20241202090092

ÅRSREDOVISNING

för

Kraton Chemical AB

Org.nr. 556708-3539

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31

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Undertecknad styrelseledamot i Kraton Chemical AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 2024-11-. RG
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

RG
Sandarne 2024-11-[redacted]

Rogier Marinus Gerardus Roelen

Docusign Envelope ID: 03A61923-F6B4-4A64-899B-903332BED9CC

20241220083394

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Kraton Chemical AB

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20241220083935

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, Tkr SEK.

Verksamheten

Kraton Chemical AB med säte i Söderhamn, Gävleborgs län, bildades den 3 juli 2006 och ägs indirekt av Kraton Corporation, ett Delaware-bolag med säte i Houston, USA som var noterat på New York Stock Exchange fram till 15 mars 2022.

Aktierna avnoterades samma datum och aktierna ägs nu av DL Chemical Co. Ltd., ett dotterbolag till DL Holdings Co., Ltd.

Sedan augusti 2017 är Kraton Chemical AB ett direkt helägt dotterbolag till Kraton Polymers Holdings BV. Kraton Polymers Holdings B.V. är ett privat aktiebolag bildat enligt lagarna i Nederländerna, med registrerad adress på Transistorstraat 16, 1322 CE Almere, Nederländerna, registreringsnummer (KvK-nummer) 27182100. Företaget verkar som kontraktstillverkare för Kraton Chemical B.V., som är ett av företagets helägda dotterbolag.

Kraton Chemical AB:s anläggning och kontor ligger i Sandarne, åtta kilometer sydost om Söderhamn, som är en stor anläggning för bearbetning och raffinering av råtallolja. Operativt är Kraton Chemical AB en del av Kraton Corporations kemiverksamhet och fungerar som produktionsplats för kemiverksamheten. Kemiverksamheten har anläggningar för bearbetning av råtallolja, råterpentin och bearbetning av hartser, fettsyror, terpentinderivat och kolväten. Europeiska destillationsanläggningar finns, förutom i Sandarne, i Oulu, Finland. Uppgraderingsanläggningar finns i Niort, Frankrike och Gersthofen, Tyskland. Kraton Corporation förvärvade kemi-verksamheten den 6 januari 2016.

Kraton Corporations kemiska verksamhet i Europa är inrättad som en enda affärsenhet ("SBE") där försäljning och inköp sker genom Kraton Chemical B.V., en enhet som är registrerad enligt Nederländsk lag. Kraton Chemical B.V. äger både råvaror och färdiga varor tillverkade i de europeiska produktionsanläggningarna. Produktionsplatsen (anläggningen) fungerar som en legotillverkare på kostnadsplusbasis med en marginal. Vissa tillverkningsrelaterade kostnader är undantagna från denna legotillverkningsavgift.

Företagets säte är Söderhamn.

Flerårsjämförelse*

	2023	2022	2021	2020	2019
Nettoomsättning	264 413	239 062	236 961	213 007	175 092
Res. efter finansiella poster	11 527	15 900	10 698	7 775	-162 282
Balansomslutning	1 108 998	1 103 358	1 073 537	1 112 220	1 087 485
Soliditet (%)	84	83	84	80	82
Antal anställda	115	115	115	114	113
Kassalikviditet (%)	231	226	218	174	180

*Definitioner av nyckeltal, se noter

Ägarförhållanden

Kraton Chemical AB har dotterbolag i Nederländerna, Finland, Storbritannien, Frankrike, Tyskland, Kina, Malaysia och Singapore som ägs till 100% och genom det finska bolaget ett indirekt dotterbolag i Ryssland. Alla är verksamma inom kemisk industri utom UK. Kraton Chemical Ltd som upphörde med tillverkningen 2015.

Väsentliga händelser under och efter räkenskapsåret

Varje år får Kraton Chemical AB en gratis tilldelning av utsläppsrätter för växthusgaser i enlighet med Kyotoprotokollet (Svenska Naturvårdsverket sköter den svenska förvaltningen). Tack vare företagets goda kapitalinvesteringar och byte av produktionsprocess lyckas Kraton AB använda sin egen biprodukt (biobränsle Pitch) från råtalloljeproduktion istället för fossil eldningsolja. I och med denna förändring minskade företaget sina utsläpp av växthusgaser genom åren och fick ett överskott av utsläppsrätter. Det genererade överskottet på utsläppsrätter såldes till Vertis Environmental Finance i september 2019, december 2020, september 2021, mars 2022, mars 2023 och senast i augusti 2024.

Kraton Chemical AB fortsätter att övervaka konflikten i Ukraina och Ryssland samt i Mellanöstern. Hittills har detta inte haft någon betydande inverkan på affärsverksamheten. Anläggningen har fortsatt att fungera med normal kapacitet, och vår leveranskedja förblir intakt, med tillräcklig tillgång på viktiga råvaror.

Globalt, även om det har förekommit en del störningar i globala logistikkanaler, har vi inte upplevt några betydande förseningar i utförandet av kundorder. Även om framtiden är osäker tror vi att Kratons geografiska diversifiering och slutmarknadsdiversifiering förblir en styrka, eftersom vi servar många kunder, inklusive de inom medicin-, lim- och livsmedelsförpackningsindustrin, vars produkter fortfarande är viktiga i den nuvarande miljön.

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Framtida utveckling
Kraton Chemical AB fortsätter att verka som kontraktstillverkare åt Kraton Chemical B.V. med ett kostnadsplus. Därför förväntas intäkterna förbli stabila.

Forskning och utveckling
Kraton Chemicals forsknings- och teknikinsatser ägnar sig åt att upptäcka nya miljövänliga och hållbara lösningar för att skydda miljön och erbjuda alternativ till icke-förnybara kemikalier. FoU-avdelningen för gruppen är centraliserad i Almere, Nederländerna och Savannah USA.

Miljöpåverkan, kvalitet och säkerhet
Inom Kraton Corporation är det högt fokus på hälsa, säkerhet, miljö och säkerhet (hädanefter "HSES"). Varje anläggning har sitt eget HSES-ledningssystem och -struktur. För att fånga och dela incidenter som tillbud, processsäkerhetsstörningar och skadeincidenter har Kraton Corporation utvecklat en global databas. Varje incident granskas för kvalitet på utredning och rapportering och korrigerande åtgärder spåras till slut. Säkerhetsprestandan övervakas månadsvis av Kraton Pine Chemicals ledningsgrupp.

Kraton Chemical AB förbinder sig att följa principen om hållbar utveckling, vilket inkluderar anlitande av såväl egen personal som extern arbetskraft. Bolaget prioriterar sina kunders behov och Bolaget vill producera varor som uppfyller de krav som kunden ställer samt andra väsentliga krav.

Bolaget är certifierat enligt ledningssystemen ISO 9001 (kvalitet) och ISO 14001 (miljö) och har även förbundit sig till det internationella, frivilliga Responsible Care-programmet för den kemiska industrin.

Bolaget verkar under miljötillstånd för lokala och nationella myndigheter. Företaget uppfyller utsläppsvillkoren under 2023.

Bolaget rapporterade 2023 års CO2-utsläpp till Naturvårdsverket och har gjort den obligatoriska deklarationen av kväveoxider, för vilken Bolaget årligen upprättar en NOX-deklaration. Bolaget har även rapporterat andra obligatoriska uppgifter till olika begärande myndigheter, det vill säga energianvändning, avfallshantering, produktionsnivåer etc.

Under 2009 trädde EU-direktivet 2009/28/EG om främjande av användningen av energi från förnybara källor ("RED") i kraft. Som en följd av det trädde tillämpningslagen (2010:598) om hållbarhetskriterier för biobränslen för transporter och biovätskor för värme och el i kraft i Sverige i augusti 2010, kompletterad med svensk förordning (2011:1088) och Energimyndighetens föreskrifter STEMFS 2011:2. Den svenska lagstiftningen som implementerar RED klassificerade Crude Tall Oil (CTO) som en restprodukt, vilket gör att biobränsle som producerats från CTO inte måste uppfylla hållbarhetskriterierna.

Under våren 2015 antog EU ändringar av RED, som listade CTO som ett råmaterial vars användning i biobränslen gjorde att biobränslet kvalificerade för dubbelräkning mot medlemsstaternas nationella mål. Dessa ändringar har genomförts i Sverige under 2017 genom ändringar i lag (2010:598), i förordning (2011:1088) och genom Energimyndighetens uppdaterade föreskrifter STEMFS 2017:4.

Den 1 juli 2018 trädde lagen (2017:1201) om minskning av utsläpp av växthusgaser från bensin och diesel genom inblandning av biodrivmedel i kraft. Lagen anger en skyldighet att minska utsläppen från bensin och diesel – uppdraget att minska växthusgaserna – med risk för böter. I artikel 5 i lagen anges att minskningen av växthusgasutsläppen genom inblandning av biobränslen ska vara minst 7,8 % för bensin och 30,5 % för diesel från och med den 1 januari 2022.

Svensk förordning (2018:195) om minskning av utsläpp av växthusgaser från bensin och diesel genom inblandning av biobränslen, kompletterar lagen (2017:1201) (och kompletteras i sin tur av Energimyndighetens föreskrifter STEMFS 2018:2).

I december 2018 antog EU ett nytt direktiv för förnybar energi, Direktiv (EU) 2018/2001 ("RED II"), som omfattar perioden 2021-2030, och ersätter RED från och med den 1 juli 2021. RED II, bl.a. fastställer ett bindande unionsmål för andelar förnybar energi i allmänhet och inom transportsektorn i synnerhet, och fastställer också en skyldighet för andelar av avancerade biobränslen. De råvaror som är tillgängliga för produktion av avancerade biobränslen anges i bilaga IX till RED II, där CTO är listad (och hänvisas till som ett av flera "avfall och rester från skogsbruk och skogsbaserade industrier"). De råvaror som förtecknas i bilaga IX kan bli föremål för dubbelräkning och produktion av biobränsle därifrån kan stödjas genom statligt stöd, under förutsättning att den berörda råvaran uppfyller kriterierna för hållbarhet och besparingar av växthusgasutsläpp som anges i RED II. Avfall och restprodukter behöver inte uppfylla hållbarhetskriterierna, utan endast kriteriet för besparing av växthusgasutsläpp för att få räknas till de bindande målen och/eller skyldigheterna i RED II, och för att produktionen av biobränsle därav ska kunna får stöd genom statligt stöd.

Från och med juli 2019, enligt artikel 3b i svensk förordning (2011:1088), ska vissa råvaror som anges i RED II (inklusive CTO) uttryckligen aldrig anses utgöra slutprodukter och kommer därför alltid att betraktas som restprodukter eller avfall. Detta innebär att de omedelbart kommer att kvalificera sig för att inte behöva uppfylla de obligatoriska hållbarhetskriterierna som anges i RED II för att kunna bidra till nationella mål eller för att biobränsleproduktion därifrån ska beviljas statligt stöd.

20241220083397

Kraton Chemical AB

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Sverige tillämpar för närvarande 100 % skattereduktion för rena och höginblandade flytande biobränslen enligt EU:s regler för statligt stöd. Denna statliga stödåtgärd kommer att upphöra den 31 december 2022. Sverige har nyligen lämnat in en ansökan till EU-kommissionen ('Kommissionen') om fortsatt godkännande att undanta rena och höginblandade flytande biobränslen enligt EU:s regler om statligt stöd i 10 år. För att säkerställa att rena och höginblandade biodrivmedel inte står helt utan stöd efter den 1 januari 2023, om ansökan om fortsatt skattebefrielse inte skulle bifallas av kommissionen, har regeringen lämnat ett förslag till riksdagen om att införliva dessa biodrivmedel i det allmänna växthusgasminskningsmandatet om ansökan om fortsatt skattebefrielse inte bifalls.

I mitten av juli 2021, två veckor efter utgången av genomförandeperioden för RED II, publicerade kommissionen ett förslag till ändringar av RED II, som en del av den europeiska gröna avtalen, som fastställer målet för ett klimatneutralt EU i 2050. Som ett delmål ska EU minska sina utsläpp av växthusgaser med 55 % till 2030. Dessa mål gjordes rättsligt bindande i den europeiska klimatlagen (EU-förordning 2021/1119) som trädde i kraft den 29 juli 2021. Det nuvarande EU-omfattande målet på minst 32 % förnybar energi till 2030, som anges i RED II, bedöms inte vara tillräckligt för att uppnå en sådan minskning, varför I förslaget till ändringar föreslås en ökning av det EU-omfattande målet till minst 40 % år 2030.

Dessutom höjer förslaget ambitionsnivån för de mål som är relevanta för transportsektorn, genom att ändra minimiandelsmålet till ett mål för minskning av växthusgasintensiteten enligt vilket bränsleleverantörer ska säkerställa att mängden förnybara bränslen och förnybar el som levereras till transportsektorn leder till en minskning av växthusgasintensiteten med minst 13 % till 2030, jämfört med en baslinje som anges i direktivet och i enlighet med vägledande banor som fastställts av varje medlemsstat. Vidare föreslås de avancerade delmålen för biobränslen ha formen av minimiandelar av den totala energi som levereras till transportsektorn (0,2 % 2022, 0,5 % 2025 och 2,2 % 2030). I förslaget förblir CTO listad i bilaga IX, del A, som en restsubstans som kan användas som råvara för avancerade biobränslen. Som sådant skulle CTO-baserade biobränslen fortsätta att bidra till målen för förnybar energi och vara berättigade till statligt stöd. Enligt förslaget kommer det dock inte längre att vara möjligt att dubbelräkna de råvaror som anges i bilaga IX.

Kommissionens förslag är för närvarande föremål för lagstiftningsförfarandet inför Europaparlamentet och Europeiska unionens råd. Kommissionen har föreslagit att ändringar av RED II ska införlivas av medlemsstaterna senast den 31 december 2024. Om de föreslagna ändringarna antas kommer det sannolikt att påverka efterfrågan på CTO.

Eftersom utbudet av CTO till sin natur begränsas av volymen av sulfatmassabearbetning, skulle varje omläggning av CTO för produktion av alternativa bränslen minska det tillgängliga utbudet av CTO som den huvudsakliga råvaran för den kemiska industrin för tall. Om den felaktiga klassificeringen kvarstår kan det utgöra ett hot mot den framtida råvaruförsörjningen för Kraton Corporations kemiska verksamhet. En minskad förmåga att skaffa ett adekvat utbud av CTO på grund av konkurrerande nya användningar såsom för produktion av biobränsle, kan ha en väsentlig negativ effekt på Bolagets resultat, finansiella ställning och kassaflöden.

Förändringar i ledning och styrelse
Under 2024 avgick Kory Cox som styrelseledamot från Kraton Chemical AB och bolagets dotterbolag. Eun Mi Kim utsågs till hans efterträdare som ledamot i båda bolagen.

Hållbarhetsupplysningar
Kraton-koncernen arbetar långsiktigt med hållbarhetsfrågor, såväl som miljö- och personalfrågor.

