IMCD

Welcome to a world of opportunity

Annual Report 2021

www.imcdgroup.com

Creating a world of opportunity

European single electronic reporting format (ESEF) and PDF version

This copy of the Annual Report is the PDF/printed version of the 2021 Annual Report of IMCD N.V. This version has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The official ESEF reporting package is available via IMCD's website at www.imcdgroup.com.

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Foreword by the CEO

Dear Reader,

When we look back at 2021, we see a year still overshadowed by the pandemic whilst we had hoped to enter a less volatile phase of recovery. Our priority has been and will be to ensure that working conditions remain as safe as possible.

Business conditions in 2021 also remained challenging: we faced serious disruptions of the global supply chain. Across the world, demand, production, and prices fluctuated wildly.

Yet we rose to the challenge and our teams worked tirelessly to ensure that supply to our customers was maintained. Indeed, in an exceptionally demanding period for business, we recorded record growth across all our markets. I could not be more proud of our collective response.

Our work at IMCD is all about relationships. We depend on interactions with our suppliers, customers, communities and, of course, each other. These partnerships have been built up over many years and sometimes decades.

A fundamental part of our business model is to support our partners also in difficult times. This past year, we strengthened our long-standing partnerships and forged new ones as we worked together closely to overcome the challenges of product shortages and supply chain issues.

Amid the turmoil, we continued to expand, innovate, improve, and invest. Sustainability is a key priority for our organisation. Our Sustainable Solutions service offering, powered by our Advanced Materials business, is helping our partners make themselves – and our planet – greener, and more sustainable. Our Food and Nutrition business group has been busy developing healthier and more sustainable foods, introducing for example an entirely vegan burger prototype, the Clean & Green Meat Free Burger. We will continue to assist our customers in formulating their products through our large product offering and global lab network.

We have also strengthened our efforts to ensure all our supply chain partners meet our environmental, social, and governance (ESG) standards. A shared commitment to these standards is crucial for us. Sustainability is not something that IMCD can tackle alone; close cooperation with our business partners is needed to reduce our environmental impact and reduce (scope 3) emissions. I am proud that our efforts on sustainability management in 2021 were recently recognised with a Gold rating from EcoVadis.

For all of us at IMCD, corporate social responsibility (CSR) is a heartfelt opportunity to make an impact in the communities that we are part of across the globe. Last year, as we celebrated our 25th anniversary, we created the IMCD Cares Fund, which is based on supporting projects in three pillars: education, the environment and well-being. I encourage you to check out our projects, including Eco Conquista, an IMCD Cares initiative, that impacts 25,000 residents of Diadema, a favela in São Paulo, Brazil.

"In an exceptionally demanding period for business, we recorded record growth last year across all our markets."

Piet van der Slikke
CEO IMCD

When it comes to new businesses, our horizons continue to expand into new sectors and new territories. This has been one of our most active years when it comes to acquiring entities. We moved deeper into Latin America, purchasing Mexican speciality chemicals distributor Maquimex and Colombian distributor Siliconas y Químicos. Another Latin American acquisition, Andes Chemical Corp, expanded our presence in Central America and the Caribbean. Andes also contributed an innovation laboratory in Miami that provides product and formulatory support to some of IMCD's core markets.

In China, we acquired Shanghai Yuanhe Chemicals, and signed agreements to acquire Aquatech and Syntec. We bought Indonesian pharmaceutical and personal care distributor PT Megasetia, and signed agreements to acquire Australian supplier RPL Trading and Austria's POLYchem Group. All these companies offer complementary services, enhancing IMCD's portfolio and reinforcing our position as a global company with local networks.

Digitalisation is here to stay in chemical distribution and IMCD is on track to make full use of the benefits this development brings. Throughout 2021, IMCD continued its digital transformation across systems, applications and projects. Digital transformation is a business transformation that involves people: customers, employees, suppliers and partners. Digital tools are enablers, enhancing our connectivity with our partners. The pandemic has already shifted more collaboration to digital tools, channels and platforms. Our mission is to use digitalisation with our partners to grow our businesses together.

We remain vigilant about the challenges ahead and diligent about our responsibilities. While we live in more uncertain times than usual, we are confident that our outlook looks bright. We will keep things moving.

Rotterdam, 24 February 2022
Piet van der Slikke

"Digitalisation is here to stay in chemical distribution and IMCD is on track to make full use of the benefits this development brings."

2021 Highlights

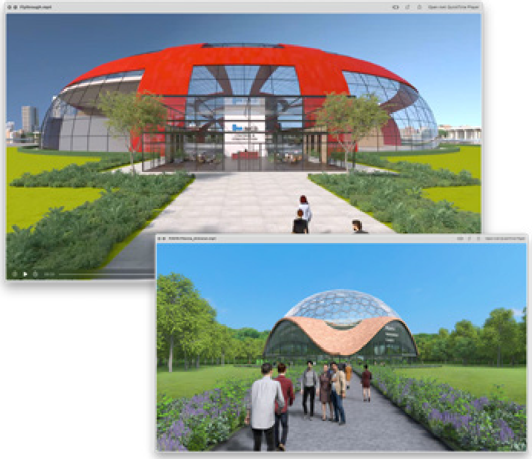
First food ingredients distributor and formulator to offer customers chef-led concept development

We recently added three culinary chefs to our Food and Nutrition team, marking IMCD as the first distributor and formulator to establish this type of position.

Building off our established technical expertise and in partnership with our application specialists, the chefs will apply their culinary knowhow to interpret food trends and evolving customer needs and translate them into usable concepts and taste-focused products for IMCD customers. They will work directly with selected food manufacturers while also providing the company's full customer base with insights through video content, promotional packages, one-to-one meetings, and other knowledge-sharing actions.

"We've approached this new offering as we do every area of our business: as a solution for our customers and an elevation of our established relationship," says Marc van Gerwen, Business Group Director at IMCD Food & Nutrition. "Our customers look to us as a partner of choice because of our technical expertise. Adding a culinary dimension is a significant enhancement of that knowledge."

Read more >



Embracing digital connectivity

Committed to inspiring innovation in the industries we operate in, we hosted several global virtual events as most of us were not able to travel. Customers and suppliers were invited to join an immersive 3D experience, join our live expert talks and webinars, browse the latest products, and explore our latest innovation solutions.

IMCD Trends Library

At IMCD, we investigate and shed light on trends so we can create new opportunities for our partners to innovate. Supported by industry-leading technical expertise and market knowledge, we help our partners get to market fast with solutions that meet the growing and evolving demands of their customers. We are sharing our insights on what comes next: the market landscape and the trends that are shaping it.

Expect eye-opening statistics, thoughtful interview sessions and intriguing case studies that bring to life the challenges we're solving and the innovations we're discovering across IMCD.

Read more >

Accelerated growth in APAC

2021 has seen tremendous development for the APAC region with five acquisitions.

The acquisitions are well aligned with our strategy to accelerate growth in this important region. We expanded our market coverage and portfolio with Megasetia in Indonesia for the Pharmaceuticals business and Syntec in China for the Personal Care business. We introduced more water-based coatings solutions and formulation expertise in China with Yuanhe Chemicals and Aquatech. Through RPL Trading in Australia and New Zealand, we enhanced our offerings in home care and water treatment markets. More importantly, we onboarded many key suppliers into various markets.

"We can combine our global network and expertise with strong regional and local implementation through acquisitions and organic growth. This gives us the competitive advantage to provide a more differentiated solution for our partners," says Haiko Zuidhoff, Vice President for Asia Pacific.

Read more >

Meaningful contributions to the community

We aim to improve the daily lives of those around us and contribute to a better future for the communities in which we live and work. Our CSR strategy complements and supports our corporate strategy across three focus areas: Education & Diversity, Climate, and Health & Wellbeing.

These are just three examples of the CSR activities we launched in 2021:

More about our CSR >

Educational Volunteers Foundation (Turkey)
IMCD Turkey partnered with the Educational Volunteers Foundation of Turkey (TEGV) to provide easy access to online education to children from low-income households. The project involved distributing 351 tablets with free satellite internet access to children from primary school. With these tablets, the students will be able to access courses given by the Ministry of National Education and to the TEGV distance education platform.

More >

More >

Forestami (Italy)
IMCD Italy partnered with Forestami to donate over 600 trees to the city of Milan. Forestami is leading a project that involves the planting of 3 million trees by 2030 throughout the metropolitan area of Milan to clean the air, improve living conditions, and counter the effects of climate change.

Eco Conquista (Brazil)
Eco Conquista is a social and environmental initiative that aims to improve community-wide recycling efforts in the city of Diadema. In alignment with Associação Nova Conquista and the Council of Diadema, IMCD Brasil committed to the betterment of the community by investing in new equipment for the recycling centre. This initiative also includes the planting of 136 trees in the community and 40 environmental educational actions for neighboring schools and the community.

More >

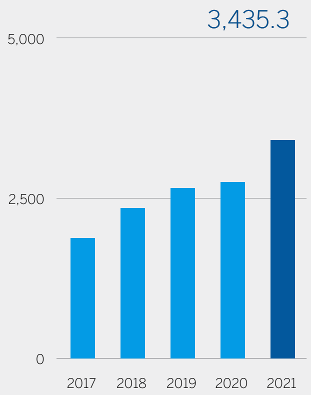
2021 Financial highlights

EUR MILLION, UNLESS STATED OTHERWISE

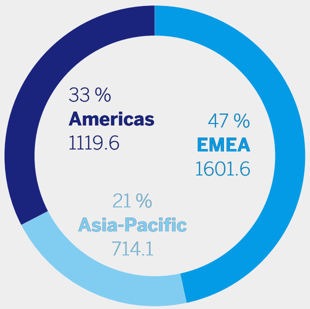
Revenue

24%

25% on a constant currency basis



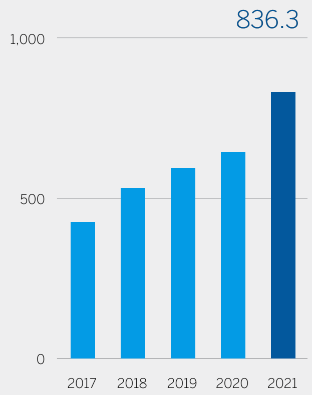
by region



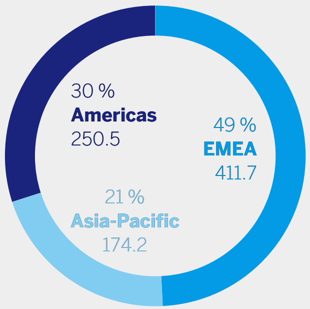
Gross profit

29%

30% on a constant currency basis



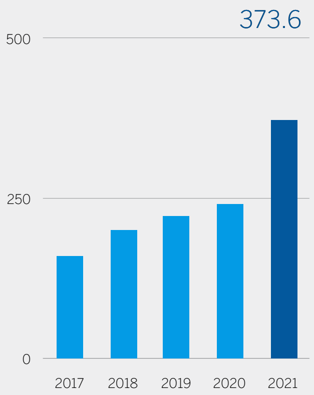
by region



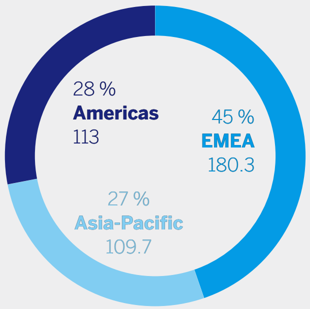
Operating EBITA

54%

55% on a constant currency basis



by region*

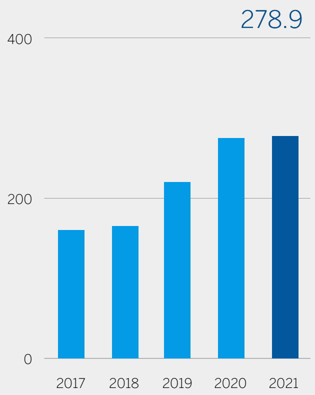


*excluding Holdings

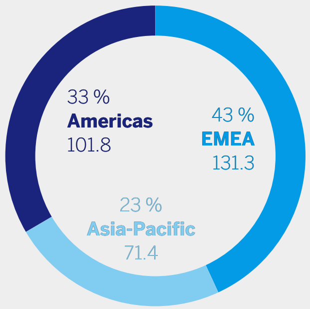
Free cash flow

1%

EUR 1.5 million
2020: EUR 277.4 million



by region*



*excluding Holdings

Result for the year

73%

EUR 207.2 million
2020: EUR 120.1 million

Cash earnings per share

53%

EUR 4.64
2020: EUR 3.03

Dividend proposal in cash per share

59%

EUR 1.62
2020: EUR 1.02

Key Figures

EUR MILLION	2021	2020[1]	CHANGE
Results			
Revenue	3,435.3	2,774.9	24%
Gross profit	836.3	647.5	29%
Gross profit as a % of revenue	24.3%	23.3%	1.0%
Operating EBITA[2]	373.6	243.2	54%
Operating EBITA as a % of revenue	10.9%	8.8%	2.1%
Conversion margin[3]	44.7%	37.6%	7.1%
Net result before amortisation / non-recurring items	267.7	168.3	59%
Result for the year	207.2	120.1	73%
Cash flow			
Free cash flow[4]	278.9	277.4	1%
Cash conversion margin[5]	72.6%	109.4%	(36.8%)
Balance sheet			
Working capital	612.5	443.7	38%
Total equity	1,461.4	1,252.4	17%
Net debt	940.0	727.0	29%
Net debt / Operating EBITDA ratio[6]	2.3	2.3	(0.0)
Employees			
Number of full time employees end of period	3,740	3,298	13%
Shares			
Numbers of shares issued at year-end (x 1,000)	56,988	56,988	0%
Weighted average number of shares (x 1,000)	56,940	53,750	6%
Earnings per share	3.64	2.23	63%
Cash earnings per share[7]	4.64	3.03	53%
(Proposed) dividend per share	1.62	1.02	59%

1 The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

2 Result from operating activities before amortisation of intangibles and non-recurring items

3 Operating EBITA in percentage of gross profit

4 Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures

5 Free cash flow in percentage of adjusted operating EBITDA (Operating EBITDA plus non-cash share-based payment costs minus lease payments)

6 Including full year impact of acquisitions

7 Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares

Global presence

Americas

Revenue
EUR MILLION
1,120

1	15	26	16
1,009	48%	52%	

EMEA

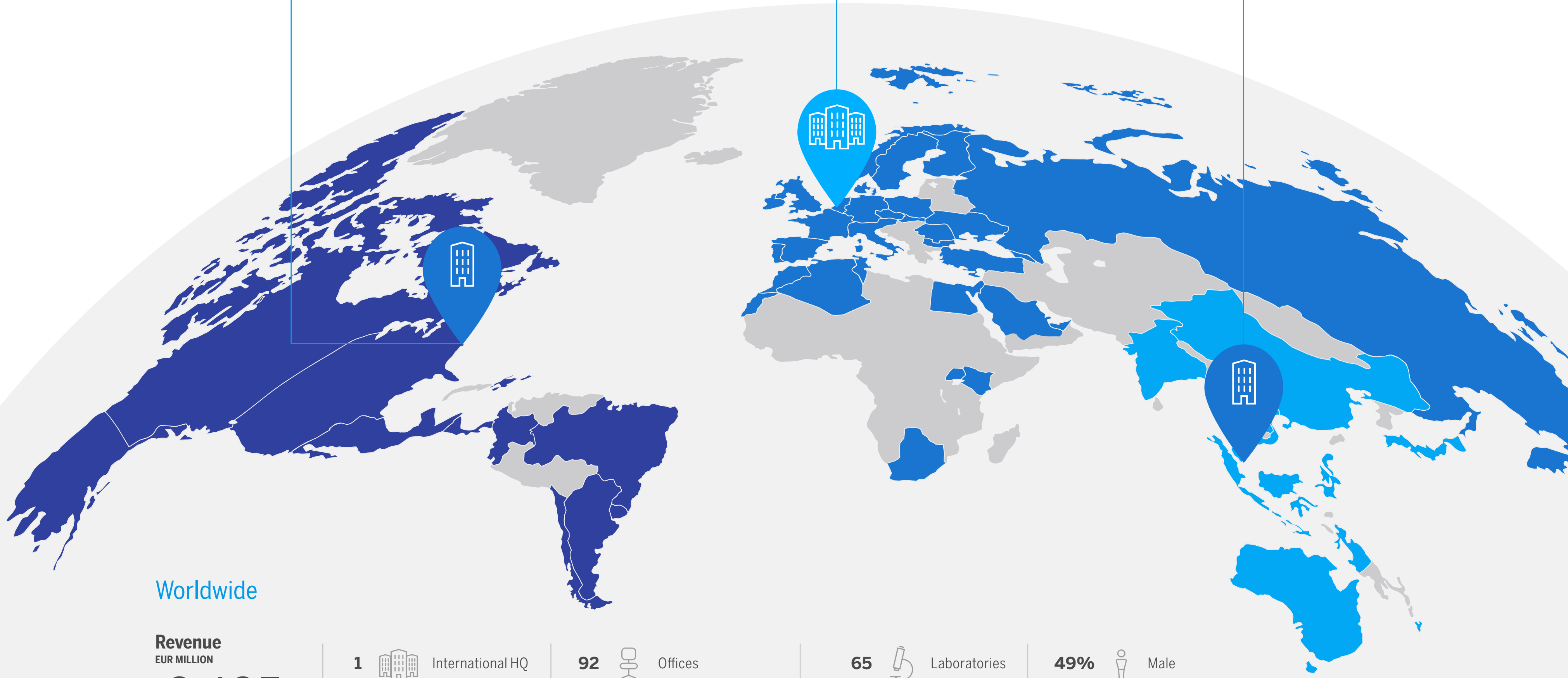
Revenue
EUR MILLION
1,602

1	51	48	23
1,698	46%	54%	

Asia-Pacific

Revenue
EUR MILLION
714

1	26	33	26
1,033	54%	46%	



Worldwide

Revenue
EUR MILLION
3,435

1	International HQ	92	Offices	65	Laboratories	49%	Male
2	Regional HQ's	107	Warehouse locations	3,740	Employees	51%	Female

History

1995 Under the management of Piet van der Slikke several speciality chemical distribution companies within Internatio-Müller are combined as a separate division which starts to grow its activities in EMEA and Australia, establishing a new player in the field of speciality chemicals distribution.

2001 - 2004 Management and NIBC Private Equity acquire the company from Internatio-Müller. The name of the stand-alone company is changed to "IMCD". IMCD adopts a single IT platform in Europe and a matrix organisation along geographical lines and end markets, enabling distribution on a broad geographical basis. It also expands its services to regions such as Turkey, India, and Russia.

2005 - 2014 Two rounds of private equity investments enable accelerated growth over this decade. IMCD strengthens its activities across EMEA, enabling its suppliers to achieve pan-European coverage, and enters new regions with acquisitions and greenfield operations in Africa, Latin-America, and APAC.

2014 Having become a global leader in distribution of speciality chemicals and ingredients, IMCD's shares are successfully listed on the Euronext stock exchange in Amsterdam.

2015 - 2019 IMCD expands further in North American (US / Canada) and successfully establishes a national US footprint, providing suppliers and customers with coast-to-coast coverage and expertise. It furthermore strengthens its presence in Latin America, adding Colombia to its geographical reach, and in Asia, with acquisitions in India, Singapore, and South-Korea. During these years, IMCD develops its laboratories into a global network of technical centres that support its business partners with high quality technical advice and formulation expertise.

2019 In March 2019, IMCD moved into the Dutch blue chip AEXindex.

2020 This year marks IMCD's 25th anniversary, celebrating 25 years of innovation and value creation.

Despite challenging market conditions, IMCD successfully embarked on its growth strategy. We expanded our presence to the Middle East with a regional head office in Dubai.

The acquisition of Signet in India, provided a significant platform for further growth in India and the APAC region in the pharmaceutical sector, to improve IMCD's leading position in the distribution of pharmaceuticals. We expanded the footprint of our Food & Nutrition business with VitaQualy Comercio de Ingredientes in Brazil and Millikan in Mexico, our Advanced Materials Business with Kokko-Fiber, and our Personal Care business with Ejder Kimya in Turkey and Banner Química in Mexico. Meanwhile, the teams at Unired Químicas, Neuvendis and DCS Pharma were fully integrated.

We opened three new, inspiring office locations in Cleveland, St Petersburg and Bangkok. And with three enhanced technical centres for Food & Nutrition in North America and Thailand and for Personal Care in Thailand, our globe-spanning teams of technical and sales experts provide our customers with the innovation and support they need to succeed.

2021

In the **APAC region** we accelerated our growth in the personal care market, strengthened our portfolio in life sciences, home care, water treatment and waterborne coatings solutions with the acquisitions of Syntec, PT Megasetia Agung Kimia, Aquatech, Yuanhe Chemicals and RPL Trading.

Through acquisitions in the **Americas region** we strengthened our industrial market presence with Maquimex in Mexico and fully integrated Millikan and Banner Química. We expanded in **Central America**, Peru, and the **Caribbean** with Andes Chemical Corp. In **Colombia** we entered into new markets with Siliconas y Químicos.

In **EMEA** , we acquired POLYchem Handelsges.m.b.H which provides us an excellent platform to better serve customers and partners throughout **Southeast Europe** (SEE).

In Hamburg's HafenCity, **IMCD Germany** created an inspiring and dynamic working environment with a new office, whilst **IMCD India** relocated to Noida, Uttar Pradesh.

We enhanced our technical capabilities with the launch of a ultra-high temperature (UHT) pasteurisation laboratory in Jakarta, **Indonesia**. The facility is designed to support complex ingredient formulations in the application of dairy, beverages and soups.

IMCD hired **chefs to join their technical team**, making us the first food ingredients distributor and formulator to offer customers chef-led concept development.

GOLD 2021 ecovadis Sustainability Rating

We were awarded a 2021 **Gold rating** from EcoVadis, a trusted sustainability rating provider for global supply chains. Gold means we are in the top 5% of all companies in our industry in terms of sustainability.

Shareholder information

IMCD was first listed on Euronext Amsterdam on 27 June 2014, at an initial offer price of EUR 21.00 per share, resulting in a market capitalisation of EUR 11.1 billion. In March 2015, IMCD shares were included in the Euronext Amsterdam Midcap Index and in July 2015, Euronext launched share options on IMCD. Since 2019, IMCD shares are included in the Euronext Amsterdam AEX Index.

A total of 57 million (56,987,858) shares have been issued; this number did not change in 2021. IMCD's market capitalisation as per the end of 2021 was EUR 11.1 billion. As at 31 December 2021, IMCD held 44,300 treasury shares (31 December 2020: 90,017). In 2021, IMCD transferred 45,717 shares from own shares to settle its annual obligation under its long-term incentive plan.

Share price performance in 2021

In 2021, 48.5 million IMCD shares were being traded, a decrease of 29% compared to the 68.1 million shares traded in 2020. This number represents the total lit consolidated market volume (European Composite All Lit, Bloomberg equity exchange code “EZ”, encapsulating all trading venues that operate a lit order book), which includes Euronext Amsterdam (35 million in 2021 vs. 41 million in 2020). The average daily lit consolidated trading volume was 186 thousand shares in 2021 versus 261 thousand in 2020. The total value of traded IMCD shares was EUR 7.6 billion, compared with EUR 5.7 billion in 2020.

