¹⁾	Held indirectly % ¹⁾
Greece					
Brenntag Hellas Chimika Monoprosopi EPE	Penteli	-86	0	0.00	100.00
Guatemala					
BRENNTAG GUATEMALA S.A.	Guatemala City	5,042	-2,052	0.00	100.00
Guyana					
ALPHA CHEMICAL GUYANA INC.	Georgetown	12	-6	0.00	100.00
Honduras					
BRENNTAG HONDURAS, S.A.	San Pedro Sula	9,634	199	0.00	100.00
Hong Kong					
Brenntag Chemicals (HK) Pte Limited	Hong Kong	6,352	449	0.00	100.00
Hong Kong Dongguan Zhongrong Investment Co Limited	Hong Kong	21,554	-3	0.00	100.00
WELLSTAR ENTERPRISES (HONG KONG) COMPANY LIMITED	Hong Kong	18,302	838	0.00	100.00
Zhong Yung (International) Chemical Co., Limited	Hong Kong	119,576	1,045	0.00	100.00
India					
Brenntag Ingredients (India) Private Limited	Mumbai	30,561	2,594	0.00	100.00
RAJ PETRO SPECIALITIES PRIVATE LIMITED	Mumbai	67,517	-2,752	0.00	100.00
Indonesia					
PT Aik Moh Chemicals Indonesia	Batam	1,029	62	0.00	100.00
PT Staris Chemicals	Tangerang Selatan	380	-59	0.00	100.00
PT. Brenntag	Jakarta Selatan	30,075	5,187	0.00	100.00
PT. Dharmala HCI i. L.	Jakarta	0	0	0.00	91.14
Ireland					
Brenntag Chemicals Distribution (Ireland) Limited	Dublin	17,000	7,840	0.00	100.00
Israel					
Biochem Trading 2011 Ltd.	Be'er Ya'akov	53	1	0.00	100.00
Y.S. Ashkenazi Agencies Ltd.	Be'er Ya'akov	24,041	-969	0.00	100.00
Italy					
AQUADEPUR SRL	Cogliate	2,483	121	0.00	100.00
BRENNTAG S.P.A.	Assago	181,804	14,406	0.00	100.00
Canada					
BRENNTAG CANADA INC.	Toronto	265,444	35,530	0.00	100.00
Kenya					
Brenntag Kenya Limited	Nairobi	4,823	-2,658	0.00	100.00
Colombia					
BRENNTAG COLOMBIA S.A.	Bogotá D.C.	36,532	3,365	0.00	100.00
BRENNTAG COLOMBIA ZONA FRANCA S.A.S.	Barranquilla	629	388	0.00	100.00
CONQUIMICA SAS	Itagui	7,382	1,090	0.00	100.00
Croatia					
BRENNTAG HRVATSKA d.o.o.	Zagreb	4,331	566	0.00	100.00
Latvia					
SIA BRENNTAG LATVIA	Riga	3,287	839	0.00	100.00
SIA DIPOL BALTIJA	Riga	5,597	114	0.00	100.00
Lithuania					
UAB BRENNTAG LIETUVA	Kaunas	5,363	380	0.00	100.00
Malaysia					
BRENNTAG BUSINESS SERVICES SDN. BHD.	Kuala Lumpur	2,464	-168	0.00	100.00
BRENNTAG MALAYSIA SDN. BHD.	Kuala Lumpur	6,118	12	0.00	100.00
BRENNTAG SDN. BHD.	Kuala Lumpur	14,019	-350	0.00	100.00
Brenntag Chemicals Malaysia Sdn. Bhd.	Kuala Lumpur	3,169	-1,124	0.00	30.00
Marocco					
ALCOCHIM MAROC S.A.R.L.	Casablanca	250	11	0.00	100.00
BRENNTAG MAROC S.A.R.L associé unique	Casablanca	-2,971	-367	0.00	100.00