Resultatdisposition

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad vinst	781 157
fri överkursfond	6 136
årets vinst	9 929
	797 222
Styrelsen föreslår att	
i ny räkning överföres	797 222
	797 222

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

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Kraton Chemical AB

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20241220083938

RESULTATRÄKNING

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Rörelsens intäkter m.m.			
Nettoomsättning	2, 3, 5	264 413	239 062
Övriga rörelseintäkter	4	29 318	56 786
		293 731	295 848
Rörelsens kostnader			
Råvaror och förnödenheter		-105 106	-71 353
Övriga externa kostnader	5,6	-22 559	-18 159
Personalkostnader	7	-103 374	-105 239
Avskrivningar av materiella anläggningstillgångar		-44 410	-44 033
Övriga rörelsekostnader		-5 876	-40 423
		-281 325	-279 207
Rörelseresultat		12 406	16 641
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	8	318	313
Räntekostnader och liknande resultatposter	9	-1 197	-1 054
		-879	-741
Resultat efter finansiella poster		11 527	15 900
Resultat före skatt		11 527	15 900
Skatt på årets resultat	10	-1 598	-3 669
Årets resultat		**9 929**	**12 231**

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BALANSRÄKNING

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Byggnader och mark	11	93 897	96 255
Maskiner och andra tekniska anläggningar	12	278 874	277 195
Inventarier, verktyg och installationer	13	10 171	10 213
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	14	27 790	18 955
Summa materiella anläggningstillgångar		410 732	402 618
Finansiella anläggningstillgångar			
Andelar i koncernföretag	15	412 527	412 527
Andelar i intresseföretag och gemensamt styrda företag	16	500	500
Summa finansiella anläggningstillgångar		413 027	413 027
Summa anläggningstillgångar		823 759	815 645
Omsättningstillgångar			
Varulager m.m.			
Råvaror och förnödenheter		14 726	15 020
Summa varulager m.m.		14 726	15 020
Kortfristiga fordringar			
Kundfordringar		401	36
Fordringar hos koncernföretag		252 951	261 311
Aktuell skattefordran		1 775	1 013
Övriga fordringar		8 593	2 905
Förutbetalda kostnader och upplupna intäkter	17	3 957	4 419
Summa kortfristiga fordringar		267 677	269 684
Kassa och bank			
Kassa och bank		2 837	3 009
Summa kassa och bank		2 837	3 009
Summa omsättningstillgångar		285 240	287 713
SUMMA TILLGÅNGAR		**1 108 999**	**1 103 358**

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BALANSRÄKNING

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	18	100	100
Summa bundet eget kapital		100	100
Fritt eget kapital	19		
Fri överkursfond		6 136	6 136
Balanserat resultat		781 157	768 926
Årets resultat		9 929	12 231
Summa fritt eget kapital		797 222	787 293
Summa eget kapital		797 322	787 393
Obeskattade reserver			
Ackumulerade avskrivningar utöver plan		168 602	168 602
Summa obeskattade reserver		168 602	168 602
Avsättningar			
Pensioner och andra liknande förpliktelser		25 122	25 686
Uppskjuten skatteskuld	20	685	807
Summa avsättningar		25 807	26 493
Kortfristiga skulder			
Leverantörsskulder		19 504	17 933
Skulder till koncernföretag		65 547	65 559
Övriga skulder		6 835	6 152
Upplupna kostnader och förutbetalda intäkter	21	25 382	31 226
Summa kortfristiga skulder		117 268	120 870
SUMMA EGET KAPITAL OCH SKULDER		**1 108 999**	**1 103 358**

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KASSAFLÖDESANALYS

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Den löpande verksamheten			
Rörelseresultat	2	12 406	16 641
Justeringar för poster som inte ingår i kassaflödet	22	43 846	45 603
Erhållen ränta m.m.		318	313
Erlagd ränta		-1 197	-1 056
Skattekostnad		-2 479	-2 737
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		52 894	58 764
Kassaflöde från förändringar av rörelsekapital			
Minskning(+)/ökning(-) av varulager/pågående arbete		294	-1 622
Minskning(+)/ökning(-) av kundfordringar		-365	64
Minskning(+)/ökning(-) av fordringar		3 130	-31 092
Minskning(-)/ökning(+) av leverantörsskulder		1 571	2 486
Minskning(-)/ökning(+) av kortfristiga skulder		-5 173	7 874
Kassaflöde från den löpande verksamheten		52 351	36 474
Investeringsverksamheten			
Förvärv av byggnader och mark	11	-1 658	-2 966
Förvärv av maskiner och andra tekniska anläggningar	12	-29 458	-11 635
Förvärv av inventarier, verktyg och installationer	13	-1 432	-2 796
Förvärv av pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	14	-19 975	-17 191
Kassaflöde från investeringsverksamheten		-52 523	-34 588
Förändring av likvida medel		-172	1 886
Likvida medel vid årets början		3 009	1 123
Likvida medel vid årets slut		**2 837**	**3 009**

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NOTER

Not 1 Redovisnings- och värderingsprinciper

20241220084402

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning.

Principerna är oförändrade jämfört med föregående år.

Fordringar
Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder
Övriga tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Intäktsredovisning
Inkomsten redovisas till det verkliga värdet av vad som erhållits eller kommer att erhållas. Företaget redovisar därför inkomsten till nominellt värde (fakturabelopp) om ersättningen erhålls i likvida medel direkt vid leverans. Avdrag görs för lämnade rabatter.

Bolagets omsättning utgörs av ett provisionsavtal. Bolaget är provisionstillverkare för i huvudsak Kraton Chemicals B.V. Fasta kostnader debiteras med ett tillägg för 2% och kostnader för försäljnings- och administrativa kostnader med ett tillägg på 0%. Ersättning regleras genom avtal och intäktsförs i takt med att kostnaderna uppstår.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas bedömda nyttjandeperiod förutom mark som inte skrivs av. Nyttjandeperioden omprövas per varje balansdag. Följande nyttjandeperioder tillämpas:

	Antal år
Byggnader	20
Markanläggningar	20
Maskiner	5-20
Inventarier	3-10

Leasing
Samtliga leasingavtal kostnadsförs linjärt över leasingperioden.

Varulager
Varulagret är värderat till det lägsta av anskaffningsvärdet, beräknat enligt först-in-först-ut, och nettoförsäljningsvärde. Nettoförsäljningsvärdet har beräknats till försäljningsvärdet efter avdrag för beräknad försäljningskostnad, varmed hänsyn har tagits till inkurans.

Inkomstskatt
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.
Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Avsättningar
Avsättningar redovisas när det finns en legal eller informell förpliktelse till följd av en tidigare händelse, det är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen och beloppen kan uppskattas på ett tillförlitligt sätt. Tidpunkten eller beloppet för utflödet kan fortfarande vara osäker.

Avsättningar för omstruktureringar redovisas bara om en fastställd och utförlig omstruktureringsplan har utarbetats och införts, eller om företaget minst har offentliggjort planens huvuddrag till dem som berörs av den. Avsättningar redovisas inte för utgifter som hör samman med den framtida verksamheten.

En avsättning redovisas till den bästa uppskattningen av det belopp som krävs för att reglera förpliktelsen på balansdagen. Avsättningar tas endast i anspråk för de utgifter som avsättningen ursprungligen var avsedd för. Avsättningar diskonteras till sina nuvärden där pengars tidsvärde är väsentligt.

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NOTER

Fordringar och skulder i utländsk valuta
Monetära fordringar och skulder i utländsk valuta har räknats om till balansdagens kurs.

Valutakursdifferenser som uppkommer vid reglering eller omräkning av monetära poster redovisas i resultaträkningen det räkenskapsår de uppkommer, antingen som en rörelsepost eller som en finansiell post utifrån den underliggande affärshändelsen.

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UPPLYSNINGAR TILL ENSKILDA POSTER

Not 2 Nettoomsättning	2023	2022
Nettoomsättning uppdelad på geografiskt område		
Inom Europa	264 413	239 062
	264 413	239 062

Not 3 Inköp och försäljning inom koncernen	2023	2022
Andel av försäljningen som avser koncernföretag	100%	100%
Andel av inköpen som avser koncernföretag	0%	0%

Not 4 Övriga rörelseintäkter	2023	2022
Övriga rörelseintäkter uppdelade på intäktsslag		
Sålda utsläppsrättigheter	22 258	15 755
Valutakursvinster	6 822	40 832
Övriga rörelseintäkter	238	
	0	198
	29 318	56 785

Not 5 Leasingavtal - Operationell leasing leasegivare	2023	2022
Under året har företagets leasingavgifter uppgått till	971	693
Framtida minimileasingavgifter för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:		
Inom 1 år	819	738
Mellan 2 till 5 år	1 551	2 125
Senare än 5 år	200	304
	2 570	3 167

Bolaget hyr administrativ utrustning, lagerutrustning och annan utrustning med icke uppsägningsbara leasingavtal som löper ut vid olika tidpunkter från 2026 till 2028. Per 31 december 2023 fördelas minimibeloppen för de framtida leasingavtalen som har ursprunglig eller återstående hyrestid på över ett åt enligt ovan.

Not 6 Ersättning till revisorer	2023	2022
BDO		
Revisionsuppdrag	438	315
	438	315

Med revisionsuppdrag avses revisors arbete för den lagstadgade revisionen och med revisionsverksamhet olika typer av kvalitetssäkringstjänster. Övriga tjänster är sådant som inte ingår i revisionsuppdrag, revisionsverksamhet eller skatterådgivning.

Kraton Chemical AB
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NOTER

Not 7 Personal	2023	2022
Medelantal anställda		
Medelantalet anställda bygger på av bolaget betalda närvarotimmar relaterade till en normal arbetstid.		
Medelantal anställda har varit	115,00	115,00
varav kvinnor	22,00	21,00
varav män	93,00	94,00
Löner, ersättningar m.m.		
Löner, ersättningar, sociala kostnader och pensionskostnader har utgått med följande belopp:		
Löner och ersättningar	78 751	80 802
Sociala kostnader	24 212	24 180
Summa	102 963	104 982
Könsfördelning i styrelse och företagsledning		
Antal styrelseledamöter	3	3
varav kvinnor	1	0
varav män	2	3
Ingen ersättning har betalats ut till VD eller styrelse.		

Not 8 Övriga ränteintäkter och liknande resultatposter	2023	2022
Ränteintäkter från koncernbolag	310	313
Övriga ränteintäkter	8	0
	318	313

Not 9 Räntekostnader och liknande resultatposter	2023	2022
Räntekostnader till koncernbolag	-313	-275
Övriga räntekostnader	-884	-779
	-1 197	-1 054

Not 10 Skatt på årets resultat	2023	2022
Aktuell skatt	-3 043	-4 065
Uppskjuten skatt	118	396
Skatt hänförligt till tidigare år	1 327	0
	-1 598	-3 669
Avstämning av effektiv skatt		
Resultat före skatt	11 527	15 900
Skattekostnad 20,60% (20,60%)	-2 375	-3 275
Skatteeffekt av:		
Ej avdragsgilla kostnader	-291	-134
Ej skattepliktiga intäkter	2	0
Skattemässiga justeringar	-379	-396
Skatt hänförlig till tidigare år	1 327	0
Förändring Uppskjuten skatt	118	396
Summa	-1 598	-3 409

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Kraton Chemical AB
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NOTER

Not 11 Byggnader och mark	2023-12-31	2022-12-31
Ingående anskaffningsvärde	192 612	185 821
Inköp	1 658	2 966
Omklassificeringar	4 304	3 826
Utgående ackumulerade anskaffningsvärden	198 575	192 612
Ingående avskrivningar	-96 357	-88 273
Årets avskrivningar	-8 321	-8 083
Utgående ackumulerade avskrivningar	-104 678	-96 357
Utgående redovisat värde	93 897	96 255

Not 12 Maskiner och andra tekniska anläggningar	2023-12-31	2022-12-31
Ingående anskaffningsvärde	984 402	968 393
Inköp	29 458	11 635
Försäljningar/utrangeringar	-2 995	-1 809
Omklassificeringar	6 570	6 184
Utgående ackumulerade anskaffningsvärden	1 017 435	984 402
Ingående avskrivningar	-707 207	-674 393
Försäljningar/utrangeringar	2 995	1 727
Årets avskrivningar	-34 349	-34 542
Utgående ackumulerade avskrivningar	-738 561	-707 207
Utgående redovisat värde	278 874	277 195

Not 13 Inventarier, verktyg och installationer	2023-12-31	2022-12-31
Ingående anskaffningsvärde	17 731	13 851
Inköp	1 432	2 796
Omklassificeringar	266	1 084
Utgående ackumulerade anskaffningsvärden	19 429	17 731
Ingående avskrivningar	-7 518	-6 109
Årets avskrivningar	-1 740	-1 408
Utgående ackumulerade avskrivningar	-9 258	-7 518
Utgående redovisat värde	10 171	10 213

Not 14 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	2023-12-31	2022-12-31
Ingående anskaffningsvärde	18 955	12 858
Inköp	19 975	17 191
Omklassificeringar	-11 140	-11 094
Utgående redovisat värde	27 790	18 955

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NOTER

Not 15 Andelar i koncernföretag

Företag Organisationsnummer	Säte	Antal/Kap. andel %	2023-12-31 Redovisat värde	2022-12-31 Redovisat värde
Kraton Chemical OY		100	141 724	141 724
2095659-5	Finland	100,00%		
Kraton Chemical Limited		15 500 002	0	0
1578908	UnitedKingdom	100,00%		
Kraton Chemical SAS		470 858	119 294	119 294
926020066	France	100,00%		
Kraton Chemical BV		18 160	111 382	111 382
32045469	Holland	100,00%		
Kraton Chemical GmbH		25 000	33 991	33 991
HR-B 24208	Tyskland	100,00%		
Kraton Chemical Products (Shanghai) Co Ltd			0	0
	Kina	100,00%		
Kraton Malaysia Sdn. Bhd		1 000 000	2 332	2 332
	Malaysia			
Kraton Polymers Singapore Pte. Ltd		10 070 000	3 804	3 804
	Singapore			
			412 527	412 527

Not 16 Andelar i intresseföretag och gemensamt styrda företag

Företag Organisationsnummer	Säte	Antal/Kap. andel %	2023-12-31 Redovisat värde	2022-12-31 Redovisat värde
Bergvik och Ala AB´s sociala fond			500	500
886000-3717	Söderhamn	50,00%		
			500	500

Not 17 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
Förutbetald försäkring	2 466	2 887
Förutbetald pension	1 047	1 125
Övriga förutbetalda kostnader/upplupna intäkter	444	407
	3 957	4 419

Not 18 Upplysningar om aktiekapital

	Antal aktier	Kvotvärde per aktie
Antal/värde (kr) vid årets ingång	1 000	100,00
Antal/värde (kr) vid årets utgång	1 000	100,00

Not 19 Förändring av eget kapital

	Aktiekapital	Fri överkurs-fond	Balanserat resultat	Årets resultat	Summa fritt eget kapital
Belopp vid årets ingång	100	6 136	768 926	12 231	787 393
Balanseraras i ny räkning			12 231	-12 231	0
Årets resultat				9 929	9 929
Belopp vid årets utgång	100	6 136	781 157	9 929	797 322

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NOTER

Not 20 Uppskjuten skatt

			2023-12-31
	Temporär skillnad	Uppskjuten skattefordran	Uppskjuten skatteskuld
Byggnader och mark	2 064	0	685
		0	685

			2022-12-31
	Temporär skillnad	Uppskjuten skattefordran	Uppskjuten skatteskuld
Byggnader och mark	3 903	0	807
		0	807

Not 21 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	**2022-12-31**
Upplupna personalkostnader	16 689	22 822
Övriga upplupna kostnader/förutbetalda intäkter	8 693	8 404
	25 382	31 226

Not 22 Justering för poster som inte ingår i kassaflödet

	2023-12-31	**2022-12-31**
Avskrivningar	44 410	44 033
Avsättningar	-564	1 487
Övriga poster	0	83
	43 846	45 603

Not 23 Disposition av vinst eller förlust

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad vinst	781 157
fri överkursfond	6 136
årets vinst	9 929
	797 222
Styrelsen föreslår att	
i ny räkning överföres	797 222
	797 222

Not 24 Eventualförpliktelser

	2023-12-31	**2022-12-31**
Pensionsförpliktelser	30 000	30 484
Kraton Chemical Ltd	255 360	252 151
	285 360	282 635

Bolaget har garanterat utbetalning av pensioner till pensionsstiftelsen för totalt 20 miljoner GBP på uppdrag av Kraton Chemical Limited. Denna garanti träder dock endast i kraft när Kraton Chemical Limited inte uppfyller sin betalningsskyldighet. Kraton Chemical Limited är ett helägt dotterbolag till Kraton Chemical AB.

Not 25 Koncernförhållanden

Bolaget är helägt dotterbolag till Kraton Polymers Holding BV, Almere, Nederländerna.
Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.
Konsoliderad koncernredovisning för 2023 har upprättats av Kraton Corporation, Delaware, Houston, USA och rapporterad till Securities Exchange Commisson och finns tillgänglig via www.kraton.com.