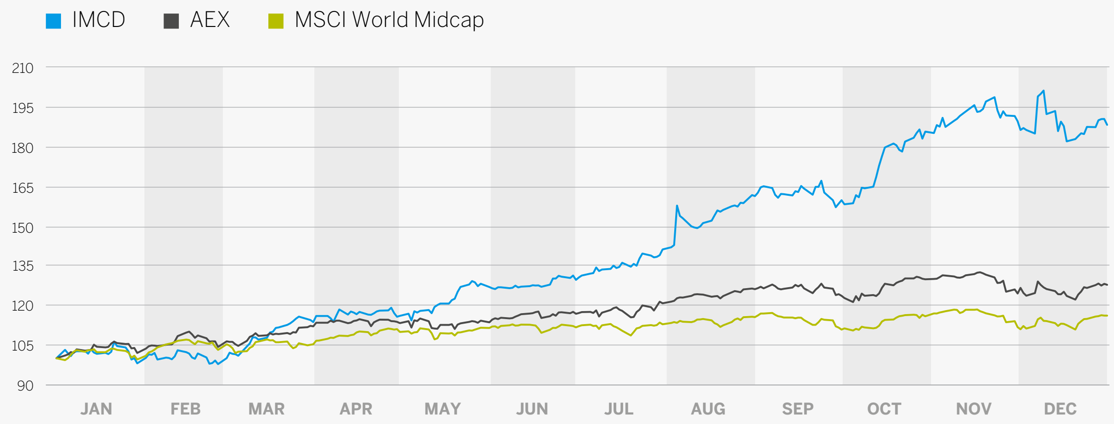
For Euronext Amsterdam the average daily volume was 136 thousand in 2021 versus 159 thousand in 2020. The average daily value of the shares traded on the Euronext Amsterdam was EUR 21.3 million in 2021 compared with EUR 13.3 million in 2020.

In 2021, the share price increased by 86.8% (88.2% total return if dividends were to be reinvested), from EUR 104.25 at the beginning of 2021, to a closing price at December 31, 2021 of EUR 194.70. As at the end of 2021, IMCD's market capitalisation was EUR 11.1 billion (EUR 5.9 billion at year-end 2020).

Investor relations policy

IMCD values maintaining an active dialogue with its financial stakeholders, like its current and potential shareholders, brokers and the financial and other media. IMCD considers it very important to explain

Share price performance 2021



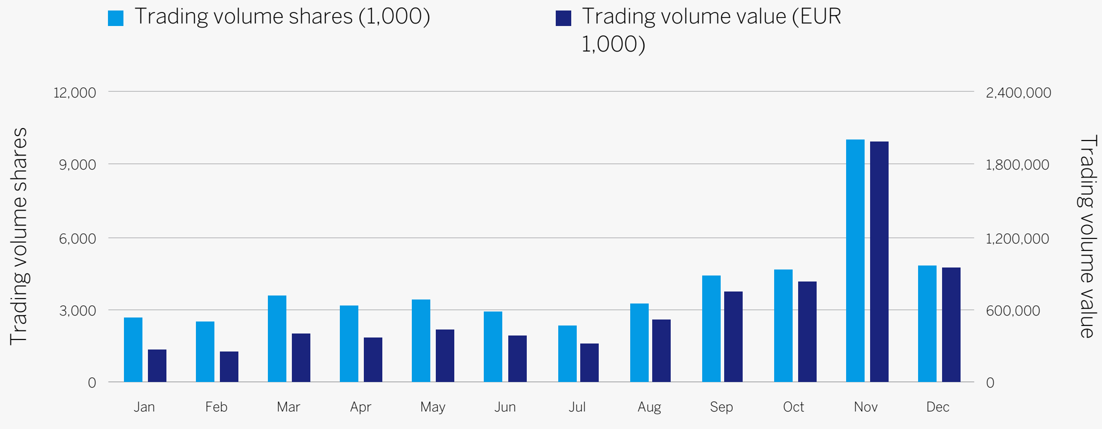
In %

the IMCD business model and implementation so that stakeholders have the information they need to form an opinion on the company. In 2021, due to continuing restrictions posed by the COVID-19 pandemic, the company did not organise or participate in physical roadshows to meet with investors. Instead, management participated in multiple virtual roadshows and investor conferences, in which they engaged with investors from across all regions, in particular Europe (the UK, Benelux, France) and North America. Also, a considerable number of meetings with (potential) investors took place by means of video conferencing. IMCD is currently covered by 15 international analysts.

Dividend policy

Barring exceptional circumstances, under IMCD's dividend policy the intention is to pay an annual dividend in the range of 25% to 35% of the adjusted net income (reported result for the year plus amortisation charges, net of tax) to be paid out either in cash or in shares. A proposal will be submitted to the Annual General Meeting of Shareholders to pay a cash dividend of EUR 1.62 per ordinary share (2020: EUR 1.02), an increase of 59% compared with the previous year. This dividend represents a pay-out ratio of 35% of adjusted net income (2020: 34% of adjusted net income).

Trading volumes 2021



IMCD SHARE	2021	2020[1]
Highest price	208.10	107.95
Lowest price	101.18	56.25
Year-end price	194.70	104.25
Earnings per share	3.64	2.23
Cash earnings per share[2]	4.64	3.03
Proposed dividend per share	1.62	1.02
Number of shares at year-end (x 1,000)	56,988	56,988
Weighted average number of shares (x 1,000)	56,940	53,750

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

[2] Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares

Major shareholders

The register maintained by the Netherlands Authority for the Financial Markets (AFM) in connection with the disclosure of major holdings in listed companies exceeding 3% of the issued capital, contains details of the following investors as at 31 December 2021. There are no known holdings of short positions visible in the AFM register.

Baillie Gifford & Co.	10.29%
Capital Research & Management Comp.	10.08%
BlackRock Inc.	6.36%
FMR LLC	5.13%
Smallcap World Fund Inc.	5.01%
Ameriprise Financial Inc.	4.99%

Ticker symbols

Euronext Amsterdam	IMCD
Euronext Amsterdam derivatives market	IMD
Reuters	IMCD
Bloomberg	IMCD.NA

FINANCIAL CALENDAR

25 February 2022	Full year 2021 results
29 April 2022	First three months 2022 results
2 May 2022	Annual General Meeting
2 May 2022	Dividend announcement
4 May 2022	Ex-dividend date
5 May 2022	Dividend record date
9 May 2022	Dividend payment date
4 August 2022	First half-year 2022 results
10 November 2022	First nine months 2022 results

Investor relations

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INSIGHT

Future-focused sustainable solutions in coatings and construction

The impact of COVID-19 in 2021 brought new opportunities and challenges to the coatings & construction industry. Disruptions to the supply chain have become a persistent global issue, and manufacturers are dealing with limited capacities coming together with supply chain shortages and logistic constrains. However, our strong local setups from stock to laboratories and the innovative thinking and commitment of our people has created new opportunities.

We are focusing on delivering future-focused, sustainable solutions that are vital for the market, consumers and society. We talk about this in our "Building Tomorrow" Trends Commentary. In the coming years sustainability will remain a driving force, while health and safety will become more important as people increasingly want to work in healthier, greener and safer environments. We must find ways to introduce smart functionality, to innovate the way our products are applied and perform. Efficiency is enormously important too. We must find ways to do more with the same quantity of raw materials. That is the best way to achieve sustainability and climate neutrality.

Sustainable solutions

We think in terms of the final product and how we can improve it. As a distributor, we can be more flexible on the solution. When working with our principal suppliers, we try to challenge them to go further when it comes to sustainability. And we curate our portfolio to include solutions that can contribute to a greener world.

About IMCD

IMCD is a market leader in the sales, marketing and distribution of speciality chemicals and ingredients. We began in 1995 as a small group of companies with a common ambition and a harmonised business model. From there, we have grown to have a global footprint in over 50 countries on six continents. In 2021, our 3,740 employees generated revenue of over EUR 3.4 billion. Today, we are an increasingly digitised distributor unlike any other: we are formulation experts and solutions providers who continuously add value.

IMCD's technical expertise and formulation support are strengths that differentiate us from our competitors. With our in-depth understanding of consumer trends, our highly skilled and results-driven professionals innovate with our comprehensive product portfolios to provide market-focused solutions that meet the needs of customers across our eight business groups. By partnering with IMCD, our suppliers benefit from our market intelligence and accelerated growth through direct access to markets across the world.

Our market

The products in our portfolio are used in almost every aspect of daily life, ranging from home, industrial and institutionalised care, personal care, food & nutrition and pharmaceuticals to lubricants & energy, coatings & construction, advanced materials and synthesis.

The constant demand for product improvement and higher performance drives the requirement for innovative speciality chemicals and food and pharmaceutical ingredients. Diverse, complex and international markets require suppliers with first-class knowledge and support. For this reason, IMCD invests heavily in technical expertise and application know-how, as well as sales and marketing excellence.

But we go further than that. Both our suppliers and our customers benefit from IMCD's ability to simplify their business, providing access to numerous partners, without the complexity that this usually involves. In our unique position, we are instigators of innovation, contributors of insight and safeguarders of timely supply. The speciality chemicals distribution market is still made up of large global or pan-regional companies and a large number of local players, often family-owned. There is strong demand from major suppliers for pan-regional distributors who can streamline business operations and work as a strategic partner to support long-term growth.

As a result, further consolidation within the sector is taking place with an ongoing focus on local excellence and technical expertise. The rationalisation of the global speciality chemicals distribution industry will continue to be shaped by the following trends:

1. Selective outsourcing

The outsourcing of sales, marketing and distribution to a more limited number of third-party distributors, remains an important part of the channel strategy of suppliers. The greater complexity in the breadth of speciality products, lower order volumes and specific customer requirements in the various end markets are expected to drive outsourcing to a decreasing number of speciality chemicals distributors.

2. Preferred partnership

Suppliers in developed markets are generally looking for more structured pan-regional management of sales and distribution. By entering into a sole third-party rights of distribution relationship with a preferred distribution partner for multiple countries or regions, suppliers are able to significantly simplify and optimise their route-to-market.

3. Increased regulation

In sophisticated markets, increasing regulation will require chemical distributors to obtain a certain minimum scale in order for them to be able to fully comply with the requirements at an affordable cost. In order to be compliant, smaller distributors may need to upgrade their facilities or alter their processes. Smaller, locally-oriented distributors that currently do not comply with the additional requirements generally are required to make comparatively large investments to comply, whereas larger distributors can more easily make such investments due to their scale.

Our business model

In close cooperation with its key stakeholders, IMCD strives for operational excellence in all aspects of its business operations. With the overarching principles of product stewardship and fostering open relationships with its partners, IMCD aims to create long-term value across its value chain.

Core activities

IMCD's core activity is the sales, marketing and distribution of speciality chemicals and food and pharmaceutical ingredients. By building strong relationships, IMCD seeks to simplify its suppliers' business operations while supporting growth through its extensive local networks, market intelligence and technical expertise. A single point of contact, coordinated inventory management, business process integration and the digitisation of transactions are all examples of the benefits that IMCD brings to its suppliers, which in turn accelerate their value-added growth. At the other end of the value chain, IMCD focuses on its customers: manufacturers that need speciality chemicals for the production of end products.

By maintaining a large and diverse product portfolio, IMCD offers its customers a broad range of solutions to meet specific requirements. IMCD aims to develop lasting customer relationships by providing customers with quality assurance and highly specialised product knowledge, alongside technical advice and formulation support. In addition to its sales and marketing activities, IMCD provides distribution and other ancillary services. Wherever possible, IMCD outsources its physical distribution and other ancillary activities, such as warehousing, bulk breaking, mixing, blending, packaging and labelling to professional third-party logistics service providers.

Technical expertise

IMCD strives to make a positive impact for both its business partners and society as a whole. Its technical experts analyse new technologies and proactively offer innovative solutions for the constantly developing and demanding markets in which IMCD operates. Together with its business partners, IMCD turns market trends into sustainable products that benefit the lives of consumers worldwide and help reduce the environmental impact.

In 2021, we continued to optimise our ways of working by a more intensive use of our virtual platforms, while focusing on the following areas:

A. New product analysis and development

We work in close collaboration with our customers' R&D departments, carrying out competitive matching, sharing new application opportunities and assisting in the formulation of the most effective and innovative products.

B. Customer seminars

We developed over 500 digital marketing campaigns and organised more than 100 webinars for our customers, around the world, to introduce new additions to our portfolio, share insights on the latest market trends or present solutions to production processing challenges. Across our global network of technical centres, customers can test product performance, run stability and application tests and experience the finished product with the support of our scientific and technical teams.

C. Supplier workshops

Within our technical centres, suppliers are able to gain an understanding as to how their products interact and function (in combination with other products from within the IMCD portfolio) as part of a finished formulation. This understanding and market trend awareness means we are able to assist our suppliers with the development of new product concepts.

D. Internal training

Workshops and training sessions on site and through our e-learning tools are in place, for IMCD teams across the globe ensuring our people stay abreast of market trends and developments and fully understand the functionality and characteristics of our portfolio, so that we can better support our customers.

Our organisation

IMCD's business is organised into a number of strategic market sectors with dedicated business groups in each country where we operate. This matrix structure enables us to provide fully integrated and coordinated distribution services on a global scale and facilitates the exchange of commercial and technical expertise across our organisation. In this way, our expert chemists and technical teams can offer customers both in-depth local market insight and state-of-the-art application knowledge.

Each end market is managed by business group management to ensure the same high level performance across the IMCD organisation. In turn, IMCD's country management is responsible for the optimisation of our services to customers locally, throughout the various market segments.

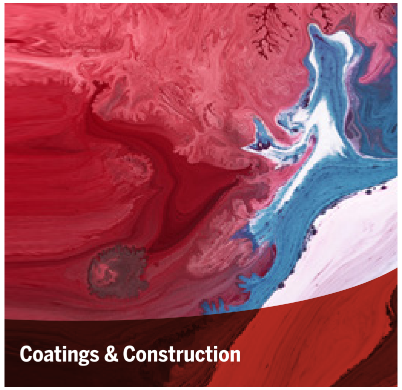
Our local activities are further strengthened by the support of our two regional headquarters in the Americas and Asia-Pacific. In addition, our global headquarters in the Netherlands provides guidance, alignment and central policies with regards to sustainability, digitalisation, IT, HR, finance & control and compliance, among other functions.

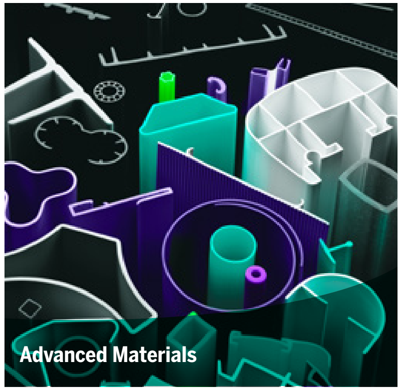
An overview of our business groups is provided on the following pages.

"Our experts chemists and technical teams offer customers both local market insights and application knowledge."

Our business groups

IMCD has a strong position in EMEA, Asia-Pacific and Americas in several different life science and industrial end markets.





< Contents page

Home Care and I&I

IMCD Home Care and I&I* offers a comprehensive range of high-value speciality chemicals used for manufacturing household, industrial and institutional cleaning products.

We deliver high performance, premium ingredients which yield consistent results, sustainable solutions and ensure better cost-in-use through performance-driven products. Our high-quality portfolio includes enzymes, surfactants, biocides, chelates, rheology modifiers, solubilisers, silicones, solvents and functional additives.

Our portfolio is constantly evolving to meet the latest technical requirements and market trends. Customers seeking germ and grease free surfaces, sanitised rooms and equipment, soft and spotless laundry, sparkling glasses and dishes, or conditioned and waxed floors or cars, know we are on hand to help.

Our application and regulatory expertise, dedicated technical centres offering on-site performance testing, and unrivalled industry knowledge and relationships enable us to elevate the performance of all our partners.

Our market segments

Laundry care

Dish washing

Cleaning & surface care

Automotive care

Air care

TOMORROW'S CLEANER LIVING

TRENDS THAT IMPACT OUR INDUSTRY

Sustaining a change

Manufacturers need to be conscious of the environmental impact of their products at every stage of the process from ingredient sourcing to product packaging.

Efficiency is everything

As manufacturers balance demand for sustainable and economical products, it is essential that efficacy and reliability are not compromised.

Home from Home

As consumers are excited to start travelling again, demand is growing for travel-friendly disinfectant and sterilisation products.

Cleaning for Wellbeing

Good hygiene at home, at work or in shops has become vital for a sense of trust and safety.

Read more >

* Home Care and Industrial & Institutional

IMCD HOME CARE AND I&I

CASE

Towards **greener and cleaner** laundry

Consumers are always looking for products that make their lives easier, and laundry products are no exception. Convenient, but less sustainable, laundry capsules are gaining market share from liquid laundry options and the traditional powdered detergents, which still come out best in consumer tests. However, consumers also want convenient products to be sustainable: they should have less plastic and need fewer resources to manufacture and distribute.

We developed a new liquid laundry concentrates in response to consumer trends and demands for 'greener' solutions, reduced packaging and lower water consumption during manufacturing. We wanted to simplify current manufacturing and formulation processes and create new formulations that perform equally well and ensure clean laundry.

Although liquid laundry capsules are becoming increasingly popular thanks to their convenience, they do have limitations. Consumers cannot alter the dose to match the size of load, degree of soiling, or the water hardness in their area.

Cost-effective eco cleaning

There are many formulation and processing constraints for manufacturing liquid laundry concentrates. The solution was not simply to double the amount of active ingredient. We set out to deliver a concentrate that:

- further enhances convenience compared to traditional powdered detergents;
- requires less packaging;
- eliminates the complicated requirements of encapsulating a liquid in water-soluble films.

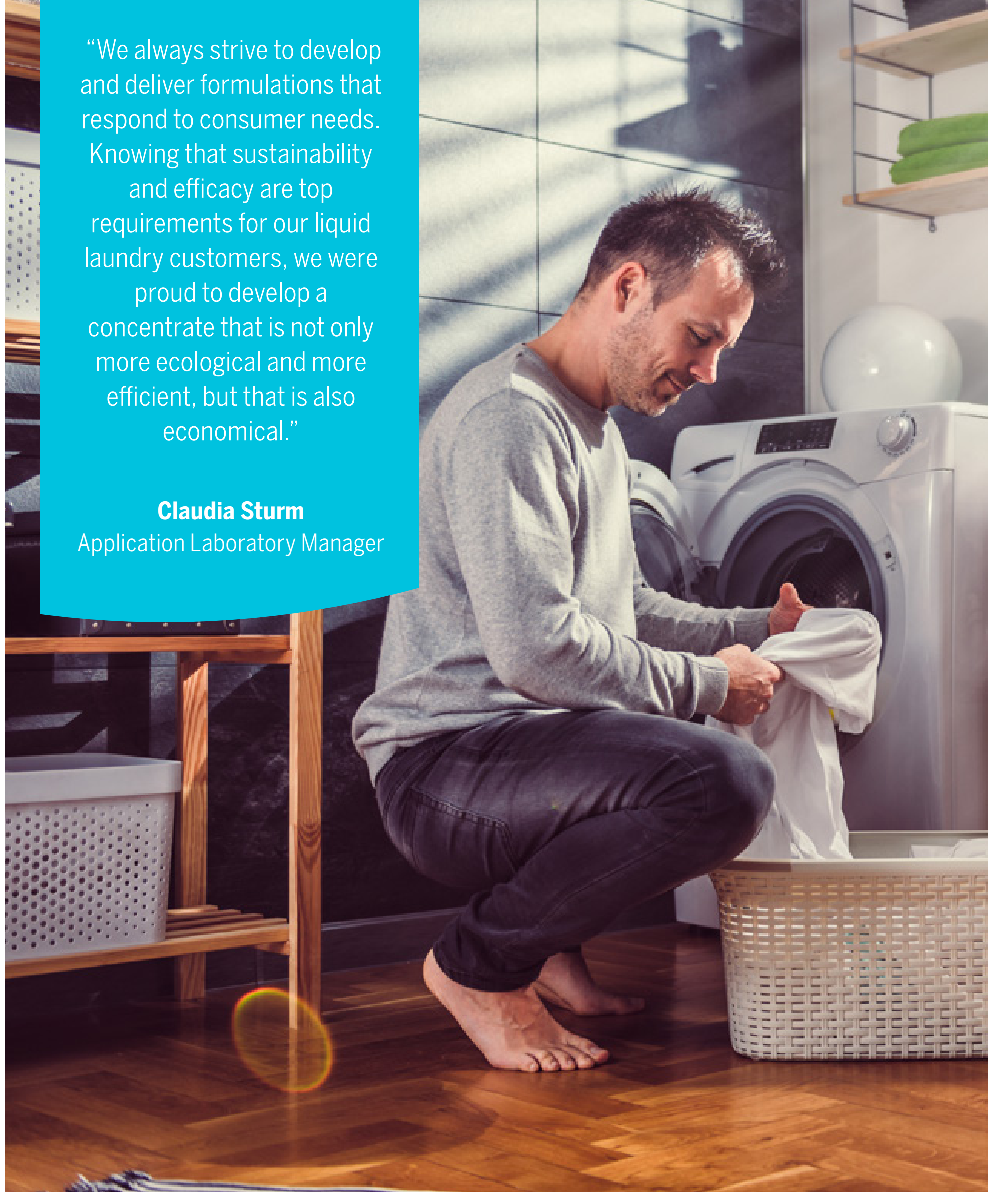
Our objective was to develop a 25ml liquid concentrate from economical, to eco-balanced and ecological formulations. We also needed to ensure product stability for at least four weeks at temperatures ranging from 5 to 37°C, and deliver no reduction in the efficacy of the product.

Leading through innovation

We can now offer customers three families of liquid laundry concentrate. Thanks to thorough development and testing, our new formulations enhance laundry performance and are ready for immediate use. The impact on water consumption is significant: they enable our customers to benefit from up to 95% reduction in water consumption during manufacturing.

"We always strive to develop and deliver formulations that respond to consumer needs. Knowing that sustainability and efficacy are top requirements for our liquid laundry customers, we were proud to develop a concentrate that is not only more ecological and more efficient, but that is also economical."

Claudia Sturm
Application Laboratory Manager



Pharmaceuticals

IMCD Pharmaceuticals has a network of six dedicated technical centres and more than 250 sales and marketing experts around the world. The business group supports its customers and partners at every stage of their product development cycle, from active ingredient synthesis to formulating with functional excipients to deliver the optimal final dosage.

We innovate to create a healthier world. Our unrivalled technical expertise in formulation, together with high quality, clinically proven active ingredients and regulatory and quality support, enable us to provide added value every step of the way.

IMCD Pharmaceuticals collaborates with customers and partners, sharing knowledge and expertise to advance ideas for a healthy future.

