

INTERIM REPORT

JANUARY – JUNE 2021

Q2

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		Q2 2021	Q2 2020
Sales	EUR m	3,470.1	2,821.9
Operating gross profit	EUR m	838.7	720.6
Operating EBITDA	EUR m	355.1	276.2
Operating EBITDA/operating gross profit	%	42.3	38.3
Profit after tax	EUR m	137.2	123.0
Earnings per share	EUR	0.87	0.80

CONSOLIDATED BALANCE SHEET

		Jun. 30, 2021	Dec. 31, 2020
Total assets	EUR m	8,814.3	8,143.5
Equity	EUR m	3,726.9	3,611.6
Working capital	EUR m	1,709.4	1,346.6
Net financial liabilities	EUR m	1,695.3	1,339.9

CONSOLIDATED CASH FLOW

		Q2 2021	Q2 2020
Net cash provided by/used in operating activities	EUR m	2.4	230.9
Investments in non-current assets (capex)	EUR m	-36.2	-44.3
Free cash flow	EUR m	121.5	213.7

KEY DATA ON THE BRENTTAG SHARES

		Jun. 30, 2021	Dec. 31, 2020
Share price	EUR	78.42	63.34
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	12,116	9,786
Free float	%	100.0	100.0

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. Headquartered in Essen, Brenntag had over 17,000 employees worldwide and a network spanning more than 670 locations in over 77 countries in 2020. Brenntag generated sales of around EUR 11.8 billion last year. The two global divisions, Brenntag Essentials and Brenntag Specialties, provide a full-line portfolio of industrial and specialty chemicals and ingredients. We offer 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 pursues specific sustainability goals and is committed to sustainable solutions both in chemical distribution and in the industries it serves. Brenntag shares have been listed on the Frankfurt Stock Exchange since 2010 and are included in the MDAX and the DAX 50 ESG. For further information, visit www.brenntag.com.

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LETTER FROM THE CEO



OVERALL, WE ARE VERY PLEASED WITH OUR BUSINESS PERFORMANCE SO FAR IN 2021, AND BRENNTAG IS SUPERBLY POSITIONED TO ADAPT TO THE CONDITIONS AND CONTINUE THIS GOOD BUSINESS PERFORMANCE IN THE FURTHER COURSE OF THE YEAR.

Dear ladies and gentlemen,

Brenntag continued its positive business performance in the second quarter of 2021. We once again achieved excellent results. At Group level, operating gross profit rose by 21.1% on a constant currency basis to EUR 838.7 million. Group operating EBITDA came to EUR 355.1 million, which on a constant currency basis represents an increase of 34.3% compared with the very good prior-year quarter.

We were once again confronted with exceptional market conditions in the second quarter of this year. The influencing factors and trends that emerged in early 2021 continued into the current reporting period. The measures to tackle the COVID-19 pandemic impacted on our results just as continuing pressure impacted on global supply chains. In particular, our good product availability and our high reliability of supply paid off for Brenntag again.

In this environment, our two divisions, Brenntag Essentials and Brenntag Specialties, achieved excellent results. Brenntag Essentials reported operating gross profit of EUR 523.1 million. Operating EBITDA came to EUR 230.1 million, a year-on-year increase of 29.1% on a constant currency basis. All Brenntag Essentials segments contributed to this very positive business performance, particularly the North America segment.

The performance at Brenntag Specialties is particularly encouraging. Here too, all segments contributed to the positive performance. The division generated operating gross profit of EUR 308.9 million and operating EBITDA of EUR 144.5 million. This represents a rise of almost 49% compared with the second quarter of 2020. These excellent results confirm the strength of our new operating model, which we implemented at the beginning of the year in the course of our transformation programme, "Project Brenntag". In the Brenntag Specialties division, we concentrate on six focus industries, of which Nutrition and Material Science were particularly successful in the second quarter.

Free cash flow came to EUR 121.5 million. In addition, we were able to increase profit after tax by 11.5% year on year to EUR 137.2 million and earnings per share by 8.7% to EUR 0.87.

Besides the very good organic business performance, we made further acquisitions that support our further development in our key focus industries in the Brenntag Specialties division. Beginning of August we have closed the acquisition of JM Swank. This acquisition makes Brenntag the largest distributor of ingredients for the nutrition industry in North America. JM Swank has an extensive portfolio of ingredients that ideally complements our existing offering.

In recent months, we have continued to work hard on our transformation programme, “Project Brenntag”. We are fully on schedule in implementing the various measures and have made good progress. Through “Project Brenntag”, we aim to generate an additional annual contribution to operating EBITDA of EUR 220 million. This contribution will rise to the full amount by 2023 and then recur annually. We have achieved more than EUR 40 million of this, which is also reflected in our half-year earnings.

In June, we raised our forecast for operating EBITDA due to the positive business performance in the first few months of this year. We now expect operating EBITDA for the current year to be between EUR 1,160 million and EUR 1,260 million. This forecast takes into account our organic growth, the efficiency improvements expected to be achieved in implementing our transformation programme, “Project Brenntag”, and the contribution to earnings from acquisitions already closed.

We expect the currently exceptional market conditions to remain with us. The COVID-19 pandemic will also continue to bring a certain degree of uncertainty. Overall, we are very pleased with our business performance so far in 2021, and Brenntag is superbly positioned to adapt to the conditions and continue this good business performance in the further course of the year.

On behalf of the entire Board of Management, our sincere thanks go to all our stakeholders for the confidence they place in us and their continuous support for our company in these exceptional times.

Best wishes



Dr Christian Kohlpaintner
Chief Executive Officer

Essen, August 9, 2021

BRENNTAG ON THE STOCK MARKET

Global equity markets continued their upward trend in the second quarter of 2021. The expansion of vaccination campaigns against coronavirus SARS-CoV-2 and a decline in new infections in most industrialized nations enabled the restrictions triggered by the pandemic to be eased and therefore had a positive impact on the global economic recovery. The positive performance from corporates was also supported by economic stimulus programmes and the ongoing expansionary monetary policy stance of central banks. That, too, supported equity market performance.

Both Germany's leading index, the DAX, and the MDAX performed well in the first half of 2021. The DAX initially reached its year-to-date low of 13,433 points on January 29, 2021. Germany's leading index then rose continuously to reach its high of 15,730 points on June 15, 2021. At the end of the first half of the year, the DAX stood at 15,531 points, up 13.2% compared with the prior year-end. The MDAX likewise rose continuously from its year-to-date low of 30,717 points on March 5, 2021 to reach its high of 34,470 points on June 25, 2021. It closed at 34,050 points, leading to a gain of 10.6% compared with the 2020 closing price.



BRENNTAG SHARE PRICE PERFORMANCE

Brenntag shares performed very well again in the second quarter of 2021, continuing the trend seen in the first quarter. In the first half of the year, the share price rose continuously from its year-to-date low of EUR 64.26 on February 26, 2021 to reach its high of EUR 79.64 on June 25, 2021. On the last day of trading in the first half of the year, Brenntag shares closed at EUR 78.42, up 23.8% compared with the prior-year closing price. Including the dividend payment, Brenntag's share price performance of 26.0% as at June 30, 2021 was once again well above that of the benchmark indices DAX and MDAX.

	Jun. 30, 2021	Dec. 31, 2020
Number of shares	154,500,000	154,500,000
WKN	A1DAH1	A1DAH1
ISIN	DE000A1DAH10	DE000A1DAH10
Trading symbol	BNR	BNR
Market segments	Regulated Market/ Prime Standard	Regulated Market/ Prime Standard
Trading venues	Xetra and all German regional exchanges	Xetra and all German regional exchanges
Selected indices	MDAX, MSCI, STOXX Europe 600, DAX 50 ESG, DAX ESG Target Index	MDAX, MSCI, STOXX Europe 600, DAX 50 ESG

REFERENCE DATA ON THE BRENNTAG SHARES

As at June 30, 2021, the subscribed capital of Brenntag SE totalled EUR 154.5 million. The share capital is divided into 154,500,000 no-par value registered shares, each with a notional value of EUR 1.00.

Since 2010, Brenntag shares have been listed on the MDAX, the second-largest German share index. In addition to a listing on the Prime Standard and a free float of more than 10%, the criteria for index membership include free float market capitalization and turnover (liquidity).

With a market capitalization of EUR 11.95 billion as at June 30, 2021, Brenntag shares ranked 34th among all listed companies in Germany, according to the Deutsche Börse AG criteria. Brenntag shares are also listed on major international indices such as selected MSCI indices and the STOXX Europe 600, which tracks the performance of the 600 largest companies from 17 European countries. In addition, Brenntag shares are listed on various sustainability indices such as the DAX 50 ESG and the DAX ESG Target Index.

A.02 REFERENCE DATA ON THE BRENNTAG SHARES

SHAREHOLDER STRUCTURE

As at August 1, 2021, notification had been received from the following shareholders under Section 33 of the German Securities Trading Act (WpHG) that their share of the voting rights exceeded the 3% or 5% threshold:

Shareholder	Interest in %	Date of notification
BlackRock	>5	Apr. 26, 2021
Wellington Management Group	>5	Jul. 10, 2020
Burgundy Asset Management	>3	Oct. 16, 2018
Columbia Threadneedle	>3	Nov. 7, 2020
Yacktman Asset Management LP	>3	Apr. 27, 2020

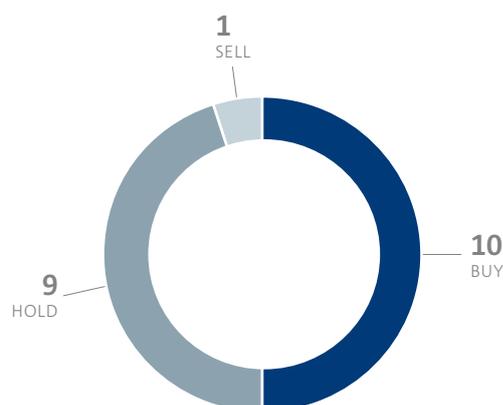
A.03 SHAREHOLDER STRUCTURE

All voting rights notifications are published on the company's website at www.brenntag.com/voting_rights_announcements.

At the time of reporting, 100% of Brenntag shares were in free float as defined by Deutsche Börse.

ANALYSTS' OPINIONS

Brenntag is continuously monitored and rated by a large number of international financial analysts. Currently (as at August 1, 2021), 20 banks regularly publish research reports on our company's latest performance, including target prices and recommendations. Ten analysts have a buy recommendation, nine have a hold recommendation and one has a sell recommendation on the Brenntag shares. Many analysts value Brenntag as a growth stock with a strong cash flow generation. Furthermore, they see additional potential as a result of the measures initiated by the Brenntag Board of Management as part of the transformation programme "Project Brenntag". At the beginning of August 2021, the average price target was EUR 82.67.



A.04 ANALYSTS' OPINIONS

- ABN Amro
- Baader Bank
- Bank of America
- Berenberg
- Exane BNP Paribas
- Citibank
- Credit Suisse
- Deutsche Bank
- DZ Bank
- Goldman Sachs
- HSBC
- Independent Research
- Jefferies
- JP Morgan
- Kepler Cheuvreux
- Metzler
- Nord LB
- Stifel
- UBS
- Warburg

A.05 ANALYSTS COVERING BRENNTAG SE

Up-to-date information can be found in the Investor Relations section of our website at www.brenntag.com/analysts_opinions.

CREDITOR RELATIONS

Brenntag's strong credit profile is reflected in investment grade ratings from international rating agencies Standard & Poor's and Moody's. Standard & Poor's assigns a "BBB" rating (outlook: stable). In March 2021, Moody's raised Brenntag SE's rating to "Baa2" (outlook: stable). Previously, Moody's had assigned Brenntag a "Baa3" rating (outlook: positive).

		Bond (with Warrants) 2022		Bond 2025
Issuer		Brenntag Finance B.V.		Brenntag Finance B.V.
Listing		Frankfurt Open Market (Freiverkehr)		Luxembourg Stock Exchange
ISIN		DE000A1Z3XQ6		XS1689523840
Aggregate principal amount	USD m	500	EUR m	600
Denomination	USD	250,000	EUR	1,000
Minimum transferrable amount	USD	250,000	EUR	100,000
Coupon	%	1.875	%	1.125
Interest payment	semi-annual	Jun. 2/Dec. 2	annual	Sep. 27
Maturity		Dec. 2, 2022		Sep. 27, 2025

A.06 KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

	Jun. 30, 2021	Dec. 31, 2020
No. of shares	154,500,000	154,500,000
Earnings per share (in EUR) ¹⁾	1.50	3.02
Book value per share (in EUR) ²⁾	23.7	23.0
XETRA closing price (in EUR)	78.42	63.34
XETRA high (in EUR)	79.64	64.96
XETRA low (in EUR)	64.26	29.68
XETRA average price (in EUR)	71.66	49.92
Average daily trading volumes XETRA and Frankfurt		
Shares k	306	408
EUR k	21,924	19,613
Market capitalization (in EUR m) ³⁾	12,116	9,786

A.07 KEY DATA ON THE BRENNTAG SHARES

¹⁾ Profit attributable to shareholders of Brenntag SE/number of shares.