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Kraton Chemical AB
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NOTER

Not 26 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

Rörelseresultat med tillägg för finansiella intäkter, i procent av genomsnittlig balansomslutning

Kassalikviditet
Omsättningstillgångar exkl. varulager i procent av kortfristiga skulder

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Sandarne enligt datum för digital signatur

Rogier Marinus Gerardus Roelen

Eun Mi Kim

Eun Mi Kim

Minco Van Breevoort

Minco Bouke van Breevoort

20241220084409

Vår revisionsberättelse har lämnats enligt datum för digital signatur.

BDO Sweden AB

Johan Pharmanson

Johan Pharmanson
Auktoriserad revisor

Fotokopians överensstämmelse
med originalet intygas:
Philip Andersson

Certifikat om färdigställande

Kuvert-ID: 03A61923-F6B4-4A64-899B-903332BED9CC

Status: Färdigställda

Ämne: Complete with Docusign: 22November2024 - Kraton Chemical AB - ÅR 2023 556708-3539.pdf, 22Novemb...

Källkuvert:

Dokumentsidor: 30

Signaturer: 4

Kuvertskapare:
Maria-Louise Atsma
Maria-Louise.Atsma@kraton.com

Certifikatsidor: 5

Initialer: 0

IP-adress: 86.80.34.19

AutoNav: Aktiverat

Kuverterad stämpling: Aktiverat

Tidszon: (UTC-05:00) Eastern Time (US & Canada)

Spela in spårning

Status: Original

Hållare: Maria-Louise Atsma
Maria-Louise.Atsma@kraton.com

Plats: DocuSign

2024-11-26 04:55:27

Signeringshändelser	Signatur	Tidsstämpel
Eun Mi Kim eunmi.kim@kraton.com Chief Financial Officer Säkerhetsnivå: E-post, Kontoautentisering (ingen)	Eun Mi Kim Signaturantagande: Förvald stil Med IP-adress: 204.57.67.83	Skickade: 2024-11-26 05:09:14 Visade: 2024-11-26 08:58:08 Signerade: 2024-11-26 08:58:14
Delgivande av elektronisk uppgift och signatur: Erbjöds inte via DocuSign		
Johan Pharmanson Johan.Pharmanson@bdo.se Säkerhetsnivå: E-post, Kontoautentisering (ingen)	Johan Pharmanson Signaturantagande: Uppladdad bild av signatur Med IP-adress: 217.119.170.26	Skickade: 2024-11-26 05:09:15 Visade: 2024-11-26 07:19:39 Signerade: 2024-11-26 09:02:17
Delgivande av elektronisk uppgift och signatur: Godkänt: 2024-11-26 07:19:39 ID: d43650b3-dcc1-4d0b-8ebb-c963c7801b30		
Minco Van Breevoort minco.vanbreevoort@kraton.com President Säkerhetsnivå: E-post, Kontoautentisering (ingen)	Minco Van Breevoort Signaturantagande: Förvald stil Med IP-adress: 84.106.253.230	Skickade: 2024-11-26 05:09:16 Visade: 2024-11-26 05:10:24 Signerade: 2024-11-26 05:10:32
Delgivande av elektronisk uppgift och signatur: Godkänt: 2024-11-26 05:10:24 ID: aedb99e9-3bb9-4d3b-bdd4-e430c5484bdf		
Rogier Roelen rogier.roelen@kraton.com Director Kraton Polymers LLC Säkerhetsnivå: E-post, Kontoautentisering (ingen)	 Signaturantagande: Uppladdad bild av signatur Med IP-adress: 86.85.220.84	Skickade: 2024-11-26 05:09:16 Visade: 2024-11-26 05:23:09 Signerade: 2024-11-26 05:23:15
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Händelser med undertecknare på plats	Signatur	Tidsstämpel

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Redigerarleveranshändelser	Status	Tidsstämpel
Agentleveranshändelser	Status	Tidsstämpel
Mellanhandsleveranshändelser	Status	Tidsstämpel
Certifierade leveranshändelser	Status	Tidsstämpel
Kopieringshändelser	Status	Tidsstämpel
Vittneshändelser	Signatur	Tidsstämpel
Notariehändelser	Signatur	Tidsstämpel
Sammanfattning av kuverthändelser	Status	Tidsstämplar
Kuvertet har skickats	Hashkodat/krypterat	2024-11-26 05:09:17
Certifierat levererat	Säkerhetskontrollerat	2024-11-26 05:23:09
Signeringen är slutförd	Säkerhetskontrollerat	2024-11-26 05:23:15
Färdigställda	Säkerhetskontrollerat	2024-11-26 09:02:17

Betalningshändelser	Status	Tidsstämplar

Delgivande av elektronisk uppgift och signatur

20241202091110

20241202091111

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To advise Kraton Polymers LLC of your new email address

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20241202091114

REVISIONSBERÄTTELSE

Till bolagsstämman i Kraton Chemical AB
Org.nr. 556708-3539

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Kraton Chemical AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Kraton Chemical ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat och kassaflöde 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 Kraton Chemical 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 ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den 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 för bedömningen av bolagets förmåga att fortsätta verksamheten. Den 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 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 uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen 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 förvaltning för Kraton Chemical AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter 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 Kraton Chemical 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 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.

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 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.

Anmärkningar

Årsredovisningen har inte upprättats i sådan tid att det varit möjligt att, enligt 7 kap. 10 § aktiebolagslagen, hålla årsstämma inom sex månader efter räkenskapsårets utgång.

Bolaget har under räkenskapsåret inte i rätt tid betalat avdragen skatt, sociala avgifter eller mervärdeskatt.

Stockholm den dag som framgår av vår elektroniska underskrift

BDO Sweden AB

Johan Pharmanson

Auktoriserad revisor

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Revisionsberättelse Kraton 2023.pdf
2 pages

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Kvalan Chemical AB.

Med vänlig hälsning
Helena Lund

20241216001147

IFRS Consolidated Financial Statements

KRATON™

As of and for the period ended

December 31, 2023

20241216080148

KRATON CORPORATION
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Report of Independent Auditors

To the Kraton Corporation Board of Directors

Opinion

We have audited the accompanying consolidated financial statements of Kraton Corporation and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of the Company as of December 31, 2022 and for the year then ended were audited by other auditors whose report, dated April 28, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

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resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Houston, Texas
March 27, 2024

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KRATON CORPORATION
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(In thousands)[1]

	Note	Years ended December 31, 2023	2022
Revenue	5	$ 1,886,664	$ 1,809,857
COGS	11	1,441,525	1,313,663
COGS - depreciation and amortization expenses		152,617	111,212
COGS - depreciation of right-of-use assets		5,374	4,328
Gross profit		287,148	380,654
Operating expenses:			
SG&A - employee-related expenses		134,701	106,479
SG&A - selling expenses		102,345	98,730
SG&A - professional fees		72,074	66,832
SG&A - other		44,731	34,567
SG&A - depreciation and amortization expenses		33,834	33,616
SG&A - depreciation of right-of-use assets		18,948	14,793
Operating income (loss)		(119,485)	25,637
Other expense	14	(3,899)	(1,342)
Other income	14	3,386	228
Finance expense	13	(113,967)	(55,585)
Finance income	13	3,774	12,481
Share of profit on investment in associates and joint ventures	23	348	421
Loss before income taxes		(229,843)	(18,160)
Income tax benefit (expense)	18	57,068	(13,115)
Net loss for the period		(172,775)	(31,275)
Net income attributable to non-controlling interest		(8,643)	(9,983)
Net loss attributable to Kraton shareholders		$ (181,418)	$ (41,258)

(1) See statement regarding *DL Chemical Transaction and Comparative Financial Statements* within Note 1, *General*.

The accompanying notes are an integral part of these consolidated financial statements.

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KRATON CORPORATION
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
(In thousands)[1]

	Note	Years ended December 31, 2023	2022
Net loss for the period		$ (172,775)	$ (31,275)
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of pension obligations	18, 20	4,945	12,312
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments	18	16,911	(20,084)
Other comprehensive loss, net of tax		$ 21,856	$ (7,772)
Total comprehensive loss		$ (150,919)	$ (39,047)
Total comprehensive income attributable to non-controlling interest		$ (8,767)	$ (4,755)
Total comprehensive loss attributable to Kraton shareholders		$ (159,686)	$ (43,802)

(1) See statement regarding *DL Chemical Transaction and Comparative Financial Statements* within Note 1, *General*.

The accompanying notes are an integral part of these consolidated financial statements.

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KRATON CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands)[1]

	Note	December 31, 2023	December 31, 2022 Restated
ASSETS			
Intangibles and goodwill	9	$ 704,035	$ 731,048
Property, plant, and equipment	8	1,550,867	1,559,575
Investment in associates and joint ventures	23	9,899	11,613
Deferred tax asset	18	81,371	72,676
Right-of-use asset	10	96,553	94,533
Other non-current assets		12,434	12,455
Total non-current assets		2,455,159	2,481,900
Inventories	7	530,981	658,189
Trade receivables	6, 16	191,030	226,710
Other receivables and miscellaneous assets		87,551	79,770
Cash and cash equivalents	15, 16	41,778	82,954
Total current assets		851,340	1,047,623
Total assets		$ 3,306,499	$ 3,529,523
EQUITY AND LIABILITIES			
Capital stock		$ —	$ —
Additional paid in capital	12	1,510,000	1,510,000
Accumulated deficit		(209,933)	(33,460)
Accumulated other comprehensive loss		1,931	(14,856)
Non-controlling interest	23	51,086	50,660
Total equity		1,353,084	1,512,344
Long-term debt	15, 16	1,103,063	987,515
Long-term lease liabilities	17	72,708	67,958
Long-term deferred income	5	8,512	31,388
Post-retirement benefit obligations	20	58,096	65,983
Other long-term provisions		7,657	7,530
Deferred tax liabilities	18	245,656	309,402
Other long-term liabilities		3,945	3,259
Total non-current liabilities		1,499,637	1,473,035
Short-term debt	15, 16	57,493	58,747
Short-term deferred income	5	13,963	13,902
Short-term lease liabilities	17	21,173	22,754
Trade and other payables		341,809	416,506
Tax payable	18	18,549	29,555
Short-term financial liabilities	16	791	2,680
Total current liabilities		453,778	544,144
Total equity and liabilities		$ 3,306,499	$ 3,529,523

(1) See statement regarding *DL Chemical Transaction and Comparative Financial Statements* within Note 1, *General*.

The accompanying notes are an integral part of these consolidated financial statements.

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KRATON CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands)[1]

	Additional Paid in Capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Kraton Equity	Non-controlling Interest	Total Equity
Balance at December 31, 2021	$ —	$ (4,514)	$ —	$ (4,514)	$ —	$ (4,514)
Net income (loss) for the period	—	(41,258)	—	(41,258)	9,983	(31,275)
Remeasurement of pension obligations	—	12,312	—	12,312	—	12,312
Foreign currency translation adjustments	—	—	(14,856)	(14,856)	(5,228)	(20,084)
Other comprehensive income (loss)	—	12,312	(14,856)	(2,544)	(5,228)	(7,772)
Total comprehensive income (loss)	$ —	$ (28,946)	$ (14,856)	$ (43,802)	$ 4,755	$ (39,047)
Increase due to capital transactions (Note 12)	1,510,000	—	—	1,510,000	—	1,510,000
Acquisition of subsidiary with non-controlling interest (Note 12)	—	—	—	—	50,367	50,367
Dividends declared to shareholders of non-controlling interest (Note 23)	—	—	—	—	(4,462)	(4,462)
Balance at December 31, 2022	$1,510,000	$ (33,460)	$ (14,856)	$1,461,684	$ 50,660	$1,512,344
Net income (loss) for the period	—	(181,418)	—	(181,418)	8,643	(172,775)
Remeasurement of pension obligations	—	4,945	—	4,945	—	4,945
Foreign currency translation adjustments	—	—	16,787	16,787	124	16,911
Other comprehensive income (loss)	—	4,945	16,787	21,732	124	21,856
Total comprehensive income (loss)	$ —	$ (176,473)	$ 16,787	$(159,686)	$ 8,767	$(150,919)
Dividends declared to shareholders of non-controlling interest (Note 23)	$ —	$ —	$ —	$ —	(8,341)	(8,341)
Balance at December 31, 2023	$1,510,000	$ (209,933)	$ 1,931	$1,301,998	$ 51,086	$1,353,084

(1) See statement regarding *DL Chemical Transaction and Comparative Financial Statements* within Note 1, *General*.

As of December 31, 2023, capital stock of Kraton Corporation consisted of 1 share with par value 1 USD.

The accompanying notes are an integral part of these consolidated financial statements.

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KRATON CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)[1]

	Note	Year Ended December 31, 2023	Year Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (172,775)	$ (31,275)
Adjustments for:			
Retirement benefit		2,981	3,729
Income tax expense (benefit)	18	(57,068)	13,115
Depreciation expense	8	142,445	109,361
Amortization expense	9	44,004	35,467
Depreciation of right-of-use assets	10	24,322	19,121
Bad debt expenses		49	800
Foreign exchange loss		5,224	9,878
Loss on disposal of fixed assets	14	1,382	1,007
Loss (gain) on derivative transactions, net	13	6,386	8,265
Loss (gain) on inventory valuations		(675)	2,356
Interest expense	13	106,570	54,404
Impairment loss on fixed assets	8	—	2,572
Foreign exchange gain		(12,505)	(13,592)
Dividend income		(5)	—
Interest income	13	(1,947)	(290)
Share of profit on investment in associates and joint ventures	23	(347)	(421)
Gain on disposal of investments	14	(3,038)	—
Gain on disposal of fixed assets	14	(234)	(35)
Adjustments		**257,544**	**245,737**
Changes in:			
Decrease (increase) in trade receivables		51,958	18,421
Decrease (increase) in other receivables and miscellaneous assets		2,141	(14,998)
Decrease (increase) in inventories		134,202	(34,461)
Decrease (increase) in other non-current assets		(3,786)	789
Changes in derivative instruments (firm contracts)		(8,274)	(7,558)
Increase (decrease) in trade and other payables		(78,335)	137,195
Increase (decrease) in long-term accrued expenses		636	(5,599)
Increase (decrease) in deferred income		(23,059)	(23,998)
Increase (decrease) in other provisions		(74)	(71)
Increase (decrease) in provision for retirement benefits		(4,377)	(5,350)
Increase (decrease) in deferred tax assets		1,022	(31,796)
Decrease (increase) in derivative liabilities		(999)	—
Change in assets and liabilities from operating activities		**71,055**	**32,574**
Interest income received	13	1,947	290
Interest expense paid		(90,890)	(50,058)
Dividend income received		327	592
Income taxes paid	18	(26,106)	(54,023)
Net cash provided by operating activities		**$ 41,102**	**$ 143,837**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	12	—	(2,461,150)
Acquisition of property, plant, and equipment	8	(133,126)	(74,264)
Acquisition of software	9	(10,402)	(4,238)
Acquisition of short-term financial instruments		340	—
Acquisition of other intangible assets	9	(2,231)	—

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Increase in deposits		(589)	—
Cash used in investing activities		(146,008)	(2,539,652)
Disposal of property, plant, and equipment		193	—
Cash provided by investing activities		193	—
Net cash used in investing activities		**$ (145,815)**	**$(2,539,652)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	17	48,252	20,384
Proceeds from long-term borrowings	17	240,752	1,122,471
Cash provided due to capital transactions	12	—	1,510,000
Cash provided by financing activities		**289,004**	**2,652,855**
Dividends paid to shareholders of non-controlling interest	23	(7,940)	(4,394)
Repayment of short-term borrowings	17	(49,454)	(24,060)
Repayment of long-term borrowings	17	(142,695)	(124,697)
Repayment of current portion of finance lease liabilities	17	(23,056)	(17,960)
Cash used in financing activities		**(223,145)**	**(171,111)**
Net cash provided by financing activities		**$ 65,859**	**$ 2,481,744**
Effect of exchange rate differences on cash and cash equivalents		(2,322)	(2,975)
Net increase (decrease) in cash and cash equivalents		(41,176)	82,954
Cash and cash equivalents, beginning of period	15	82,954	—
Cash and cash equivalents, end of period	15	$ 41,778	$ 82,954

(1) See statement regarding *DL Chemical Transaction and Comparative Financial Statements* within Note 1, *General*.

