Årsredovisning för

# IMCD Nordic AB

556849-0840

Räkenskapsåret

**2022-01-01 - 2022-12-31**

**Innehållsförteckning:** **Sida**



## Fastställelseintyg

Undertecknad styrelseledamot i IMCD Nordic AB intygar härmed dels att denna kopia av årsredovisningen och revisionsberättelsen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2023-06-29. Stämman beslöt också att godkänna styrelsens förslag till resultatdisposition.

Malmö 2023-06-29

Sami Valkama

Sami Valkama
Verkställande direktör

# Förvaltningsberättelse

Styrelsen och verkställande direktören för IMCD Nordic AB, 556849-0840 får härmed avge årsredovisning för 2022.

## Allmänt om verksamheten

Bolagets verksamhet består i att bedriva handel och distribution av additiver, polymerer och mineraler, huvudsakligen i Sverige och Norden.
Försäljning sker främst till tillverkande industri. Viktiga kundsegment är färg- och plastindustri liksom läkemedels och livsmedelsproducenter.

IMCD Group är en av Europas ledande distributörer av specialkemikalier, livsmedels- och läkemedelsadditiver.

IMCD Nordic är organiserat i Norden och de baltiska länderna med dotterbolagen IMCD Sweden AB, IMCD Finland Oy, IMCD Danmark A/S, IMCD Norway AS och IMCD Baltics UAB.
IMCD Nordic har kontor och lager i Malmö (Sverige), Espoo (Finland), Helsingör (Danmark), Oslo (Norge) och Vilnius (Litauen).

Bolaget har under 2022 ej haft några anställda och har ej betalat ut några löner.

### Ägarförhållande

IMCD Nordic AB är helägt dotterbolag till IMCD Group B.V. som ingår i en koncern där IMCD N.V. (Chamber of Commerce registernumber 21740070) med säte i Rotterdam är ultima moder. IMCD N.V. är ett noterat bolag.

## Utveckling av företagets verksamhet, resultat och ställning

*Belopp i kkr*

| | *2022-12-31* | *2021-12-31* | *2020-12-31* | *2019-12-31* | *2018-12-31* |
|---|---|---|---|---|---|
| Resultat efter finansiella poster | 28 376 | 19 381 | 16 354 | 4 440 | 976 |
| Soliditet % | 99 | 80 | 63 | 34 | 30 |

## Väsentliga händelser under räkenskapsåret

IMCD koncernen vidtog åtgärder gällande konflikten i Ukraina som påbörjades våren 2022 genom att tillfälligt stoppa all affärsverksamhet med bolag i Ryssland och Belarus. Bolaget har inte märkt någon betydande ekonomisk påverkan av konflikten i Ukraina, varken direkt eller indirekt, under räkenskapsperioden.

## Väsentliga händelser efter räkenskapsårets utgång

Bolaget fortsätter att följa händelseutvecklingen av konflikten i Ukraina som påbörjades våren 2022 och följer de riktlinjer som myndigheter eller IMCD koncernen fastställer. Bolaget har inte märkt av någon betydande ekonomisk påverkan av konflikten, varken direkt eller indirekt, efter räkenskapsperiodens utgång.

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## Eget kapital

| | *Aktiekapital, nyemission under reg* | *Reservfond övr bundna fonder* | *Fritt eget kapital* |
|---|---|---|---|
| Vid årets början | 50 | | 105 314 |
| Utdelning | | | -20 000 |
| Årets resultat | | | 29 447 |
| **Vid årets slut** | **50** | | **114 761** |

## Förslag till disposition av företagets vinst

Styrelsen föreslår att till förfogande stående vinstmedel, kronor 114 760 667, disponeras enligt följande:

| | *Belopp i kr* |
|---|---|
| Balanseras i ny räkning | 114 760 667 |
| **Summa** | **114 760 667** |

Vad beträffar företagets resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

# Resultaträkning

| *Belopp i kkr* | *Not* | *2022-01-01-2022-12-31* | *2021-01-01-2021-12-31* |
|---|---|---|---|
| ***Rörelsens kostnader*** | | | |
| Övriga externa kostnader | | -12 | -22 |
| Av/nedskrivningar av materiella och immateriella anläggningstillgångar | | -4 910 | -19 640 |
| **Rörelseresultat** | | -4 922 | -19 662 |
| ***Resultat från finansiella poster*** | | | |
| Anteciperad utdelning från koncernföretag | | 34 358 | 41 027 |
| Övriga ränteintäkter och liknande intäkter | | -6 | -8 |
| Räntekostnader och liknande kostnader | | -1 055 | -1 976 |
| **Resultat efter finansiella poster** | | 28 375 | 19 381 |
| Bokslutsdispositioner | *4* | 1 072 | 2 006 |
| **Resultat före skatt** | | 29 447 | 21 387 |
| ***Skatt på årets resultat*** | | - | - |
| **Årets resultat** | | 29 447 | 21 387 |

## Balansräkning

| *Belopp i kkr* | *Not* | *2022-12-31* | *2021-12-31* |
|---|---|---|---|
| **TILLGÅNGAR** | | | |
| **Anläggningstillgångar** | | | |
| ***Immateriella anläggningstillgångar*** | | | |
| Goodwill | 5 | - | 4 910 |
| | | - | 4 910 |
| ***Finansiella anläggningstillgångar*** | | | |
| Andelar i koncernföretag | 6 | 81 917 | 81 917 |
| | | 81 917 | 81 917 |
| **Summa anläggningstillgångar** | | 81 917 | 86 827 |
| **Omsättningstillgångar** | | | |
| ***Kortfristiga fordringar*** | | | |
| Fordringar hos koncernföretag | 7 | 34 358 | 43 033 |
| | | 34 358 | 43 033 |
| ***Kassa och bank*** | | 271 | 1 129 |
| **Summa omsättningstillgångar** | | 34 629 | 44 162 |
| **SUMMA TILLGÅNGAR** | | 116 546 | 130 989 |

## Balansräkning

| *Belopp i kkr* | *Not* | *2022-12-31* | *2021-12-31* |
|---|---|---|---|
| **EGET KAPITAL OCH SKULDER** | | | |
| ***Eget kapital*** | | | |
| *Bundet eget kapital* | | | |
| Aktiekapital | 8 | 50 | 50 |
| | | 50 | 50 |
| *Fritt eget kapital* | 9 | | |
| Balanserad vinst eller förlust | | 85 314 | 83 926 |
| Årets resultat | | 29 447 | 21 387 |
| | | 114 761 | 105 313 |
| **Summa eget kapital** | | 114 811 | 105 363 |
| ***Långfristiga skulder*** | | | |
| Skulder till koncernföretag | | - | 25 626 |
| | | - | 25 626 |
| ***Kortfristiga skulder*** | | | |
| Skulder till koncernföretag | | 1 735 | - |
| | | 1 735 | - |
| **SUMMA EGET KAPITAL OCH SKULDER** | | 116 546 | 130 989 |

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# Noter

## Not 1 Koncernuppgifter

IMCD Nordic AB med organisationsnummer 556849-0840 är ett aktiebolag registrerat i Sverige med säte i Malmö.

Bolaget bedriver genom dotterbolag handel och distribution av additiver, polymerer och mineraler, huvudsakligen i Sverige och Norden.

Företaget är helägt dotterföretag till IMCD Group B.V. med säte i Rotterdam, Holland. Bolaget upprättar ingen koncernedovisning då IMCD N.V. (Chamber of Commerce registernumber 21740070) enl ÅRL 7:2 upprättar koncernredovisning för den största koncernen. Det utländska moderföretagets koncernredovisning finns att tillgå hos IMCD Nordic AB, Hyllie Boulevard 53, 215 37 Malmö.

## Not 2 Redovisningsprinciper

Belopp i kkr om inget annat anges

### *Allmänna redovisningsprinciper*

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Redovisningsprinciperna är oförändrade från föregående år.

### *Värderingsprinciper m m*

Tillgångar, avsättningar och skulder har värderats utifrån anskaffningsvärden om inget annat anges nedan.

### *Immateriella anläggningstillgångar*

### *Övriga immateriella anläggningstillgångar*

Övriga immateriella tillgångar som förvärvats av företaget är redovisade till anskaffningsvärde minus ackumulerade avskrivningar och nedskrivningar. Utgifter för internt genererad goodwill och varumärken redovisas i resultaträkningen som kostnad då de uppkommer.

### *Avskrivningar*

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.Tillgången i form av goodwill är en väsentlig del av verksamheten och bedöms under en längre tid generera ett positivt kassaflöde som väl möter avskrivningarna, varav man valt att behålla avskrivningarna om 10 år.

| *Immateriella anläggningstillgångar* | *År* |
|---|---|
| *Internt upparbetade immateriella tillgångar* | |
| *Förvärvade immateriella tillgångar* | |
| Goodwill | 10 |

Baserat på bolagets historiska verksamhet, utveckling och avkastning samt förväntade framtida kassaflöden har vi bedömt att 10 år är en rimlig avskrivningsperiod.

### *Utländsk valuta*

Poster i utländsk valuta

Monetära poster i utländsk valuta räknas om till balansdagens kurs. Icke-monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället.

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### Finansiella tillgångar och skulder

En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part till instrumentets avtalsenliga villkor. En finansiell tillgång bokas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör, regleras eller när företaget förlorar kontrollen över den. En finansiell skuld, eller del av finansiell skuld bokas bort från balansräkningen när den avtalsenliga förpliktelsen fullgörs eller på annat sätt upphör.

Finansiella tillgångar och skulder redovisas i enlighet med kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärdet) i BFNAR 2012:1.

Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången,

Andelar i dotterföretag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till köpet.

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde. Låneutgifter periodiseras som en del i lånets räntekostnad enligt effektivräntemetoden.

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip. dvs det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

*Derivatinstrument*

Bolaget innehar inga derivatinstrument

### Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatteskuld redovisas för alla skattepliktiga temporära skillnader, dock inte för temporära skillnader som härrör från första redovisningen av goodwill. Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag. Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade före balansdagen och har inte nuvärdeberäknats.

### Intäkter

Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

### Ränta och utdelning

Intäkt redovisas när de ekonomiska fördelarna som är förknippade med transaktionen sannolikt kommer att tillfalla företaget samt när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränta redovisas som intäkt enligt effektivräntemetoden.

### *Koncernbidrag och aktieägartillskott*

Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen. Det erhållna/lämnade koncernbidraget har påverkat företagets aktuella skatt.

## Not 3 Uppskattningar och bedömningar

Aktier i dotterbolag värderas utifrån respektive bolags justerade egna kapital och framtida förväntade kassaflöden.

## Not 4 Bokslutsdispositioner

| | *2022-01-01-2022-12-31* | *2021-01-01-2021-12-31* |
|---|---|---|
| Koncernbidrag | 1 072 | 2 006 |
| **Summa** | **1 072** | **2 006** |

## Not 5 Goodwill

| | *2022-12-31* | *2021-12-31* |
|---|---|---|
| *Ackumulerade anskaffningsvärden* | | |
| -Vid årets början | 103 109 | 103 109 |
| Vid årets slut | 103 109 | 103 109 |
| *Ackumulerade avskrivningar* | | |
| -Vid årets början | -98 199 | -78 559 |
| -Årets avskrivning | -4 910 | -19 640 |
| Vid årets slut | -103 109 | -98 199 |
| **Redovisat värde vid årets slut** | **-** | **4 910** |

Goodwillen är hänförlig till en fusion med det helägda dotterföretaget IMCD Nordic AB (Org.nr 556551-3347) som genomfördes januari 2017.

## Not 6 Andelar i koncernföretag

| | *2022-12-31* | *2021-12-31* |
|---|---|---|
| Ackumulerade anskaffningsvärden: | | |
| -Vid årets början | 81 917 | 81 917 |
| **Redovisat värde vid årets slut** | **81 917** | **81 917** |

### *Specifikation av moderföretagets innehav av aktier och andelar i koncernföretag*

| *Dotterföretag / Org nr / Säte* | *Antal andelar* | *i %* | *Redovisat värde* |
|---|---|---|---|
| IMCD Sweden AB, 556194-8539, Malmö | 5 000 | 100 | 48 000 |
| IMCD Finland OY, Helsingfors, Finland | 10 | 100 | 158 |
| IMCD Danmark A/S, Helsingör, Danmark | 500 | 100 | 410 |
| IMCD Norway AS, Oslo,Norge | 10 000 | 100 | 30 950 |
| IMCD Baltics UAB, Vilnius, Litauen | 10 | 100 | 2 399 |
| | | | **81 917** |

## Not 7 Fordringar hos koncernföretag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ackumulerade anskaffningsvärden: | | |
| -Vid årets början | 43 033 | 25 765 |
| -Tillkommande fordringar | 23 331 | 17 268 |
| -Reglerade fordringar | -32 006 | |
| **Redovisat värde vid årets slut** | **34 358** | **43 033** |

## Not 8 Antal aktier och kvotvärde

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| A-aktier | | |
| antal aktier | 50 000 | 50 000 |

## Not 9 Disposition av vinst

Förslag till disposition av företagets vinst.
Styrelsen föreslår att fritt eget kapital, kronor 114 760 667, disponeras enligt följande:

| | 2022-12-31 |
|---|---|
| Balanseras i ny räkning | 114 760 667 |
| | **114 760 667** |

## Not 10 Väsentliga händelser efter räkenskapsårets slut

Bolaget fortsätter att följa händelseutvecklingen av konflikten i Ukraina som påbörjades våren 2022 och följer de riktlinjer som myndigheter eller IMCD koncernen fastställer. Bolaget har inte märkt av någon betydande ekonomisk påverkan av konflikten, varken direkt eller indirekt, efter räkenskapsperiodens utgång.

## Not 11 Nyckeltalsdefinitioner

*Soliditet:*
Totalt eget kapital / Totala tillgångar.

## Underskrifter

Malmö 2023-06-14

Sami Valkama
Sami Valkama
Verkställande direktör

Vår revisionsberättelse har lämnats 2023-06-29.
Deloitte AB

Per Stomberg
Per Stomberg
Auktoriserad revisor

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# Deloitte.

# REVISIONSBERÄTTELSE

## Till bolagsstämman i IMCD Nordic AB organisationsnummer 556849-0840

## Rapport om årsredovisningen

### *Uttalanden*

Vi har utfört en revision av årsredovisningen för IMCD Nordic AB för räkenskapsåret 2022-01-01 - 2022-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av IMCD Nordic ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### *Grund för uttalanden*

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till IMCD Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### *Revisorns ansvar*

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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## Rapport om andra krav enligt lagar och andra författningar

### *Uttalanden*

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för IMCD Nordic AB för räkenskapsåret 2022-01-01 - 2022-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot och verkställande direktören ansvarsfrihet för räkenskapsåret.

### *Grund för uttalanden*

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till IMCD Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

### *Revisorns ansvar*

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö 29 / 6 2023

Deloitte AB

Per Stomberg
Auktoriserad revisor

2023071304755

IMCD

# Building on Talent, Expertise, and Connectivity

Annual Report 2022

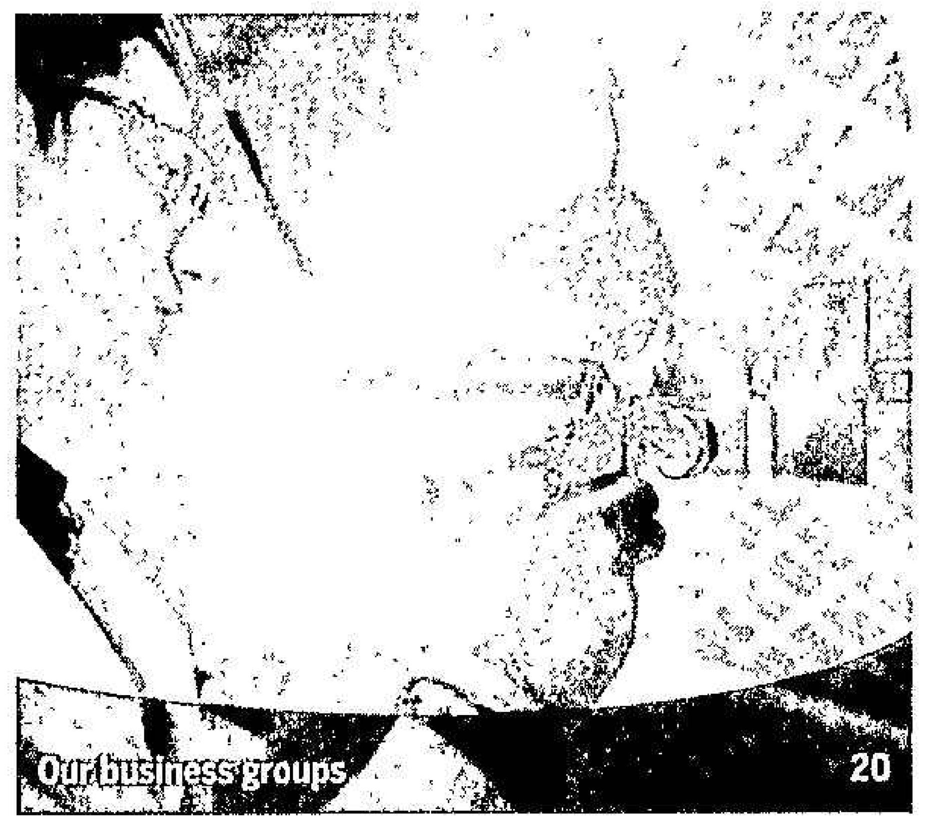
www.imcdgroup.com

Creating a world of opportunity

**European single electronic reporting format (ESEF) and PDF version**

This copy of the Annual Report is the PDF/printed version of the 2022 Annual Report of IMCD N V
This version has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815)
The official ESEF reporting package is available via IMCD's website at www imcdgroup com

# Contents


< Contents page

FOREWORD BY THE CEO
ABOUT IMCD
2022 HIGHLIGHTS
2022 FINANCIAL HIGHLIGHTS
GLOBAL PRESENCE
HISTORY
SHAREHOLDER INFORMATION
OUR BUSINESS
OUR BUSINESS GROUPS
STRATEGY & BUSINESS
PERFORMANCE
GOVERNANCE
FINANCIAL STATEMENTS 2022

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# Financial statements 2022



< Contents page

# Contents

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION



# Consolidated statement of financial position as of 31 December 2022

| EUR 1,000 | NOTE | 31 DECEMBER 2022 | 31 DECEMBER 2021 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 17 | 113,327 | 97,932 |
| | | | |
| Goodwill | | 1,386,552 | 1,257,011 |
| Other intangible assets | | 554,552 | 551,088 |
| ***Intangible assets*** | 18 | ***1,941,104*** | ***1,808,099*** |
| Equity-accounted investees | 21 | 71 | 71 |
| Other financial assets | 22 | 7,016 | 5,422 |
| Deferred tax assets | 23 | 35,614 | 35,393 |
| **Non-current assets** | | **2,097,132** | **1,946,917** |
| | | | |
| Inventories | 24 | 622,098 | 526,300 |
| Trade and other receivables | 25 | 702,275 | 619,462 |
| Cash and cash equivalents | 26 | 222,005 | 177,879 |
| **Current assets** | | **1,546,378** | **1,323,641** |
| | | | |
| **Total assets** | | **3,643,510** | **3,270,558** |

The notes are an integral part of these consolidated financial statements

| EUR 1,000 | NOTE | 31 DECEMBER 2022 | 31 DECEMBER 2021 |
|---|---|---|---|
| **Equity** | 27 | | |
| Share capital | | 9,118 | 9,118 |
| Share premium | | 1,051,438 | 1,051,438 |
| Reserves | | (69,511) | (63,895) |
| Retained earnings | | 367,839 | 255,888 |
| *Unappropriated result* | | *313,081* | *207,276* |
| **Total shareholders' equity** | | **1,671,965** | **1,459,825** |
| Non-controlling interests | 28 | 1,451 | 1,529 |
| **Total equity** | | **1,673,416** | **1,461,354** |
| | | | |
| **Liabilities** | | | |
| Loans and borrowings | 29 | 912,889 | 666,853 |
| Employee benefits | 30 | 22,254 | 29,258 |
| Provisions | 31 | 13,814 | 6,494 |
| Deferred tax liabilities | 23 | 130,819 | 122,251 |
| **Total non-current liabilities** | | **1,079,776** | **824,856** |
| | | | |
| Loans and borrowings | 29 | 40,000 | |
| Short-term financial liabilities | 29 | 296,042 | 451,050 |
| Trade payables | 32 | 389,021 | 403,010 |
| Other payables | 32 | 165,255 | 130,288 |
| **Total current liabilities** | | **890,318** | **984,348** |
| | | | |
| **Total liabilities** | | **1,970,094** | **1,809,204** |
| | | | |
| **Total equity and liabilities** | | **3,643,510** | **3,270,558** |





CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

# Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2022

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| Revenue | 8 | 4 601 493 | 3 435 250 |
| Other income | 9 | 24 822 | 24 254 |
| **Operating income** | | **4,626,315** | **3,459,504** |
| Cost of materials and inbound logistics | 21 | (3 454 345) | (2 598 934) |
| Cost of warehousing, outbound logistics and other services | | (131 653) | (101 880) |
| Wages and salaries | 10, 12 | (278,144) | (228 739) |
| Social security and other charges | 10 | (74 980) | (59 731) |
| Depreciation of property, plant and equipment | 17, 19 | (30 008) | (27 403) |
| Amortisation of intangible assets | 18, 19 | (81 478) | (65 460) |
| Other operating expenses | 13 | (113 981) | (71 232) |
| **Operating expenses** | | **(4,164,589)** | **(3,154,039)** |
| **Result from operating activities** | | **461,726** | **305,465** |
| | | | |
| Finance income | 14 | 22 849 | 1 803 |
| Finance costs | 11 | (48 726) | (23 473) |
| **Net finance costs** | | **(25,877)** | **(21,670)** |
| Share of profit of equity-accounted investees, net of tax | 21 | 0 | 32 |
| **Result before income tax** | | **435,849** | **283,827** |
| Income tax expense | 15 | (122 846) | (76 591) |
| **Result for the year** | | **313,003** | **207,236** |
| | | | |
| Result for the year attributable to the shareholders of the Company | | **313,081** | **207,276** |
| Result for the year attributable to non-controlling interest | 28 | **(78)** | **(40)** |
| **Result for the year** | | **313,003** | **207,236** |
| | | | |
| Gross profit[1] | | 1 147 148 | 835 316 |
| Gross profit as a % of revenue | | 24.9% | 24.3% |
| Operating EBITA[2] | 6 | 551 453 | 373 629 |
| Operating EBITA as a % of revenue | | 12.0% | 10.9% |

The notes are an integral part of these consolidated statements

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Result for the year** | | **313,003** | **207,236** |
| | | | |
| Defined benefit plan actuarial gains/(losses) | 30 | 7,229 | 684 |
| Related tax | 15 | (1 007) | (272) |
| **Items that will never be reclassified to profit or loss** | | **6,222** | **412** |
| | | | |
| Foreign currency translation differences related to foreign operations | | (446) | 56 529 |
| Effective portion of changes in fair value of cash flow hedges | | (110) | 106 |
| Related tax | 15 | (30) | (485) |
| **Items that are or may be reclassified to profit or loss** | 14 | **(586)** | **56,150** |
| | | | |
| **Other comprehensive income for the period, net of income tax** | | **5,636** | **56,562** |
| | | | |
| **Total comprehensive income for the period** | | **318,639** | **263,798** |
| | | | |
| **Attributable to:** | | | |
| Shareholders of the Company | | 318 717 | 263 838 |
| Non-controlling interests | 28 | (78) | (40) |
| **Total comprehensive income for the period** | | **318,639** | **263,798** |
| | | | |
| Weighted average number of shares | 16 | 56 928 982 | 56 939 895 |
| | | | |
| Basic earnings per share | 16 | 5.50 | 3.64 |
| Diluted earnings per share | 16 | 5.49 | 3.63 |

The notes are an integral part of these consolidated statements

[1] Revenue minus cost of materials and inbound logistics (non IFRS measure)

[2] Result from operating activities before amortisation of intangibles and non recurring items (non IFRS measure). Non recurring items are disclosed in note 11 to the consolidated financial statements.

# Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2022

| EUR 1,000 | NOTE | SHARE CAPITAL | SHARE PREMIUM | TRANSLATION RESERVE | HEDGING RESERVE | RESERVE OWN SHARES | OTHER RESERVES | RETAINED EARNINGS | UNAPPRO-PRIATED RESULT | TOTAL SHAREHOLDERS' EQUITY | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | 27 | **9,118** | **1,051,438** | **(58,285)** | **(100)** | **(2,172)** | **(3,337)** | **255,888** | **207,276** | **1,459,825** | **1,529** | **1,461,354** |
| Appropriation of prior year's result | | - | - | - | - | - | - | 115,047 | (115,047) | - | - | - |
| | | **9,118** | **1,051,438** | **(58,285)** | **(100)** | **(2,172)** | **(3,337)** | **370,935** | **92,229** | **1,459,825** | **1,529** | **1,461,354** |
| Result for the year | | - | - | - | - | - | - | - | 313,081 | **313,081** | **(78)** | **313,003** |
| Total other comprehensive income | | - | - | (476) | (110) | | 6,222 | - | - | **5,636** | - | **5,636** |
| **Total comprehensive income for the year** | | **-** | **-** | **(476)** | **(110)** | **-** | **6,222** | **-** | **313,081** | **318,717** | **(78)** | **318,639** |
| Cash dividend | 27 | - | - | - | - | - | - | - | (92,229) | **(92,229)** | - | **(92,229)** |
| Issue of shares minus related costs | 27 | - | - | - | - | - | - | - | - | - | - | - |
| Share based payments | 27 | - | - | - | | - | 156 | (7,777) | - | **(7,621)** | - | **(7,621)** |
| Transfer of own shares | 27 | - | - | - | - | (11,408) | - | 4,681 | - | **(6,727)** | - | **(6,727)** |
| Non controlling interest | 28 | - | - | - | - | | - | - | - | - | - | - |
| **Total contributions by and distributions to owners of the Company** | | **-** | **-** | **-** | **-** | **(11,408)** | **156** | **(3,096)** | **(92,229)** | **(106,577)** | **-** | **(106,577)** |
| **Balance as at 31 December 2022** | | **9,118** | **1,051,438** | **(58,761)** | **(210)** | **(13,580)** | **3,041** | **367,839** | **313,081** | **1,671,965** | **1,451** | **1,673,416** |

The notes are an integral part of these consolidated statements





| EUR 1,000 | NOTE | SHARE CAPITAL | SHARE PREMIUM | TRANSLATION RESERVE | HEDGING RESERVE | RESERVE OWN SHARES | OTHER RESERVES | RETAINED EARNINGS | UNAPPRO-PRIATED RESULT | TOTAL SHAREHOLDERS' EQUITY | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | 27 | **9,118** | **1,051,438** | **(114,329)** | **(206)** | **(3,893)** | **(4,774)** | **194,927** | **120,128** | **1,252,408** | **-** | **1,252,408** |
| Appropriation of prior year's result | | | | - | | - | | 62,000 | (62,000) | | - | - |
| | | **9,118** | **1,051,438** | **(114,329)** | **(206)** | **(3,893)** | **(4,774)** | **256,927** | **58,128** | **1,252,408** | **-** | **1,252,408** |
| Result for the year* | | | | | | | | | 207,276 | 207,276 | **(40)** | **207,236** |
| Total other comprehensive income | | - | | 56,044 | 106 | | 412 | | | 56,562 | - | **56,562** |
| **Total comprehensive income for the year** | | **-** | **-** | **56,044** | **106** | **-** | **412** | **-** | **207,276** | **263,838** | **(40)** | **263,798** |
| Cash dividend | 27 | | | | | | | | (58,128) | (58,128) | - | **(58,128)** |
| Issue of shares minus related costs | 27 | | | - | - | | | | | | - | - |
| Share based payments | 27 | | | | | | 1,025 | (4,130) | | (3,105) | - | **(3,105)** |
| Transfer of own shares | 27 | | | | - | 1,721 | | 3,091 | | 4,812 | - | **4,812** |
| Non controlling interest | 28 | | - | - | | | - | - | | | **1,569** | **1,569** |
| **Total contributions by and distributions to owners of the Company** | | **-** | **-** | **-** | **-** | **1,721** | **1,025** | **(1,039)** | **(58,128)** | **(56,421)** | **1,569** | **(54,852)** |
| ***Balance as at 31 December 2021*** | | ***9,118*** | ***1,051,438*** | ***(58,285)*** | ***(100)*** | ***(2,172)*** | ***(3,337)*** | ***255,888*** | ***207,276*** | ***1,459,825*** | ***1,529*** | ***1,461,354*** |

* The result for the year has been restated as a result of a change in accounting policy detailed in Note 2 to the financial statements

The notes are an integral part of these consolidated statements

# Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2022

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Result for the year | | 313 003 | 207 236 |
| Adjustments for | | | |
| Depreciation of property, plant and equipment | 17 | 30 002 | 27 403 |
| Amortisation of intangible assets | 18 | 81 478 | 65 460 |
| Net finance costs excluding currency exchange results | 14 | 17 846 | 17 893 |
| Currency exchange results | 14 | 8 031 | 1 089 |
| Non recurring operating income | 9 | (21) | (6 224) |
| Cost of share based payments | 12 | 4 324 | 5 295 |
| Share of profit of equity accounted investees net of tax | 21 | | (32) |
| Income tax expense | 15 | 122 846 | 76 591 |
| | | **577,509** | **397,712** |
| Change in | | | |
| Inventories | 24 | (61 393) | (110 132) |
| Trade and other receivables | 25 | (32 486) | (86 809) |
| Trade and other payables | 32 | (29 254) | 36 980 |
| Provisions and employee benefits | 30 31 | (5 189) | (1 728) |
| **Cash generated from operating activities** | | **449,185** | **295,724** |
| Interest paid | | (20 652) | (15 796) |
| Income tax paid | | (129 691) | (83 664) |
| **Net cash from operating activities** | | **298,843** | **196,263** |

The notes are an integral part of these consolidated statements

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Net cash from operating activities** | | **298,843** | **196,263** |
| **Cash flows from investing activities** | | | |
| Payments for acquisition of subsidiaries, net of cash acquired and divestures | 7 33 | (237 248) | (180 047) |
| Acquisition of intangible assets | 18 | (10 382) | (12 604) |
| Acquisition of property, plant and equipment | 17 | (10 877) | (6 113) |
| Proceeds from disposals of (in)tangible assets | 17 18 | 3 353 | 1 195 |
| Acquisition of other financial assets | | (203) | 1 436 |
| **Net cash used in investing activities** | | **(255,357)** | **(196,132)** |
| **Cash flows from financing activities** | | | |
| Dividends paid | 27 | (92 229) | (58 178) |
| Purchase and transfer of own shares | 27 | (13 260) | |
| Share based payments | 27 | (5,410) | (3 590) |
| Payment of transaction costs related to loans and borrowings | 27 | (2 171) | |
| Movements in bank loans and other short term financial liabilities | 27 | 63 126 | 704 |
| Proceeds from issue of current and non current loans and borrowings | 27 | 579 251 | 335 509 |
| Repayment of loans and borrowings | | (508 937) | (249 582) |
| Repayment of lease liabilities | | (20 391) | (20 183) |
| **Net cash from financing activities** | | **(20)** | **4,729** |
| **Net increase in cash and cash equivalents** | | **43,466** | **4,860** |
| Cash and cash equivalents as at 1 January | 26 | 177 879 | 169 008 |
| Effect of exchange rate fluctuations | | 660 | 4 011 |
| **Cash and cash equivalents as at 31 December** | 26 | **222,005** | **177,879** |





# Notes to the Consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

## 1 Reporting entity

IMCD N V (the 'Company') is a public limited company domiciled in the Netherlands and registered in The Netherlands Chamber of Commerce Commercial register under number 21740070 The address of the Company's registered office is Wilhelminaplein 32, Rotterdam The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') The Company is acting as the parent company of the IMCD Group, a group of leading companies in sales marketing and distribution of speciality chemicals and pharmaceutical and food ingredients The Group has offices and warehouses in Europe Asia-Pacific Africa, and in North and Latin America

## 2 Basis of preparation

### 2.a Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code

The consolidated financial statements were authorised for publication by all members of the Management Board and the Supervisory Board on 23 February 2023

### 2.b Basis of measurement

The consolidated financial statements are prepared on a going concern basis and on the historical cost principle, except for the following material items in the statement of financial position

- derivative financial instruments are measured at fair value
- non-derivative financial instruments at fair value through profit or loss are measured at fair value
- contingent considerations assumed in a business combination are measured at fair value
- the defined benefit asset/liability is recognised as the net total of the plan assets less the present value of the defined benefit obligation and is adjusted for any effect of the asset ceiling

### 2.c Functional and presentation currency

These consolidated financial statements are presented in EUR which is the Company's functional currency All financial information presented in this report in EUR has been rounded to the nearest thousand, unless stated otherwise

### 2.d Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets liabilities income and expenses Actual results may differ from these estimates.

In preparing the consolidated financial statements, management considered its climate change and sustainability ambitions In light of this management reviewed the significant accounting estimates and judgments This review did not lead to significant changes in these accounting estimates and judgments

Estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected

### Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes
- Notes 7 28 and 35 whether the Group has (de facto) control over an investee and whether a non-controlling interest is recognised
- Note 19 - lease term whether the Group is reasonably certain to exercise extension options

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that bear a significant risk of resulting in a material adjustment in the financial year are included in the following notes
- Note 7 – acquisition of subsidiaries' fair value measured on a provisional basis
- Note 18 – impairment test for intangible assets' key assumptions underlying recoverable amounts
- Note 23 – recognition of deferred tax assets availability of future taxable profit against which carry forward tax losses can be used
- Note 30 – measurement of defined benefit obligations key actuarial assumptions
- Note 31 and 34 Recognition and measurement of provisions and contingencies key assumptions about the likelihood and magnitude of an outflow of resources
- Note 33 –measurement of deferred consideration as part of the financial instruments key assumptions about the future cash flows and expected returns

### Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values for both financial and non-financial assets and liabilities

The Group has a structured control framework in place with respect to the measurement of fair values This includes a dedicated team that has responsibility for overseeing all significant fair value measurements, including Level 3 fair values which reports directly to the CFO

Management regularly reviews significant unobservable inputs and valuation adjustments If third-party information such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows
- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices)





- **level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

Further information about the assumptions made in measuring fair values is included in the following notes
- Note 7 acquisition of subsidiaries
- Note 12 share-based payment arrangements
- Note 30 employee benefits
- Note 33 financial instruments

## 2.e Changes in accounting policies

Except for the change in accounting referred to hereafter the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements

### IAS 29 Financial Reporting in Hyperinflationary Economies

As per April 2022, Türkiye has been added to the list of countries with a hyperinflation economy on which IAS 29 Financial Reporting in Hyperinflationary Economies has to be applied for reporting periods ending on or after 30 June 2022 IMCD has applied IAS 29 to its operation in Turkiye

As a consequence, the balance sheet of IMCD Turkiye has been restated which resulted in a positive adjustment of the opening balance sheet IMCD restated intangible fixed assets with EUR 5 2 million, tangible fixed assets with EUR 0 3 million, deferred tax liabilities with EUR 0 5 million and its retained earnings opening balance with EUR 5 0 million

IMCD applied the consumer price index tables as reported by the Turkish government for the calculation of its restated balance sheet The indexes used present 2003 as base index (2003 = 100) year end 2021 = 686 95 and year-end 2022 = 1,128.45, which IMCD subsequently applied as such for the restatements

### Standards and amendments to IFRS effective as of 1 January 2022

The Group has not early adopted any standards or amendments that have been issued but are not yet effective

The following new standards and amendments became effective as of 1 January 2022
- Annual Improvements Cycle -2018-2020;
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended Use
- Amendments to IFRS 3 Business Combinations - References to the Conceptual Framework,
- Amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of fulfilling a Contract

These amendments do not have a material impact on the financial statements of the Group

**New standards and amendments not yet effective**
Below the standards and amendments,that are issued, but not yet effective as of 31 December 2022 The Group intends to adopt these standards and amendments, if applicable, when they become effective
- IFRS 17 and amendments to IFRS 17 - Insurance Contracts effective 1 January 2023
- Amendments to IFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying IFRS 9 effective 1 January 2023:
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies, effective 1 January 2023;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors -Definition of Accounting Estimates, effective 1 January 2023;
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, effective 1 January 2024,
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants, effective 1 January 2024 although not yet endorsed by the EU,
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback, effective 1 January 2024 although not yet endorsed by the EU

The Group is reviewing the impact of these standards and amendments on the Group's consolidated financial statements The changes to those standads are not expected to have a material impact on the Group's financial statements

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They have been applied consistently by Group entities, except as explained in Note 2 e which addresses changes in accounting policies

### 3.a Basis of consolidation

**Business combinations**
The Group accounts for business combinations using the acquisition method when control is transferred to the Group The consideration transferred in the acquisition is generally measured at fair value as are the identifiable net assets acquired An exception on this are deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively Any goodwill that arises is tested annually for impairment Any gain on a bargain purchase is recognised in profit or loss immediately Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities

Any contingent consideration payable is measured at fair value at the acquisition date If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss as finance income or costs

Written put options to acquire a non-controlling interest are accounted for by the anticipated-acquisition method. The fair value of the consideration payable is included in financial liabilities, future changes in the carrying value of the put option are recognised in profit or loss

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred







- plus the recognised amount of any non-controlling interest in the acquiree
- plus if the business combination is achieved in stages the fair value of the pre-existing equity interest in the acquiree
- less the net recognised amount (at fair value) of the identifiable assets acquired and liabilities assumed

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known would have affected the amounts recognised as at that date.

**Subsidiaries**
Subsidiaries are entities controlled by the Group The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

**Interests in equity-accounted investees**
The Group's interests in equity-accounted investees comprise interests in associates Associates are those entities in which the Group has significant influence but no control over the financial and operating policies

Interests in associates are accounted for using the equity method They are recognised initially at cost which includes transaction costs Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases

**Transactions eliminated on consolidation**
Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

### 3.b Foreign currency

**Foreign currency transactions**
Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the date of the transactions Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the year

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

Foreign currency differences arising on translation are recognised in profit or loss except for differences arising on the translation of financial liabilities designated as qualifying cash flow hedges which are recognised in other comprehensive income

**Foreign operations**
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at exchange rates at the reporting date The income and expenses of foreign operations are translated into Euro at an average rate for the month in which the transactions occurred However if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate and exchanges rates at the date of transactions are used

Foreign currency differences on the translation of foreign operations to the functional currency of the group are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the translation reserve in equity

## 3.c Financial instruments

**Non-derivative financial assets**
Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics

The Group initially recognises trade and other receivables that qualify as financial assets and deposits on the date that they are originated All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously

The Group has the following non-derivative financial assets
• trade and other receivables
• cash and cash equivalents
• other financial assets

**Trade and other receivables**
Trade and other receivables are financial assets held to collect the contractual cash flows Trade receivables are recognised initially at transaction price minus expected credit losses Other receivables are recognised initially at fair value plus any directly attributable transaction costs minus expected







credit losses Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses

**Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less

**Non-derivative financial liabilities**
The Group initially recognises debt securities issued and subordinated liabilities on the date that they originate All other financial liabilities are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired

The Group classifies non-derivative financial liabilities into the other financial liabilities category Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method

Other financial liabilities comprise loans and borrowings, other short term financial liabilities, and trade and other payables that qualify as financial liabilities

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents

**Share capital**
**Ordinary shares**
Ordinary shares are classified as equity Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs net of any tax effects is recognised as a deduction from equity Repurchased shares are classified as treasury shares and are presented in the reserve own shares When treasury shares are sold or reissued subsequently the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium

**Derivative financial instruments, including hedge accounting**
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction together with the methods that will be used to assess the effectiveness of the hedging relationship The Group makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the following conditions are met
• there is an economic relationship between the hedged item and the hedging instrument

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio is the same as that resulting from actual quantities of hedged items and hedging instruments used for risk management

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss

Derivatives are recognised initially at fair value at trading date, attributable transaction costs are recognised in profit or loss as incurred Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below

**Cash flow hedges**
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss If the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio will be adjusted so that it meets the qualifying criteria again If the hedging instrument ceases to meet the qualifying criteria for hedge accounting expires or is sold terminated or exercised or the designation is revoked then hedge accounting is discontinued prospectively If the forecasted transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss

**Other non-trading derivatives**
When a derivative financial instrument is not designated in a hedging relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss

## 3.d Property, plant and equipment

**Recognition and measurement**
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses

Cost includes expenditure that is directly attributable to the acquisition of the asset Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment Purchased software that is an integral part of the functionality of the related equipment is capitalised as part of that equipment

If major components of an item of property, plant and equipment have different useful lives these components are accounted for separately

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss







**Subsequent expenditure**
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group The costs of the day-to-day servicing of property plant and equipment are recognised in profit or loss as incurred

**Depreciation**
Depreciation is based on the cost of an asset less its residual value Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset that component is depreciated separately

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment Right of use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term Land is not depreciated

The estimated useful lives for the current and comparative years are as follows

| | |
|---|---|
| Buildings | 20 40 years |
| Reconstructions and improvements | 5 12 years |
| Hardware and software | 3 5 years |
| Other non current tangible assets | 3 - 5 years |

Depreciation methods useful lives and residual values are reviewed at each financial year end and adjusted if appropriate

## 3.e Intangible assets

**Goodwill**
Goodwill arising on the acquisition of subsidiaries is included in intangible assets Goodwill is measured at cost less accumulated impairment losses On disposal of a business business segment or cash generating unit the attributable amount of goodwill is assessed and included in the determination of the profit and loss on disposal

**Other intangible assets**
**Supplier relations**
At acquisition date the supplier relations are recognised at fair value based on the excess earnings method For all material supplier bases the initial valuation has been performed by an external valuator Subsequent measurement is based on costs less amortisation The estimation of the useful life of each supplier base is usually based on a cut-off calculation that excludes future years from the remaining useful life that account for less than 5% of the total present value of the excess earnings, unless this leads to a calculated useful life not being a proper representation of the actual useful life of the supplier relations

**Intellectual property rights, distribution rights, brand names and other intangible assets**
In addition to supplier relations intangible assets include intellectual property rights, distribution rights, brand names order books acquired and non-compete rights Other intangible assets acquired as part of business combinations are measured on initial recognition at their fair value on the date of acquisition Intangible assets acquired separately are measured at cost where intangible assets with indefinite useful lives are carried at cost less

accumulated impairment losses. Subsequently, intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

**Subsequent expenditure**
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**Amortisation**
Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

| | |
|---|---|
| IMCD brand name | indefinite |
| Intellectual property rights | 7 years |
| Supplier relations acquired through business combinations | 5 - 20 years |
| Other distribution, non compete rights and order books | (initial) contract term |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 3.f Leases
The Group assesses at inception of the contract whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and low-value leases. For these leases the Group recognises the lease payments as operating expenses on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.





The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. They are subsequently measured at cost less accumulated depreciation or amortisation and impairment losses.

Right-of-use assets are amortised or depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated or amortised over the useful life of the underlying asset. The depreciation or amortisation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.h.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'intangible assets' and lease liabilities in 'loans and borrowings' in the statement of financial position.

### 3.g Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION



Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### 3.h Impairment

**Financial assets**
An allowance for expected credit losses (ECL) is recognised for all financial assets not carried at fair value through profit or loss

An ECL is determined as the difference between the contractual cash flows and the estimated expected cash flows to be collected, considering the potential risk of default

An ECL is provided for a credit loss that results from a loss event possible within the next 12 months (a 12-month ECL) For credit exposures with a significant increase in credit risk a lifetime ECL is recognised and assessed at each reporting date to determine whether there is objective evidence that it is impaired

Objective evidence that financial assets require an ECL can include the default of or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise indications that a debtor or issuer will enter bankruptcy adverse changes in the payment status of borrowers or issuers or observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

A simplified approach is used to determine the ECL for trade receivables, contract assets and lease receivables A loss allowance is determined based on lifetime ECL on each reporting date
The Group considers evidence of impairment for receivables at both a specific asset and collective level All individually significant receivables are assessed for specific impairment All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified Receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics

A provision matrix is used to determine the expected credit loss based on the Group's historical trends of incurred losses allocated to each aging category adjusted for specific debtor provisions insurance coverage and general economic developments Management judges whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset s original effective interest rate Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities Interest on the impaired asset continues to be recognised

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

**Equity accounted investees**
An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount





CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

**Non-financial assets**
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, then the asset's recoverable amount is estimated For goodwill and other intangible assets that have indefinite useful lives or that are not yet available for use the recoverable amount is estimated at the reporting date

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal

In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs Subject to an operating segment ceiling test for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss and recorded as part of amortisation of intangible assets in the consolidated statement of profit or loss and other comprehensive income Subsequently impairment losses are separately disclosed in the intangible assets movement schedule in Note 18 Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis

An impairment loss in respect of goodwill is not reversed For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised

### 3.i Employee benefits

**Defined contribution plans**
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available

***Defined benefit plans***
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value

The obligation arising from these defined benefit plans are determined on the basis of projected unit credit method The calculation of the defined benefit obligations is performed annually by qualified actuaries

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset) taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs

**Other long-term employee benefits**
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods That benefit is discounted to determine its present value

The calculation of the other long-term employee benefits is performed using the projected unit credit method Any actuarial gains and losses are recognised in profit or loss in the period in which they arise

**Termination benefits**
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for restructuring If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then these benefits are discounted

**Share based payment transactions**
The grant date fair value of equity-settled share based payment awards granted to employees is recognised as personnel expenses, with a corresponding increase in equity over the vesting period of the awards The grant date fair value is generally equal to the share price at the grant date, adjusted for
1 expected dividends
2 marketability discounts for restriction periods (using the Finnerty model)
3 market conditions (using Monte Carlo simulations)







The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date

**Short-term employee benefits**
Short-term employee benefit obligations are expensed as the related service is provided A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

## 3.j Provisions
A provision is recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources will be required to settle the obligation Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability The unwinding of the discount is recognised as finance cost

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly Future operating costs are not provided for

## 3.k Revenue

**Sale of goods**
Revenue from the sale of goods in the course of ordinary activities is recognised when the performance obligation is satisfied and transfer of control is established The amount recognised is the amount of the transaction price allocated to the performance obligation

If the consideration promised in a contract includes a variable amount, such as discounts and/or rebates the Group estimates the amount of consideration to which the Group will be entitled in exchange for the sale of goods

The timing of the transfer of control varies depending on the individual terms of the sales agreement

**Commissions**
When the Group arranges to provide goods from the supplier to the customer and does not obtain control over the goods, the Group acts in the capacity of an agent rather than as the principal The revenue arising from such a transaction is recognised as the net amount of commission made by the Group

## 3.l Finance income and expenses
Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss Interest income is recognised using the effective interest method

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables) and losses on hedging instruments that are recognised in profit or loss

Finance income and expenses includes results of changes of the fair value of contingent considerations classified as financial liabilities

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION



Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position

### 3.m Income tax

Income tax expense comprises current and deferred tax Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income

**Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years Current tax payable also includes any tax liability arising from the declaration of dividends

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax is not recognised for
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously

A deferred tax asset is recognised for unused tax losses tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised

### 3.n Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components The segmentation used by the Group is based on geography, organisation and management structure and commercial interdependencies





CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and income tax assets and liabilities and are presented in a separate reporting unit 'Holding companies'

The reporting segments used are defined as follows
- EMEA all operating companies in Europe Turkiye Israel Egypt United Arab Emirates Saudi Arabia and Africa
- Americas all operating companies in the United States Canada Brazil Puerto Rico Chile Argentina Uruguay Colombia Mexico, Ecuador Peru Costa Rica Guatemala, Dominican Republic
- Asia-Pacific all operating companies in Australia New Zealand India, Bangladesh China Malaysia Indonesia Philippines Thailand Singapore Vietnam, Japan and South Korea
- Holding companies all non-operating companies including the head office in Rotterdam and the regional offices in Singapore and in the USA.