²⁾ Equity attributable to shareholders of Brenntag SE/number of shares.

³⁾ Market capitalization at the end of the reporting period.

SERVICE FOR SHAREHOLDERS

You can find comprehensive information on Brenntag SE and the Brenntag shares on the Investor Relations website. In addition to financial reports and presentations, it also contains all the key dates on the financial calendar. The conference calls on the publication of the quarterly and annual results are recorded and offered in audio format. Shareholders and interested parties can register by e-mail to be placed on the investor mailing list. The Investor Relations team would also be happy to help you in person.

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GROUP INTERIM MANAGEMENT REPORT

FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2021

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GROUP OVERVIEW

Business Activities and Group Structure

BUSINESS ACTIVITIES

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

Connecting chemical manufacturers (our suppliers) and chemical users (our customers), Brenntag provides complete distribution solutions rather than just chemical products. Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers, enabling the company to achieve economies of scale and offer a full-line range of products and value-added services to around 185,000 customers. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals and ingredients at the one end and chemical and ingredients users at the other end of the value chain. Brenntag's role is also expressed in our brand identity "ConnectingChemistry". Brenntag stores the products it purchases in its distribution facilities, packs them into quantities the customers require and delivers them, typically in less-than-truckloads.

To enable it to best respond to its customers' and suppliers' diverse and changing requirements, the company has since January 1, 2021 been managed through two global divisions: Brenntag Essentials and Brenntag Specialties. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. 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. Overall, Brenntag offers a broad product range comprising more than 10,000 chemicals and ingredients as well as extensive value-added services such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals.

Brenntag is the global market leader in chemical and ingredients distribution. We define market leadership not just by business volume; rather, we combine our philosophy "ConnectingChemistry" with constant improvements in the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the value chain as a whole and to contribute to greater sustainability.

GROUP STRUCTURE AND SEGMENTS

At the ordinary General Shareholders' Meeting on June 10, 2020, shareholders resolved to change Brenntag AG's legal form to a European company (Societas Europaea, SE). The change became effective upon its entry in the Commercial Register on February 1, 2021. As the ultimate parent company, Brenntag SE is responsible for the strategy of the Group. The central functions of Brenntag SE are:

- Corporate Controlling, Corporate Finance, Corporate Accounting and Corporate Tax
- Corporate IT
- Corporate Investor Relations, Corporate Communications, Global Marketing, Corporate Relations & Government Affairs
- Corporate QSHE (Quality, Safety, Health and Environment)
- Corporate Mergers & Acquisitions, Corporate Planning & Strategy, Corporate Sustainability, Corporate Insurance Management
- Corporate Legal, Corporate Internal Audit and Compliance
- Global Human Resources
- Shared Services, Indirect Procurement, Project Brenntag, Functional Excellence, Digitalization

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties. Brenntag Essentials is managed through the geographical segments EMEA, North America, Latin America and APAC. Brenntag Specialties comprises the EMEA, Americas and APAC segments. To support the two divisions, harmonize internal processes and intensify global collaboration within the Group, "Project Brenntag" also envisages the introduction of Brenntag Business Services. These have been allocated to

“All other Segments”. In addition, “All other Segments” combine the central functions for the entire Group and the activities with regard to the digitalization of 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.

For details of the scope of consolidation, please refer to the notes to the consolidated financial statements for the period ended June 30, 2021.

Objectives and Strategy

ConnectingChemistry

Our philosophy “ConnectingChemistry” describes our company’s value creation, purpose and commitment to all our partners within the supply chain:

▪ Success

We support our partners in developing and growing their businesses, and enable them to expand their market reach. Equally, we are committed to creating value for our shareholders and developing our employees throughout all stages of their careers and making a positive contribution to the sustainable development of the countries in which we operate.

▪ Expertise

We provide our partners with in-depth product, application and industry expertise, and sophisticated market intelligence. We set ourselves apart, drawing on our extensive product and service portfolio as well as our comprehensive industry coverage on a global level and our ability to develop tailor-made solutions.

▪ Customer orientation and service excellence

We offer powerful channels to market and provide the best customer service in the industry. Only when our partners are fully satisfied do we consider our service to be delivered.

VISION, OBJECTIVES AND STRATEGY

Our vision illustrates how we aim to position ourselves in the markets and industries we serve and is summarized by the following five commitments to our current and future development:

- We aim to be the safest chemical distributor and strive for zero accidents and incidents.
- Throughout the world, we connect chemistry by providing the most effective industry channel for our customers and suppliers.
- We are the global leader and strive to attain leading positions in all our chosen markets and industries. We aim to offer the most professional sales and marketing organization in the industry and ensure consistently high standards every day, everywhere.
- We strive to provide a working environment where the best people want to work.
- We aim to generate high returns for our shareholders and sustainable value for all stakeholders.

Our goal is to further expand our position as global market leader in an agilely changing global market environment and lead our industry as the preferred partner for customers and suppliers.

We strive to extend our market leadership through sustainable organic growth and by continuously and systematically increasing profitability.

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus here is on expanding our presence in emerging markets in Asia Pacific in particular so as to capture the expected strong growth in demand for chemicals and ingredients in these regions. In the established markets of Western Europe and North America, our acquisition strategy focuses on steadily optimizing our product and service portfolio.

SUSTAINABILITY

Our sustainability management focuses on the aspects derived from our daily operations and service portfolio:

- Safety
- Environmental protection
- Responsibility within the supply chain
- Compliance
- Employees
- Social responsibility

We are committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of “Together for Sustainability”, an industry initiative that aims to enhance sustainability across the chemical industry’s entire supply chain. Detailed information on our sustainability management is provided in our latest sustainability report and in the “Health, Safety and Environmental Protection, Quality Management” chapter of the 2020 Financial Report.

Transformation Programme “Project Brenntag”

We launched “Project Brenntag” with a view to laying strong foundations for future organic earnings growth. Through this broad transformation programme, we aim to adopt a more focused approach to our market activities, build stronger partnerships with our customers and suppliers, and reduce complexity. The core elements are the new operating model comprising two global divisions with a strong focus on customer and supplier requirements, a distinct go-to-market approach, (infra-)structural modifications as well as human resources and change management measures.

Building on our strengths as the leading full-line distributor, we have since the beginning of 2021 been managing Brenntag through two global divisions: Brenntag Essentials and Brenntag Specialties. With this new operating model, we are setting the course for Brenntag’s successful future development by sharpening our profile in relevant industry segments and better serving our customers’ and suppliers’ requirements.

As an agile, lean and efficient distribution partner at local level, Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. In this division, we benefit in particular from our local market knowledge and our reach. This allows us to make specific use of our economies of scale. Brenntag Specialties is geared to expanding our market position as the leading supplier of specialty chemicals in six selected focus industries worldwide: Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. These focus industries are large and globally relevant and offer significant potential for end-to-end solutions. They are subject to strict regulatory requirements and demand technical and application-related expertise.

Through the new operational set-up, we aim to serve our business partners faster, better and more comprehensively by concentrating even more closely on their changed requirements. Both divisions will work equally towards strengthening and expanding our position as global market leader in the distribution of specialty chemicals and as a full-line distributor.

Our new operating model is complemented by a distinct go-to-market approach with globally harmonized and advanced customer segmentation and a focused sales organization geared to customer requirements. In order to enable us to operate and manage even faster and more efficiently worldwide, we have also combined all business support functions in central, global units.

We see further potential in optimizing our global site network and improving capacity utilization. While maintaining our global reach as well as a high level of service quality and reliability, we will consolidate our site network, strengthen regional hubs, establish new sites and thus provide better, simpler and more efficient customer support. This network optimization also envisages the closure of approximately 100 sites worldwide over the coming years. Our optimized site network will allow us to improve our efficiency, leverage economies of scale across business areas and products, and increase proximity to our business partners. By reducing both the distance to the customer and transport requirements, we will also lower CO₂ emissions and improve our environmental footprint.

Our people measures are centred around extensive employee skills enhancement and personal growth in alignment with the company's transformation and on targeted succession planning. Through "Project Brenntag", we are promoting global collaboration, establishing a new management culture and enabling our employees to take on new roles. We will best position the Brenntag brand in the employment market so as to recruit and retain highly qualified employees.

The comprehensive transformation programme is expected to deliver a sustainable additional contribution to operating EBITDA, reaching the full annual potential of EUR 220 million in total in 2023. Including the measures already implemented, the total net cash outflow associated with "Project Brenntag" is expected to amount to around EUR 370 million. The programme's implementation will lead to a reduction of about 1,300 jobs in total worldwide.

Overall on "Project Brenntag", we have so far closed 58 sites, cut more than 480 jobs and in the first half of 2021 generated operating EBITDA of just over EUR 40 million.

REPORT ON ECONOMIC POSITION

Economic Environment

During the second quarter of 2021, an ever-increasing vaccination rate led to further easing of the restrictions triggered by the pandemic. Overall, companies were able to conduct their business activities at scale again. At the same time, economic activity was boosted by ongoing government stimulus. As a result, the global economy made a continuous recovery from the negative impact of the COVID-19 pandemic and gradually approached its pre-pandemic level. Overall, global industrial production rose by around 16.6% year on year in the first two months of the second quarter of 2021. The improved situation for the manufacturing sector at the end of the second quarter of 2021 also impacted on the Global Manufacturing Purchasing Managers' Index (PMI), which stood at 55.5 in June, a reading well above the 50 neutral mark.

In Europe, industrial production grew at a significant rate of around 29% year on year in the first two months of the second quarter of 2021. In North and Latin America too, the economy recovered from the negative impact of the pandemic in the second quarter of 2021. In the USA, industrial production rose by more than 14% compared with the second quarter of the previous year. Latin American industrial production showed clear growth of around 28% year on year in the first two months of the second quarter of 2021. The Asian economies (excluding China) likewise achieved extremely positive production growth of around 41% compared with the prior-year figure in the first two months of the second quarter of 2021. Chinese industrial production also performed well, with economic growth reaching 9.3% year on year in the first two months of the second quarter of 2021.

Business Performance

MAJOR EVENTS IMPACTING ON BUSINESS IN Q2 2021

At the end of June 2021, Brenntag acquired the remaining 49% of the shares in Chinese specialty chemical distributor Wellstar Group. Wellstar Group is headquartered in Hong Kong and has three subsidiaries in mainland China, based in Shenzhen, Guangzhou and Shanghai. Brenntag acquired the first tranche comprising 51% of the shares in Wellstar Group in August 2017. Following the closure of the second tranche, Wellstar Group is now wholly owned by the Brenntag Group.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

The Brenntag Group achieved operating EBITDA of EUR 355.1 million in the second quarter of 2021, an increase of 28.6% compared with the prior-year period. On a constant currency basis, this represents earnings growth of 34.3%.

In recent months, many parts of the world have been successful in tackling the COVID-19 pandemic, primarily as a result of rising vaccination rates. Despite these positive developments, maintaining global trade and distribution channels remains a major challenge. In this environment, we were once again able to maintain our operating activities mostly without interruption, supply our customers with the required products and offer our employees a safe working environment in the second quarter of 2021. This is reflected in the excellent financial results for the past quarter, which show that, especially in times of major uncertainty, Brenntag as market leader plays an important role in global distribution markets and enjoys a high level of trust. In particular, Brenntag's broad product portfolio and our close relationship with our suppliers paid off against the background of the COVID-19 pandemic.

As in the first quarter of 2021, our Brenntag Essentials division was able to increase earnings significantly year on year in the second quarter of 2021. All segments contributed to this positive performance, with the Brenntag Essentials EMEA and Brenntag Essentials North America segments in particular making significant absolute contributions to the division's growth. In the division, we achieved increases in both volumes and profit per unit.

Our Brenntag Specialties division grew at a particularly strong rate in the second quarter of 2021. All division segments posted significant earnings growth compared with the prior-year period. We achieved a significant increase in volumes compared with the prior-year period. In addition, we once again generated significantly higher profit per unit.

We made further substantial progress in implementing "Project Brenntag" in the second quarter of 2021. We are optimizing our global site network and have already closed 58 sites in total since the implementation phase began. Furthermore, we have cut around 480 jobs so far.

