

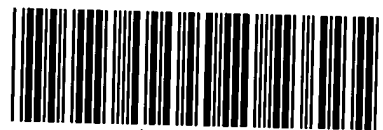
Registration number: 3498959

LANXESS Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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LANXESS Limited

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LANXESS Limited

Company Information

Directors	Mr A J Risino Mr R G Krueger Mr S Thompson
Registered office	Accounts Department Tenax Road Trafford Park Manchester M17 1WT
Auditors	Mazars LLP One St Peters Square Manchester M2 3DE

LANXESS Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

LANXESS Limited ("the company") is an important part of the Performance Chemicals sector, blending pigments primarily for the UK/Ireland markets for use in construction, coatings and related industries.

The company is a subsidiary of Lanxess AG (a company incorporated in Germany). Lanxess is a global group with a product portfolio ranging from polymers to fine chemicals. The company benefits from a diversified customer base, a mature, stable supply line and has access to a 'group cash pool' that underpins any working capital requirements of the company; this ensures the long term success of the business.

Revenue in 2022 was in line with the previous year and gross margin remained stable at 20%. Administrative expense was £986,000 higher in the year, driven by higher intercompany service fee costs and increases in rates and insurances. Operating profit declined by £790,000. The Company recorded exceptional income of £2,836,000 following the sale of a business unit to a global private equity investor (see note 6).

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Increase in revenue gross sales - This KPI is calculated by taking the turnover and other operating income as a % movement from the prior year.	%	-	38.00
Gross Margin year on year change - The Gross Margin is calculated by deducting the Raw material and consumable total from the Turnover.	%	20.00	20.00
Return on Capital Invested - This KPI is calculated by dividing the profit on ordinary activities before taxation by the called up share capital.	%	9.00	28.00

LANXESS Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

Key risks recognised to the business and actions taken to mitigate them are:

Complying with laws and regulations

Risk description

There are continuously expanding laws and regulatory requirements in environmental, health and safety and product registration areas and we may be held responsible for any liabilities arising out of non-compliance with these laws and regulations.

Mitigating actions

The directors use both internal employees and external advisors to monitor compliance with specific laws and regulations. We support the EU REACH chemical regulation program for environmental and public safety and have so far registered all the chemicals that are relevant for the company by the stipulated deadlines.

The company remains dedicated to minimizing compliance risk by fostering an open and transparent culture through continuous employee training, education and adherence to our Code of Conduct.

Foreign Exchange volatility

Risk description

Foreign exchange rates have seen significant fluctuation in recent years, particularly following the United Kingdom's decision to exit the European Union. Many of our raw materials are priced in Euros (EUR) and US Dollars (USD) and this can have a negative impact on our profitability.

Mitigating actions

Foreign exchange volatility is managed at Group level using financial derivatives to hedge exposure. The Company aids this process through weekly EUR and USD cash requirement forecasting.

Sourcing of raw materials and energy

Risk description

Supply and prices of key raw materials and energy can be volatile, affected by economic turbulence and additional regulations. This can have a direct impact on our margins and our ability to maintain our competitive position.

Mitigating actions

Our procurement processes and organisation are designed to leverage the cost, quality and delivery of raw materials and energy, including the performance of suppliers. Whilst we attempt to match raw material and energy price increases with corresponding product price increases we may not be able to do so immediately. Ultimately, our ability to pass on increases depends on market conditions.

LANXESS Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 (1) statement

Under Section 172 (1) of the Companies Act 2006, the Directors have a duty to promote the success of the Company over the long term for the benefit of shareholders as a whole, having regard to a range of other key stakeholders and interests.

The S172 (1) statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business. The Directors must have regard (amongst other matters) to:

(a) The likely consequences of any decision in the long term

The Company's objective is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Throughout the year, the Board was mindful of the long-term consequences of the decisions it made, focusing on the interests of relevant stakeholders as appropriate.

(b) The interests of the Company's employees

The Company is committed to maintaining a workplace that is safe, professional and supportive of teamwork and trust and the interest of all employees is considered in major decisions. The Company is committed to creating and sustaining a work environment of mutual trust where all employees are treated with respect and dignity, compensated fairly, and are entitled to adequate and flexible working hours. The Company adopts an open approach to employee communications, with regular updates from senior management across the business divisions, both at company level and wider Group. The Company values the diversity of its people and each of its employees is recognised as an important member of our team.

