Q2

HALF-YEAR FINANCIAL REPORT

JAN – JUN 2022

Brenntag continues its growth path and delivers very strong results in the second quarter 2022

- Brenntag managed to **MAINTAIN SUPPLY** and continued to provide our customers with products and services
- **SALES** came to EUR 5.1 billion, an increase of 37.4% compared to Q2 2021
- Operating **GROSS PROFIT** rose by 28.0% year on year and on a constant currency basis to EUR 1,144.8 million
- **OPERATING EBITDA** reached EUR 533.8 million, a quarterly record for Brenntag
- Both divisions continued their growth path with an operating EBITDA increase of 55.5% for **BRENNTAG SPECIALTIES** exceeding **BRENNTAG ESSENTIALS**' growth rate of 29.6%
- **EARNINGS PER SHARE** stood at 1.86 EUR in the second quarter

ConnectingChemistry

BRENNTAG

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q2 2022	Q2 2021
Sales	EUR m	5,061.2	3,470.1
Operating gross profit	EUR m	1,144.8	838.7
Operating EBITDA	EUR m	533.8	355.1
Operating EBITDA / operating gross profit	%	46.6	42.3
Profit after tax	EUR m	294.1	137.2
Basic earnings per share	EUR	1.86	0.87
Diluted earnings per share	EUR	1.86	0.87

CONSOLIDATED BALANCE SHEET

		Jun. 30, 2022	Dec. 31, 2021
Total assets	EUR m	11,509.2	10,195.5
Equity	EUR m	4,598.7	3,995.3
Working capital	EUR m	2,856.1	2,109.8
Net financial liabilities	EUR m	2,562.0	2,070.3

CONSOLIDATED CASH FLOW

		Q2 2022	Q2 2021
Net cash provided by operating activities	EUR m	98.1	2.4
Payments to acquire intangible assets and property, plant and equipment	EUR m	−45.8	−36.2
Free cash flow	EUR m	157.6	120.2

KEY DATA ON THE BRENNTAG SHARES

		Jun. 30, 2022	Dec. 31, 2021
Share price	EUR	62.10	79.58
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	9,594	12,295
Free float	%	100.00	100.00

COMPANY PROFILE

Brenntag is the global market leader in chemical and ingredients distribution. The company plays a central role in connecting the chemical industry's customers and suppliers. Through its two global divisions, Brenntag Specialties and Brenntag Essentials, the company provides a full-line portfolio of industrial and specialty chemicals and ingredients as well as tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory expertise and digital solutions for a wide range of industries.

Brenntag operates a global network spanning around 700 locations in 78 countries. With its workforce of over 17,200 employees, Brenntag generated sales of around EUR 14.4 billion in 2021.

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LETTER FROM THE CEO

BRENNTAG REMAINS ON A GROWTH TRAJECTORY. WE ACHIEVED VERY STRONG RESULTS IN THE SECOND QUARTER – DESPITE THE CHALLENGING AND DYNAMICALLY CHANGING MARKET ENVIRONMENT. WE ARE WELL PLACED TO GROW, TO BE SUCCESSFUL AND TO REMAIN SO, EVEN IN TIMES OF CONSIDERABLE UNCERTAINTY AND IN A VOLATILE ENVIRONMENT.

Dear ladies and gentlemen,
dear shareholders,

Brenntag remains on a growth trajectory. We delivered striking proof of this again in the second quarter of 2022, when we achieved very strong results – despite the challenging and dynamically changing market environment. The geopolitical uncertainty associated with a war in Europe, continuing pressure on global supply chains, product shortages, increased energy costs and significant inflationary trends present us – and many other companies – with serious challenges. Added to this are the ongoing negative effects of the COVID-19 pandemic, such as those arising from the strict lockdowns in eastern China.

In this environment, Brenntag generated sales of EUR 5.1 billion (+37%), operating gross profit of EUR 1.1 billion (+28%) and operating EBITDA of EUR 534 million (+41%) in the second quarter of 2022 – an appreciable increase on the prior-year period across all key performance indicators. In particular, I would like to highlight our success in translating our strong operating performance into an even faster rate of growth in the net result. Earnings per share more than doubled year on year to EUR 1.86.

Our global divisions, Brenntag Specialties and Brenntag Essentials, both made very good contributions to the Brenntag Group's overall earnings again. In line with both our strategy and our expectations, however, Brenntag Specialties grew at a much stronger rate than Brenntag Essentials. The excellent results in both divisions underscore the fact that our new operating model, with its differentiated steering approach for the divisions, produces improved results and our strategic decision was the right one.

We also made further important progress on “Project Brenntag” in the second quarter. We will now achieve the full targets of our transformation programme in 2022 – a year earlier than planned. Since implementing “Project Brenntag”, we have already generated additional, annual operating EBITDA of EUR 195 million, which is roughly 90% of the EUR 220 million planned for the end of 2023. We are very proud of what we have achieved so far and would like to thank our employees for their outstanding efforts. We will continue to work with full-hearted commitment and a high level of discipline on fully implementing the various transformation initiatives and expect to see an additional impact on operating EBITDA in financial year 2023. We will quantify that impact in the course of this year.

The issue of energy, especially the future supply of gas and a potential shortage of gas, along with high energy prices will have noticeable consequences, globally, primarily in Europe, in the chemical industry in particular and therefore for Brenntag as well. Nevertheless, we currently consider the effects on our company to be manageable. We are monitoring developments closely, planning for various scenarios and trying to prudently minimize the risks to Brenntag and our business partners.

Like the past two years, this first half of 2022 was exceptionally challenging and yet also exceptionally successful for Brenntag. For we know how to tackle the numerous challenges. Our high level of diversification, the resilience of our business model, our global presence, our excellent relationships with our suppliers and customers, and our product expertise are the strengths that we can build on – now and in the future. We are well placed to grow, to be successful and to remain so, even in times of considerable uncertainty and in a volatile environment.

In that vein, we will dedicate ourselves to the next phase of our transformation and our company's further development, on which we will soon report more.

I would like to thank our employees: without their untiring efforts, our achievements and our growth would not be possible. And I would like to thank you, dear shareholders, for the trust you place in our Brenntag!

Dr Christian Kohlpaintner
Chief Executive Officer

Essen, August 9, 2022

GROUP INTERIM MANAGEMENT REPORT

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2022

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REPORT ON ECONOMIC POSITION

Economic Environment

In the second quarter of 2022, global economic performance continued to be impacted by the war in Ukraine, rising food and energy prices and a subdued economic outlook due to strict COVID-19 lockdowns in China. High inflation rates depressed private consumption and corporate investment opportunities. Alongside rises in commodity prices, the disruption to supply chains also worsened. In light of the strong inflationary pressures, central banks either embarked on or stepped up monetary tightening. Overall, global industrial production rose only by about 2.4% year on year in the first two months of the second quarter of 2022. Based on the difficult environment at the end of the second quarter of 2022, the Global Manufacturing Purchasing Managers' Index (PMI) remained above the 50.0 neutral mark, but fell to a 22-month low of 52.2 in June.

In the euro zone, industrial production stagnated in the first two months of the second quarter of 2022, expanding by around 0.1% compared with the prior-year period, although growth rates across the member states differed significantly in some cases. The continuing weakness was due in particular to supply bottlenecks and high energy prices, which worsened again against the background of the war in Ukraine. Inflation in the euro zone rose to a new all-time high of 8.6% in June.

The US economy was quick to recover from the pandemic. However, the rise in demand placed a strain on supply chains and pushed inflation higher. Industrial production grew by around 4.8% compared with the second quarter of the previous year and inflation reached 9.1% in June, its highest rate for more than 40 years.

In Latin America, economic performance remained mixed. Overall, the Latin American economy expanded by around 5.1% year on year in the first two months of the second quarter of 2022.

The emerging economies of Asia (excluding China) also achieved growth in the first two months of the second quarter of 2022, with production expanding at an appreciable rate of around 7.4% compared with the prior-year figure.

In China, extension measures to contain spreading COVID-19 outbreaks were imposed from early March onwards, holding economic momentum severely in check. The related disruption to domestic supply chains delayed the recovery in industrial production and exports. Due to the massive restrictions, industrial production contracted by roughly 1.0% year on year in the first two months of the second quarter of 2022.

Major Events Impacting on Business in H1 2022

The first half of 2022 was impacted significantly by the Ukraine war. Brenntag strongly condemns Russia's attack on Ukraine and the war. The resulting economic sanctions and the geopolitical uncertainty are having direct and indirect effects on international trade. Against this background, the Board of Management of Brenntag SE took the decision at the beginning of March 2022 to suspend all imports to and exports from Russia and Belarus. The Board of Management also decided to halt the business operations of all Brenntag companies in Russia and Belarus. The decisions are valid until further notice and will be implemented in a controlled manner.

Brenntag continues to closely monitor the situation and developments in the region, as well as international measures, so that it can take further measures if necessary.

In March 2022, Brenntag acquired Y.S. Ashkenazi Agencies Ltd. located at kibbutz Netzer Sereni, Israel and its subsidiary Biochem Trading 2011 Ltd. The acquirees generated sales of around EUR 39 million in financial year 2021. Brenntag is thus continuing to expand its offering of specialty products and services for suppliers and customers in the high-growth Food & Nutrition and Personal Care markets and breaking into the Israeli market.

At the beginning of April 2022, the contract with Dr Christian Kohlpaintner was extended until the end of 2025. The Supervisory Board thus provided early confirmation that Dr Christian Kohlpaintner will remain in post as Chief Executive Officer of Brenntag SE for a further three years, paving the way for continuity in the company's ongoing transformation.