Due to price rises in our procurement markets, the Group recorded an increase in working capital in the second quarter of 2021. Thanks to our good working capital management, we were able to increase annualized working capital turnover compared with the prior-year period and thus demonstrate the quality of our working capital management.

Capital expenditure in the second quarter of 2021 was down significantly on the prior-year figure. In particular, the further preparations being made for major projects, some of which relate to our IT infrastructure, mean that implementation will take place at a later date.

Due to the increase in working capital, the free cash flow achieved in the second quarter of 2021 is down significantly on the higher-than-average figure in the prior-year period. Nevertheless, the performance at the level of operating EBITDA, working capital and capital expenditure continues to result in a strong free cash flow that supports our financial flexibility.

Due to our lasting relationships with our suppliers and customers, our broad range of products and services and the adaptability of our organization, we are very well positioned for current and future success. We expect the currently exceptional market environment to normalize in the second half of 2021.

We were able to demonstrate our capabilities again in the past quarter. We are very satisfied with the results achieved. Overall, we closed the second quarter of 2021 with an excellent operating result.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

in EUR m	Q2 2021	Q2 2020	Change	
			in %	in % (fx adj.) ¹⁾
Sales	3,470.1	2,821.9	23.0	27.7
Operating gross profit	838.7	720.6	16.4	21.1
Operating expenses	-483.6	-444.4	8.8	12.9
Operating EBITDA	355.1	276.2	28.6	34.3
Depreciation of property, plant and equipment and right-of-use assets	-65.5	-63.7	2.8	6.7
Operating EBITA	289.6	212.5	36.3	42.7
Net expense from special items	-17.9	-11.9	-	-
EBITA	271.7	200.6	35.4	-
Amortization of intangible assets	-64.6	-11.3	471.7	-
Net finance costs	-14.3	-22.3	-35.9	-
Profit before tax	192.8	167.0	15.4	-
Income tax expense	-55.6	-44.0	26.4	-
Profit after tax	137.2	123.0	11.5	-

in EUR m	H1 2021	H1 2020	Change	
			in %	in % (fx adj.) ¹⁾
Sales	6,602.6	6,033.5	9.4	14.5
Operating gross profit	1,603.2	1,471.3	9.0	14.1
Operating expenses	-947.8	-932.1	1.7	6.3
Operating EBITDA	655.4	539.2	21.6	27.7
Depreciation of property, plant and equipment and right-of-use assets	-126.8	-128.1	-1.0	3.3
Operating EBITA	528.6	411.1	28.6	35.3
Net expense from special items	-88.7	-18.8	-	-
EBITA	439.9	392.3	12.1	-
Amortization of intangible assets	-75.9	-22.8	232.9	-
Net finance costs	-31.9	-46.3	-31.1	-
Profit before tax	332.1	323.2	2.8	-
Income tax expense	-94.7	-85.2	11.2	-
Profit after tax	237.4	238.0	-0.3	-

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 3,470.1 million in the second quarter of 2021, an increase of 23.0% compared with the prior-year period. On a constant currency basis, on the other hand, sales were up by 27.7% on the prior-year figure. The rise is due to both higher volumes and higher sales prices per unit. Sales for the first half of 2021 were up by 9.4% on the prior-year figure. On a constant currency basis, they rose by 14.5%.

Whereas for manufacturing companies, sales play a key role, for us as a chemical distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term.

The Brenntag Group generated **operating gross profit** of EUR 838.7 million in the second quarter of 2021, an increase of 16.4% compared with the prior-year period. On a constant currency basis, this represents a significant rise of 21.1%. Both divisions contributed to this positive performance at operating gross profit level. The increase in operating gross profit is due mainly to organic growth in our business. Operating gross profit for the first half of 2021 was up by 9.0%, or 14.1% on a constant currency basis.

The Brenntag Group's **operating expenses** amounted to EUR 483.6 million in the second quarter of 2021, a rise of 8.8% year on year. On a constant currency basis, operating expenses were up by 12.9% on the prior-year figure. The rise in costs is due in part to higher personnel and transport expenses. In the first half of 2021, the Brenntag Group's operating expenses showed a slight rise of 1.7% year on year. On a constant currency basis, operating expenses were up by 6.3% on the prior-year figure.

The Brenntag Group achieved **operating EBITDA** of EUR 355.1 million overall in the second quarter of 2021, an increase of 28.6% on the prior-year figure. On a constant currency basis, we achieved extremely encouraging earnings growth of 34.3%. The rise in operating EBITDA was almost entirely organic. The Brenntag Group's growth is due to strong increases in earnings in both of the divisions. Both Brenntag Essentials and Brenntag Specialties benefited from the continuing recovery in the markets against the background of the easing of restrictions as the COVID-19 situation improved in many industrialized countries. In a market environment that remained difficult, 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 2021, the Brenntag Group generated operating EBITDA of EUR 655.4 million, an increase of 21.6%. On a constant currency basis, this represents growth of 27.7% compared with the first half of 2020.

Depreciation of property, plant and equipment, depreciation of right-of-use assets and **amortization** of intangible assets amounted to EUR 130.1 million in the second quarter of 2021, with depreciation of property, plant and equipment and right-of-use assets accounting for EUR 65.5 million and amortization of intangible assets for EUR 64.6 million. The increase in amortization of intangible assets is mainly the result of an impairment loss of around EUR 52 million due to changes to our IT portfolio. Compared with the second quarter of 2020, we recorded an increase in total depreciation and amortization of EUR 55.1 million. In the first half of 2021, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets came to EUR 202.7 million (H1 2020: EUR 150.9 million).

Net expense from special items breaks down as follows:

in EUR m	Q2 2021	Q2 2020
Expenses in connection with "Project Brenntag"/programmes to increase efficiency	-17.9	-11.9
Net expense from special items	-17.9	-11.9

in EUR m	H1 2021	H1 2020
Expenses in connection with "Project Brenntag"/programmes to increase efficiency	-25.6	-18.8
Expenses for alcohol tax	-63.1	-
Net expense from special items	-88.7	-18.8

B.02 NET EXPENSE FROM SPECIAL ITEMS

The expenses for alcohol tax are the result of a routine review of the tax on alcohol and energy being conducted by the German customs authorities at Brenntag GmbH. The review for 2016 was completed in early 2021. In May 2021, Brenntag GmbH subsequently received a tax decision notice in the amount of EUR 63.1 million. Although our legal opinion differs from the opinion of the authority, provisions were recognized in the balance sheet in this amount in the first quarter and the payment was made in the second quarter.

Net finance costs came to EUR 14.3 million in the second quarter of 2021 (Q2 2020: EUR 22.3 million), with the year-on-year change attributable mainly to three effects. Firstly, net interest expense of EUR 13.1 million showed an improvement on the prior-year period (Q2 2020: EUR 17.4 million). As in previous quarters, this is due, firstly, to the change in general interest rate levels as a result of the measures taken by central banks in connection with the COVID-19 pandemic. Net finance costs were also positively impacted by a decline in Group debt compared with the prior-year period and the lower expenses arising on the translation of foreign currency receivables and liabilities. In the first half of 2021, net finance costs amounted to EUR 31.9 million (H1 2020: EUR 46.3 million), with the year-on-year change attributable mainly to three effects. Firstly, for the aforementioned reasons, net interest expense of EUR 26.1 million showed an improvement on the prior-year period (H1 2020: EUR 37.5 million). In addition, expenses recognized on the translation of foreign currency receivables and liabilities were much lower than in the prior-year period. Conversely, other net finance costs included one-time effects in connection with acquisitions, which had an opposite effect.

Income tax expense rose by EUR 11.6 million year on year to EUR 55.6 million in the second quarter of 2021. Income tax expense for the first half of 2021 increased by EUR 9.5 million compared with the prior-year period to EUR 94.7 million.

Profit after tax stood at EUR 137.2 million in the second quarter of 2021 (Q2 2020: EUR 123.0 million) and EUR 237.4 million in the first half of 2021 (H1 2020: EUR 238.0 million).

BUSINESS PERFORMANCE IN THE DIVISIONS

in EUR m	Operating gross profit			Operating EBITDA		
	Q2 2021	Change versus Q2 2020		Q2 2021	Change versus Q2 2020	
		in %	in % (fx adj.)		in %	in % (fx adj.)
Brenntag Essentials	523.1	11.7	16.3	230.1	24.0	29.1
Brenntag Specialties	308.9	25.0	30.1	144.5	42.2	48.7
All other Segments	6.7	26.4	26.4	-19.5	77.3	77.3
Brenntag Group	838.7	16.4	21.1	355.1	28.6	34.3

in EUR m	Operating gross profit			Operating EBITDA		
	H1 2021	Change versus H1 2020		H1 2021	Change versus H1 2020	
		in %	in % (fx adj.)		in %	in % (fx adj.)
Brenntag Essentials	995.6	6.6	11.7	424.2	23.3	29.2
Brenntag Specialties	593.2	12.6	18.0	264.3	21.6	27.7
All other Segments	14.4	35.8	35.8	-33.1	50.5	50.5
Brenntag Group	1,603.2	9.0	14.1	655.4	21.6	27.7

B.03 BUSINESS PERFORMANCE IN THE DIVISIONS

Operating gross profit in the **Brenntag Essentials division** rose by 11.7% year on year to EUR 523.1 million in the second quarter of 2021. On a constant currency basis, operating gross profit was up by 16.3% on the prior-year figure. This performance is due to higher volumes across all Essentials segments and was also supported by higher operating gross profit per unit in almost all segments of the Brenntag Essentials division. The reopenings following the most recent COVID-19 lockdowns had a positive impact on the overall situation in global markets. For the first half of 2021, we posted a 6.6% increase in operating gross profit compared with the same period of 2020. On a constant currency basis, operating gross profit rose by 11.7%.

The Brenntag Essentials division achieved operating EBITDA of EUR 230.1 million in the second quarter of 2021, a rise of 24.0% compared with the prior-year period. On a constant currency basis, this represents significant growth of 29.1%. Operating EBITDA therefore increased at an even faster rate than operating gross profit. In all segments, this positive operating EBITDA performance is due almost entirely to organic growth. In the first half of 2021, operating EBITDA in the Brenntag Essentials division rose by 23.3% overall, or by 29.2% on a constant currency basis.

Operating gross profit in the **Brenntag Specialties division** was up by 25.0% on the prior-year figure to EUR 308.9 million in the second quarter of 2021. On a constant currency basis, it showed a rise of 30.1%. We benefited primarily from significantly higher operating gross profit per unit in the EMEA and Americas segments as well as appreciably higher operating gross profit per unit in Asia Pacific. Furthermore, the division achieved appreciably higher volumes overall. As in the Essentials business, the reopenings following the most recent COVID-19 lockdowns had a thoroughly positive impact on the current situation in the Specialties division. In the first half of 2021, operating gross profit in the Brenntag Specialties division rose by 12.6%. On a constant currency basis, this represents a significant rise of 18.0%.

Overall, the Brenntag Specialties division posted operating EBITDA of EUR 144.5 million in the second quarter of 2021, an increase of 42.2% on the prior-year figure. On a constant currency basis, operating EBITDA rose by 48.7%. This very encouraging result is due to a broad-based positive performance across all segments and was driven almost entirely by organic growth. In all Specialties segments, operating EBITDA increased at a faster rate than operating gross profit. In the

first half of 2021, operating EBITDA in the Brenntag Specialties division rose by 21.6% overall, or by 27.7% on a constant currency basis.

In **All other Segments** in the second quarter of 2021, we recorded a rise in costs that was exceptionally high compared with the prior-year period. This is due in part to higher provisions for performance-related remuneration components, higher advisory expenses and expenses in connection with our digitalization strategy.

Brenntag Essentials

in EUR m	Operating gross profit			Operating EBITDA ¹⁾		
	Q2 2021	Change versus Q2 2020		Q2 2021	Change versus Q2 2020	
		in%	in% (fx adj.)		in%	in% (fx adj.)
Essentials EMEA	206.5	4.7	4.1	92.5	14.5	14.1
Essentials North America	252.2	17.7	27.4	114.2	34.8	46.3
Essentials Latin America	35.4	7.6	16.1	12.0	1.7	10.1
Essentials APAC	29.0	21.8	25.0	13.3	56.5	60.2
Brenntag Essentials	523.1	11.7	16.3	230.1	24.0	29.1

in EUR m	Operating gross profit			Operating EBITDA ¹⁾		
	H1 2021	Change versus H1 2020		H1 2021	Change versus H1 2020	
		in%	in% (fx adj.)		in%	in% (fx adj.)
Essentials EMEA	403.8	3.6	3.9	174.6	18.9	19.2
Essentials North America	463.1	7.3	16.4	198.2	23.2	33.7
Essentials Latin America	72.5	6.9	19.4	27.4	22.9	35.6
Essentials APAC	56.2	24.3	28.6	25.6	80.3	85.5
Brenntag Essentials	995.6	6.6	11.7	424.2	23.3	29.2

B.04 BUSINESS PERFORMANCE IN THE BRENNTAG ESSENTIALS SEGMENTS

¹⁾ The difference between the sum total of the reportable segments (EMEA, North America, Latin America and APAC) and the Brenntag Essentials division is the result of central activities which are part of the Brenntag Essentials division but not directly attributable to any one segment.