The accompanying notes are an integral part of these consolidated financial statements.

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1. General

Kraton Corporation (the "Company"), as incorporated in the United States (U.S.), is the successor of Kraton Performance Polymers, Inc. incorporated in 2009. The Company, and its controlled entities, are a leading global sustainable specialty chemicals group that manufactures styrenic block copolymers ("SBCs"), specialty polymers, and high-value bio-based products primarily derived from pine wood pulping co-products. The Company's operations are managed through two operating segments: (i) Polymer segment and (ii) Chemical segment.

References to "Kraton," "the Group," "our company," "we," "our," "ours," and "us" as used in these financial statements refer collectively to Kraton Corporation, and its controlled entities, unless the context otherwise requires.

DL Chemical Transaction and Comparative Financial Statements. On March 15, 2022, DL Chemical Co., Ltd. ("DL Chemical"), through subsidiaries DLC US Holdings and DLC US Inc., acquired Kraton Corporation in an all-cash transaction valued at approximately $2.5 billion ("the Merger"). DL Chemical owns 100% of DLC US Holdings. DLC US Holdings owns 100% of DLC US Inc. DLC US Inc. was incorporated on September 21, 2021 for the purpose of acquiring and merging with Kraton Corporation. Prior to the Merger, DLC US Inc., as a newly formed entity, lacked any operations other than transaction costs related to the Merger. DLC US Holdings transferred cash on behalf of DLC US Inc., which was the merging entity with the Group. DLC US Inc. acquired Kraton Corporation and then DLC US Inc. merged into Kraton Corporation, with Kraton Corporation being the surviving corporation.

The Merger was accounted for as a business combination, where DLC US Inc. was the accounting acquirer and Kraton Corporation was the acquiree. Under the acquisition method, identifiable assets acquired, the liabilities assumed and any non-controlling interest in Kraton Corporation are measured at acquisition-date fair values. Immediately after, DLC US Inc. merged into Kraton Corporation as a business combination under common control, with Kraton Corporation being the surviving entity. As a result, DLC US Inc. is presented for all periods in these financial statements (part of Kraton as of March 15, 2022) and Kraton's results are presented from March 15, 2022 onwards. Thus, the financial information in these consolidated financial statements lack comparability due to the timing and nature of the transaction as comparative figures for the twelve months ended December 31, 2022, are represented by 289 days of Kraton's activity. Outside of presentation, the common control transaction had no accounting impact on the recognized basis of assets acquired and liabilities assumed in the transaction.

Following the Merger, the parent of the Company was DLC US Holdings Inc. incorporated under Delaware law and the ultimate controlling party of the Company and DLC Chemical was Daelim CO., Ltd. incorporated in Korea.

The Consolidated Financial Statements for the period ended December 31, 2023 were approved for issue by the Audit & Compliance Committee of the Company's Board of Directors on March 21, 2024.

The Group's principal executive office is located at 9950 Woodloch Forest Drive, Suite 2400, Houston, Texas 77380.

POLYMER SEGMENT PRODUCTS AND COMMERCIAL APPLICATIONS

SBCs are highly-engineered synthetic elastomers, which we invented and commercialized over 50 years ago. We developed the first unhydrogenated styrenic block copolymers ("USBC") in 1964 and the first hydrogenated styrenic block copolymers ("HSBC") in the late 1960s. Our SBCs enhance the performance of numerous products by imparting greater flexibility, resilience, strength, durability, and processability, and are used in a wide range of applications, including adhesives, coatings, consumer and personal care products, sealants, lubricants, medical, packaging, automotive, paving and roofing, and footwear products. We also produce and sell Isoprene Rubber ("IR") in accordance with the Isoprene Rubber Supply Agreement ("IRSA") with DL Chemical.

We believe our SBC products offer many characteristics that help our customers drive towards their sustainability goals. Among others, our SBCs may offer features such as greater recyclability, increased durability that reduces the costly need for maintenance and replacement, and alternatives to less environmentally friendly materials, such as PVCs.

Our SBCs are high performance elastomers that are engineered for a wide range of applications. Our SBC products possess a combination of high strength and low viscosity, which facilitates ease of processing at elevated temperatures and high processing speeds. Our products can be processed in a variety of manufacturing applications, including injection molding, blow molding, compression molding, extrusion and hot melt, and solution applied coatings.

The majority of worldwide SBC production is dedicated to USBCs, which are primarily used in paving, roofing, adhesives, sealants, coatings, and footwear applications. HSBCs, which are significantly more complex and capital-intensive to manufacture than USBCs, are used in applications such as lubricant additives, soft touch and flexible materials, personal hygiene products, medical products, automotive components, certain adhesive and sealant applications, and protective films.

Our Polymer segment products are manufactured and our commercial activities are organized in the following product groups based upon polymer chemistry and process technologies: Performance Products, Specialty Polymers, IR sold exclusively to DL Chemical in accordance with the IRSA.

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Performance Products

Our Performance Products are comprised of USBC product grades, which impart characteristics such as:

- resistance to temperature and weather extremes in roads and roofing;
- resistance to cracking, reduced road noise, and better water dispersion; and
- increased processing flexibility in adhesive formulations for packaging tapes and labels, and materials used in disposable diapers.

In paving and roofing applications, our Performance Products primarily consist of styrene-butadiene-styrene ("SBS") for use in modified asphalt applications, which in roofing applications produces stronger and more durable felts and shingles, and in paving applications enhances the strength and elasticity of asphalt-based paving compositions over an extended temperature range. In paving applications, we believe our polymers extend road life by allowing pavements to withstand heavy traffic loads and varying climate conditions, and our HiMA technology can reduce required inputs while extending road life in new road construction. Our roofing applications provide a more sustainable alternative by increasing durability and system life. Our sustainable paving applications allow thinner full-depth pavements and longer road life, reducing raw materials required for paving and lessening pollution caused by congestion arising from frequent repairs of roads. Our products primarily compete with chemicals such as styrene-butadiene rubber latex, acetates, polyphosphoric acids and thermoplastic materials like ethylene-propylene-diene-monomer, polyethylene, atactic polypropylene and unmodified asphalts. We believe that customer choice for these markets is driven principally by total end-product cost, temperature performance, bitumen source and application.

In personal care applications, our Performance Products primarily consist of SBS and styrene-isoprene-styrene ("SIS") for the manufacturing of ultra-thin stretchable films used for the production of diapers. In addition, our SIS polymers are also used in the lamination process for other personal care products. Our products primarily compete against low priced alternatives such as metallocenes. We believe that customer choice for these markets is driven principally by total end-product cost and performance.

In adhesives applications, our Performance Products primarily compete with ethylene-vinyl acetate, polyolefins, and metallocene polyolefins. The choice between these materials is influenced by bond strength, specific adhesion, consistent performance to specification, processing speed, hot-melt application, resistance to water and cost. Our SBCs are compatible with many other formulating ingredients. We believe demand for utilization of SBC-based adhesives is primarily driven by cost reduction and higher performance.

Specialty Polymers. Our Specialty Polymers are comprised of HSBC products that are significantly more complex to produce than our Performance Products. As a result, our Specialty Polymers generally generate higher margins than our Performance Products.

Our Specialty Polymers impart characteristics such as:

- improved flow characteristics for many industrial and consumer sealant and lubricating fluids;
- soft feel in numerous consumer products such as razor handles, power tools, and automobile components;
- impact resistance for demanding engineered plastic applications;
- flexibility for wire and cable plastic outer layers;
- stretch properties in disposable diapers and adult incontinence products;
- resistance to ultraviolet light;
- processing stability and viscosity; and
- elevated temperature resistance.

We believe our HSBC offerings are often the more sustainable choice when compared to alternatives. Among other features, our HSBCs can offer improved recyclability of polyethylene-terephthalate and polypropylene streams, and function as replacements for less sustainable alternatives such as PVC, mainly in medical applications.

Our products primarily compete against a variety of chemical and non-chemical alternatives including, but not limited to, thermoplastic vulcanizate, thermoplastic polyurethane, PVC, thermoplastic polyolefin, polyethylene terephthalate, polycarbonate, polyamide, and ethylene-propylene-diene-monomer based products. We believe demand for our Specialty Polymers portfolio is principally driven by customer-specific needs and the ability to balance performance characteristics such as soft-touch, durability, stretch and impact.

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Because many of our products are highly engineered and customized formulations, they require specialized product testing and validation, production and process evaluation. This results in potentially long lead times to achieve customer and industry established approvals. Our innovation-led growth strategy focuses on translating the inherent strengths of our product technologies such as flexibility, resilience, impact and moisture resistance, and aesthetics (clarity and haptics) to target opportunities in which we can expand and/or have the potential to create new market spaces for our solutions.

Isoprene Rubber. We have the IRSA with DL Chemical, under the initial terms of which we will supply IR to DL Chemical for a period of five years, with an optional extension for an additional five years. The Group does not expect renewal after the initial term. As the IRSA product sales are at cost, we recorded associated with the unfavorable contract deferred income, which will be amortized into revenue as a non-cash transaction when the products are sold.

CHEMICAL SEGMENT PRODUCTS AND COMMERCIAL APPLICATIONS

We manufacture and sell sustainable, high value products primarily derived from pine wood pulping co-products. We refine and further upgrade two primary feedstocks, crude tall oil ("CTO") and crude sulfate turpentine ("CST"), both of which are co-products of the wood pulping process, into value-added biobased specialty chemicals. We refine CTO through a distillation process into four primary constituent fractions: tall oil fatty acids ("TOFA"); tall oil rosin ("TOR"); distilled tall oil ("DTO"); and tall oil pitch. We further upgrade TOFA and TOR into derivatives such as dimer acids, polyamide resins, rosin resins, dispersions, and disproportionated resins. We refine CST into terpene monomer fractions, which can be further upgraded into specialty terpene resins. The various fractions and derivatives resulting from our CTO and CST refining process provide for distinct functionalities and properties, determining their respective applications and end markets. Our products derived from CTO and CST offer sustainable, non-genetically modified ("GMO"), bio-based alternatives.

Our Chemical segment is based predominantly on the refining and upgrading of CTO and CST. We also have the capacity to upgrade hydrocarbon-based raw materials, such as alpha-methyl-styrene ("AMS"), and bio-based gum rosins, where appropriate, and are able to offer tailored solutions for our customers.

The segment's products are manufactured and our commercial activities are organized in the following product groups based upon end markets and process technologies: Adhesives, Performance Chemicals, and Tires.

Adhesives. We offer a broad range of products to service target adhesives submarkets, including rosin-based tackifiers for packaging and pressure-sensitive adhesive applications, terpene-based tackifiers for bookbinding, hygiene and pressure-sensitive adhesive applications, AMS resins for bookbinding and pressure-sensitive adhesive applications, and hot melt polyamides for flexible packaging, industrial applications, and road marking. We seek to position our renewable, non-GMO, bio-based offerings as the material of choice for producers seeking to meet consumer demand for products that do not use less sustainable and GMO materials, like hydrocarbon-based solutions. We provide rosin based tackifiers with similar performance to hydrocarbon-based alternatives.

Our tackifiers are primarily used in hot melt adhesives, which are heavily used in the packaging submarket. Our focus in packaging is to improve our competitive position by introducing higher quality tackifiers that work in new polymer systems. We believe our efforts to improve functionality of tackifier offerings will enable differentiated and profitable growth in emerging markets.

Roads and Construction. Within the pavement marking submarket, we provide rosin-based binders for the thermoplastic pavement marking submarket and produce insoluble maleic-based tackifiers. We believe our advanced bio-based offerings in the pavement marking submarket enable our customers to formulate more durable road markings, improving sustainability by lessening raw material use.

Performance Chemicals. We serve various submarkets with a wide product offering, providing value across several different applications including, among others, fuel additives, oilfield chemicals, mining fluids, coatings, and metalworking fluids and lubricants. Our products include:

TOFA. Compared to other fatty acids obtained from various vegetable and animal origins, TOFA has a chemical composition characterized by distinctive features used as components in various applications. For the following end use markets (as examples) there are following features:

- Coatings end use market - serves as a binder in solvent-based paints as well as in hybrid coatings;preferred over soybean oil due to its higher unsaturation, better reactivity, flexibility, compatibility, and superior sustainability,
- Mining end use market - lower viscosity and higher affinity with the ore extract allows for a higher recovery yield; preferred over oleic acid,
- Oilfield chemicals end use market - easier handling, better solubility in drilling muds, as well as higher surface activity and emulsifying power; preferred over oleic acid,
- Fuel additives end use market - improves the lubricity of low-sulfur diesel fuel, preventing engine fuel pump wear.

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Dimer Acids. Our dimer acids are used for the production of polyamide resins used in applications such as epoxy coatings, flexographic inks, and high performance adhesive applications. In addition, dimer acids are building blocks in the production of corrosion inhibitors and emulsifiers used in the production and recovery of petroleum and natural gas. Our dimer acids compete with dimer acids derived from other feedstocks such as rapeseed and cottonseed oil.

TOR. TOR is used in all major rosin applications for the manufacture of adhesives, inks, pavement markers, rubber, and paper.

DTO. DTO is a mixture of TOFA and rosin acids. Our DTO is primarily used as an emulsifier for metalworking fluids and lubricants, in which our product offers improved performance attributes and, in many cases, offers a more sustainable alternative by replacing less environmentally friendly hydrocarbon-based chemicals. In these applications, it is sometimes used in place of TOFA.

Terpene Fractions. We supply terpene fractions, alpha-pinene and beta-pinene, and upgrade them mainly as specialty tackifiers for the adhesives market and tread enhancers for the tires market.

Tires. We sell a range of products that enhance the performance and manufacturing of high performance, winter, and all-season tires. Our terpene-based tread enhancement resins optimize wet grip of tire treads while maintaining reduced rolling resistance and enhanced durability which contribute to improved vehicle fuel efficiency. We market our AMS-based tread enhancement additives through product attributes that include reduced rolling resistance, increased durability, wet grip enhancement, and exceptional compatibility with rubber compounds, especially solution styrene-butadiene rubber polymers. We also sell TOFA, DTO, and rosins as processing aids, which provide select functionalities at various steps in the rubber and tire manufacturing process.

We were one of the first companies to supply tread enhancement resins to the tire industry and won early qualifications with innovative tire manufacturers. We believe our tires products are a key enabler for our customers to achieve their sustainability goals. The quest for improved fuel economy has prompted the introduction of silica-based "green tires" in which certain of our products are a key component. AMS resins were the first tread enhancement additive commercialized beyond basic hydrocarbon tackifiers, and we believe they offer a good balance of properties, price, and performance for current generation tires. Our SYLVATRAXX™ terpene-base tread enhancement additives are made of up to 100% bio-renewable materials.

2. Basis of Preparation and Presentation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB"). The term "IFRS" also includes International Accounting Standards ("IAS") and the related interpretations of the interpretations committees, Standard Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis, except for items accounted for at fair value as explained in the accounting policies below.

3. Material Accounting Policies

Basis of consolidation. These consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries from the date that control effectively commenced. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvements with the entity and has the ability to affect those returns through its power over the entity. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in the preparation of consolidated financial statements. For non-wholly owned, controlled subsidiaries the net assets attributable to outside equity shareholders are presented as non-controlling interest in the equity section of the consolidated statement of financial position. If any accounting policies applied by a subsidiary differ from those applied by the Group, adjustments are made to the financial statements of the subsidiary when necessary. Please refer to Note 22, *Investments in Significant Subsidiaries*, for the list of significant entities of the Group.

Functional and presentation currency. These consolidated financial statements are presented in USD, which is the Company's functional currency.