Our market segments


Agrochemicals


API


Biopharma


Excipients & formulation


Nutraceuticals


Regulated Synthesis

TOMORROW'S PHARMACEUTICAL INDUSTRY
TRENDS THAT IMPACT OUR INDUSTRY

Patient-friendly dosage forms
Innovation in delivery systems.

Pre-emptive healthy living
Changing consumer attitudes towards personal health.

Sustainable solutions
The importance of green solutions.

Pharma for the future
Why biopharmaceutical science is the future of pharma.

Read more >

IMCD PHARMACEUTICALS

CASE

Vegan, sugar-free gummy to support the immune system

During lockdowns, consumers globally have spent more time learning about ingredients and procedures that might support their immune response against potential threats. Functional foods are becoming more popular. But consumers are tired of pills and potions, they are looking for alternative, easy-to-take supplements. And if possible, these should also meet their values regarding sustainability, clean label, green and plant-based.

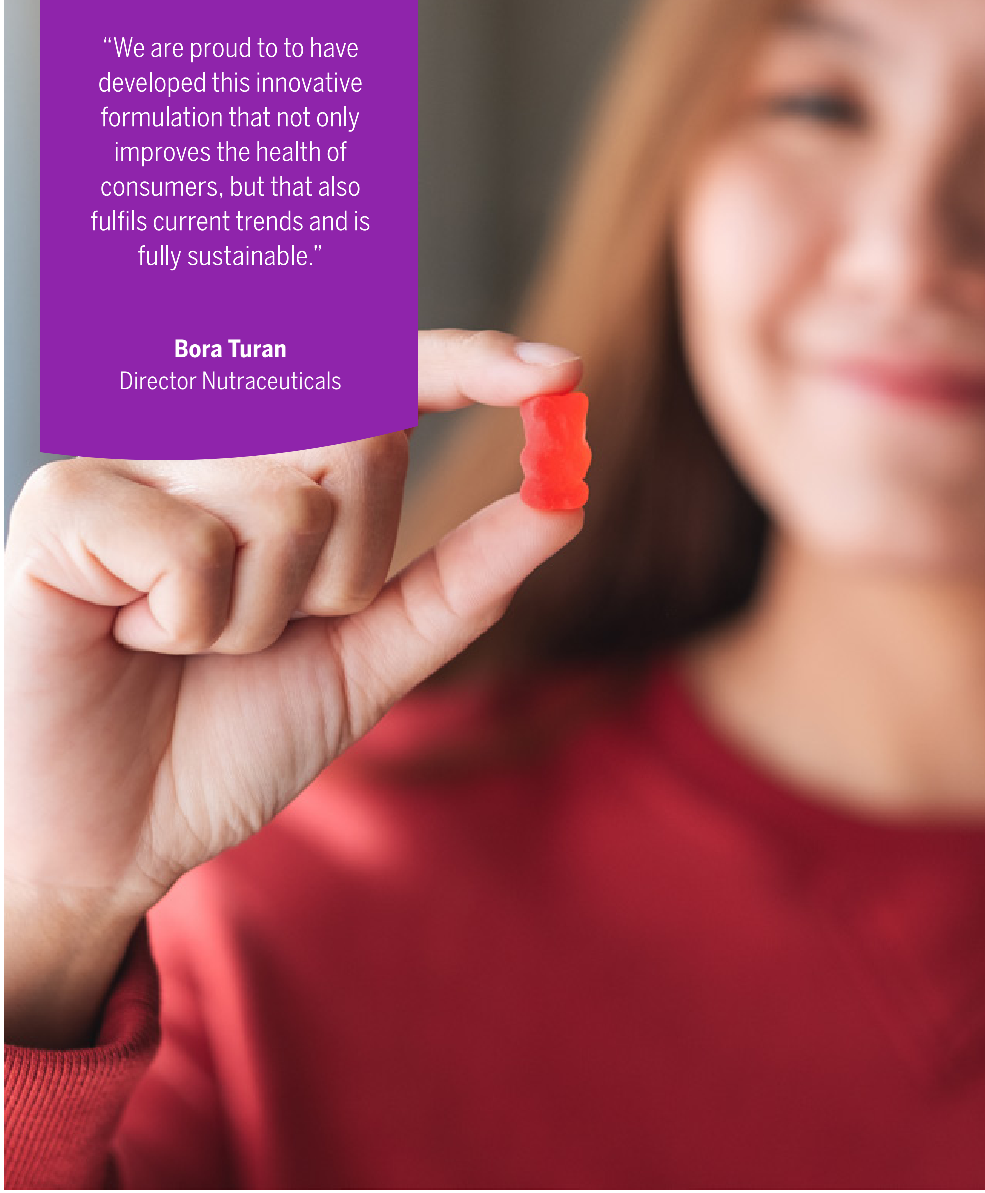
A palatable supplement without sugar?
Our Nutraceuticals team rose to the challenge. The goal was to develop a stable, pleasant-tasting and commercially viable product with a high dose of active ingredients. And make it vegan and sugar free. We were looking to make an effective supplement suitable for both adults and children, to incorporate botanicals and vitamins to support immune health. But it still needed to taste great.

Of all the possible formulations, a vegan, sugar-free gummy containing multiple botanical ingredients won the day. This is a new and innovative solution and it meets consumer demands.

Gummies are a promising concept
Our gummy solution provides inspiration for our customers to use in their own development. They can be confident that it is possible to develop high dose gummy formulations. We now have a concept, based on relevant science, which is 'market ready' and compliant with local regulations. This will enable our customers to quickly launch new and innovative products to meet consumer needs in their markets.

For our suppliers, this concept highlights their products innovatively and opens the door to new and promising opportunities for promoting their ingredients in gummy applications.

The gummy formulation provides a base for use with other active ingredients and to target other health categories, besides immune health. We have used this to create other concept offerings. Our Cardio Gummy is formulated with cardiovascular disease in mind, a key category that can benefit from supplementing a healthier lifestyle.



"We are proud to to have developed this innovative formulation that not only improves the health of consumers, but that also fulfils current trends and is fully sustainable."

Bora Turan
Director Nutraceuticals

Beauty & Personal Care

At IMCD Beauty & Personal Care, we shape tomorrow's beauty through innovative ideas and concepts. Our expertise lies in our profound understanding of creative possibilities. We recognise the needs and trends of the beauty & personal care market and help our customers empower people's beauty.

IMCD works with the world's leading suppliers to integrate an extensive portfolio of high-quality ingredients into our trend-based prototypes. Our technical and market segment experts working in our network of global application laboratories seek the most effective solutions with demonstrated performance and innovative ingredients. We turn valuable opportunities into commercial growth and success for our partners.

We offer a wide range of specialities, with products to cover all functional and active needs in the personal care space:

- Actives
- UV sunscreens
- Rheology modifiers, thickeners
- Surfactants, emulsifiers
- Emollients, elastomers, humectants, waxes
- Film formers, functional powders
- Hair styling polymers, hair conditioners
- Solvents, solubilizers
- Pigments, pearls, colorants
- Opacifiers, pearlisers
- Preservatives, antioxidants, additives
- Fragrances, essential oils

Our market segments


Skin care


Sun care


Color cosmetics


Hair care


Toiletries


Oral care

TOMORROW'S BEAUTY
TRENDS THAT IMPACT OUR INDUSTRY

In transparency we trust
Accessing information to ensure a choice of healthy beauty products.

It's all about experiences
Sparking emotion and entertainment within beauty rituals.

Celebrating individuality
Offering beauty products that meet every skin and hair need.

Making a positive impact
Trusting committed beauty brands that care for people and planet.

Read more >

IMCD BEAUTY & PERSONAL CARE

CASE

Maskne is the new acne
Developing the next best thing in skin care products

Acne is a widespread and persistent skin condition most commonly affecting teenagers and young adults. Mandatory mask-wearing during the pandemic has increased this problem for many, prompting use of the term "Maskne"; where a mask touches the face and causes acne. This combination of factors presented the cosmetics industry with a new skincare challenge, against the backdrop of growing demand for more natural and organic skin care products.

Acne care products are extremely popular in the personal care sector. Each year many new oil- and water-based product formats are launched. However, these products usually contain the same active ingredients due to a long history of proven efficacy.

Opportunity in clean beauty

While demand remains for highly effective products, consumers increasingly expect their skincare regime to contain natural and organic ingredients. Cosmetics companies around the world are looking for new and effective ingredients to create showstopping new products to meet these needs.

We were approached by a global skin care brand to source an innovative and natural ingredient, with good efficacy, for acne-prone skin and maskne.

A bio-based skincare hit

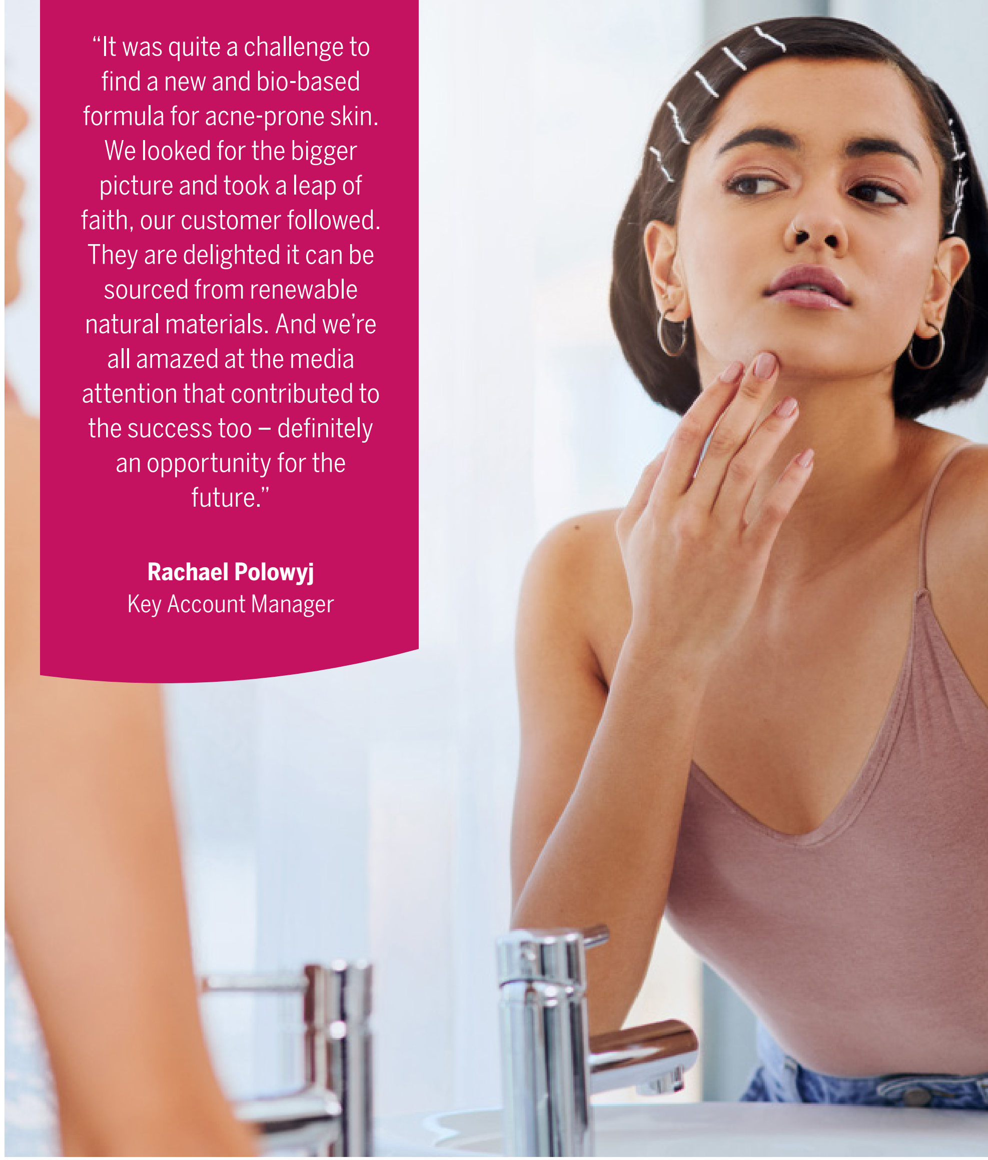
It is a delicate science to develop a product that can combat imperfections while still being gentle on the skin. Our team of experts worked alongside our customer to test a range of raw ingredients to deliver a truly innovative product. This extensive research process identified a single ingredient that delivered fantastic numbers in imperfection reduction on oily skin.

The 100% bio-based acid ingredient had not been previously used in anti-imperfection skincare. Our IMCD team offered technical guidance and handling instructions to incorporate this into a new product type.

In close collaboration between the key supplier and IMCD our customer was able to develop a targeted blemish treatment that went on to become one of the brand's top 5 bestselling products globally in the year it launched. It also received industry, media and social media acclaim on a global scale.

"It was quite a challenge to find a new and bio-based formula for acne-prone skin. We looked for the bigger picture and took a leap of faith, our customer followed. They are delighted it can be sourced from renewable natural materials. And we're all amazed at the media attention that contributed to the success too – definitely an opportunity for the future."

Rachael Polowyj
Key Account Manager



Coatings & Construction

IMCD Coatings & Construction offers speciality raw materials to drive performance, enhance durability and add colour to paints, coatings, construction, adhesives, printing inks, textile and paper formulations.

We drive the formulation evolution by contributing innovative ideas and customised solutions, all the while making use of our technical expertise and broad portfolio of additives, functional fillers, pigments, resins and speciality solvents.

Our skilled team of product, formulation and sales experts work to anticipate future needs and use their knowledge to seek out valuable opportunities for our customers. With a truly global presence, local market insights and in-depth technical understanding, we have the ideas and expertise to support customers in developing the forward-reaching innovations of tomorrow.

At IMCD Coatings & Construction, we focus on delivering the following future focused and sustainable solutions that are vital to the market, consumers, and society with our comprehensive and complete portfolio of:

- Resins & binders
- Additives
- Functional fillers
- Pigments
- Speciality solvents

Our market segments

Adhesives and sealants

Construction chemicals

Industrial coatings

Decorative paints

Printing inks

BUILDING TOMORROW

TRENDS THAT IMPACT OUR INDUSTRY

Green & circular
Sustainability works when considering every stage of the life-cycle and ensuring all stakeholders can mutually benefit from one another's choices.

Healthy future
The market is looking for solutions that are safe but that at the same time offer active health benefits.

Smart functionality
For innovators in the coatings and construction industry, it's essential to meet the growing demand for high-quality products and spaces.

Time for efficiency
Efficiency has always been a key consideration that ties everything together for the entire coatings and construction value chain.

Read more >

IMCD COATINGS & CONSTRUCTION

CASE

Shortages drive **innovation**

Last year we were approached by a customer in crisis. This young company's main service is laying indoor and outdoor stone carpets, which are an excellent alternative ground covering in living and office areas as well as around pools and for courtyards and patios. Demand for this innovative flooring option was high, but due to global supply restrictions, the critical synthetic resin needed to bond the small, coloured stones became unavailable.

The synthetic resin in critical demand are polyurethane resins, which are widely used for manufacturing flexible and rigid foams, fibres, and coatings with a wide range of applications, including the automotive industry. In the coatings & construction industry polyurethane resins are mostly used to protect metal substrates, concrete flooring, and wood.

The pandemic has disrupted many businesses in 2021, and the coatings & construction market is no exception. The supply chain was suffering from high costs and shortages in the freight industry and force majeures and high demand restricted the availability of raw materials. Polyurethane resins were among the raw materials affected.

To help our customer, we needed to find a substitute using alternative resins or raw materials not affected by global shortages.

Valuable partnerships and expertise

We contacted our principal suppliers for help, they suggested utilising cutting edge polyaspartic resin technology as a possible avenue we could pursue. At our laboratory in Lyon we tested a range of possible formulations until we found a solution with comparable mechanical and ageing properties that was just as strong.

After extensive testing, it transpired that our new formulation was even better than the original. Processing is easier as it is less viscous, it works well at low temperatures and has a shorter curing time, which means it can be applied in a broader range on weather conditions. The new solution is also solvent free, making it easier to work with and more environmentally friendly.

Innovation fosters continuity

The new formulation we developed for our customer has ensured the continuity of its business. Indeed, due to the productivity improvements and environmental benefits achieved, it offers opportunities for the customer's business to expand further.

The global raw material shortage, widely seen as constraining, created the perfect opportunity to develop new and innovative formulations for the construction industry. This supply crisis has also strengthened our partnerships with both customers and suppliers.

"The availability of the product for these technologies remains difficult. But we managed to deliver and ensure the business future of our customer."

Claude Delabeye
Coatings & Construction, Textile, Paper Business Unit Manager

Food & Nutrition

At IMCD Food & Nutrition, we are committed to solving food formulation challenges. We focus on creating healthy, convenient and consumer trend-led sustainable solutions. Our specialists have an in-depth understanding of our customers' requirements. They contribute their own insights, as well as a comprehensive understanding of recipes, applications and processes. They can help create truly outstanding solutions, in turn inspiring the menu of the future.

We have a global presence. This means we have access to all the ingredients we need to help our customers develop and be innovative in their local markets.

At IMCD Food & Nutrition, we offer an extensive range of top quality functional and speciality ingredients and flavours, sourced from the world's leading manufacturers. Our comprehensive portfolio spans four categories:

- Taste
- Texture
- Nutrition
- Function

Our market segments

Bakery & snacks

Beverages

Dairy & dairy alternatives

Nutrition

Savoury & meat alternatives

Confectionery & chocolate

TOMORROW'S MENU
TRENDS THAT IMPACT OUR INDUSTRY

Generation health
Healthy living focused on nutritional improvement and diet customisation.

Clean label goes global
A need for products that have the fewest possible ingredients.

Growing greener
Sustainability has become a mainstream consumer priority.

Feast for the senses
Health-conscious consumers are redefining indulgence. It no longer means gorging yourself on rich or processed food.

Read more >

IMCD FOOD & NUTRITION

CASE

Dairy & Dairy alternatives help develop **sugar-free version of market-leading probiotic dairy beverage**

The Singapore government announced a hard-line initiative to reduce sugar and synthetic sweeteners in beverages, as part of their effort to combat diabetes in the population.

To retain market share, our customer needed a new reduced-sugar formula for their probiotic dairy beverage. Without a new formula, they would not meet the new requirements. Consequently, they would no longer be able to advertise and would lose market share and revenue.

New sugar-free formula required

To meet the new guidelines, the probiotic dairy beverage had to be sugar free. In the current product, sugar plays an important role. It thickens the drink, gives it its characteristic flavour and texture, and keeps the all-important proteins in the homogenised suspension.

The customer asked our team in Singapore to help develop a formula for a sugar-free version. Simply eliminating sugar changed the viscose drink into a watery substance in which the proteins formed a sediment. What could replace the sugar and retain the mouthfeel and suspension properties?

Our experts rose to the challenge

Our challenge was complicated by the reputation of this brand and product. Consumers throughout Asia, and the rest of the world, know and love the specific mouthfeel and taste. Changing the product texture and taste could damage the brand's reputation.

New formula with pectin

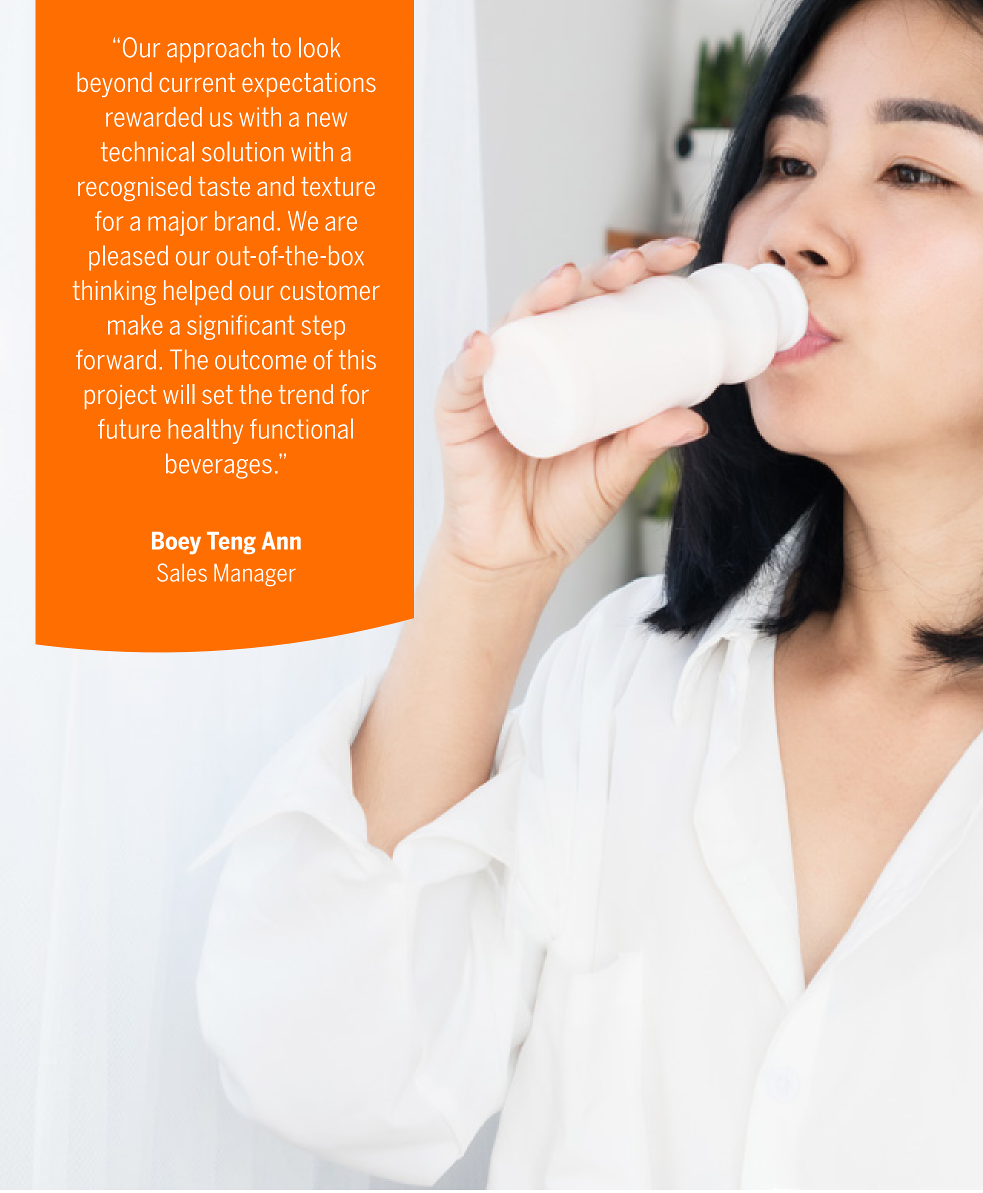
We suggested using citrus pectin to restore viscosity in the product and so take advantage of the related suspension properties. Pectin also gives a pleasant mouthfeel and releases flavours well. It has similar mouthfeel and suspension properties to the standard sugar-containing product.