The **Brenntag Essentials EMEA segment** achieved operating gross profit of EUR 206.5 million in the second quarter of 2021, an increase of 4.7% on the prior-year figure. On a constant currency basis, operating gross profit climbed by 4.1%. In the second quarter of 2021, the segment once again generated

high operating gross profit per unit that was only slightly lower than in the prior-year period. It also achieved much higher volumes compared with the second quarter of the previous year. Overall in the first half of 2021, the segment increased operating gross profit by 3.6%, or 3.9% on a constant currency basis.

Brenntag Essentials EMEA generated operating EBITDA of EUR 92.5 million in the second quarter of 2021, thereby exceeding earnings in the prior-year period by 14.5%. This represents a rise of 14.1% on a constant currency basis and is due predominantly to the increase in operating gross profit and decreases in some costs, which the segment translated into significant EBITDA growth. In the first half of 2021, operating EBITDA in the Brenntag Essentials EMEA segment rose by 18.9% (19.2% on a constant currency basis).

Operating gross profit in the **Brenntag Essentials North America segment** rose by 17.7% year on year to EUR 252.2 million in the second quarter of 2021. The segment generates earnings mainly in US dollars, which are translated into the Group currency, the euro, for reporting purposes. The weakness of the US dollar has a negative impact on the growth rates reported. Adjusted for these exchange rate effects, operating gross profit showed significant growth of 27.4% compared with the second quarter of the previous year. The general rise in demand was reflected in higher volumes and supported by very good price management in the second quarter of 2021. Operating gross profit per unit increased significantly. In the first half of the year, operating gross profit rose by 7.3%, or 16.4% on a constant currency basis.

The North America segment in the Brenntag Essentials division achieved operating EBITDA of EUR 114.2 million in the second quarter of 2021, thereby exceeding earnings in the prior-year period by 34.8% against the background of a broad-based economic recovery in North America, partly in our business with customers in the oil and gas sector. On a constant currency basis, this represents a significant increase in operating EBITDA of 46.3% in the second quarter of 2021. Overall in the first half of 2021, operating EBITDA rose by 23.2%. On a constant currency basis, it grew by 33.7%.

The **Brenntag Essentials Latin America segment** achieved operating gross profit of EUR 35.4 million in the second quarter of 2021, thereby exceeding the prior-year figure by 7.6%. On a constant currency basis, operating gross profit was up by 16.1%. This encouraging rise is due to significantly higher operating gross profit per unit. In the first half of 2021, operating gross profit in the Brenntag Essentials Latin America segment rose by 6.9%. On a constant currency basis, this represents a significant increase of 19.4%.

The Brenntag Essentials Latin America segment generated operating EBITDA of EUR 12.0 million in the second quarter of 2021, an increase of 1.7% on earnings in the prior-year period. This represents a rise of 10.1% on a constant currency basis and is due predominantly to an exceptionally positive performance in Brazil and Mexico. In the first half of 2021, operating EBITDA in the Brenntag Essentials Latin America segment rose by 22.9% overall, or by 35.6% on a constant currency basis.

The **Brenntag Essentials APAC segment** achieved operating gross profit of EUR 29.0 million in the second quarter of 2021, a rise of 21.8% year on year. On a constant currency basis, operating gross profit was up by 25.0%, driven primarily by a strong increase in volumes and a rise in sales prices. The growth in the segment's operating gross profit was also supported by a significant increase in operating gross profit per unit. In the first half of 2021, operating gross profit grew by 24.3% year on year, or 28.6% on a constant currency basis.

The Brenntag Essentials APAC segment generated operating EBITDA of EUR 13.3 million in the second quarter of 2021, thereby exceeding earnings in the prior-year period by 56.5%. This represents a rise of 60.2% on a constant currency basis and is due predominantly to an extremely positive performance in China and Vietnam. Overall in the first half of 2021, the segment achieved strong growth in operating EBITDA of 80.3%, or 85.5% on a constant currency basis.

Brenntag Specialties

in EUR m	Operating gross profit			Operating EBITDA ¹⁾		
	Q2 2021	Change versus Q2 2020		Q2 2021	Change versus Q2 2020	
		in%	in% (fx adj.)		in%	in% (fx adj.)
Specialties EMEA	153.2	30.6	31.7	75.4	50.8	53.7
Specialties Americas	103.3	12.9	22.0	42.9	19.5	29.6
Specialties APAC	52.4	36.8	44.1	26.9	70.3	78.1
Brenntag Specialties	308.9	25.0	30.1	144.5	42.2	48.7

in EUR m	Operating gross profit			Operating EBITDA ¹⁾		
	H1 2021	Change versus H1 2020		H1 2021	Change versus H1 2020	
		in%	in% (fx adj.)		in%	in% (fx adj.)
Specialties EMEA	292.5	16.9	18.9	136.7	26.6	29.8
Specialties Americas	194.0	0.7	9.4	72.2	-1.2	7.3
Specialties APAC	106.7	27.2	34.6	55.2	51.6	60.0
Brenntag Specialties	593.2	12.6	18.0	264.3	21.6	27.7

B.05 BUSINESS PERFORMANCE IN THE BRENNTAG SPECIALTIES SEGMENTS

¹⁾ The difference between the sum total of the reportable segments (EMEA, Americas and APAC) and the Brenntag Specialties division is the result of central activities which are part of Brenntag Specialties but not directly attributable to any one segment.

The **Brenntag Specialties EMEA segment** achieved operating gross profit of EUR 153.2 million in the second quarter of 2021, an increase of 30.6% on the strong prior-year figure. On a constant currency basis, operating gross profit was up by 31.7% due in particular to a significant rise in operating gross profit per unit. Volumes also showed a significant increase. In the first half of 2021, operating gross profit rose by 16.9%, which on a constant currency basis represents growth of 18.9%.

The Brenntag Specialties EMEA segment generated operating EBITDA of EUR 75.4 million in the second quarter of 2021, thereby exceeding earnings in the prior-year period by 50.8%. This represents a significant rise of 53.7% on a constant currency basis and is due predominantly to the aforementioned positive performance at operating gross profit level as well as relatively small increases in costs. The performance was supported in part by the easing of restrictions following the most recent COVID-19 lockdowns. The financial results reflect our ability to supply our customers reliably and at short notice in a difficult market environment. In the first half of 2021, operating EBITDA rose by 26.6%, while on a constant currency basis the segment achieved a 29.8% increase.

Operating gross profit in the **Brenntag Specialties Americas segment** rose by 12.9% year on year to EUR 103.3 million in the second quarter of 2021. On a constant currency basis, this represents significant growth of 22.0% compared with the prior-year period. This performance is due to a significant rise in operating gross profit per unit. Operating gross profit for the first half of 2021 was roughly in line with the prior-year figure. On a constant currency basis, operating gross profit rose by 9.4%.

The Brenntag Specialties Americas segment achieved operating EBITDA of EUR 42.9 million in the second quarter of 2021, an increase of 19.5% on the prior-year figure. On a constant currency basis, this represents a significant rise of 29.6% in the second quarter of 2021. Overall, operating EBITDA for the first half of 2021 was down by 1.2% on the prior-year figure due to negative exchange rate effects. On a constant currency basis, on the other hand, it grew by 7.3%.

Brenntag Specialties APAC achieved operating gross profit of EUR 52.4 million in the second quarter of 2021, an increase of 36.8% on the prior-year figure. On a constant currency basis, operating gross profit was up by 44.1%. The growth was driven by significantly higher volumes and a clear rise in operating gross profit per unit. In the first half of 2021, the segment increased operating gross profit by 27.2%. On a constant currency basis, this translates into growth in operating gross profit of 34.6%.

The Brenntag Specialties APAC segment generated operating EBITDA of EUR 26.9 million in the second quarter of 2021, thereby exceeding earnings in the prior-year period by 70.3%. This represents significant growth of 78.1% on a constant currency basis and is due predominantly to an extremely positive performance in all focus industries. In the first half of 2021, operating EBITDA in the Brenntag Specialties APAC segment rose by 51.6% overall, or by 60.0% on a constant currency basis.

All other Segments

BRENTNAG International Chemicals GmbH, the only operating company within “All other Segments”, significantly exceeded prior-year operating EBITDA in the second quarter of 2021.

The operating expenses posted by the holding companies in the same period were up on the figure for the second quarter of 2020. This is due in part to higher personnel expenses in connection with higher provisions for performance-related remuneration components and advisory expenses. The expenses for our digitalization strategy are also included here and contributed to the rise.

Overall, the operating EBITDA of “All other Segments” was down by EUR 8.5 million on the prior-year figure to EUR –19.5 million in the second quarter of 2021. Earnings for the first half of 2021 declined by EUR 11.1 million to EUR –33.1 million.

Financial Position

CAPITAL STRUCTURE

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

The most important component in the financing structure of Brenntag SE is the Group-wide syndicated loan agreement. The syndicated loan totalling the equivalent of EUR 1.4 billion has a term ending in January 2024. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 557.3 million as at June 30, 2021. In addition to fully drawn tranches, the loan agreement also contains two revolving credit facilities totalling EUR 940.0 million. These credit facilities had been drawn down only to a small extent as at June 30, 2021 and are available for further drawdowns at any time. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. The syndicated loan is guaranteed by Brenntag SE.

In September 2017, Brenntag Finance B.V. issued a EUR 600.0 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually. Furthermore, in November 2015, Brenntag Finance B.V. issued 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. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag SE shares. The holders of the warrants have the right to purchase new Brenntag shares at the prevailing strike price (currently EUR 72.2474 per share). As at June 30, 2021, the Brenntag share price was higher than the strike price, meaning that the warrants had a positive intrinsic value at that date. Each of the bonds issued by Brenntag Finance B.V. is guaranteed by Brenntag SE.

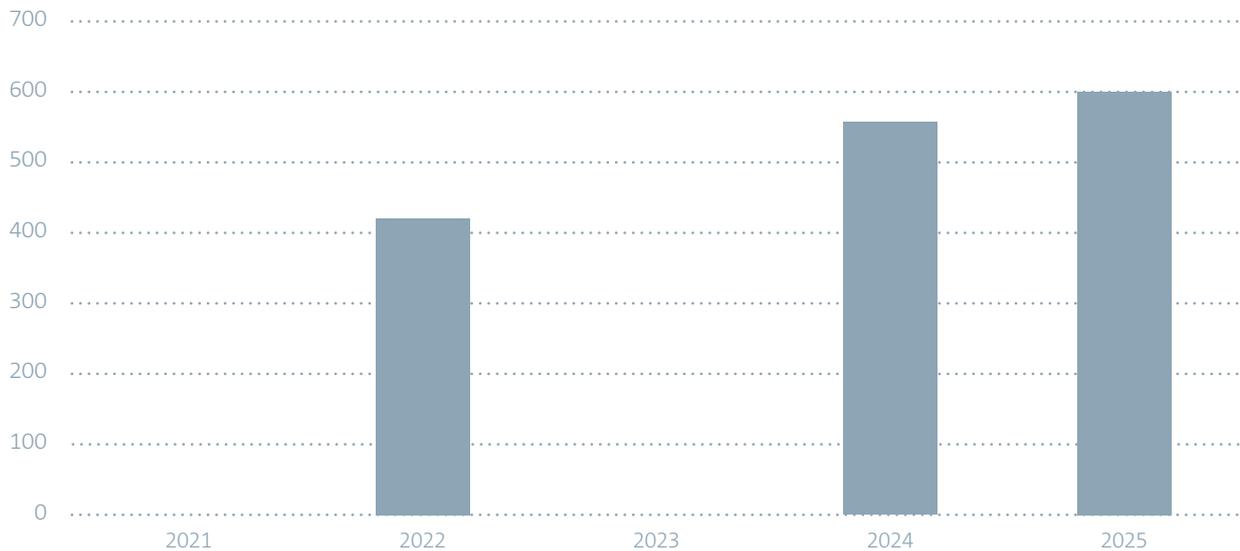
In addition to the three above-mentioned refinancing instruments, some of our companies make use of credit lines with local banks in consultation with the Group management.