Update on the Transformation Programme "Project Brenntag"

Our broad transformation programme "Project Brenntag" aims to lay strong foundations for future organic earnings growth. It is centred around targeted measures to enable us to adopt a more focused approach to our market activities, build stronger partnerships with our customers and suppliers, and reduce complexity. Overall, the programme's implementation will lead to a reduction of approximately 1,300 jobs and the closure of around 100 sites worldwide. By the end of June 2022, a total of 85 sites had been closed and more than 1,060 jobs structurally reduced since the project began. Of these, twelve sites were closed and around 125 jobs structurally reduced in the first half of 2022.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

in EUR m	Q2 2022	Q2 2021	Change in %	Change in % (fx adj.)[1]
Sales	5,061.2	3,470.1	45.9	37.4
Operating gross profit	1,144.8	838.7	36.5	28.0
Operating expenses	−611.0	−483.6	26.3	18.5
Operating EBITDA	**533.8**	**355.1**	**50.3**	**41.0**
Depreciation of property, plant and equipment and right-of-use assets	−71.4	−65.5	9.0	2.5
Operating EBITA	462.4	289.6	59.7	49.6
Net expense from special items	−3.2	−17.9	–	–
EBITA	459.2	271.7	–	–
Amortization of intangible assets	−18.0	−64.6	–	–
Net finance costs	−37.8	−14.3	–	–
Profit before tax	403.4	192.8	–	–
Income tax expense	−109.3	−55.6	–	–
Profit after tax	294.1	137.2	–	–

in EUR m	H1 2022	H1 2021	Change in %	Change in % (fx adj.)[1]
Sales	9,594.3	6,602.6	45.3	38.5
Operating gross profit	2,182.7	1,603.2	36.1	29.3
Operating expenses	−1,185.9	−947.8	25.1	18.9
Operating EBITDA	**996.8**	**655.4**	**52.1**	**44.5**
Depreciation of property, plant and equipment and right-of-use assets	−140.1	−126.8	10.5	5.2
Operating EBITA	856.7	528.6	62.1	53.9
Net expense from special items	−6.2	−88.7	–	–
EBITA	850.5	439.9	–	–
Amortization of intangible assets	−36.2	−75.9	–	–
Net finance costs	−62.2	−31.9	–	–
Profit before tax	752.1	332.1	–	–
Income tax expense	−204.0	−94.7	–	–
Profit after tax	548.1	237.4	–	–

B.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

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

The Brenntag Group generated **sales** of EUR 5,061.2 million in the second quarter of 2022, an increase of 45.9% compared with the prior-year period. On a constant currency basis, sales were up by 37.4% on the prior-year figure. The rise is due in particular to significantly higher sales prices per unit. Sales for the first half of 2022 were up by 45.3% (on a constant currency basis: 38.5%) on the prior-year figure.

The Brenntag Group increased its **operating gross profit** by 36.5% year on year to EUR 1,144.8 million in the second quarter of 2022. On a constant currency basis, this represents a significant rise of 28.0%. Both divisions contributed to this extremely positive performance at operating gross profit level. The increase in operating gross profit is due mostly to organic growth in our business, but was also supported by the acquisitions closed in 2021. Operating gross profit for the first half of 2022 was up by 36.1%, or 29.3% on a constant currency basis.

The Brenntag Group's **operating expenses** amounted to EUR 611.0 million in the second quarter of 2022, a rise of 26.3% year on year. On a constant currency basis, operating expenses were up by 18.4% on the prior-year figure. The rise in costs is due in part to strong increases in energy and transport costs as well as higher personnel expenses. In the first half of 2022, the Brenntag Group's operating expenses showed a significant rise of 25.1% year on year. On a constant currency basis, operating expenses were up by 18.9% on the prior-year figure.

The Brenntag Group once again achieved very strong **operating EBITDA** of EUR 533.8 million in the second quarter of 2022, a year-on-year increase of 50.3%, or 41.0% on a constant currency basis. The Brenntag Group's growth is predominantly organic and due to strong increases in earnings in both of the divisions, with the growth rate in the Brenntag Specialties division above that in the Brenntag Essentials division. The COVID-19 pandemic led to fewer restrictions in most industrialized nations. Only China was once again affected by lockdowns due to recent waves of infection. Overall, this resulted in supply chains remaining very strained. The trend in energy prices, driven primarily by Russia's war of aggression in Ukraine, posed an additional challenge for international trade. In this still very difficult market environment, our close relationships with our customers and suppliers, our broad product portfolio and our global logistics expertise paid off again. In the first half of 2022, the Brenntag Group generated operating EBITDA of EUR 996.8 million, an increase of 52.1%. On a constant currency basis, this represents growth of 44.5% compared with the first half of 2021.

Depreciation of property, plant and equipment, **depreciation** of right-of-use assets and **amortization** of intangible assets amounted to EUR 89.4 million in the second quarter of 2022, with depreciation of property, plant and equipment and right-of-use assets accounting for EUR 71.4 million and amortization of intangible assets for EUR 18.0 million. In the first half of 2022, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets came to EUR 176.3 million (H1 2021: EUR 202.7 million).

Net expense from special items breaks down as follows:

in EUR m	Q2 2022	Q2 2021
Expenses in connection with "Project Brenntag"/programmes to increase efficiency	−3.2	−17.9
Net expense from special items	**−3.2**	**−17.9**

in EUR m	H1 2022	H1 2021
Expenses in connection with "Project Brenntag"/programmes to increase efficiency	−6.2	−25.6
Expenses from excise duties	–	−63.1
Net expense from special items	**−6.2**	**−88.7**

B.02 NET EXPENSE FROM SPECIAL ITEMS

The expenses in connection with "Project Brenntag" consist mainly of advisory and one-time expenses necessary in order to achieve the desired target structure.

Net finance costs came to EUR 37.8 million in the second quarter of 2022 (Q2 2021: EUR 14.3 million), with the year-on-year change attributable mainly to three effects. Firstly, net interest expense widened year on year to EUR 21.4 million (Q2 2021: EUR 13.1 million) due to the generally higher level of interest rates and increased debt. In addition, expenses arising on the translation of foreign currency receivables and liabilities showed an increase on the prior-year period due primarily to generally higher currency fluctuations. Lastly, the classification of Turkey as a hyperinflationary economy increased net finance costs by EUR 7.7 million. In the first half of 2022, net finance costs amounted to EUR 62.2 million (H1 2021: EUR 31.9 million). Across this period too, the year-on-year change was attributable mainly to the three aforementioned effects, with net interest expense widening year on year to EUR 39.6 million (H1 2021: EUR 26.1 million) due to the rise in interest rates and increased debt.

In line with the positive business performance, **income tax expense** rose by EUR 53.7 million year on year to EUR 109.3 million in the second quarter of 2022. Income tax expense for the first half of 2022 increased by EUR 109.3 million compared with the same period of 2021 to EUR 204.0 million.

Profit after tax stood at EUR 294.1 million in the second quarter of 2022 (Q2 2021: EUR 137.2 million) and EUR 548.1 million in the first half of 2022 (H1 2021: EUR 237.4 million).

BUSINESS PERFORMANCE IN THE DIVISIONS AND SEGMENTS

	Operating gross profit			Operating EBITDA[1]		
		Change versus Q2 2021			Change versus Q2 2021	
in EUR m	**Q2 2022**	in %	in % (fx adj.)	**Q2 2022**	in %	in % (fx adj.)
Brenntag Specialties	**461.4**	**49.4**	**42.2**	**234.1**	**62.0**	**55.5**
Specialties EMEA	202.6	32.2	33.8	105.2	39.5	42.5
Specialties Americas	178.8	73.1	54.0	85.0	98.1	76.4
Specialties APAC	80.0	52.7	41.1	43.7	62.5	50.0
Brenntag Essentials	**672.6**	**28.6**	**19.5**	**320.9**	**39.5**	**29.6**
Essentials EMEA	250.8	21.5	20.4	127.4	37.7	36.5
Essentials North America	342.0	35.6	21.0	162.4	42.2	26.8
Essentials Latin America	46.4	31.1	14.6	17.1	42.5	25.0
Essentials APAC	33.4	15.2	6.0	13.8	3.8	−4.9
All other Segments	**10.8**	**61.2**	**58.8**	**−21.2**	**8.7**	**9.3**
Brenntag Group	**1,144.8**	**36.5**	**28.0**	**533.8**	**50.3**	**41.0**

	Operating gross profit			Operating EBITDA[1]		
		Change versus H1 2021			Change versus H1 2021	
in EUR m	**H1 2022**	in %	in % (fx adj.)	**H1 2022**	in %	in % (fx adj.)
Brenntag Specialties	**887.6**	**49.6**	**44.0**	**449.5**	**70.1**	**65.1**
Specialties EMEA	397.6	35.9	37.4	208.3	52.4	55.7
Specialties Americas	336.3	73.4	57.6	154.3	113.7	94.3
Specialties APAC	153.7	44.0	35.4	86.4	56.5	46.7
Brenntag Essentials	**1,275.5**	**28.1**	**20.7**	**592.8**	**39.7**	**31.6**
Essentials EMEA	480.7	19.0	18.0	237.9	36.3	35.0
Essentials North America	638.1	37.8	25.5	292.1	47.4	34.0
Essentials Latin America	91.3	25.9	13.8	35.8	30.7	18.2
Essentials APAC	65.4	16.4	7.2	27.1	5.9	−2.2
All other Segments	**19.6**	**36.1**	**35.2**	**−45.5**	**37.5**	**37.9**
Brenntag Group	**2,182.7**	**36.1**	**29.3**	**996.8**	**52.1**	**44.5**

B.03 BUSINESS PERFORMANCE IN THE DIVISIONS AND SEGMENTS

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

Operating gross profit in the **Brenntag Specialties division** was up by 49.4% on the prior-year figure to EUR 461.4 million in the second quarter of 2022. On a constant currency basis, it showed a rise of 42.2%. We benefited primarily from substantially higher operating gross profit per unit in all segments. This broad-based, positive performance at operating gross profit level was supported by almost all focus industries. For the first half of 2022, we posted a 49.6% (on a constant currency basis: 44.0%) increase in operating gross profit compared with the same period of 2021.