Ready for market expansion

Now our customer has embraced the pectin solution, they know how to produce sugar- and sweetener-free, low pH dairy beverages with good mouthfeel and suspension properties. They can use this to launch a new range of sugar-free ready-to-drink diary beverages. The technology can also be applied to other low pH beverages such as fruit juices and selected teas.

"Our approach to look beyond current expectations rewarded us with a new technical solution with a recognised taste and texture for a major brand. We are pleased our out-of-the-box thinking helped our customer make a significant step forward. The outcome of this project will set the trend for future healthy functional beverages."

Boey Teng Ann
Sales Manager



Lubricants & Energy

IMCD Lubricants & Energy serves the lubricants, fuels, oil & gas, and energy sectors. The business group offers base oils and additive components and packages used in automotive and industrial oils and greases.

We also supply speciality chemicals for use in all segments of the oil, gas and fuel markets, from upstream exploration, to midstream processing (storing and transportation), through to downstream refineries, petrochemical plants and final processing of the fuels used by consumers at the end of the supply chain.

To accelerate progress towards a sustainable future, we strive to supply more raw materials from renewable sources and with reduced environmental impact. We also focus on speciality chemicals that reduce the production of CO_2 in their application, reduce emissions, and/or decrease energy consumption.

We develop long-standing partnerships with leading suppliers enabling us to offer a comprehensive portfolio:

Energy – Upstream
- Drilling fluids
- Wellbore cements
- Well stimulation

Energy – Midstream
- Storage
- Transportation
- Oil & gas processing

Energy – Downstream
- Refineries & petrochemicals
- Industrial processes
- Water treatment
- Filtration
- Heat transfer fluids
- Emerging energy markets

Our market segments

Automotive lubricants

Industrial oils

Metalworking fluids

Fuels

Energy

ACCELERATING PROGRESS

TRENDS THAT IMPACT OUR INDUSTRY

As qualified specialists in lubricants, fuels and oil and gas, IMCD Lubricants & Energy has been busy exploring the evolving ways in which we use energy, and how companies can lead that change.

Emissions reduction and sustainability are key issues for the lubricants & energy sectors. Our teams stay informed on these topics, to uncover innovative solutions for a cleaner future. We consider the latest developments that allow brands to future-proof their energy strategy in smart and, convenient ways.

Read more >

IMCD LUBRICANTS & ENERGY

CASE

A greasy challenge
Developing effective water-resistant grease

Lubricants and greases are crucial to everything that has moving parts. They ensure smooth operation, reduce wear and tear, and extend the life-span of machinery and equipment. Specialised lubricants and greases can improve efficiency and so contribute to reducing emissions.

One of our customers was needed support in developing a new industrial calcium sulfonate grease for the North American and Mexican markets. It also had plans to expand production and distribution to Europe, so it wanted IMCD's help to develop a new product as well as our expertise in technical and supply chain matters.

High-performance grease

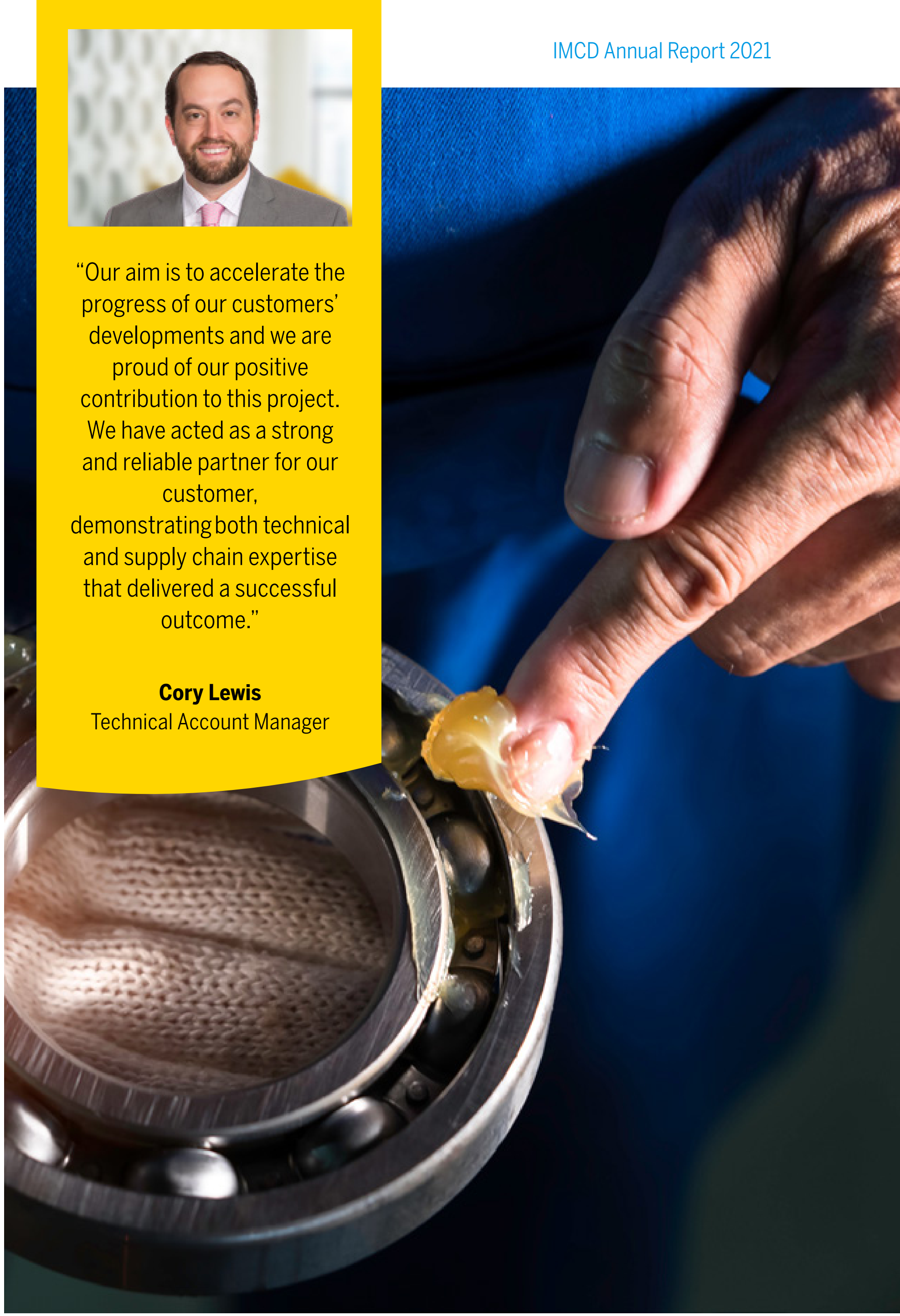
The new calcium sulfonate grease complex is intended for use in continuous casting in steel mills and hydraulic hammers. The traditional grease used in these applications contains lithium which is not only becoming increasingly difficult to source, but also has corrosive properties. The challenge was to develop a calcium sulfonate grease with maximum weld load and Timken OK Load test performance, the test used to determine the load-carrying capacity of greases. The grease should also have excellent water washout resistance too, i.e. limited washout of grease by water from a bearing, when tested under specific conditions.

Using our material, the customer was able to achieve an 800 kg weld result, and 60 lbs on the Timken OK Load test. It also achieved a water washout of less than 1%.

Success through teamwork

We worked closely with the customer and our top-tier supplier to identify the optimum ingredients for the customer's new formulation. We also called on resources from other parts of our own organisation. We delivered product development expertise and helped the customer with the commercial, supply chain and logistics aspects of marketing their new product.

Our customer is very satisfied with our contribution to their complex project. They are now able to manufacture a new calcium sulfonate grease and distribute this throughout North America and Mexico. With our assistance, they also have a supply chain in place and can also launch their new product in the European markets.



"Our aim is to accelerate the progress of our customers' developments and we are proud of our positive contribution to this project. We have acted as a strong and reliable partner for our customer, demonstrating both technical and supply chain expertise that delivered a successful outcome."

Cory Lewis
Technical Account Manager

Synthesis

IMCD Synthesis offers best-in-class products together with unique expertise for the most demanding industrial applications and processes. With the high level of technical and commercial support we offer our customers can even design a completely new resin or solve daily problems with the standard or novel products our team can provide. With our “design your own resin” approach customers can easily work with IMCD teams to find the right products.

With our application- and market-specific approaches we serve a range of industries, from chemical intermediates to process technologies, new materials and environmental technologies.
We are specialised in the following product ranges:

- Additives
- Bio-based chemicals
- Catalysts
- Intermediates
- Monomers
- Organic building blocks
- Processing aids
- Reactive diluents
- Solvents
- Surfactants

Our market segments

Polymer / Resin Producers

Performance Chemical Producers

PRODUCTS FOR TOMORROW

Together with our premium suppliers we develop new products and solutions to meet customer needs. In all these areas, we help our customers and suppliers create value through our focused expertise.

Read more >

IMCD SYNTHESIS

CASE

Supporting product development and sustainable growth

When it comes to product innovation, our teams face many challenges. Last year two customers were in the market to develop new generations of existing products: a resin and a surfactant. These materials are used in end products such as lubricants, coatings and detergents. Our customers wanted to improve the composition of their products to enhance performance. As their long-term partner, they approached us for support.

Product innovation through collaboration
In many instances we can reach out to our suppliers, and they will have a solution we can work with already in their portfolio. However, this type of acrylate raw material we were looking for was not available in their portfolio, so we had to get creative.

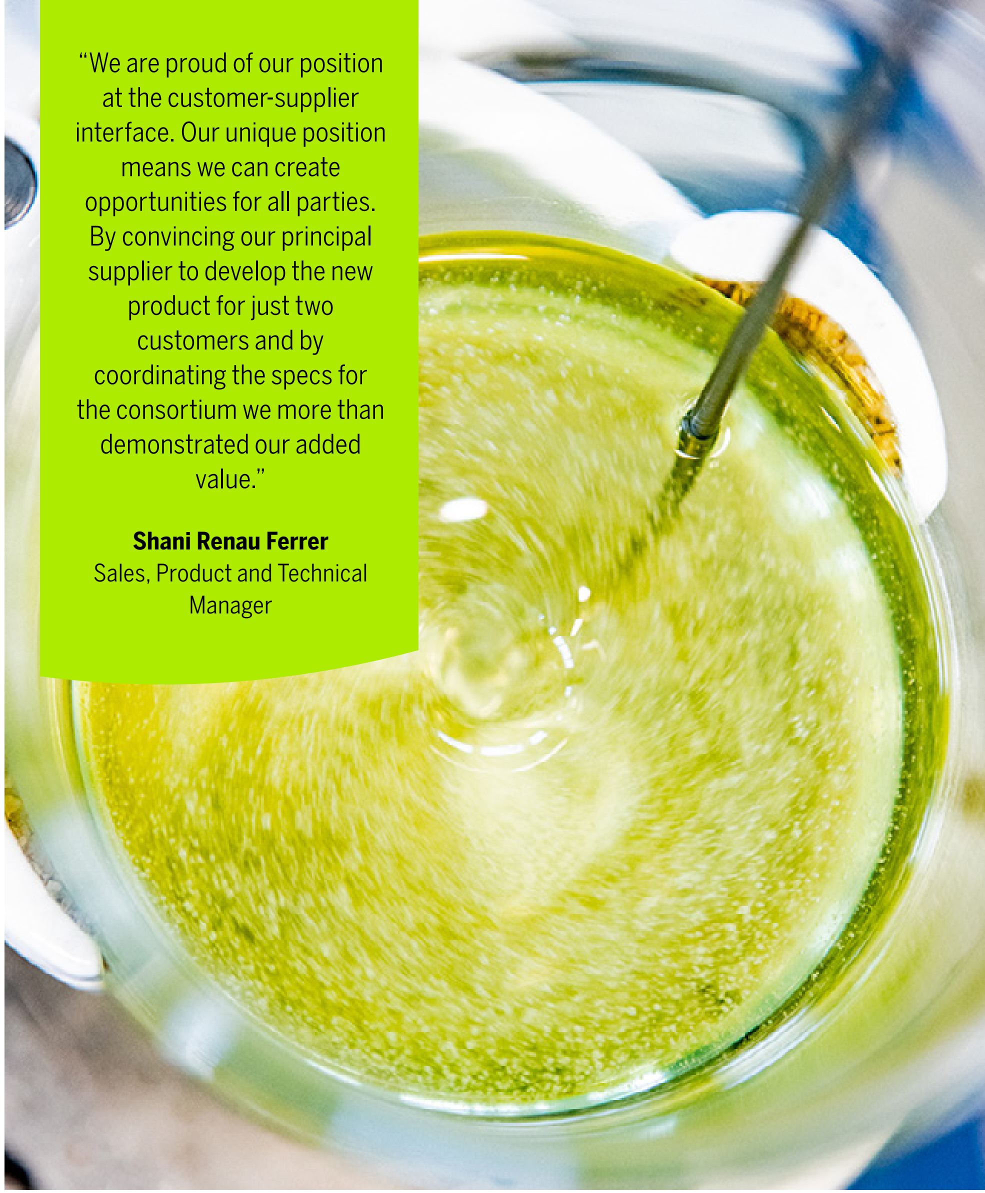
We recognised the commercial potential of the new product our customers were looking for and established a consortium including other interested parties. With our understanding of market demand, we were able to collaborate with our principal supplier to bring a new product innovation to the market: a better performing acrylate monomer which would consist of 85% plant-based material.

To make this happen, our technical development team provided detailed specifications and managed the laboratory work with our supplier until the manufacturing pilot trial commenced. We helped our customers conduct their own testing as well, in order to help make their products a commercial success.

An effective bio-based solution
We were able to create an opportunity for both our customers and suppliers to move towards more sustainable products. Thanks to our network we were able to link up customers with a similar need and our intervention enabled the manufacturer to expand their own bio-based product portfolio. Our next goal is to promote this new product to strengthen this business with our existing customers and to attract new users for this innovation.

"We are proud of our position at the customer-supplier interface. Our unique position means we can create opportunities for all parties. By convincing our principal supplier to develop the new product for just two customers and by coordinating the specs for the consortium we more than demonstrated our added value."

Shani Renau Ferrer
Sales, Product and Technical Manager



Advanced Materials

At IMCD Advanced Materials, we help our customers reimagine solutions to open new frontiers for their industries. We are problem solving experts. We embrace challenges, and do not stop until we have found the innovative solution needed to differentiate products in the market.

We specialise in functional additives, speciality compounds, adhesive solutions and advance composites. We serve 24 market segments and offer 16 different categories of products to support our customers' needs, including:

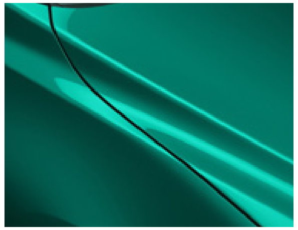
- Functional additives
- Speciality compounds
- Adhesive solutions
- Advanced composites

And many other additivies.

Our dedicated taskforces actively track and analyse both global mega-trends and local market developments to ensure that all our partners stay ahead of the curve. We remain committed to answering the question "what's next" to further innovation and re-imagine what is possible.

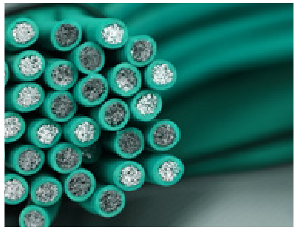
Our market segments

Building & construction



Automotive

Medical & healthcare



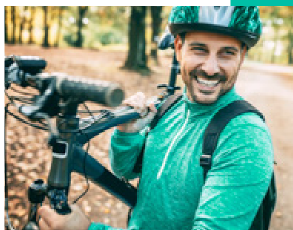
Wire & cables

Packaging

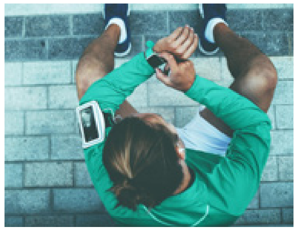
Marine

Transportation

Industrial

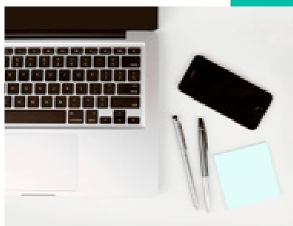


Sports & leisure



Consumer goods

Home appliances



Electronics

A SUSTAINABLE TOMORROW

TRENDS THAT IMPACT OUR INDUSTRY

Recyclability

Recyclability starts during product development, and design innovation is essential to increase recyclability and transform the end-of-life process.

Reusability

Reusable products have a major impact on plastic waste footprint, energy consumption and the reduction of emissions and waste, while also reducing pressure on recycling systems.

Bio-Based Content

More and more new bio-based sources and methods are being discovered that can be used as an alternative to petroleum-based polymers, opening doors to sustainable innovation.

CO_2 Reduction & Energy Consumption

Reducing carbon dioxide must be approached holistically, starting with selecting the right raw materials, prioritising sustainable sourcing and looking for energy-efficient extraction methods.

Read more >

IMCD ADVANCED MATERIALS

CASE

Innovating towards zero plastic waste

Manufacturing companies across the globe are seeking ways to reduce waste in their processes. This not only helps reduce costs and make their processes more efficient, but also ensures proper sustainable business practices.

Our customer works with multi-layer plastic film for food packaging. They were looking for a way to reuse scraps from their production processes and reduce their plastic waste. This waste comes from different types of multi-layer plastics which are discarded at various points in their processes. It includes polyethene (PE) and polyamide (PA) which cannot simply be put into the melting pot and be reused without losing its transparency and thermoforming properties. In food applications, consumers demand transparent food coverings.

Special additives required

Our customer had been experimenting with different processing methods and tested different standard compatibilizers without success. A compatibilizer is the additive compound needed to successfully combine different types of plastics. The big challenge here was to find a way of mixing PA and PE while retaining transparency with a sufficient percentage of recycled multi-layer film scrap that can allow the plant to achieve zero residue generation.

We were able to supply a compatibilizer which improved recycling properties of food grade films containing ethylene vinyl alcohol (EVOH) or polyamide (PA). The recycled material can now be added to a transparent polyethylene (PE) or polypropylene (PP) layer in a new multilayer structure. The resulting film is suitable for use in food applications

Moving beyond recyclable goals

From 2018 to 2021 our customer was able to increase reuse of offcuts to about 80%. Their ambition is to achieve 100% recycling by the end of 2021. By the end of the first quarter in 2021, our solution had pushed this percentage up to 95%. We have been working with this customer towards 100% recyclability for several years. With this development we hope to help other manufactures reduce their plastic waste too. It also opens new opportunities for recycling plastics and polymers which would otherwise be incinerated, be dumped in landfill, or worse, end up in the environment and oceans.

"Recycling these multilayer structures is one of the market's main concerns. Finding a workable solution is what makes our technical approach invaluable."

Marta Clavero
Packaging Expert
Team Leader

Strategy & Business

As a leading speciality chemicals distribution partner, IMCD has an important role to play in society, including by protecting health and welfare, improving economic prosperity and helping to create a more sustainable future.

IMCD strives to be the global sales channel partner of choice – a distributor who suppliers of speciality chemicals and ingredients turn to for first-class technical expertise and solutions that help them innovate and align their business operations to realise their growth targets.

Our culture

Culture and values are important to us. They are needed to guide behaviours and decisions of managers and employees in a desired direction and in a certain manner. Our business strategy has been very stable and clear, so individuals know in which direction we want to move the company.

In an entrepreneurial business like IMCD, where the freedom to act is key, we cannot - and do not - want to simply set out the desired employee behaviour in detailed handbooks: instead, we outline the principles that guide decision making and conduct. Our values cut across borders, languages and cultures and are the same everywhere, at all times.

The combined IMCD values and behaviours of employees define the IMCD culture. Here are a couple of examples that bring our culture to life.

Firstly, **Entrepreneurship** is one of our core values, which we apply for instance when we hire senior managers from external sources: in our interview process we select individuals with proven entrepreneurial experiences or capabilities. Finding highly educated, knowledgeable talent in the chemical industry is not an easy task, and we make it even harder by insisting on the candidate having previous entrepreneurial experiences; after all, we know very well what type of individual will flourish in IMCD.

Freedom to act is another value that allows the type of person described above to make best use of their talents. We believe that the best decisions are those that are taken close to the local market and benefit our customers and we don't want to stifle sound local judgement with too many centralised policies, processes, rules and regulations.

Thirdly, since we operate as the middle-man between suppliers (that's to say large chemical companies and ingredient producers) and our customers, we face commercial realities on two ends of the spectrum. We know that these commercial roles are best performed by individuals who seek common grounds, see opportunities, find solutions and act as true partners for our suppliers and customers.

In line with this, **Partnership** is the third of our IMCD values. Some business cultures thrive trough constructive conflict and competition; in IMCD, however, we value employees who develop and maintain positive partnerships with suppliers and customers - for many fruitful years.

Integrity and trust are non-negotiable and are as valid in a small country in an emerging market as in a large country with a mature market. Our country Managing Directors are the guardians of this value; they know and apply our business principles on a daily basis. We have zero tolerance for anyone who displays conduct or takes decisions not aligned with our values.

IMCD maintains facilities for its employees and partners to report irregularity or incident to the Group Compliance Officer, either by direct contact or through the use of the IMCD Ethics and Compliance Hotline. This hotline, hosted by an external independent party, offers a secured digital portal, accessible 24/7 across the globe, and the option to report anonymously

The last but not least of our values is **Financial discipline**. We report our finances and financial transactions transparently and in a timely manner through global ERP and Business information systems. When we acquire company, we immediately start a change process to implement our integrated risk and control framework together with our global IT systems and applications.

IMCD's business principles, core values and ethics are reflected in our Code of Conduct, which is available on our website, in multiple languages.

Value creation

Through its operations, IMCD transforms capital inputs into outputs and outcomes that create value for the organisation, its stakeholders and society at large over the short, medium and long term.

On the next page, IMCD's value creation model shows how the group uses the resources, capabilities and expertise at its disposal to the benefit of its stakeholders.

"With extensive local networks, market intelligence and first class technical expertise and solutions, we help our suppliers and customers simplify, innovate and grow their business operations."

Our Value creation

Input

Financial

€ 612.5 million
Working capital

2.3
Net Debt / Operating ebita

Infrastructure

8
business groups

3 regions
92 offices
107 warehouses
65 laboratories

Intellectual

43,000
products

Human

3,740
employees

51% female
49% male

Social & relational

56,000
customers

2,600
suppliers

Mission

Vision

Added value

Technical expertise

Market knowledge (Local/Regional)

Extensive customer coverage

Sales team (Local)

IMCD

Partnership approach

Technical expertise and sustainable innovation

Global reach

Speed and flexibility

At IMCD, we create a world of opportunity for our partners. It is our way of being, working and why we are able to surpass expectation in everything we do. As our proposition, it encapsulates the diverse nature, breadth and depth of opportunities created for stakeholders when engaging with us. It is our purpose, our mission and connects us under one common goal – to see beyond what is, to what will be.