(c) The need to foster the Company's business relationships with suppliers, customers and others

The Company respects the rights, values and dignity of all employees, customers, contractors, vendors and other stakeholders. The Company aims to build enduring relationships with customers, partners, suppliers and the local community.

(d) The impact of the Company's operations on the community and the environment

The Company is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors and the communities in which it operates. Compliance with all legislation intended to protect people, property and the environment is a fundamental priority and applies to our products as well as to our processes. The LANXESS group has declared a target of net zero carbon emissions by 2040 and the Board fully supports this and considers the actions taken in the Company to reduce water and material wastage, to conserve energy and to utilise recycled materials where possible. Management lead by example and allocate the required resources to achieve excellence in HSE performance.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed to operating as a responsible corporate citizen and to complying with all relevant local, national and international laws. It has a Code of Conduct to which all employees are expected to adhere.

(f) The need to act fairly as between members of the Company

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the Company's strategy through the long-term, taking into consideration the impact on stakeholders and the need to ensure the long-term sustainability of the Company. The Directors, in doing so, act as fairly as possible between the Company's members. Decisions on the Company's approach to investment opportunities, Capex, R&D, dividend policy and the defined benefit pension plan, taken during the course of the year, were all carefully considered against this backdrop.

LANXESS Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on Sep 28, 2023 and signed on its behalf by:

A Risino
A Risino (Sep 28, 2023 18:03 GMT+1)
Mr A J Risino
Director

LANXESS Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' of the company

The directors, who held office during the year, were as follows:

Mr A J Risino

Mr R G Krueger

Mr S Thompson

Business Performance and operations

The company has made a profit for the financial year of £3,087k (2021: £843k profit), which has been transferred to reserves. Total shareholders' funds at the balance sheet date were £18,944k (2021: £15,857k).

A full business overview is included in the Strategic report on page 2.

Results and dividends

The results for the company are set out on page 15. The directors did not pay a dividend during the financial year (2021: Nil).

Employment of disabled persons

It is company policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of staff who become disabled, and to provide opportunities for the training and career development of disabled employees.

Employee involvement

Considerable importance is placed on the involvement of employees. During the year the policy of providing employees with information about the Company has been continued through Company journals, notice boards and conferences. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Future developments

There is still continued uncertainty following the Russian invasion of Ukraine, which has led to extreme volatility in energy pricing and rising raw material costs. So far, we have been able to pass these increased costs onto customers, but demand may soften if their capacity to absorb any future price rises becomes evident. Energy security is essential for plant operations and it remains to be seen what the impact of a full European wide embargo on Russian oil and gas would be on production, supply chains and core profitability.

LANXESS Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Financial Risk Management

The directors confirm that they have reviewed the effectiveness of the company's risk management and internal control systems up to and including the date of approval of the financial statements and are satisfied that they are operating effectively. This review included financial controls that could affect the company's business.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimizing such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's receivables are shown on the balance sheet. The company limits individual trade receivable exposure in line with company policies and is reviewed regularly by the credit department.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation at a group level and applying cash collection targets to the business units. The company also manages liquidity risk via short term loans with its parent company.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows from future revenues and payments such as rates and interest. The company projects continuing strong sales and has a healthy cash balance. The cash balance in the balance sheet does not reflect the healthy cash balance as these are converted to short term intercompany loans to the company in-house bank and can be easily accessed should the need arise.

Going concern

The Company's manufacturing operations have remained stable despite pressures arising from global logistics and supply chain problems, raw material price inflation and energy pricing volatility. In the preparation of these financial statements, the potentially disruptive effects of the war in Ukraine and the accelerating impact of climate change have been considered as part of the adoption to maintain the going concern assumption.