At the end of each reporting period foreign currency monetary items are translated into the functional currency of each entity using the closing rate; non-monetary items that are measured in terms of historical cost in a foreign currency are translated into the functional currency of each entity using the exchange rate at the date of the transaction or average for the period rates; and non-monetary items that are measured at fair value, recoverable amount or realizable value in a foreign currency are translated into the functional currency of each entity using the exchange rates at the date of remeasurement or

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average for the period rates. Exchange gains and losses resulting from foreign currency remeasurement into the functional currency are included in profit (loss) for the reporting period.

The translation of the financial statements of the group entities from their functional currencies to the presentation currency is performed as follows: assets and liabilities are translated at the closing rate; income and expenses are translated at exchange rates at the dates of the transactions or average for the period exchange rates; and all resulting exchange differences are recognized in other comprehensive income (loss).

Joint Ventures. A joint venture is an investee whereby two or more parties (including the Group) that have joint control have the rights to the net assets of the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method from the date on which significant influence or joint control is obtained until the date on which significant influence or joint control is lost. Under the equity method, investments in joint ventures are recognized at cost, adjusted for the Group's share of the profit or loss and other comprehensive income of the joint ventures from the date on which the Group obtains significant influence or joint control to the date on which the Group loses such significant influence or joint control. The Group recognizes its share of profit or loss of the investees, net of income taxes after the elimination of unrealized intercompany profits, in the consolidated operating income (loss) to the extent of the Group's interest in these entities.

If any accounting policies applied by a joint venture differ from those applied by the Group, adjustments are made to the financial statements of the joint venture as necessary. When an investment ceases to be a joint venture and the use of the equity method is discontinued, any gain or loss arising from discontinuation of the equity method is recognized in profit or loss.

For investments accounted for using the equity method, the carrying amount of each investment is tested for impairment as a single asset, when there is objective evidence that the investments may be impaired. The Group evaluates equity method investments for impairment when events or changes in circumstances indicate that the carrying value of such investment may have experienced an impairment. When evidence of loss in value has occurred, the Group compares the estimated fair value of the investment to the carrying value of the investment to determine whether impairment has occurred. The Group assesses the fair value of equity method investment using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third party comparable sales, internally developed analysis and analysis from outside advisors. If the estimated fair value is less than the carrying value and the Group considers the decline in value to be other than temporary, the excess of the carrying value over the estimated fair value is recognized in the financial statements as an impairment.

The Group assesses whether there are any indicators of possible impairment of investments in joint ventures at each reporting date based on events or circumstances that indicate that the carrying value of such investments may not be recoverable. Such indicators include changes in the Group's business plans, changes in commodity prices leading to unprofitable performances and other indicators. When value in use calculations are undertaken, the Group estimates the expected future cash flows from the cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Cash and cash equivalents. Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value or has a short maturity of three months or less.

Receivables. Receivables are recorded at the invoiced amount once the performance obligation has been met and do not bear interest. Receivables are considered for impairment under the expected credit loss model. The Group reviews the allowance for doubtful accounts quarterly. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Group does not have significant off-balance sheet credit exposure related to customers.

Inventories. Inventory values include all costs directly associated with manufacturing products and are stated at the lower of cost or net realizable value, primarily determined on a first-in, first out basis. The Group evaluates the carrying cost of inventory on a quarterly basis for this purpose. If the cost of the inventories exceeds their net realizable value, provisions are made for the difference between the cost and the net realizable value.

Reversal of any write-down is permitted when the reasons for the difference between the cost and the net realizable value no longer exist, up to the original amount of the write-down. Additionally, when there is clear evidence of an increase in net realizable value because of changed economic circumstances, a new assessment is made of net realizable value on a quarterly basis and the new carrying amount is the lower of the cost and the revised net realizable value.

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Financial instruments. Financial assets and financial liabilities are measured at its fair value upon initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial instruments at fair value through profit or loss) ("FVTPL") are added to or deducted from the fair value of the financial instruments on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at FVTPL are recognized immediately in profit or loss.

The Group classifies its financial instruments in the following measurement categories:

- assets measured at fair value through profit or loss
- assets measured at fair value through other comprehensive income ("FVTOCI"), and
- those to be measured at amortized cost

Financial assets are classified on the basis of business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Property, plant, and equipment. Property, plant and equipment are stated at historical cost, net of accumulated depreciation and impairment. Property, plant and equipment acquired as part of business combination are initially measured at fair value according to IFRS 3, *Business Combinations*, and are subsequently carried at cost less accumulated depreciation. Historical cost includes expenditures that are directly related to the acquisition of the items. Interest costs incurred as part of the cost of constructing major facilities and equipment are capitalized. Major renewals and improvements which extend the useful lives of equipment are capitalized. Replacements and overhauls after each major inspection are capitalized. Repairs and maintenance costs are expensed as incurred. Disposals are removed at carrying cost less accumulated depreciation with any resulting gain or loss reflected in earnings.

Depreciation is recognized using the straight-line method over the following estimated useful lives.

Machinery and equipment	20 years
Building and land improvements	20 years
Manufacturing control equipment	10 years
Office equipment	5 years
Research equipment and facilities	5 years
Vehicles	5 years
Computer hardware and information systems	3 years

If a significant part of property, plant and equipment items have different depreciation methods or useful lives, the part is depreciated separately. The Group reviews depreciation methods, estimated useful lives, and residual values over assets at the end of each annual reporting period and adjusts if appropriate.

Goodwill. The Group records goodwill when the purchase price of an acquired business exceeds the fair value of the net identifiable assets acquired. Goodwill is allocated to each cash-generating unit (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

Goodwill is tested for impairment at the cash generating unit level annually or more frequently as deemed necessary. Annual measurement date for testing impairment is December 31st. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Impairment of Long-lived assets. Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or cash generating unit to be tested for possible impairment, the Group first compares the recoverable amount of an asset or cash generating unit to its carrying value. If the carrying value of the long-lived asset or cash generating unit is not recoverable, impairment is recognized to the extent that the carrying value exceeds its recoverable amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use, determined in accordance to IAS 36, *Impairment of assets*.

Intangible Assets. Intangible assets are stated at cost, net of accumulated amortization and impairment losses. The Group has intangible assets related to technology, customer relationships, tradenames/trademarks, supply agreements and software. Intangible assets are amortized using the straight-line method over the asset's estimated useful life as follows (there were no intangible assets with indefinite useful life, except goodwill, as of December 31, 2023):

Technology	15 years
Customer relationships	15 years
Tradenames/trademarks	15 years
Software	3 - 10 years
Supply agreements	5 years

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The amortization of intangible assets is recognized as operating expense in the statement of profit or loss.

Pension and other postretirement plans. The Group sponsors noncontributory defined benefit pension plans ("Pension Plans") and a post-retirement benefit plan ("Retiree Medical Plan"). The Group annually evaluates significant assumptions related to the benefits and obligations of these plans. The Group's estimation of the projected benefit obligations and related benefit expense requires that certain assumptions be made regarding such variables as expected return on plan assets, discount rates, rates of future compensation increases, estimated future employee turnover rates and retirement dates, distribution election rates, mortality rates, retiree utilization rates for health care services, and health care cost trend rates. The determination of the appropriate assumptions requires considerable judgment concerning future events and has a significant impact on the amount of the obligations and expense recorded. The Group relies in part on actuarial studies when determining the appropriateness of certain of the assumptions used in determining the benefit obligations and the annual expenses for these plans.

Transaction Costs. Financing fees and other costs related to issuing long-term debt are capitalized. The Group amortized these costs using the effective interest method, except for costs related to revolving debt, which are amortized using the straight-line method. The amortization of debt issuance costs is recorded in interest expense.

Environmental Costs. Environmental costs are expensed as incurred unless the expenditures extend the economic useful life of the relevant assets. Costs that extend the economic useful life of assets are capitalized and depreciated over the remaining life of those assets. Liabilities are recorded when environmental assessments, or remedial efforts are probable, and the cost can be reasonably estimated.

Revenue Recognition. Revenue is recognized when obligations under the terms of a contract with the Group's customer are satisfied. Generally, this occurs at a point in time when the transfer of risk and title to the product transfers to the customer. The Group's products are generally sold free on board shipping point or, with respect to countries other than the U.S., an equivalent basis. The Group's standard terms of delivery are included in the Group's contracts of sale, order confirmation documents, and invoices. As such, all revenue is considered revenue recognized from contracts with customers and the Group does not have other sources of revenue. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. Revenue is recognized net of sales tax, value-added taxes, and other taxes. Shipping and other transportation costs charged to customers are recorded in both revenue and cost of goods sold. The Group does not have any material significant payment terms as payment is received at or shortly after the point of sale. Certain customers may receive cash-based incentives (including rebates and price supports), which are accounted for as variable consideration. Sales commissions are recorded as an increase in cost of goods sold once the performance obligation with the associated sale has been met. The Group does not expect to have significant changes in estimates for variable considerations.

Occasionally, the Group enters into bill-and-hold contracts, where the Group invoices the customer for products even though the Group retains possession of the products until a point in time in the future when the products will be shipped to the customer. In these contracts, the primary performance obligation is satisfied at a point in time when the product is segregated from the Group's general inventory, it is ready for shipment to customer, and the Group does not have the ability to use the product or direct it to another customer. Additionally, the Group has a secondary performance obligation related to custodial costs, including storage and freight, which is satisfied over time until the product has been delivered to the customer.

Research and development expenses. Research and development costs are expensed as incurred.

Leases. The Group assesses whether a contract is, or contains, a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases, except for leases with a lease term of 12 months or less.

The Group takes lease extension options that are reasonably certain to be exercised, into account to determine the minimum lease payments.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, which is calculated as the weighted average interest on debt. The lease liability is subsequently

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measured at amortized cost using the effective interest method and presented as a separate line item in the consolidated statement of financial position.

The right-of-use asset comprise the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated using the straight-line method over the shorter period of lease term or useful life of the underlying asset and are presented as a separate line in the consolidated statement of financial position.

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

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, but to account for any lease and associated non-lease components as a single arrangement. The Group has elected to apply this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contracts 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 has no material lessor or sublease income.

Income Taxes. The Group conducts operations in separate legal entities in different jurisdictions. As a result, income tax amounts are reflected in these consolidated financial statements for each of those jurisdictions.

Taxes currently payable are based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of profit or loss and consolidated statements of other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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We currently believe that certain unremitted foreign earnings of our subsidiaries will be permanently reinvested for an infinite period of time. Accordingly, we have not provided deferred taxes for the differences between these subsidiaries' book basis and underlying tax basis or on related foreign currency translation adjustment amounts.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Organization for Economic Co-operation and Development ("OECD") has proposed a global minimum tax of 15% of reported profits ("Pillar 2") that has been agreed upon in principle by over 140 countries. During 2023, many countries took steps to incorporate Pillar 2 model rule concepts into their domestic laws. Although the model rules provide a framework for applying the minimum tax, countries may enact Pillar 2 slightly differently than the model rules and on different timelines and may adjust domestic tax incentives in response to Pillar 2. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Accordingly, the Group is still evaluating the potential consequences of Pillar 2 on longer-term financial positions.

Provisions. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

Third party reimbursement of expenditures to settle a provision (e.g., through insurance contracts, indemnity clauses or suppliers' warranties) are recognized when it is virtually certain that the reimbursement will be received. The asset recorded for the reimbursement does not exceed the amount of the provision.

IFRS Standards first time adopted in 2023. The Group has implemented all new accounting pronouncements that are in effect and that management believes would materially impact the financial statements. The following new or amended standards and interpretations were applied by the Group in these consolidated financial statements in 2023:

Title	Subject	Effective date	Effect
IFRS 17	Insurance contracts	January 1, 2023	No effect
Amendments to IFRS 17	Insurance contracts	January 1, 2023	No effect
Amendments to IAS 8	New definitions of accounting estimates	January 1, 2023	Disclosure
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	Disclosure
Amendments to IAS 12	Global implementation of Pillar Two	January 1, 2023	Disclosure
Amendments to IAS 1	Disclosure of accounting policy	January 1, 2023	Disclosure

IFRS Standards to be adopted after 2023. The following standards and interpretations which have not been applied in these consolidated financial statements were in issue but not yet effective:

Title	Subject	Effective date	Estimated effect
Amendments to IFRS 16	Leases on sale and leaseback	January 1, 2024	No effect
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2024	No effect
Amendments to IAS 1	Non current liabilities with covenants	January 1, 2024	No effect
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	No effect

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4. Accounting Estimates and Judgments

The preparation of these consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Changes in these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to judgements or estimates and respective assumptions include:

- depreciation amounts (the useful lives of long-lived assets);
- inventory reserves (key assumptions in net realizable value calculation);
- impairment of long-lived assets (key assumptions underlying recoverable amounts);
- valuation of goodwill and fair value of the net assets acquired according to IFRS 3, *Business combinations* (key assumptions in fair value determination);
- the valuation of derivatives, deferred taxes and property, plant and equipment (assumptions on fair value inputs, timings and other); and
- liabilities for employee benefit obligations, income tax uncertainties, and other contingencies (key actuarial assumptions and key assumptions about the likelihood and magnitude of an outflow of resources).

5. Revenue

The Group disaggregates its revenue by segment product lines, which is how management markets the Group's products and reviews results of operations. The following tables disaggregate the Group's segment revenue by major product lines:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Performance Products	$ 511,245	$ 542,719
Specialty Polymers	352,220	322,268
Isoprene Rubber	54,024	59,706
Other	5,292	1,042
Polymer Business Revenue	$ 922,781	$ 925,735

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Tall oil fatty acids ("TOFA")	$ 431,539	$ 354,108
Tall oil rosin ("TOR")	297,924	278,585
Crude sulfate turpentine ("CST")	87,193	82,080
Non-Pine	43,478	41,017
Others	103,749	128,332
Pine Chemicals Business Revenue	$ 963,883	$ 884,122

The Group has deferred income of $22.5 million related to contractual commitments with customers for which the performance obligation will be satisfied over time, which range from one to four years. The revenue associated with these performance obligations is recognized as the obligation is satisfied, which occurs as a volume based metric over time with the transfer of risk and title of finished products to the customer.

During the year ended December 31, 2023 and 2022, the Group recognized $3.4 million and $1.5 million of revenue related to these arrangements.

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Receivables from contracts with customers and contract liabilities are comprised of the following:

	December 31, 2023	December 31, 2022
	(In thousands)	
Contract receivables[1]	$ 201,994	$ 238,378
Contract liabilities[2]	$ 22,475	$ 45,290

(1) Contract receivables are recorded within receivables, net of allowances on Consolidated Statement of Financial Position.

(2) The Group's contract liability consists of $16.5 million of non-cash deferred income related to the IRSA and $6.2 million of non-cash deferred income related to a supply agreement with a significant lubricant additive customer. The impact from currency exchange rates is $0.2 million. Revenue related to opening contract liabilities and recognized during the period amounted to $22.9 million.

6. Trade Receivables

	December 31,	
	2023	2022
	(In thousands)	
Trade receivables	$ 192,462	$ 228,079
Allowance	(1,432)	(1,369)
Total trade receivables	$ 191,030	$ 226,710

7. Inventories

	December 31,	
	2023	2022
	(In thousands)	
Finished products	$ 306,703	$ 397,798
Raw materials	132,901	166,931
Supplies	54,226	54,560
Goods in transit	40,741	52,654
Work in progress	8,171	5,475
Inventories, gross	542,742	677,418
Inventory reserve	(11,761)	(19,229)
Inventories, net	$ 530,981	$ 658,189

Write-down of inventories recognized as an expense during the twelve months ended December 31, 2023 and 2022, amounted to $15.6 million and $9.7 million respectively, and was recorded within *Cost of Goods Sold* on Consolidated Statements of Profit or Loss.