Due to the two fixed-rate bonds, just under 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 the cash provided by operating activities and the aforementioned existing credit facilities. To cover short-term liquidity requirements and for general corporate purposes, we likewise have the aforementioned credit facilities under the syndicated loan.

Maturity profile of our credit portfolio¹⁾ as at June 30, 2021 in EUR m:

in EUR m



B.06 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

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

INVESTMENTS

In the first half of 2021, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 74.2 million (H1 2020: EUR 93.0 million).

We regularly invest in the maintenance, replacement and extension of the infrastructure necessary to perform our services, comprising warehouses, offices, trucks and vehicles of our field service as well as IT hardware for various systems. 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 in China entailing an investment volume of EUR 10.5 million in the first half of 2021. The project involves the construction of a site in Zhangjiagang, in Jiangsu Province. It will support further growth in China and meet the latest safety standards and requirements. The project was initiated in financial year 2017 and will be mostly completed by the end of the year.

Investments in intangible assets amounted to EUR 11.4 million in the first half of 2021 (H1 2020: EUR 27.9 million) and relate mainly to digitalization and the expansion of our IT infrastructure in EMEA and Latin America.

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

LIQUIDITY

Cash flow

in EUR m	H1 2021	H1 2020
Net cash provided by operating activities	80.0	435.1
Net cash used in investing activities	-123.3	-112.2
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	-55.6	-24.3
of which payments to acquire intangible assets and property, plant and equipment	-74.2	-93.0
of which proceeds from divestments	6.5	5.1
Net cash used in financing activities	-131.2	-266.6
of which dividends paid to Brenntag shareholders	-208.6	-193.1
of which repayments of/proceeds from borrowings	77.8	-73.5
of which other financing activities	-0.4	-
Change in cash and cash equivalents	-174.5	56.3

B.07 CASH FLOW

Net cash provided by operating activities of EUR 80.0 million was influenced by the rise in working capital of EUR 328.8 million, which was much higher than the rise of EUR 12.3 million in the first half of 2020.

Of the net cash of EUR 123.3 million used in investing activities, EUR 74.2 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units primarily included the purchase price for Miroven S.r.l., Comelt S.p.A. and Aquadepur S.R.L. based in northern Italy as well as the purchase price for ICL Packed Ltd. based in Grays, Essex, England.

Net cash used in financing activities amounted to EUR 131.2 million. Besides the dividend payment of EUR 208.6 million to Brenntag shareholders, it was mainly the result of local bank loans taken out and repaid as well as lease liabilities repaid.

Free cash flow

in EUR m	H1 2021	H1 2020	Change	
			abs.	in%
Operating EBITDA	655.4	539.2	116.2	21.6
Investments in non-current assets (capex)	-67.9	-88.6	20.7	-23.4
Change in working capital	-328.8	-12.3	-316.5	2,573.2
Principal and interest payments on lease liabilities	-61.6	-63.1	1.5	-2.4
Free cash flow	197.1	375.2	-178.1	-47.5

B.08 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 197.1 million in the first half of 2021, a decrease of 47.5% on the same period of 2020.

This is due mainly to the rise in working capital. In the first half of the previous year, the rise in working capital was lower. Thanks to our good working capital management, we were nevertheless able to increase annualized working capital turnover compared with the prior-year period. Operating EBITDA exceeded the prior-year figure by a significant margin, but failed to offset the decline in free cash flow from working capital. Capital expenditure to expand our infrastructure was lower year on year.

Financial and Assets Position

in EUR m	Jun. 30, 2021		Dec. 31, 2020	
	abs.	in%	abs.	in%
Assets				
Current assets	4,136.3	46.9	3,545.9	43.5
Cash and cash equivalents	562.8	6.4	726.3	8.9
Trade receivables	2,056.8	23.3	1,597.5	19.6
Other receivables and assets	308.9	3.5	243.2	3.0
Inventories	1,207.8	13.7	978.9	12.0
Non-current assets	4,678.0	53.1	4,597.6	56.5
Intangible assets	2,993.4	34.0	2,937.9	36.1
Other non-current assets	1,567.7	17.8	1,550.5	19.0
Receivables and other assets	116.9	1.3	109.2	1.4
Total assets	8,814.3	100.0	8,143.5	100.0
Liabilities and equity				
Current liabilities	2,666.9	30.3	2,093.8	25.7
Provisions	76.1	0.9	64.5	0.8
Trade payables	1,555.2	17.6	1,229.8	15.1
Financial liabilities	397.4	4.5	251.7	3.1
Miscellaneous liabilities	638.2	7.3	547.8	6.7
Equity and non-current liabilities	6,147.4	69.7	6,049.7	74.3
Equity	3,726.9	42.2	3,611.6	44.4
Non-current liabilities	2,420.5	27.5	2,438.1	29.9
Provisions	322.6	3.7	318.3	3.9
Financial liabilities	1,860.7	21.1	1,814.5	22.3
Miscellaneous liabilities	237.2	2.7	305.3	3.7
Total liabilities and equity	8,814.3	100.0	8,143.5	100.0

B.09 FINANCIAL AND ASSETS POSITION

As at June 30, 2021, total assets had increased by EUR 670.8 million compared with the end of the previous year to EUR 8,814.3 million (Dec. 31, 2020: EUR 8,143.5 million).

Cash and cash equivalents decreased by 22.5% compared with the 2020 year-end figure to EUR 562.8 million (Dec. 31, 2020: EUR 726.3 million). This is mainly attributable to the dividend payment by Brenntag SE in the amount of EUR 208.6 million, acquisition activity in the first half of 2021, the payment to the French Competition Authority in the amount of EUR 47.0 million and the payment to the German customs authorities in the amount of EUR 63.1 million. Set against this was the net cash inflow from operating activities.

Working capital changed as follows in the reporting period:

- Trade receivables rose by 28.8% to EUR 2,056.8 million (Dec. 31, 2020: EUR 1,597.5 million).
- Inventories rose by 23.4% to EUR 1,207.8 million (Dec. 31, 2020: EUR 978.9 million).
- With the opposite effect on working capital, trade payables rose by 26.5% to EUR 1,555.2 million (Dec. 31, 2020: EUR 1,229.8 million).
- Overall, reported working capital rose to EUR 1,709.4 million (Dec. 31, 2020: EUR 1,346.6 million).

The cash portion of the change in working capital amounted to an outflow of EUR 328.8 million. At 8.6, annualized working capital turnover was higher than at the end of 2020 (7.3).

The Brenntag Group's intangible and other non-current assets rose by EUR 72.7 million compared with the end of the previous year to EUR 4,561.1 million (Dec. 31, 2020: EUR 4,488.4 million). The rise is due mainly to exchange rate effects (EUR 98.4 million), acquisitions (EUR 65.1 million), investments in non-current assets (EUR 67.9 million) and changes in right-of-use assets (EUR 34.6 million). Set against this were depreciation and amortization (EUR 147.4 million) and an impairment loss on intangible assets (EUR 51.9 million) due to changes to our IT portfolio in the course of implementing "Project Brenntag".

Current financial liabilities increased by EUR 145.7 million to EUR 397.4 million in total (Dec. 31, 2020: EUR 251.7 million). Non-current financial liabilities rose by EUR 46.2 million compared with the end of the previous year to EUR 1,860.7 million (Dec. 31, 2020: EUR 1,814.5 million).

Current and non-current provisions amounted to a total of EUR 398.7 million (Dec. 31, 2020: EUR 382.8 million) and included pension provisions in the amount of EUR 193.4 million (Dec. 31, 2020: EUR 200.8 million).

EMPLOYEES

As at June 30, 2021, Brenntag had a total of 17,006 employees worldwide. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included. By June 30, 2021, 60 employees had joined through companies newly acquired in 2021.

Headcount	Jun. 30, 2021		Dec. 31, 2020	
	abs.	in %	abs.	in %
Brenntag Essentials	9,638	56.7	10,139	58.8
Brenntag Specialties	5,049	29.7	4,760	27.6
All other Segments	2,319	13.6	2,338	13.6
Brenntag Group	17,006	100.0	17,237	100.0

B.10 EMPLOYEES PER DIVISION

All logistics functions are part of the Brenntag Essentials division in all regions except Asia Pacific (in the Asia Pacific region, they are part of the Brenntag Specialties division). To take account of this in the segment results, the other divisions are charged at the amount of the logistics services they use. The same applies to the services provided to Essentials or Specialties by Business Services. It is also important to bear in mind that not all employees have yet been allocated to a division as part of "Project Brenntag". In such cases, employee allocation was either simplified or decided based on expectations.

REPORT ON EXPECTED DEVELOPMENTS

Despite the progress being made worldwide in tackling the pandemic, the global economic environment continues to be shaped by strained supply chains and considerable uncertainty over future developments. Against this background, all forecasts for the course of the pandemic and the global economy in 2021 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 2021. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of 7.1% in 2021. Already in the course of the pandemic, Brenntag has demonstrated the strength and robustness of its business model. This is reflected not least of all in the very good financial results for the second quarter of this year.

For 2021, we initially forecast operating EBITDA of between EUR 1,080.0 million and EUR 1,180.0 million. On June 17, 2021, the Board of Management of Brenntag SE decided to raise this forecast range to between EUR 1,160.0 million and EUR 1,260.0 million. This change is due to the strong results for the first quarter of 2021, 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 the currently exceptional market environment will normalize in the second half of 2021. 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 17, 2021.

2021 is a year of transformation for our two divisions, Brenntag Essentials and Brenntag Specialties. We expect both divisions 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. By way of exception, we expect the growth rate of Brenntag Essentials for 2021 to even exceed the high growth rate of Brenntag Specialties due to the exceptional market conditions prevailing this year.

The forecast increase in operating EBITDA is meaningfully higher than the expected growth in operating gross profit. We expect both of the divisions to contribute to the increase in the Group's operating gross profit, with the growth rate at Brenntag Specialties above the growth rate of the Brenntag Essentials division. The expenses for "Project Brenntag" are reported below operating EBITDA.

We improved our working capital turnover in the course of financial year 2020. Despite some dynamic price situations in our procurement markets, which may result in an absolute increase in working capital, we wish to continue this positive performance in the current year and expect a meaningful improvement in working capital turnover compared with the reported averages for the past financial year.

We are planning capital expenditure of around EUR 260 million in financial year 2021. 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 and establish new central hubs as growth drivers. Compared with the previous forecast of EUR 320 million, we expect significant amounts to be deferred into 2022 due to updated implementation schedules for some major projects and the currently very long delivery times on certain capital goods.

Overall, assuming that exchange rates remain stable, we anticipate that free cash flow in 2021 will be significantly lower than the very high 2020 figure, which was very much influenced by the reduction in working capital. Nevertheless, we once again expect a high free cash flow that 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.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was initially set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. Following a reassessment, however, the court decided in December 2020 to impose a fine of EUR 47 million, which was paid in April 2021. Brenntag has lodged an appeal against the decision.