## 4 Determination of fair values

A number of the Group s accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities Fair values have been determined for measurement and/or disclosure purposes based the methods described below When applicable further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability and in Note 33 Financial Instruments

**Property, plant and equipment**

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an at arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably The fair value of items of plant equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence

**Intangible assets**

The fair value of other intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets

**Inventories**

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories

**Forward exchange contracts and interest rate swaps**

The fair value of forward exchange contracts is based on their quoted price if available If a quoted price is not available then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds)

The fair value of interest rate swaps is based on quotes acquired from financial institutions Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate

### Other non-derivative financial liabilities

Fair value which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date For finance leases the market rate of interest is determined by reference to similar lease agreements

### Contingent considerations

The fair value of contingent considerations is calculated using the income approach based on the expected payment amounts and their associated probabilities (i e. probability-weighted) Contingent considerations with a term longer than one year are discounted to present value

### Defined benefit plans

The fair value of the plan assets is based on the actuarial assumptions determined by certified actuaries

## 5 Financial risk management

### 5.a Risk management framework

**Risk management tasks and responsibilities**

The IMCD risk management policy is aimed at optimising the balance between maximisation of business opportunities within the framework of the Group's strategy, while managing the risks involved.

Although the Group benefits from geographical, market, client and product portfolio spread the Group's well structured risk management process should manage its residual risks in a transparent and controlled manner

The Group's risk management and control systems are established to identify and analyse the risks faced by the Group at various levels, to set appropriate risk controls and to monitor risks and the way the risks are controlled

Key activities within the Group's risk management and control systems are:
- identification of key business risks based on likelihood of occurrence and their potential impact
- setting controls for managing these key risks

**Risk management elements**

The elements of IMCD's risk management system are the following

**Control environment, including:**
- organisational culture based on ethical conduct and compliance, clear responsibilities and short and open communication lines
- IMCD s policies including business principles management instructions and manuals
- continuous compliance training of employees
- risk management embedded in the business processes on all organisational levels
- internal financial reviews and risk assessments performed by the Group in accordance with Internal Audit







**Risk assessment and control procedures, including:**
- identification of risks via risk self-assessments coordinated by Corporate Control and Corporate Health, Safety, Environment, Quality and Regulatory (HSEQR)
- implementing and optimisation of effective and efficient control procedures on various levels in the organisation

**Information, communication and monitoring, including:**
- harmonised reporting on operations, financial results and positions and risks
- periodical reviews of financial results and risk management by the Management Board and Corporate Control
- periodical reviews on HSEQR management by Corporate HSEQR
- regular review meetings between Group and local management

The Management Board under supervision of the Supervisory Board, has overall responsibility for the IMCD risk management and control systems Management of regional and operating companies is responsible for local operational performance and for managing the associated local risks

### 5.b Overview financial risks

The Group has exposure to the following financial risks
- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives policies and processes for measuring and managing risk and the Group s management of capital Further quantitative disclosures are included throughout these consolidated financial statements

### 5.c Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer However management also considers the demographics of the Group s customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk This has been of increased importance due to the COVID-19 pandemic There is no geographical concentration of credit risk nor significant credit risk on individual customer level

The Group has established a credit policy in which each new customer is analysed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered The Group's review includes the use of external ratings when available, and in some cases bank references Purchase limits are established for each customer, which represent the maximum open amount These limits are reviewed periodically

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis

At the reporting date there were no significant concentrations of credit risk The maximum exposure to credit risk is represented by the carrying amount of each financial asset

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected but not yet identified The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for forward-looking information

To mitigate the counterparty risk with financial institutions the Group's policy is to make use of financial institutions which are investment grade The Group's main financial institutions are systemically important and are under close supervision by their respective financial regulatory bodies

## 5.d Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation

The Group typically ensures that it generally has sufficient cash on demand to meet expected operational expenses for the next twelve months, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted

In addition the Group maintains the following lines of credit

- EUR 500 million revolving facility Interest would be payable at the rate of EURIBOR plus the currently applicable 85 base points for amounts drawn in EURO, LIBOR plus currently applicaole 85 base points for amounts drawn in USD and BBSW plus currently applicable 85 base points for amounts drawn in AUD As of 31 December 2022, the Group had an undrawn revolving facility of EUR 295 million
- Several credit facilities available to the subsidiaries mainly in Spain Italy Australia India Indonesia, United States and South Africa

On 13 February 2023 IMCD completed the refinancing of its multi-currency revolving credit facility The new facility, with a maturity date of 13 February 2028 amounts to EUR 600 million and can be drawn in EUR and USD as well as to an agreed sublimit in AUD and GBP The credit revolving facility has interest margin dependent on credit ratings (S&P Moody's or Fitch)

The following are the contractual maturities of financial liabilities, including estimated interest payments The contractual cash flows are undiscounted.





31 DECEMBER 2022

| EUR 1,000 | | CARRYING AMOUNT | CONTRACTUAL CASH FLOWS | 12 MONTHS OR LESS | 1 - 2 YEARS | 2 - 5 YEARS | >5 YEARS |
|---|---|---|---|---|---|---|---|
| **Non-derivative non-current financial liabilities** | | | | | | | |
| Bond loan | EUR | 594,867 | 654,750 | 13,950 | 13,950 | 626,850 | - |
| Contingent consideration | INR | 197,865 | 201,407 | | 201,407 | | |
| | IDR | 39,389 | 41,910 | | | 41,910 | |
| | CNY | 8,821 | 8,956 | | | 8,956 | |
| | MXN | 4,012 | 4,065 | | 4,065 | | - |
| | USD | 229 | 248 | | 248 | | - |
| Lease liabilities | * | 65,782 | 71,055 | | 19,273 | 34,577 | 17,206 |
| Other liabilities | EUR | 1,923 | 1,923 | | 571 | 1,353 | |
| **Total** | | **912,889** | **984,314** | **13,950** | **239,513** | **713,646** | **17,206** |
| **Non-derivative current financial liabilities** | | | | | | | |
| Schuldscheindarlehen | EUR | 40,000 | 41,162 | 41,162 | - | - | - |
| Contingent consideration | INR | 11,686 | 11,686 | 11,686 | - | | - |
| | EUR | 10,460 | 10,460 | 10,460 | - | - | - |
| | COP | 612 | 612 | 612 | - | - | - |
| | USD | 459 | 459 | 459 | - | - | - |
| | CLP | 45 | 45 | 45 | - | - | - |
| | AUD | 32 | 32 | 32 | - | - | - |
| Lease liabilities | * | 20,028 | 22,333 | 22,333 | - | - | - |
| Other short-term financial liabilities | * | 252,720 | 252,720 | 252,720 | - | - | - |
| Trade payables | * | 389,021 | 389,020 | 389,020 | - | - | - |
| Other payables | * | 165,255 | 165,255 | 165,255 | - | - | - |
| **Total** | | **890,318** | **893,784** | **893,784** | - | - | - |

* Various currencies

**31 DECEMBER 2021**

| EUR 1,000 | | CARRYING AMOUNT | CONTRACTUAL CASH FLOWS | 12 MONTHS OR LESS | 1 - 2 YEARS | 2 - 5 YEARS | >5 YEARS |
|---|---|---|---|---|---|---|---|
| **Non-derivative non-current financial liabilities** | | | | | | | |
| Schuldscheindarlehen | EUR | 39,942 | 41,209 | 605 | 40,605 | | |
| Bond loan | EUR | 297,586 | 330,000 | 7,500 | 7,500 | 315 000 | |
| Contingent consideration | INR | 213,772 | 218 214 | - | - | 218,214 | - |
| | IDR | 59,386 | 59,386 | - | | 59,386 | |
| | CNY | 2,085 | 2 085 | | 2,085 | - | |
| Lease liabilities | * | 52,712 | 57,625 | | 15,767 | 25,967 | 15,891 |
| Other liabilities | EUR | 1,369 | 1,369 | | 1 369 | | |
| **Total** | | **666,853** | **709,888** | **8,105** | **67,326** | **618,567** | **15,891** |
| **Non-derivative current financial liabilities** | | | | | | | |
| Contingent consideration | COP | 4,942 | 4,942 | 4,942 | - | | |
| | MXN | 1,607 | 1,607 | 1,607 | | | - |
| | KRW | 15,916 | 16,084 | 16,084 | | | |
| | IDR | 10,160 | 10,160 | 10,160 | | | |
| | EUR | 989 | 989 | 989 | | - | |
| Lease liabilities | | 18,017 | 20,187 | 20,187 | | | |
| Other short-term financial liabilities | * | 399,420 | 399,420 | 399,420 | - | | - |
| Trade payables | * | 403,010 | 403,010 | 403,010 | | | |
| Other payables | * | 130,093 | 130,093 | 130,093 | - | | |
| **Total** | | **984,153** | **986,491** | **986,491** | **-** | **-** | **-** |

* Various currencies

Estimated interest payments are based on the EURIBOR, LIBOR and BBSW rates and margins prevailing at 31 December 2022 and 2021 Further details of the non-derivative financial liabilities can be found in Note 29

## 5.e Market risks

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments Group management focuses on managing and controlling market risk exposures within acceptable parameters while optimising the operating result

The Group buys derivatives, and also incurs financial liabilities in order to manage market risks All such transactions are carried out within the guidelines set by Group Management The Group generally seeks to use hedging instruments to manage volatility in profit or loss

### Currency risk

The Group is exposed to currency risk on sales purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities primarily the Euro (EUR) United States of America Dollar (USD) and the Pound Sterling (GBP)







The Group uses forward exchange contracts to hedge its currency risk, mainly by using contracts having a maturity of less than one year from the reporting date

Interest on borrowings is denominated in the currency of the borrowing Generally borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily EUR and USD This provides an economic hedge without derivatives being entered into Hedge accounting is not applied in these circumstances

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

### Exposure to currency risk

The Group's net exposure to foreign currency risk based on notional and hedged amounts of monetary assets and liabilities was as follows:

**31 DECEMBER 2022**

| EUR 1,000 | USD | CAD | BRL | AUD | INR | CNY | KRW | MXN | GBP | IDR | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Non current assets | 120 | 243 | - | - | 1,571 | 228 | 319 | 1,207 | - | 42 | 835 | **4,566** |
| Current assets | 248,724 | 18,602 | 47,429 | 32,438 | 105,661 | 33,815 | 21,625 | 1,806 | 29,095 | 29,102 | 134,615 | **702,912** |
| Non current liabilities | (10,798) | (6,496) | (1,590) | (4,895) | (199,092) | (9,362) | (64) | (1,933) | (295) | (40,065) | (11,398) | **(285,988)** |
| Current liabilities | (312,104) | (13,746) | (13,009) | (44,888) | (25,555) | (13,761) | (3,728) | (10,750) | (14,186) | (3,376) | (75,900) | **(531,002)** |
| **Net statement of currency risk exposure** | **(74,058)** | **(1,398)** | **32,830** | **(17,345)** | **(117,414)** | **10,920** | **18,153** | **(9,670)** | **14,614** | **(14,296)** | **48,152** | **(109,512)** |

**31 DECEMBER 2021**

| EUR 1,000 | USD | CAD | BRL | AUD | INR | CHF | KRW | ZAR | GBP | IDR | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Non current assets | 126 | 360 | 371 | | 997 | 5 | 318 | 6 | | 33 | 810 | **3,027** |
| Current assets | 207,766 | 9 252 | 33,363 | 29 735 | 100,188 | (2 813) | 22,780 | 17,758 | 25,484 | 31,382 | 114,167 | **589,062** |
| Non current liabilities | (12,510) | (7,097) | (965) | (5,825) | (215,295) | (400) | (77) | (12) | (465) | (60 385) | (9,332) | **(312,363)** |
| Current liabilities | (322,526) | (16,197) | (12,301) | (16,125) | (6,813) | (2,831) | (2,710) | (5,588) | (19,817) | (15,870) | (73,938) | **(494,715)** |
| **Net statement of currency risk exposure** | **(127,143)** | **(13,682)** | **20,468** | **7,786** | **(120,923)** | **(6,039)** | **20,310** | **12,164** | **5,202** | **(44,840)** | **31,707** | **(214,990)** |

The risk exposure above includes the mitigating effects of hedged net liability positions in USD to the amount of EUR 0 4 million (2021 EUR 1 4 million)

The following significant exchange rates applied during the year:

| | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|
| | AVERAGE RATE | | REPORTING DATE SPOT RATE | |
| USD | 0.952017 | 0.843998 | 0.937559 | 0.882924 |
| CAD | 0.730563 | 0.673515 | 0.692521 | 0.694782 |
| BRL | 0.184733 | 0.157066 | 0.179598 | 0.158232 |
| AUD | 0.660255 | 0.633271 | 0.635900 | 0.640410 |
| INR | 0.012122 | 0.011427 | 0.011342 | 0.011872 |
| CNY | 0.141556 | 0.130965 | 0.135903 | 0.138991 |
| KRW | 0.000739 | 0.000739 | 0.000744 | 0.000743 |
| MXN | 0.047341 | 0.041409 | 0.048121 | 0.043018 |
| GBP | 1.172905 | 1.161915 | 1.127485 | 1.190080 |
| IDR | 0.000064 | 0.000059 | 0.000061 | 0.000062 |

### Sensitivity analysis

A 10% strengthening of the EUR, as indicated below against the USD, CAD BRL, AUD INR, CNY KRW, MXN, GBP and IDR at 31 December 2022 and 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases

| | 2022 | 2022 | 2021 | 2021 |
|---|---|---|---|---|
| EUR 1,000 | EQUITY | PROFIT OR LOSS | EQUITY | PROFIT OR LOSS |
| USD | (49,580) | 12,762 | (45,917) | 15,838 |
| CAD | (8,382) | (12) | (7,131) | (14) |
| BRL | (10,730) | - | (7,544) | |
| AUD | (10,241) | 1,868 | (7,529) | |
| INR | (44,041) | - | (41,382) | |
| CNY | (7,292) | - | (4,126) | 208 |
| KRW | (3,514) | - | (3,870) | |
| MXN | (5,694) | | (2,638) | |
| GBP | (4,942) | (825) | (4,278) | (345) |
| IDR | (12,632) | - | (10,768) | |

A 10% weakening of the EUR against the above currencies at 31 December 2022 would have had the equal but opposite effect on the amounts shown above on the basis that all other variables remain constant







### Interest rate risk

The Group pursues a policy of ensuring that a substantial part of its exposure to changes in interest rates on long-term financing is on a fixed rate basis, taking into account assets with exposure to changes in interest rates If required the Group makes uses of interest rate swap contracts

### Interest rate profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Carrying amounts** | | |
| | | |
| **Fixed rate instruments** | | |
| Financial liabilities | (594,867) | (312,564) |
| **Total** | **(594,867)** | **(312,564)** |
| | | |
| **Variable rate instruments** | | |
| Financial assets | 222,005 | 177,879 |
| Financial liabilities | (403,748) | (530,096) |
| **Total** | **(181,743)** | **(352,217)** |

### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial asset and liability at fair value through profit and loss

### Fair value sensitivity analysis for variable rate instruments

Note 29 details the variable interest rates applicable for the non-current loans

## 5.f Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel technology and infrastructure and from external factors other than credit market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour Operational risks arise from all of the Group's operations

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity

## 5.g Capital management

The primary objective when managing capital is to safeguard the Group's ability to continue as a going concern by means of optimising the debt and equity balance The Company does not have an explicit return on capital policy There have been no changes in the capital management policies during the year The Group is not subject to any externally imposed capital requirements Capital is considered by the Company to be equity as shown in the statement of financial position

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The Group's net liabilities and adjusted equity at the reporting date are as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Total liabilities | 1,970,094 | 1,809,204 |
| Less: Cash and cash equivalents | (222,005) | (177,879) |
| **Net liabilities** | **1,748,089** | **1,631,325** |
| Total equity | 1,673,416 | 1,461,354 |
| Less: Amounts accumulated in equity relating to cash flow hedges | 210 | 100 |
| **Adjusted equity** | **1,673,626** | **1,461,454** |

## 6 Operating segments

In presenting information on the basis of operating segments, segment revenue is based on the geographical location of the Group's operations Segment assets are based on the geographical location of the assets with the exception of assets related to holding companies which are presented in a separate reporting unit

Transactions between companies within an operating segment have been eliminated Transactions between operating segments are based on arm's-length principle and are not included in the reported revenue per segment as the reported revenue per segment relates to revenue with third parties

A key performance indicator for controlling the results of the operating segments is Operating EBITA

Operating EBITA is defined as the sum of the result from operating activities amortisation of intangible assets and non-recurring items Non-recurring items include

- cost of corporate restructurings and reorganisations
- cost related to realised and non-realised acquisitions

While the amounts included in Operating EBITA are derived from the Group's financial information it is not a financial measure determined in accordance with adopted IFRS and should not be considered as an alternative to operating income or result from operating activities as a sole indicator of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity The Group uses Operating EBITA as a key performance indicator in its business operations in order to, among other things develop budgets, measure its performance against those budgets and evaluate the performance of its operations





The bridge from result from operating activities to operating EBITA is as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Result from operating activities** | **461,757** | **305,466** |
| Amortisation of intangible assets | 81,478 | 65,460 |
| Non recurring items | 11,218 | 2 703 |
| **Operating EBITA** | **554,453** | **373,629** |

The non-recurring income and expenses included in the result from operating activities of 2022 and 2021 mainly relate to income from divestments of business and assets costs of acquisitions of businesses and costs related to one-off adjustments to the organisation, including the winding down of the operations in Russia in 2022

Operating expenses of non-operating companies are reported in the segment Holding companies Inter-segmented amounts receivable and amounts payable are not considered in the value of the total assets and total liabilities of each segment The results of the operating segments are as follows

### EMEA

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Revenue | 2,006,391 | 1,601,587 |
| Gross profit | 529,731 | 411 670 |
| Operating EBITA | 246,554 | 180,263 |
| Result from operating activities | 215,810 | 154,378 |
| Total Assets | 1,074,358 | 1,024,665 |
| Total Liabilities | 338,321 | 340,380 |

### AMERICAS

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Revenue | 1,591,720 | 1,119,584 |
| Gross profit | 382,680 | 250,482 |
| Operating EBITA | 194,882 | 112,960 |
| Result from operating activities | 175,249 | 102,927 |
| Total Assets | 801,789 | 639,807 |
| Total Liabilities | 241,934 | 211,483 |

## ASIA-PACIFIC

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Revenue | 1,003,382 | 714,079 |
| Gross profit | 234,736 | 174,164 |
| Operating EBITA | 145,094 | 109,712 |
| Result from operating activities | 107,081 | 80,468 |
| | | |
| Total Assets | 1,346,433 | 1,251,011 |
| Total Liabilities | 473,076 | 482,432 |

## HOLDING COMPANIES

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Operating EBITA | (32,078) | (29,310) |
| Result from operating activities | (36,414) | (32,308) |
| | | |
| Total Assets | 420,930 | 355,075 |
| Total Liabilities | 916,763 | 774,909 |

Reported revenue per segment relates to revenue with third parties, hence no inter-segment revenues are included IMCD and its operating segments have a diverse customer base of about 60,000 customers in many countries and of various sizes IMCD and its segments do not rely on a single customer or a single group of customers for its operations With a supplier base of approximately 3 000 suppliers and product portfolio of about 48 000 products the same applies with regard to the reliance on a single supplier or a single group of suppliers and a single product or range of products

## 7 Acquisition of subsidiaries

The Group completed eleven acquisitions during the financial year 2022 (numbers are local GAAP):

On 18 January 2022 IMCD acquired 100% of the shares in Shanghai Syntec Additive Limited and Shanghai Weike Additive Limited (jointly 'Syntec') Syntec provides market technical and formulation expertise in China's personal care, cosmetics and home care industries Syntec generated a revenue of approximately EUR 17 million in 2021 and has 25 employees

On 31 January 2022 IMCD acquired 100% of the shares of RPL Trading Pty Ltd and RPL Trading New Zealand Ltd (jointly 'RPL Trading') a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets RPL Trading generated a revenue of approximately EUR 16 million for the fiscal year ended on 30 June 2021 and has 15 employees







On 8 February 2022 IMCD acquired 100% of the shares in Polychem Handelsges m b H ("POLYchem") a leading provider of chemical raw materials and additives in Austria and Southeast Europe POLYchem offers a diverse portfolio of products for the coatings construction and composite industries POLYchem has 65 employees and generated revenue of EUR 28 million in 2021

On 28 February 2022, acquired 100% of the shares in Aquatech Speciality (Shanghai) International Trading Co., Ltd and Aquatech Speciality (Guangzhou) Trading Co Ltd ('Aquatech') in China Aquatech is active in waterborne solutions in coatings ink, and textile industries Aquatech has 10 employees and generated a revenue of EUR 6 million in 2021

On 2 March 2022 IMCD acquired 100% of the shares in Evenlode Foods Ltd ('Evenlode') in the UK Evenlode is active in speciality food and beverage ingredients throughout the UK and Ireland Evenlode has 5 employees and generated a revenue of EUR 8 5 million in 2021

On 4 March 2022 IMCD acquired 100% of the shares in speciality chemicals and ingredients distributor Polyorganic® Tecnologia Ltda ('Polyorganic') Headquartered in São Paulo Brazil, Polyorganic is active in the household, industrial and institutional (HI&I) water treatment industry and other industrial markets segment in Brazil In 2021, Polyorganic generated a revenue of approximately EUR 12 million

On 22 March 2022 IMCD acquired 100% of the business and the subsidiaries of Quelaris Internacional S A ('Quelaris') Quelaris is a Latin America regional raw material distributor with offices in Colombia, Costa Rica and Peru and has a strong presence in the polyurethane, coatings adhesives, rubber and other industrial markets throughout the region With 46 employees Quelaris generated revenue of approximately EUR 44 million in 2021

On 7 September 2022, IMCD acquired 100% of the shares in speciality distribution company, Kuni Chemical Co., Ltd ("Kuni Chemical") Kuni Chemical specialises in industrial applications ranging from coatings and construction to automotive and packaging materials The company, based in Osaka generated a revenue of approximately EUR 18 million in 2021 and has 28 employees

On 15 September 2022 IMCD acquired 100% of the shares in PromaPlast Resinas S A de C V Proveedora de Materiales Plásticos S A de C V and PromaPlast USA Inc (jointly 'PromaPlast') PromaPlast has a highly diversified product portfolio of resins and compounds to serve the Mexican and U S Markets In 2021, PromaPlast generated a revenue of approximately EUR 65 million

On 1 December 2022 IMCD acquired 100% of the shares of Welex S A Holdings Limited and certain related business ("Welex"), based in China Welex focuses on industries covering coatings and inks textiles additives for speciality compounding, and agrochemicals Welex generated a revenue of approximately EUR 39 million in 2021 and has 68 employees across China

On 16 December 2022, IMCD acquired 100% of the shares of Parkash DyeChem Private Limited ("Parkash DyeChem"), based in India. Parkash DyeChem is an asset light speciality chemical distributor serving the coatings and construction segments as well as personal care and advanced materials markets Parkash DyeChem generated a revenue of approximately EUR 30 million in 2021 and has 60 employees in India