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Company	Domicile	Equity in EUR k	Net income/ loss in EUR k	Held directly % ¹⁾	Held indirectly % ¹⁾
Mauritius					
Brenntag Chemicals Mauritius Limited	Port Louis	3,697	-694	0.00	100.00
Multisol Mauritius Limited	Port Louis	15,006	2,571	0.00	100.00
Mexico					
AMCO INTERNACIONAL S.A. DE C.V.	Mexico City	17,302	859	0.00	100.00
BRENNTAG MÉXICO, S.A. DE C.V.	Cuautitlan Izcalli	42,190	3,587	0.00	100.00
BRENNTAG PACIFIC, S. DE R.L. DE C.V.	Tijuana	8,044	1,102	0.00	100.00
New Zealand					
BRENNTAG NEW ZEALAND LIMITED	Wellington	18,033	407	0.00	100.00
Nicaragua					
BRENNTAG NICARAGUA, S.A.	Managua	-565	-146	0.00	100.00
Netherlands					
BRENNTAG (Holding) B.V.	Amsterdam	1,475,146	431,877	0.00	100.00
BRENNTAG Coöperatief U.A.	Amsterdam	313,189	-3	0.00	100.00
BRENNTAG Dutch C.V.	Amsterdam	136,014	6,306	0.00	100.00
Brenntag Amsterdam B.V.	Amsterdam	-35,172	1,750	0.00	100.00
Brenntag Finance B.V.	Amsterdam	29,086	1,758	0.00	100.00
Brenntag HoldCo B.V.	Amsterdam	740,976	-2	0.00	100.00
Brenntag Nederland B.V.	Dordrecht	221,817	32,361	0.00	100.00
H.C.I. Chemicals Nederland B.V.	Amsterdam	29,631	907	0.00	100.00
HCI Central Europe Holding B.V.	Amsterdam	10,820	5,182	0.00	100.00
HCI U.S.A. Holdings B.V.	Amsterdam	197,681	-10	0.00	100.00
Holland Chemical International B.V.	Dordrecht	140,437	11,780	0.00	100.00
Nigeria					
Brenntag Chemicals Nigeria Limited	Matori-Lagos	-2,851	-5,706	0.00	100.00
Norway					
BRENNTAG NORDIC AS	Grålum	13,387	3,362	0.00	100.00
Austria					
Brenntag Austria GmbH	Vienna	103,307	9,603	0.00	100.00
Brenntag Austria Holding GmbH	Vienna	119,093	8,454	0.00	100.00
JLC-Chemie Handels GmbH	Wiener Neustadt	35	0	0.00	100.00
Provida GmbH	Vienna	48	238	0.00	100.00
Panama					
BRENNTAG PANAMA S.A.	Panama City	-5	-6	0.00	100.00
Peru					
BRENNTAG PERU S.A.C.	Lima	8,108	80	0.00	100.00
Philippines					
A.P.C. Chemical Industries, Inc	Pasig City	343	-15	0.00	100.00
BRENNTAG INGREDIENTS INC.	Muntinlupa City	13,787	964	0.00	100.00
Poland					
BCD POLYMERS Sp. z o.o.	Suchy Las	6,122	-17	0.00	100.00
BCD Polska Sp. z o.o	Warsaw	7,051	778	0.00	100.00
BRENNTAG Polska sp. z o.o.	Kedzierzyn-Kozle	207,092	43,831	0.00	100.00
Eurochem Service Polska sp. z o.o.	Warsaw	1,193	0	0.00	100.00
Fred Holmberg & Co Polska Sp.z o.o.	Warsaw	3,536	-462	0.00	100.00
Portugal					
Brenntag Portugal - Produtos Quimicos, Lda.	Lordelo	33,498	3,078	0.00	100.00
Puerto Rico					
Brenntag Puerto Rico, Inc.	Caguas	3,787	929	0.00	100.00
Republic of Serbia					
Brenntag d.o.o. Beograd-Savski Venac	Belgrade	7,304	1,976	0.00	100.00
Romania					
BRENNTAG S.R.L.	Chiajna	20,603	4,458	0.00	100.00

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LIST OF SHAREHOLDINGS OF BRENNTAG SE