Overall, the Brenntag Specialties division posted operating EBITDA of EUR 234.1 million in the second quarter of 2022, an increase of 62.0% (on a constant currency basis: 55.5%) on the prior-year figure. All segments of the Brenntag Specialties division contributed to this very encouraging result. It was driven mostly by strong organic growth that was supported by the acquisitions closed, particularly in North America and China. In all Specialties segments, operating EBITDA increased at a faster rate than operating gross profit. Although all segments saw rising energy and transport costs, we were able to achieve significant rates of growth throughout. In the first half of 2022, operating EBITDA in the Brenntag Specialties division rose by 70.1% overall, or by 65.1% on a constant currency basis.

Operating gross profit in the **Brenntag Essentials division** rose by 28.6% year on year to EUR 672.6 million in the second quarter of 2022. On a constant currency basis, operating gross profit was up by 19.5% on the prior-year figure. This performance is due to significantly higher operating gross profit per unit in all segments. In addition, higher volumes were achieved in the North America segment. Almost all segments showed strong rates of growth in operating gross profit in the second quarter of 2022. Overall, we faced substantial difficulties in global supply chains, which were reflected in container shortages and lack of driver availability, for example. Despite these difficult conditions, operating gross profit in the Brenntag Essentials division grew by 28.1% in the first half of 2022. On a constant currency basis, this represents a significant rise of 20.7%.

Operating EBITDA in the Brenntag Essentials division came to EUR 320.9 million in the second quarter of 2022, a rise of 39.5% compared with the prior-year period. On a constant currency basis, this represents growth of 29.6%. Operating EBITDA therefore increased at a faster rate than operating gross profit despite extremely high transport and energy costs and the aforementioned conditions in supply chains. The positive operating EBITDA performance in the EMEA, North America and Latin America segments is due almost entirely to organic growth. Operating EBITDA in the APAC segment was up on the prior-year figure due to exchange rate movements; on a constant currency basis, however, it showed a moderate decline. This is due to further lockdowns in the course of the COVID-19 pandemic, particularly in China. In the first half of 2022, operating EBITDA in the Brenntag Essentials division rose by 39.7% overall, or by 31.6% on a constant currency basis.

In **All other Segments** in the second quarter of 2022, we recorded a significant rise in costs compared with the prior-year period. The major drivers here included higher advisory expenses and higher personnel expenses.

BRENNTAG International Chemicals GmbH, the only operating company within “All other Segments”, significantly exceeded prior-year operating EBITDA in the second quarter of 2022.

The operating expenses posted by the holding companies in the same period were up on the figure for the second quarter of 2021. This is due in part to higher advisory expenses, primarily in IT, Functional Excellence and other strategic projects, as well as a clear increase in personnel expenses.

Overall, the operating EBITDA of “All other Segments” was down by EUR 1.7 million year on year to EUR −21.2 million in the second quarter of 2022. Earnings for the first half of 2022 declined by EUR 12.4 million to EUR −45.5 million.

Financial Position

CAPITAL STRUCTURE

The financing structure of Brenntag SE consists of

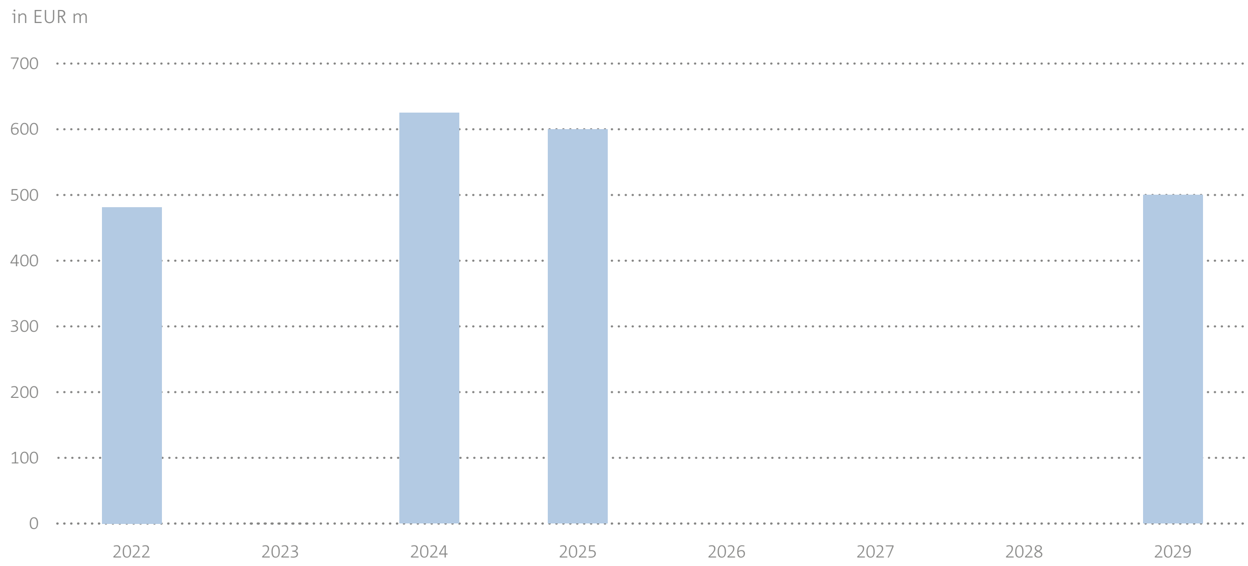
- a Group-wide syndicated loan agreement. The syndicated loan totalling the equivalent of EUR 1.5 billion has a term ending in January 2024. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 625.0 million as at June 30, 2022. The syndicated loan agreement also includes two revolving credit facilities totalling EUR 940.0 million, which had been drawn down to a small extent as at June 30, 2022;
- a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. As at June 30, 2022, the Brenntag share price was lower than the strike price of the warrants, meaning that the warrants had an intrinsic value of zero at that date;
- a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually;
- a further bond for EUR 500.0 million (Bond 2029). The bond has a maturity of eight years and carries an annual coupon of 0.50%.

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

Due to the three fixed-rate bonds, over 60% of the Brenntag Group's financial liabilities are currently hedged against the risk of interest rate increases.

According to our short- and mid-term financial planning, the capital requirements for operating activities, investments in property, plant and equipment, outflows in connection with "Project Brenntag", and dividends and acquisitions in the size of past practice are expected to be covered by existing cash funds, the cash provided by operating activities and the aforementioned credit facilities. To cover short-term liquidity requirements and for general corporate purposes, we likewise have the aforementioned credit facilities under the syndicated loan. Moreover, Brenntag could meet any additional funding requirements by borrowing on the credit and capital markets.

Maturity profile of our credit portfolio[1] as at June 30, 2022 in EUR m:



B.04 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

[1] Syndicated loan, Bond (with Warrants) 2022, Bond 2025 and Bond 2029 excluding accrued interest and transaction costs.

INVESTMENTS

In the first half of 2022, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 96.3 million (H1 2021: EUR 74.2 million).

We regularly invest in the maintenance, replacement and extension of the infrastructure necessary to perform our services, such as warehouses, offices, trucks and vehicles of our field service. Further investments relate to IT hardware for various systems, digitalization and the expansion of our IT infrastructure. As the market leader and a responsible chemical distributor, we attach importance to ensuring that our property, plant and equipment meet comprehensive health, safety and environmental requirements.

One notable example among a vast number of investments is a project at a site in Santa Fe, California, USA, entailing an investment volume of EUR 5.8 million in the first half of 2022: with a view to improving operational efficiency, funds are being invested in increasing storage, processing and packing capacity as well as capacity to unload entire wagons. The project is expected to be completed in the first quarter of 2023.

LIQUIDITY

Cash Flow

in EUR m	H1 2022	H1 2021
Net cash provided by operating activities	**133.5**	**80.0**
Net cash used in investing activities	**−83.7**	**−123.3**
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	−0.7	−55.6
of which payments to acquire intangible assets and property, plant and equipment	−96.3	−74.2
of which proceeds from divestments	13.3	6.5
Net cash used in financing activities	**−263.1**	**−131.2**
of which dividends paid to Brenntag shareholders	−224.0	−208.6
of which repayments of/proceeds from borrowings	53.6	77.8
of which other financing activities	−92.7	−0.4
Change in cash and cash equivalents	**−213.3**	**−174.5**

B.05 CASH FLOW

Net cash provided by operating activities of EUR 133.5 million was influenced by the rise in working capital of EUR 624.9 million. In the first half of 2021, working capital rose by EUR 328.8 million.

Of the net cash of EUR 83.7 million used in investing activities, EUR 96.3 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units included both the payment to acquire Y.S. Ashkenazi Agencies Ltd. located at kibbutz Netzer Sereni, Israel and its subsidiary Biochem Trading 2011 Ltd. and cash inflows from repayments in connection with prior-year acquisitions.

Besides bank loans taken out and repaid as well as lease liabilities repaid, net cash used in financing activities of EUR 263.1 million mainly included the dividend payment of EUR 224.0 million to Brenntag shareholders and the payment of EUR 92.0 million to acquire the remaining 49% of the shares in TEE HAI CHEM PTE LTD, Singapore.

Free Cash Flow

			Change	
in EUR m	H1 2022	H1 2021	abs.	in %
Operating EBITDA	996.8	655.4	341.4	52.1
Payments to acquire intangible assets and property, plant and equipment	−96.3	−74.2	−22.1	29.8
Change in working capital	−624.9	−328.8	−296.1	90.1
Principal and interest payments on lease liabilities	−69.3	−61.6	−7.7	12.5
Free cash flow	**206.3**	**190.8**	**15.5**	**8.1**

B.06 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 206.3 million in the first half of 2022, an increase of 8.1% on the same period of 2021.

Operating EBITDA exceeded the prior-year figure by a significant margin and thus offset the increase in working capital. In addition, capital expenditure to expand our infrastructure was meaningfully higher year on year.