Creating a world of opportunity

Risks

Trends

Organisation

Output

29%
Organic gross profit growth

9%
Acquisition gross profit growth

10.9%
EBITA margin

20%
EBITA CAGR (5 years)

€ 3.4 billion
Revenue

63%
Earnings per share growth

€ 1.62
Dividend per share

Outcome

Financial resilience

Environment

People

Product

Governance

Impact

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Our strategy

IMCD aims to create value for its stakeholders through the pursuit of sustainable growth of its revenues and results, driven by organic growth alongside strategic acquisitions where appropriate. First and foremost, IMCD strives to increase market share for the suppliers it represents. In addition, IMCD uses its market intelligence and technical expertise to identify opportunities to grow its business across the different geographies.

The long-term strategy is in line with the ongoing consolidation of the speciality chemicals distribution market, with manufacturers increasingly looking to outsource to a select number of multi-territory partners.

As part of its approach, IMCD maintains a diversified and asset-light business model with an outsourced supply chain infrastructure. IMCD uses a multi-channel approach to serve its customers; via personal contacts as well as by providing 24/7 access to its online customer portal. All this provides us the flexibility and resilience to respond and adapt to changing circumstances and demands from both the market and society.

Growth strategy execution

IMCD focuses on achieving growth through long-term partnerships combined with market expertise, technical development and innovation. This strategy has yielded solid growth based on the following strengths:

- leading international sales, marketing and distribution platform focused on speciality chemicals and ingredients
- a diversified and resilient business model
- superior margin conversion and cash conversion
- proven and committed management team
- highly professional team of technical experts supported by state-of-the-art digital tools
- ability to deliver organic and acquisition led growth

Organic growth

IMCD's organic growth strategy has four main drivers:

- increasing market share by outperforming through sales excellence
- investing in product and formulation know-how
- expanding with existing suppliers into additional geographies and adding new suppliers and products to the portfolio
- GDP growth in the different geographies where IMCD operates

IMCD aims to achieve organic growth that exceeds market growth in general. Expanding our current supplier relationships and identifying new suppliers who add value and choice for our customers is a fundamental aspect of our organic growth strategy. We have a coordinated and focused approach towards both expanding market share of our existing products and our own business development, with the aim of offering full product portfolios across all geographies.

Acquisition growth

IMCD benefits from a highly fragmented distribution market and continuing consolidation trend, largely driven by suppliers looking to optimise their sales channels. Since its formation, IMCD has acquired more than 60 companies, resulting in a broad geographical footprint globally. Using its extensive network and in-depth market knowledge, IMCD pursues strategic acquisition opportunities to further expand and enhance its business model in both developed and emerging markets.

Finding suitable acquisition targets is an ongoing process related to ensuring the right cultural and business alignment. IMCD has strict acquisition criteria that are, first and foremost, based on identifying a strategic fit that provides a platform for further growth both geographically and in complementary product markets. Acquisitions are always subject to the availability of appropriate management attention and to IMCD’s requirements for maintaining a strong balance sheet while limiting financial and operational risks.

The primary aim in all acquisitions is to support sustainable added-value growth for IMCD's suppliers and customers. Barring exceptional circumstances, an acquired company should be able to contribute to IMCD's cash earnings per share from the date of acquisition. The majority of our acquisitions are financed by our own strong cashflow and flexible loan facilities.

Newly acquired companies are integrated using a well-structured integration programme that provides a swift transition to IMCD's internal reporting, control and compliance systems and ensures optimal realisation of operational and business synergies.

Opportunities, risks and resilience

Identifying, assessing and managing risks and opportunities is a constant and integral part of IMCD's strategy execution and business operations.

Opportunities and focus areas

IMCD is focused on growing the brands of its suppliers and customers. IMCD continues to pursue growth in all regions with the aim of maintaining a leading position in the distribution of speciality chemicals and ingredients locally and around the world.

IMCD is actively exploring ways to optimise its services by digitalising its business processes even further. IMCD's global and integrated customer relationship management systems and product management systems serve as the foundation for the further digitalisation of IMCD's business processes. The evolution towards digital has been materialised by the introduction of the MyIMCD customer portal. MyIMCD is an easy to use collaboration environment, going beyond product search and self-service. On-line services and the added value offered by our sales teams are converging and work synergistically; combining the best of two worlds. Customers have 24/7 access to the portal, for example to download documents, ask for samples, quotes or technical support, place orders and maintain an overview of all historical and actual information of the relationship. Combined with personal contact and bespoke actions of our sales teams, we collaborate in the way the customer prefers and via any channel the customer desires.

Our customers increasingly search on-line for products, solutions and formulations. IMCD embraces multi-channel marketing activities to support the brands of its suppliers in the most extensive way. By using marketing automation, IMCD aims to share the right information to the right person on the right time to and as a result offers the right value to its business partners. Well equipped with the knowledge and formulation expertise of our suppliers we anticipate on trends, challenges and innovations. Marketing is closely connected with MyIMCD portal and IMCD's commercial teams to ensure adequate and quick response to the customers' needs.

Risks and resilience

The ability to pro-actively respond and adapt to changing circumstances and demands from both the market and society is a prerequisite for the success of IMCD's long-term strategy to create sustainable growth and value for its stakeholders.

IMCD operates in different, often fragmented market segments in multiple geographic regions, connecting many customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries as well as by the ability to maintain and expand commercial relationships and the timing, scope and impact of acquisitions.

IMCD is financially resilient as a result of its wide geographical and market presence and its large number of suppliers, customers and products. Fluctuations in the price of basic raw materials generally have a limited impact, given that the speciality products in IMCD's portfolios are highly functional and typically used in relatively low volumes. IMCD's resilience is further enhanced by its outsourced supply chain infrastructure and asset-light business model. IMCD's financial resilience is backed by a capital structure that is focused on flexibility, a strong balance sheet and limited risk.

An overview of the key risks to IMCD's strategy execution and business operations and a description of how IMCD assesses and manages these risks are given in the risk management section of this Annual Report.

Management approach

As a responsible distributor and importer of chemicals, IMCD cares for the safety and health of people and the environment. IMCD ensures compliance with applicable laws and regulations in the markets we serve, and recognises the importance of responsible distribution within the lifecycle of chemical products.

"IMCD is actively exploring ways to optimise its services by digitalising its business processes."

To fully engage in its redefined compliance and sustainability plans, IMCD adopted a more centralised approach and re-organised part of its global organisation to take on this role. The resulting Regulatory, Quality and Sustainability organisation reports directly to the Board of Management. Roll-out of its strategy, policies, systems and digital tools will continue in 2021.

IMCD's group companies are encouraged to take on an active role in the local implementation and development of relevant practices that contribute to the globally set agenda.

Sustainability

IMCD recognises that, as it increases its global presence, the focus on sustainable management, - the place where business and sustainability meet -, becomes increasingly more important. We believe that sustainable growth is not only measured by our social or environmental impact, but also by our efforts to improve financial performance and embed this in the IMCD business model.

IMCD's contributions to the environment and society begin with its suppliers and through its people, expanding throughout the value chain. The purpose of IMCD's sustainability approach is to grow the business while reducing its environmental footprint as demonstrated through clear and measurable metrics.

We are committed to offering products and solutions within our portfolio that focus on the health and well-being of our consumers, the environment and society, while managing our operational footprint in a responsible way.

In 2018, IMCD started to work on defining its group-wide sustainability approach and internal sustainability task force was established. The key areas which IMCD strives to stimulate sustainable practices were identified. In 2021, these key areas were further re-defined as part of the new materiality assessment, to have more focus. The IMCD's sustainability priorities support at least four of the United Nations Sustainable Development Goals (SDGs), in line with the Chemical Sector SDG Roadmap (published in July 2018 under the guidance of the World Business Council for Sustainable

Key areas for sustainability

FINANCIAL RESILIENCE

Operating globally, in a fast-paced and competitive market, exposure to risks is inevitable. Being able to adapt to disruptions and rebound quickly during adverse circumstances is paramount. IMCD works hard to cultivate a culture of resilience, combining an entrepreneurial spirit with sound financials and reporting discipline.

ENVIRONMENT

IMCD takes the climate protection seriously, as well as preparing and adapting for the associated risks and opportunities together with suppliers and customers and in logistics. IMCD continuously seeks to optimise its daily operations and focus on reducing greenhouse gas emissions and the carbon footprint of our activities and in the value chain. IMCD ensures the highest standards are applied for its waste handling and disposal to avoid spills or environmental impact.

PEOPLE

IMCD is proud of its people and considers them to be its most valuable asset by far. IMCD fosters an international and entrepreneurial business culture that enables employees to develop in an inspiring atmosphere. We believe that our diversity in gender and nationality contributes to our overall performance.

PRODUCT

Product stewardship is at the core of IMCD's activities. Our regulatory and quality teams ensure compliant and sustainable performance, and our technical experts constantly analyse new technologies and turn market trends into viable green, healthy and more sustainable applications, formulations, and solutions. With our Sustainable Solutions programme, IMCD champions the sustaionability journey of its suppliers and de-complexifies the market and the sustainability landscape for its customers.

GOVERNANCE

Integrity is fundamental to the way IMCD does business. IMCD has strong values and clear policies and standards in place to ensure that its employees always act in an ethical manner. By asking our partners to do the same, we aim to have a positive influence across our value chain.

Development). We have incorporated clear targets into our annual sustainability report and finalised our commercial approach relating to these targets.

IMCD embarks on a journey to build a solid sustainability management system. We know that it is also a priority for our business partners. The EcoVadis platform for us is a way to engage with our supply chain partners, to analyse our sustainability performance and identify areas of improvement. In 2021, the IMCD Group has been awarded a gold rating by EcoVadis. EcoVadis assessed the sustainability performance of IMCD Group in four key areas, namely Environment", "Labour and Human Rights", "Ethics" and "Sustainable Procurement". With this result IMCD Group belongs to the top 5 % of 75,000 active companies working with this programme. The gold rating rating reassures our business partners that IMCD meets the sustainability standards in all areas of its business. It also affirms that we are making a progress in our sustainability effort for continuous improvement.

"IMCD's contributions to the environment and society begin with its suppliers and through its people, expanding throughout the value chain."

Key areas for sustainability

In 2021, IMCD was further shaping and implementing its group-wide sustainability approach. We published our 2020 Sustainability Report. We refreshed our materiality matrix. We launched our "IMCD Sustainable Solutions Framework", a market-oriented programme that promotes products with a better environmental or health performance compared to mainstream products in the market. In this way, we can use our role as distributor to have a bigger impact than we otherwise would by focusing solely on our internal operations.

Our approach to sustainability responds to the global challenges for our planet and society as a whole and is embedded in the IMCD business model. It tackles the most material topics to our business and our stakeholders and translates our overall sustainability efforts into tangible goals.

In our 2020 Sustainability Report published in July 2021, we provided a clear carbon emission reduction target per million EUR EBITDA which we track every year. This way we can manage our progress and demonstrate our commitments to improving our performance.

An inclusive approach with a forward-looking perspective on sustainability was taken when re-assessing the IMCD materiality. Together with an external advisor IMCD held a project covering a desk research, interviews of internal and external stakeholders and workshops. In line with GRI standards, the refreshed materiality topics reflect IMCD's significant economic, environmental and social impacts, and substantively influence the assessments and decisions of stakeholders. Outside-in and inside-out impacts were assessed to comply with double materiality. The IMCD sustainability task force identified four key pillars in which IMCD strives to stimulate sustainable practices: environment, people, product and governance. For effective management, the material topics were categorised in these four pillars and classified as core focus areas, sustainability enablers and areas to monitor. More information will be included in the IMCD Sustainability Report for 2021 which is set to be published mid-2022.

The Global Supply Chain Management & RAQS Director heads the IMCD sustainability task force and as such responsible for managing and monitoring the climate change risks. He will lead the policy development of the climate change agenda and bring additional executive oversight to this important strategic issue. Updates are regularly tabled for discussion at the Executive Committee.

The Executive Committee will maintain oversight of our climate related financial activities, reporting and risk management. The Management Board discussed the strategy with regards to climate change with the Supervisory Board in 2021.

Sustainability reporting

In 2021, IMCD published its Sustainability Report for the year 2020. The report shows IMCD's performance in figures and and provides further insight into the group's operations, locations and environmental impact. Thanks to improvements in how sustainability data is being collected, IMCD has been able to broaden the scope of the group entities included in the report.

SDG alignment

IMCD supports the initiative by a selection of leading chemical companies and industry associations to translate the United Nations Sustainable Development Goals (SDGs) into a Chemical Sector SDG Roadmap (published in July 2018 under the guidance by the World Business Council for Sustainable Development).

IMCD's sustainability priorities align with targets relating to at least four of the SDGs that the chemical sector identified as goals it could contribute to. These are shown below.

3 GOOD HEALTH AND WELL-BEING

3. Good Health and Well-Being

IMCD is committed to product stewardship. Its technical experts constantly analyse new technologies and turn market trends into viable green, healthy and more sustainable applications, formulations and solutions. By putting this expertise to work for the benefit of our suppliers and customers, IMCD contributes to increased availability of products with health and safety benefits, while reducing their environmental footprint.

8 DECENT WORK AND ECONOMIC GROWTH

8. Decent Work and Economic Growth

IMCD employs over 3,700 people globally and, through its operational activities, reaches some 2,600 suppliers and more than 56,000 customers. This means that IMCD plays a key role in generating rewarding work opportunities, providing fair working conditions and contributing significantly to economic growth, both directly and indirectly.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12. Responsible Consumption and production

13 CLIMATE ACTION

13. Climate Action

By simplifying its suppliers' supply chains on a local and a global scale, IMCD enhances process efficiency, increasing efficiency in the use of resources while reducing emissions, energy consumption and waste. IMCD not only achieves this for its partners, but is also committed to working in a responsible, ethical and sustainable manner at all times itself.

INSIGHT

Leading the **sustainable transformation**

Sustainability is not a goal to be reached but a way of thinking, a principle we are guided by to future-proof our business.

The world has witnessed exponential economic growth, and with it an exponential rise in GHG emissions. On top of this COVID-19 has caused a major disruption to people's lives and livelihoods. While the pandemic is a setback for sustainable development, the SDGs along with the 2030 Agenda and the Paris Climate Agreement provide the right compass for leaving a positive impact on the environment and society going forward.

Carbon is more than an environmental burden, it's a business liability. Consumers consider sustainability information when making purchasing decisions and millennials want to work for companies that care about climate change. In 2020, the company established the IMCD "Sustainable Solutions" where we use our core competence, market intelligence, technical expertise, and product knowhow to understand and reduce our GHG emissions and contribute to a more sustainable world.

Ten Principles of the United Nations Global Compact
IMCD supports the Ten Principles of the United Nations Global Compact, the largest corporate sustainability initiative, on human rights, labor, environment, and anti-corruption and we are committed to implementing those principles.

Ecovadis Gold rating
The company has received a Gold rating from EcoVadis, a leading business sustainability rating index. This reassures our partners that we meet the sustainability standards in all business areas, and it places us within the top 5% of companies globally. It is a testament to our ongoing commitment to sustainability.

"Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs."

Stan Bijsterveld
Global Supply Chain Management & RAQS Director

Performance

Despite the continuing challenging market conditions, including persistent supply chain constraints and COVID-19 related restrictions, the outcome of 2021 was a very strong. All regions delivered double digit EBITA growth in 2021. In addition to the strong organic EBITA growth, we realised substantial acquisition EBITA growth, which is the result of the full year impact of acquisitons completed in 2020 and 2021.

We achieved successes in the further execution of our strategy, with acquisitions in Turkey, the Netherlands, Austria and Southeast Europe, South Africa, Colombia, Caribbean and Central America, Mexico, Indonesia, China and Australia/New Zealand.

Through our technical, marketing and supply chain expertise, IMCD continues to deliver sustainable added value and growth to both its customers and principal partners in more than 60 countries.

The year 2021 can be characterised as another challenging year, with strong growth in a dynamic environment. Although the pandemic continued to pose unprecedented challenges for our people and the communities where we operate, the dedication, resilience and flexibility of our teams and the solid fundamentals of our business model resulted in a strong performance. Throughout the pandemic the health, safety and wellbeing of our employees and our business partners have been first priority.

Compared to 2020, many of the economies we operate in showed a strong rebound in growth in 2021. Global shipping disruptions and input shortages kept the industry from expanding production in line with the rapid growth in demand for manufactured goods. The imbalance between strong demand and supply at the global levels, has intensified shortages and led to price volatility, affecting many countries and sectors.

Despite the continuing challenging market circumstances, the financial resilience provided by IMCD's multi-market and geographical coverage, combined with its diversified supplier and product portfolio, have enabled IMCD to deliver very strong results in 2021.

Commercial and organisational

IMCD's strategy centres on deepening and extending its pan-European network and expanding its base in the Americas, Asia Pacific and the Middle East & Africa. Part of this strategy is to strengthen and intensify the relationships with our major suppliers and to use our network to start-up new distributorships and offer pan-regional services. This strategy is supported by having operating companies with well-trained people in most countries we work in supported by technical application laboratories and an integrated and modern IT system (commercial, distribution and financial). We further continue to strengthen our market groups and technical capabilities to manage our strongly increasing business and to exploit group synergies.

The number of employees increased from 3,298 at the end of 2020 to 3,740 as at the end of 2021. The increase in our well diversified and highly qualified employee base further facilitated business growth in all regions. We are tracking our staff turnover and retention figures carefully especially in these post-Covid times. As training and development opportunities are effective ways of realising employee engagement and commitment, we continue to enable our employees development via our digital e-learning platform as well as through business group specific courses.

To support customers' technical needs, IMCD operates 65 application laboratories, spread across the world, sharing detailed application knowledge relating to its comprehensive speciality ingredient portfolio from leading supplier partners. Together with IMCD's business partners, IMCD's technologists are developing innovative application concepts. IMCD's state-of-the-art laboratory facilities also play an important role in training and sharing knowledge with the IMCD sales force, ensuring they stay abreast of market trends and developments and fully understand the functionalities and characteristics of the products in the portfolio.

As part of the strategic move to increase its regional technical footprint, in 2021, IMCD opened an ultra-high temperature (UHT) pasteurisation laboratory in Jakarta, Indonesia. The facility is designed to support complex ingredient formulations in the application of dairy, beverages and soups.

In 2021, IMCD relocated its Gurgaon office to Noida, Uttar Pradesh, India and expanded its laboratory capabilities. The new location now houses laboratory space for Coatings and Construction that will cater to PAN India customers, as well as Beauty & Personal Care laboratory which will provide support to the North Indian market.

In addition to these technical centres, IMCD expanded its laboratory facilities as a result of the acquisitions of Megasetia (Pharmaceuticals, Personal Care and Med Tech) and Syntec (Personal Care).

Digitalisation and IT

We continue to optimise our global processes for (pre)sales, supply chain, health, safety, quality and finance & control in order to assure operational excellence and an ongoing high level of service to our business partners. Operational improvements are facilitated via sophisticated, modern IT solutions supported by external specialists. IMCD considers its digital platform to be a key facilitator for its omni-channel business model and for securing a leading position in the speciality chemicals distribution market.

In 2021, we made good progress with our omni-channel marketing approach and in the further digitalisation of our business processes. Nowadays, digital marketing is a key element of our commercial activities supported by our digital tools. Through digital marketing, we reach prospects and customers looking for relevant products and services and we target prospective leads to promote our product portfolio and the technical services we offer. We closely monitor customer behaviour and interests by using marketing automation tools and data analytics on our IMCD and affiliate websites. This data is used to continuously improve our efforts and serve our prospects and customers in the best possible way, while providing the sales teams with actionable insights. The global and local digital marketing teams collaborate in IMCD's global marketing network, sharing best practises and learnings.

In 2021, we continued the roll-out and scale up of the MyIMCD portal, our B2B platform that provides access to product information and documentation and order information, while also offering facilities to request product samples, place orders, and collaborate with our technical sales teams on a 24/7 basis. Our centrally managed IT landscape allows us to work with uniform product, supplier, customer and market information, which enables us to quickly add all kinds of digital functionalities to our MyIMCD portal.

In 2021 we further optimised our IT governance and cyber security processes and controls.

Sustainability

IMCD is committed to championing its partners sustainability journeys and to creating a world of opportunity for a sustainable future for our principals, customers, employees, and the communities we touch.

In July 2021, IMCD published its third sustainability report, providing information about energy consumption, water use and greenhouse gas emissions for 2020, with again a further extended geographical scope compared to the previous year. IMCD continues to work on improving its data recording and collection

"With the expertise available in its laboratories and technical centres, IMCD supports its customers with complex ingredient formulations. In 2021, IMCD succesfully increased its technical footpint in the APAC region."

so that we can ultimately provide GRI-compliant integrated reporting on a global scale.

The company has been awarded the EcoVadis Gold rating, a further reassurance for our partners that we meet the sustainability standards in all business areas. It demonstrates the progress in integration of the principles of Sustainability/CSR into our business and management system.

Consumers are making the switch to sustainability and are actively seeking out green products. In 2021, the company established the IMCD "Sustainable Solutions Framework", where the company uses its core competence, market intelligence, technical expertise, and product know-how to contribute to a more sustainable world. This we do in close collaboration with our suppliers and customers, decomplexifying sustainability and supporting them in their effort to reduce their environmental footprint.

In addition, IMCD signed the United Nations Global Compact, the world's largest corporate sustainability initiative whereby the company drives awareness and action in support of achieving the Sustainable Development Goals by 2030.

Acquisitions

As a group we remain focused on aligning ourselves with industry leaders, grow our market share organically and through selected acquisitions, and continue to optimise our business model.

In the execution of its strategy to create sustainable growth for its stakeholders, IMCD completed the acquisition of eight businesses in 2021. In addition to these closed transactions, IMCD signed four share purchase agreements which are closed, or will be closed in 2022.

On 6 January 2021, IMCD acquired 100% of the shares in Ejder Kimya Ilaç Danışmanlık Sanayi ve Ticaret A.Ş. ("Ejder Kimya"). Ejder Kimya is a Turkish chemicals distributor of raw materials for personal care and pharmaceutical products and food additives. It has a strong, solid position in the personal care market in Turkey. Ejder Kimya's personal care business generated a revenue of approximately EUR 6 million in 2020. The company is fully integrated into IMCD Turkey.

On 7 January 2021, IMCD acquired the pharmaceutical business of Peak International Products B.V. ("Peak International"). Peak International is a Dutch-based distributor in the active pharmaceutical ingredients business for Benelux, Vietnam, Germany and Israel. The Peak pharmaceutical business generated a revenue of approximately EUR 6 million in 2020.

On 8 January 2021, IMCD acquired 100% of the shares in Siyeza Fine Chem Propriety Limited ("Siyeza"). Siyeza, based in Johannesburg, is a distributor of pharmaceutical, veterinary, food and personal care speciality chemical ingredients in South Africa. With 27 employees, Siyeza generated a revenue of approximately EUR 16 million in 2020 through their representation of world leading producers from Europe and Asia. The company is fully integrated into IMCD South Africa.