Company	Domicile	Equity in EUR k	Net income/ loss in EUR k	Held directly % ¹⁾	Held indirectly % ¹⁾
Russia					
OOO MULTISOL	Moscow	9,582	675	0.00	100.00
Saudi Arabia					
Brenntag Saudi Arabia Limited ⁴⁾	Riad	6,348	355	0.00	75.00
Sweden					
Brenntag Nordic AB	Malmö	51,054	3,020	0.00	100.00
Switzerland					
Brenntag Schweizerhall AG	Basel	131,828	13,438	0.00	100.00
Singapore					
AIK MOH PAINTS & CHEMICALS PTE. LTD.	Singapore	54,456	-395	0.00	100.00
BRENNTAG ASIA PACIFIC PTE. LTD.	Singapore	212,198	-10,717	0.00	100.00
BRENNTAG PTE. LTD.	Singapore	351,546	28,154	0.00	100.00
DigiB Asia Pacific Pte. Ltd.	Singapore	0	-22	0.00	100.00
TEE HAI CHEM PTE LTD	Singapore	111,859	14,432	0.00	100.00
Slovakia					
BRENNTAG SLOVAKIA s.r.o.	Pezinok	17,310	1,779	0.00	100.00
Slovenia					
BRENNTAG LJUBLJANA d.o.o.	Ljubljana	6,149	1,270	0.00	100.00
Spain					
BRENNTAG QUIMICA, S.A.U.	Dos Hermanas	156,183	17,572	0.00	100.00
Devon Chemicals S.A.	Barcelona	0	0	0.00	100.00
Sri Lanka					
BRENNTAG LANKA (PRIVATE) LIMITED	Rajagiriya	25	19	0.00	100.00
South Africa					
BRENNTAG SOUTH AFRICA (PTY) LTD	Midrand	90,670	6,434	0.00	100.00
LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED	Cape Town	0	0	0.00	100.00
Multisol South Africa (Proprietary) Limited	Cape Town	3,286	-111	0.00	100.00
South Korea					
Brenntag Korea Co., Ltd.	Gwacheon-si	13,730	-350	0.00	100.00
Taiwan					
Brenntag Taiwan Co., Ltd.	Taipeh	4,299	-1,106	0.00	100.00
NEUTO CHEMICAL CORP.	Taipeh	13,543	344	0.00	100.00
Tanzania					
Brenntag Tanzania Limited	Dar es Salam	2,543	-714	0.00	100.00
Thailand					
Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok	45,296	5,533	0.00	100.00
Brenntag Ingredients (Thailand) Public Company Limited	Bangkok	94,530	10,871	0.00	100.00
Brenntag Lubricants (Thailand) Co., Ltd.	Bangkok	4,734	-1,317	0.00	100.00
Brenntag Service (Thailand) Co., Ltd.	Bangkok	158	76	0.00	100.00
Thai-Dan Corporation Limited	Bangkok	2,209	163	0.00	100.00
Czech Republic					
Brenntag CR s.r.o.	Prague	42,797	3,761	0.00	100.00
Turkey					
BRENNTAG KIMYA TICARET LIMITED SIRKETI	Istanbul	29,833	-9,947	0.00	100.00
BRENNTAG NISASTA SANAYI VE TICARET LITIMITED SIRKETI	Izmir	7,513	623	0.00	100.00
Tunisia					
Brenntag Tunisie SARL	Fouchana	-728	11	0.00	100.00
Uganda					
Brenntag Uganda Limited	Kampala	2,251	-833	0.00	100.00
Ukraine					
TOB BRENNTAG UKRAINE	Kyiv	6,939	4,419	0.00	100.00
TOB TRIDE	Kyiv	28	0	0.00	100.00

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LIST OF SHAREHOLDINGS OF BRENNTAG SE