The cash flows necessary for the day-to-day running of the company are secured by the LANXESS cash pooling arrangements which support the going concern assertion. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to be cash generative, and should be expected to be a net depositor into, rather than borrower from, the LANXESS cash pooling facility.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

LANXESS Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

Mazars LLP were appointed as auditor during the year. In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Mazars LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

LANXESS Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Streamlined energy and carbon reporting ("SECR") requirement

The total consumption and emissions figures for energy supplies reportable by LANXESS Limited

Consumption (kWh) and Greenhouse Gas emissions (tCO₂e) Totals

The following figures show the consumption and associated emissions for this reporting year for our operations, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions include direct combustion of natural gas and fuels utilised for transportation operations, such as company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

The total consumption (kWh) figures for energy supplies reportable by LANXESS Limited are as follows:

	2022 Consumption (kWh)
Transportation (Scope 1)	32,152
Grid-Supplied Electricity (Scope 2)	393,115
Transportation (Scope 2)	18,460
Transportation (Scope 3)	32,554
Total	<u>476,281</u>

LANXESS Limited UK emissions Intensity Metric

	Location-based tCO₂e
All scopes tCO ₂ e per £m turnover	<u>2</u>
Total turnover 2022: £40.63m	

The total location-based emissions (tCO₂e) reportable by LANXESS Limited are as follows:

	2022 Emissions (tCO₂e) Location-based
Transportation (Scope 1)	7
Grid-Supplied electricity (Scope 2)	76
Transportation (Scope 2)	4
Transportation (Scope 3)	8
Total	<u>95</u>

LANXESS Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Streamlined energy and carbon reporting ("SECR") requirement (continued)

Energy saving projects:

- LED lighting
- LPG to electric heating units
- Solar PV installations

Approved by the Board on Sep 28, 2023 and signed on its behalf by:

A Risino
A Risino (Sep 28, 2023 18:03 GMT+1).....
Mr A J Risino
Director

LANXESS Limited

Independent Auditor's Report to the Members of LANXESS Limited

Opinion

We have audited the financial statements of LANXESS Limited (the 'company') for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom, Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

LANXESS Limited

Independent Auditor's Report to the Members of LANXESS Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

LANXESS Limited

Independent Auditor's Report to the Members of LANXESS Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

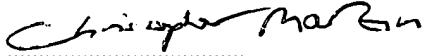
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

LANXESS Limited

Independent Auditor's Report to the Members of LANXESS Limited (continued)



.....
Christopher Martin (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

One St Peters Square
Manchester
M2 3DE

Date: Sep 29, 2023.....

LANXESS Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	40,628	40,632
Cost of sales		<u>(32,433)</u>	<u>(32,679)</u>
Gross profit		8,195	7,953
Distribution costs		(6,045)	(6,000)
Administrative expenses		<u>(1,827)</u>	<u>(841)</u>
Operating profit	5	<u>323</u>	<u>1,113</u>
Other non-operating income	6	2,836	-
Interest receivable and similar income	9	27	3
Interest payable and similar expenses	10	<u>(5)</u>	<u>(1)</u>
		<u>2,858</u>	<u>2</u>
Profit before tax		3,181	1,115
Tax on profit	11	<u>(94)</u>	<u>(272)</u>
Profit for the year		<u><u>3,087</u></u>	<u><u>843</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income other than the results shown above and as such no separate statement of comprehensive income is presented.

LANXESS Limited

**(Registration number: 3498959)
Balance Sheet as at 31 December 2022**

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Intangible assets	12	12	-
Right-of-use assets	13	277	27
Tangible assets	14	3,476	3,654
Deferred tax assets	11	22	29
		3,787	3,710
Current assets			
Stocks	15	8,078	3,894
Debtors	16	11,819	12,631
Other financial assets		3	4
		19,900	16,529
Creditors: Amounts falling due within one year	17	(4,585)	(4,366)
Net current assets		15,315	12,163
Total assets less current liabilities		19,102	15,873
Provisions for liabilities	18	(158)	(16)
Net assets		18,944	15,857
Capital and reserves			
Called up share capital	20	4,000	4,000
Profit and loss account		14,944	11,857
Shareholders' funds		18,944	15,857

Approved by the Board on Sep 28, 2023 and signed on its behalf by:

A. Risino

A Risino (Sep 28, 2023 18:03 GMT+1)