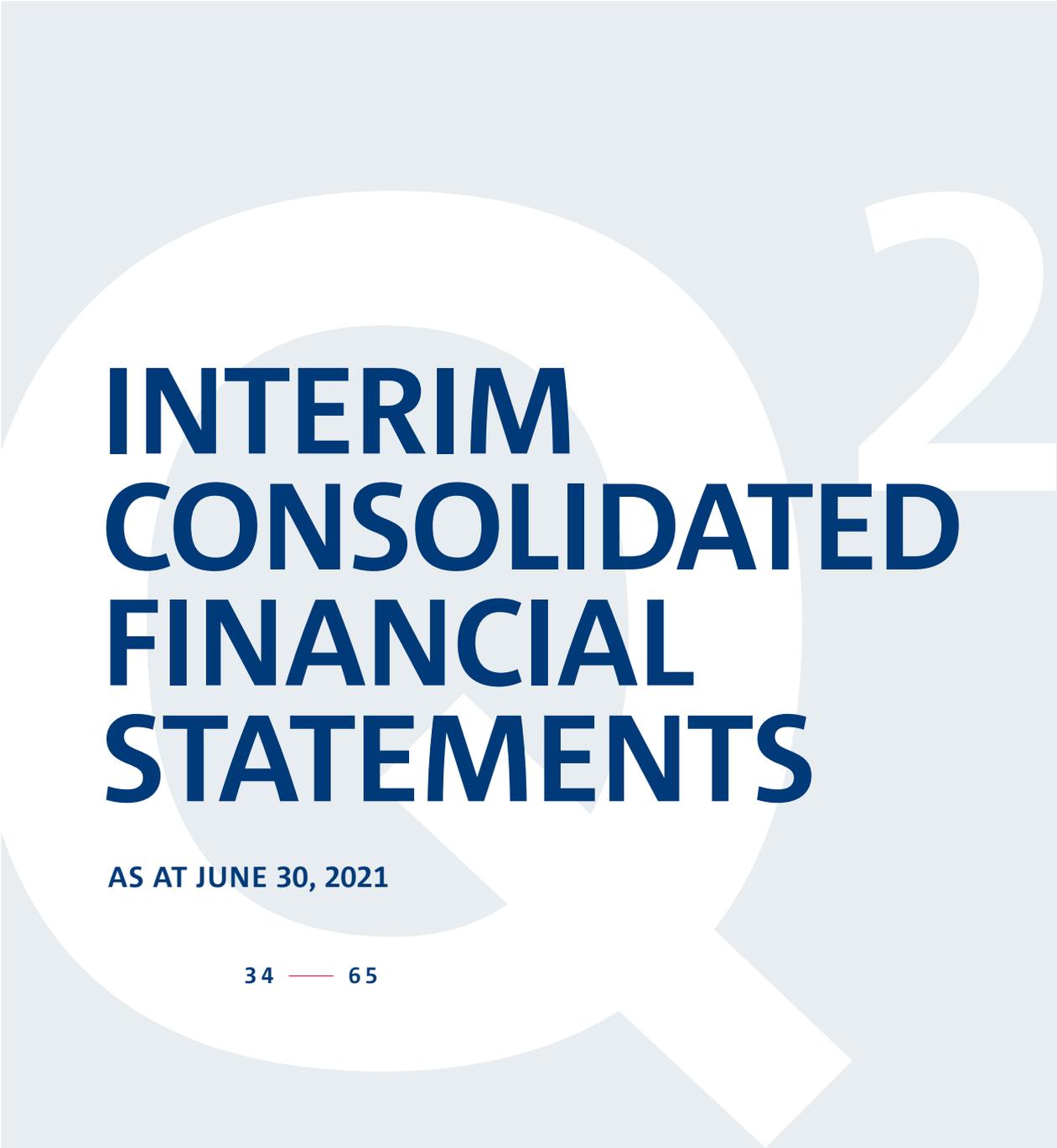
An ERISA (Employment Retirement Income Security Act) class action lawsuit was filed against Brenntag North America et al. in connection with the management of the company's 401(k) Plan. Brenntag North America Inc. believes that it has good defences against the lawsuit. Nevertheless, the parties engaged in settlement discussions and reached an agreement subject to court approval.

The German Group companies Brenntag GmbH and BCD Chemie GmbH are currently the subject of routine reviews of the tax on alcohol and energy being conducted by the German customs authorities for the years 2014 to 2018. Brenntag is cooperating with the customs authorities.

In the case of Brenntag GmbH, the review for 2016 was completed in early 2021. In May 2021, Brenntag GmbH subsequently received a tax decision notice in the amount of EUR 63.1 million. Although our legal opinion differs from the opinion of the authority, we recognized provisions in the balance sheet in this amount in the first quarter and made the payment in the second quarter. Brenntag has sought legal redress against this decision. The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. We believe that, in most cases, we will ultimately be successful in seeking legal redress. The authorities are continuing their reviews of BCD Chemie GmbH for 2014 to 2018 and of Brenntag GmbH for 2017 to 2018. Also considering the above-mentioned appeal, it is not possible at present to conclusively predict whether further tax assessments will be made.

In the first half of 2021, there were no further significant changes in the opportunities and risks for the Brenntag Group described in detail in the 2020 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, 2021

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CONSOLIDATED INCOME STATEMENT

in EUR m	Note	Jan. 1– Jun. 30, 2021	Jan. 1– Jun. 30, 2020	Apr. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2020
Sales		6,602.6	6,033.5	3,470.1	2,821.9
Cost of materials		–4,999.4	–4,562.2	–2,631.4	–2,101.3
Operating gross profit		1,603.2	1,471.3	838.7	720.6
Other operating income		15.2	20.8	9.5	11.7
Personnel expenses		–566.6	–555.1	–296.9	–273.1
Depreciation and amortization		–202.7	–150.9	–130.1	–75.0
Impairment losses on trade receivables and other receivables		–2.6	–11.8	–0.9	–8.7
Other operating expenses		–482.5	–404.8	–213.2	–186.2
Operating profit		364.0	369.5	207.1	189.3
Share of profit or loss of equity-accounted investments		0.6	0.7	0.4	0.7
Interest income		2.0	1.6	1.0	0.6
Interest expense	1.)	–28.1	–39.1	–14.1	–18.0
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	2.)	–5.0	–1.8	–2.0	–1.1
Other net finance income/costs		–1.4	–7.7	0.4	–4.5
Net finance costs		–31.9	–46.3	–14.3	–22.3
Profit before tax		332.1	323.2	192.8	167.0
Income tax expense	3.)	–94.7	–85.2	–55.6	–44.0
Profit after tax		237.4	238.0	137.2	123.0
Attributable to:					
Shareholders of Brenntag SE		231.6	237.1	134.1	123.4
Non-controlling interests		5.8	0.9	3.1	–0.4
Basic earnings per share in euro	4.)	1.50	1.54	0.87	0.80
Diluted earnings per share in euro	4.)	1.50	1.54	0.87	0.80

C.01 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	Jan. 1– Jun. 30, 2021	Jan. 1– Jun. 30, 2020	Apr. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2020
Profit after tax		237.4	238.0	137.2	123.0
Remeasurements of defined benefit pension plans	7.)	9.4	-0.3	-	-14.6
Deferred tax relating to remeasurements of defined benefit pension plans	7.)	-2.9	0.1	-	4.6
Items that will not be reclassified to profit or loss		6.5	-0.2	-	-10.0
Change in exchange rate differences on translation of consolidated companies		81.8	-90.9	-12.3	-25.8
Change in exchange rate differences on translation of equity-accounted investments		-	-	-	0.1
Change in net investment hedge reserve		-1.4	3.2	1.7	0.5
Items that may be reclassified subsequently to profit or loss		80.4	-87.7	-10.6	-25.2
Other comprehensive income, net of tax		86.9	-87.9	-10.6	-35.2
Total comprehensive income		324.3	150.1	126.6	87.8
Attributable to:					
Shareholders of Brenntag SE		317.1	151.9	124.8	88.7
Non-controlling interests		7.2	-1.8	1.8	-0.9

C.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Jun. 30, 2021	Dec. 31, 2020
Current assets			
Cash and cash equivalents		562.8	726.3
Trade receivables		2,056.8	1,597.5
Other receivables		206.3	175.2
Other financial assets		22.4	20.5
Current tax assets		80.2	47.5
Inventories		1,207.8	978.9
		4,136.3	3,545.9
Non-current assets			
Property, plant and equipment		1,134.7	1,128.6
Intangible assets		2,993.4	2,937.9
Right-of-use assets		429.3	418.7
Equity-accounted investments		3.7	3.2
Other receivables		26.1	28.9
Other financial assets		17.6	11.0
Deferred tax assets		73.2	69.3
		4,678.0	4,597.6
Total assets		8,814.3	8,143.5

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in EUR m	Note	Jun. 30, 2021	Dec. 31, 2020
Current liabilities			
Trade payables		1,555.2	1,229.8
Financial liabilities	5.)	292.8	151.9
Lease liabilities		104.6	99.8
Other liabilities		457.5	483.7
Other provisions	6.)	76.1	64.5
Liabilities relating to acquisition of non-controlling interests	8.)	95.7	16.5
Current tax liabilities		85.0	47.6
		2,666.9	2,093.8
Non-current liabilities			
Financial liabilities	5.)	1,527.9	1,487.5
Lease liabilities		332.8	327.0
Other liabilities		6.0	8.5
Other provisions	6.)	129.2	117.5
Provisions for pensions and other post-employment benefits	7.)	193.4	200.8
Liabilities relating to acquisition of non-controlling interests	8.)	38.8	111.7
Deferred tax liabilities		192.4	185.1
		2,420.5	2,438.1
Equity			
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		2,118.2	2,080.6
Accumulated other comprehensive income		-97.9	-176.8
Equity attributable to shareholders of Brenntag SE		3,666.2	3,549.7
Equity attributable to non-controlling interests	9.)	60.7	61.9
		3,726.9	3,611.6
Total liabilities and equity		8,814.3	8,143.5

C.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings
Dec. 31, 2019	154.5	1,491.4	1,809.9
Dividends	–	–	–193.1
Business combinations	–	–	–
Profit after tax	–	–	237.1
Other comprehensive income, net of tax	–	–	–0.2
Total comprehensive income for the period	–	–	236.9
Jun. 30, 2020	154.5	1,491.4	1,853.7
Dec. 31, 2020	154.5	1,491.4	2,080.6
Dividends	–	–	–208.6
Transactions with owners	–	–	8.1
Profit after tax	–	–	231.6
Other comprehensive income, net of tax	–	–	6.5
Total comprehensive income for the period	–	–	238.1
Jun. 30, 2021	154.5	1,491.4	2,118.2

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Exchange rate differences	Net investment hedge reserve	Equity attributable to shareholders of Brenntag SE	Equity attributable to non-controlling interests	Equity
60.8	-0.8	3,515.8	63.2	3,579.0
-	-	-193.1	-	-193.1
-	-	-	-2.1	-2.1
-	-	237.1	0.9	238.0
-88.2	3.2	-85.2	-2.7	-87.9
-88.2	3.2	151.9	-1.8	150.1
-27.4	2.4	3,474.6	59.3	3,533.9

C.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2020

-182.4	5.6	3,549.7	61.9	3,611.6
-	-	-208.6	-0.4	-209.0
-0.1	-	8.0	-8.0	-
-	-	231.6	5.8	237.4
80.4	-1.4	85.5	1.4	86.9
80.4	-1.4	317.1	7.2	324.3
-102.1	4.2	3,666.2	60.7	3,726.9

C.05 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / JUN. 30, 2021

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	Jan. 1– Jun. 30, 2021	Jan. 1– Jun. 30, 2020	Apr. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2020
	10.)				
Profit after tax		237.4	238.0	137.2	123.0
Depreciation and amortization		202.7	150.9	130.1	75.0
Income tax expense		94.7	85.2	55.6	44.0
Income taxes paid		-93.3	-62.2	-55.5	-27.9
Net interest expense		26.1	37.5	13.1	17.4
Interest paid (netted against interest received)		-18.6	-29.8	-12.0	-16.6
Changes in provisions		19.6	1.2	-46.6	1.0
Changes in current assets and liabilities					
Inventories		-205.9	-54.2	-119.2	-32.6
Receivables		-444.2	100.9	-128.2	321.9
Liabilities		261.8	-74.6	24.1	-296.4
Non-cash change in liabilities relating to acquisition of non-controlling interests		5.0	1.8	2.0	1.1
Other non-cash items and reclassifications		-5.3	40.4	1.8	21.0
Net cash provided by operating activities		80.0	435.1	2.4	230.9
Proceeds from the disposal of other financial assets		1.4	0.1	0.1	0.1
Proceeds from the disposal of intangible assets and property, plant and equipment		5.1	5.0	3.7	0.5
Payments to acquire consolidated subsidiaries and other business units		-55.6	-24.3	0.2	0.2
Payments to acquire intangible assets and property, plant and equipment		-74.2	-93.0	-36.2	-44.3
Net cash used in investing activities		-123.3	-112.2	-32.2	-43.5
Dividends paid to Brenntag shareholders		-208.6	-193.1	-208.6	-193.1
Dividends paid to non-controlling interests		-0.4	-	-0.4	-
Proceeds from borrowings		156.1	45.9	147.7	22.0
Repayments of borrowings		-78.3	-119.4	-31.3	-47.3
Net cash used in financing activities		-131.2	-266.6	-92.6	-218.4
Change in cash and cash equivalents		-174.5	56.3	-122.4	-31.0
Effect of exchange rate changes on cash and cash equivalents		11.0	-17.3	-5.4	-3.4
Cash and cash equivalents at beginning of period		726.3	520.3	690.6	593.7
Cash and cash equivalents at end of period		562.8	559.3	562.8	559.3