Financial and Assets Position

	Jun. 30, 2022		Dec. 31, 2021	
in EUR m	**abs.**	**in %**	**abs.**	**in %**
Assets				
Current assets	**6,062.1**	**52.7**	**4,958.1**	**48.6**
Cash and cash equivalents	515.0	4.5	705.0	6.9
Trade receivables	3,081.1	26.8	2,290.2	22.5
Other receivables and assets	450.2	3.9	341.0	3.3
Inventories	2,015.8	17.5	1,621.9	15.9
Non-current assets	**5,447.1**	**47.3**	**5,237.4**	**51.4**
Intangible assets	3,519.5	30.6	3,358.8	32.9
Other non-current assets	1,730.5	15.0	1,677.0	16.5
Receivables and other assets	197.1	1.7	201.6	2.0
Total assets	**11,509.2**	**100.0**	**10,195.5**	**100.0**
Liabilities and equity				
Current liabilities	**4,219.5**	**36.6**	**3,526.1**	**34.5**
Provisions	187.6	1.6	187.3	1.8
Trade payables	2,240.8	19.5	1,802.3	17.7
Financial liabilities	995.0	8.6	789.4	7.7
Miscellaneous liabilities	796.1	6.9	747.1	7.3
Equity and non-current liabilities	**7,289.7**	**63.4**	**6,669.4**	**65.5**
Equity	4,598.7	40.0	3,995.3	39.3
Non-current liabilities	2,691.0	23.4	2,674.1	26.2
Provisions	264.6	2.3	329.9	3.2
Financial liabilities	2,082.0	18.1	1,985.9	19.5
Miscellaneous liabilities	344.4	3.0	358.3	3.5
Total liabilities and equity	**11,509.2**	**100.0**	**10,195.5**	**100.0**

B.07 FINANCIAL AND ASSETS POSITION

As at June 30, 2022, total assets had increased by EUR 1,313.7 million to EUR 11,509.2 million (Dec. 31, 2021: EUR 10,195.5 million).

Cash and cash equivalents declined by 27.0% to EUR 515.0 million (Dec. 31, 2021: EUR 705.0 million). This is due mainly to the dividend payment of EUR 224.0 million.

Working capital changed as follows in the reporting period:

- Trade receivables rose by 34.5% to EUR 3,081.1 million (Dec. 31, 2021: EUR 2,290.2 million).
- Inventories increased by 24.3% to EUR 2,015.8 million (Dec. 31, 2021: EUR 1,621.9 million).
- With the opposite effect on working capital, trade payables rose by 24.3% to EUR 2,240.8 million (Dec. 31, 2021: EUR 1,802.3 million).
- Overall, reported working capital increased to EUR 2,856.1 million (Dec. 31, 2021: EUR 2,109.8 million).

The cash portion of the change in working capital amounted to an outflow of EUR 624.9 million. At 7.7, annualized working capital turnover was lower than at the end of 2021 (8.3).

The Brenntag Group's intangible and other non-current assets rose by EUR 214.2 million to EUR 5,250.0 million (Dec. 31, 2021: EUR 5,035.8 million). The change is due mainly to exchange rate effects (EUR 250.5 million), acquisitions (EUR 19.0 million) and additions to non-current assets (EUR 128.0 million), which were set against disposals of non-current assets (EUR 4.9 million) and depreciation and amortization (EUR 175.2 million).

Current financial liabilities rose by EUR 205.6 million to EUR 995.0 million (Dec. 31, 2021: EUR 789.4 million). Non-current financial liabilities increased by EUR 96.1 million to EUR 2,082.0 million (Dec. 31, 2021: EUR 1,985.9 million). The rise is due to currency effects on foreign currency financial liabilities and the payment to acquire minority interests.

Current and non-current provisions amounted to a total of EUR 452.2 million (Dec. 31, 2021: EUR 517.2 million) and included pension provisions in the amount of EUR 109.2 million (Dec. 31, 2021: EUR 183.3 million). The significant decline is attributable to higher discount rates.

EMPLOYEES

As at June 30, 2022, Brenntag had a total of 17,221 employees worldwide (Dec. 31, 2021: 17,236). The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included. By June 30, 2022, 42 employees had joined through companies newly acquired in 2022.

REPORT ON EXPECTED DEVELOPMENTS

The geopolitical uncertainty resulting from Russia's attack on Ukraine and the ongoing restrictions due to the COVID-19 pandemic have an impact on the macroeconomic environment which continues to be affected by strained supply chains and considerable uncertainty over future developments. Against this background, all forecasts for the course of the global economy remain subject to higher-than-usual uncertainty. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will deliver a positive performance in 2022. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of 3.1% in 2022. In recent quarters, Brenntag has demonstrated the strength and robustness of its business model in uncertain times by delivering very good financial results.

For 2022, we initially forecast operating EBITDA of between EUR 1,450.0 million and EUR 1,550.0 million. On June 13, 2022, the Board of Management of Brenntag SE decided to raise this forecast range to between EUR 1,750.0 million and EUR 1,850.0 million. This change is due to the strong results for the first quarter of 2022, the positive earnings trends in the second quarter and the growth outlook for the rest of the year. The forecast takes into account the efficiency improvement anticipated in the course of implementing the measures resulting from "Project Brenntag" as well as the contributions to earnings from acquisitions already closed. It also reflects our expectation that we will continue to anticipate very challenging market conditions in the second half of 2022. Our forecast is based on the assumption at the date of the forecast's publication that exchange rates will remain stable. We confirm the forecast range revised on June 13, 2022. Due to our current financial performance we now expect operating EBITDA to be in the upper range of the forecast range.

We expect both our Brenntag Specialties division and our Brenntag Essentials division to contribute to the growth in operating EBITDA. Generally, we expect the growth rates in the Brenntag Specialties division to be above the growth rates in the Brenntag Essentials division.

The forecast increase in operating EBITDA is meaningfully higher than the expected growth in operating gross profit due primarily to efficiency improvements to be achieved through "Project Brenntag" and other cost management programmes. We anticipate that both divisions will contribute to the increase in the Group's operating gross profit, with the growth rate at Brenntag Specialties expected to be above the growth rate of Brenntag Essentials.

The necessary expenses for "Project Brenntag" are eliminated from operating EBITDA and reported separately.

After we were able to establish our working capital turnover at a very high level in the past financial year, we expect working capital turnover to deteriorate compared with the reported averages for the past financial year. In 2022, we expect a further increase in working capital due to the planned business activity.

We are planning capital expenditure of around EUR 290 million in financial year 2022. Among other things on "Project Brenntag" for example, we are optimizing our global site network in order to close gaps in our network, leverage economies of scale, establish new central hubs as growth drivers and make improvements at existing sites.

Overall, and assuming that exchange rates remain stable, we anticipate that free cash flow in 2022 will be significantly higher year on year. This will enable us to continue to ensure our acquisition strategy and dividend policy and, at the same time, maintain liquidity at an adequate level.

REPORT ON OPPORTUNITIES AND RISKS

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

We monitor the risks as part of our risk management. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

We expect the general geopolitical, macroeconomic and operating environment to remain challenging. Supply chains are still under severe pressure and this continues to impact on production and delivery. The significant factors influencing the outlook include further developments and effects attributable to rising energy and supply costs in Europe due to the Russia-Ukraine war, the trend in US inflation, and lockdowns and the pandemic situation in China. Brenntag is currently working on countermeasures in order to keep the rise in operating costs under control and is planning for various scenarios, depending on possible political and economic decisions by government agencies. We continue to very carefully monitor the situation and developments in the Russia-Ukraine war as well as international measures and are in close contact and communication with our industry partners and associations as well as with the authorities.

Apart from that in the first half of 2022, there were no further significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2021 Annual Report. Other risks that we are currently unaware of or that we currently consider immaterial might also negatively impact our business operations. Currently, there are no indications of risks that may jeopardize the continued existence of the company.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2022

CONSOLIDATED INCOME STATEMENT

in EUR m	Note	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2022	Apr. 1– Jun. 30, 2021
Sales		9,594.3	6,602.6	5,061.2	3,470.1
Cost of materials		−7,411.6	−4,999.4	−3,916.4	−2,631.4
Operating gross profit		**2,182.7**	**1,603.2**	**1,144.8**	**838.7**
Other operating income		29.3	15.2	14.1	9.5
Personnel expenses		−652.6	−566.6	−339.9	−296.9
Depreciation and amortization		−176.3	−202.7	−89.4	−130.1
Impairment losses on trade receivables and other receivables		−7.2	−2.6	−1.2	−0.9
Other operating expenses		−561.6	−482.5	−287.2	−213.2
Operating profit		**814.3**	**364.0**	**441.2**	**207.1**
Share of profit or loss of equity-accounted investments		1.1	0.6	0.2	0.4
Interest income		4.1	2.0	2.5	1.0
Interest expense	1.)	−43.7	−28.1	−23.9	−14.1
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	2.)	−5.3	−5.0	−2.3	−2.0
Loss on the net monetary position	3.)	−7.7	–	−7.7	–
Other net finance income/costs		−10.7	−1.4	−6.6	0.4
Net finance costs		**−62.2**	**−31.9**	**−37.8**	**−14.3**
Profit before tax		**752.1**	**332.1**	**403.4**	**192.8**
Income tax expense	4.)	−204.0	−94.7	−109.3	−55.6
Profit after tax		**548.1**	**237.4**	**294.1**	**137.2**
Attributable to:					
Shareholders of Brenntag SE		536.8	231.6	287.5	134.1
Non-controlling interests		11.3	5.8	6.6	3.1
Basic earnings per share in euro	5.)	**3.47**	**1.50**	**1.86**	**0.87**
Diluted earnings per share in euro	5.)	**3.47**	**1.50**	**1.86**	**0.87**

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2022	Apr. 1– Jun. 30, 2021
Profit after tax		**548.1**	**237.4**	**294.1**	**137.2**
Remeasurements of defined benefit pension plans	10.)	72.3	9.4	55.2	–
Deferred tax relating to remeasurements of defined benefit pension plans	10.)	−22.7	−2.9	−17.3	–
Items that will not be reclassified to profit or loss		**49.6**	**6.5**	**37.9**	**–**
Change in exchange rate differences on translation of consolidated companies		239.1	81.8	154.8	−12.3
Change in net investment hedge reserve		−6.7	−1.4	−4.0	1.7
Remeasurement of cross-currency interest rate swaps		−47.5	–	−37.6	–
Reclassification to profit or loss of hedging losses		43.9	–	33.1	–
Remeasurement of costs of hedging		2.3	–	−0.2	–
Reclassification to profit or loss of costs of hedging		−0.4	–	−0.2	–
Deferred tax relating to those items		−0.3	–	–	–
Items that may be reclassified subsequently to profit or loss		**230.4**	**80.4**	**145.9**	**−10.6**
Other comprehensive income, net of tax		**280.0**	**86.9**	**183.8**	**−10.6**
Total comprehensive income		**828.1**	**324.3**	**477.9**	**126.6**
Attributable to:					
Shareholders of Brenntag SE		811.4	338.3	467.7	146.0
Non-controlling interests		16.7	1.8	10.2	−3.6