Mr A J Risino
Director

LANXESS Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital	Retained	Total
	£ 000	earnings	£ 000
	£ 000	£ 000	£ 000
At 1 January 2022	4,000	11,857	15,857
Profit for the year	-	3,087	3,087
Total comprehensive income	-	3,087	3,087
At 31 December 2022	<u>4,000</u>	<u>14,944</u>	<u>18,944</u>

	Share capital	Retained	Total
	£ 000	earnings	£ 000
	£ 000	£ 000	£ 000
At 1 January 2021	4,000	11,014	15,014
Profit for the year	-	843	843
Total comprehensive income	-	843	843
At 31 December 2021	<u>4,000</u>	<u>11,857</u>	<u>15,857</u>

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

LANXESS Limited ('the company') blends pigments primarily for the UK/Ireland markets for use in construction, coatings and related industries. The company is a private company, limited by shares, incorporated and domiciled in England and Wales. The company's registered number and registered office can be found on the company information page.

The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act and to take advantage of FRS 101 disclosure exemptions.

The Company's ultimate parent undertaking, LANXESS AG includes the Company in its consolidated financial statements. The consolidated financial statements of LANXESS AG are prepared in accordance with IFRS and are available to the public and may be obtained from the address in note 24.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

These financial statements have been prepared on a going concern basis. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling when the transaction was entered into. Foreign monetary assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account in the period in which they arise.

Pensions

The company operates a defined contribution pension scheme which is available to all its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. All contributions payable by the company are charged to the profit and loss account in the period to which they relate.

Inventories

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The Company's manufacturing operations have remained stable despite pressures arising from global logistics and supply chain problems, raw material price inflation and energy pricing volatility. In the preparation of these financial statements, the potentially disruptive effects of the war in Ukraine and the accelerating impact of climate change have been considered as part of the adoption to maintain the going concern assumption.

The cash flows necessary for the day-to-day running of the company are secured by the LANXESS cash pooling arrangements which support the going concern assertion. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to be cash generative, and should be expected to be a net depositor into, rather than borrower from, the LANXESS cash pooling facility.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Property, plant and equipment

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment of tangible fixed assets will be charged to profit and loss in the period it arises.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets using the straight-line method.

Freehold land is not depreciated.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Asset class	Years
Freehold buildings	20 - 25 years
Plant and machinery	1 - 10 years
Furniture and office equipment	3 - 4 years
Motor vehicles	3 - 4 years

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial Assets

The company classifies its financial assets in the following categories:

- Amortised cost.
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

a Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method, less allowance for expected credit losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses.

The Company measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss.

The Company does not consider that is materially exposed to credit risk, and thus, no allowance for expected credit losses has been made, given the Company's review of each trade receivable's financial condition and historical records of actual credit loss and amounts past due.

b Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

The following financial assets are classified at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost (see note above).
- Equity investments that are held for trading, and

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

c Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods have transferred to the customer and the customer has control of these.

Where the goods or services promised within a contract are distinct, they are identified as separate performance obligations and are accounted for separately. Where separate performance obligations are identified, total revenue is allocated on the basis of relative stand-alone selling prices or management's best estimate of relative value where stand-alone selling prices do not exist.

The company's activities are described in detail below.

(a) Sales of goods

Sales are recognised when control of the products has transferred, being when the products are delivered, the customer has full discretion over the use of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been accepted by the customer in accordance with the sales agreement, or the company has objective evidence that all criteria for acceptance has been satisfied.

Interest income/(expense)

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Operating leases: the Company as lessee

The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a significant change to the circumstances of the lease.