The aforementioned transactions added EUR 131 2 million of revenue and EUR 2 0 million of result for the year to the Group's results in 2022 If the acquisitions had occurred on 1 January 2022, management estimates that the consolidated revenue would have been EUR 4 728.4 million and the consolidated net profit would have been EUR 319 9 million In determining these amounts, management has assumed that the fair value adjustments determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022

The total consideration related to the aforementioned transactions, transferred in cash in 2022, amounts to EUR 206 4 million As of 31 December 2022 the deferred and contingent considerations payable amount to EUR 27 8 million and accounts payable includes EUR 2 7 million, related to the acquisitions completed in 2022

In addition to the transactions closed in 2022 signed two agreements

On 31 October 2022 IMCD signed an agreement to acquire 100% of the shares in Shanghai Sanrise Industries & Development Co , Ltd ("Sanrise") one of the leading distributors in the personal care markets in China Sanrise offers a wide range of personal care and industrial solutions with a key focus on personal care applications With approximately 60 employees Sanrise generated a revenue of approximately EUR 90 million in 2021 The transaction will take place in two tranches, with first 70% of Sanrise's share capital and the remaining 30% to be acquired in 2025 The transaction is expected to be closed in the first quarter of 2023

On 16 February 2023, IMCD signed an agreement to acquire 100% of the shares of CPS Chemical Oil-Tech (Pty) Ltd ("CPS Oil-Tech") a distributor of raw materials to the petroleum, additive grease manufacturing and other industry related segments With 8 employees CPS Oil-Tech generated a revenue of approximately EUR 12 million in the financial year that ended on February 28 2022 The closing of the transaction is subject to customary closing conditions and regulatory approval and is expected to take place in the second quarter of 2023

## Identifiable assets recognised and liabilities assumed

The identifiable assets recognised and liabilities assumed are recognised on the basis of provisional purchase price allocation Based on the information currently available we do not anticipate significant adjustments to the purchase price allocation At the acquisition dates the recognised amounts are as follows

| EUR 1,000 | NOTE | PARKASH DYECHEM PVT LTD | PROMAPLAST | OTHER ACQUISITIONS | TOTAL |
|---|---|---|---|---|---|
| Property plant and equipment | 17 | 264 | 284 | 2 853 | 3,401 |
| Intangible assets | 18 | 19 231 | 16 339 | 38,783 | 74,353 |
| Equity accounted investees | | | | 71 | 71 |
| Deferred tax assets | 23 | 505 | 239 | 1 825 | 2,569 |
| Other financial assets | | 11 | 1 176 | 125 | 1,312 |
| Inventories | | 6 917 | 10 701 | 21,351 | 38,968 |
| Trade and other receivables | | 3 415 | 12 674 | 39 973 | 56,062 |
| | | | | | |
| Cash and cash equivalents | | 1 101 | 500 | 15 167 | 16,769 |
| Loans and borrowings | | (45) | (2 691) | (4 608) | (7,343) |
| Other short term financial liabilities | | (1 511) | (88) | (6 813) | (8,412) |
| Employee benefits and other provisions | 30 31 | (53) | (1 061) | (7149) | (8,263) |
| Deferred tax liabilities | 23 | (4 840) | (4 856) | (9 426) | (19,122) |
| Trade and other payables | | (3 904) | (15 341) | (27695) | (46,939) |
| **Total net identifiable assets** | | **21,092** | **17,877** | **64,457** | **103,426** |

The intangible assets recognised primarily relate to supplier relationships acquired







The supplier relations have been determined by applying the multi-period excess earnings method This method considers the present value of net cash flows expected to be generated by the supplier relationships by excluding any cash flows related to contributory assets The cash flows which have been used as input were based on the projections made by the sellers adjusted for future supplier losses due to exclusivity conflicts projected market developments based on external sources and our own expectations based on our extensive market knowledge Furthermore, attrition rates are determined based on the annual decrease in revenues related to suppliers (when applicable) in the most recent financial years adjusted for annual inflation These attrition rates have been applied in the projections

The gross contractual value of the trade and other receivables acquired amounts to EUR 50 9 million of which EUR 11 1 million relates to Promaplast and EUR 3 4 million to Parkash DyeChem

## Goodwill

Goodwill recognised as a result of the acquisitions in the financial year is as follows

| EUR 1,000 | NOTE | PARKASH DYECHEM PVT LTD | PROMAPLAST | OTHER ACQUISITIONS | TOTAL |
|---|---|---|---|---|---|
| Total considerations | | 49,401 | 45,544 | 139,250 | 234,196 |
| Less Fair value of identifiable net assets | | 21,092 | 17,877 | 64,457 | 103,426 |
| **Goodwill** | 18 | **28,309** | **27,668** | **74,793** | **130,769** |

Goodwill recognised as a result of the acquisitions in the financial year relates to Syntec RPL Trading, POLYchem, Aquatech Evenlode Polyorganic Quelaris PromaPlast Kuni Chemical, Welex and Parkash DyeChem The goodwill is mainly attributable to the skills and technical talent of the workforce the commercial relationships the international network and the synergies expected to be achieved from integrating the acquired companies into the Group's existing distribution business

Of the total recognised goodwill 22% relates to Parkash, 21% to Promaplast 14% to Syntec and 43% to the other acquired businesses

Amortisation of the acquisitions are not eligible for deduction from taxable income

## Acquisition-related costs

In 2022 the Group incurred acquisition-related costs of EUR 4 5 million (2021 EUR 4 4 million) predominantly related to external legal fees and due diligence costs for completed and non-completed acquisitions The acquisition-related costs are included in other operating expenses

## 8 Revenue

The Group generates revenue primarily from the sale and distribution of specialty chemicals and ingredients Other sources of revenue include revenue from commission where the Group acts as agent in the sale and distribution of specialty chemicals and ingredients

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Sales of goods | 4,587,514 | 3,423,611 |
| Commissions | 13,979 | 11,638 |
| **Total Revenue** | **4,601,493** | **3,435,250** |

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market and their market segments, being Life Science and Industrial

### Geographical Market

The breakdown of revenue by geographical market is as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Netherlands | 85,581 | 69,789 |
| Rest of EMEA | 1,920,810 | 1,531,798 |
| EMEA | **2,006,391** | **1,601,587** |
| North America | 1,157,248 | 892,885 |
| Latin America | 434,472 | 226,699 |
| Asia Pacific | 1,003,382 | 714,079 |
| **Total Geographical Market** | **4,601,493** | **3,435,250** |

### Market segments

IMCD's business model is based on long lasting relationships with suppliers of speciality chemicals and ingredients In order to provide more insight in the segmentation per market IMCD has decided to break down the sales in the market segments Life Science and Industrial

Life Science consists of the following lines of business Pharmaceuticals Beauty & Personal Care Food & Nutrition and Home Care and I&I In general the lines of business within Life Science historically have been less sensitive to economic fluctuations Furthermore the Life Science segment consists of lower order volumes and higher margins than the Industrials market segment.

The Industrial segment contains the lines of business of Coatings & Construction, Lubricants & Energy Industrial Solutions and Advanced Materials This segment has a more cyclical nature as the performance is dependent on the developments of, amongst others, the housing and real estate, automotive and oil & gas markets

The breakdown of sales of goods per market segment is as follows.





| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Life Science | 2,290,944 | 1,694,649 |
| Industrial | 2,296,570 | 1,728,962 |
| **Total Market Segments** | **4,587,514** | **3,423,611** |

### Performance obligations

Revenue is measured based on the consideration specified in a contract with a customer The Group recognises revenue when it transfers control over a good or service to a customer The nature and timing of the fulfilment of performance obligations is disclosed in contracts with customers upon the sale and distribution of speciality chemicals and ingredients The Group recognizes revenue when control is transferred which is at the moment that ownership is transferred to the customer primarily based on agreed incoterms

## 9 Other income

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Other income | 24,822 | 24,254 |
| **Total Other income** | **24,822** | **24,254** |

Other income primarily relates to logistic and other services charged separately to customers In 2022, other income included non-recurring income of EUR 3 4 million related to the sale of a warehouse in Indonesia Other income of 2021 includes non-recurring income of EUR 6 2 million related to the divestment of the Nutri Granulations business in the USA

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION



## 10 Personnel expenses

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| Wages and salaries | 12 | 278,144 | 228,739 |
| Social security contributions | | 38,297 | 32,086 |
| Contributions to defined contribution plans | | 10,944 | 9,683 |
| Expenses related to defined benefit plans | 30 | 1,403 | 199 |
| Expenses related to termination and other long-term employee benefit plans | 30 | 1,393 | 1,827 |
| Other personnel expenses | | 22,943 | 15,936 |
| **Total Personnel expenses** | | **353,124** | **288,470** |

The personnel expenses 2022 include non-recurring severance costs of EUR 3.3 million (2021: EUR 4.8 million).

The average number of employees in the financial year by region and by function, measured in full-time equivalents, is as follows:

| FTE | 2022 | 2021 |
|---|---|---|
| The Netherlands (excluding Dutch Holding companies) | 74 | 65 |
| Rest of EMEA | 1,649 | 1,500 |
| EMEA | 1,723 | 1,565 |
| Americas | 1,104 | 928 |
| Asia Pacific | 1,117 | 903 |
| Holding companies | 101 | 93 |
| **Total average FTE** | **4,045** | **3,489** |
| | | |
| Management and administration | 627 | 519 |
| Sales | 2,547 | 2,235 |
| ICT/HSEQ/Warehouse/Other | 871 | 735 |
| **Total average FTE** | **4,045** | **3,489** |

## 11 Non-recurring income and expenses

The non-recurring income and expenses are recognised in profit or loss and are summarised as follows:

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| Other income | 9 | 4,291 | 6,807 |
| Personnel expenses and other operating expenses | 10, 13 | (15,540) | (9,512) |
| Finance costs | 14 | 31 | |
| **Impact on result before income tax** | | **(11,218)** | **(2,705)** |





CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| Non-recurring income tax expenses | 23, 41 | 1,952 | (779) |
| **Impact on result for the year** | | **(9,266)** | **(3,484)** |

The non-recurring income for 2022 includes income related to the sale of a warehouse in Indonesia of EUR 3.4 million. The other operating income of 2021 includes income related to the divestment of the Nutri Granulations business in the USA of EUR 6.2 million.

The non-recurring personnel expenses and other operating expenses for 2022 include severance costs of EUR 3.3 million (2021: EUR 4.8 million) and other operating expenses of EUR 12.2 million (2021: EUR 4.7 million) of which EUR 6.5 million (2021: nil) relates to the financial impact of the winding down of the operations in Russia. The remaining expenses mainly relate to professional services fees incurred during acquisition projects and subsequent integration processes.

## 12 Share based payment arrangements

### Description of the share based payment arrangement

As of 1 January 2015, the Group established a long-term incentive plan (LTIP) for the Management Board, the Executive Committee and certain senior managers. Under this equity settled LTIP, performance shares are awarded based on certain performance conditions. Aims of the LTIP are long-term value creation, motivation and sharing of success and the retention of key employees.

The applicable performance conditions for the Management Board are:
- relative Total Shareholder Return performance (market-related condition) compared with a selected group of peer companies and
- cash earnings per share (internal performance condition).

The performance period starts every year on 1 January and lasts three financial years. After vesting, the unconditional shares are subject to a holding period of two years and become unrestricted five years after grant date.

The performance conditions for the Executive Committee and for senior managers are solely internal performance conditions and include:
- growth in cash earnings per share (only for the Executive Committee)
- operating EBITA
- discretionary assessment by the Management Board

The performance period starts every year on 1 January and lasts one year. The shares become unconditional after a service period of three years, i.e. two years after the performance period.

### Reconciliation of outstanding performance shares

The number of performance shares granted is as follows:

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| | 2022 | | 2021 | |
|---|---|---|---|---|
| | *NUMBER* OF SHARES | *BASED ON* SHARE PRICE | *NUMBER* OF SHARES | *BASED ON* SHARE PRICE |
| Shares granted to the Management Board | 6,458 | 195.45 | 11,501 | 103.43 |
| Shares granted to Executive Committee and certain senior managers | 19,821 | 195.45 | 30,055 | 103.43 |

The total number of performance shares granted in 2022 is based on a target performance (100 per cent) with an upward and downward potential for the Management Board and the Executive Committee. The expected total number of performance shares is 134 329 with vesting dates in 2023, 2024 and 2025.

Marcus Jordan will participate in the Management Board's LTI Plan for the first time as of 2023. Hence, the shares related to Marcus Jordan are currently included in the shares granted to Executive Committee and certain senior managers.

The weighted average share price and the number of performance shares are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | WEIGHTED AVERAGE SHARE PRICE | NUMBER OF SHARES | WEIGHTED AVERAGE SHARE PRICE | NUMBER OF SHARES |
| **Outstanding as at 1 January** | **85.78** | **172,209** | **62.12** | **193,506** |
| Forfeited during the year | 105.05 | (8,679) | | |
| Exercised during the year | 65.18 | (70,542) | 50.35 | (79,971) |
| Granted during the year | 149.98 | 26,279 | 145.84 | 41,556 |
| Performance adjustment | - | 15,063 | - | 17,118 |
| **Outstanding as at 31 December** | **102.56** | **134,329** | **85.78** | **172,209** |

The weighted average share price of granted shares is equal to the share price at the grant date adjusted for the expected retention and expected dividends (based on the Company's dividend policy) during the vesting period. In addition, the weighted average share price of shares granted to the Management Board is adjusted for market-related performance conditions and for the impact of the restriction period.

**Expenses recognised in profit or loss**

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Shares granted | 4,324 | 5,295 |





## 13 Other operating expenses

The other operating expenses are as follows:

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Accommodation and other rental costs | 9,954 | 7,658 |
| Other office expenses | 36,112 | 26,724 |
| Car expenses | 7,036 | 4,851 |
| Business travel and representation expenses | 18,724 | 5,711 |
| Professional service fees | 24,900 | 15,053 |
| Credit sales expenses | 1,351 | 1,325 |
| Insurance costs | 5,256 | 3,995 |
| Other operating expenses | 10,648 | 6,575 |
| **Total Other operating expenses** | **113,981** | **71,892** |

The other operating expenses include an amount of EUR 12.2 million (2021: EUR 4.7 million) related to non-recurring items. The non-recurring items in 2022 include the financial impact related to the winding down of the operations in Russia (EUR 6.5 million). The remaining non-recurring items in 2022 and 2021 include professional services fees incurred during acquisition projects and subsequent integration processes and costs related to one-off adjustments to the organisation.

## 14 Net finance costs

The following finance income and finance costs are recognised in profit or loss:

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Interest income on loans and receivables | 2,836 | 1,803 |
| Change in fair value of contingent considerations | 20,013 | |
| Finance income | ***22,849*** | ***1,803*** |
| | | |
| Interest expenses on financial liabilities measured at amortised cost | (24,765) | (15,658) |
| Interest expenses on provisions for pensions and similar obligations | (326) | (403) |
| Interest expenses on lease liabilities | (2,534) | (2,475) |
| Change in fair value of contingent considerations | (13,070) | (1,151) |
| Currency exchange results | (8,031) | (3,786) |
| Finance costs | **(48,726)** | **(23,473)** |
| | | |
| **Net finance costs recognised in profit or loss** | **(25,877)** | **(21,670)** |

The net finance costs recognised in profit or loss include the results of the fair value adjustments in the deferred considerations related to Megasetia (income EUR 18.6 million) and Signet (expenses of EUR 8.7 million).

Finance income and expenses recognised in other comprehensive income are as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Foreign currency translation differences of foreign operations | (446) | 56,529 |
| Effective portion of changes in fair value of cash flow hedges | (110) | 106 |
| Tax on foreign currency translation differences and changes in fair value of cash flow hedges recognised in other comprehensive income | (30) | (485) |
| **Finance income recognised in other comprehensive income, net of tax** | **(586)** | **56,150** |







## 15 Income tax expense

### Income tax expenses recognised in profit or loss

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 123,744 | 79,879 |
| Adjustment for prior years | 3,747 | 753 |
| | **127,491** | **80,632** |
| **Deferred tax expense** | | |
| Reduction in tax rate | (358) | (132) |
| Origination and reversal of temporary differences | (3,644) | (2,892) |
| Recognition of previously unrecognised tax losses | (247) | (214) |
| Recognition of current year tax losses | (997) | (843) |
| Derecognition of previously recognised tax losses | 601 | 39 |
| | **(4,645)** | **(4,041)** |
| **Total income tax expense** | **122,846** | **76,591** |

The reported tax expenses include an amount of negative EUR 5.3 million (2021: EUR 7.5 million) related to temporary differences regarding amortisation of intangible assets.

### Income tax recognised in other comprehensive income and expenses

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| EUR 1,000 | BEFORE TAX | TAX BENEFIT/(EXPENSE) | NET OF TAX | BEFORE TAX | TAX BENEFIT/(EXPENSE) | NET OF TAX |
| Foreign currency translation differences for foreign operations | (446) | (30) | **(476)** | 56,529 | (485) | **56,044** |
| Cash flow hedges | (110) | - | **(110)** | 106 | | **106** |
| Defined benefit plan actuarial gains/(losses) | 7,229 | (1,007) | **6,221** | 684 | (272) | **412** |
| | **6,673** | **(1,037)** | **5,635** | **57,319** | **(757)** | **56,562** |

The reconciliation between the Company's domestic income tax rate and related tax charge and the effective income tax rate and related effective income tax charge is as follows

**Reconciliation effective tax rate**

| EUR 1,000 | 2022 | | 2021 | |
|---|---|---|---|---|
| | % | | % | |
| Profit for the year | | 313,003 | | 207,236 |
| Total income tax expense | 28% | 122,846 | 27% | 76,591 |
| Profit before income tax | | **435,849** | | **283,827** |
| Income tax using the Company's domestic tax rate | 26% | 112,449 | 25% | 70,956 |
| *Effect of tax rates in foreign jurisdictions* | 1% | 4,946 | 1% | 3,612 |
| Effect of change in tax rate | 0% | (358) | 0% | (132) |
| **Tax effect of:** | | | | |
| Non deductible expenses | 0% | 1,556 | 1% | 2,115 |
| Tax incentives and tax exempted income | 0% | (471) | 0% | (715) |
| Utilisation of tax losses | 0% | (35) | 0% | (288) |
| Recognition of previously unrecognised tax losses | 0% | (247) | 0% | (214) |
| Derecognition of previously recognised tax losses | 0% | 601 | 0% | 40 |
| Current year losses for which no deferred tax asset was recognised | 0% | | 0% | 59 |
| (De)recognition of previously (un)recognised temporary differences | 0% | 658 | 0% | 406 |
| Under provided in prior years | 1% | 3,747 | 0% | 752 |
| | **28%** | **122,846** | **27%** | **76,591** |

The following countries within the IMCD Group were subject to changes in the applicable corporate income tax rates in the financial year compared with the previous financial year Netherlands 25 8% (2021 25%), France 25% (2021: 26 5%) and Colombia 35% (2021: 31%)





## 16 Earnings per share

### Basic earnings per share

The basic earnings per share of EUR 5 50 (2021 EUR 3 64) is determined by dividing the result for the year due to the owners of the Company of EUR 313 1 million (2021 EUR 207 3 million) by the weighted average number of shares in circulation amounting to 56 9 million (2021 56 9 million) As of 31 December 2022 the number of ordinary shares outstanding was 57 0 million (31 December 2021 57 0 million)

**Profit attributable to ordinary shareholders**

| EUR 1,000 | | 2022 | 2021 |
|---|---|---|---|
| Profit/(loss) for the year attributable to the owners of the Company (basic) | (A) | 313,081 | 207,276 |

**Weighted average number of ordinary shares**

| IN THOUSAND SHARES | NOTE | | 2022 | 2021 |
|---|---|---|---|---|
| Issued ordinary shares as at 1 January | 27 | | 56,987 | 56,987 |
| Effect of purchase or transfer of own shares | 27 | | (58) | (47) |
| Weighted average number of ordinary shares as at 31 December | | (B) | **56,929** | **56,940** |
| Earnings per share (A/B) | | | 5.50 | 3 64 |

### Diluted earnings per share

The calculation of the diluted earnings per share of EUR 5 49 (2021 EUR 3 63) has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares

The total number of shares granted based on the Group's share based payment scheme are included in the calculation of the diluted weighted average number of shares

**Weighted average number of ordinary shares (diluted)**

| IN THOUSAND SHARES | NOTE | | 2022 | 2021 |
|---|---|---|---|---|
| Weighted average number of ordinary shares (basic) as at 31 December | 27 | | 56,929 | 56,940 |
| Effect of share based payments | | | 99 | 121 |
| Weighted average number of ordinary shares (diluted) at 31 December | | (C) | **57,028** | **57,061** |
| Diluted earnings per share (A/C) | | | 5 49 | 3 63 |

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION



## 17 Property, plant and equipment

Property, plant and equipment comprises of owned and leased assets

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| Property plant and equipment owned | | 30,385 | 28,623 |
| Right of use assets | 19 | 82,942 | 69,309 |
| | | 113,327 | 97,932 |

The movements for the financial year of the property plant and equipment are as follows

| EUR 1,000 | NOTE | LAND AND BUILDINGS | MACHINERY AND EQUIPMENT | HARDWARE & SOFTWARE | OTHER ASSETS | TOTAL |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance as at 1 January 2022** | | **22,344** | **15,093** | **12,804** | **12,186** | **62,427** |
| Acquisitions through business combinations | 7 | 161 | 1,109 | 390 | 1,473 | **3,133** |
| Additions for the year | | 1,684 | 3,283 | 2,457 | 3,453 | **10,877** |
| Disposals | | (3,125) | (1,546) | (2,838) | (84) | **(7,593)** |
| Effect of movements in exchange rates | | 819 | 211 | (72) | (42) | **916** |
| **Balance as at 31 December 2022** | | **21,883** | **18,150** | **12,741** | **16,986** | **69,760** |
| **Depreciation and impairment losses** | | | | | | |
| **Balance as at 1 January 2022** | | **6,633** | **9,045** | **9,019** | **9,107** | **33,804** |
| Acquisitions through business combinations | 7 | 116 | 929 | 345 | 958 | **2,348** |
| Depreciation for the year | | 1,975 | 2,072 | 1,836 | 1,270 | **7,153** |
| Disposals | | (1,746) | (1,271) | (1,751) | 528 | **(4,240)** |
| Effect of movements in exchange rates | | 263 | 158 | (52) | (59) | **310** |
| **Balance as at 31 December 2022** | | **7,241** | **10,933** | **9,397** | **11,804** | **39,375** |
| **Carrying amounts** | | | | | | |
| As at 1 January 2022 | | **15,711** | **6,048** | **3,785** | **3,079** | **28,623** |
| As at 31 December 2022 | | **14,642** | **7,217** | **3,344** | **5,182** | **30,385** |





CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

| EUR 1,000 | NOTE | LAND AND BUILDINGS | MACHINERY AND EQUIPMENT | HARDWARE & SOFTWARE | OTHER ASSETS | TOTAL |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance as at 1 January 2021** | | **20,650** | **12,823** | **13,467** | **11,374** | **58,314** |
| Acquisitions through business combinations | | 2,212 | 1,200 | 812 | 1,079 | **5,303** |
| Additions for the year | | 904 | 1,815 | 1,816 | 1,626 | **6,161** |
| Disposals | | (2,296) | (1,277) | (3,652) | (1,983) | **(9,208)** |
| Effect of movements in exchange rates | | 874 | 532 | 361 | 90 | **1,857** |
| **Balance as at 31 December 2021** | | **22,344** | **15,093** | **12,804** | **12,186** | **62,427** |
| **Depreciation and impairment losses** | | | | | | |
| **Balance as at 1 January 2021** | | **5,935** | **7,076** | **10,013** | **8,547** | **31,571** |
| Acquisitions through business combinations | | 547 | 1,055 | 680 | 803 | **3,085** |
| Depreciation for the year | | 1,797 | 1,718 | 1,653 | 1,029 | **6,197** |
| Disposals | | (1,949) | (1,100) | (3,611) | (1,353) | **(8,013)** |
| Effect of movements in exchange rates | | 303 | 296 | 284 | 81 | **964** |
| **Balance as at 31 December 2021** | | **6,633** | **9,045** | **9,019** | **9,107** | **33,804** |
| **Carrying amounts** | | | | | | |
| As at 1 January 2021 | | **14,715** | **5,747** | **3,454** | **2,827** | **26,743** |
| As at 31 December 2021 | | **15,711** | **6,048** | **3,785** | **3,079** | **28,623** |