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Jun. 30, 2022	Dec. 31, 2021
Current assets			
Cash and cash equivalents		515.0	705.0
Trade receivables		3,081.1	2,290.2
Other receivables		307.1	230.1
Other financial assets		29.6	22.8
Current tax assets		110.8	84.0
Inventories		2,015.8	1,621.9
		6,059.4	**4,954.0**
Non-current assets held for sale	6.)	2.7	4.1
		6,062.1	**4,958.1**
Non-current assets			
Property, plant and equipment		1,288.0	1,236.4
Intangible assets	7.)	3,519.5	3,358.8
Right-of-use assets		437.3	436.5
Equity-accounted investments		5.2	4.1
Other receivables		46.3	44.5
Other financial assets		27.7	26.1
Deferred tax assets		123.1	131.0
		5,447.1	**5,237.4**
Total assets		**11,509.2**	**10,195.5**

LIABILITIES AND EQUITY

in EUR m	Note	Jun. 30, 2022	Dec. 31, 2021
Current liabilities			
Trade payables		2,240.8	1,802.3
Financial liabilities	8.)	880.9	677.7
Lease liabilities		114.1	111.7
Other liabilities		606.0	573.1
Other provisions	9.)	187.6	187.3
Liabilities relating to acquisition of non-controlling interests	11.)	46.2	89.7
Current tax liabilities		143.9	84.3
		4,219.5	**3,526.1**
Non-current liabilities			
Financial liabilities	8.)	1,750.9	1,652.0
Lease liabilities		331.1	333.9
Other liabilities		7.1	6.5
Other provisions	9.)	155.4	146.6
Provisions for pensions and other post-employment benefits	10.)	109.2	183.3
Liabilities relating to acquisition of non-controlling interests	11.)	90.1	126.5
Deferred tax liabilities		247.2	225.3
		2,691.0	**2,674.1**
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		2,645.7	2,283.3
Accumulated other comprehensive income		210.0	−15.0
Equity attributable to shareholders of Brenntag SE		**4,501.6**	**3,914.2**
Equity attributable to non-controlling interests	12.)	97.1	81.1
		4,598.7	**3,995.3**
Total liabilities and equity		**11,509.2**	**10,195.5**

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings	Exchange rate differences
Dec. 31, 2020	**154.5**	**1,491.4**	**2,080.6**	**−182.4**
Dividends	–	–	−208.6	–
Transactions with owners	–	–	8.1	−0.1
Profit after tax	–	–	231.6	–
Other comprehensive income, net of tax	–	–	6.5	80.4
Total comprehensive income for the period	**–**	**–**	**238.1**	**80.4**
Jun. 30, 2021	**154.5**	**1,491.4**	**2,118.2**	**−102.1**

Dec. 31, 2021	**154.5**	**1,491.4**	**2,283.3**	**−10.2**
Dividends	–	–	−224.0	–
Profit after tax	–	–	536.8	–
Other comprehensive income, net of tax	–	–	49.6	233.7
Total comprehensive income for the period	**–**	**–**	**586.4**	**233.7**
Jun. 30, 2022	**154.5**	**1,491.4**	**2,645.7**	**223.5**

Net investment hedge reserve	Cash flow hedge reserve	Deferred tax relating to cash flow hedge reserve	Equity attributable to shareholders of Brenntag SE	Equity attributable to non-controlling interests	**Equity**
5.6	**–**	**–**	**3,549.7**	**61.9**	**3,611.6**
–	–	–	−208.6	−0.4	−209.0
–	–	–	8.0	−8.0	–
–	–	–	231.6	5.8	237.4
−1.4	–	–	85.5	1.4	86.9
−1.4	**–**	**–**	**317.1**	**7.2**	**324.3**
4.2	**–**	**–**	**3,666.2**	**60.7**	**3,726.9**

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2021

−4.0	**−1.1**	**0.3**	**3,914.2**	**81.1**	**3,995.3**
–	–	–	−224.0	−0.7	−224.7
–	–	–	536.8	11.3	548.1
−6.7	−1.7	−0.3	274.6	5.4	280.0
−6.7	**−1.7**	**−0.3**	**811.4**	**16.7**	**828.1**
−10.7	**−2.8**	**–**	**4,501.6**	**97.1**	**4,598.7**

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2022

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2022	Apr. 1– Jun. 30, 2021
	13.)				
Profit after tax		**548.1**	**237.4**	**294.1**	**137.2**
Effect of IAS 29 (hyperinflation) on profit after tax		7.2	–	7.2	–
Depreciation and amortization		175.8	202.7	88.9	130.1
Income tax expense		202.3	94.7	107.6	55.6
Income taxes paid		−169.1	−93.3	−121.4	−55.5
Net interest expense		39.2	26.1	21.0	13.1
Interest paid (netted against interest received)		−23.8	−18.6	−15.8	−12.0
(of which interest paid for leases)		*(−5.0)*	*(−5.6)*	*(−2.4)*	*(−3.7)*
Inventories		−302.6	−203.7	−152.8	−118.3
Trade receivables		−672.8	−418.3	−219.1	−123.6
Trade payables		350.5	293.2	76.6	73.6
Changes in working capital		*−624.9*	*−328.8*	*−295.3*	*−168.3*
Changes in other operating assets and liabilities		−35.1	−54.5	3.4	−54.2
Changes in provisions		−5.9	19.6	−3.6	−46.6
Non-cash change in liabilities relating to acquisition of non-controlling interests		5.3	5.0	2.3	2.0
Other non-cash items and reclassifications		14.4	−10.3	9.7	1.0
Net cash provided by operating activities		**133.5**	**80.0**	**98.1**	**2.4**
Proceeds from the disposal of other financial assets		0.1	1.4	–	0.1
Proceeds from the disposal of intangible assets and property, plant and equipment		13.2	5.1	6.2	3.7
Payments to acquire consolidated subsidiaries and other business units		−0.7	−55.6	–	0.2
Payments to acquire intangible assets and property, plant and equipment		−96.3	−74.2	−45.8	−36.2
Net cash used in investing activities		**−83.7**	**−123.3**	**−39.6**	**−32.2**
Repayments of liabilities relating to acquisition of non-controlling interests		−92.0	–	−92.0	–
Dividends paid to Brenntag shareholders		−224.0	−208.6	−224.0	−208.6
Dividends paid to non-controlling interests		−0.7	−0.4	−0.7	−0.4
Proceeds from borrowings		151.6	156.1	100.6	147.7
Repayments of lease liabilities		−64.3	−56.0	−32.7	−26.7
Repayments of borrowings		−33.7	−22.3	−15.6	−4.6
Net cash used in financing activities		**−263.1**	**−131.2**	**−264.4**	**−92.6**
Change in cash and cash equivalents		**−213.3**	**−174.5**	**−205.9**	**−122.4**
Effect of exchange rate changes on cash and cash equivalents		23.3	11.0	14.3	−5.4
Cash and cash equivalents at beginning of period		705.0	726.3	706.6	690.6
Cash and cash equivalents at end of period		**515.0**	**562.8**	**515.0**	**562.8**

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

The Brenntag Group is managed through two global divisions, Brenntag Specialties and Brenntag Essentials, which are each managed through geographically structured segments. Brenntag Specialties focuses on selling ingredients and value-added services to the selected industries, Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. The global Brenntag Specialties division comprises the geographical segments EMEA, Americas and APAC. The global Brenntag Essentials division comprises the geographical segments EMEA, North America, Latin America and APAC. In addition, "All other Segments" combine the central functions for the entire Group and the activities with regard to the digitalization of our business. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

The following tables show the reconciliation of the reportable segments to the Group:

Period from January 1 to June 30 in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	**Group**
External sales				
2022	3,988.3	5,187.2	418.8	9,594.3
2021	2,730.1	3,603.6	268.9	6,602.6
fx adj. change in %	40.6	35.8	55.7	38.5
Operating gross profit				
2022	887.6	1,275.5	19.6	2,182.7
2021	593.2	995.6	14.4	1,603.2
fx adj. change in %	44.0	20.7	35.2	29.3
Operating EBITDA (segment result)				
2022	449.5	592.8	−45.5	996.8
2021	264.3	424.2	−33.1	655.4
fx adj. change in %	65.1	31.6	37.9	44.5
Operating EBITA				
2022	431.0	478.3	−52.6	856.7
2021	249.0	315.9	−36.3	528.6
fx adj. change in %	68.2	42.1	45.3	53.9

C.07 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP H1 2022/2021

Period from April 1 to June 30 in EUR m	Brenntag Specialties	Brenntag Essentials	All other segments	**Group**
External sales				
2022	2,082.8	2,744.5	233.9	5,061.2
2021	1,414.4	1,899.9	155.8	3,470.1
fx adj. change in %	39.9	34.5	50.1	37.4
Operating gross profit				
2022	461.4	672.6	10.8	1,144.8
2021	308.9	523.1	6.7	838.7
fx adj. change in %	42.2	19.5	58.8	28.0
Operating EBITDA (segment result)				
2022	234.1	320.9	−21.2	533.8
2021	144.5	230.1	−19.5	355.1
fx adj. change in %	55.5	29.6	9.3	41.0
Operating EBITA				
2022	223.7	264.0	−25.3	462.4
2021	136.8	173.9	−21.1	289.6
fx adj. change in %	57.2	40.5	20.1	49.6