C.06 CONSOLIDATED CASH FLOW STATEMENT

CONDENSED NOTES

Key Financial Figures by Segment

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties, which are each managed through geographically structured segments. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. 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. The global Brenntag Essentials division comprises the geographical segments EMEA, North America, Latin America and APAC. The global Brenntag Specialties division comprises the geographical segments EMEA, Americas 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 (DigiB). 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 Essentials	Brenntag Specialties	All other segments	Group
External sales				
2021	3,603.6	2,730.1	268.9	6,602.6
2020	3,340.6	2,546.3	146.6	6,033.5
fx adj. change in %	12.9	12.4	83.4	14.5
Operating gross profit				
2021	995.6	593.2	14.4	1,603.2
2020	934.0	526.7	10.6	1,471.3
fx adj. change in %	11.7	18.0	35.8	14.1
Operating EBITDA (segment result)				
2021	424.2	264.3	-33.1	655.4
2020	343.9	217.3	-22.0	539.2
fx adj. change in %	29.2	27.7	50.5	27.7
Operating EBITA				
2021	315.9	249.0	-36.3	528.6
2020	234.0	201.8	-24.7	411.1
fx adj. change in %	41.7	29.4	47.0	35.3

C.07 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP H1 2021/2020

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED NOTES

Period from April 1 to June 30 in EUR m	Brenntag Essentials	Brenntag Specialties	All other segments	Group
External sales				
2021	1,899.9	1,414.4	155.8	3,470.1
2020	1,602.1	1,174.2	45.6	2,821.9
fx adj. change in %	23.2	25.3	241.7	27.7
Operating gross profit				
2021	523.1	308.9	6.7	838.7
2020	468.2	247.1	5.3	720.6
fx adj. change in %	16.3	30.1	26.4	21.1
Operating EBITDA (segment result)				
2021	230.1	144.5	-19.5	355.1
2020	185.6	101.6	-11.0	276.2
fx adj. change in %	29.1	48.7	77.3	34.3
Operating EBITA				
2021	173.9	136.8	-21.1	289.6
2020	130.8	94.1	-12.4	212.5
fx adj. change in %	38.8	51.9	71.5	42.7

C.08 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP Q2 2021/2020

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 ⁴⁾	Brenntag Essentials
External sales						
2021	1,532.5	1,440.6	287.5	343.0	–	3,603.6
2020	1,411.2	1,400.9	273.4	255.1	–	3,340.6
fx adj. change in %	9.1	11.4	17.0	38.5	–	12.9
Operating gross profit						
2021	403.8	463.1	72.5	56.2	–	995.6
2020	389.6	431.4	67.8	45.2	–	934.0
fx adj. change in %	3.9	16.4	19.4	28.6	–	11.7
Operating EBITDA (segment result)³⁾						
2021	174.6	198.2	27.4	25.6	–1.6	424.2
2020	146.9	160.9	22.3	14.2	–0.4	343.9
fx adj. change in %	19.2	33.7	35.6	85.5	–	29.2

C.09 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION H1 2021/2020

¹⁾ Europe, Middle East & Africa.

²⁾ Asia Pacific including the China and Hong Kong segment, which is presented separately internally.

³⁾ Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report).

⁴⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED NOTES

Period from April 1 to June 30 in EUR m	EMEA ¹⁾	North America	Latin America	APAC ²⁾	Central activities ⁴⁾	Brenntag Essentials
External sales						
2021	803.3	766.2	142.9	187.5	–	1,899.9
2020	669.9	667.0	127.4	137.8	–	1,602.1
fx adj. change in %	19.5	24.2	20.4	39.3	–	23.2
Operating gross profit						
2021	206.5	252.2	35.4	29.0	–	523.1
2020	197.3	214.2	32.9	23.8	–	468.2
fx adj. change in %	4.1	27.4	16.1	25.0	–	16.3
Operating EBITDA (segment result)³⁾						
2021	92.5	114.2	12.0	13.3	–1.9	230.1
2020	80.8	84.7	11.8	8.5	–0.2	185.6
fx adj. change in %	14.1	46.3	10.1	60.2	–	29.1

C.10 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION Q2 2021/2020

¹⁾ Europe, Middle East & Africa.

²⁾ Asia Pacific including the China and Hong Kong segment, which is presented separately internally.

³⁾ Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report).

⁴⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.

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	APAC	Central activities ³⁾	Brenntag Specialties
External sales					
2021	1,345.5	908.6	476.0	–	2,730.1
2020	1,191.0	921.4	433.9	–	2,546.3
fx adj. change in %	15.2	7.0	15.6	–	12.4
Operating gross profit					
2021	292.5	194.0	106.7	–	593.2
2020	250.2	192.6	83.9	–	526.7
fx adj. change in %	18.9	9.4	34.6	–	18.0
Operating EBITDA (segment result)²⁾					
2021	136.7	72.2	55.2	0.2	264.3
2020	108.0	73.1	36.4	–0.2	217.3
fx adj. change in %	29.8	7.3	60.0	–	27.7

C.11 SEGMENT REPORTING ON THE GLOBAL SPECIALTIES DIVISION H1 2021/2020

¹⁾ Europe, Middle East & Africa.

²⁾ Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report).

³⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED NOTES

Period from April 1 to June 30 in EUR m	EMEA ¹⁾	Americas	APAC	Central activities ³⁾	Brenntag Specialties
External sales					
2021	697.3	479.7	237.4	–	1,414.4
2020	540.4	432.3	201.5	–	1,174.2
fx adj. change in %	30.3	19.6	23.3	–	25.3
Operating gross profit					
2021	153.2	103.3	52.4	–	308.9
2020	117.3	91.5	38.3	–	247.1
fx adj. change in %	31.7	22.0	44.1	–	30.1
Operating EBITDA (segment result)²⁾					
2021	75.4	42.9	26.9	–0.7	144.5
2020	50.0	35.9	15.8	–0.1	101.6
fx adj. change in %	53.7	29.6	78.1	–	48.7

C.12 SEGMENT REPORTING ON THE GLOBAL SPECIALTIES DIVISION Q2 2021/2020

¹⁾ Europe, Middle East & Africa.

²⁾ Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report).

³⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.

Group Key Financial Figures

in EUR m	Jan. 1– Jun. 30, 2021	Jan. 1– Jun. 30, 2020	Apr. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2020
Operating EBITDA	655.4	539.2	355.1	276.2
Investments in non-current assets (capex) ¹⁾	–67.9	–88.6	–34.9	–44.1
Change in working capital ²⁾	–328.8	–12.3	–168.3	12.1
Principal and interest payments on lease liabilities	–61.6	–63.1	–30.4	–30.5
Free cash flow	197.1	375.2	121.5	213.7

C.13 FREE CASH FLOW

¹⁾ Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.

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, 2021	Jan. 1– Jun. 30, 2020	Apr. 1– Jun. 30, 2021	Apr. 1– Jun. 30, 2020
Operating EBITDA (segment result)¹⁾	655.4	539.2	355.1	276.2
Depreciation of property, plant and equipment and right-of-use assets	–123.4	–128.1	–62.1	–63.7
Impairment of property, plant and equipment and right-of-use assets	–3.4	–	–3.4	–
Operating EBITA	528.6	411.1	289.6	212.5
Net expense from special items	–88.7	–18.8	–17.9	–11.9
(of which in connection with “Project Brenntag”/ programmes to increase efficiency)	(–25.6)	(–18.8)	(–17.9)	(–11.9)
(of which expenses for alcohol tax)	(–63.1)	(–)	(–)	(–)
EBITA	439.9	392.3	271.7	200.6
Amortization of intangible assets ²⁾	–24.0	–22.8	–12.7	–11.3
Impairment of intangible assets ³⁾	–51.9	–	–51.9	–
EBIT	364.0	369.5	207.1	189.3
Net finance income/costs	–31.9	–46.3	–14.3	–22.3
Profit before tax	332.1	323.2	192.8	167.0

C.14 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

¹⁾ Operating EBITDA is calculated as EBITDA adjusted for special items (see section 2.3.1 Business performance of the Brenntag Group in the Group Interim Management Report). Operating EBITDA of the reportable segments amounts to EUR 688.5 million (H1 2020: EUR 561.2 million) and operating EBITDA of all other segments to EUR –33.1 million (H1 2020: EUR –22.0 million).

²⁾ This figure includes amortization of customer relationships in the amount EUR 15.3 million (H1 2020: EUR 15.3 million).

³⁾ The impairment loss of EUR 51.9 million is mainly due to changes to our IT portfolio.

General Information

At the ordinary General Shareholders' Meeting on June 10, 2020, shareholders resolved to change Brenntag AG's legal form to a European company (Societas Europaea, SE). The change became effective upon its entry in the Commercial Register on February 1, 2021.

Brenntag SE has its registered office at Messeallee 11, 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, 2021 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, 2020.

As at January 1, 2021, the consolidated income statement of Brenntag SE was changed from the cost of sales (function of expense) method to the total cost (nature of expense) method, as this best reflects the Brenntag Group's financial management system, which was adapted as part of "Project Brenntag". In this context, income of EUR 10.2 million was reclassified to sales in the first half of 2020 (Q2 2020: EUR 4.7 million).

With the exception of the standards and interpretations that became effective on January 1, 2021, the same accounting policies have been applied as for the consolidated financial statements as at December 31, 2020.

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 2021

- Interest Rate Benchmark Reform (IBOR Reform) – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendments to IFRS 16 regarding COVID-19-related rent concessions

The Phase 2 amendments from the IASB project on interest rate benchmark reform provide relief in accounting for changes required by IBOR reform to contractual cash flows and hedging relationships. They therefore relate to the actual transition to replacement interest rate benchmarks.

The amendments to IFRS 16 Leases provide a practical expedient that allows lessees to simplify their accounting for concessions such as deferrals of lease payments or rent reductions granted in connection with COVID-19. The lessee may elect not to present the rent concession as a lease modification.

The aforementioned revised standards do not 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, 2020	Additions	Disposals	Jun. 30, 2021
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	188	7	2	193
Total consolidated companies	217	7	2	222

C.15 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to one entity to entities established and entities acquired in business combinations under IFRS 3. The disposals are the result of the merger of companies no longer operating.

Three (Dec. 31, 2020: three) associates are accounted for using the equity method.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In January 2021, Brenntag acquired Miroven S.r.l., Comelt S.p.A. and Aquadepur S.R.L. (Comelt) based in northern Italy. Comelt specializes in the processing, marketing and distribution of activated and reactivated carbon for various applications such as water filtration and purification of air and flue gas. The acquisition also includes distribution sites and a laboratory in northern Italy.

Also in January 2021, Brenntag acquired ICL Packed Ltd. based in Grays, Essex, England. The company specializes in the distribution of packaged chemicals for water treatment. As part of the acquisition, the transaction secures Brenntag a supply agreement with ICL, a large manufacturer of caustic soda, hydrochloric acid, iron and aluminium coagulants and sodium hypochlorite in the UK.

In February 2021, Brenntag closed the acquisition of Alpha Chemical Ltd. based in Dartmouth, Nova Scotia, Canada. Alpha Chemical Ltd. is a chemical distributor with a focus on various key industries such as oil and gas, mining, water treatment and aquaculture.

The purchase price, net assets and goodwill relating to these entities break down as follows:

in EUR m	Provisional fair value
Purchase price	59.0
of which consideration contingent on earnings targets	–
Assets	
Cash and cash equivalents	1.3
Trade receivables, other financial assets and other receivables	14.2
Other current assets	4.1
Non-current assets	23.8
Liabilities	
Current liabilities	12.5
Non-current liabilities	12.4
Net assets	18.5
Goodwill	40.5
of which deductible for tax purposes	–

C.16 NET ASSETS ACQUIRED

Measurement of the assets acquired and liabilities assumed 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.

Acquisition-related costs in the amount of EUR 0.6 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the businesses acquired in 2021 have generated sales of EUR 19.2 million and profit after tax of EUR 1.0 million.

If the above-mentioned business combinations had taken place with effect from January 1, 2021, sales of about EUR 6,604 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 237 million.

As a result of measurement-period adjustments, goodwill from entities acquired in 2020 increased by a total of EUR 1.5 million.

CURRENCY TRANSLATION

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
	Jun. 30, 2021	Dec. 31, 2020	Jan. 1– Jun. 30, 2021	Jan. 1– Jun. 30, 2020
EUR 1 = currencies				
Canadian dollar (CAD)	1.4722	1.5633	1.5030	1.5033
Swiss franc (CHF)	1.0980	1.0802	1.0946	1.0642
Chinese yuan renminbi (CNY)	7.6742	8.0225	7.7960	7.7509
Danish krone (DKK)	7.4362	7.4409	7.4368	7.4648
Pound sterling (GBP)	0.8581	0.8990	0.8680	0.8746
Polish zloty (PLN)	4.5201	4.5597	4.5374	4.4120
Swedish krona (SEK)	10.1110	10.0343	10.1308	10.6600
US dollar (USD)	1.1884	1.2271	1.2054	1.1021

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, 2021	Jan. 1– Jun. 30, 2020
Interest expense on liabilities to third parties	–21.8	–31.1
Net interest expense on defined benefit pension plans	–0.6	–0.9
Interest expense on other provisions	–0.2	–0.8
Interest expense on leases	–5.5	–6.3
Total	–28.1	–39.1

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, 2021	Jan. 1– Jun. 30, 2020
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	–4.6	–1.3
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	–0.4	–0.5
Total	–5.0	–1.8

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

For further information, please refer to Note 8.).