Company	Domicile	Equity in EUR k	Net income/ loss in EUR k	Held directly % ¹⁾	Held indirectly % ¹⁾
Hungary					
BCB Union Kft.	Budapest	114	25	0.00	100.00
BRENNTAG Hungaria Kft.	Budapest	28,310	7,828	0.00	100.00
Uruguay					
BRENNTAG SOURCING URUGUAY S.A.	Colonia del Sacramento	1,491	72	0.00	100.00
USA					
Alphamin Inc.	Dallas/Texas	2,606	-111	0.00	100.00
Altivia Louisiana, L.L.C.	St. Gabriel/Louisiana	0	0	0.00	100.00
BWEV, LLC	Wilmington/Delaware	0	0	0.00	100.00
Brenntag Global Marketing Logistics, LLC	Springfield/Illinois	793	-87	0.00	100.00
Brenntag Global Marketing Specialty Chemicals, LLC	Springfield/Illinois	51,544	-699	0.00	100.00
Brenntag Global Marketing, LLC	Wilmington/Delaware	31,230	8,994	0.00	100.00
Brenntag Great Lakes, LLC	Chicago/Illinois	247,265	53,168	0.00	100.00
Brenntag Latin America, Inc.	Wilmington/Delaware	-21,544	-11,778	0.00	100.00
Brenntag Lubricants, LLC	Wilmington/Delaware	457,010	2,344	0.00	100.00
Brenntag Mid-South, Inc.	Henderson/Kentucky	1,090,784	104,689	0.00	100.00
Brenntag North America Foreign Holding, LLC	Wilmington/Delaware	2,999	0	0.00	100.00
Brenntag North America, Inc.	Wilmington/Delaware	-513,216	31,195	0.00	100.00
Brenntag Northeast, LLC	Wilmington/Delaware	317,847	24,222	0.00	100.00
Brenntag Pacific, Inc.	Wilmington/Delaware	340,459	31,529	0.00	100.00
Brenntag Southwest, Inc.	Longview/Texas	434,200	62,721	0.00	100.00
Brenntag Specialties, LLC	Wilmington/Delaware	71,702	-15,292	0.00	100.00
Coastal Chemical Co., L.L.C.	Abbeville/Louisiana	254,636	-41,040	0.00	100.00
Colony Gums LLC	Raleigh/North Carolina	115,673	738	0.00	100.00
Dipol Chemical International, Inc.	New York/New York	8,001	132	0.00	100.00
Harvest Moon Holdings, LLC	Raleigh/North Carolina	0	0	0.00	100.00
JM Swank, LLC	Wilmington/Delaware	111,114	8,927	0.00	100.00
New Jersey Lube Oil, LLC	East Hartford/Connecticut	0	0	0.00	100.00
Storm Chaser Holding Corporation	Wilmington/Delaware	0	0	0.00	100.00
Storm Chaser Intermediate Holding Corporation	Wilmington/Delaware	0	0	0.00	100.00
Storm Chaser Intermediate Holding II Corporation	Wilmington/Delaware	185,956	0	0.00	100.00
United Arab Emirates					
Al Shihab Al Thahabi Tech. TR. Co. LLC. SP	Sharjah	621	-46	0.00	100.00
Raj Petro Specialties DMCC ⁵⁾	Dubai	1,159	33	0.00	100.00
Trychem FZCO	Jebel Ali, Dubai	10,528	4,039	0.00	51.00
Trychem Trading L.L.C. ³⁾	Port Saeed, Dubai	580	81	0.00	100.00
United Kingdom					
Brenntag Colours Limited	Leeds	14,166	647	0.00	100.00
Brenntag Inorganic Chemicals Limited	Leeds	22,984	347	0.00	100.00
Brenntag UK Holding Limited	Leeds	167,043	33,756	0.00	100.00
Brenntag UK Limited	Leeds	400,884	74,651	0.00	100.00
Kluman and Balter Limited	Leeds	61,977	1,324	0.00	100.00
Multisol Europe Limited	Leeds	25,247	4,329	0.00	100.00
Multisol Group Limited	Leeds	98,693	22,655	0.00	100.00
Multisol Limited	Leeds	120,379	24,365	0.00	100.00
Murgatroyd's Salt & Chemical Company Limited	Leeds	1,702	60	0.00	100.00
PRIME SURFACTANTS LIMITED i.L.	Leeds	0	230	0.00	100.00
Vietnam					
BRENNTAG VIETNAM COMPANY LIMITED	Ho Chi Minh City	58,194	12,663	0.00	100.00
NAM GIANG COMMERCIAL SERVICE CO., LTD ⁶⁾	Ho Chi Minh City	9,557	2,233	0.00	0.00

LIST OF SHAREHOLDINGS OF BRENNTAG SE

Associates**Denmark**

Borup Kemi I/S	Borup	10,270	971	0.00	33.33
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Germany

SOFT CHEM GmbH	Laatzen	481	41	0.00	33.40
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Thailand

Berli Asiatic Soda Co., Ltd.	Bangkok	3,701	2,726	0.00	50.00
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United Kingdom

PURE SODIUM HYPOCHLORITE BIOCIDAL PRODUCTS GROUP LTD.	London	0	0	0.00	25.00
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¹⁾ Shares in the capital of the company

²⁾ Effective net holding: 67.00%

³⁾ Effective net holding: 51.00%

⁴⁾ Effective net holding: 38.25%

⁵⁾ Effective net holding: 65.00%

⁶⁾ Structured entity

Responsibility statement 2023

To the best of our knowledge and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the management report, which is combined with the Group management report of Brenntag SE, includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company.