C.08 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP Q2 2022/2021

The following tables show the segment information for the geographical segments of the global Brenntag Specialties division:

Period from January 1 to June 30 in EUR m	EMEA[1]	Americas[2]	APAC	Central activities[3]	**Brenntag Specialties**
External sales					
2022	1,747.1	1,545.9	695.3	–	3,988.3
2021	1,345.5	908.6	476.0	–	2,730.1
fx adj. change in %	31.2	54.8	37.3	–	40.6
Operating gross profit					
2022	397.6	336.3	153.7	–	887.6
2021	292.5	194.0	106.7	–	593.2
fx adj. change in %	37.4	57.6	35.4	–	44.0
Operating EBITDA (segment result)[4]					
2022	208.3	154.3	86.4	0.5	449.5
2021	136.7	72.2	55.2	0.2	264.3
fx adj. change in %	55.7	94.3	46.7	150.0	65.1

C.09 SEGMENT REPORTING ON THE GLOBAL SPECIALTIES DIVISION H1 2022/2021

[1] Europe, Middle East & Africa.
[2] North and Latin America.
[3] Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Period from April 1 to June 30 in EUR m	EMEA[1]	Americas	APAC[2]	Central activities[3]	**Brenntag Specialties**
External sales					
2022	899.0	823.9	359.9	–	2,082.8
2021	697.3	479.7	237.4	–	1,414.4
fx adj. change in %	30.1	52.8	40.0	–	39.9
Operating gross profit					
2022	202.6	178.8	80.0	–	461.4
2021	153.2	103.3	52.4	–	308.9
fx adj. change in %	33.8	54.0	41.1	–	42.2
Operating EBITDA (segment result)[4]					
2022	105.2	85.0	43.7	0.2	234.1
2021	75.4	42.9	26.9	−0.7	144.5
fx adj. change in %	42.5	76.4	50.0	−128.6	55.5

C.10 SEGMENT REPORTING ON THE GLOBAL SPECIALTIES DIVISION Q2 2022/2021

[1] Europe, Middle East & Africa.
[2] North and Latin America.
[3] Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

The following tables show the segment information for the geographical segments of the global Brenntag Essentials division:

Period from January 1 to June 30 in EUR m	EMEA[1]	North America	Latin America	APAC[2]	Central activities[3]	**Brenntag Essentials**
External sales						
2022	2,117.3	2,246.4	423.3	400.2	–	5,187.2
2021	1,532.5	1,440.6	287.5	343.0	–	3,603.6
fx adj. change in %	37.0	41.8	33.4	6.9	–	35.7
Operating gross profit						
2022	480.7	638.1	91.3	65.4	–	1,275.5
2021	403.8	463.1	72.5	56.2	–	995.6
fx adj. change in %	18.0	25.5	13.8	7.2	–	20.6
Operating EBITDA (segment result)[4]						
2022	237.9	292.1	35.8	27.1	−0.1	592.8
2021	174.6	198.2	27.4	25.6	−1.6	424.2
fx adj. change in %	35.0	34.0	18.2	−2.2	−93.8	31.6

C.11 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION H1 2022/2021

[1] Europe, Middle East & Africa.
[2] Asia Pacific including the China and Hong Kong segment, which is presented separately internally.
[3] Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Period from April 1 to June 30 in EUR m	EMEA[1]	North America	Latin America	APAC[2]	Central activities[3]	**Brenntag Essentials**
External sales						
2022	1,108.0	1,204.0	224.6	207.9	–	2,744.5
2021	803.3	766.2	142.9	187.5	–	1,899.9
fx adj. change in %	36.8	40.0	38.0	0.6	–	34.5
Operating gross profit						
2022	250.8	342.0	46.4	33.4	–	672.6
2021	206.5	252.2	35.4	29.0	–	523.1
fx adj. change in %	20.4	21.0	14.6	6.0	–	19.5
Operating EBITDA (segment result)[4]						
2022	127.4	162.4	17.1	13.8	0.2	320.9
2021	92.5	114.2	12.0	13.3	−1.9	230.1
fx adj. change in %	36.5	26.8	25.0	−4.9	−110.5	29.6

C.12 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION Q2 2022/2021

[1] Europe, Middle East & Africa.
[2] Asia Pacific including the China and Hong Kong segment, which is presented separately internally.
[3] Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Group Key Financial Figures

in EUR m	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2022	Apr. 1– Jun. 30, 2021
Operating EBITDA	996.8	655.4	533.8	355.1
Payments to acquire intangible assets and property, plant and equipment[1]	−96.3	−74.2	−45.8	−36.2
Change in working capital[2)3)]	−624.9	−328.8	−295.3	−168.3
Principal and interest payments on lease liabilities	−69.3	−61.6	−35.1	−30.4
Free cash flow	**206.3**	**190.8**	**157.6**	**120.2**

C.13 FREE CASH FLOW

1) Prior year: additions to property, plant and equipment and intangible assets; prior year figures adjusted for comparability.
2) Definition of working capital: trade receivables plus inventories less trade payables.
3) Adjusted for exchange rate effects and acquisitions.

in EUR m	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2022	Apr. 1– Jun. 30, 2021
Operating EBITDA (segment result)[1]	**996.8**	**655.4**	**533.8**	**355.1**
Depreciation of property, plant and equipment and right-of-use assets	−139.0	−123.4	−71.2	−62.1
Impairment of property, plant and equipment and right-of-use assets	−1.1	−3.4	−0.2	−3.4
Operating EBITA	**856.7**	**528.6**	**462.4**	**289.6**
Net expense from special items	−6.2	−88.7	−3.2	−17.9
(of which “Project Brenntag”/expenses in connection with the programme to improve efficiency)	(−6.2)	(−25.6)	(−3.2)	(−17.9)
(of which addition to provision for alcohol tax)	(–)	(−63.1)	(–)	(–)
EBITA	**850.5**	**439.9**	**459.2**	**271.7**
Amortization of intangible assets[2]	−36.2	−24.0	−18.0	−12.7
Impairment of intangible assets[3]	–	−51.9	–	−51.9
EBIT	**814.3**	**364.0**	**441.2**	**207.1**
Net finance costs	−62.2	−31.9	−37.8	−14.3
Profit before tax	**752.1**	**332.1**	**403.4**	**192.8**

C.14 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

1) Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 1,042.3 million (H1 2021: EUR 688.5 million) and operating EBITDA of All other Segments to EUR −45.5 million (H1 2021: EUR −33.1 million).
2) This figure includes amortization of customer relationships in the amount of EUR 24.7 million (H1 2021: EUR 15.3 million).
3) The prior-year impairment loss of EUR 51.9 million was due mainly to changes to our IT portfolio.

General Information

Brenntag SE has its registered office at Messeallee 11, 45131 Essen, Germany and is entered in the commercial register at the Essen Local Court under commercial register number HRB 31943.

Consolidation Policies and Methods

STANDARDS APPLIED

These interim consolidated financial statements for the period from January 1 to June 30, 2022 have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting). The Notes are presented in condensed form compared with the Notes to the financial statements as at December 31, 2021.

With the exception of the standards and interpretations that became effective on January 1, 2022, the same accounting policies have been applied as for the consolidated financial statements as at December 31,2021.

Due to the war in Ukraine, the Board of Management of Brenntag SE decided to halt the business operations of all Brenntag companies in Russia and Belarus until further notice. Against this background, and in light of the global rise in interest rates and worldwide disruption to supply chains, we tested the carrying amounts of our cash-generating units for impairment. In each case, we did so on the basis of the recoverable amounts from the impairment test as at December 31, 2021, which were considerably higher than the carrying amounts of those cash-generating units. On this basis, we performed sensitivity analyses, taking into account the increased cost of capital, which did not lead to any impairment.

As at June 30, 2022, the Brenntag companies in Russia reported cash and cash equivalents of EUR 18.7 million (of which EUR 13.0 million in euros, EUR 4.5 million in roubles and EUR 1.2 million in US dollars) which were only available to Brenntag for cross-border transfers subject to the applicable restrictions on foreign exchange transactions.

In the interim consolidated financial statements for the period ended June 30, 2022, Turkey was for the first time required to be classified as a hyperinflationary economy in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). This standard requires non-monetary assets and liabilities, the statement of comprehensive income and equity to be restated at the end of each reporting period by applying the price index applicable at the end of the reporting period. IAS 29 must be applied as if Turkey had always been hyperinflationary. Brenntag used the consumer price index published by the Turkish Statistical Institute (Dec. 31, 2021: 687; Jun. 30, 2022: 978). Effects of EUR 6.1 million arising on retrospective application as at January 1, 2022 and the inflation effect on equity of EUR 13.1 million in the first half of 2022 were recognized as exchange rate differences in other comprehensive income. Inflation led to an increase in sales of EUR 19.5 million, an increase in cost of materials of EUR 15.8 million and, in the balance of the other income statement items, an increase in expenses of EUR 3.2 million. The inflation effect on non-monetary items resulted in a loss on the net monetary position of EUR 7.7 million for the first half of 2022. Overall, the application of IAS 29 depressed profit after tax by EUR 7.2 million.

The following revised and new standards issued by the International Accounting Standards Board (IASB) have been applied by the Brenntag Group for the first time:

First-time adoption in 2022

- Amendments to IFRS 3 (Business Combinations) regarding a reference to the Conceptual Framework
- Amendments to IAS 16 (Property, Plant and Equipment) regarding the presentation of proceeds before the intended use of an item of property, plant and equipment
- Amendments to IAS 37 (Provisions) regarding the definition of unavoidable costs of meeting the obligations under an onerous contract
- Annual Improvements to IFRSs (2018–2020 Cycle)

The amendments to IFRS 3 update a reference to the revised IFRS Conceptual Framework (2018) and add to IFRS 3 a requirement that an acquirer apply the requirements of IAS 37 (Provisions) or IFRIC 21 (Levies) in identifying liabilities assumed, with the exception of contingent liabilities acquired, to which the requirements of IFRS 3.23 continue to apply, under which they must be recognized even if it is not probable that there will be an outflow of economic resources. For acquired contingent assets, an explicit prohibition on recognition has been added.

The amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling products produced using that item of property, plant and equipment before its intended use. Proceeds must be shown in profit or loss, as must production expenditures incurred before the intended use of an item of property, plant and equipment, such as during testing for example.

The amendments to IAS 37 regarding the definition of unavoidable costs of meeting the obligations under an onerous contract specify that all costs directly attributable to a contract must be taken into account in determining whether the contract is onerous as defined by IAS 37. Costs that relate directly to a contract may be either incremental costs of fulfilling that contract (e.g. direct labour or materials) or other costs that relate directly to fulfilling the contract (e.g. depreciation charges for items of property, plant and equipment used in fulfilling the contract).

The annual improvements to IFRSs contain a number of minor amendments to various standards that are intended to clarify the content of the standards and eliminate any existing inconsistencies.

Neither the aforementioned revised standards nor the annual improvements to IFRSs have a material impact on the presentation of the Group's net assets, financial position and results of operations.

SCOPE OF CONSOLIDATION

The table below shows the changes in the number of consolidated companies including structured entities:

	Dec. 31, 2021	Additions	Disposals	**Jun. 30, 2022**
Domestic consolidated companies	29	–	1	28
Foreign consolidated companies	203	3	2	204
Total consolidated companies	**232**	**3**	**3**	**232**

C.15 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to entities acquired in a business combination under IFRS 3 and the acquisition of a company without business operations. The disposals are the result of the liquidation and merger of companies no longer operating.

Three (Dec. 31, 2021: three) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In March 2022, Brenntag acquired all shares in Y.S. Ashkenazi Agencies Ltd. located at kibbutz Netzer Sereni, Israel and its subsidiary Biochem Trading 2011 Ltd. The company is one of the largest specialty chemical distributors in Israel. The acquisition marks Brenntag's market entry into Israel.

The purchase price, net assets and goodwill break down as follows:

in EUR m	Provisional fair value
Purchase price	**24.2**
of which consideration contingent on earnings targets	10.0
Assets	
Cash and cash equivalents	3.9
Trade receivables, current financial assets and other receivables	18.0
Other current assets	6.5
Non-current assets	9.5
Liabilities	
Current liabilities	19.2
Non-current liabilities	3.5
Net assets	**15.2**
of which Brenntag's share	15.2
Goodwill	**9.0**
of which deductible for tax purposes	–

C.16 NET ASSETS ACQUIRED

Measurement of the assets acquired and liabilities assumed (among others customer relationships, environmental provisions and deferred taxes) has not yet been completed for reasons of time. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets. There are no material differences between the gross amount and carrying amount of the receivables.

Acquisition-related costs in the amount of EUR 0.5 million were recognized under other operating expenses.

Since its acquisition by Brenntag, the entity acquired in 2022 has generated sales of EUR 16.8 million and profit after tax of EUR 1.7 million.

If the above-mentioned business combination had taken place with effect from January 1, 2022, sales of about EUR 9,604 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 548 million.

As a result of measurement-period adjustments, goodwill from entities acquired in 2021 increased by a total of EUR 0.6 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

EUR 1 = currencies	Closing rate Jun. 30, 2022	Closing rate Dec. 31, 2021	Average rate Jan. 1 – Jun. 30, 2022	Average rate Jan. 1 – Jun. 30, 2021
Brazilian real (BRL)	5.4229	6.3101	5.5565	6.4902
Canadian dollar (CAD)	1.3425	1.4393	1.3901	1.5030
Swiss franc (CHF)	0.9960	1.0331	1.0319	1.0946
Chinese yuan renminbi (CNY)	6.9624	7.1947	7.0823	7.7960
Danish krone (DKK)	7.4392	7.4364	7.4402	7.4368
Pound sterling (GBP)	0.8582	0.8403	0.8424	0.8680
Polish zloty (PLN)	4.6904	4.5969	4.6354	4.5374
Russian rouble (RUB)	56.5339	85.3004	82.9888	89.5502
Swedish krona (SEK)	10.7300	10.2503	10.4796	10.1308
Turkish lira (TRY)	17.3220	15.2335	16.2579	9.5226
US dollar (USD)	1.0387	1.1326	1.0934	1.2054

C.17 EXCHANGE RATES OF MAJOR CURRENCIES

Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Cash Flow Statement Disclosures

1.) INTEREST EXPENSE

in EUR m	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021
Interest expense on liabilities to third parties	−33.4	−21.8
Expense from the fair value measurement of the cross-currency interest rate swap	−3.4	–
Net interest expense on defined benefit pension plans	−1.0	−0.6
Interest expense on other provisions	−0.4	−0.2
Interest expense on leases	−5.5	−5.5
Total	**−43.7**	**−28.1**

C.18 INTEREST EXPENSE

2.) CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

in EUR m	Jan. 1– Jun. 30, 2022	Jan. 1– Jun. 30, 2021
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−4.8	−4.6
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−0.5	−0.4
Total	**−5.3**	**−5.0**

C.19 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

For further information, please refer to Note 9.).

3.) LOSS ON THE NET MONETARY POSITION

The inflation of non-monetary items resulted in a loss from the net position of monetary items of EUR 7.7 million for the first half of 2022.

4.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 202.9 million (H1 2021: current tax expense of EUR 98.1 million) and deferred tax expense of EUR 1.1 million (H1 2021: deferred tax income of EUR 3.4 million).

Tax expense for the first half of 2022 was calculated using the Group tax rate expected for financial year 2022. Any items of income and expense that cannot be planned with sufficient accuracy are disregarded when determining the expected Group tax rate and calculating tax expense.

	Jan. 1–Jun. 30, 2022			Jan. 1–Jun. 30, 2021		
in EUR m	Profit before tax	Tax rate in %	Income tax expense	Profit before tax	Tax rate in %	Income tax expense
excluding unplannable tax-neutral income / expenses	756.9	27.0	204.0	336.6	28.1	94.7
tax-neutral income / expenses that cannot be planned with sufficient accuracy	−4.8	–	–	−4.5	–	–
including unplannable tax-neutral income / expenses	752.1	27.1	204.0	332.1	28.5	94.7

C.20 PROFIT BEFORE TAX AFTER ELIMINATION OF UNPLANNABLE TAX-NEUTRAL INCOME / EXPENSES

5.) EARNINGS PER SHARE

Basic earnings per share in the amount of EUR 3.47 (H1 2021: EUR 1.50) are determined by dividing the share of profit after tax of EUR 536.8 million (H1 2021: EUR 231.6 million) attributable to the shareholders of Brenntag SE by the average weighted number of outstanding shares.

The warrants from the bond (Bond (with Warrants) 2022) issued in November 2015 had only a very minor dilutive effect in the first six months of 2022, as the average Brenntag share price was only marginally higher than the strike price of the warrants of EUR 72.0649.

Diluted earnings per share are calculated as follows:

in EUR m	Jan. 1 – Jun. 30, 2022	Jan. 1 – Jun. 30, 2021	Apr. 1 – Jun. 30, 2022	Apr. 1 – Jun. 30, 2021
Share of profit after tax attributable to Brenntag SE shareholders	536.8	231.6	287.5	134.1
Number of Brenntag SE shares	154.5	154.5	154.5	154.5
Number of potential shares with a dilutive effect[1]	–	–	–	0.3
Number of shares	**154.5**	**154.5**	**154.5**	**154.8**
Diluted earnings per share	**3.47**	**1.50**	**1.86**	**0.87**

C.21 DILUTED EARNINGS PER SHARE

[1] Maximum number of shares that would be issued if the warrants were exercised less the number of shares that could be bought with the issue proceeds at the average price for the period.

6.) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale of EUR 2.7 million (Dec. 31, 2021: EUR 4.1 million) comprise property, plant and equipment.

7.) INTANGIBLE ASSETS

The intangible assets rose by EUR 160.7 million to EUR 3,519.5 million (Dec. 31, 2021: EUR 3,358.8 million). The change is due mainly to exchange rate effects (EUR 176.0 million), acquisitions (EUR 17.4 million) and other additions (EUR 3.5 million), which were set against amortization (EUR 36.2 million).

8.) FINANCIAL LIABILITIES

in EUR m	Jun. 30, 2022	Dec. 31, 2021
Liabilities under syndicated loan	626.2	518.6
Other liabilities to banks	240.0	165.2
Bond 2025	601.9	598.2
Bond 2029	498.6	497.1
Bond (with Warrants) 2022	479.5	437.0
Derivative financial instruments	68.5	21.5
Other financial liabilities	117.1	92.1
Total	**2,631.8**	**2,329.7**
Lease liabilities	445.2	445.6
Cash and cash equivalents	515.0	705.0
Net financial liabilities	**2,562.0**	**2,070.3**

C.22 DETERMINATION OF NET FINANCIAL LIABILITIES

9.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	Jun. 30, 2022	Dec. 31, 2021
Environmental provisions	100.9	97.1
Provisions for personnel expenses	55.0	57.9
Miscellaneous provisions	187.1	178.9
Total	**343.0**	**333.9**

C.23 OTHER PROVISIONS

10.) PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In the interim consolidated financial statements as at June 30, 2022, the present value of pension obligations was determined using a discount rate of 3.3% (Dec. 31, 2021: 1.0%) in Germany and the other countries of the euro zone, 2.1% (Dec. 31, 2021: 0.3%) in Switzerland and 5.1% (Dec. 31, 2021: 3.2%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 72.3 million recognized directly in retained earnings. This is mainly the result of the increase in the discount rate in the euro zone. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 49.6 million.

11.) LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests break down as follows:

in EUR m	Jun. 30, 2022	Dec. 31, 2021
Liabilities relating to acquisition of non-controlling interests	133.9	214.4
Liabilities arising from limited partners' rights to repayment of contributions	2.4	1.8
Total	**136.3**	**216.2**

C.24 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests decreased due mainly to the acquisition of the remaining shares (49%) in TEE HAI CHEM PTE LTD, Singapore. Liabilities relating to the acquisition of non-controlling interests have been partly included in net investment hedge accounting. Exchange rate-related changes in the liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve.