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8. Property, Plant, and Equipment

Details of property, plant, and equipment are as follows:

	Land	Building	Structures	Machinery	Vehicles	Other	Construction in Progress	Total
	(In thousands)							
Net Book Value at January 1, 2022	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Acquired from business combination	16,296	207,184	39,525	1,041,373	1,685	207,387	93,042	1,606,492
Additions	—	51	8	2,014	—	172	84,517	86,762
Retirements	—	(47)	(7)	(1,855)	—	(289)	—	(2,198)
Depreciation	—	(10,882)	(3,859)	(74,429)	(207)	(19,984)	—	(109,361)
Impairments	—	—	—	(2,572)	—	—	—	(2,572)
Transfers	—	8,879	907	66,832	420	17,735	(94,773)	—
Effects of foreign currency translation	(536)	(2,646)	121	(8,055)	(66)	(8,127)	(239)	(19,548)
Cost	$ 15,760	$ 213,143	$ 42,085	$1,089,166	$ 2,005	$ 215,728	$ 82,547	$1,660,434
Accumulated Depreciation	—	(10,604)	(5,390)	(65,858)	(173)	(18,834)	—	(100,859)
Net Book Value at December 31, 2022	$ 15,760	$ 202,539	$ 36,695	$1,023,308	$ 1,832	$ 196,894	$ 82,547	$1,559,575
Cost	15,760	213,143	42,085	1,089,166	2,005	215,728	82,547	1,660,434
Accumulated Depreciation	—	(10,604)	(5,390)	(65,858)	(173)	(18,834)	—	(100,859)
Net Book Value at January 1, 2023	$ 15,760	$ 202,539	$ 36,695	$1,023,308	$ 1,832	$ 196,894	$ 82,547	$1,559,575
Additions	—	—	—	320	—	2,396	121,705	124,421
Retirements	—	(73)	—	(622)	—	(89)	—	(784)
Depreciation	—	(13,376)	(4,393)	(98,182)	(455)	(26,039)	—	(142,445)
Transfers	26	9,416	497	80,117	287	19,049	(109,632)	(240)
Effects of foreign currency translation	253	2,048	192	6,134	45	623	1,045	10,340
Cost	$ 16,039	$ 224,153	$ 42,840	$1,171,556	$ 2,295	$ 236,449	$ 95,665	$1,788,997
Accumulated Depreciation	—	(23,599)	(9,849)	(160,481)	(586)	(43,615)	—	(238,130)
Net Book Value at December 31, 2023	$ 16,039	$ 200,554	$ 32,991	$1,011,075	$ 1,709	$ 192,834	$ 95,665	$1,550,867

Acquired property plant and equipment was initially valued on March 15, 2022 at fair value as part DL Chemical's acquisition of the Group (Note 12, *Acquisition and mergers*).

As of December 31, 2023 $11.4 million of property, plant and equipment acquisitions are outstanding to be paid and have been excluded from the Consolidated Statement of Cash Flows.

9. Intangible Assets

Details of intangible assets are as follows:

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	Goodwill	Software	Contracts and other intangible assets	Technology	Trademarks	Total
			(In thousands)			
Net Book Value at January 1, 2022	$ —	$ —	—	$ —	$ —	
Acquired from business combinations	420,701	16,200	122,013	161,100	42,363	762,377
Revision of cost (Note 12)	448	—	(618)	—	—	(170)
Additions	—	4,238	—	—	98	4,336
Retirements	—	—	(10)	—	—	(10)
Amortization	—	(3,525)	(21,084)	(8,547)	(2,311)	(35,467)
Effects of foreign currency translation		—	(238)	220	—	(18)
Cost	$ 420,701	$ 17,553	$ 122,280	$ 161,100	$ 42,400	$ 764,034
Revision of cost (Note 12)	448	—	(618)	—	$ —	(170)
Accumulated Amortization	—	(878)	$ (21,141)	(8,547)	$ (2,250)	(32,816)
Net Book Value at January 1, 2023	$ 421,149	$ 16,675	$ 100,521	$ 152,553	$ 40,150	$ 731,048
Additions	—	17,768	494	—	1,504	19,766
Reclassifications	—	(3,436)	—	—	898	(2,538)
Amortization	—	(4,587)	(25,792)	(10,740)	(2,885)	(44,004)
Effects of foreign currency translation	—	(318)	81	—	—	(237)
Cost	421,149	31,549	122,217	161,100	44,801	780,816
Accumulated Amortization	—	(5,447)	(46,913)	(19,287)	(5,134)	(76,781)
Net Book Value at December 31, 2023	$ 421,149	$ 26,102	$ 75,304	$ 141,813	$ 39,667	$ 704,035

Acquired intangible assets were initially valued on March 15, 2022 at fair value as part of DL Chemical's acquisition of the Group (Note 12, *Acquisition and mergers*). For impairment test purposes $150.6 million of goodwill was allocated to Polymer CGU and $270.5 million of goodwill was allocated to the Chemical CGU.

As of December 31, 2023 $3.1 million of intangible assets acquisitions are outstanding to be paid and have been excluded from the Consolidated Statement of Cash Flows.

Goodwill. The Group records goodwill when the purchase price of an acquired business exceeds the fair value of the net identifiable assets acquired. Goodwill is allocated to each cash-generating unit (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

As of December 31, 2023 the Company has tested Goodwill for impairment and the value in use for each cash generating unit level exceeds it's carrying value, therefore no impairment losses have been recognized in the accompanying Financial Statements.

10. Leases

The Group's leases are generally for railcars, office space, and equipment. The details of right-of use assets are as follows:

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	Railcars	Buildings	Structures and other	Total
	(In thousands)			
Carrying value at January 1, 2022	$ —	$ —	$ —	$ —
Acquired from business combination	28,739	48,115	31,095	107,949
Additions and modifications	5,739	—	—	5,739
Depreciation	(6,804)	(6,566)	(5,751)	(19,121)
Effects of foreign currency translation	(8)	(9)	(17)	(34)
Carrying value at December 31, 2022	$ 27,666	$ 41,540	$ 25,327	$ 94,533
Additions and modifications	5,788	17,844	2,479	26,111
Depreciation	(9,188)	(8,284)	(6,850)	(24,322)
Effects of foreign currency translation	27	29	175	231
Carrying value at December 31, 2023	$ 24,293	$ 51,129	$ 21,131	$ 96,553

The amounts recognized in profit or loss for the years ended December 31, 2023 and 2022, are as follows:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Depreciation expense on right-of-use assets	$ (24,322)	$ (19,121)
Interest expense on lease liabilities	(3,200)	(2,683)

The maturity analysis of lease liabilities as of December 31, 2023 is presented below, based on undiscounted contractual cash payments, including interest payments:

	Payments Due by Period					
	Total	2024	2025	2026	2027	2028
	(In millions)					
Lease obligations	$ 107.1	$ 23.1	$ 20.1	$ 18.0	$ 14.2	$ 31.7

Acquired right-of-use lease assets were initially valued on March 15, 2022 at fair value as part of DL Chemical's acquisition of the Group (Note 12, *Acquisition and mergers*).

11. Cost of Goods Sold

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Materials	$ 1,030,297	$ 1,060,310
Outsourcing and subcontracting fees	135,142	110,894
Salary and employee benefits	136,377	100,770
Change in finished goods inventory	80,853	(22,837)
Other	58,856	64,526
Total cost of goods sold	$ 1,441,525	$ 1,313,663

Research and development expenditures recognized as an expense during the years ended December 31, 2023 and 2022 amounted to $48.5 million and $35.8 million, respectively and were included in SG&A items in Consolidated statement of profit or loss.

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12. Acquisition and Mergers

On March 15, 2022, DLC US Inc. acquired 100% of the Kraton Corporation's voting equity interest in an all-cash transaction. The transaction was announced on September 27, 2021, and received Kraton's stockholder approval on December 9, 2021. As a result of the transaction completion, the Kraton Corporation is now a wholly owned subsidiary of DL Chemical.

The $2.5 billion purchase price for the Merger and the related acquisition and financing expenses were funded through the following transactions:

- $1.5 billion of cash equity contribution to DLC US Inc. from DLC US Holdings;
- $1.0 billion of term loans and an asset backed lending facility issued as described in Note 15, *Debt and cash and cash equivalent*.

The Group has accounted for the Merger using the purchase method of accounting for business combinations. Accordingly, the purchase price has been allocated to the underlying assets and liabilities to their respective fair values. The excess of the purchase price over the estimated fair value of the net assets acquired has been recorded as goodwill. The goodwill is attributable mainly to the assembled workforce and technical know-how of the Group.

The following table outlines the fair value of assets and liabilities at the acquisition date and cash consideration paid for the Merger measured in accordance with IFRS 3, *Business Combinations* based on management's estimates, judgments, and assumptions. The amounts recorded during measurement period were provisional and were adjusted in these consolidated financial statements. The adjustment were primarily related to finalization of estimated income tax assets and liabilities. As a measurement period has expired, the fair values shown below are final.

	Provisional Fair Value recorded as of December 31, 2022	Revision	Fair Value
		(In thousands)	
Property, plant, and equipment	$ 1,606,492		$ 1,606,492
Intangible assets	341,676	(618)	341,058
Other long-term assets	207,268	4,488	211,756
Inventories	634,020		634,020
Accounts receivable and other current assets	301,757		301,757
Cash and cash equivalents	116,910		116,910
Total assets	3,208,123	3,870	3,211,993
Long-term lease liabilities	80,193		80,193
Other long-term liabilities	151,461		151,461
Income tax liabilities	354,442	(815)	353,627
Current liabilities	414,301	5,133	419,434
Non-controlling interest	50,367		50,367
Total liabilities	1,050,764	4,318	1,055,082
Total identifiable net assets acquired	$ 2,157,359	$ (448)	$ 2,156,911
Goodwill	$ 420,701		$ 421,149
Purchase price	2,578,060		2,578,060
Cash and cash equivalents	(116,910)		(116,910)
Purchase price, net of cash acquired	**$ 2,461,150**		**$ 2,461,150**

The fair value of acquired identifiable intangible assets was determined using the following methods:

Intangible assets	Useful life	Valuation method
Corporate trade name	15 years	the relief from royalty method
Technology (product portfolios)	15 years	the relief from royalty method
Supply agreements	5 years	with or without method of income approach
Software	4 years	depreciated replacement cost approach

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The purchase price of the Merger exceeded the net acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The purchase price also included the fair values of other assets that were not identifiable, not separately recognizable under accounting rules (e.g., assembled workforce) or of immaterial value in addition to a going-concern element that represents Group's ability to earn a higher rate of return on the group of assets than would be expected on the separate assets as determined during the valuation process.

Revision of comparatives. As stipulated in IFRS 3, *Business Combinations*, the Group shall recognized adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the Group revised comparative information for prior periods presented in in these condensed consolidated interim financial statements. Revision had no effect on net income for the comparative period. The following table outlines the summary of revisions made:

	Reported in annual financial statements as of December 31, 2022	Revision	Revised amount as of December 31, 2022
		(In thousands)	
Intangible assets (including goodwill)	$ 731,218	$ (170)	$ 731,048
Deferred tax asset	68,188	4,488	72,676
Tax payable	24,422	5,133	29,555
Deferred tax liabilities	310,217	(815)	309,402

13. Finance Income (Expense)

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Finance income		
Foreign currency exchange income	$ 1,827	$ 12,193
Interest income	1,947	290
Other finance income (expense)	—	(2)
Total finance income	$ 3,774	$ 12,481
Finance expense		
Interest expense	$ 106,570	$ 54,404
Foreign currency exchange expense	7,397	1,181
Total finance expense	$ 113,967	$ 55,585

For the years ended December 31, 2023 and 2022, $2.6 million and $2.8 million, respectively of interest expense was capitalized. The interest rate used to determine the amounts of borrowing costs eligible for capitalization was 7.75%.

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14. Other Income and Other Expense

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Other income		
Gain on disposal of investments	$ 3,038	$ —
Gain on disposal of fixed assets	234	35
Other	114	193
Total other income	$ 3,386	$ 228
Other expense		
Loss on disposal of fixed assets	$ 1,382	$ 1,007
Other	2,517	335
Total other expense	$ 3,899	$ 1,342

15. Debt and Cash and Cash Equivalents

Details of the Group's borrowings as of December 31, 2023 and 2022, are as follows:

	Currency	Fixed/Variable	Interest Rate	Maturity	December 31, 2023	December 31, 2022
				(In thousands)		
USD Tranche	USD	Variable	8.77%	2029	$ 565,731	$ 567,764
Euro Tranche	EUR	Variable	6.81%	2029	319,682	305,751
ABL Facility	USD	Variable	6.95% - 9.00%	2027	140,000	120,000
Korean Term Loan	USD	Variable	7.07%	2026	74,305	—
KFPC Revolving Facilities	NTD	Variable	1.76%	Various	47,863	52,747
KFPC Term Loan	NTD	Variable	1.98%	2026	9,345	—
Insurance Premium Finance Loan	USD	Fixed	5.99%	2024	3,630	—
Total debt					$ 1,160,556	1,046,262
Less current portion of total debt and short-term debt					57,493	58,747
Long-term debt					$ 1,103,063	$ 987,515

In March 2022, in relation to the Merger transaction, the Group issued $600.0 million of the U.S. Term Loan and €300.0 million of the Euro Term Loan, each due March 2029, and a $300.0 million asset backed loan (the "ABL Facility") due 2027. The U.S. Term Loan and Euro Term Loan have interest rates at SOFR + 3.25% and EURIBOR +3.25%, respectively. The ABL Facility has a variable interest rate at SOFR plus a fixed margin, dependent upon outstanding borrowings .

During the year ended December 31, 2023 the Group repaid $6.0 million of USD Tranche and borrowed $20.0 million under the ABL Facility and $75 million under the Korean Term Loan.

Asset Back Loan Facility. Borrowing availability under the ABL Facility is subject to borrowing base limitations based on the level of receivables and inventory available for security. The carrying amount of receivables and inventory pledged as security under the ABL Facility as of December 31, 2023 are $101.5 million and $340.7 million, respectively, a percentage of which is determined to be eligible borrowing base collateral according to the terms and conditions of the ABL credit agreement, which includes definitions and detailed calculations concerning eligibility provisions.

As of December 31, 2023, the Group's available borrowing capacity under the ABL Facility was $85.2 million, with $140.0 million of outstanding borrowings and $3.3 million of letters of credit outstanding under the facility.

Korean Term Loan: During the fourth quarter 2023, the Group entered into a loan agreement for a total of $150 million with Kookmin Bank New York Branch and Woori Bank New York Agency to obtain funds to prepay a portion of its existing obligations under the ABL Agreement. This loan is guaranteed by DL Chemical Co., Ltd.

As of December 31, 2023, the first loan notice was received in the amount of USD 75 million, the proceeds of which were used to prepay a portion of the outstanding balance in the ABL facility.

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KFPC Revolving Facilities. KFPC has several revolving credit facilities with banks (the "KFPC Revolving Facilities") to provide funding for working capital requirements and/or general corporate purposes. All of the KFPC Revolving Facilities are subject to variable interest rates.

As of December 31, 2023, the available borrowing capacity under KFPC Revolving Facilities was $69.3 million, with $47.9 million of outstanding borrowings.

Insurance Premium Finance Loan. As of December 31, 2023, the Group entered in a short-term insurance premium finance loan with fixed interest and monthly repayments and borrowed $13.1 million and repaid $9.4 million of insurance premium finance loan.

KFPC Term Loan and KFPC 2023 Revolving Facility Tranche. During the second quarter 2023, KFPC entered into a loan agreement with the Bank of Taiwan to raise funding for an expansion project. The agreement has two tranches, one of which is a term loan under which KFPC can borrow up to NTD 2.0 billion with drawdown period during 2023-2025 and repayment period of 5 years starting in 2026 and a separate tranche that is a revolving credit facility that enables KFPC to borrow up to NTD 500 million for working capital purposes related to the expansion project. Both tranches of the KFPC loan agreement are subject to variable interest rate. During the year ended December 31, 2023, the Group borrowed $9.3 million equivalent under KFPC term loan with no outstanding borrowings under the revolving tranche of the facility.