## 18 Intangible assets

The movements of the intangible assets are as follows

| EUR 1,000 | NOTE | GOODWILL | INTELLECTUAL PROPERTY RIGHTS | DISTRIBUTION RIGHTS | BRAND NAMES | SUPPLIER RELATIONS | OTHER INTANGIBLES | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| **Balance as at 1 January 2022** | | **1,262,434** | **104** | **36,811** | **25,000** | **795,858** | **35,537** | **2,155,744** |
| Acquisitions through business combinations | 7 | - | - | 180 | - | 74,353 | 93 | **74,626** |
| Additions for the year | | 130,769 | - | 3,766 | - | - | 5,400 | **139,935** |
| Disposals | | - | - | (546) | - | - | 3 | **(543)** |
| Effect of movements in exchange rates | | (1,342) | - | 391 | - | 4,281 | 196 | **3,526** |
| **Balance as at 31 December 2022** | | **1,391,861** | **104** | **40,602** | **25,000** | **874,492** | **41,229** | **2,373,288** |
| | | | | | | | | |
| **Amortisation and impairment losses** | | | | | | | | |
| **Balance as at 1 January 2022** | | **5,423** | **67** | **19,575** | - | **297,258** | **25,322** | **347,645** |
| Acquisitions through business combinations | 7 | - | - | 118 | - | - | 91 | **209** |
| Amortisation for the year | | - | - | 4,993 | - | 62,815 | 7,275 | **75,083** |
| Impairment loss | | - | - | - | - | 6,395 | - | **6,395** |
| Disposals | | - | - | (473) | - | - | (75) | **(548)** |
| Effect of movements in exchange rates | | (114) | - | 252 | - | 3,163 | 99 | **3,400** |
| **Balance as at 31 December 2022** | | **5,309** | **67** | **24,465** | - | **369,631** | **32,712** | **432,184** |
| | | | | | | | | |
| **Carrying amounts** | | | | | | | | |
| As at 1 January 2022 | | **1,257,011** | **37** | **17,236** | **25,000** | **498,600** | **10,215** | **1,808,099** |
| As at 31 December 2022 | | **1,386,552** | **37** | **16,137** | **25,000** | **504,861** | **8,517** | **1,941,104** |

During 2022 IMCD impaired a part of the supplier relationships of Megasetia in Indonesia for an amount of EUR 6.4 million







| EUR 1,000 | NOTE | GOODWILL | INTELLECTUAL PROPERTY RIGHTS | DISTRIBUTION RIGHTS | BRAND NAMES | SUPPLIER RELATIONS | OTHER INTANGIBLES | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| **Balance as at 1 January 2021** | | **1,027,915** | **104** | **26,737** | **25,000** | **714,012** | **30,889** | **1,824,657** |
| Acquisitions through business combinations | | | | | | 57,989 | 2,285 | **60,274** |
| Additions for the year | | 194,750 | | 9,366 | - | | 3,251 | **207,367** |
| Disposals | | | | (115) | | (2) | (1,489) | **(1,606)** |
| Effect of movements in exchange rates | | 39,769 | | 823 | - | 23,859 | 601 | **65,052** |
| **Balance as at 31 December 2021** | | **1,262,434** | **104** | **36,811** | **25,000** | **795,858** | **35,537** | **2,155,744** |
| | | | | | | | | |
| ***Amortisation and impairment losses*** | | | | | | | | |
| **Balance as at 1 January 2021** | | **5,322** | **67** | **14,886** | - | **238,550** | **18,917** | **277,742** |
| Acquisitions through business combinations | | - | - | - | - | | 4 | **4** |
| Amortisation for the year | | - | | 4,439 | | 53,608 | 7,390 | **65,437** |
| Impairment loss | | | | | | | | - |
| Disposals | | | | (115) | | (143) | (1,473) | **(1,731)** |
| Effect of movements in exchange rates | | 101 | | 365 | | 5,243 | 484 | **6,193** |
| **Balance as at 31 December 2021** | | **5,423** | **67** | **19,575** | - | **297,258** | **25,322** | **347,645** |
| | | | | | | | | |
| **Carrying amounts** | | | | | | | | |
| As at 1 January 2021 | | **1,022,593** | **37** | **11,851** | **25,000** | **475,462** | **11,972** | **1,546,915** |
| As at 31 December 2021 | | **1,257,011** | **37** | **17,236** | **25,000** | **498,600** | **10,215** | **1,808,099** |

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## Goodwill impairment testing

For the purpose of goodwill impairment testing goodwill is allocated to the following cash generating units

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| EMEA | 386,793 | 361 272 |
| Americas | 376,058 | 318 207 |
| Asia Pacific | 623,701 | 577,532 |
| | **1,386,552** | **1,257,011** |

A cash generating unit (CGU) represents the lowest level within the Group at which goodwill is monitored for internal management purposes

## Key assumptions used in discounted cash flow projections

The recoverable amount per CGU is based on its value in use and is determined by discounting the future cash flows to be generated from the continued use of the CGUs The cash flow forecasts were derived from the budget for 2023 and the plan years 2024 and 2025 which were established at the legal entity level and approved by Management Board and Supervisory Board. The forecasted cash flows have been extrapolated to the years 2026 and 2027 For the period after 2027 a growth rate equal to the weighted average of the forecasted annual real GDP growth rate for the period 2027-2052 is taken into account

The pre-tax weighted average cost of capital (WACC) is estimated per CGU and varies mainly due to differences in risk free rates. The risk-free rates per CGU are equal to the weighted average of the rate of return on local sovereign bonds or strips The WACC has predominately increased due to higher risk-free rates The main assumptions used to determine the WACC were provided by an external certified valuation expert

The key assumptions for 2022 and 2021 for each CGU are as follows

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | PRE-TAX WACC | TERMINAL GROWTH RATE | PRE-TAX WACC | TERMINAL GROWTH RATE |
| EMEA | 11 0% | 2.4% | 10.0% | 2.2% |
| Americas | 14.2% | 2.4% | 11 5% | 2.5% |
| Asia-Pacific | 15.5% | 3.5% | 15 0% | 3.5% |

## Sensitivity to changes in assumptions

No impairment of goodwill was necessary following impairment tests on all cash generating units within the Group The discounted future cash flows from all cash generating units exceed the value of the goodwill and other relevant net assets

It is inherent in the method of computation used that a change in the assumptions may lead to a different conclusion Therefore, a sensitivity analysis is performed based on a change in a key assumption while keeping all other assumptions unchanged





CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

The following changes in assumptions are assessed
- Decrease of the average growth rate 2023-2027 to the terminal growth rate
- Decrease of the terminal growth rate by 1 0%
- Increase of the WACC by 1 0%

The conclusion based on the sensitivity analysis performed is that any reasonable change in the key assumptions would not lead to an impairment For Asia-Pacific the break-even point is reached earlier than the other segments, but taking into account the considerable growth of the region and the expansion by means of the recent acquisition of Signet this scenario is highly unlikely

## Amortisation and impairment testing of supplier relationships

The supplier relationships consist of supplier bases within the following regions and remaining useful lives (RUL)

| EUR 1,000 | RUL | 2022 | 2021 |
|---|---|---|---|
| EMEA | 4-13 | 106,307 | 116,641 |
| Americas | 5 16 | 129,088 | 115,497 |
| Asia Pacific | 4 16 | 269,467 | 266 462 |
| | | **504,861** | **498,600** |

The remaining useful lives of supplier bases are assessed at each reporting date and adjusted if appropriate Furthermore, triggering events for a possible impairment are evaluated annually by means of assessing the potential impact of available internal and external information sources

## Impairment testing for cash-generating units containing intangible assets with indefinite useful lives other than goodwill

Brand names relate to the IMCD brand As no assumption can be made about the durability of its economic use, the brand name has an indefinite useful life The IMCD brand name is considered as a corporate asset and hence allocated to the individual CGUs for goodwill impairment testing purposes The carrying amount of the brand name has been allocated to the CGUs as follows. EMEA EUR 10 9 million (2021 EUR 11 7 million), Asia-Pacific EUR 5 5 million (2021 EUR 5 2 million) and Americas EUR 8 6 million (2021 EUR 8 1 million)

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION



## 19 Leases

### Right-of-use assets

Right-of-use assets carrying amounts comprise

| | PROPERTY, PLANT AND EQUIPMENT | | | | INTANGIBLE ASSETS | |
|---|---|---|---|---|---|---|
| EUR 1,000 | LAND AND BUILDINGS | CARS | OTHER ASSETS | TOTAL | SOFTWARE | TOTAL |
| **Balance as at 1 January 2022** | **60,812** | **7,809** | **688** | **69,309** | - | - |
| Acquisitions through business combinations | 2,435 | 170 | 12 | **2,617** | - | - |
| Depreciation and amortisation for the year | (17,751) | (4,735) | (368) | **(22,854)** | - | - |
| Additions for the year | 29,230 | 5,754 | 189 | **35,173** | - | - |
| Disposals | (2,510) | (140) | (18) | **(2,668)** | - | - |
| Effect of movements in exchange rates | 1,177 | 138 | 50 | **1,365** | - | - |
| **Balance as at 31 December 2022** | **73,393** | **8,996** | **553** | **82,942** | - | - |

| | PROPERTY, PLANT AND EQUIPMENT | | | | INTANGIBLE ASSETS | |
|---|---|---|---|---|---|---|
| EUR 1,000 | LAND AND BUILDINGS | CARS | OTHER ASSETS | TOTAL | SOFTWARE | TOTAL |
| **Balance as at 1 January 2021** | **59,864** | **7,174** | **1,169** | **68,207** | **23** | **23** |
| Acquisitions through business combinations | 1,930 | 383 | 8 | **2,321** | | - |
| Depreciation and amortisation for the year | (16,123) | (4,445) | (638) | **(21,206)** | (23) | **(23)** |
| Additions for the year | 13,225 | 4,271 | 264 | **17,760** | - | - |
| Disposals | (354) | 456 | (147) | **(45)** | | - |
| Effect of movements in exchange rates | 2,270 | (30) | 32 | **2,272** | - | - |
| **Balance as at 31 December 2021** | **60,812** | **7,809** | **688** | **69,309** | - | - |

The Group leases several assets including offices, warehouses and cars

### Lease liabilities

The balance sheet shows the following lease liabilities.

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Current** | 29 | 20,028 | 18,017 |
| **Non-current** | 29 | 65,782 | 52,712 |
| **Total lease liabilities** | | **85,811** | **68,987** |

The undiscounted lease liabilities are as follows:





CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Less than one year | 22,333 | 20,187 |
| One to five years | 53,850 | 41,734 |
| More than 5 years | 17,206 | 15,891 |
| **Total undiscounted lease liabilities at 31 December** | **93,388** | **77,811** |

The weighted average discount rate as of 31 December 2022 is 3.32% (2021: 3.53%)

If it is reasonably certain that enforceable extension options will be used, these have been included in the lease

### Amounts recognised in profit and loss

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| *Depreciation* | 22,849 | 21,206 |
| Amortisation | | 22 |
| Interest on lease liabilities | 2,531 | 2,475 |
| Variable lease payments not included in the measurement of lease liabilities | 281 | 193 |
| Income from sub-leasing right-of-use assets | 122 | 115 |
| Expense related to short-term leases | 879 | 549 |
| Expense related to leases of low-value assets, excluding short term leases of low-value assets | 388 | 256 |

### Amounts recognised in the statement of cash flows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| *Total cash flows for leases (including short term and low-value leases)* | 20,397 | 20,183 |

## 20 Non-current assets by geographical market

The non-current assets other than goodwill, financial instruments, deferred tax assets and post employment benefit assets comprise property, plant and equipment, other intangible assets and equity-accounted investees. The aforementioned non-current assets by geographical location are as follows:

| EUR 1,000 | PROPERTY, PLANT AND EQUIPMENT | OTHER INTANGIBLE ASSETS | EQUITY-ACCOUNTED INVESTEES |
|---|---|---|---|
| Netherlands | 6,298 | 111,312 | - |
| Rest of EMEA | 48,773 | 39,440 | 71 |
| **EMEA** | **55,071** | **150,753** | **71** |
| Americas | 37,188 | 133,499 | - |
| Asia Pacific | 21,068 | 270,300 | - |
| **Total** | **113,327** | **554,552** | **71** |

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< Contents page



## 21 Equity-accounted investees

The equity accounted investees relate to the 49% share in SARL IMCD Group Algerie and the 50% share in Velox China

The following table analyses the carrying amount and share of profit and OCI of the equity interest

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **71** | **39** |
| Capital contributions | - | - |
| Acquisitions through business combinations | 71 | - |
| Divestment | (71) | |
| Result for the year | 0 | 32 |
| **Balance as at 31 December** | **71** | **71** |

The net assets of SARL IMCD Group Algerie consist of current assets amounting to EUR 520 thousand (2021: EUR 619 thousand) and current liabilities of EUR 434 thousand (2021 EUR 533 thousand) The net result for the financial year amounted amounted to 0 thousand The net result for the year 2021 amounted to EUR 89 thousand As of 31 December 2022 net equity value of SARL IMCD Group Algerie was EUR 86 thousand (2021 EUR 87 thousand)

The net assets of Velox China consist of current assets amounting to EUR 70 thousand (2021: EUR 66 thousand) and current liabilities of EUR 15 thousand (2021 EUR 11 thousand) The net result for the year 2022 is nil (2021 net loss of EUR 23 thousand) Net equity value was EUR 55 thousand (2021 EUR 55 thousand)

## 22 Other financial assets

The other financial assets relate to receivables with a remaining term exceeding one year and includes rent and other deposits

## 23 Deferred tax assets and liabilities

### Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets of EUR 10 5 million (2021 10 9 million) consisting of unrecognised deferred tax asset of entities in EMEA EUR 0 2 million (2021 EUR 0 1 million) and entities in Asia-Pacific EUR 10 3 million (2021 EUR 10 8 million) The amount in Asia-Pacific mainly relates to unrecognised capital losses in Australia with an infinite carry forward period



< Contents page

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

### Unrecognised deferred tax liabilities

As of 31 December 2022, the group has unrecognised deferred tax liabilities to the amount of EUR 39 4 million (2021 EUR 32 8 million) for potential withholding tax liabilities related to investments in subsidiaries The liabilities are not recognised because the Company controls the dividend policy of the subsidiaries and does not foresee reversal of the temporary differences in the foreseeable future

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

| EUR 1,000 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Net | |
| Property, plant and equipment | 387 | 288 | 814 | 416 | **(427)** | (128) |
| Intangible assets | 2,137 | 5,342 | 129,465 | 122,067 | **(127,328)** | (116,725) |
| Right of use assets | 496 | 458 | 15,524 | 11,893 | **(15,028)** | (11,435) |
| Financial fixed assets | 1,284 | 1,500 | 168 | 147 | **1,117** | 1 353 |
| Trade debtors and other receivables | 2,405 | 2 225 | 367 | 116 | **2,038** | 2,109 |
| Inventories | 4,584 | 3,161 | 929 | 526 | **3,655** | 2,635 |
| Share based payment reserve | 660 | 675 | 154 | 18 | **506** | 657 |
| Loans and borrowings | 271 | 197 | - | | **271** | 197 |
| Lease Liabilities | 15,992 | 12,773 | 124 | 80 | **15,868** | 12,693 |
| Employee benefits and other provisions | 4,996 | 5,806 | 1,452 | 1,303 | **3,544** | 4,503 |
| Trade and other payables | 8,706 | 3,791 | 1,002 | 134 | **7,704** | 3,657 |
| Other items | 3,350 | 3,014 | 21 | (11) | **3,329** | 3,025 |
| Tax loss carry forwards | 9,545 | 10,226 | - | (375) | 9,545 | 10,601 |
| Tax assets/(liabilities) | **54,814** | **49,456** | **150,017** | **136,314** | **(95,204)** | **(86,858)** |
| Set off of tax | (19,201) | (14,062) | (19,201) | (14,062) | - | - |
| **Net tax assets/(liabilities)** | **35,613** | **35,394** | **130,817** | **122,252** | **(95,204)** | **(86,858)** |

The unused tax losses and unused tax credits include EUR 5 9 million of tax credits (2021 EUR 5 9 million) related to foreign withholding taxes

**Movement in temporary differences during the year**

| EUR 1,000 | BALANCE AS AT 1 JANUARY 2022 | RECOGNISED IN PROFIT OR LOSS | RECOGNISED DIRECTLY IN EQUITY | RECOGNISED IN OTHER COMPREHENSIVE INCOME | ACQUIRED IN BUSINESS COMBINATIONS (NOTE 7) | OTHER | BALANCE AS AT 31 DECEMBER 2022 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | **(128)** | (301) | - | - | 2 | - | **(427)** |
| Intangible assets | **(116,725)** | 5,346 | - | - | (18,663) | 2,713 | **(127,328)** |
| Right of use assets | **(11,435)** | (3,596) | - | - | (84) | 87 | **(15,028)** |
| Financial fixed assets | **1,353** | (235) | - | - | | (1) | **1,117** |
| Trade debtors and other receivables | **2,109** | (506) | - | - | 346 | 89 | **2,038** |

| EUR 1,000 | BALANCE AS AT 1 JANUARY 2022 | RECOGNISED IN PROFIT OR LOSS | RECOGNISED DIRECTLY IN EQUITY | RECOGNISED IN OTHER COMPREHENSIVE INCOME | ACQUIRED IN BUSINESS COMBINATIONS (NOTE 7) | OTHER | BALANCE AS AT 31 DECEMBER 2022 |
|---|---|---|---|---|---|---|---|
| Inventories | **2,635** | 116 | - | - | 799 | 105 | **3,655** |
| Share based payment reserve | **658** | (165) | - | | - | 13 | **506** |
| Loans and borrowings | **197** | 468 | - | (606) | - | 213 | **1,560** |
| Lease liability | **12,693** | 3,230 | - | - | - | (55) | **15,868** |
| Employee benefits and other provisions | **4,503** | (463) | (610) | (583) | 610 | 87 | **3,544** |
| Trade and other payables | **3,657** | 2,010 | - | - | 316 | 1,722 | **7,704** |
| Other items | **3,025** | 1 | - | - | 119 | 184 | **2,040** |
| Tax losses carried forward | **10,601** | (1,260) | - | - | - | 204 | **9,545** |
| **Net tax assets/(liabilities)** | **(86,858)** | **4,644** | **(609)** | **(1,189)** | **(16,554)** | **5,361** | **(95,204)** |

The group utilised deferred tax assets related to unused tax losses and unused tax credits to an amount of EUR 0 1 million in the financial year (2021 EUR 0 3 million)





**Movement in temporary differences during the year (continued)**

| EUR 1,000 | BALANCE AS AT 1 JANUARY 2021 | RECOGNISED IN PROFIT OR LOSS | RECOGNISED DIRECTLY IN EQUITY | RECOGNISED IN OTHER COMPREHENSIVE INCOME | ACQUIRED IN BUSINESS COMBINATIONS | OTHER | BALANCE AS AT 31 DECEMBER 2021 |
|---|---|---|---|---|---|---|---|
| Property plant and equipment | **(285)** | 139 | | | | 18 | **(128)** |
| Intangible assets | **(110,073)** | 7507 | | - | (12,668) | (1,491) | **(116,725)** |
| Right of use assets | **(11,513)** | 708 | | | (58) | (572) | **(11,435)** |
| Other financial assets | **1,712** | (339) | | | | (20) | **1,353** |
| Trade and other receivables | **1,716** | (39) | | | 385 | 47 | **2,109** |
| Inventories | **1,946** | 364 | | | 282 | 43 | **2,635** |
| Share based payment reserve | **589** | 14 | - | | | 54 | **657** |
| Loans and borrowings | **82** | 16 | | 84 | | 15 | **197** |
| Lease liabilities | **12,629** | (583) | - | | 6 | 641 | **12,693** |
| Employee benefits and other provisions | **4,872** | (353) | | (518) | 193 | 309 | **4,503** |
| Trade and other payables | **2,863** | 804 | | | 87 | (97) | **3,657** |
| Other items | **3,011** | (58) | | | 23 | 48 | **3,024** |
| Unused tax losses and unused tax credits | **14,976** | (4,138) | | | | (237) | **10,601** |
| **Net tax assets/(liabilities)** | **(77,476)** | **4,041** | - | **(434)** | **(11,750)** | **(1,237)** | **(86,859)** |

## 24 Inventories

The value of the inventory is as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Trade goods | 622,098 | 526,300 |
| **Total Trade goods** | **622,098** | **526,300** |

Cost of materials and inbound logistics included in profit or loss of 2022 amounted to EUR 3 454 3 million (2021 EUR 2 598 9 million) This cost includes write-downs of inventories to net realisable value of EUR 14 1 million (2021 EUR 6 1 million) The reversal of write-downs amounted to EUR 2 6 million (2021. EUR 1 7 million) The write-down of inventories is mainly due to inventories past their expiration dates or inventories which are not marketable

## 25 Trade and other receivables

All trade and other receivables are current

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Trade receivables | 661,902 | 588,598 |
| Other receivables | 40,373 | 30,864 |
| **Total Trade and other receivables** | **702,275** | **619,462** |

The composition of the other receivables is as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Derivatives used for hedging | 180 | 61 |
| Taxes and social securities | 16,677 | 8,482 |
| Receivables from employees | 316 | 182 |
| Prepaid expenses | 15,856 | 17,256 |
| Other receivables | 7,344 | 4,883 |
| **Total other receivables** | **40,373** | **30,864** |

The Group's exposure to currency risks related to trade and other receivables is disclosed in note 5

The ageing of trade and other receivables at the reporting date was as follows

| EUR 1,000 | 2022 | | 2021 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| Current 0 - 30 days past due | 671,877 | 1,672 | 600,723 | 1,115 |
| Past due 30 - 60 days | 19,228 | 819 | 13,695 | 1,062 |
| Past due 60 - 90 days | 6,529 | 1,044 | 4,903 | 593 |
| More than 90 days | 20,470 | 12,293 | 15,803 | 12,892 |
| **Total** | **718,104** | **15,829** | **635,124** | **15,662** |

### Impairment losses

The movement in the allowance for impairment losses in respect of trade and other receivables during the year was as follows





| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Balance at 1 January | 15,662 | 13,418 |
| Acquisitions through business combinations | 3,143 | 2,318 |
| Impairment loss recognised | 2,276 | 1,908 |
| Impairment loss reversed | (2,986) | (1,657) |
| Trade receivables written off | (2,662) | (424) |
| Currency exchange result | 395 | 99 |
| **Total** | **15,829** | **15,662** |

As at 31 December 2022 the total impairment includes an amount of EUR 1,956 thousand (2021: EUR 2,030 thousand) related to customers declared insolvent. The remainder of the impairment loss as at 31 December 2022 relates to several customers who are expected to be unable to pay their outstanding balances, mainly due to economic circumstances, and the general provision for expected credit losses for trade and other receivables. The Group believes that the majority of the receivables that are past due by more than 30 days are still collectable, based on historic payment behaviour and analyses of the underlying customers' creditworthiness.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Carrying amount** | | |
| EMEA | 288,275 | 273,090 |
| Americas | 217,557 | 175,074 |
| Asia Pacific | 196,441 | 171,298 |
| **Total Carrying amount** | **702,274** | **619,462** |

## 26 Cash and cash equivalents

The cash and cash equivalents are as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | 222,005 | 177,879 |
| **Cash and cash equivalents in the statement of cash flows** | **222,005** | **177,879** |

An amount of EUR 5.2 million IMCD Rus LLC is not freely available for use by the Group. The remaining cash and cash equivalent balances are available for use by the Group

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION



## 27 Capital and reserves

### *Share capital and share premium*

As of 31 December 2022, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. The shares have a nominal value of EUR 0.16 each and all shares rank equally with regard to the Company's residual assets.