In April 2021, IMCD divested its Nutri Granulations manufacturing assets and associated business, which was acquired by IMCD as part of the ET-Horn acquisition in 2018. Located in La Mirada, CA and, with 22 employees, Nutri Granulations manufactures food grade and USP grade calcium carbonate granulations for the nutraceuticals, food, and pharmaceuticals markets. Nutri Granulations realised a revenue of USD 11 million in 2020. The divestment aligns with IMCD's strategy to focus on the sales, marketing and distribution of speciality chemicals and ingredients.

On 14 May 2021, IMCD acquired Siliconas y Químicos ("Siliconas"), based in Bogotá, Colombia. Siliconas is a speciality chemicals distributor and serves the personal care, coatings, silicones and other speciality industrial markets and perfectly complements IMCD's existing pharmaceuticals, food and nutrition business in Colombia. Siliconas has 25 employees and generated a revenue of USD 9 million in 2020. IMCD acquired 80% of the shares of Siliconas; the remaining 20% will be acquired in 2022.

On 19 May 2021, IMCD acquired 100% of the shares in Andes Chemical Corp. ("Andes Chemical"). Headquartered in the Miami metropolitan area, Andes Chemical is active in Caribbean and Central American countries, Colombia and Peru. Andes Chemical serves the coatings, adhesives, sealants, and elastomers (CASE), construction, cosmetics, personal care, plastics, pharmaceuticals, and HI&I industries. Andes Chemical has 43 employees and generated a revenue of USD 46 million in 2020.

On 2 June 2021, IMCD acquired 100% of the shares in Shanghai Yuanhe Chemicals Co. ("Yuanhe"). Yuanhe is a service solution provider focused on offering innovative speciality chemicals and ingredients for the coatings, inks and textile industry. With 20 employees, Yuanhe generated revenue of EUR 13.2 million in 2020.

On 19 August 2021, IMCD acquired 100% of the shares in Materias Químicas de México S.A. de C.V. and Pluralmex S.A de C.V. (together: "Maquimex"), based in México City. Maquimex is an asset-light speciality chemicals distributor providing commercial and technical expertise in the preservatives, HI&I, energy, water treatment and other industrial markets. Maquimex has 44 employees and generated a revenue of approximately USD 29 million in 2020.

On 29 September 2021, IMCD signed an agreement to acquire 100% of the shares in Aquatech Speciality (Shanghai) International Trading Co., Ltd. and Aquatech Speciality (Guangzhou) Trading Co., Ltd. (jointly "Aquatech") in China. Aquatech is active in waterborne solutions in coatings, ink, and textile industries. Aquatech has 10 employees and generated a revenue of EUR 6.7 million in 2020. The transaction is expected to be closed early in 2022.

On 17 November 2021, IMCD signed an agreement to acquire 100% of the shares in PT Megasetia Agung Kimia ("Megasetia") in Indonesia. Megasetia is a distributor of speciality ingredients for the pharmaceutical industry. Megasetia has 160 employees and generated a revenue of approximately EUR 80 million in 2021. The transaction will take place in two tranches, with 70% acquired on 21 December 2021 and the remaining 30% to be acquired in 2025 by the latest.

On 6 December 2021, IMCD signed an agreement to acquire 100% of the shares in Shanghai Syntec Additive Limited and Shanghai Weike Additive Limited (jointly "Syntec"). Syntec provides market, technical and formulation expertise in China's personal care, cosmetics, and home care industries. Syntec generated a revenue of approximately EUR 14 million in 2020 and has 25 employees. The transaction was closed on 18 January 2022.

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares of RPL Trading Pty Ltd and RPL Trading New Zealand Ltd. (jointly "RPL Trading"), a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets. RPL Trading generated revenue of approximately EUR 16 million for the fiscal year ending on 30 June 2021 and has 15 employees. The transaction was closed on 31 January 2022.

"In Indonesia, the acquisition of Megasetia was an excellent fit with IMCD's life science strategy, providing a platform for further growth."

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares in Polychem Handelsges.m.b.H. ("POLYchem"), a leading provider of chemical raw materials and additives in Austria and Southeast Europe. POLYchem offers a diverse portfolio of products for the coatings, construction, and composite industries. POLYchem has 65 employees and generated revenue of EUR 25 million in 2020. The transaction was closed on 8 February 2022.

Financial performance

General

All financial information in this section is presented in millions of euros. Rounding differences may occur because the underlying figures retrieved from the consolidated financial statements are rounded to the nearest thousand.

Change in accounting policy

Following clarifying guidance from the International Financial Reporting Interpretations Committee (IFRIC) in March 2021, IMCD adopted a change in accounting policy in relation to the treatment of configuration and customisation costs relating to cloud computing arrangements, commonly referred to as Software as a Service (SaaS). Under the revised accounting policy, costs that previously would have been capitalised and subsequently amortised, are treated as operating expenditure insofar as the group cannot demonstrate the ability to control the relevant software. Following this additional guidance from the IFRIC on the control criteria relating to cloud computing arrangements, the Group also decided to change its lease accounting policy to no longer recognise cloud computing arrangements as a lease, and as a consequence derecognise its right-of-use-assets and lease liabilities relating to cloud computing arrangements. Software subscription fees are treated as operating expenses, compared to right-of-use amortisation costs and interest expenses. The changes in accounting policies have been adopted retrospectively and prior year (2020) comparative figures have been restated.

The impact of the change in accounting policy on the operating EBITA of 2021 is negative EUR 9.8 million (2020: EUR -10.3 million). Operating EBITA for 2021 based on accounting principles applied in prior years amounts to EUR 383.4 million, based on the new accounting principles this is EUR 373.6 million. For 2020, operating EBITA based on accounting principles applied in prior years amounts to EUR 253.5 million and based on the new accounting principles this is EUR 243.2 million.

The impact on the net result for the year of 2021 is EUR +1.0 million (2020: EUR -0.8 million). The net result for the year 2021 was EUR 206.2 million (2020: EUR 120.9) based on prior years' accounting principles and EUR 207.2 million (2020: EUR 120.1 million) based on the new accounting principles.

Key performance indicators

In 2021, IMCD realised revenue growth of 24% (+25% on a constant currency basis) and gross profit growth of 29% (+30% on a constant currency basis). Operating EBITA increased by 54% from EUR 243.2 million in 2020 to EUR 373.6 million in 2021 (+55% on a constant currency basis). The operating EBITA margin improved by 2.1%-point to 10.9% (2020: 8.8%).

The cash conversion margin was 72.6% in 2021, compared with 109.4% in 2020. The weighted cash earnings per share increased by EUR 1.61 from EUR 3.03 in 2020 to EUR 4.64 in 2021.

Key performance indicators for 2021

EUR MILLION	2021	2020[1]	CHANGE	FX ADJ. CHANGE
Revenue	3,435.3	2,774.9	24%	25%
Gross profit	836.3	647.5	29%	30%
Gross profit in % of revenue	24.3%	23.3%	1.0%	
Operating EBITA	373.6	243.2	54%	55%
Operating EBITA in % of revenue	10.9%	8.8%	2.1%	
Conversion margin	44.7%	37.6%	7.1%	
Cash conversion margin	72.6%	109.4%	(36.8%)	
Cash earnings per share	4.64	3.03	53%	

1 The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Revenue

Compared with 2020, revenue increased by 24% to EUR 3,435.3 million in 2021. The revenue growth is the result of organic growth (+16%), the first-time inclusion of acquisitions (+9%) and a negative impact of foreign currency exchange differences (-1%).

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Revenue

	EUR MILLION				GROWTH			
	2021	IN % TOTAL	2020	IN % TOTAL	ORGANIC	ACQUISITION	FOREIGN EXCHANGE	TOTAL
EMEA	1,601.6	46.6%	1,326.9	47.8%	18%	3%	(0%)	**21%**
Americas	1,119.6	32.6%	945.1	34.1%	15%	6%	(3%)	**18%**
Asia-Pacific	714.1	20.8%	502.9	18.1%	9%	31%	2%	**42%**
Total	**3,435.3**	**100.0%**	**2,774.9**	**100.0%**	**16%**	**9%**	**(1%)**	**24%**

The overall organic revenue development was shaped by the balance of local macroeconomic circumstances, further strengthening of the product portfolio by adding new suppliers, expanding relationships with existing suppliers and increasing customer penetration by adding new products and selling more products to existing and new customers.

Revenue was positively impacted by acquisitions completed in 2021 (Ejder Kimya, Peak International, Siyeza, Siliconas, Andes, Yuanhe and Maquimex) and acquisitions completed in 2020 (Zifroni, Develing, VitaQualy, Kokko-Fiber, Signet, Millikan and Banner Química). The total positive impact of the acquisitions on the revenue in 2021 was 9%.

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased by 29% from EUR 647.5 million in 2020 to EUR 836.3 million in 2021. The increase in gross profit was the result of organic growth (+21%), the impact of the first-time inclusion of acquisitions (+9%) and the negative impact of foreign currency exchange rate developments (-1%).

Gross profit as a % of revenue increased by 1.0%-point from 23.3% in 2020 to 24.3% in 2021. All regions contributed to the improved gross profit margin in 2021. Gross profit margins showed the usual level of differences in margins per region, margins per product and margins per product market combination. Differences between and within the regions are caused by local market circumstances, product mix variances, product availability, foreign currency fluctuations and the impact of newly acquired businesses.

Gross profit

	EUR MILLION				GROWTH			
	2021	IN % REVENUE	2020	IN % REVENUE	ORGANIC	ACQUISITION	FOREIGN EXCHANGE	TOTAL
EMEA	411.7	25.7%	337.4	25.4%	20%	2%	(0%)	**22%**
Americas	250.5	22.4%	204.2	21.6%	21%	5%	(3%)	**23%**
Asia-Pacific	174.2	24.4%	105.9	21.1%	20%	43%	2%	**65%**
Total	**836.3**	**24.3%**	**647.5**	**23.3%**	**21%**	**9%**	**(1%)**	**29%**

Operating EBITA

Operating EBITA is defined as the result from operating activities before amortisation of intangible assets and excluding non-recurring income and expenses. It is one of the key performance indicators IMCD uses for monitoring the performance of its operating activities.

The bridge between result from operating activities and operating EBITA is as shown in the table "Bridge operating EBITA".

Operating EBITA increased by EUR 130.4 million (+54%) from EUR 243.2 million in 2020 to EUR 373.6 million in 2021. On a constant currency basis, the increase was 55%.

The growth in operating EBITA of 54% was the result of organic growth (35%), the impact of the first-time inclusion of acquisitions completed in 2020 and 2021 (20%) and the negative impact of foreign currency exchange differences (-1%).

Bridge operating EBITA

EUR MILLION	2021	2020[1]	CHANGE
Result from operating activities	**305.5**	**190.4**	**115.1**
Amortisation of intangible assets	65.5	47.5	18.0
Non-recurring items	2.7	5.3	(2.6)
Operating EBITA	**373.6**	**243.2**	**130.4**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The operating EBITA as a % of revenue increased by 2.1%-point from 8.8% in 2020 to 10.9% in 2021. All regions showed improved operating EBITA margins. In EMEA the EBITA margin increased by 1.4%-point, from 9.9% in 2020 to 11.3% in 2021. The Americas segment showed an improvement in EBITA margin of 1.0%-point from 9.1% in 2020 to 10.1% in 2021. In Asia-Pacific the EBITA margin increased by 4.9%-point, from 10.5% in 2020 to 15.4% in 2021.

The conversion margin, defined as operating EBITA as a % of gross profit, increased by 7.1%-point from 37.6% in 2020 to 44.7% in 2021. The conversion margin was positively impacted by, amongst other things, efficiency improvement initiatives and the first-time inclusion of acquired companies with higher gross margins than IMCD's average.

Operating EBITA by operating segment

IMCD distinguishes the following operating segments:
- EMEA: all operating companies in Europe, Turkey, Israel, Egypt, United Arab Emirates, Saudi Arabia and Africa
- Americas: all operating companies in the United States of America, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia, Mexico, Peru, Costa Rica and the Dominican Republic
- Asia-Pacific: all operating companies in Australia, New Zealand, India, Bangladesh, China, Malaysia, Indonesia, Philippines, Thailand, Singapore, Vietnam, Japan and South Korea
- Holding companies: all non-operating companies, including the head office in Rotterdam and the regional offices in Singapore and New Jersey, US

The developments in the operating segments are described in the following sections.

Operating EBITA

EUR MILLION	2021	IN % REVENUE	2020[1]	IN % REVENUE
EMEA	180.3	11.3%	131.2	9.9%
Americas	113.0	10.1%	86.0	9.1%
Asia-Pacific	109.7	15.4%	52.9	10.5%
Holding companies	(29.3)	-	(26.9)	-
Total	**373.6**	**10.9%**	**243.2**	**8.8%**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

EMEA

In 2021, the revenue in the EMEA region increased by 21% compared with 2020. On a constant currency basis, the increase was 21% and consists of organic revenue growth (+18%) and the impact of the first-time inclusion of acquisitions completed in 2020 and 2021 (+3%). The acquisition impact of 3% relates to the acquisition of Zifroni, and Kokko-Fiber in 2020 and Ejder Kimya, Peak International and Siyeza in 2021.

Gross profit increased by 22%, from EUR 337.4 million in 2020 to EUR 411.7 million in 2021. The gross profit increase of 22% is the balance of organic gross profit development (+20%) and the first-time inclusion of acquisitions (+2%). Despite the challenging market conditions, including the impact of the COVID-19 pandemic and supply chain issues, in many EMEA countries, IMCD successfully added new suppliers and further expanded its relationships with existing suppliers in new territories and with additional business lines. Organic gross profit development further included the usual variations in the product and customer mix.

In 2021, IMCD successfully completed three acquisition transactions in the EMEA region.

On 6 January 2021, IMCD acquired 100% of the shares in Ejder Kimya. Ejder Kimya is a Turkish chemicals distributor of raw materials for personal care and pharmaceutical products and food additives. It has a strong and solid position in the personal care market in Turkey. Ejder Kimya's personal care business generated a revenue of approximately EUR 6 million in 2020. The company is fully integrated into IMCD Turkey.

On 7 January 2021, IMCD acquired the pharmaceutical business of Peak International. Peak International is a Dutch-based distributor in the active pharmaceutical ingredients business for Benelux, Vietnam, Germany and Israel. The Peak pharmaceutical business generated a revenue of approximately EUR 6 million in 2020.

On 8 January 2021, IMCD acquired 100% of the shares in Siyeza. Siyeza, based in Johannesburg, is a distributor of pharmaceutical, veterinary, food and personal care speciality chemical ingredients in South Africa. With 27 employees, Siyeza generated a revenue of approximately EUR 16 million in 2020 through their representation of world leading producers from Europe and Asia. The company is fully integrated into IMCD South Africa.

In addition to these three completed transactions, on 22 December 2021, IMCD signed an agreement to acquire 100% of the shares in POLYchem, a leading provider of chemical raw materials and additives in

"In 2021, Siyeza was fully integrated into IMCD South Africa. Successful integration of acquisitions requires a focussed integration plan and ongoing management attention."

EMEA

EUR MILLION	2021	2020	CHANGE	FX ADJ. CHANGE
Revenue	1,601.6	1,326.9	21%	21%
Gross profit	411.7	337.4	22%	22%
Gross profit as a % of revenue	25.7%	25.4%	0.3%	
Operating EBITA	180.3	131.2	37%	39%
Operating EBITA as a % of revenue	11.3%	9.9%	1.4%	
Conversion margin	43.8%	38.9%	4.9%	

Austria and Southeast Europe.The transaction was closed on 8 February 2022.

IMCD continued to optimise its supply chain network in 2021, in order to enhance customer service levels and to reduce operating costs in the supply chain. System-to-system connectivity and process integration of the supply chain partners is crucial for achieving the optimisation.

IMCD operates 23 Technical Centres in EMEA. These Technical Centres are instrumental in exploring local markets and developing product applications for IMCD's business partners. In addition, in the various application laboratories market and product expertise is exchanged between IMCD, suppliers and customers on a local, regional and global level.

Operating EBITA increased by 37% from EUR 131.2 in 2020 to EUR 180.3 million in 2021. Operating EBITA as a % of revenue increased by 1.4%-point, from 9.9% in 2020 to 11.3% in 2021.

The conversion margin increased by 4.9%-points, from 38.9% in 2020 to 43.8% in 2021. The improvement of the conversion margin is the result of higher gross margins, offsetting higher own costs. IMCD continues to focus on revenue and gross profit growth, combined with strict cost control.

Americas

EUR MILLION	2021	2020	CHANGE	FX ADJ. CHANGE
Revenue	1,119.6	945.1	18%	22%
Gross profit	250.5	204.2	23%	26%
Gross profit as a % of revenue	22.4%	21.6%	0.8%	
Operating EBITA	113.0	86.0	31%	36%
Operating EBITA as a % of revenue	10.1%	9.1%	1.0%	
Conversion margin	45.1%	42.1%	3.0%	

As at the end of 2021, the number of full-time employees in EMEA was 1,624 compared with 1,485 as at the end of 2020. The increase in the number of full-time employees is due to additional staff being hired to fill vacancies and to strengthen the technical expertise, and to the impact of acquisitions completed in 2021 (+31 full-time employees).

Americas

In the Americas segment, revenue was EUR 1,119.6 million in 2021 compared with EUR 945.1 million in 2020. In 2021, organic revenue growth was 15% and growth as a result of acquisitions completed in 2020 (VitaQualy, Millikan and Banner Química) and 2021 (Siliconas, Andes Chemical, Maquimex) and the divestment of the Nutri Granulations business in the US, in total was 6%. The unfavourable developments of foreign currency exchange rates in the Americas region, resulted in a negative currency exchange impact of 3% on the revenues in 2021.

In 2021, IMCD successfully completed three acquisitions in the Americas region.

On 14 May 2021, IMCD acquired Siliconas, based in Bogotá, Colombia. Siliconas is a speciality chemicals distributor and serves the personal care, coatings, silicones and other speciality industrial markets and perfectly complements IMCD's existing pharmaceuticals, food and nutrition business in Colombia. Siliconas has 25 employees and generated a revenue of USD 9 million in 2020. IMCD acquired 80% of the shares in Siliconas; the remaining 20% will be acquired in 2022.

On 19 May 2021, IMCD acquired 100% of the shares in Andes Chemical. Headquartered in the Miami metropolitan area, Andes Chemical is active in Caribbean and Central American countries, Colombia and Peru. Andes Chemical serves the coatings, adhesives, sealants, and elastomers (CASE), construction, cosmetics, personal care, plastics, pharmaceuticals, and HI&I industries. Andes Chemical has 43 employees and generated revenue of USD 46 million in 2020.

On 19 August 2021, IMCD acquired 100% of the shares in Maquimex, based in México City. Maquimex is an asset-light speciality chemicals distributor providing commercial and technical expertise in the preservatives, HI&I, energy, water treatment and other industrial markets. Maquimex has 44 employees and generated a revenue of approximately USD 29 million in 2020.

In addition to these three acquisitions, in April 2021, IMCD divested its Nutri Granulations manufacturing assets and associated business, which was acquired by IMCD as part of the ET-Horn acquisition in 2018. Located in La Mirada, CA, and with 22 employees, Nutri Granulations manufactures food grade and USP grade calcium carbonate granulations for the nutraceuticals, food, and pharmaceuticals markets. Nutri Granulations realised a revenue of USD 11 million in 2020. The divestment aligns with IMCD's strategy to focus on the sales, marketing and distribution of speciality chemicals and ingredients.

In 2021, the Americas segment reported a gross profit increase of EUR 46.3 million (+23%) to EUR 250.5 million, compared with EUR 204.2 million in 2020. The increase in gross profit was the result of organic growth (+21%), the impact of the first-time inclusion of acquired companies (5%) and negative foreign currency exchange results (-3%).

Gross profit margin increased by 0.8%-points, from 21.6% in 2020 to 22.4% in 2021. The gross profit margin improvements are the result of margin improvement initiatives and changes in the product mix.

In 2021, operating EBITA increased by EUR 27.0 million to EUR 113.0 million, compared to EUR 86.0 million in 2020 (+ 31%). On a constant currency basis the operating EBITA increased by 36%. Apart from a modest impact of acquisitions completed in 2020 and 2021, the main drivers of the operating EBITA increase are the organic business developments.

Operating EBITA margin increased by 1.0%-point from 9.1% in 2020 to 10.1% in 2021. The conversion margin increased by 3.0%-points from 42.1% in 2020 to 45.1% in 2021. The improvement of the conversion margin is the result of higher gross margins offsetting higher own costs.

The number of full-time employees in the Americas increased from 860 as at the end of 2020 to 1,005 as at the end of 2021. This increase includes 90 additional full-time employees as a result of acquisitions in 2021 (Siliconas: 25, Andes Chemical: 43, Maquimex: 44, Nutri Granulations: -22).

Asia-Pacific

The Asia-Pacific region delivered strong growth numbers in 2021. The operations in India, Australia and New Zealand, China and Indonesia, these being the most significant contributors in the region, all delivered double digit growth revenue numbers and realised healthy margins.

In 2021, IMCD continued with the execution of its selective acquisition strategy, which led to five acquisitions in the Asia-Pacific region, of which two transactions were closed in 2021.

On 2 June 2021, IMCD acquired 100% of the shares in Yuanhe. Yuanhe is a service solution provider focused on offering innovative speciality chemicals and ingredients for the coatings, inks and textile industry. Yuanhe has 20 employees and generated a revenue of EUR 13.2 million in 2020.

Asia-Pacific

EUR MILLION	2021	2020	CHANGE	FX ADJ. CHANGE
Revenue	714.1	502.9	42%	39%
Gross profit	174.2	105.9	64%	61%
Gross profit as a % of revenue	24.4%	21.1%	3.3%	
Operating EBITA	109.7	52.9	107%	101%
Operating EBITA as a % of revenue	15.4%	10.5%	4.9%	
Conversion margin	63.0%	49.9%	13.1%	

On 17 November 2021, IMCD signed an agreement to acquire 100% of the shares in Megasetia in Indonesia. Megasetia is a distributor of speciality ingredients for the pharmaceutical industry. Megasetia has 160 employees and generated a revenue of approximately EUR 80 million in 2021. The transaction will take place in two tranches, with 70% acquired on 21 December 2021 and the remaining 30% will be acquired in 2025 by the latest.

On 29 September 2021, IMCD signed an agreement to acquire 100% of the shares in Aquatech in China. Aquatech is active in waterborne solutions in coatings, ink, and textile industries. Aquatech has 10 employees and generated a revenue of EUR 6.7 million in 2020. The closing of the transaction is expected to take place early 2022.

On 6 December 2021, IMCD signed an agreement to acquire 100% of the shares in Syntec. Syntec provides market, technical and formulation expertise in China's personal care, cosmetics, and home care industries. Syntec generated a revenue of approximately EUR 14 million in 2020 and has 25 employees. The transaction was closed on 18 January 2022.

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares of RPL Trading, a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets. RPL Trading generated a revenue of approximately EUR 16 million for the fiscal year ending 30 June 2021 and has 15 employees. The transaction was closed on 31 January 2022.