12.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag SE on June 9, 2022 passed a resolution to pay a dividend of EUR 224,025,000.00. Based on 154.5 million shares, that is a dividend of EUR 1.45 per no-par value share entitled to a dividend.

Exchange rate differences include effects of EUR 6.1 million arising on retrospective application of IAS 29 (hyperinflation) in Turkey and the inflation effect on equity of EUR 13.1 million in the first half of 2022.

Non-controlling interests comprise the shares of non-Group shareholders in the equity of consolidated entities. The non-controlling interests changed as follows:

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	Non-controlling interests
Dec. 31, 2020	**67.7**	**−5.8**	**61.9**
Dividends	−0.4	–	−0.4
Transactions with owners	−8.0	–	−8.0
Profit after tax	5.8	–	5.8
Other comprehensive income, net of tax	–	1.4	1.4
Total comprehensive income for the period	**5.8**	**1.4**	**7.2**
Jun. 30, 2021	**65.1**	**−4.4**	**60.7**

C.25 CHANGE IN NON-CONTROLLING INTERESTS / JUN. 30, 2021

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	Non-controlling interests
Dec. 31, 2021	**79.7**	**1.4**	**81.1**
Dividends	−0.7	–	−0.7
Profit after tax	11.3	–	11.3
Other comprehensive income, net of tax	–	5.4	5.4
Total comprehensive income for the period	**11.3**	**5.4**	**16.7**
Jun. 30, 2022	**90.3**	**6.8**	**97.1**

C.26 CHANGE IN NON-CONTROLLING INTERESTS / JUN. 30, 2022

13.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

Net cash provided by operating activities of EUR 133.5 million was influenced by the rise in working capital of EUR 624.9 million. In the first half of 2021, working capital rose by EUR 328.8 million.

Of the net cash of EUR 83.7 million used in investing activities, EUR 96.3 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units included both the payment to acquire Y.S. Ashkenazi Agencies Ltd. located at kibbutz Netzer Sereni, Israel and its subsidiary Biochem Trading 2011 Ltd. and cash inflows from repayments in connection with prior-year acquisitions. Besides bank loans taken out and repaid as well as lease liabilities repaid, net cash used in financing activities of EUR 263.1 million mainly included the dividend payment of EUR 224.0 million to Brenntag shareholders and the payment of EUR 92.0 million to acquire the remaining 49% of the shares in TEE HAI CHEM PTE LTD, Singapore.

At 7.7 in the reporting period, annualized working capital turnover[1] was lower than at the end of 2021 (8.3).

The application of IAS 29 (Financial Reporting in Hyperinflationary Economies) in Turkey depressed profit after tax by EUR 7.2 million. This non-cash effect is presented as a separate line item. The items in the cash flow statement were adjusted accordingly for the inflation effects as included in the consolidated balance sheet and the consolidated income statement. The notional loss of purchasing power of cash and cash equivalents as at January 1, 2022 resulting from the application of IAS 29 amounted to EUR 3.8 million in the reporting period.

[1] Ratio of annual sales to average working capital: annual sales are defined as sales for the first half extrapolated to the full year (first-half sales multiplied by two); average working capital for the first half is defined as the average of working capital at the beginning of the year and at the end of the first and second quarters.

14.) Reporting of financial instruments

The classification and measurement of the financial assets recognized in the balance sheet are shown in the table below:

in EUR m	Jun. 30, 2022			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	515.0	–	515.0	515.0
Trade receivables	3,081.1	–	3,081.1	3,081.1
Other receivables	126.2	–	126.2	126.2
Other financial assets	35.2	22.1	57.3	57.3
Total	**3,757.5**	**22.1**	**3,779.6**	**3,779.6**

C.27 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / JUN. 30, 2022

[1] Financial assets at fair value through profit or loss.

in EUR m	Dec. 31, 2021			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	705.0	–	705.0	705.0
Trade receivables	2,290.2	–	2,290.2	2,290.2
Other receivables	106.3	–	106.3	106.3
Other financial assets	33.6	15.2	48.8	48.8
Total	**3,135.1**	**15.2**	**3,150.3**	**3,150.3**

C.28 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2021

[1] Financial assets at fair value through profit or loss.

The majority of the financial assets measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date approximate their fair values.

Of the other receivables recognized in the balance sheet, EUR 227.2 million (Dec. 31, 2021: EUR 168.3 million) are not financial assets as defined by IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification and measurement of the financial liabilities recognized in the balance sheet are shown in the table below:

in EUR m	Jun. 30, 2022			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	2,240.8	–	2,240.8	2,240.8
Other liabilities	277.0	–	277.0	277.0
Liabilities relating to acquisition of non-controlling interests	136.3	–	136.3	136.8
Financial liabilities	2,534.1	97.7	2,631.8	2,486.6
Total	**5,188.2**	**97.7**	**5,285.9**	**5,141.2**

C.29 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / JUN. 30, 2022

[1] Financial liabilities at fair value through profit or loss.

in EUR m	Dec. 31, 2021			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,802.3	–	1,802.3	1,802.3
Other liabilities	233.3	–	233.3	233.3
Liabilities relating to acquisition of non-controlling interests	216.2	–	216.2	217.0
Financial liabilities	2,288.6	41.1	2,329.7	2,356.6
Total	**4,540.4**	**41.1**	**4,581.5**	**4,609.2**

C.30 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2021

[1] Financial liabilities at fair value through profit or loss.

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date therefore approximate their fair values. The fair values of the bonds measured at amortized cost under financial liabilities were determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of the other financial liabilities measured at amortized cost were determined using the discounted cash flow method on the basis of inputs observable on the market (Level 2 of the fair value hierarchy). The liabilities relating to the acquisition of non-controlling interests were determined on the basis of recognized company valuation models. The company valuation models are based on cash flow plans (Level 3 of the fair value hierarchy). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy). The fair values of interest rate swaps are determined by applying the discounted cash flow method on the basis of current interest curves, taking into account the non-performance risk (Level 2 of the fair value hierarchy).

The fair value of the cross-currency interest rate swaps is determined in two steps. First, the expected future cash flows are discounted using maturity-matched market interest rates according to the currency. In the second step, the cash flows discounted in foreign currency (US dollar) are then translated into the reporting currency (EUR) at market exchange rates (Level 2 of the fair value hierarchy). As at June 30, 2022, the cross-currency interest rate swaps had a fair value of EUR 60.1 million (Dec. 31, 2021: EUR 15.2 million). The increase in their fair value is due mainly to the appreciation of the US dollar against the euro.

The value of a call option to acquire non-controlling interests is calculated from the intrinsic value and the time value of the option. The intrinsic value of the call option is calculated as the difference between the enterprise value and the strike price. The time value reflects the optionality of movements in the future strike price and the future enterprise value of the non-controlling interests. This is illustrated by way of a Monte Carlo simulation and the fair value of the option then determined (Level 3 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 336.1 million (Dec. 31, 2021: EUR 346.3 million) are not financial liabilities as defined by IFRS 7. They are mainly liabilities to employees, liabilities from value-added tax and other taxes, as well as deferred income.

The allocation of the financial assets and liabilities recognized in the balance sheet at fair value to the levels of the IFRS 13 fair value hierarchy is shown in the table below:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Jun. 30, 2022**
Financial assets at fair value through profit or loss	1.7	16.5	3.9	**22.1**
Financial liabilities at fair value through profit or loss	–	68.5	29.2	**97.7**

C.31 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / JUN. 30, 2022

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2021**
Financial assets at fair value through profit or loss	1.7	9.6	3.9	**15.2**
Financial liabilities at fair value through profit or loss	–	21.5	19.6	**41.1**

C.32 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2021

Liabilities resulting from contingent consideration arrangements of EUR 29.2 million (Dec. 31, 2021: EUR 19.6 million) relate to liabilities for contingent purchase prices payable in acquisitions. The amount of the contingent purchase price component required to be recognized at fair value is contingent on the earnings achieved by the acquired business and is limited in both the lower (EUR 0 million) and the upper (EUR 30.7 million) range.

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m	2022	2021
Jan. 1	19.6	1.5
Exchange rate differences	0.5	–
Reversed	−0.8	–
Adjustments in the measurement period (increase in goodwill)	0.4	0.7
Business combinations	10.0	–
Payments	−0.5	–
Jun. 30	**29.2**	**2.2**

C.33 CHANGE IN LIABILITIES RESULTING FROM CONTINGENT CONSIDERATION ARRANGEMENTS

15.) Events after the reporting period

There were no material events after the reporting period requiring disclosure.

Essen, August 9, 2022

Brenntag SE
BOARD OF MANAGEMENT

Dr. Christian Kohlpaintner   Henri Nejade   Dr. Kristin Neumann

Steven Terwindt   Ewout van Jarwaarde

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining months of the financial year.

Essen, August 9, 2022

Brenntag SE
BOARD OF MANAGEMENT

Dr Christian Kohlpaintner　Henri Nejade　Dr Kristin Neumann

Steven Terwindt　Ewout van Jarwaarde

REVIEW REPORT

To Brenntag SE, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes – and the interim group management report of Brenntag SE for the period from January 1 to June 30, 2022 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 9, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christiane Lawrenz	ppa. Daniel Deing
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FINANCIAL CALENDAR

NOVEMBER

NOV 9

2022

Interim Report Q3

NOVEMBER

NOV 10

2022

Capital Markets Day 2022

MARCH

MAR 8

2023

Annual Report 2022

The financial calendar is updated regularly. The latest dates can be found on our website at www.brenntag.com/financial_calendar

ISSUER

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INFORMATION ON THE INTERIM REPORT

This translation is only a convenience translation. In the event of any differences, only the German version is binding. As part of our sustainability activities, we do not print the interim report and publish it exclusively in digital form.

INFORMATION ON ROUNDING

Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

DISCLAIMER

SUSTAINABILITY

Brenntag reports on sustainability and corporate citizenship in its Sustainability Reports. These can be found at: www.brenntag.com/sustainability

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