The shareholders are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. Following the resolution of the Annual General Meeting in 2022, the Company distributed a dividend in cash of EUR 92.2 million (2021: EUR 58.1 million).

The share premium as of 31 December 2022 amounted to EUR 1,051.4 million (31 December 2021: EUR 1,051.4 million).

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group to fund its long-term incentive plan. At 31 December 2022, the Group held 101,275 of the Company's shares (as at 31 December 2021: 44,300 shares). During 2022 the Group transferred 38,025 shares (EUR 1.9 million) to fulfil its annual obligation from the long-term incentive plan and purchased 95,000 shares (EUR 13.3 million) to fund its long-term incentive plan.

### Other reserve

Other reserves relate to accumulated actuarial gains and losses recognised in other comprehensive income.





CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

**Other comprehensive income**

| EUR 1,000 | ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | |
|---|---|---|---|---|
| | **Translation reserve** | **Hedging reserve** | **Other reserves** | **Total other comprehensive income** |
| **2022** | | | | |
| Foreign currency translation differences for foreign operations, net of tax | (476) | - | - | **(476)** |
| Effective portion of changes in fair value of cash flow hedges, net of tax | - | (110) | - | **(110)** |
| Defined benefit plan actuarial gains and losses net of tax | - | - | 6,222 | **6,222** |
| **Total other comprehensive income** | **(476)** | **(110)** | **6,222** | **5,636** |
| **2021** | | | | |
| Foreign currency translation differences for foreign operations, net of tax | 56,044 | | | **56,044** |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | 106 | | **106** |
| Defined benefit plan actuarial gains and losses net of tax | - | | 412 | **412** |
| **Total other comprehensive income** | **56,044** | **106** | **412** | **56,562** |

## 28 Non-controlling interest

The non-controlling interest relates to the 75% share in IMCD Arabia Trading LLC. Profit sharing is determined on a 90%-10% basis.

As at 31 December 2022, the non-controlling interest amounts to EUR 1,451 thousand. The net loss for the financial year attributed to the non-controlling interest amounts to EUR 78 thousand.

## 29 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost. In addition this note also includes deferred & contingent considerations, which are measured at fair value to profit and loss. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 5.

**Non-current liabilities**

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Bank loans** | | **594,867** | **337,528** |
| Deferred and contingent considerations | 7, 33 | 250,316 | 275,243 |
| Lease liabilities | | 65,782 | 52,712 |
| Other liabilities | | 1,923 | 1,369 |
| **Total non-current liabilities** | | **912,889** | **666,853** |

### Terms and debt repayment schedule

The terms and conditions of outstanding non-current loans are as follows:

| EUR 1,000 | CURR | NOTE | NOMINAL INTEREST RATE | YEAR OF MATURITY | FACE VALUE 2022 | CARRYING AMOUNT 2022 | FACE VALUE 2021 | CARRYING AMOUNT 2021 |
|---|---|---|---|---|---|---|---|---|
| Schuldscheindarlehen (fix rate) | EUR | | 1.58% | 2023 | - | - | 15,000 | 14,978 |
| Schuldscheindarlehen (floating rate) | EUR | | 1.45% | 2023 | - | - | 25,000 | 24,964 |
| Bond loan (fix rate) | EUR | | 2.50% | 2025 | 300,000 | 298,334 | 300,000 | 297,586 |
| Bond loan (fix rate) | EUR | | 2.13% | 2027 | 300,000 | 296,533 | | |
| Profit sharing arrangements | EUR | | 1.53% | 2023-2027 | 1,923 | 1,923 | 1,369 | 1,369 |
| Lease liabilities* | | | 0.0% - 22.70% | 2023-2038 | 71,055 | 65,782 | 57,625 | 52,712 |
| **Total interest-bearing liabilities** | | | | | **672,979** | **662,572** | **398,994** | **391,610** |
| Deferred and contingent considerations | | 7.33 | | | 256,585 | 250,316 | 279,685 | 275,243 |
| **Total non current liabilities** | | | | | **929,564** | **912,889** | **678,679** | **666,853** |

* Various currencies

The total non-current lease liabilities face value of EUR 71.1 million consist of lease liabilities denominated in various currencies, of which EUR 30.0 million in EUR, EUR 11.7 million in USD, EUR 7.3 million in CAD, EUR 5.4 million in AUD and EUR 1.9 million in SEK. The remaining amount of EUR 14.8 million is denominated in various currencies.

In March 2022, IMCD was assigned investment grade rating of Baa3 by Moody's Investors Services and BBB- by FitchRatings, both with a stable outlook. In the same month, IMCD issued an EUR 300 million rated corporate bond loan with institutional investors. This five-year senior unsecured bond loan, maturing in March 2027 has a fixed coupon of 2.125%. The bond loan is listed on the Luxembourg Stock Exchange MTF market. The proceeds of the bond loan issue have been used for general corporate purposes, including the refinancing of existing indebtedness.

On 22 November 2022, IMCD concluded a senior unsecured bridge loan facility for an amount of EUR 200 million, for a period of 12 months, with an extension option of 6 months (at borrower's discretion).

The first senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 97.08 at 31 December 2022 (31 December 2021: EUR 104.40). The second senior unsecured fixed rates note, issued by IMCD N.V. on 31 March 2022, had a closing price of EUR 88.50 at 31 December 2022. The bonds are listed on the Luxembourg Euro MTF market and matures on respectively 26 March 2025 and 31 March 2027.

The Group is obliged to meet requirements from the covenants in connection with the interest bearing loan facilities. These requirements relate to ratios for interest cover and maximum leverage.

Two leverage covenants apply to the Group as at 31 December 2022:
- For the Schuldscheindarlehen of EUR 40 million a maximum leverage of 3.5 times EBITDA applies (with a spike period maximum of 4.0), tested annually.
- For the revolving credit facilities of EUR 500 million, a maximum leverage of 3.75 times EBITDA applies (with a spike period maximum of 4.25), tested semi-annually.





| | 2022 | | 2021 | |
|---|---|---|---|---|
| | OUTCOME | COVENANT | OUTCOME | COVENANT |
| Reported leverage | 1.8 | | 2.3 | |
| Leverage including pro-forma results | 1.7 | | 2.3 | |
| Leverage loan documentation | 1.2 | max. 3.5 | 1.5 | max. 3.5 |
| Interest cover | 26.5 | min. 4.0 | 29.1 | min. 4.0 |

The actual reported leverage ratio as at 31 December 2022 was 1.8 times EBITDA (31 December 2021: 2.3 times EBITDA). Including the full year impact of acquisitions completed in 2022, the leverage at the end of the financial year is 1.7 times EBITDA (31 December 2021: 2.3 times EBITDA). The leverage ratio calculated on the basis of the definitions used in the loan documentation applicable as at 31 December 2022 was 1.2 times EBITDA (31 December 2021: 1.5 times EBITDA), which is well below the defined maximum of 3.5 times EBITDA.

The actual interest cover covenant for the financial year, based on the definitions used in the Schuldschein Darlehen documentation, was 26.5 times EBITDA (2020: 29.1 times EBITDA) and was well above the required minimum of 4.0.

On 13 February 2023, IMCD completed the refinancing of its multi-currency revolving credit facility. The new facility, with a maturity data of 13 February 2028, amounts to EUR 600 million and can be drawn in EUR and USD as well as, to an agreed sublimit, in AUD and GBP. The credit revolving facility has interest margin dependent on credit ratings (S&P, Moody's or Fitch).

For the new revolving credit facility a maximum leverage of 3.75 times EBITDA (with a spike period maximum of 4.25), tested semi-annually is applicable. The calculation of the leverage covenant for the new facility is based on the prevailing accounting standards as of 31 December 2022. Calculated on the basis of the definitions used in the IMCD loan documents of the new revolving facility, the actual leverage was 1.3 times EBITDA, which is well below the applicable maximum of 4.25.

For details of the contractual maturities of financial liabilities, reference is made to note 5.

### Current liabilities

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Loans and borrowings** | | **40,000** | - |
| Deferred and contingent considerations | 7.33 | 23,294 | 33,614 |
| Lease liabilities | | 20,028 | 18,017 |
| Other short term financial liabilities | | 252,720 | 399,420 |
| **Total Short-term financial liabilities** | | **296,042** | **451,050** |

Other short-term financial liabilities include a revolving credit facility, bank overdrafts and other short-term credit facilities, including discounted bills and discounted notes.

The following table provides an overview of the cash flow and non-cash flow movements of the non-current and current financial liabilities.

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION



**Movements financial liabilities**

| EUR 1,000 | 2021 | CASH FLOW | ACQUISITIONS | RECLASSES | OTHER NON-CASH MOVEMENTS | EFFECT OF MOVEMENTS IN EXCHANGE RATES | 2022 |
|---|---|---|---|---|---|---|---|
| **Non-current** | | | | | | | |
| Bank Loans | 337,528 | 295,149 | 2,413 | (40,000) | (490) | 267 | 594,867 |
| Deferred and contingent considerations | 275,243 | | 19,299 | (13,408) | (18,107) | (12,711) | 250,316 |
| Lease liabilities | 52,712 | | 2,119 | (12,393) | 22 800 | 543 | 65,782 |
| Other liabilities | 1,369 | (584) | 1,092 | | 6 | 40 | 1,923 |
| **Total non-current** | **666,852** | **294,565** | **24,924** | **(65,800)** | **4,209** | **(11,860)** | **912,889** |
| **Current** | | | | | | | |
| Bank Loans | | | | 40,000 | | - | 40,000 |
| Deferred and contingent considerations | 33,614 | (47,265) | 11,182 | 13,408 | 11,164 | 1,191 | 23,294 |
| Lease liabilities | 18,017 | (20,391) | 509 | 12,393 | 10,804 | (1,304) | 20,028 |
| Other liabilities | 399,420 | (163,295) | 9 621 | | | 6,976 | 252,722 |
| **Total current** | **451,051** | **(230,951)** | **21,313** | **65,801** | **21,969** | **6,863** | **336,042** |

The other non-cash movements include fair value adjustments related to a net reduction in the estimated deferred consideration, consisting of Megasetia (Indonesia) of EUR -18 6 million and Signet (India) of EUR 8 7 million





CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

## 30 Employee benefits

The liabilities associated with employee benefits consist of net defined benefit liabilities (pension schemes) termination benefits and other long-term employee benefits

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Net defined benefit liability | 7,665 | 13,475 |
| Termination benefits and other long term employee benefits | 14,589 | 15,783 |
| **Total employee benefit liabilities** | **22,254** | **29,258** |

The Group supports defined benefit plans in the Netherlands the United Kingdom, Canada Germany Switzerland Austria, the United States and the Philippines The net defined benefit liability has decreased as a result of the significant increases in the discount rates

**Movement in net defined benefit liability/(asset)**

| EUR 1,000 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|---|---|
| | *Defined benefit obligation* | | *Fair value of plan assets* | | *Net defined benefit liability/(asset)* | |
| **Balance as at 1 January** | **82,271** | **81,109** | **68,797** | **66,382** | **13,475** | **14,727** |
| **Included in profit or loss** | | | | | | |
| Current service cost | 1,492 | 1,271 | - | | 1,492 | 1,271 |
| Past service cost | 6 | (975) | - | | 6 | (975) |
| Settlements | (95) | (96) | - | - | (95) | (96) |
| Interest cost/(income) | 1,360 | 1,142 | 1,053 | 816 | 307 | 326 |
| | **2,764** | **1,341** | **1,053** | **816** | **1,711** | **525** |
| **Included in OCI** | | | | | | |
| Remeasurement: loss/(gain): | | | | | | |
| Actuarial loss/(gain) arising from changes in: | | | | | | |
| - *Demographic assumptions* | 110 | (450) | - | | 110 | (450) |
| Financial assumptions | (25,504) | (2,205) | - | - | (25,504) | (2,205) |
| Experience | 981 | 48 | - | | 981 | 48 |
| Return on plan assets excluding interest income | - | | (19,712) | 212 | 19,712 | (212) |
| Asset ceiling | - | | (18) | (2,726) | 18 | 2,726 |
| Effect of movements in exchange rates | (593) | 3,714 | (858) | 2,686 | 264 | 1,028 |
| | **(25,007)** | **1,107** | **(20,587)** | **171** | **(4,420)** | **936** |
| **Other** | | | | | | |
| Business combinations | - | | - | - | - | |
| Contributions paid by the employer | - | | 2,714 | 2,434 | (2,714) | (2,434) |
| Contributions paid by the plan members | 792 | 1,815 | 792 | 1,815 | - | |
| Benefits paid | (3,184) | (3,101) | (2,798) | (2,822) | (386) | (280) |
| | **(2,392)** | **(1,286)** | **708** | **1,427** | **(3,100)** | **(2,713)** |
| **Balance as at 31 December** | **57,636** | **82,271** | **49,971** | **68,797** | **7,665** | **13,475** |







**Plan assets**

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Equity securities | 7,648 | 24,181 |
| Government bonds | 1,311 | 1,361 |
| Qualifying insurance policies | 28,328 | 35,885 |
| Other plan assets | 15,284 | 10,095 |
| Asset Ceiling | (2,601) | (2,726) |
| **Total plan assets** | **49,970** | **68,796** |

Due to the asset ceiling applicable to the UK pension plan in 2022 the actual fair value of the plan assets (EUR 50.0 million) exceeded the recognised plan assets (EUR 50.0 million) by EUR 16 thousand

**Expense recognised in profit or loss**

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Current service costs | 1,492 | 1,270 |
| Past service costs | 6 | (975) |
| Settlements | (95) | (96) |
| **Expense recognised in the line item 'Social security and other charges'** | **1,403** | **199** |
| Interest cost | 308 | 326 |
| **Expense recognised in the line item 'Finance costs'** | **308** | **326** |
| **Total expense recognised in profit or loss** | **1,711** | **525** |

## Actuarial assumptions

Principal actuarial assumptions at the reporting date expressed as weighted average

| | 2022 | 2021 |
|---|---|---|
| Discount rate as at 31 December | 4.03% | 1.66% |
| *Future salary increases* | 1.66% | 1.74% |
| Future pension increases | 1.30% | 1.46% |
| Price inflation | 2.09% | 2.23% |

Assumptions regarding future mortality are based on published statistics and mortality tables The following tables have been used

- The Netherlands AGPrognose2022Hoog 7 based on income class high-medium
- The United Kingdom before retirement - as per post retirement, after retirement S3PXA_L CMI 2021 model [1.25%]
- Canada CPM 2014 Public & Private with 2D projections using Scale B
- Germany Richttafel 2018G Klaus Heubeck
- Switzerland BVG 2020 Generational
- Austria AVO 2018-P 'Angestellte' -Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION



The Group expects EUR 3,264 thousand in contributions to be paid into its defined benefit plans in 2023 The Canadian pension plans are partially unfunded The duration of the funded obligation based on expected cash flows is 11 years the unfunded plans have an expected duration of 12 years

## Sensitivity analysis

*The defined benefit plans in Austria, Germany the Philippines, The United States relate to a limited number of (retired) employees For that reason,* sensitivity analyses for these plans are not provided The four significant defined benefit plans are the schemes in The Netherlands, The United Kingdom Switzerland and Canada

The plan in the Netherlands was an average salary defined benefit plan until 31 December 2016 The plan is financed through an insurance policy There are no specific material entity risks to which the plan is exposed and the plan assets are not invested in a single class of investments From 2016 onwards no additional retirement benefits accrue in the defined benefit plan The retirement benefits related to employee services in 2017 and onwards accrued in a new pension plan effective from 1 January 2017 As a result of the parameters in the new pension contract it classifies as a defined contribution plan

The plan in the United Kingdom has 29 members and is a final salary defined benefit plan The plan is financed through a pension fund The plan assets are not invested in a single class of investments

The plan in Canada consists of three separate plans a pension and supplementary retirement pension plan for certain (former) executive members (9 *members) and a non-pension post-retirement benefit plan providing extended health, dental life insurance and accidental death and dismemberment* benefits The supplementary plan and non-pension plan are unfunded

The pension plans of IMCD Switzerland were revised and harmonised due to the merger between IMCD Switzerland AG and DCS Pharma AG The revised plan was put in to effect as at 1 January 2022 The plan is financed through a pension fund and the plan assets are not invested in a single class of investments

The obligations arising from the defined benefit plans mentioned above are determined using the projected unit credit method The projected unit credit method determines the expected benefits to be paid after retirement, taking dynamic measurement parameters into account and spreading them over the entire length of service of the employees participating in the plan For this purpose, an actuarial valuation is obtained every year The actuarial assumptions for the discount rate salary growth rate, pension trend and life expectancy, which are used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances

The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation) Plan assets are *assets where the claim to said assets has, in principle been assigned to the beneficiaries This results in a net liability or a net asset to be recognised*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligations of the three significant defined benefit plans by the amounts shown in the following section





CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

| EUR 1,000 | 2022 | | 2021 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **Defined benefit plan The Netherlands** | | | | |
| Discount rate (1% point movement) | (2,035) | 2,564 | (4,175) | 5,519 |
| **Defined benefit plan The United Kingdom** | | | | |
| Discount rate (1% point movement) | (2,029) | 2,255 | (4,284) | 5,593 |
| Future salary growth (1% point movement) | 56 | (56) | 119 | (119) |
| Future pension growth (1% point movement) | 2,029 | (1,917) | 4,998 | (4,046) |
| Future inflation (1% point movement) | 2,029 | (1,917) | 4 046 | (3,808) |
| Future mortality (1 year) | 451 | (451) | 1,071 | (1,071) |
| **Defined benefit plan Canada** | | | | |
| Discount rate (1% point movement) | (829) | 456 | (1,308) | 1,277 |
| Future salary growth (1% point movement) | 27 | (26) | 32 | (30) |
| Future inflation (1% point movement) | 257 | (126) | 404 | (199) |
| Future mortality (1 year) | (208) | 204 | (326) | 270 |
| **Defined benefit plan Switzerland** | | | | |
| Discount rate (1% point movement (2021: 0 5%)) | (1,406) | (2,246) | (238) | 274 |
| Future salary growth (1% point movement (2021: 0 5%)) | - | - | 18 | (18) |
| Future mortality (1 year) | 305 | 101 | 48 | (48) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan it does provide an approximation of the sensitivity of the assumptions shown

## Termination benefits and other long-term employee benefits

The movements in the termination benefits and other long-term employee benefits are as follows

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Liabilities as at 1 January** | | **15,783** | **14,809** |
| Assumed in business combinations | 7 | 1,132 | 421 |
| Additions (excluding interest cost) | | 1,805 | 2,430 |
| Interest cost | | 18 | 77 |
| Withdrawals | | (644) | (1,013) |
| Releases | | (412) | (603) |
| Actuarial results | | (2,455) | (591) |
| Effect of movement in exchange rates | | (639) | 253 |
| **Liabilities as at 31 December** | | **14,589** | **15,783** |

< Contents page

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

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The termination and other long-term employee benefits comprises statutory imposed obligations for long or after-service benefits The main obligations relate to the IFC retirement indemnity benefits in France and the legally required leaving-service indemnity TFR in Italy

## 31 Provisions

The movements in provisions are as follows

| EUR1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Balance as at 1 January** | | **6,494** | **4,449** |
| Assumed in business combinations | 7 | 7,262 | 2,040 |
| Provisions made during the year | | 1,725 | 1,247 |
| Provisions used during the year | | (390) | (1,017) |
| Provisions released during the year | | (836) | (180) |
| Effect of movement in exchange rates | | (441) | (45) |
| **Balance as at 31 December** | | **13,814** | **6,494** |

The provision used in 2022 mainly relates to organisational changes



< Contents page

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

## 32 Trade and other payables

The trade and other payables are as follows

| EUR1,000 | 2022 | 2021 |
|---|---|---|
| Trade payables | 389,021 | 403,010 |
| **Total Trade payables** | **389,021** | **403,010** |

| EUR1,000 | 2022 | 2021 |
|---|---|---|
| Derivatives used for hedging | 1,030 | 195 |
| Taxes and social securities | 34,311 | 27,729 |
| Pension premiums | 1,821 | 1,486 |
| Current tax liability | 17,270 | 14,239 |
| Other creditors | 10,191 | 3,664 |
| Accrued interest expenses | 10,961 | 6,000 |
| Liabilities to personnel | 54,657 | 45,320 |
| Other accrued expenses | 35,015 | 31,655 |
| **Total Other payables** | **165,255** | **130,288** |

At 31 December 2022, with the exception of some derivatives used for hedging, all trade and other payables have a term of less than one year

The Group's exposure to currency risk related to trade and other payables is disclosed in Note 5

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION



## 33 Financial Instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

| 31 DECEMBER 2022 | | CARRYING AMOUNT | | | | | FAIR VALUE | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| EUR 1,000 | NOTE | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | OTHER FINANCIAL LIABILITIES | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
| Forward exchange contracts used for hedging | 25 | 180 | - | - | - | 180 | - | 180 | - | 180 |
| Forward exchange contracts used for hedging | 32 | - | | 1,030 | - | 1 030 | - | 1 030 | | 1 030 |
| Contingent consideration | 29 | - | - | 273 610 | - | 273 610 | - | - | 273 610 | 273,610 |

| 31 DECEMBER 2021 | | CARRYING AMOUNT | | | | | FAIR VALUE | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| EUR 1,000 | NOTE | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | OTHER FINANCIAL LIABILITIES | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
| Forward exchange contracts used for hedging | 25 | 61 | | | | 61 | - | 61 | | 61 |
| Forward exchange contracts used for hedging | 32 | | | 195 | | 195 | | 195 | | 195 |
| Contingent consideration | 29 | | | 302 856 | | 308 856 | | | 308 856 | 303 856 |

### Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used





CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
OTHER INFORMATION

#### Financial instruments measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Contingent consideration | [illegible] The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario | • Forecast EBITDA margin<br>• Risk adjusted discount rate | The estimated fair value would increase/(decrease) if:<br>• the EBITDA margins were higher/(lower); or<br>• the risk-adjusted discount rates were lower/(higher). |
| Forward exchange contracts and interest rate swaps | [illegible] The fair values are based on broker quotes Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. | Not applicable | Not applicable |

#### Financial instruments not measured at fair value

There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in the current year or in the prior year

### Level 3 fair values

#### Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

| EUR 1,000 | NOTE | CONTINGENT CONSIDERATION |
|---|---|---|
| **Balance as at 1 January 2022** | | **308,856** |
| Assumed in a business combination | 7 | 30,481 |
| Paid contingent consideration | | (47,265) |
| Loss / (Gain) included in profit or loss | | (6,943) |
| Loss / (Gain) included in equity | | - |
| Effect of movement in exchange rates | | (11,519) |
| **Balance as at 31 December 2022** | | **273,610** |
| | | |
| **Balance as at 1 January 2021** | | **193,544** |
| Assumed in a business combination | | 121,382 |
| Paid contingent consideration | | (20,735) |
| Loss / (Gain) included in profit or loss | | 1,151 |
| Loss / (Gain) included in equity | | |
| Effect of movement in exchange rates | | 13,514 |
| **31 December 2021** | | **308,856** |

The amount assumed in business combinations relates to the deferred purchase prices for the acquisitions of RPL Trading Aquatech Syntec, Welex, Promaplast and Parkash Dyechem