3.) INCOME TAX EXPENSE

Income tax expense comprises current tax expense of EUR 98.1 million (H1 2020: current tax expense of EUR 84.8 million) and deferred tax income of EUR 3.4 million (H1 2020: deferred tax expense of EUR 0.4 million).

Tax expense for the first half of 2021 was calculated using the Group tax rate expected for financial year 2021. 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.

in EUR m	Jan. 1–Jun. 30, 2021			Jan. 1–Jun. 30, 2020		
	Profit before tax	Tax rate in %	Income tax expense	Profit before tax	Tax rate in %	Income tax expense
excluding unplannable tax-neutral income/expenses	336.6	28.1	94.7	324.6	26.3	85.2
tax-neutral income/expenses that cannot be planned with sufficient accuracy	-4.5	–	–	-1.4	–	–
including unplannable tax-neutral income/expenses	332.1	28.5	94.7	323.2	26.4	85.2

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

4.) EARNINGS PER SHARE

Earnings per share in the amount of EUR 1.50 (H1 2020: EUR 1.54) are determined by dividing the share of profit after tax of EUR 231.6 million (H1 2020: EUR 237.1 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 a dilutive effect in the second quarter of 2021, as the average Brenntag share price was higher than the strike price of the warrants of EUR 72.2474. In the first half of 2021, the average Brenntag share price was lower than the strike price of the warrants.

Diluted earnings per share are calculated as follows:

in EUR m	Jan. 1 – Jun. 30, 2021	Apr. 1 – Jun. 30, 2021
Share of profit after tax attributable to Brenntag SE shareholders	231.6	134.1
Number of Brenntag SE shares	154.5	154.5
Number of potential shares with a dilutive effect ¹⁾	–	0.3
Number of shares	154.5	154.8
Diluted earnings per share	1.50	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.

5.) FINANCIAL LIABILITIES

in EUR m	Jun. 30, 2021	Dec. 31, 2020
Liabilities under syndicated loan	495.2	477.8
Other liabilities to banks	267.0	124.4
Bond 2025	601.2	597.3
Bond (with Warrants) 2022	413.8	398.3
Derivative financial instruments	4.4	11.4
Other financial liabilities	39.1	30.2
Total	1,820.7	1,639.4
Lease liabilities	437.4	426.8
Cash and cash equivalents	562.8	726.3
Net financial liabilities	1,695.3	1,339.9

C.22 DETERMINATION OF NET FINANCIAL LIABILITIES

6.) OTHER PROVISIONS

Other provisions break down as follows:

in EUR m	Jun. 30, 2021	Dec. 31, 2020
Environmental provisions	93.3	92.4
Provisions for personnel expenses	43.8	32.6
Miscellaneous provisions	68.2	57.0
Total	205.3	182.0

C.23 OTHER PROVISIONS

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

In the interim consolidated financial statements as at June 30, 2021, the present value of pension obligations was determined using a discount rate of 0.9% (Dec. 31, 2020: 0.5%) in Germany and the other countries of the euro zone, 0.3% (Dec. 31, 2020: 0.1%) in Switzerland and 3.1% (Dec. 31, 2020: 2.6%) in Canada.

Due to the remeasurement of defined benefit plans, provisions for pensions and other post-employment benefits decreased by an amount of EUR 9.4 million recognized directly in retained earnings. Net of deferred taxes, actuarial losses recognized in other comprehensive income consequently decreased by EUR 6.5 million.

8.) 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, 2021	Dec. 31, 2020
Liabilities relating to acquisition of non-controlling interests	132.2	126.4
Liabilities arising from limited partners' rights to repayment of contributions	2.3	1.8
Total	134.5	128.2

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

9.) EQUITY

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag SE on June 10, 2021 passed a resolution to pay a dividend of EUR 208,575,000. Based on 154.5 million shares, that is a dividend of EUR 1.35 per no-par value share entitled to a dividend.

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, 2019	62.6	0.6	63.2
Business combinations	-2.1	-	-2.1
Profit after tax	0.9	-	0.9
Other comprehensive income, net of tax	-	-2.7	-2.7
Total comprehensive income for the period	0.9	-2.7	-1.8
Jun. 30, 2020	61.4	-2.1	59.3

C.25 CHANGE IN NON-CONTROLLING INTERESTS / JUN. 30, 2020

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

10.) CONSOLIDATED CASH FLOW STATEMENT DISCLOSURES

The rise in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	Jan. 1– Jun. 30, 2021	Jan. 1– Jun. 30, 2020
Increase in inventories	–205.9	–54.2
Decrease/increase in gross trade receivables	–420.9	113.1
Decrease/increase in trade payables	293.2	–86.9
Increase in valuation allowances on trade receivables and on inventories ¹⁾	4.8	15.7
Change in working capital²⁾	–328.8	–12.3

C.27 CHANGE IN WORKING CAPITAL

¹⁾ Presented within other non-cash items.

²⁾ Adjusted for exchange rate effects and acquisitions.

At 8.6 in the reporting period, annualized working capital turnover¹⁾ was higher than at the end of 2020 (7.3).

11.) LEGAL PROCEEDINGS AND DISPUTES

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was initially set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. Following a reassessment, however, the court decided in December 2020 to impose a fine of EUR 47 million, which was paid in April 2021. Brenntag has lodged an appeal against the decision.

An ERISA (Employment Retirement Income Security Act) class action lawsuit was filed against Brenntag North America et al. in connection with the management of the company's 401(k) Plan. Brenntag North America Inc. believes that it has good defences against the lawsuit. Nevertheless, the parties engaged in settlement discussions and reached an agreement subject to court approval.

The German Group companies Brenntag GmbH and BCD Chemie GmbH are currently the subject of routine reviews of the tax on alcohol and energy being conducted by the German customs authorities for the years 2014 to 2018. Brenntag is cooperating with the customs authorities.

In the case of Brenntag GmbH, the review for 2016 was completed in early 2021. In May 2021, Brenntag GmbH subsequently received a tax decision notice in the amount of EUR 63.1 million. Although our legal opinion differs from the opinion of the authority, we recognized provisions in the balance sheet in this amount in the first quarter and made the payment in the second quarter. Brenntag has sought legal redress against this decision. The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. We believe that, in most cases, we will ultimately be successful in seeking legal redress. The authorities are continuing their reviews of BCD Chemie GmbH for 2014 to 2018 and of Brenntag GmbH for 2017 to 2018. Also considering the above-mentioned appeal, it is not possible at present to conclusively predict whether further tax assessments will be made.

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.

12.) 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, 2021		
Classification of financial assets:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Cash and cash equivalents	562.8	–	562.8	562.8
Trade receivables	2,056.8	–	2,056.8	2,056.8
Other receivables	156.4	–	156.4	156.4
Other financial assets	33.6	6.4	40.0	40.0
Total	2,809.6	6.4	2,816.0	2,816.0

C.28 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / JUN. 30, 2021

¹⁾ Financial assets at fair value through profit or loss.

in EUR m		Dec. 31, 2020		
Classification of financial assets:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Cash and cash equivalents	726.3	–	726.3	726.3
Trade receivables	1,597.5	–	1,597.5	1,597.5
Other receivables	108.5	–	108.5	108.5
Other financial assets	26.0	5.5	31.5	31.5
Total	2,458.3	5.5	2,463.8	2,463.8

C.29 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2020

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 76.0 million (Dec. 31, 2020: EUR 95.6 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, 2021			
Classification of financial liabilities:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Trade payables	1,555.2	–	1,555.2	1,555.2
Other liabilities	203.7	–	203.7	203.7
Liabilities relating to acquisition of non-controlling interests	134.5	–	134.5	136.8
Financial liabilities	1,814.1	6.6	1,820.7	1,858.5
Total	3,707.5	6.6	3,714.1	3,754.2

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

¹⁾ Financial liabilities at fair value through profit or loss.

in EUR m	Dec. 31, 2020			
Classification of financial liabilities:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Trade payables	1,229.8	–	1,229.8	1,229.8
Other liabilities	247.3	–	247.3	247.3
Liabilities relating to acquisition of non-controlling interests	128.2	–	128.2	132.5
Financial liabilities	1,626.6	12.8	1,639.4	1,723.9
Total	3,231.9	12.8	3,244.7	3,333.5

C.31 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2020

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).

Of the other liabilities recognized in the balance sheet, EUR 259.8 million (Dec. 31, 2020: EUR 244.9 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, 2021
Financial assets at fair value through profit or loss	1.8	4.6	–	6.4
Financial liabilities at fair value through profit or loss	–	4.4	2.2	6.6

C.32 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / JUN. 30, 2021

in EUR m				
Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2020
Financial assets at fair value through profit or loss	1.8	3.7	–	5.5
Financial liabilities at fair value through profit or loss	–	11.3	1.5	12.8

C.33 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2020

Liabilities resulting from contingent consideration arrangements of EUR 2.2 million (Dec. 31, 2020: EUR 1.5 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.

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m		
	2021	2020
Jan. 1	1.5	0.5
Adjustments in the measurement period (increase in goodwill)	0.7	–
Business combinations	–	1.0
Jun. 30	2.2	1.5

C.34 CHANGE IN LIABILITIES RESULTING FROM CONTINGENT CONSIDERATION ARRANGEMENTS

13.) Events after the reporting period

At the end of July 2021, Brenntag closed the acquisition of the first tranche (67%) of Zhongbai Xingye, a specialty distributor of food ingredients. This Chinese company markets a broad portfolio of specialty food ingredients such as dairy products and proteins. The acquisition of the leading player in mainland China is an important step towards Brenntag becoming a full-line distributor of food ingredients in the Asian market.

At the beginning of August, Brenntag acquired all operating assets and the distribution business of Matrix Chemical, LLC. This company is a solvents distributor and the largest distrib-

utor of acetone in North America. By acquiring Matrix, Brenntag creates a highly reliable and competitive logistics network for acetone and solvents in North America.

Also at the beginning of August, Brenntag closed the acquisition of US-based Storm Chaser Holding Corporation (“JM Swank”). The company is a leading distributor of food ingredients. This strategic acquisition doubles Brenntag’s size in the Nutrition business in the region and thus creates the leading food ingredients and food process chemicals distributor in North America. Nutrition is one of the defined focus industries in the Brenntag Specialties division.

The purchase price, net assets and goodwill relating to these entities break down as follows:

in EUR m	Zhongbai Xingye	JM Swank	Matrix Chemical
Purchase price	64.6	255.8	48.5
of which consideration contingent on earnings targets	–	–	–
Assets			
Cash and cash equivalents	3.1	–	0.5
Trade receivables, other financial assets and other receivables	43.3	35.1	36.8
Other current assets	24.8	34.6	37.4
Non-current assets	0.1	38.9	0.1
Liabilities			
Current liabilities	63.4	46.9	37.1
Non-current liabilities	–	3.3	–
Net assets	7.9	58.4	37.7
of which Brenntag’s share	5.3	58.4	37.7
Goodwill and other intangible assets	59.3	197.4	10.8

C.35 NET ASSETS ACQUIRED AFTER THE REPORTING PERIOD

Measurement of the assets acquired and liabilities assumed 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. The Chinese acquisition does not result in any tax-deductible goodwill. At the time of preparation of these financial statements, we did not yet have any information regarding the tax deductibility of goodwill for the two US acquisitions made at the beginning of August.

Essen, August 9, 2021

Brenntag SE
BOARD OF MANAGEMENT

Dr Christian Kohlpaintner Georg Müller Henri Nejade
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, 2021

Brenntag SE
BOARD OF MANAGEMENT

Dr Christian Kohlpaintner

Georg Müller

Henri Nejade

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, 2021 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, 2021

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Christiane Lawrenz
Wirtschaftsprüferin
(German Public Auditor)

ppa. Daniel Deing
Wirtschaftsprüfer
(German Public Auditor)

FINANCIAL CALENDAR

NOVEMBER

NOV 4

2021

Interim Report Q3

The financial calendar is updated regularly. The latest dates can be found on our website at www.brenntag.com/corporate/en/investor-relations/publications-events/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.

INFORMATION ON ROUNDING

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

DISCLAIMER

This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag SE and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to adapt them in line with future events or developments.

SUSTAINABILITY

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

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