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

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

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share capital

Ordinary shares are classified as equity.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

None of the accounting policy judgements applied in the year are considered to be critical judgements. The following are the company's key sources of estimation uncertainty:

Inventory provisions

The Company regularly review the ageing and obsolescence of inventory. Where slow moving or obsolete inventory is identified either through the period or during the period end inventory counts, a provision will be made, charging the Statement of Comprehensive Income and reducing the value of the inventory on the Balance Sheet.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Turnover

The analysis of the company's turnover for the year by market is as follows:

	2022 £ 000	2021 £ 000
UK	28,961	27,308
Europe	11,601	13,228
Rest of world	66	96
	<u>40,628</u>	<u>40,632</u>

5 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Operating profit is stated after charging		
Depreciation on owned assets	180	178
Depreciation on right of use assets	127	58
Operating lease expense	41	112
Foreign exchange gains	(60)	(76)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	57	55
	<u>57</u>	<u>55</u>

6 Other non-operating income

	31 December 2022 £ 000	31 December 2021 £ 000
Gain on sale of business unit	<u>2,836</u>	<u>-</u>

On 20 December 2022, Lanxess Ltd sold its High Performance Materials business unit to Advent International (a global private equity investor) for £2,836,000.

7 Directors' remuneration

In 2022 there were no directors directly employed by the company. The directors are employed by LANXESS Solutions UK Ltd (a related company) and their remuneration for services to LANXESS Limited during the year was not recharged.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Employee information

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	2,518	2,423
Social security costs	324	298
Pension costs, defined contribution scheme	261	308
	<u>3,103</u>	<u>3,029</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Manufacturing	18	18
Sales & marketing	20	20
General administration	6	6
Total	<u>44</u>	<u>44</u>

9 Other interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income on bank deposits	<u>27</u>	<u>3</u>

10 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest expense on leases	<u>5</u>	<u>1</u>

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Income tax

Tax charged/(credited) in the profit and loss account

	2022	2021
	£ 000	£ 000
Current taxation		
UK corporation tax	92	235
UK corporation tax adjustment to prior periods	(5)	35
	<u>87</u>	<u>270</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	2	2
Arising from changes in tax rates and laws	1	-
Adjustments relating to prior periods	4	-
Total deferred taxation	<u>7</u>	<u>2</u>
Tax expense in the profit and loss account	<u><u>94</u></u>	<u><u>272</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit before tax	<u>3,181</u>	<u>1,115</u>
Corporation tax at standard rate	605	212
Increase from effect of expenses not deductible in determining taxable profit	28	23
(Decrease)/increase in current tax from adjustment for prior periods	(1)	35
Decrease from effect of revenues exempt from taxation	(539)	-
Deferred tax expense relating to changes in tax rates or laws	<u>1</u>	<u>2</u>
Total tax charge	<u><u>94</u></u>	<u><u>272</u></u>

The UK corporation tax rate for the year ended 31 December 2022 is 19% which has been effective since 1 April 2017. Legislation increasing the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021. Deferred taxes at 31 December 2022 have been measured using this enacted tax rate and reflected in these financial statements

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2022	
Accelerated tax depreciation	<u>22</u>

The provision for deferred taxation is made up as follows:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	<u>29</u>	<u>(7)</u>	<u>22</u>

Deferred tax movement during the prior year

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	<u>31</u>	<u>(2)</u>	<u>29</u>

12 Intangible assets

	Other intangible assets £ 000	Total £ 000
Cost or valuation		
At 1 January 2022	-	-
Additions	<u>12</u>	<u>12</u>
At 31 December 2022	<u>12</u>	<u>12</u>
Amortisation		
At 1 January 2022	<u>-</u>	<u>-</u>
At 31 December 2022	<u>-</u>	<u>-</u>
Carrying amount		
At 31 December 2022	<u>12</u>	<u>12</u>

Other intangible assets relate to capitalised REACH costs, which is a European Union regulation concerning the Registration, Evaluation, Authorisation and restriction of Chemicals.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Right of use assets

	Machinery £ 000	Property £ 000	Other £ 000	Total £ 000
Cost or valuation				
At 1 January 2021	24	-	186	210
Disposals	-	-	(153)	(153)
At 31 December 2021	24	-	33	57
At 1 January 2022	24	-	33	57
Additions	-	209	168	377
At 31 December 2022	24	209	201	434
Depreciation				
At 1 January 2021	10	-	115	125
Charge for year	5	-	53	58
Disposals	-	-	(153)	(153)
At 31 December 2021	15	-	15	30
At 1 January 2022	15	-	15	30
Charge for the year	5	57	65	127
At 31 December 2022	20	57	80	157
Carrying amount				
At 31 December 2022	4	152	121	277
At 31 December 2021	9	-	18	27