The net gain included in profit and loss of EUR 6.943 thousand (2021 loss of EUR 1.151 thousand) is the result of remeasuring contingent considerations The main fair value adjustments in 2022 relate to a reduction in the estimated deferred consideration, consisting of Megasetia (Indonesia) of EUR -18 6 million and Signet (India) of EUR 8 7 million

## Sensitivity analysis

The fair value of contingent considerations is subject to two principal assumptions The effects of reasonable changes to these assumptions, keeping other assumptions constant, are set out below

| 31 DECEMBER 2022 | PROFIT OR LOSS | |
|---|---|---|
| EUR 1,000 | INCREASE | DECREASE |
| EBITDA margin (10% movement) | (23,881) | 25.522 |
| *Risk-adjusted discount rate (discount rate 1% point movement)* | 3,036 | (2.995) |







| 31 DECEMBER 2021 | PROFIT OR LOSS | |
|---|---|---|
| EUR 1,000 | INCREASE | DECREASE |
| EBITDA margin (10% movement) | (23.509) | 22 068 |
| Risk adjusted discount rate (discount rate 1% point movement) | 5.899 | (4,092) |

## Offsetting financial assets and liabilities

Gross amounts of financial assets and liabilities are offset on the basis of offsetting arrangements or are subject to enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet

31 DECEMBER 2022

| EUR 1,000 | GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES | OFFSETTING | GROSS CARRYING AMOUNTS IN THE BALANCE SHEET | ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR ARRANGEMENTS | 31 DECEMBER 2022 NET AMOUNT |
|---|---|---|---|---|---|
| Trade and other receivables | 723.299 | (21,024) | 702,275 | - | 702.275 |
| Cash and cash equivalents | 222,005 | - | 222,005 | - | 222.005 |
| Other financial assets | 7,016 | - | 7,016 | - | 7,016 |
| Trade payables | 390,845 | (1,824) | 389,021 | - | 389,021 |
| Other payables | 183,992 | (18,737) | 165,255 | - | 165.255 |
| Other short term financial liabilities | 296.505 | (463) | 296.042 | - | 296.042 |

31 DECEMBER 2021

| EUR 1,000 | GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES | OFFSETTING | GROSS CARRYING AMOUNTS IN THE BALANCE SHEET | ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR ARRANGEMENTS | 31 DECEMBER 2021 NET AMOUNT |
|---|---|---|---|---|---|
| Trade and other receivables | 641.189 | (21 727) | 619.462 | | 619.462 |
| Cash and cash equivalents | 179,417 | (1.538) | 177,879 | | 177,879 |
| Other financial assets | 5.310 | 112 | 5,422 | | 5,422 |
| Trade payables | 406.613 | (3.603) | 403.010 | | 403.010 |
| Other payables | 148.335 | (18.047) | 130.288 | | 130.288 |
| Other short term financial liabilities | 452.665 | (1.615) | 451.050 | | 451.050 |

## 34 Off-balance sheet commitments

### Operating leases

Commitments for minimum lease payments, which include short-term lease payments, in relation to operating leases are payable as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Within one year | 769 | 1,848 |
| Later than one year but not later than five years | 9,836 | 7,214 |
| Later than five years | 3,916 | 2,888 |
| **Total Operational leases** | **14,520** | **11,951** |

### Guarantees

As at 31 December 2022 the Group has granted guarantees of EUR 95.7 million (31 December 2021 EUR 79.6 million) in total. Those guarantees mainly consist of bank guarantees to customs and tax authorities of EUR 2.9 million (31 December 2021 EUR 0.9 million), office rental guarantees of EUR 2.5 million (31 December 2021 EUR 1.1 million) guarantees for goods and services of EUR 88.7 million (31 December 2021 EUR 62.3 million) letters of credit EUR 0.3 million (31 December 2021 EUR 1.2 million) and other guarantees of EUR 1.3 million (31 December 2021 EUR 1.0 million)

### Claims

The Group is a party to a limited number of legal proceedings incidental to its business. As is the case with other companies in similar industries, the Company faces exposures from actual or potential claims and legal proceedings. Although the ultimate result of legal proceedings cannot be predicted with certainty, it is the opinion of the Company's management that the outcome of any claim which is pending or threatened, either individually or on a combined basis and considering the insurance cover available will not have a material effect on the financial position of the Company, its cash flows and result of operations

On 21 December 2021, PT IMCD Indonesia acquired 70% of the shares in PT Megasetia Agung Kimia ("Megasetia") in Indonesia. Since the end of 2022, the Indonesian National Agency of Food and Drug Control ("BPOM") is investigating suspected contamination of syrup medicines in Indonesia. As part of its investigation BPOM has decided to revoke several licences of companies including Megasetia's license to distribute pharmaceutical materials for alleged breach of Good Distribution Practices. Megasetia has started administrative procedures against the decision of BPOM to revoke its license

On January 2023 in relation to the syrup contamination, a class action procedure was filed against eight Indonesian companies and three Indonesian governmental institutions including BPOM, the Indonesian Ministry of Health and the Ministry of Finance. Megasetia is one of the companies included in the procedure. According to the Indonesian Court regulations, the Court will first have to conduct a preliminary examination of the lawsuit formalities. This will define whether the formal requirements are met and a lawsuit may proceed or not

Should a class action claim be allowed by the Court the total amount of damages claimed from all defendants could be up to EUR 58 million. Considering the facts and based on legal advice, Megasetia believes a potential claim should not result in Megasetia being liable as an outcome of a case against several parties





## 35 Related parties

### Identity of related parties

The Group has related party relationships with its shareholders subsidiaries Management Board and Supervisory Board and post-employment benefit plans. For an overview of the group companies reference is made to the List of group companies as per 31 December 2022 on page 213

### Transactions with subsidiaries

The financial transactions between the Company and its subsidiaries comprise financing related transactions and operational transactions in the normal course of business. Transactions within the Group are not included in these disclosures as these are eliminated in the consolidated financial statements

### Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 Related party disclosures. For details on their remuneration reference is made to Note 53

### Transactions with associates

The Group owns 49% of the shares in SARL IMCD Group Algerie. At 31 December 2022 the Group has outstanding receivables from SARL IMCD Group Algerie of EUR 457 thousand (2021 EUR 478 thousand) and no outstanding payables to Velox China (2021 EUR 20 thousand)

### Transactions with post-employment benefit plans

The Group's main post-employment benefit plans are the defined benefit plans in the United Kingdom Canada and the Netherlands

In the financial year the contributions to the defined benefit plans were EUR 2,714 thousand (2021: EUR 2,434 thousand). There is no outstanding payable to the defined benefit plans as at the year end 2022 (2021 EUR 3 thousand)

## 36 Subsequent events

In addition to the acquisitions completed in 2022 IMCD signed on 16 February 2023 an agreement to acquire 100% of the shares of CPS Chemical Oil-Tech (Pty) Ltd ("CPS Oil-Tech"), a distributor in South Africa of raw materials to the petroleum additive, grease manufacturing and other industry related segments. With 8 employees CPS Oil-Tech generated a revenue of approximately EUR 12 million in the financial year that ended on February 28 2022. The closing of the transaction is subject to customary closing conditions and regulatory approval and is expected to take place in the second quarter of 2023

On 13 February 2023 IMCD completed the refinancing of its multi-currency revolving credit facility. The new facility, with a maturity date of 13 February 2028, amounts to EUR 600 million and can be drawn in EUR and USD as well as to an agreed sublimit in AUD and GBP. The credit revolving facility has interest margin dependent on credit ratings (S&P Moody's or Fitch)

Apart from the refinancing of the revolving credit facility there were no material events after 31 December 2022 that would have changed the judgement and analysis by management of the financial position as of 31 December 2022 or the result for the year of the Group

# Company balance sheet as of 31 December 2022

BEFORE PROFIT APPROPRIATION

| EUR 1,000 | NOTE | 31 DECEMBER 2022 | 31 DECEMBER 2021 |
|---|---|---|---|
| **Fixed assets** | | | |
| Participating interest in group company | 12 | 2,310,547 | 1,797,333 |
| Deferred tax assets | 13 | 10,218 | 13,102 |
| **Total fixed assets** | | **2,320,765** | **1,810,435** |
| **Current assets** | | | |
| Trade and other receivables | 11 | 153 | (10) |
| Accounts receivable from subsidiary | 15 | 1,595 | 1,834 |
| Cash and cash equivalents | | 706 | 255 |
| **Total current assets** | | **2,455** | **2,079** |
| **Total assets** | | **2,323,220** | **1,812,514** |
| **Shareholders' equity** | 16 | | |
| Issued share capital | | 9,118 | 9,118 |
| Share premium | | 1,051,438 | 1,051,438 |
| Translation reserve | | (58,761) | (58,285) |
| Hedging reserve | | (210) | (100) |
| Other reserves | | (10,539) | (5,509) |
| Retained earnings | | 367,839 | 255,888 |
| Unappropriated result | | 313,081 | 207,276 |
| **Total shareholders' equity** | | **1,671,965** | **1,459,825** |
| **Non-current liabilities** | 17 | 595,948 | 338,529 |
| Loans and borrowings | 18 | 40,000 | - |
| Accounts payable to subsidiaries | 18 | 2,282 | 6,781 |
| Other current liabilities | 18 | 13,025 | 7,380 |
| **Current liabilities** | | **55,307** | **14,160** |
| **Total equity and liabilities** | | **2,323,220** | **1,812,514** |







# Company income statement

FOR THE YEAR ENDED 31 DECEMBER 2022

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| Operating income | 39 | 3,522 | 3,573 |
| Wages and salaries | 40 | (3,969) | (4,016) |
| Social security and other charges | 40 | (146) | (129) |
| Other operating expenses | | (1,406) | (1,108) |
| **Operating expenses** | | **(5,521)** | **(5,253)** |
| Net finance costs | | (15,090) | (10,194) |
| Share in results from participating interests after taxation | 42 | 331,870 | 221,117 |
| **Result before income tax** | | **314,780** | **209,243** |
| Income tax expense | 11 | (1,699) | (1,967) |
| **Result for the year** | | **313,081** | **207,276** |

# Notes to the Company financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

## 37 General

The company financial statements are part of the 2022 financial statements of IMCD N V (the 'Company')

## 38 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements the Company makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS) Reference is made to the notes to the consolidated financial statements

Participating interests are valued on the basis of the equity method.

The share in results from participating interests after taxation consists of the share of the Company in the results of these participating interests Results on transactions where the transfer of assets and liabilities is between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised

## 39 Operating income

Other operating income predominantly relates to management service fees charged to IMCD Group B V

## 40 Personnel expenses

The personnel expenses 2022 comprise the wages and salaries including bonuses cost related to the employee benefit plan and social security expenses Further details are provided in Note 53

## 41 *Income tax expenses*

The reconciliation between the Company's domestic income tax rate and related tax charge and the effective income tax rate and related effective income tax charge is as follows:





**Reconciliation effective tax rate**

| EUR1,000 | 2022 | | 2021 | |
|---|---|---|---|---|
| | % | | % | |
| Profit for the year | | 313.081 | | 207.276 |
| Total income tax expense | 0.5 | 1.699 | 0 9 | 1.987 |
| Profit before income tax | | **314,777** | | **209,263** |
| Income tax using the Company's domestic tax rate | 25.8 | 81,215 | 25 0 | 52,316 |
| Adjustments in respect of tax exempt income | (23.7) | (74,614) | (22 8) | (47,758) |
| Effect of change in tax rate | 0.0 | 45 | (0 1) | (131) |
| **Tax effect of:** | | | | |
| Non deductible expenses | 0.2 | 613 | 0 3 | 553 |
| Tax incentives and tax exempted income | - | - | | - |
| Recognition of previously unrecognised tax losses | - | - | - | - |
| (De)recognition of previously (un)recognised temporary differences | 0.1 | 434 | | |
| Tax charge other members fiscal unity | (1.9) | (5,915) | (1 4) | (3,028) |
| Under provided in prior years | (0.0) | (80) | 0 0 | 35 |
| | **0.5** | **1,699** | **0.9** | **1,987** |

Except for withholding taxes corporate income tax expenses of the Dutch subsidiaries are allocated to the Company as head of the fiscal unity

## 42 Participating interest in group companies

The movements of the participating interest in group companies can be shown as follows

| EUR1,000 | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **1,797,333** | **1,663,068** |
| Changes | | |
| Investments in participating interests | 205,000 | |
| Impact of change in accounting policy | - | |
| Share in results from participating interest after taxation | 331,870 | 221,117 |
| Dividends declared | (19,000) | (147,550) |
| Movement hedging reserve | (110) | 106 |
| Exchange rate differences | 1,048 | 56,963 |
| Movement other reserves | (5,593) | 3,628 |
| **Balance as at 31 December** | **2,310,547** | **1,797,333** |

| | | |
|---|---|---|
| Accumulated impairments at 31 December | - | |

The Company, statutorily seated in Rotterdam, owns the Group through a 100% share in the issued capital of IMCD Finance B.V., statutorily seated in Rotterdam

## 43 Deferred tax assets

In 2022 the Company did not recognise previously unrecognised deferred tax assets related to tax losses carried forward (2021: nil). The Company utilised deferred tax assets of EUR 1.0 million in the financial year (2021: EUR 3.1 million), EUR 1.0 million new tax credits (2021: EUR 0.8 million), nil changes in tax rates (2021: EUR 0.1 million) and EUR 0.4 million prior year adjustments (2021: nil)

The deferred tax asset relates to unused tax losses, unused tax credits and share issuance expenses

| EUR 1,000 | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Balance as at 1 January** | | 13,102 | 15,513 |
| Impact of change in accounting policy | | - | |
| Movements during the year | 11 | (2,884) | (2,411) |
| **Balance as at 31 December** | | **10,218** | **13,102** |

## 44 Trade and other receivables

The trade and other receivables primarily relate to prepaid insurance premiums

## 45 Accounts receivable from subsidiary (current)

The accounts receivable from subsidiary relates to a receivable from IMCD Group B.V. regarding management service fees





## 46 Shareholders' equity

**Reconciliation of movement in capital and reserve**

| EUR 1,000 | ISSUED SHARE CAPITAL | SHARE PREMIUM | TRANSLATION RESERVE | HEDGING RESERVE | RESERVE OWN SHARES | OTHER RESERVES | RETAINED EARNINGS | UNAPPRO-PRIATED RESULT | TOTAL SHAREHOLDERS' EQUITY |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | 9,118 | 1,051,438 | (58,285) | (100) | (2,172) | (3,337) | 255,888 | 207,276 | 1,459,825 |
| Appropriation of prior year's result | - | - | - | - | - | - | 115,047 | (115,047) | - |
| | 9,118 | 1,051,438 | (58,285) | (100) | (2,172) | (3,337) | 370,935 | 92,229 | 1,459,825 |
| Total recognised income and expense | - | - | - | - | - | - | - | 313,081 | 313,081 |
| Share based payments | - | - | - | - | - | 156 | (7,777) | - | (7,621) |
| Issue of shares minus related costs | - | - | - | - | - | - | - | - | - |
| Transfer of own shares | - | - | - | - | (11,408) | - | 4,681 | - | (6,727) |
| Cash dividend | - | - | - | - | - | - | - | (92,229) | (92,229) |
| Movement in other reserves | - | | (476) | (110) | - | 6,222 | - | - | 5,636 |
| **Balance as at 31 December 2022** | 9,118 | 1,051,438 | (58,761) | (210) | (13,580) | 3,041 | 367,839 | 313,081 | 1,671,965 |
| | | | | | | | | | |
| **Balance as at 1 January 2021** | 9,118 | 1,051,438 | (114,329) | (206) | (3,893) | (4,774) | 194,927 | 120,128 | 1,252,408 |
| *Appropriation of prior year's result* | - | | | | | | 62,000 | (62,000) | |
| | 9,118 | 1,051,438 | (114,329) | (206) | (3,893) | (4,774) | 256,927 | 58,128 | 1,252,408 |
| Total recognised income and expense | | | | | | | | 207,276 | 207,276 |
| Share based payments | | | | | - | 1,025 | (4,130) | | (3,105) |
| Issue of shares minus related costs | | | | | | - | - | | |
| Transfer of own shares | | | - | | 1,721 | | 3,091 | | 4,812 |
| Cash dividend | - | | | | | | | (58,128) | (58,128) |
| Movement in other reserves | | | 56,044 | 106 | | 412 | | | 56,562 |
| **Balance as at 31 December 2021** | 9,118 | 1,051,438 | (58,285) | (100) | (2,172) | (3,337) | 255,888 | 207,276 | 1,459,825 |

**Share capital and share premium**

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| | Ordinary shares | |
| **In issue at 1 January** | 1,060,556 | 1,060,556 |
| Issue of shares minus related cost | - | |
| **In issue at 31 December - fully paid** | 1,060,556 | 1,060,556 |

### Ordinary shares

At 31 December 2021 the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. All shares have a par value of EUR 0.16 each and are fully paid

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company All shares rank equally with regard to the Company's residual assets

### Translation reserve

The translation reserve (legal reserve) comprises all exchange rate differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company s net investment in foreign subsidiaries.

### Hedging reserve

The hedging reserve (legal reserve) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred

### Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group At 31 December 2022, the Group held 101 275 of the Company's shares (31 December 2021: 44,300 shares)

### Other reserves

Other reserves relate to the accumulated actuarial gains and losses recognised in other comprehensive income and the share based payment reserve

### *Unappropriated result*

At the Annual General Meeting the following appropriation of the result for 2022 will be proposed an amount of EUR135,061 thousand to be paid out as dividend (EUR 2 37 per share) and EUR 177 942 thousand to be added to the retained earnings





## 47 Non-current liabilities

The movement in the non-current liabilities during 2022 is as follows

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **338,529** | **337,917** |
| Additions | 296,044 | (224) |
| Redemptions | - | |
| Classified as current liability | (40,000) | |
| Transaction and other finance costs paid | 502 | |
| Amortisation of transaction and other finance costs | 873 | 836 |
| Effect of movements in exchange rates | | - |
| **Balance as at 31 December** | **595,948** | **338,529** |

The non-current liabilities consist of the carrying value of the debt capital market issuance ("Schuldscheindarlehen") with notional values of EUR 40 million and the carrying value of the Bond loans issued in 2018 and 2022 net of capitalised finance costs

| EUR 1,000 | CURR | CARRYING AMOUNT | CONTRACTUAL CASH FLOWS | 12 MONTHS OR LESS | 1 - 2 YEARS | 2 - 5 YEARS | >5 YEARS |
|---|---|---|---|---|---|---|---|
| Bond loan | EUR | 594,867 | 654,750 | 13,950 | 13,950 | 626,850 | - |
| Loans from subsidiaries | EUR | 1,081 | - | - | 848 | 233 | - |
| **Total** | | **595,948** | **654,750** | **13,950** | **14,798** | **627,083** | - |

The first senior unsecured fixed rates note issued by IMCD N V on 26 March 2018 had a closing price of EUR 97,08 at 31 December 2022 (31 December 2021 EUR 104,40 ) The second senior unsecured fixed rates note issued by IMCD N V on 31 March 2022 had a closing price of EUR 88 50 at 31 December 2022 The bonds are listed on the Luxembourg Euro MTF market and matures on respectively 26 March 2025 and 31 March 2027

Further details of the Schuldscheindarlehen and the bond loan are provided in Note 29 of the consolidated financial statements

## 48 Current liabilities

The Company's current liabilities as of 31 December 2022 amounts to EUR 55.3 million (31 December 2021: EUR 14.2 million) and consists of a short-term liability to IMCD Finance B.V. and other current liabilities.

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| Loans and borrowings | 40,000 | |
| Accounts payable to subsidiaries | 2,282 | 6,781 |
| **Other current liabilities** | | |
| Creditors | 636 | 293 |
| Liabilities to personnel | 950 | 833 |
| Accrued interest expenses | 10,759 | 5,878 |
| Other accrued expenses | 680 | 376 |
| | **13,025** | **7,380** |
| **Current liabilities** | **55,307** | **14,160** |





## 49 Financial instruments

The Company has exposure to the following risks:
- credit risk
- liquidity risk
- market risk
- operational risk

In note 5 to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of IMCD N.V.

## 50 Off-balance sheet commitments

The Company is head of a tax entity for corporate income tax. The Company together with other Dutch group companies form part of this fiscal unity. As a consequence, the Company is jointly and severally liable for the corporate income taxes due by these tax entities.

## 51 Fees of the auditor

With reference to Section 2:382a(1) and (2) of The Netherlands Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. and other Deloitte member firms and affiliates to the Company, its subsidiaries and other consolidated entities.

| EUR 1,000 | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Deloitte Accountants B.V.** | **Other Deloitte member firms and affiliates** | **Total Deloitte** | **Deloitte Accountants B.V.** | **Other Deloitte member firms and affiliates** | **Total Deloitte** |
| Statutory audits of annual reports | 1,069 | 1,666 | 2,736 | 761 | 1,190 | 1,952 |
| Other assurance services | 170 | - | 170 | 56 | - | 56 |
| Tax advisory services | - | - | - | - | | |
| Other non-audit services | - | - | | | | |
| | **1,239** | **1,666** | **2,906** | **817** | **1,190** | **2,008** |

## 52 Related parties

### Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. *For details on their remuneration reference is made to Note 53*

### Other related party transactions

The Company as service provider maintains a management service agreement with IMCD Group B V for services rendered by the Management Board to the group The total management service fees charged in 2022 amounted to EUR 3,522 thousand (2021 EUR 3,573 thousand). All related party transactions were priced on an at arm's-length basis

## 53 Compensation of the Management Board and the Supervisory Board

The Management Board and Supervisory board members' compensation, including pension obligations as intended in Section 2 383(1) of The Netherlands Civil Code which were charged in the financial year to the Company and group companies is as follows

**Compensation Management Board**

| EUR 1,000 | YEAR | SALARY | BONUS | SHARE BASED PAYMENT | PENSION | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|
| P.C.J. van der Slikke | **2022** | **710** | **506** | **759** | **42** | **51** | **2,068** |
| | 2021 | 669 | 468 | 835 | 36 | 48 | 2,056 |
| H.J.J. Kooijmans | **2022** | **553** | **394** | **591** | **40** | **50** | **1,628** |
| | 2021 | 521 | 365 | 650 | 37 | 49 | 1,622 |
| M.C. Jordan* | **2022** | **323** | **230** | **365** | **32** | **237** | **1,187** |
| | 2021 | | | | | | |
| **Total** | **2022** | **1,586** | **1,130** | **1,715** | **114** | **338** | **4,883** |
| | **2021** | 1,190 | 833 | 1,485 | 73 | 97 | 3,678 |

* Remuneration costs since 2/5/2022

As of 31 December 2022 the total number of shares conditionally granted to the Management Board is as follows:
- P.C.J. van der Slikke 22,288 (31 December 2021 31,898)
- H.J.J. Kooijmans 17,363 (31 December 2021 24,848)
- M.C. Jordan 15,160 (31 December 2021 18,040)

The reported bonus and share based payment amounts include adjustments related to prior years The other remunerations include health insurance premiums, business expense allowances social security premiums and company car expenses Further details of the Management Board compensation are provided in the Remuneration Report (see page 95)





**Compensation Supervisory Board**

| EUR 1,000 | 2022 | 2021 |
|---|---|---|
| J. Smalbraak | 105 | 75 |
| W. Eelman | 47 | |
| V. Diele Braun | 70 | 63 |
| S.R. Nanninga | 75 | 68 |
| A.E. Hebert | 65 | 65 |
| A.J.Th. Kaaks | 23 | 70 |
| M.G.P. Plantevin | - | 28 |
| **Total** | **385** | **369** |

In addition to the aforementioned compensation the Management Board and Supervisory Board members receive reimbursements for out-of-pocket expenses Since these benefits serve to cover actual costs incurred and are not considered to form part of the remuneration as such, they have not been included in the above totals

## 54 Provision regarding the appropriation of profit

At the Annual General Meeting the following appropriation of the result for 2022 will be proposed an amount of EUR 135,061 thousand to be paid out as dividend (EUR 2.37 per share) and EUR 177,942 thousand to be added to the retained earnings.