In Asia-Pacific, revenue increased by 42% from EUR 502.9 million in 2020 to EUR 714.1 million in 2021. Revenue growth in 2021, consists of organic growth of 9%, 31% growth as a result of acquisitions completed in 2020 (Develing and Signet) and 2021 (Yuanhe), and positive currency exchange rate developments of 2%.

In 2021, gross profit increased by 64%, of which 20% relates to organic growth and 43% is the result of the first time inclusion of businesses acquired in 2020 and 2021. The gross profit margin increased by 3.3%-points from 21.1% in 2020 to 24.4% in 2021. The gross profit margin increase is the result of gross margin improvement initiatives, changes in the product mix and the impact of the first time inclusion of acquired businesses with gross margins higher than IMCD's average.

Compared with 2020, operating EBITA increased by EUR 56.8 million (+107%) to EUR 109.7 million in 2021. On a constant currency basis, the growth of operating EBITA was 101%.

Operating EBITA as a % of revenue increased by 4.9%-points from 10.5% in 2020 to 15.4% in 2021. The conversion margin further improved by 13.1%-points to 63.0% in 2021. The improvement of the conversion margin is the result of higher gross margins offsetting higher own costs. In addition, the acquisition of Signet in 2020 had a positive impact on the development of the conversion margin in the Asia-Pacific segment in 2021, compared with 2020.

The number of full time employees in the Asia-Pacific region increased by +18%, from 864 at the end of 2020 to 1,017 at the end of 2021. Disregarding the impact of the acquisitions completed in 2021 (157 FTE), the number of full-time employees decreased by 4. The decrease in the number of full-time employees in the Asia-Pacific reason is partly due to the outsourcing of warehouse facilities in Indonesia.

Holding Companies

Operating EBITA of Holding Companies represents costs relating to the central head office in Rotterdam and the regional head offices in Singapore and New Jersey, US.

Operating costs increased by EUR 2.4 million (+9%) from EUR 26.9 million in 2020 to EUR 29.3 million in 2021. On a constant currency basis, the increase is 10%. The cost increase reflects the growth of IMCD and the corresponding need to strengthen the support functions in both Rotterdam and the regional head offices. Operating costs of the Holding Companies in percentage of consolidated revenue decreased by 0.1%-point to 0.9% in 2021.

As at the end of 2021, the number of full-time employees of the Holding Companies was 94 compared with 89 at year-end 2020.

Holding Companies

EUR MILLION	2021	2020[1]	CHANGE	FX ADJ. CHANGE
Operating EBITA	(29.3)	(26.9)	(9%)	(10%)
Operating EBITA in % of total revenue	(0.9%)	(1.0%)	0.1%	

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Result for the year

EUR MILLION	2021	2020[1]
Operating EBITA	**373.6**	**243.2**
Amortisation right-of-use intangible assets	(0.0)	(0.0)
Amortisation of other intangible assets	(65.4)	(47.5)
Non-recurring income and expenses	(2.7)	(5.3)
Result from operating activities	**305.5**	**190.4**
Recurring net finance costs	(21.7)	(25.8)
Share of profit of equity-accounted investees, net of tax	0.0	(0.0)
Result before income tax	**283.8**	**164.6**
Recurring income tax expenses	(77.4)	(44.4)
Non-recurring income tax expenses	0.8	-
Result for the year	**207.2**	**120.1**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Result for the year

The bridge between Operating EBITA, one of IMCD's key performance indicators used for monitoring the performance of the operating activities, the result from operating activities (based on IFRS) and result for the year (based on IFRS) is as shown in table "Result for the year".

Amortisation of intangible assets

Amortisation of intangible assets refers to non-cash expenses, relating to the amortisation of right-of-use intangible assets, supplier relationships, distribution rights and other intangibles.

The amortisation of other intangible assets increased from EUR 47.5 million in 2020 to EUR 65.4 million in 2021 as a result of the acquisitions completed in 2020 and 2021.

Non-recurring income and expenses

In 2021, non-recurring income and expenses amounted to EUR 2.7 million compared to EUR 5.3 million in 2020. The non-recurring expenses in 2021 relate to the costs of realised and non-realised acquisitions, net result on the sale of the Nutri Granulation business in the US, and costs of one-off adjustments to the organisation.

Net finance costs

The net finance costs consist of the following items:

Net finance costs

EUR MILLION	2021	2020[1]
Interest income on loans and receivables	1.8	0.6
Interest expenses on financial liabilities	(15.0)	(17.4)
Changes in deferred considerations	(1.2)	2.0
Amortisation of finance costs	(0.6)	(0.6)
Interest costs re employee benefits	(0.4)	(0.4)
Interest expenses on lease liabilities	(2.5)	(2.4)
Foreign currency exchange results	(3.8)	(7.5)
Net finance costs	**(21.7)**	**(25.8)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Net finance costs were EUR 21.7 million in 2021 compared with EUR 25.8 million in 2020. The main drivers of the decrease in net finance costs of EUR 4.1 million were lower negative foreign currency exchange results (EUR 3.7 million), lower interest expenses on financial liabilities (EUR 2.4 million) and higher adjustments to the fair value of contingent considerations (EUR 3.2 million) and higher interest income (EUR -1.2 million).

Income tax expenses

EUR MILLION	2021	2020[1]
Regular income tax expenses	(85.0)	(47.6)
Adjustments for prior years	(0.8)	(1.5)
(De-)recognition of previously (un)recognised tax losses	(0.2)	0.3
Tax credits related to amortisation of intangible assets	8.5	4.6
Changes in tax rates	0.1	(0.2)
Non-recurring tax expenses	0.8	-
Income tax expenses	**(76.6)**	**(44.4)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Income tax

In 2021, corporate income tax expenses increased by EUR 32.2 million, from EUR 44.4 million in 2020 to EUR 76.6 million in 2021.

Regular corporate income tax expenses increased from EUR 47.6 million in 2020 to EUR 85.0 million in 2021. Regular tax as a percentage of result before income tax and amortisation of intangibles (EUR 349.3 million in 2021 and EUR 212.1 million in 2020) was 24.3% compared with 22.4% in 2020.

The increase in income tax expenses in 2021 is mainly due to the higher profitability of the group. The restructuring and integration of acquired businesses and the sale of the Nutri Granulation business in the US, led to a non-recurring income tax expense of EUR 0.8 million in 2021.

Further details of the tax calculation can be found in Note 15 of the consolidated financial statements.

Net result before amortisation and non-recurring items

Net result before amortisation of intangible assets, net of tax and before non-recurring items increased by EUR 99.4 million, from EUR 168.3 million in 2020 to EUR 267.7 million in 2021. The main drivers of this increase were the higher operating EBITA of EUR 130.4 million (+54%) and lower net finance costs of EUR -4.1 million (-16%), partly offset by increased recurring tax expenses EUR 37.4 million (+79%).

Net result before amortisation and non-recurring items

EUR MILLION	2021	2020[1]
Result for the year	**207.2**	**120.1**
Amortisation of intangible assets	65.5	47.5
Tax credits related to amortisation	(8.5)	(4.6)
Non-recurring result from operating activities	2.7	5.3
No recurring tax expenses	0.8	-
Net result before amortisation and non-recurring items	**267.7**	**168.3**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Cash earnings per share

EUR MILLION	2021	2020[1]
Result for the year	207.2	120.1
Amortisation of intangible assets	65.5	47.5
Tax credits related to amortisation of intangible assets	(8.5)	(4.6)
Result for the year before amortisation (net of tax)	**264.2**	**163.0**
Weighted average number of shares (x million)	56.9	53.7
Cash earnings per share (weighted)	**4.64**	**3.03**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Earnings per share and cash earnings per share

Earnings per share increased by EUR 1.41 (+63%) from EUR 2.23 in 2020 to EUR 3.64 in 2021. Cash earnings per share, calculated as earnings per share before amortisation of intangible assets, net of tax, divided by the weighted average number of outstanding shares, increased by EUR 1.61 (+53%) from EUR 3.03 in 2020 to EUR 4.64 in 2021.

Dividend

The Company has a dividend policy with the intention to pay an annual dividend in the range of 25% to 35% of the adjusted net income to be paid out in cash or in shares. Adjusted net income is defined as the reported result for the year plus non-cash amortisation charges (net of tax). The outcome may be adjusted for material non-recurring items.

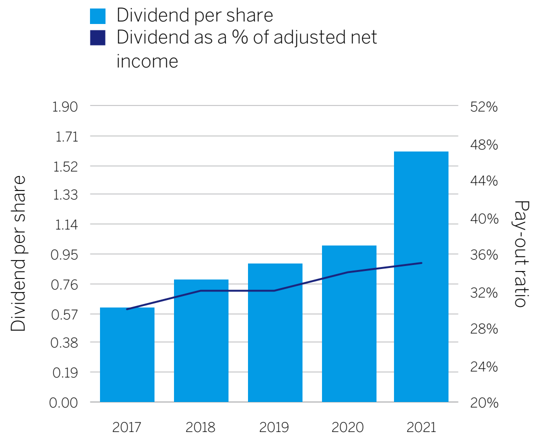
In 2021, IMCD realised adjusted net income of EUR 264.2 million (EUR 4.64 per share), compared with EUR 163.0 million (EUR 3.03 per share) in 2020.

The dividend proposal of IMCD is based on a combination of maintaining room for further acquisition growth combined with assuring reasonable leverage levels, facilitating IMCD's long-term growth strategy. For the financial year 2021 a dividend of EUR 1.62 per share will be proposed to the Annual General Meeting. Compared with EUR 1.02 per share for the financial year 2020, this means an increase of EUR 0.60 per share (+59%).

Approval of the dividend proposal by the Annual General Meeting will lead to a dividend distribution of EUR 92.3 million in cash (2020: EUR 58.1 million), which is 35% of the net result for 2021 adjusted for non-cash amortisation charges, net of tax (2020: 34%).

The development of the dividend per share and the dividend as a percentage of the adjusted net income for the last five years is shown in the following graph. The historical dividends as a percentage of adjusted net income have not been restated for the change in accounting policy following the IFRIC agenda decision on cloud computing arrangements.

Development dividend per share



Cash flow

EUR MILLION	2021	2020[1]
Operating EBITA	**373.6**	**243.2**
Depreciation	27.4	25.6
Operating EBITDA	**401.0**	**268.8**
Lease payments	(22.2)	(19.7)
Share based payments	5.3	4.6
Adjusted Operating EBITDA	**384.1**	**253.7**
Inventories	(110.4)	5.9
Trade and other receivables	(86.8)	1.5
Trade and other payables	97.0	23.0
Change operational working capital	**(100.3)**	**30.4**
Capital expenditure	(5.0)	(6.6)
Free cash flow	**278.9**	**277.4**
Cash conversion margin	72.6%	109.4%

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Free cash flow is defined as operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus or less changes in working capital, less capital expenditures. Free cash flow increased by EUR 1.5 million from EUR 277.4 million in 2020 to EUR 278.9 million in 2021. The cash conversion margin is defined as free cash flow as a percentage of adjusted operating EBITDA; adjusted operating EBITDA is the operating EBITDA adjusted for non-cash share-based payments and lease premiums. The cash conversion margin decreased by 36.8%-points from 109.4% in 2020 to 72.6% in 2021.

The decrease in the cash conversion margin in 2021 is the result of a combination of higher adjusted operating EBITDA (EUR 130.4 million), lower capital expenditures (EUR 1.6 million) and higher working capital investments (EUR 130.7 million) compared with 2020. The investment in operational working capital in 2021, which excludes additional working capital as a result of acquisitions completed in 2021, amounts to EUR 100.3 million, compared with a divestment of EUR 30.4 million in 2020. The consolidated change in operational working capital is the accumulated total of the monthly operational working capital changes in local currencies translated into EUR, using the monthly average exchange rates.

The relatively high investment in net working capital in 2021 is the result of the strong business development in 2021 and partly due to the relatively low level of operational net working capital as at the end of 2020. IMCD continues to maintain stringent net working capital management.

IMCD's asset-light business model resulted in relatively low capital expenditure considering the size of the overall operations and amounted to EUR 5.0 million in 2021, compared with EUR 6.6 million in 2020. Capital expenditure was mainly related to investments in the ICT infrastructure, office furniture and technical, warehouse and office equipment.

Balance sheet

EUR MILLION	31 DECEMBER 2021	31 DECEMBER 2020[1]
Property, plant and equipment	97.9	95.0
Intangible assets	1,808.1	1,546.9
Financial assets	40.9	45.5
Non-current assets	**1,946.9**	**1,687.4**
Net working capital	**612.5**	**443.7**
Provisions and deferred tax liabilities	**(158.0)**	**(151.7)**
Total capital employed	**2,401.4**	**1,979.4**
Equity	**1,461.4**	**1,252.4**
Net debt	**940.0**	**727.0**
Total financing	**2,401.4**	**1,979.4**

1 The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 of the Financial statements

Non-current assets

The total non-current assets, consisting of property, plan and equipment, intangible assets and financial assets increased by EUR 259.5 million in 2021. The main drivers of this increase are the new supplier relationships and other intangible assets (EUR 60.3 milion) and additional goodwill and other intangible assets acquired as a result of acquisitions completed in 2021 (EUR 207.4 million).

Working capital

Net working capital is defined as inventories, trade and other receivables less trade payables and other payables. Net working capital increased by EUR 168.8 million (38%) from EUR 443.7 million as at the end of 2020 to EUR 612.5 million as

Working capital development

EUR MILLION	2021	2020[1]
Inventories	**526**	**371**
Inventories in days of revenue[2]	54	46
Trade and other receivables	**619**	**469**
Trade and other receivables in days of revenue[2]	63	58
Trade payables	**(403)**	**(292)**
Trade payables in days of revenue[2]	41	36
Other payables	**(130)**	**(105)**
Other payables in days of revenue[2]	13	13
Total working capital	**612**	**444**
Total working capital in days of revenue[2]	63	55

1 The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

2 Revenue normalised for full year impact acquisitions

of 31 December 2021. The increase in net working capital of EUR 168.8 million is the result of the high level of business activities in 2021, and impacts of external factors, including COVID-19 and supply chain issues, leading to higher working capital levels (EUR 104 million) as well as the impact of exchange rate differences on year-end balance sheet positions (EUR 15.1 million) and the impact of acquisitions completed in 2021 (EUR 49.8 million).

In particular the relatively strong sales towards the end of 2021 contributed to the higher trade and other receivable days of 63 compared to the end of 2020 (58 days). In addition, the healthy order book for the beginning of 2022 had an upward effect on the inventory days (+8) and on the trade payables days (+5) compared to 31 December 2020.

Monitoring working capital positions is a permanent focus of management and IMCD has various processes, procedures and tools in place to optimise working capital.

Financing

IMCD aims to maintain a capital structure that offers flexibility and enables IMCD to cover its potential financial requirements and to execute its organic growth and acquisition strategy. The corporate treasury team at the head office in Rotterdam manages liquidity and interest risks.

During 2021, IMCD finalised the purchase price allocation process related to the 70% stake in Signet and the related deferred consideration. The calculations resulted in an additional deferred consideration, part of IMCD's net debt position, of EUR 40.8 million.

In November 2021, IMCD repaid EUR 60 million and USD 25 million for its long-term promissory note (Schuldscheindarlehen).

The EUR 300 million senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 104.40 at 31 December 2021 (31 December 2020: EUR 104.17). The bond is listed on the Luxembourg Euro MTF market and matures on 26 March 2025.

As at the end of 2021, net debt was EUR 940.0 million compared with EUR 727.0 million as at 31 December 2020. The increase in net debt is predominantly the balance of positive and healthy cash flows from operating activities, more than offset by cash outflows as a result of acquisition-related payments of EUR 180.0 million and a dividend payment of EUR 58.1 million in 2021. Furthermore, net debt includes EUR 308.9 million deferred and contingent considerations related to acquisitions (31 December 2020: EUR 193.6 million).

As at the end of December 2021, the leverage ratio (net debt/operating EBITDA ratio including full-year impact of acquisitions) was 2.3 times EBITDA (31 December 2020: 2.3). The actual leverage as at 31 December 2021, calculated on the basis of the definitions used in the IMCD loan documentats, was 1.5 times EBITDA (31 December 2020: 1.7).

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

As at 31 December 2021, the actual leverage of 1.5 times EBITDA is well below the applicable maximum leverages.

The interest cover, calculated based on the definitions used in the Schuldscheindarlehen document, is 29.1 times EBITDA (31 December 2020: 16.9), which is well above the required minimum of 4.0 times EBITDA.

Equity

Total equity increased by EUR 208.9 million from EUR 1,252.4 million as at 31 December 2020 to EUR 1,461.4 million as at 31 December 2021. The increase in total equity is the balance of the addition of the net profit for the year of EUR 207.2 million, other comprehensive income of EUR 56.6 million, dividend payments in cash of EUR 58.1 million, transactions related to the group's share-based payment programme of EUR 1.7 million and movements in the non-controlling interest of EUR 1.6 million. The increase in equity resulted in a solid ratio at year-end with total equity covering 44.7% of the balance sheet total (31 December 2020: 46.4%).

In 2021, IMCD did not acquire any additional own shares. During 2020, IMCD transferred 45,717 treasury shares to settle its obligations under the long-term (share based payment) incentive plan.

INSIGHT

Diversity in practice

It is a fact that IMCD operates in the world of specialty chemicals and ingredients, industry sectors which employ far more men than women. If you doubt this all you have to do is take a look at any chemical factory and count the women, the visual impression you get speaks for itself. That's why it is so remarkable that IMCD has such a balanced workforce evenly distributed between men (49%) and women (51%). Though we stand out in the industry in this regard, there are still goals for us to pursue.

In 2020 we analysed the gender distribution across regions, countries, levels, and functions and one of our conclusions was that the gender distribution in our country management teams was fine in functions such as Marketing, Legal, HR and HSEQ but below our expectations in commercial roles with P&L responsibility. That's why we decided to implement a diversity plan with special focus on developing a deeper pipeline of female talent and we started a pilot career development programme for women in IMCD who aspire to fast track their careers by deepening certain personal skills, their business acumen and corporate visibility.

Career development
Part of the programme involved a senior management panel where participants could discuss career development topics with senior business leaders. One of the panelists was Irene Cantos, Business Group Director for Beauty & Personal Care. She said, "I encourage women to set ambitious career goals for themselves, dream big, focus on the goals to achieve and make a plan that you will get there". The 2021 IMCD Women in Leadership programme has 19 participants across the globe and will contribute to strengthening IMCD's position as an attractive employer for men and women alike.

In 2021 we also started to track the new appointments per gender in our senior regional & country management teams. A group of 339 individuals dispersed over teams in APAC, EMEA and the Americas. In this senior group we made 70 new appointments in 2021 of which 36 (50%) were women.

Non-financial performance

From page 41 and onwards in this Annual Report, IMCD has set out its group-wide sustainability approach, which is built on five focus areas where IMCD is striving to improve its sustainability practices through its business activities.

In the following, we report on the key actions taken in these five areas in 2021, in accordance with the EU Non-Financial Reporting Directive (NFRD). Further details as well as figures relating to our environmental, social and goverance impact will be included in IMCD's 2021 Sustainability Report to be published mid-2022.

Financial Resilience

2021 has been another year of unprecedented global volatility, in terms of economic conditions. Apart from the impact of the Covid restrictions, IMCD had to deal with challenges throughout the supply chain. Nevertheless, the strict financial discipline, a core value within IMCD, illustrated by its closely monitoring of key financial KPI's, and where needed, acting swiftly to implement tailored measures, IMCD achieved strong operating results and growth was delivered in terms of revenue, gross profit, operating EBITA and cash generation. More detailed information on IMCD's financial performance is available in the Financial Performance section (page 49 of this Annual Report).

IMCD believes that the combination of its net debt/operating EBITDA ratio, interest cover, equity attributable to shareholders and increased free cash flow, reflects its sound financial position and makes the group resilient to potential adverse conditions. IMCD's overall financing structure provides sufficient flexibility with appropriate leverage levels to support future business development.

People

IMCD is proud of its people and culture and considers them to be its most valuable asset by far. Here's why. We have no factories, no products of our own, meaning the value of the company lies in our brand and, more importantly, in the commercial partnerships we have established with suppliers and customers all over the globe, in the quality of the people who manage those relationships, and in the people who lead and support

"IMCD's major assets, that really stand out are our entrepreneurial spirit and cultural diversity. They give employees the confidence & autonomy to make important decisions and solve problems."

Nico Kaufmann
Country Managing Director Brazil

them in various functions. In a very technical world of speciality chemicals and ingredients, IMCD operates as a professional services business where highly qualified key people working together in a flat organisational structure are making a real difference. IMCD not only needs to attract and hire very capable individuals, but also train and develop them to get the very best out of everybody and to retain the expertise. Our culture is the glue that keeps the talent together, it cuts across geographies and helps to integrate newly acquired businesses quickly.

Our talent base

IMCD sees itself as a professional services company active in the sales and distribution of speciality chemicals and ingredients and the quality of our offerings to customers and suppliers is to a large extent driven by the knowledge, capabilities, and specialities of our employees. People who join us typically bring their speciality- a wealth of knowledge of speciality chemicals and ingredients.

We are a commercially driven business where 2,367 (63%) of our FTE's work in inside and/or outside sales functions supporting our customers and suppliers. Education levels are understandably high to very high which is substantiated by the fact that 70% of our people either have a bachelors or a masters degree. 978 individuals have such Masters degree and 1,642 a Bachelors. Furthermore, 36% of our people hold a technical or technological degree.

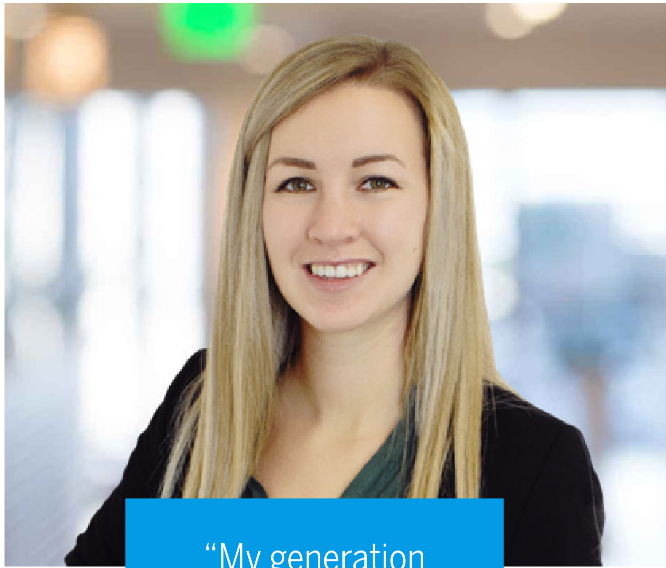
Recruitment and retention

As in previous years, we have continued growing the company. Not only in revenue, margin and EBITA but also in number of employees. The FTE count went up from 3,298 at the beginning of 2021 to 3,740 FTE's at the end of December.