Details of the Group's cash and cash equivalents as of December 31, 2023 and 2022, are as follows:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Cash	$ 148	$ 323
Deposits	41,630	75,638
Short-term investments	—	6,993
Total cash and cash equivalents	$ 41,778	$ 82,954

16. Fair Value of Financial Instruments

The carrying amounts of the Group's financial instruments were as follows:

	December 31, 2023	December 31, 2022
	(In thousands)	
Financial assets measured at fair value through profit or loss		
Other non-current assets - retirement plan asset (level 1)	$ 2,407	$ 1,983
Other receivables and miscellaneous assets - derivatives asset (level 2)	2,971	1,972
Financial assets measured at amortized cost		
Trade receivables	191,030	226,710
Other receivables	18,645	17,972
Other non-current assets	4,613	4,233
Cash and cash equivalents	41,778	82,954
Total financial assets	$ 261,444	$ 335,824
Financial liabilities measured at fair value through profit or loss		
Short-term financial liabilities - derivatives liability (level 2)	$ 791	$ 2,680
Financial liabilities measured at amortized cost		
Trade and other payables	314,901	393,942
Other long-term liabilities	3,945	3,259
Debt	1,160,556	1,046,262
Lease liabilities	93,881	90,712
Total financial liabilities	$ 1,574,074	$ 1,536,855

For cash and cash equivalents, receivables, payables and certain accrued expenses, the carrying amount approximates fair value due to the short maturities of these instruments. For long-term debt instruments fair value is estimated based upon market values (if applicable) or on the current interest rates available to the Group for debt with similar terms and remaining maturities. The fair value of the Group's debt was as follows:

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	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in thousands)			
USD Tranche	$ 565,732	$ 579,184	$ 567,764	$ 591,778
Euro Tranche	319,682	317,241	305,751	305,409
ABL Facility	140,000	140,000	120,000	120,000
Korean Term Loan	74,304	73,313	—	—
KFPC Revolving Facilities	47,863	47,863	52,747	52,747
KFPC Term Loan	9,345	9,345	—	—
Insurance Premium Finance Loan	3,630	3,630	—	—

The following table describe the inputs used in the measurement of the Group's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2023 and 2022. As of December 31, 2023 and 2022, the Group had no assets or liabilities utilizing significant unobservable inputs (or Level 3) to derive its estimated fair values.

	Inputs
Retirement plan asset—non-current	Quoted Prices in Active Markets for Identical Assets (level 1)
Derivative asset and liability	Significant Other Observable Inputs (level 2)

Net gains and losses on financial instruments measured at fair value through profit or loss were as follows:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Net gains (losses) on derivative assets and liabilities	$ 4,456	$ (16,663)
Net gains (losses) on retirement plan assets	59	274

17. Financial Instruments Risk Management

Capital Risk Management. The Group manages its capital to maintain its ability to continuously provide return to its shareholders and interested parties. Furthermore, the Group puts effort towards reducing capital expenses by optimizing its debt and equity balances. Items managed as capital by the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
	(In thousands)	
Total borrowings	$ 1,160,556	$ 1,046,262
Less: Cash and cash equivalents	(41,778)	(82,954)
Borrowings, net	$ 1,118,778	$ 963,308
Total shareholder's equity attributable to Kraton	$ 1,301,998	$ 1,461,684
Net borrowing-to-equity ratio	0.86	0.66

Credit Risk. Credit risk is a risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position (Note 16, *Fair value of financial instruments*).

The use of derivatives creates exposure to credit risk in the event that the counterparties to these instruments fail to perform their obligations under the contracts, which the Group seeks to minimize by limiting its counterparties to major financial institutions with acceptable credit ratings and by monitoring the total value of positions with individual counterparties.

The Group analyzes its counterparties' financial condition prior to extending credit, establishes credit limits and monitors the appropriateness of those limits on an ongoing basis. The Group also obtains cash, letters of credit, or other acceptable forms of security from customers to provide credit support, where appropriate, based on its financial analysis of the customer and the contractual terms and conditions applicable to each transaction.

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It is Group's policy to invest its excess cash in investment instruments whose value is not subject to market fluctuations, such as bank deposits or certificates of deposit. Other permitted investments include commercial paper of major U.S. corporations with ratings of A1 by Standard & Poor's Ratings Group or P1 by Moody's Investor Services, Inc., loan participation of major U.S. corporations with a short term credit rating of A1/P1 and direct obligations of the U.S. government or its agencies.

Liquidity Risk. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's liquidity position is carefully monitored and managed to ensure that it will always have sufficient liquidity to meet its liabilities. Cash flows from operations, cash on hand, available borrowings under the ABL Facility and other debt offerings the Group may conduct from time to time are principal sources of the Group's liquidity.

Management uses consolidated net debt to determine the Group's outstanding debt obligations that would not readily be satisfied by its cash and cash equivalents on hand. Management believes that using consolidated net debt is useful to investors in determining leverage because the Group could choose to use cash and cash equivalents to retire debt.

Based upon current and anticipated levels of operations, management believes that cash flows from operations, cash on hand and borrowings available to the Group will be sufficient to fund operations and meet short-term and long-term cash requirements, including the Group's expected financial obligations, planned capital expenditures, anticipated liquidity requirements, working capital requirements, debt payments, interest payments, benefit plan contributions, and income tax obligations.

Presented below is the maturity profile of the Group's financial liabilities (including certain contractual commitments) as of December 31, 2023, based on undiscounted contractual cash payments, including interest payments:

	Payments Due by Period					
	Total	2024	2025	2026	2027	2028 and thereafter
	(In millions)					
Long-term debt obligations	$ 1,193.9	$ 53.9	$ 6.0	$ 90.3	$ 146.0	$ 897.7
Estimated interest payments on debt	369.7	90.3	77.5	72.1	59.9	69.9
Purchase obligations [1]	1,859.2	638.4	242.1	137.1	91.5	750.1
Trade and other payables	341.8	341.8	—	—	—	—
Total contractual cash obligations	**$ 3,764.6**	**$ 1,124.4**	**$ 325.6**	**$ 299.5**	**$ 297.4**	**$ 1,717.7**

(1) Included in this line are the Group's estimated minimum purchases required under KFPC agreement. Due to the indefinite term of this subsidiary, minimum purchases are based on an assumed 20 year useful life of the facility.

Market Risks. The Group is exposed to certain market risks, including risks from changes in interest rates, foreign currency exchange rates, and commodity prices that could impact its financial condition, results of operations, and cash flows. The Group selectively manages its exposure to these and other market risks through regular operating and financing activities as well as through the use of market risk sensitive instruments. The Group uses such financial instruments as risk management tools and not for trading purposes. The market risk sensitive instruments that the Group has entered into as of December 31, 2023 consist of a series of non-deliverable forward contracts.

Interest rate risk. Borrowings under the Term Loan Facility, the ABL Facility, and KFPC Revolving Facilities, and additional borrowings in the future may, bear interest at variable rates, thereby exposing the Group to interest rate risk. At December 31, 2023, approximately $1,160.6 million of the Group's debt was variable rate debt.

The Group performed a hypothetical analysis to determine the impact to its financial position if the interest rates increased or decreased by 10%, from the rates as of December 31, 2023 for the life of the variable rate debt, which would result in a change of $6.0 million as of December 31, 2023.

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Foreign currency exchange risk. The Group conducts operations in many countries around the world. The Group's results of operations are subject to both currency transaction and currency translation risks. The Group incurs currency transaction risk when the Group enters into either a purchase or sale transaction using a currency other than the local currency of the transacting entity. The Group is subject to currency translation risk because its financial condition and results of operations are measured and recorded in the relevant domestic currency and then translated into U.S. dollars for inclusion in consolidated financial statements. The Group attempts to selectively manage significant exposures to potential foreign currency exchange losses based on current market conditions, future operating activities, and the associated cost in relation to the perceived risk of loss. The purpose of the Group's foreign currency risk management activities is to minimize the risk that its cash flows from the sale and/or purchase of services and products in foreign currencies will be adversely affected by changes in exchange rates.

Periodically, the Group enters into foreign currency agreements to hedge or otherwise protect against fluctuations in foreign currency exchange rates. These agreements typically do not qualify for hedge accounting and gains/losses resulting from both the up-front premiums and/or settlement of the hedges at expiration of the agreements are recognized in the period in which they are incurred. In 2023, the Group entered into a series of foreign currency forward contracts to reduce its exposure to exchange rate volatility. These contracts were structured such that the underlying foreign currency exchange gains/losses would be offset by the mark-to-market impact of the hedging instruments and reduce the impact of foreign currency exchange movements throughout the year. The notional amounts of open foreign currency forward contracts were $258.1 million at December 31, 2023. The notional amounts of the Group's forward contracts do not generally represent amounts exchanged by the parties, and thus are not a measure of the Group's exposure or of the cash requirements related to these contracts. As such, cash flows related to these contracts are typically not material. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the contracts, such as exchange rates.

As of December 31, 2023, the Group's monetary assets and liabilities denominated in currencies other than functional currency of the respective subsidiaries were as follows:

	Monetary assets	Monetary liabilities
	(In millions)	
EUR	$ 41.5	$ 19.5
CNY	3.1	0.1
USD	1.0	0.1
JPY	0.4	0.9
MXN	1.5	0.4
TWD	0.3	—
Other currencies	0.1	0.2
Total	$ 47.9	$ 21.2

The Group uses sensitivity analysis models to measure the impact of a hypothetical 10% adverse movement of foreign currency exchange rates against the U.S. dollar. For foreign currency transaction risk, had the amounts remained unhedged with foreign currency forward contracts a hypothetical 10% adverse change in the foreign currency exchange rates for all the Group's foreign currency positions would have resulted in a $12.8 million pre-tax loss for net monetary assets denominated in currencies other than the respective entity's functional currency at December 31, 2023. For foreign currency translation risk, a hypothetical 10% adverse change in the applicable average foreign currency exchange rates relative to the U.S. dollar in 2024 would negatively impact its pre-tax income by $3.0 million.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and exchange rates change instantaneously in an equally adverse fashion. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled. While this is management's best estimate of the impact of the various scenarios, these estimates should not be viewed as forecasts.

Commodity price risk. The Group is exposed to commodity price risk due to its forward contractual purchase commitments for raw materials. Raw materials are primarily supplied by a portfolio of suppliers under long-term supply contracts and arrangements with various expiration dates. The Group is subject to future purchase commitments for these raw materials under minimum purchase contracts. Based on pricing as of December 31, 2023, a hypothetical 10.0% change in the market price for these raw materials would change 2024 cost of goods sold by $83.0 million.

Impact of Inflation. The Group's results of operations and financial condition are presented based on historical cost. In the fiscal year 2023, the Group continued to experience inflationary pressures with increasing raw material, logistics, utilities and secondary costs in both segments. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, including the Group's actions to pass these costs onto customers through higher sales prices, consistent with the Group's price-right strategy. The Group did experienced these inflationary impacts, in particular within

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Polymer segment, as the Group experienced margin compression. Within Chemical segment, due to favorable market dynamics, the Group was able to expand margins in excess of the aforementioned inflationary pressures.

Reconciliation of liabilities arising from financing activities. For the year ended December 31, 2023, the movements in the Group's liabilities arising from financing activities were as follows:

	Debt	Lease Liabilities
	(In thousands)	
As of January 1, 2023	$ 1,046,262	$ 90,712
Acquisition, net of payments	96,855	(542)
Transaction cost amortization and interest expense	5,399	3,200
Foreign currency translation adjustments	12,040	511
Non-cash additions, reassessments and other changes	—	—
As of December 31, 2023	$ 1,160,556	$ 93,881

18. Income Taxes

Kraton Corporation, the parent company, is domiciled in the U.S. and is subject to U.S. statutory rate of 21.0%. The income tax expense is comprised of the following:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Current tax expense:		
Current year	$ 14,421	$ 38,138
Changes in estimates related to prior years	1,271	(423)
Current tax expense:	$ 15,692	$ 37,715
Deferred tax expense		
Origination and reversal of temporary differences	$ (72,589)	$ (23,667)
Recognition of previously unrecognised tax losses	(171)	(943)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	—	10
Deferred tax expense	$ (72,760)	$ (24,600)
Income tax expense (benefit)	$ (57,068)	$ 13,115

The Group operates in various U.S. state jurisdictions and uses a blended rate approach to measure its deferred tax asset and liabilities. In December 2023, the relevant deferred tax balances have been remeasured primarily due to the increase of the blended rate U.S. state corporate tax rate from 2.1% to 1.9% respectfully for the period. This change resulted in a charge to tax expense of $5.2 million related to the remeasurement of deferred tax assets and liabilities of the Company's U.S. state operations.

The disclosure of the amount of income tax relating to each item of other comprehensive income is as follows:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Remeasurement of pension obligations		
Before tax	$ 7,042	$ 15,098
Tax expense	(2,097)	(2,786)
Net of tax	$ 4,945	$ 12,312
Foreign currency translation adjustments		
Before tax	$ 15,278	$ (18,731)
Tax expense	1,633	(1,353)
Net of tax	$ 16,911	$ (20,084)

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A reconciliation of the Company's statutory income tax to the income tax expense recorded in the consolidated statement of profit or loss is as follows:

	Years Ended December 31,			
	% effect	2023	% effect	2022
		(In thousands)		
Loss before tax from continuing operations		$ (229,843)		$ (18,160)
Tax using the Company's domestic tax rate	21 %	(48,267)	21 %	(3,814)
Effect of tax rates differentials	1 %	(2,335)	(25)%	4,624
Increase in tax rate	2 %	(5,215)	(39)%	7,006
Tax effect of:				
– U.S. minimum tax on foreign entities	— %	—	(20)%	3,695
– Non-deductible expenses	(1)%	1,218	(11)%	2,032
– Tax incentives	— %	—	3 %	(598)
– Uncertain tax positions	— %	171	(9)%	1,616
– Current-year losses for which no deferred tax asset is recognized	— %	488	— %	(17)
Recognition of previously unrecognized tax losses	— %	(171)	5 %	(943)
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	— %	—	— %	10
Changes in estimates related to prior years	1 %	(2,957)	3 %	(496)
Income tax expense	25 %	$ (57,068)	(72)%	$ 13,115

Deferred tax for the year ended December 31, 2023, were as follows:

	Net balance at 1 January	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in business combinations	Net deferred tax	Deferred tax assets	Deferred tax liabilities
				(In thousands)				
Property, plant and equipment	$(261,800)	$ 17,062	$ —	$ (795)	$ (896)	$ (246,429)	$ 1,468	$ (247,896)
Intangible Property	(30,654)	13,324	—	2,012	(75)	(15,393)	49,634	(65,027)
Accruals & reserves	13,011	(4,626)	—	23	(1,478)	6,930	9,825	(2,895)
Inventory	(1,975)	4,918	—	58	489	3,490	4,320	(831)
Deferred revenue	8,760	(4,990)	—	—	—	3,770	3,770	—
Leases	1,550	1,372	—	(29)	2	2,895	3,068	(171)
Employee Benefits	11,023	(534)	(2,097)	82	—	8,474	8,474	—
Foreign currency gains/losses	2,263	3,389	—	(31)	72	5,693	5,892	(198)
Tax losses	5,636	15,180	—	(39)	875	21,652	21,671	(18)
Tax credits	2,053	(7)	—	62	—	2,108	2,109	—
Capitalized R&D	14,470	13,360	—	—	2,541	30,371	30,371	—
Interest	8,326	22,147	—	123	(883)	29,713	30,564	(851)
Investment in subsidiaries	(18,573)	1	—	—	—	(18,572)	—	(18,572)
Other	3,881	(7,837)	—	167	4,802	1,013	4,270	(3,262)
Net tax assets (liabilities)	$(242,029)	$ 72,759	$ (2,097)	$ 1,633	$ 5,449	$ (164,285)	$ 175,436	$ (339,721)

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

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	Years Ended December 31,			
	2023		2022	
	Gross amount	Tax effect	Gross amount	Tax effect
	(In thousands)			
Deductible temporary differences	$ (11,287)	$ (3,481)	$ (13,351)	$ (3,262)
Employee Benefits	(5,037)	(1,259)	(4,559)	(874)
Tax credits	—	(2,497)	—	(2,497)
Tax losses	(102,281)	(25,559)	(100,417)	(24,444)
Unrecognized deferred tax assets	$ (118,605)	$ (32,796)	$ (118,327)	$ (31,077)

Tax losses for which no deferred tax asset was recognized expire as follows.