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Tangible Assets

	Freehold land and buildings £ 000	Plant and machinery £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation					
At 1 January 2022	6,099	3,277	519	53	9,948
Additions	-	2	-	-	2
At 31 December 2022	<u>6,099</u>	<u>3,279</u>	<u>519</u>	<u>53</u>	<u>9,950</u>
Depreciation					
At 1 January 2022	2,739	3,036	519	-	6,294
Charge for the year	141	39	-	-	180
At 31 December 2022	<u>2,880</u>	<u>3,075</u>	<u>519</u>	<u>-</u>	<u>6,474</u>
Carrying amount					
At 31 December 2022	<u>3,219</u>	<u>204</u>	<u>-</u>	<u>53</u>	<u>3,476</u>
At 31 December 2021	<u>3,360</u>	<u>241</u>	<u>-</u>	<u>53</u>	<u>3,654</u>

Included within the net book value of land and buildings above is Freehold land amounting to £2,899,000 (2021: £2,899,000) which has not been depreciated.

15 Inventories

	31 December 2022 £ 000	31 December 2021 £ 000
Raw materials and consumables	320	620
Finished goods and goods for resale	<u>7,758</u>	<u>3,274</u>
	<u>8,078</u>	<u>3,894</u>

The value of stocks in the balance sheet is not materially different from the replacement cost.

Included in the inventories is a provision for slow moving and obsolete stock of £283k (2021: £317k).

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Debtors

	31 December	31 December
	2022	2021
	£ 000	£ 000
Trade debtors	3,211	4,238
Amounts owed by group undertakings	8,022	8,073
Other debtors	449	285
Prepayments and accrued income	137	35
	<u>11,819</u>	<u>12,631</u>

Amounts owed by group undertakings that have been designated as loans receivable are currently subject to interest at a rate of 3.23% (2021: 0.22%), unsecured and repayable on demand. Other group current receivables are not interest bearing.

17 Creditors: Amount falling due within one year

	31 December	31 December
	2022	2021
	£ 000	£ 000
Trade creditors	744	662
Amounts owed to group undertakings	2,545	2,771
Accruals and deferred income	961	686
Current portion of lease liabilities	39	12
Income tax liability	296	235
	<u>4,585</u>	<u>4,366</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

18 Creditors: Amount falling due after more than one year

	Lease obligations
	£ 000
At 1 January 2022	16
Additional provisions	381
Provisions used	(130)
Increase (decrease) from transfers and other changes	(109)
At 31 December 2022	<u>158</u>

The provisions shown above relate to the provision for long term lease obligations.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Leases

Leases included in creditors

	31 December 2022 £ 000	31 December 2021 £ 000
Current portion of lease liabilities	39	12
Long term lease liabilities	<u>158</u>	<u>16</u>

20 Share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No. 000	£ 000	No. 000	£ 000
Allotted and fully paid of £1 each	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>

21 Pension commitments

Defined contribution pension scheme

The company operates a defined contribution pension scheme, which is available to all its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £261k (2021: £308k).

At the year end there were outstanding contributions of £Nil (2021: £Nil) and no prepayments (2021: £Nil).

22 Other commitments

The company has no other commitments as at 31 December 2022 (2021: £Nil).

23 Related party transactions

The Company has taken advantage of the disclosure exemption requirement in IAS 24 Related Party Disclosures and is therefore not required to disclose related party transactions entered into between two or more members of a Group or the remuneration of key management personnel. Directors are remunerated through other group entities as disclosed within note 7.

LANXESS Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

24 Post balance sheet events

On 1 July 2023, Lanxess Limited acquired the business and undertakings together with the goodwill and assets of Nutrition and Biosciences UK Ltd, a fellow group undertaking (registered in England) for a purchase price of £3,357,155.

The Company's principal activities were the distribution of chemicals used in Microbial Control (antimicrobial chemicals).

25 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Lanxess Deutschland GmbH.

The ultimate parent company at the year end and the largest group in which these financial statements are consolidated is Lanxess AG. The address of Lanxess AG is Kennedyplatz 1, Cologne 50569, Germany.