## 55 Subsequent events

On 13 February 2023, IMCD completed the refinancing of its multi-currency revolving credit facility The new facility, with a maturity data of 8 February 2028 amounts to EUR 600 million and can be drawn in EUR and USD as well as, to an agreed sublimit, in AUD and GBP The credit revolving facility has interest margin dependent on credit ratings (S&P Moody's or Fitch)

Apart from the refinancing of the revolving credit facility there were no material events after 31 December 2022 that would have changed the judgement and analysis by management of the financial condition at 31 December 2022 or the result for the year of the Company

Rotterdam 23 February 2023

**The Management Board:**
P.C.J. van der Slikke
H.J.J. Kooijmans
M.C. Jordan

**The Supervisory Board:**
J. Smalbraak
W. Eelman
V. Diele-Braun
S.R. Nanninga
A.E. Hebert

# List of group companies as per 31 December 2022

The list of group companies is as follows (100% owned unless mentioned otherwise)

| | | |
|---|---|---|
| IMCD Finance B.V. | Rotterdam | The Netherlands |
| IMCD Group B.V. | Rotterdam | The Netherlands |
| IMCD Participations II B.V. | Rotterdam | The Netherlands |
| Internatio Special Products B.V. | Rotterdam | The Netherlands |
| IMCD Benelux B.V. | Rotterdam | The Netherlands |
| IMCD Benelux N.V. | Mechelen | Belgium |
| IMCD France Investments S.A.S. | Paris | France |
| IMCD Holding France S.A.S. | Paris | France |
| IMCD France S.A.S. | Paris | France |
| IMCD España Especialidades Químicas S.A. | Madrid | Spain |
| IMCD Portugal Produtos Químicos Lda | Lisbon | Portugal |
| IMCD Maroc S.a.r.l. | Casablanca | Morocco |
| IMCD Tunisia S.a.r.l. | Tunis | Tunisia |
| S.a.r.l. IMCD Group Algerie (49% of the shares) | Algiers | Algeria |
| IMCD Deutschland GmbH | Cologne | Germany |
| Otto Aldag Handel GmbH | Cologne | Germany |
| DCS Pharma GmbH | Luneberg | Germany |
| IMCD UK Acquisitions Ltd | Sutton | United Kingdom |
| IMCD Holding UK Ltd | Sutton | United Kingdom |
| IMCD UK Investments Ltd. | Sutton | United Kingdom |
| IMCD UK Ltd | Sutton | United Kingdom |
| Evenlode Foods Ltd. | Milton Keynes | United Kingdom |
| IMCD Ireland Ltd | Dublin | Ireland |
| IMCD Italia S.p.A. | Milan | Italy |
| IMCD Norway AS | Ski | Norway |
| IMCD Nordic AB | Malmö | Sweden |
| IMCD Sweden AB | Malmö | Sweden |
| IMCD Finland Oy | Helsingfors | Finland |
| IMCD Danmark AS | Helsingør | Denmark |
| IMCD Baltics UAB | Vilnius | Lithuania |
| IMCD South East Europe GmbH | Vienna | Austria |
| Polychem Handelsges.m.b.H[2] | Allhau | Austria |
| IMCD Czech Republic s.r.o. | Prague | Czech Republic |
| Polychem composite CS s.r.o.[3] | Brno Trnita | Czech Republic |
| IMCD Romania srl | Bucarest | Romania |
| Polychem Chemicals srl[4] | Bucarest | Romania |
| Polychem d.o.o.[5] | Zagreb | Croatia |





| | | |
|---|---|---|
| IMCD Hungary Kft[6] | Budaors | Hungary |
| IMCD Bulgaria EOOD[7] | Sofia | Bulgaria |
| IMCD Switzerland AG | Zurich | Switzerland |
| IMCD Polska Sp z o.o. | Warsaw | Poland |
| IMCD Rus LLC | Saint Petersburg | Russia |
| IMCD Ukraine LLC | Kiev | Ukraine |
| IMCD Ticaret, Pazarlama ve Danışmanlık Limited Şirketi | Istanbul | Turkiye |
| Zifrom Chemicals Suppliers Ltd | Rishon LeZion | Israel |
| Internatio Special Products Egypt LLC | Cairo | Egypt |
| IMCD Egypt LLC | Cairo | Egypt |
| IMCD Middle East FZCO | Dubai | United Arab Emirates |
| IMCD Middle East Trading LLC | Dubai | United Arab Emirates |
| IMCD Arabia Trading LLC (75% of the shares) | Riyadh | Saudi Arabia |
| IMCD South Africa Pty Ltd | Isando | South Africa |
| Chemimpo South Africa Pty Ltd | Randburg | South Africa |
| IMCD Kenya Ltd. | Nairobi | Kenya |
| IMCD Uganda SMC Ltd | Kampala | Uganda |
| IMCD Holdings US Inc | Jersey City | United States of America |
| IMCD US LLC | Cleveland | United States of America |
| MJS Sales Inc | Cleveland | United States of America |
| IMCD US Food Inc | Washington | United States of America |
| Andes Chemical LLC | Miami | United States of America |
| Gateway Warehouse & Consolidators LLC[8] | Miami | United States of America |
| Promaplast USA Inc[8] | Houston | United States of America |
| IMCD Puerto Rico Inc | Cayey | Puerto Rico |
| IMCD Canada Limited | Brampton | Canada |
| IMCD Mexico S.A. de C.V. | Miguel Hidalgo | Mexico |
| International Chemical Product Services Mexico S. de RL de CV | Miguel Hidalgo | Mexico |
| Materias Químicas de Mexico S.A. de C.V. | Mexico City | Mexico |
| Pluralmex S.A. de C.V. | Mexico City | Mexico |
| Proveedora de Materiales Plasticos S.A. de C.V.[8] | Lerma | Mexico |
| Promaplast Resinas S.A. de C.V.[8] | Lerma | Mexico |
| Andes Chemical Dominicana SRL | Santo Domingo | Dominican Republic |
| Quelaris Dominicana SRL[9] | Santo Domingo | Dominican Republic |
| Andes Chemical Peru SRL | Lima | Peru |
| IMCD Costa Rica SRL[10] | San Jose | Costa Rica |
| Quelaris Costa Rica SA[10] | Cartago | Costa Rica |
| IMCD Brasil Comercio e Industria de Produtos Químicos Ltda | São Paulo | Brazil |
| IMCD Brasil Farmacêuticos Importação, Exportação e Representações Ltda | São Paulo | Brazil |
| Vitaqualy Comercio de Ingredientes LTDA | São Paulo | Brazil |
| Polyorganic Tecnologia Ltda[10] | São Paulo | Brazil |
| IMCD Chile SpA | Santiago | Chile |
| Quelaris Chile SPA[10] | Santiago | Chile |

< Contents page



| | | |
|---|---|---|
| IMCD Argentina SRL | Buenos Aires | Argentina |
| IMCD Uruguay SA | Montevideo | Uruguay |
| IMCD Ecuador SAS[12] | Quito | Ecuador |
| IMCD Colombia SAS | Bogota | Colombia |
| Siliconas y Quimicos SAS | Bogota | Colombia |
| Quelaris Colombia SAS[10] | Bogota | Colombia |
| Quelaris Peru SAC[10] | Lima | Peru |
| IMCD Guatemala SRL[13] | Guatemala City | Guatemala |
| IMCD Australasia Investments Pty. Ltd | Melbourne | Australia |
| IMCD Australia Pty Ltd. | Melbourne | Australia |
| RPL Trading Pty Ltd[14] | Melbourne | Australia |
| IMCD New Zealand Ltd | Auckland | New Zealand |
| RPL Trading NZ Ltd.[14] | Auckland | New Zealand |
| IMCD Asia Pacific Sdn Bhd | Shah Alam | Malaysia |
| IMCD Malaysia Sdn Bhd | Shah Alam | Malaysia |
| IMCD Asia Pte Ltd | Singapore | Singapore |
| IMCD Singapore Pte Ltd | Singapore | Singapore |
| IMCD (Thailand) Co., Ltd | Bangkok | Thailand |
| IMCD (China) Co. Ltd | Shanghai | China |
| IMCD International Trading (Shanghai) Co Ltd. | Shanghai | China |
| IMCD Plastics (Shanghai) Co Ltd | Shanghai | China |
| Shanghai Yuanhe Chemicals Co Ltd | Shanghai | China |
| Aquatech Speciality (Shanghai) International Trading Co. Ltd[5] | Shanghai | China |
| Guangzhou Aquatech Speciality Trading Co Ltd[5] | Guangzhou | China |
| Shanghai Syntec Additive Limited[14] | Shanghai | China |
| Shanghai Weike Additive Limited[14] | Shanghai | China |
| Velox China Ltd (50% of the shares) | Shanghai | China |
| Velox China HK Co Ltd (50% of the shares) | Hong Kong | Hong Kong |
| Yuanhe HK Ltd | Hong Kong | Hong Kong |
| Welex S.A. Holdings (China) Ltd [5] | Kowloon | Hong Kong |
| Whawon Pharm Co Ltd | Seoul | South Korea |
| IMCD Japan Godokaisha | Tokyo | Japan |
| Kimi Chemical Co Ltd | Osaka | Japan |
| IMCD Vietnam Company Ltd | Ho Chi Minh City | Vietnam |
| IMCD Philippines Corporation | Manila | Philippines |
| PT IMCD Indonesia | Jakarta | Indonesia |
| PT Sapta Permata | Surabaya | Indonesia |
| PT Megasetia Agung Kimia (70% of the shares) | Jakarta | Indonesia |
| IMCD India Pvt. Ltd. | Mumbai | India |
| Signet Excipients Pvt Ltd (70% of the shares) | Mumbai | India |
| Parkash Dyechem Pvt Ltd[15] | Delhi | India |
| IMCD Bangladesh Pvt Ltd. | Dhaka | Bangladesh |

1 In liquidation
2 Since February 2022 merged with IMCD South East Europe GmbH
3 Since February 2022 merged with IMCD Czech Republic s.r.o
4 Since February 2022 merged with IMCD Romania srl
5 Since February 2022
6 Since February 2022 formerly known as Polychem Ipari Kereskedelmi es Szolgaltato Kft
7 Since February 2022 formerly known as Polychem BG EOOD
8 Liquidated October 2022
9 Since September 2022
10 Since March 2022
11 Formerly known as Andes Chemical Centro America SRL
12 Since July 2022
13 Since March 2022 formerly known as Quelaris Guatemala SA
14 Since January 2022
15 Since December 2022



< Contents page



# Other information

## Provisions in the Articles of Association governing the appropriation of profit

Article 22 of the Company's articles of association stipulates the following with regard to the appropriation of the profit: The Management Board, with the approval of the Supervisory Board, decides how much of the freely distributable profit will be reserved. The remaining profit shall be at the free disposal of the Annual General Meeting.

## Independent auditor's report

To the Shareholders and the Supervisory Board of IMCD N.V.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 INCLUDED IN THE ANNUAL REPORT

**Our opinion**

We have audited the financial statements for the year ended 31 December 2022 of IMCD N.V. ("the Company"), based in Rotterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the Company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2022, and of its result and its cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying Company financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2022, and of its result for the year ended 31 December 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2022
2. The following statements for the year ended 31 December 2022: the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows
3. The notes comprising a summary of the significant accounting policies and other explanatory information

The Company financial statements comprise:
1. The Company balance sheet as at 31 December 2022
2. The Company profit and loss account for the year ended 31 December 2022
3. The notes comprising a summary of the accounting policies and other explanatory information

## Basis for our opinion

We conducted our audit in accordance with Dutch law including the Dutch Standards on Auditing Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report

We are independent of IMCD N V in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta Audit firms supervision act) the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO Code of Ethics for Professional Accountants a regulation with respect to independence) and other relevant independence regulations in the Netherlands Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics)

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

## Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon The following information in support of our opinion was addressed in this context and we do not provide a separate opinion or conclusion on these matters

## Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €30million (2021 €20million) The materiality is based on 7% (2021 7.3%) of result before income tax excluding non-recurring items We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons

Component audits are performed using materiality levels determined by the judgement of the group audit team, considering materiality for the consolidated financial statements as a whole and the reporting structure of the group Component materialities did not exceed EUR 14 4 million

We agreed with the Supervisory Board that misstatements in excess of €1 5million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds

## Scope of the group audit

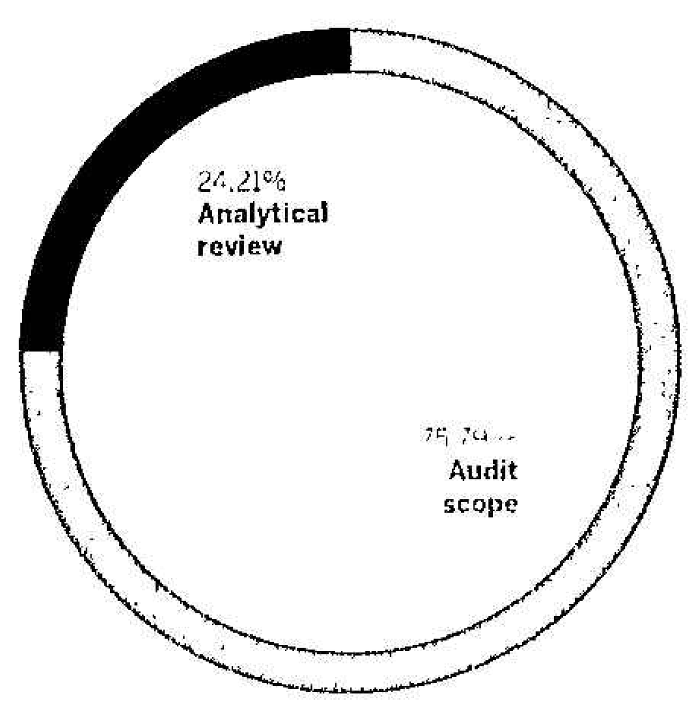
IMCD N V is at the head of a group of entities The financial information of this group is included in the consolidated financial statements of IMCD N V

Because we are ultimately responsible for the opinion, we are directing, supervising and performing the group audit In this respect we have determined the nature and extent of the audit procedures to be carried out for components The extent of the procedures has been determined based on the size of components and a number of qualitative considerations Such considerations include the financial performance of the foreign entities and the maturity of markets these entities are operating in On this basis we selected components for which a full audit (10), specified audit of balances/transactions (14) or analytical review (remainder) was carried out on the component financial information None of the components represented more than 1 6% of total group revenue or total group assets For those remaining components we performed, among others analytical procedures to corroborate our assessment that there were no significant risks of material misstatement within those components

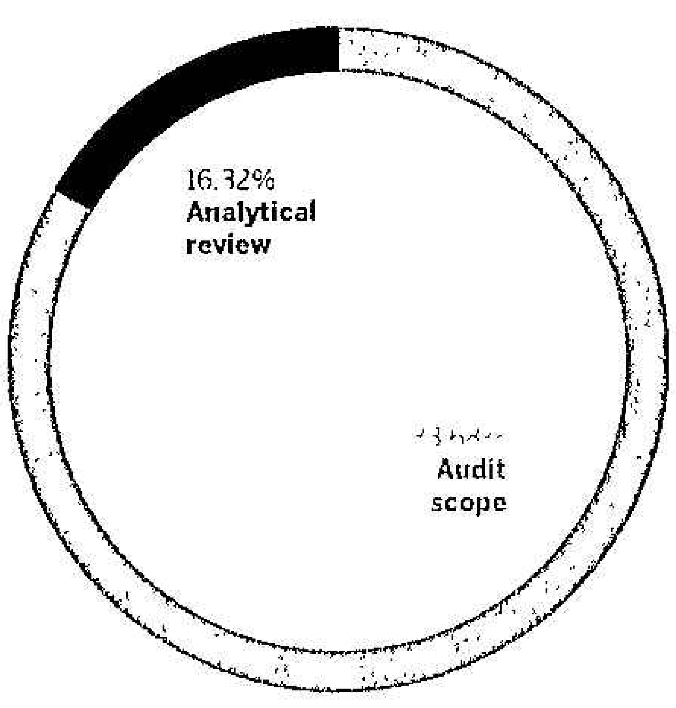




This resulted in the coverage as presented thereafter




Scoping on assets




We have performed audit procedures ourselves at IMCD N V corporate entities and operations in the Netherlands Among others we have assessed group wide internal controls that have been implemented by the Management Board to monitor and manage the financial and operating performance of the various operating segments Furthermore the group audit team performed audit procedures on the consolidation, the IT environment, impairment testing for goodwill and impairment (trigger) testing for supplier relations, purchase price allocation of acquisitions and audit procedures on sales costs of goods sold, loans and borrowings and designed the testing approach of manual journal entries

We have used the work of component audit teams for all significant component entities The group audit team provided detailed written instructions to all component auditors to communicate requirements and significant audit areas and (fraud) risks related to management override of controls Furthermore we developed a plan for overseeing each component audit team based on its relative significance to the group and other risk characteristics Our oversight included regular update meetings performing file reviews, performing on-site visits in Italy and India attending management closing meetings and reviewing component audit team deliverables For out-scoped components we performed analytical procedures

By performing the procedures mentioned above at group entities together with additional procedures at group level we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION



## Audit approach fraud risks

In accordance with Dutch Standards on Auditing we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements whether due to fraud or error Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected even though the audit is planned and performed in accordance with Dutch law

The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery intentional omissions misrepresentations, or the override of internal control Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation which often have a more in-depth character

We identified and assessed the risks of material misstatements of the financial statements due to fraud During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes We refer to section Risk factors and risk management of the annual report for management's (fraud) risk assessment and section Audit Committee of the Supervisory Board report in which the Supervisory Board reflects on this fraud risk assessment We note that management has implemented updates on its risk assessment including fraud and updated its risk and control framework

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment as well as among others the code of conduct whistle blower procedures and incident registration We evaluated the design and the implementation of internal controls designed to mitigate fraud risks

As part of our process of identifying fraud risks we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists We evaluated whether these factors indicate that a risk of material misstatement due fraud is present

Following these procedures and the presumed risks under the prevailing audit standards we considered fraud risks related to management override of controls Our audit procedures to respond to these fraud risks include amongst others an evaluation of relevant internal controls and supplementary substantive audit procedures including detailed testing of journal entries and post-closing adjustments based on supporting documentation Data analytics including selection of journal entries based on risk-based characteristics, form part of our audit approach to address the identified fraud risks

Additionally, we performed further procedures including, among others, the following

- We incorporated elements of unpredictability in our audit We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance
- We considered available information and made inquiries of the Management Board and the Supervisory Board
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- We evaluated whether the selection and application of accounting policies by the group particularly those related to subjective measurements and complex transactions may be indicative of fraudulent financial reporting
- We evaluated whether the judgements and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud Management insights estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 2 of the financial statements We performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in prior year financial statements Certain





CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

management estimates and judgements are considered most significant to our audit Reference is made to the section 'Our key audit matters' for further details on those estimates and judgements

For significant transactions such as various business acquisitions during the year, we evaluated whether the business rationale of the transactions suggest that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets

This did not lead to indications for fraud potentially resulting in material misstatements

## Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with amongst others management corporate general counsel and those charged with governance reading minutes of board meetings and reports of internal audit

We involved our forensic specialists in this evaluation

As a result of our risk assessment procedures and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations adherence to (corporate) tax law and financial reporting regulations the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements

Apart from these the IMCD N V is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements for instance through imposing fines or litigation

Given the nature of IMCD N V s business we considered the risk of non-compliance in the areas of health, safety, environment and quality (HSEQ) data protection tax and other applicable laws and regulations In addition we considered major laws and regulations applicable to listed companies

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements Compliance with these laws and regulations may be fundamental to the operating aspects of the business to IMCD N V 's ability to continue its business or to avoid material penalties (e g compliance with the terms of operating licenses and permits to conduct business for certain industries or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements

Our procedures are limited to (i) inquiry of the Supervisory Board the Management Board and others within IMCD N V 's as to whether IMCD N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements

We remained alert to indications of (suspected) non-compliance throughout the audit

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us

### Audit approach going concern

Our responsibilities, as well as the responsibilities of the Management Board and the Supervisory Board, related to going concern under the prevailing standards are outlined in the *"Description of responsibilities regarding the financial statements"* section below. In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the Company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern

### Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed

In determining our key audit matters, we have reconsidered those included in the previous years and these are still relevant for the current year. Below identified key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters





**KEY AUDIT MATTER DESCRIPTION**

**Impairment of goodwill and supplier relations – Refer to Note 18 to the financial statements**

IMCD N.V. grows its business organically and through acquisitions. As a result of these acquisitions, the balance sheet as at December 31, 2022 carries goodwill of EUR 1,387 million and supplier relations of EUR 505 million. In 2022, goodwill and supplier relations increased due to acquisitions, with the acquisition of Syntec, RPL Trading, Quelaris, Promaplast and Parkash DyeChem (see key audit matter 'Business Combinations') being the most substantial ones for the year

For purposes of impairment testing, IMCD allocates goodwill to three cash-generating units (CGU's). Suppliers relations are grouped to the smallest CGUs. For goodwill, IMCD tests its CGU's annually and upon the existence of a triggering event, by comparing the recoverable amounts of the individual CGU's, being the higher of value in-use and fair value less cost of disposal, to the carrying amounts in accordance with IAS 36. For supplier relations, the recoverable amounts are assessed upon the existence of a triggering event since these are definite life time assets. In 2022 IMCD identified a triggering event regarding the supplier base of one of its CGUs which includes Indonesia and recorded an impairment of EUR 6.4 million. IMCD discloses the key assumptions used in determining the recoverable amounts and the sensitivity of the impairment test for changes in those assumptions in Note 18 of the financial statements

We identified the risk of impairment of goodwill and supplier relations as a key audit matter because of the amounts involved, the complexity of the assessment process and the significance of management estimates for key assumptions used, including projections of future cash flows, discount rates and (terminal) growth rates

In addition, macroeconomic developments related to inflation and interest rates are adding uncertainty to the projection of future operating cash flows, even though the portfolio has proven to be rather robust and not overly sensitive to the results of the pandemic and Russia - Ukraine war, thus far

**HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT AND OUR OBSERVATION**

As part of our audit, we conducted a risk assessment by identifying and assessing risk of material misstatements for each of the CGU's. We also evaluated the historical accuracy of budgeting and the sensitivities in management estimates for key assumptions, including projections of future cash flows, discount rates and long term growth rates. We focused our substantive audit procedures on the assumptions to which the value in use are most sensitive and for which a change could potentially cause a decline in headroom and trigger an impairment

We obtained an understanding of management's process over the impairment test and the impairment trigger test

We verified whether projections were based on internal budgets and financial plans approved by the Supervisory Board. Furthermore, we challenged and compared revenue projections to, for example, external economic outlook data and expected inflation rates in which we focused on those estimates that could cause a change in the outcome of impairment testing

With the involvement of Deloitte valuation experts, we evaluated the appropriateness and accuracy of the impairment models used by IMCD, the discount rates and long term growth rates applied and compared the methodology and outcomes to relevant industry and capital market information. Additionally, we assessed the various scenarios applied in impairment testing as disclosed in Note 18 to the consolidated financial statements in view of the current market conditions, trends in financial performance and the uncertainty around recovery of the industries in which IMCD operates in view of the COVID 19 pandemic and Russia - Ukraine war

**Key observations**

IMCD identified an impairment of the supplier relationships of EUR 6.4 million. Within the context of our audit on the financial statements as a whole and based on the materiality applied, we have no observations regarding the assumptions used in the impairment calculations. Furthermore, we have no observations regarding the disclosure (Note 18 to the consolidated financial statements) of the sensitivity of the impairment test to changes in the most critical assumptions used