	Years Ended December 31,			
	2023		2022	
	Gross amount	Expiry date	Gross amount	Expiry date
	(In thousands)			
Expire	$ (67)	2031-2032	$ (45)	2031-2032
Never expire	(102,214)	—	(100,372)	—
Tax losses	$ (102,281)	—	$ (100,417)	—

In 2016, Kraton acquired U.S. foreign tax credits from a business combination. These credits are not projected to be utilized prior to their expiration.

As of December 31, 2023, cumulative net operating loss for the France and United Kingdom subsidiaries has been determined that the recoverability is uncertain. Based on the five-year business plan and taking into account the reversal of existing taxable temporary differences, the subsidiaries are not expected to generate sufficient taxable profits.

In 2023, the Group continues to consider it probable that future taxable profits would be available against which the tax losses can be recovered and, therefore, the related deferred tax asset can be realized.

Uncertainty over income tax treatments. As of December 31, 2023, the Group had uncertain tax treatments of $10.6 million, if recognized, would impact the Group's effective tax rate. Interest and penalties relating to income taxes are included in income tax expense. As of December 31, 2023, the Group had $4.9 million of penalties and interest included in the recognized liability. Accrued interest and penalties relating to uncertain tax positions that are not actually assessed will be reversed in the year of resolution.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. It is reasonable that the existing liabilities for the uncertain tax treatments accrual may increase or decrease over the next 12 months as a result of audit closures and statute expirations; however, the ultimate timing of the resolution and/or closure of audits is highly uncertain.

19. Commitments and Contingencies

Provisions - Environmental and Safety Matters. The Group's finished products are not generally classified as hazardous under U.S. environmental laws. However, the Group's operations involve the handling, transportation, treatment, and disposal of potentially hazardous materials that are extensively regulated by environmental, health and safety laws, regulations, and permit requirements. The Group conducts environmental management programs designed to maintain compliance with applicable environmental requirements at all of its facilities.

The Group's Belpre, Ohio, facility is subject to a number of actual and/or potential environmental liabilities primarily relating to contamination caused by former operations at this facility. Some environmental laws could impose on the Group the entire costs of cleanup regardless of fault, legality of the original disposal, or ownership of the disposal site. In some cases, the governmental entity with jurisdiction could seek an assessment for damage to the natural resources caused by contamination from this site. Shell Chemicals, the Polymer segment's former owner, has agreed, subject to certain limitations, in time and amounts, to indemnify the Group against most environmental liabilities related to the acquired facility that arose from conditions existing prior to the closing.

As of December 31, 2023, the Group has recorded an environment obligation and corresponding receivable of $1.9 million, relating to an indemnification agreement with International Paper, the Chemical segment's former owner. The Group

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had no material operating expenditures for environmental fines, penalties, government imposed remedial, or corrective actions in each of the years ended December 31, 2023 and 2022, respectively.

Asset Retirement Obligations ("ARO"). The changes in the aggregate carrying amount of the Group's ARO liability are as follows:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Beginning balance	$ 5,372	$ —
Acquisition	—	5,293
Accretion expense	402	283
Obligations settled	(198)	(55)
Foreign currency translation	169	(149)
Ending balance	$ 5,745	$ 5,372

20. Employee Benefits

(a) Defined benefit plans.

U.S. Retirement Benefit Plan. The Group has two U.S. noncontributory defined benefit pension plans ("U.S. Pension Plans").

Polymer segment U.S. Pension Plan covers all salaried and hourly wage employees in the U.S. who were employed on or before December 31, 2005. Employees who began their employment after December 31, 2005 are not covered by the Group's Pension Plans. The benefits under the Pension Plans are based primarily on years of service and employees' pay near retirement. For employees who were employed as of March 1, 2001 and who: (1) were previously employed by Shell Chemicals; and (2) elected to transfer their pension assets to the Group, the total combined Shell Chemicals and Kraton service is considered when calculating the employee's pension benefit. For those employees who: (1) elected to retire from Shell Chemicals; or (2) elected not to transfer their pension benefit, only Kraton service (since March 1, 2001) is considered when calculating benefits.

Chemical segment U.S. Pension Plans cover all U.S. employees hired prior to July 2004 and certain retirees of the Group participate in International Paper's defined benefit pension plans. International Paper remains responsible for all benefits related to years of service prior to December 31, 2007. The Group implemented its own defined benefit pension plan for then eligible U.S. employees on March 1, 2007.

Non-U.S. Retirement Benefit Plan. The Group sponsors defined benefit pension and retirement plans ("non-U.S. Pension Plans") in certain foreign subsidiaries. Generally, the Group's non-U.S. Pension Plans are funded using the projected benefit as a target in countries where funding of benefit plans is required.

Other Postemployment Benefits ("OPEB"). Health and welfare benefits are provided to benefit eligible employees in the U.S. who retire from Kraton and were employed prior to January 1, 2006. Retirees under the age of 65 are eligible for the same medical, dental, and vision plans as active employees, but with an annual cap on premiums that vary based on years of service and ranges from $7,000 to $10,000 per employee. The Group's subsidy schedule for medical plans is based on accredited service at retirement. Retirees are responsible for the full cost of premiums for postretirement dental and vision coverage. In general, the plans stipulate that health and welfare benefits are paid as covered expenses as incurred. The Group accrues the cost of these benefits during the period in which the employee renders the necessary service. Employees who were retirement eligible as of February 28, 2001, have the option to participate in either Shell Chemicals' or Kraton's postretirement health and welfare plans.

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The 2023 measurement date of the defined benefit plans' assets and obligations was December 31, 2023. The Group has more than one defined benefit plan and generally provides aggregated disclosures in respect of these plans, on the basis that they are not exposed to materially different risks. The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability (asset) and its components:

	Pension Plans		OPEB		Total	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
			(In thousands)			
Defined benefit obligation at the beginning of period	$268,700	$ —	$ 19,854	$ —	$288,554	$ —
Included in profit or loss						
Service cost	891	1,120	168	214	1,059	1,334
Interest cost	12,967	7,682	1,047	605	14,014	8,287
Included in OCI						
Actuarial (gain) loss, arising from:						
demographic assumptions	(814)	561	—	—	(814)	561
financial assumptions	9,030	(87,148)	305	(4,522)	9,335	(91,670)
experience adjustment	630	3,603	(498)	971	132	4,574
Other movements						
Contributions	334	186	—	—	334	186
Foreign exchange and currency translation effects	5,245	(11,720)	—	—	5,245	(11,720)
Benefits paid	(13,506)	(10,719)	(1,160)	(1,492)	(14,666)	(12,211)
Acquisition from business combination	—	365,135	—	24,078	—	389,213
Plan amendment	(1,792)	—	—	—	(1,792)	—
Defined benefit obligation at the end of period	$281,685	$268,700	$ 19,716	$ 19,854	$301,401	$288,554
Fair value of plan assets at the beginning of period	$222,571	$ —	$ —	$ —	$222,571	$ —
Included in profit or loss						
Interest income	10,778	6,415	—	—	10,778	6,415
Administrative expenses	(804)	(518)	—	—	(804)	(518)
Included in OCI						
Return on plan assets	15,712	(71,482)	—	—	15,712	(71,482)
Other movements						
Contributions	3,689	4,426	1,160	1,492	4,849	5,918
Foreign exchange and currency translation effects	4,808	(10,237)		—	4,808	(10,237)
Benefits paid	(13,449)	(10,725)	(1,160)	(1,492)	(14,609)	(12,217)
Acquisition from business combination	—	304,692	—	—	—	304,692
Fair value of plan assets at the end of period	$243,305	$222,571	$ —	$ —	$243,305	$222,571
Net defined benefit liability (asset) at the end of period	$ 38,380	$ 46,129	$ 19,716	$ 19,854	$ 58,096	$ 65,983

As of December 31, 2023, the weighted-average durations of the defined benefit obligation were 12.15 years for Pension Plans and 10.0 years for OPEB. In 2024, the Group expects to pay $7.1 million and $1.7 million in contributions to its defined benefit pension plans and OPEB plans, respectively.

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Significant Assumptions. The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Pension Plans		OPEB	
	December 31,		December 31,	
	2023	2022	2023	2022
Weighted average assumptions used to determine benefit obligations:				
Discount rate	4.62 %	4.92 %	5.32 %	5.51 %
Rates of increase in salary compensation level	1.50 %	1.47 %	N/A	N/A

	December 31,	
	2023	2022
Assumed Pre-65 health care cost trend rates:		
Health care cost trend rate assumed for next year	6.50 %	7.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	2028	2028

Assumptions regarding future longevity have been based on published mortality tables.

The sensitivity analysis for changes in key actuarial assumptions as of December 31, 2023, is as follows (represent increase (decrease) in defined benefit obligations in case of assumption change):

	Increase by 1%	Decrease by 1%
	(In thousands)	
Discount Rate		
Pension Plans	$ (30,877)	$ 37,459
OPEB	(1,508)	1,777
Rate of increase in salary compensation level		
Pension Plans	849	(1,027)
OPEB	N/A	N/A

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

Pension Plan Assets. The Group maintains target allocation percentages among various asset classes based on an investment policy established for Pension Plans. The target allocation is designed to achieve long term objectives of return, while mitigating downside risk and considering expected cash flows. No pension assets were invested in debt or equity securities of the Group at December 31, 2023 or 2022. The Group's Pension Plan assets comprise the followings at December 31, 2023 and 2022:

	December 31,	
	2023	2022
	(In thousands)	
Cash and cash equivalents (Level 1 of fair value hierarchy)	$ 1,440	$ 1,022
Cash and cash equivalents (Level 2 of fair value hierarchy)	686	908
Equity (Level 1 of fair value hierarchy)	61,362	57,754
Equity (Level 2 of fair value hierarchy)	39,094	49,922
Debt (Level 1 of fair value hierarchy)	7,003	6,789
Debt (Level 2 of fair value hierarchy)	58,117	44,489
Other (Level 2 of fair value hierarchy)	5,922	—
Other (Level 3 of fair value hierarchy)	69,681	61,687
Total	$ 243,305	$ 222,571

(b) Other Retirement Benefit Plans. Certain employees were eligible to participate in non-qualified defined benefit restoration plans, which were intended to restore certain benefits under the Pension Plan in the U.S. and the Kraton Savings Plan in the U.S., that would otherwise be lost due to certain limitations imposed by law on tax-qualified plans.

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(c) Defined contribution plans. The Group's contributions to the defined contribution plans for the year ended December 31, 2023, were $14.5 million.

21. Related Party Transactions

List of the Group's related parties is as follows:

Type	Name of Related Parties
Parent company	DL Chemical
Subsidiaries of the parent	Cariflex
The Group's subsidiaries and joint ventures	Please refer to Note 22

Significant transactions between the Group and related parties and respective outstanding balances are as follows:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Significant transactions		
Cariflex - sales	$ 31,473	$ 37,120
KEE - purchases	(21,477)	(27,974)
Outstanding balances		
DL Chemical - receivables	$ 1,109	$ 50
DL Chemical - payables	(40)	(135)
Cariflex - receivables	7,801	7,223
KEE - payables	(11,943)	(18,179)

Key management personnel compensation. Key management personnel compensation comprised the following:

	Years Ended December 31,	
	2023	2022
	(In thousands)	
Short-term employee benefits	$ 7,257	$ 5,677
Contributions to retirement plans	465	301
Severance benefits	6,010	2,423
Total	$ 13,732	$ 8,401

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22. Investments in Significant Subsidiaries

Set out below is a list of material subsidiaries and joint ventures of the Group.

Name	Country of Incorporation	Effective interest held as of 2023	Effective interest held as of 2022
Kraton Eneos Elastomers ("KEE") (renamed, previously "Kraton JSR Elastomers")	Japan	50 %	50 %
Kraton Formosa Polymers Corporation ("KFPC")	Taiwan	50 %	50 %
Kraton Corporation	USA	100 %	100 %
Kraton Polymers do Brasil Industria E Comercio de Produtos Petroquimcios Ltda.	Brazil	100 %	100 %
Kraton Polymers Trading (Shanghai) Co., Ltd	China	100 %	100 %
Kraton Polymers GmbH	Germany	100 %	100 %
Kraton Chemical, LLC	USA	100 %	100 %
Kraton Chemical B.V.	The Netherlands	100 %	100 %
Kraton Chemical AB	Sweden	100 %	100 %
Kraton Chemical Oy	Finland	100 %	100 %
Kraton Chemical SAS	France	100 %	100 %
Kraton Polymers France SAS	France	100 %	100 %
Kraton Polymers Japan Ltd	Japan	100 %	100 %
Kraton Polymers Nederland B.V.	The Netherlands	100 %	100 %
Kraton Polymers Holdings B.V.	The Netherlands	100 %	100 %
K.P. Investment B.V.	The Netherlands	100 %	100 %

Kraton Formosa Polymers Corporation ("KFPC"), a legal entity located in Mailiao, Taiwan, is determined to be under the Group's control and, therefore, the Group has consolidated the 50% investment of KFPC into the financial statements.

Under the provisions of an offtake agreement with KFPC, the Group has exclusive rights to purchase all production from KFPC and the agreement also requires the Group to purchase a minimum of 80% of the plant production capacity each year at a defined fixed margin. Thus, this offtake agreement provides the Group the power to direct the most significant activities of KFPC and exposes the Group to the economic variability of KFPC, making the Group the primary beneficiary of this legal entity. Based on this, it was determined that the Group has a control over KFPC.

The Group's 50% investment in KEE, a joint arrangement located in Kashima, Japan, is accounted for under the equity method of accounting as management determined that this joint arrangement is a joint venture based on the analysis of legal, transaction and financing circumstances.

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23. Non-controlling Interest and Investments in Joint Ventures

Non-controlling interest. The following table summarizes stand-alone financial information for KFPC, the Group's subsidiary in which the Group has material non-controlling interest:

	December 31, 2023	December 31, 2022
	(In thousands)	
Summarized statements of financial position		
Current assets	$ 62,130	$ 57,434
Non-current assets	136,316	134,779
Current liabilities	81,308	84,228
Non-current liabilities	14,967	5,864
Equity attributable to the shareholders of the subsidiary	102,171	102,121
Cash and cash equivalents	$ 10,901	$ 5,276
Revenue	87,122	81,102
Profit for the year	17,285	18,162
Total comprehensive income	16,368	10,567

During the year ended December 31, 2023, KFPC declared a dividend in aggregate amount of $16.7 million ($8.34 million related to shareholders of non-controlling interest). The dividends were paid in 2023.

Joint venture. The following table summarizes the financial information of KEE, the Group's 50% joint venture which operates the Kashima manufacturing facility and reconciles the summarized financial information to the carrying amount of the Group's interest in KEE:

	December 31, 2023	December 31, 2022
	(In thousands)	
Non-current assets	$ 10,956	$ 12,265
Current assets	78,030	81,174
Non-current liabilities	8,334	8,760
Current liabilities	66,683	69,721
Net assets	$ 13,969	$ 14,958
Non-current financial liabilities	$ 8,334	$ 8,760
Current financial liabilities	19,854	23,652
Cash and cash equivalents	25	24
Revenue	59,668	48,052
Cost of sales	(55,065)	(44,476)
Profit for the year	696	842
Total comprehensive income (100%)	696	842
Group's share of total comprehensive income (50%)	348	421

Investment in joint venture at January 1	11,613	—
Acquisition from business combination at fair value	—	12,000
Group's share of total comprehensive income	348	421
Dividends	(367)	(448)
Currency translation adjustment on investment	(1,695)	(360)
Investment in joint venture at December 31	$ 9,899	$ 11,613

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24. Subsequent Events

There were no events subsequent to the reporting date that should be recognized or disclosed in these consolidated financial statements.