Essen, March 4, 2024

Brenntag SE
BOARD OF MANAGEMENT

Dr. Christian Kohlpaintner

Michael Friede

Dr. Kristin Neumann

Ewout van Jarwaarde

INDEPENDENT AUDITOR'S REPORT

To Brenntag SE, Essen/Germany

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT**Audit Opinions**

We have audited the annual financial statements of Brenntag SE, Essen/Germany, which comprise the balance sheet as at December 31, 2023, and the income statement for the financial year from January 1 to December 31, 2023, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group of Brenntag SE, Essen/Germany, for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the further reporting on corporate governance included therein, nor the content of the separate consolidated non-financial report pursuant to Section 315b (3) HGB, which are each referred to in the combined management report. Furthermore, we have not audited the content of the "Summary assessment of the internal control and risk management system" marked as extraneous to the combined management report, which is contained in section "Main elements of the internal control/risk management system" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2023 and of its financial performance for the financial year from January 1 to December 31, 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned corporate governance statement and the above-mentioned consolidated non-financial report nor the "Summary assessment of the internal control and risk management system" marked as extraneous to the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the recoverability of the carrying amount of the equity investment in Brenntag Holding GmbH, which we have determined to be a key audit matter in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements)
- b) auditor’s response

Recoverability of the carrying amount of the equity investment in Brenntag Holding GmbH

- a) In the annual financial statements of the Company shares in affiliated companies amounting to EUR 2.5 billion (60% of total assets) are reported under the “Financial assets” balance sheet item. The shares in affiliated companies comprise the wholly-owned equity investment in Brenntag Holding GmbH, which in turn holds further indirect and direct equity investments.

The executive directors measure the equity investment in Brenntag Holding GmbH by taking into account the fair value of the latter’s indirect and direct equity investments, since these could have a material impact on the fair value of the shares in Brenntag Holding GmbH. The fair values are calculated using a discounted cash flow model as the present values of the expected future cash flows according to the planning projections prepared by the executive directors and approved by the supervisory board. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The expected future cash flows per equity investment are determined by breaking down the corporate planning using the actual figures for the respective group companies for the financial year 2023. The discount rate used is the individually determined cost of capital for the equity investments.

The outcome of this valuation exercise is to a large extent dependent on the projection made by the executive directors of the future cash flows in corporate planning as well as the subsequent breakdown of the corporate planning data into the individual equity investments by the executive directors and on the respective discount rates used. The valuation is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the valuation and its material significance for the Company’s assets and liabilities, this matter was of particular significance in the context of our audit.

The Company’s disclosures relating to financial assets and their recoverability are contained in the section “Accounting policies” and item 8 “Fixed assets” of the notes to the financial statements.

- b) In order to assess the recoverability of the equity investment in Brenntag Holding GmbH, we particularly assessed the equity investments held indirectly and directly by Brenntag Holding GmbH. In this context, we reviewed the methodology employed for the purposes of the valuation by calling in our valuation experts, among other things. In particular, we assessed whether the fair values had been appropriately determined using a discounted cash flow model in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors’ detailed explanations regarding the key value drivers underlying the expected cash flows for the Group. Additionally, we inspected whether the corporate planning used in the recoverability testing is in line with the corporate planning approved by the supervisory board and reviewed the subsequently applied breakdown to the individual direct and indirect equity investments. Knowing that even small changes in the discount rates applied can have a material impact, we intensively dealt with the parameters used to determine the discount rates. We evaluated their plausibility by means of evidence and information gained and own market research. We reviewed the calculation method of the discounted cash flow model applied.

Other Information

The executive directors are responsible for the other information. The other information comprises

- the corporate governance statement including the further reporting on corporate governance included therein, to which reference is made in the combined management report,
- the separate consolidated non-financial report, to which reference is made in the combined management report,
- the “Summary assessment of the internal control/risk management system”, which is contained in section “Main elements of the internal control/risk management system” of the combined management report and marked as extraneous to the combined management report, and
- the executive directors’ confirmation regarding the annual financial statements and the combined management report pursuant to Sections 264 (2) sentence 3 and 289 (1) sentence 5 HGB.

The executive directors and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code including the further reporting on corporate governance, which is part of the corporate governance statement. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. 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 annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS**Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB*****Audit Opinion***

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as “ESEF documents”) prepared for publication, contained in the file, which has the SHA-256 4567235cf81aefce7bc531c8ac4ca6e71328fee100524d30bc381790c212a8d7, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB (“ESEF format”). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2023 contained in the “Report on the Audit of the Annual Financial Statements and of the Combined Management Report” above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the “Auditor’s Responsibilities for the Audit of the ESEF Documents” section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the general meeting on June 15, 2023. We were engaged by the supervisory board on August 3, 2023. We have been the auditor of Brenntag SE, Essen/Germany, since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is André Bedenbecker.

Düsseldorf/Germany, March 4, 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:

André Bedenbecker

Wirtschaftsprüfer

(German Public Auditor)

Signed:

Christian Siepe

Wirtschaftsprüfer

(German Public Auditor)