We had a record of 1,053 new FTE's joining IMCD, either through acquisitions, organic business growth or to replace leavers. The latter group comprised 588 FTE of which 62 through divestitures of our Nutri Granulations business in the US and the outsourcing of warehouse activities in Indonesia, therefore 526 regular leavers. On top of this we had 15 employees who retired, the vast majority (9) in our APAC region. For company-wide attrition numbers we have used the regular 526 leavers.

The joiners' percentage was 30% and we had an attrition rate of 15% overall, as in worldwide and all functions, calculated over the average number of FTE's in year 2021. This 15% compares to last years' reported attrition rate was 13% and in 2019 14%. The highest attrition rate was in our US region where it was 18.5% with lower rates in EMEA (13.8%) and APAC (13.2%). Compared to last year, attrition rates went up in all regions.

The 2021 attrition rate has been influenced to a certain extent by a delayed Covid-19 effect where employees reassessed priorities in life after a long period of partly working from home and a pull from very competitive labour markets in the Americas.



"My generation believes strongly in leaving the world a better place by being sustainable, inclusive, and thoughtful. IMCD plays an important role in this."

Carla Sousa
Principal Manager IMCD Canada

Diversity

In IMCD our commitment to all employees is that we provide equal opportunities to all, irrespective of gender, race, disability, ethnicity, nationality, age, religion, and LBGTQ. This principle is applicable to recruitment, job assignments, promotions, rewards and benefits. Discrimination on any of the above grounds is not tolerated and we have a widely communicated anonymous internal alert/ethical hotline procedure in place to escalate and investigate grievances. As a global company, we are not allowed to track & monitor all employee categories such as disability or LBGTQ, since local laws not always permit it. We therefore focus on two topics we are allowed to monitor: (1) gender and (2) nationality.

To start with the latter; our Supervisory Board has 5 members who bring four nationalities, and our Executive Committee consists of 6 senior leaders with also 4 distinct nationalities. Overall, our employee base consists of more than 50 different nationalities.

As in previous years, the gender distribution of our workforce is very balanced with 51,4% women (1,921 total) and 48,6% men (1,819). This is a very different gender distribution, with far more women, than the Chemical and Ingredient industry average and is a testament to IMCD's attractiveness to women. We are a professional services company, have most of our contemporary offices in large cities, have an entrepreneurial and values-driven business culture which makes IMCD an attractive employer for a highly educated mainly urban population.

The Supervisory Board composition is 40% female and 60% male, so the F:M ratio is 40%. As a result, we more than comply with the Dutch Corporate Governance code in this respect which calls for at least 33% women in Supervisory Boards.

Our Executive Committee consists of 6 members who are all male. Therefore, our IMCD Diversity strategy aims on the one hand to maintain the positive near equal gender balance for the company as a whole and on the other hand to accelerate the development of women in commercial and/or digital positions especially in the sub top of the company - the management teams of all the countries and regions we operate in. Last year we started tracking female appointments in these senior teams and in a total pool of 339 positions we had 70 openings for which we found and appointed 35 women (50%). These local country management teams are key talent feeders. We are pleased with the 50/50 balance of appointments in these key roles however there are still opportunities to improve.

After conducting an internal Diversity analysis, which was discussed at Board level, we concluded that women were well represented in our country management teams in roles such as Marketing, HR, Legal and Finance but less so in commercial and digital leadership roles. That is why we started a pilot with the US-based IMPACT Group, an IMCD Women in Leadership programme to accelerate the training and development of women in the Americas, Europe, and Asia and to better prepare them for future leadership roles. We also monitor the number of appointments of women in commercial and digital leadership roles, as a subgroup of the above mentioned senior teams in regions and countries. A total of 39 roles from the 70 open positions in 2021 were classified as commercial with profit and loss (P&L) responsibility and we appointed in this group 15 (38%) women versus 24 (62%) men.

The age profile of IMCD also underlines the fact that we are an equal opportunities company for all ages. We had 7 employees under the age of 20, mainly working students, interns, and other young starters. At the other part of the spectrum, we also employed 173 colleagues

"IMCD offers a progressive work culture in which employees have the freedom to take decisions at work, allowing flexibility to introduce new initiatives, which go a long way in shaping the growth of the company."

Sudeep Sharma
HR Head IMCD India

older than 60 years (4.6% of the total workforce at year-end 2021). The age group of 20- to 30-year-old grew to 595 (15.9%) and the vast majority of 2,272 (60,7%) fell in the group 30 to 50 years. From 50 to 60 years the number of employees was 694 (18.5%). The overall IMCD age profile has become more youthful over the last few years, especially due to developments in two groups. Firstly, the under-30 group has grown from 14 % in 2019 to nearly 16% in 2021 and secondly the 50+ age group has shrunk from 25% in 2019 to 23% at year end 2021.

Training and development

Our 65 laboratories have organised hundreds of technical trainings, product seminars and formulation meetings in order to deploy the technical and formulation expertise for the benefit of our customers or to train our own staff. Such Business Group specific training is one of the core elements of our business.

We also intensified non-technical online training such as Antitrust, Fraud, Cybersecurity, Compliance, Salesforce, and Digital Transformation; 2,803 employees registered and completed more than 65,000 courses and spend 7,672 hours in our Global Cornerstone learning management system. The average user spent nearly 3 hours on completing tests and training sessions.

Labour rights & social dialogue

Our starting point is how we approach human rights in business. Our management approach is to act in line with OECD guidelines for Multinational Enterprises and the three UN Guiding Principles on Business and Human Rights; Protect, Respect, Remedy. Our IMCD values are also clear guidelines for behaviour of employees, and we hold them accountable.

We have zero tolerance for forced labour and/or child labour. They have no place in IMCD. Also, we respect the right of our employees to organise themselves and to join trade unions and representative bodies such as works councils and Health Safety & Environment Committees. All employees have the right of collective bargaining. We measure yearly how many workers are subject to a collective labour agreement (CLA) and at year-end 2021 we had 1,236 employees in this category. We also measure formal employee representation on an annual basis. We have 1,575 employees (42% of workforce) worldwide who are represented in formal joint management and employee Health & Safety Committees and 943 employees (25% of workforce) covered by formally elected employee representatives such as works councils, most of them in our EMEA region.

We engaged in more social dialogue with employees; in 2021 we conducted employee opinion surveys in a number of countries including Austria, Germany, Sweden, Brazil, UK, and we recently issued a worldwide Sales Excellence survey to poll our inside and outside sales staff on topics such as sales process, training & recruitment. We also decided to conduct a standardized Global Employee Opinion survey to enhance the direct social dialogue with our employees which will be launched later in the year.

Type of employment & employment security

The overwhelming majority of IMCD's employment contracts are permanent: 3,678 or 98% of our year-end workforce. That means that a mere 62 (2%) of our employees are on a temporary contract. We believe that offering regular, indefinite contracts or job offers provides employees with more security, decent living and is what employees value the most. It is also a differentiator in competitive labour markets. A similar pattern we see with full time versus part time staff. We employed 3,604 or 96% full timers and 136 or 4% part time employees. The latter group has requested flexibility in their work patterns to fit their work-life balance or family needs.

Responsible restructuring

In 2021 we did neither conduct any large-scale redundancy nor implement reductions in workforce/ restructuring/job cuts of more than 5% of our employee base, on the contrary our employee base grew from 3,298 to 3,740 FTE's in 2021 to facilitate the business growth.

Living wages

IMCD commitments itself to ensure that all workers are paid a “living wage” (i.e., the minimum remuneration to support basic needs) in accordance with applicable local laws. A living wage is also strongly supported by the above mentioned 98% of employees having a permanent contract. The average salary & wages we paid in 2021 was 65,560 Euro per employee, up 3.5% year over year. See Note 10 to the financial statements. Furthermore, in the absence of applicable laws or collectively bargained labour agreements, working hours do not exceed 60 hours per week, including overtime, and a minimum of one day of rest per week is provided in all our countries.

Board discussions

People, social & labour matters are discussed with the IMCD Management Board on a regular basis on multiple occasions in the year, both on an individual level and business wide topics.

Our people

FTE

Total

3,740

Growth

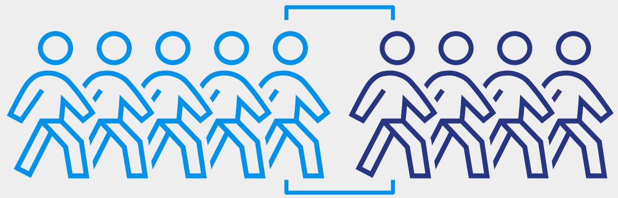
+442 FTE | 298 Acquisition
144 Organic

+13% | 8% Acquisition
5% Organic

Turnover[1]

In

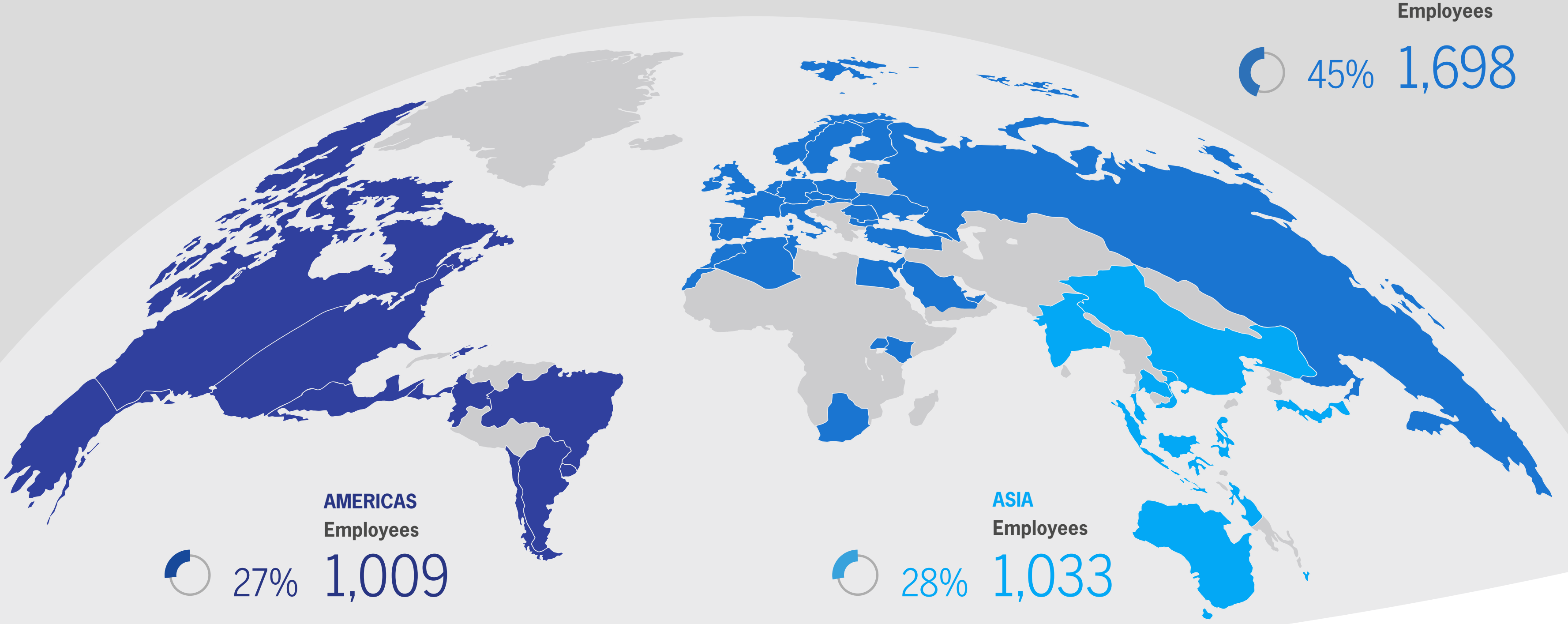
1,053
28%



Out

526
15%

Numbers of FTE per region



[1] FTE's leaving due to one-off divestitures and work hoursadjustments excluded

Our people

Gender diversity

Women
1,921
51%

Men
1,819
49%

Gender diversity

Women in senior country/region teams
39%
131 Women
208 Men

Women appointed in senior region/country management roles
50%
35 Women
35 Men

Women in P&L roles
27%
53 Women
147 Men

Women appointed in P&L roles
38%
15 Women
24 Men

Different nationalities

Total
>50

Type of function

Commercial/Technical
63%

Social dialogue

Employees subject to collective labour agreement
34%
1,236 Employees

Employees represented by health & safety cie
42%
1,575 Employees

Employees represented by workcouncils
25%
943 Employees

Headcount by age

<30
602 | 16%

30-50
2,272 | 61%

>50
803 | 23%

Educational level

Master or higher
978
26%

Bachelor or equivalent
1,642
44%

Other
1,120
30%

Training

Training hours delivered
7,672

Number of people trained
2,803

Product

IMCD takes full responsibility for its operations and the impact it has on society and the environment. We focus on Product Sustainability, Chemical Management, Product Compliance and Sustainability-related areas, such as reducing our carbon footprint. As a distributor of a broad range of speciality chemicals and ingredients, we strive to offer a well-balanced product portfolio to our customers, with which they are ensured safe and responsible products. In its laboratories and/or technical centres IMCD does not carry out research or tests involving animals.

IMCD's scientists and technical teams analyse market trends and new technologies, share their technical expertise and product formulation, process, and application knowledge to support sustainable innovation by both its suppliers and customers. Via Sustainable Solutions IMCD drives an increased availability of greener and healthier products that benefit the environment and society.

IMCD has a global regulatory, quality and sustainability organisation in place that deals with all the guidelines that the law requires the company to follow. This involves rules set forth by the occupational health and safety to ensure a safe work environment for our employees, equal employment opportunities to ensure discrimination free hiring practices and focus on our entire supply chain to ensure product safety.

Quality management and accreditation

IMCD aims to be a valued partner to all its suppliers and customers. The company provides ongoing training to improve competencies. This we do via learning seminars and our e-learning program Cornerstone. In 2021 the company also launched a Global Women in Leadership program designed to spur individual growth and ensure the company keeps delivering the highest possible quality service.

By updating and further rolling out ISO 9001 and ISO 14001 the company puts emphasis on top management engagement and improved alignment between management systems and the strategic direction of the organisation. These are an integral part of our business processes and fulfil the expectations of our suppliers and customers.

IMCD's operating companies implement quality management systems on the bases of these ISO standards on a local level. In addition, operating companies also implement other quality management systems if relevant to the specific products they distribute, such as ISO 22000 / HACCP / BRC (food safety management), OHSAS 18001 (occupational health and safety), GMP+ (good manufacturing practices for food, pharmaceutical and cosmetic products), GDP (good distribution practices for pharmaceutical products) and ECO (for organic products). In 2019 IMCD formulated the strategy to achieve group-wide accreditation for ISO 9001 and 14001 via a matrix-certification. During 2021 IMCD's operating companies were further aligned towards the achievement of the group-wide certification which is ongoing.

"Via Sustainable Solutions IMCD drives an increased availability of greener and healthier products that benefit the environment and society."

Environment

Chemical distribution is a highly complex and multi-faceted business comprising procurement, storage, value-added services, transportation and designing tailored logistics solutions. Being a responsible partner for all its stakeholders, health, safety, the environment, and quality are of key importance to IMCD and essential for safe and reliable business operations. IMCD endeavours to comply with chemical- and market-specific regulatory requirements (for example, relating to pharmaceutical, food and personal care products) as well as with our standards and those of our business partners. Besides this, we ensure compliance with health, safety, and environmental legal requirements for our operations and sales organisation. In 2021 we have expanded and implemented an expert team on import and export control to ensure that all import and export transactions are in conformance with the laws and regulations of the countries involved. This includes marketing, brokering of sensitive items that are considered "dual-use" because they can be used for both civil and military purposes.

Our supply chain strategy and organisation ensure that each step in the supply chain can be executed in the most efficient and cost-effective way. Via our scalable third-party logistics infrastructure, we stay up to date with industry best practices, the latest developments in technology, and logistics. The model accommodates advanced reporting, inventory management, and provides visibility into monitoring the entire process.

Greenhouse gas emissions

IMCD supports the reduction of product life-cycle greenhouse gas emissions and continuously explores new ways to further reduce the carbon footprint together with its suppliers, customers, and supply chain partners. IMCD uses the Green Tender method developed by Connekt to carefully select logistic partners with a focus on sustainable activities and capabilities. In addition to this we introduced the ESG standards for IMCD Business Partners. Over 75% of our partners have signed for their commitment to this initiative.

In 2021, IMCD continued to improve the operational and organisational measures introduced in 2019 relating to the reporting on greenhouse gas emissions, among other things. These efforts have enabled IMCD to include more of its group companies in the scope of reporting for its 2021 Sustainability Report. Ongoing efforts will be extended to drive towards global coverage of our supply chain and operations.

Energy, water and waste management

IMCD is committed to meeting relevant legal requirements, as well as requirements agreed with customers and suppliers, relating to the environment and waste treatment and disposal. A waste disposal policy is in place globally, to promote the recycling of waste materials. This is aimed at ensuring that all waste generated by the operations are properly identified and sent for licensed disposal, in accordance with relevant legal requirements. The policy applies to supply chain related materials and company office related waste.

In its offices and at other locations, IMCD supports the use of green energy and encourages the recycling of used material (including office materials) and minimising paper consumption. IMCD's laboratories have modern liquid and gaseous (fume) waste management in place. Local offices furthermore develop and maintain incentive programmes to promote more efficient ways of travelling.

Minimising waste by aligning and optimising infrastructure and logistic processes is also part of IMCD's integration process for new acquisitions. IMCD actively looks to create synergies across these important topics.

IMCD aims to offer to its stakeholders transparency on the environmental impact of its operations. The quality, health and sustainability team continuously works to improve and harmonise existing systems for the monitoring of energy and water use of IMCD's offices worldwide.

Supply chain optimisation

IMCD's centralised supply chain team and local supply chain experts are committed to ensuring the most efficient routing, the optimal volume mileage ratio, and the implementation of sustainable transport modes, wherever possible.

The company has started to calculate the carbon footprint of its shipments. This information can be reflected on transport company, supplier, customer or territory level with the goal to seek for optimization and reduction of the company's scope 3 emissions.

External sustainability initiatives

Throughout 2021 IMCD was a committed participant in various external initiatives, networks, and platforms with a focus on sustainable logistics. Examples hereof include EcoVadis' "Together for Sustainability" (TfS) initiative. We aim to develop and implement a global audit programme to assess and improve sustainability practices within the supply chains of the chemical industry.

Several group companies were able to maintain or improve on their EcoVadis scores. IMCD Germany's excellent performance result again in a platinum recognition and puts it among the top-1% performers evaluated by EcoVadis. IMCD group improved from a silver to gold recognition and so did IMCD Benelux. EcoVadis will be rolled out to some other significant IMCD companies such as India, South Africa and Brazil.

IMCD remains a proud member of the Roundtable of Sustainable Palm Oil (RSPO), a non-profit organisation that unites stakeholders from seven sectors of the palm oil industry, aiming to develop and implement global standards for sustainable palm oil. In 2021, the number of IMCD entities that joined in IMCD's group membership remained 32.

Responsible Care and Responsible Distribution

Most of IMCD's operating companies take part through local associations in the 'Responsible Care' or 'Responsible Distribution' programmes of the International Council of Chemical Associations (ICCA). IMCD works with customers, carriers, suppliers, and contractors to foster a culture that proactively supports safe chemicals management, safeguard people and the environment by continuously improving our environmental, health and safety performance, facility security, and the safety of our products by providing hazard and risk information that can be accessed and applied in our operations and products.

The commitment to these guidelines and policies is assessed by independent third-party experts applying the relevant regional assessment systems. Independent experts also review and document the relevant operating company's environmental performance and safe handling of chemicals.

Third-party screening

The selection of a suitable third-party logistics service (3PL) provider is an important factor that determines the logistics performance. IMCD applies a multi-criteria decision making (MCDM) process to ensure the 3PL provider of choice complies with IMCD's health, safety, environment and quality standards. In 2021 IMCD also introduced the ESG standards for IMCD business partners. The company uses Environmental, Social and Governance factors to evaluate on how far advanced our LSP's are with sustainability. This in addition to the request of quality management certifications (ISO 9001, ISO 14001, Responsible Care, among others). Sustainability has been embedded in our selection criteria and the development will be closely monitored together with our standard operating procedures. Via our non-conformance reporting process we conducts quarterly business reviews to ensure continuous improvement.

Governance

Integrity is fundamental to the way that IMCD does business. IMCD has strong values and clear policies and standards in place to ensure its employees always act in an ethical and responsible way. We expect our business partners to do the same and support them in adhering to and implementing similar standards in their organisation.

IMCD's key commitment and core principle is to provide an environment that promotes trust, confidence and respect of its employees, suppliers, customers, local and international stakeholders, media, governmental authorities and industry and society organisations. On the basis of this ethos, IMCD has created a culture where integrity and transparency are essential to the way IMCD does business and where unethical behaviour will not be tolerated.

The IMCD Code of Conduct, available on the company's website, describes IMCD's business principles, core values and ethics, to which all IMCD companies worldwide are equally and fully committed. The Code of Conduct and IMCD Business Principles underwent a full review and update in 2020 and 2021 and have since been made available in several languages. Specific internal policies are in place on the subjects of anti-corruption and anti-bribery, offering our employees clear examples of behaviour that should be avoided.

A continuous compliance training program is in place to create and maintain awareness of ethical business practices and to ensure compliance with applicable trade restrictions, anti-fraud, anti-bribery and antitrust laws, market abuse rules and other compliance regulations, and more. Through a global e-learning platform, a library of more than 1,500 compliance-related courses in approximately 60 local languages, available to all employees worldwide (supporting local compliance efforts and ensuring a better understanding of the material).

In 2021 IMCD continued the roll-out of its standardised IMCD group compliance training curriculum that covers four essential pillars; anti-bribery and corruption training, fraud prevention, competition law and international trade compliance. The roll out was completed for the Middle-East, North-America, Latin-America and the APAC region. Roll-out in EMEA is scheduled for 2022, to reach full coverage across all operations and employees.

Internal alert procedure & 24-hour reporting lines

IMCD has implemented an Internal Alert Procedure, available on its website, that enables IMCD employees worldwide to report, without the fear of reprisal, any irregularities or deviations in IMCD operations regarding, amongst other things, IMCD's business principles as described in the Code of Conduct. The Internal Alert Procedure is available in several local languages.

To support the use of its Internal Alert Procedure, and in line with European legislation on whistleblower protection (Directive EU 2019/1937) IMCD maintains an (externally hosted) Ethics and Compliance Hotline. The hotline offers a web portal in 15 languages, as well as local staffed hotlines that are available 24/7 to report any concerns in a confidential and, if desired, anonymous manner. Poster material is distributed to all IMCD locations to create awareness of this reporting channel and additional Code of Conduct awareness and business ethics training was offered upon introduction. In the roll-out of the group compliance training program during 2021, the Internal Alert Procedure and the existence of the IMCD Ethics and Compliance Hotline as reporting channel was emphasised again.

As from September 2021, the hotline is included in the ESG Standards for IMCD Business Partners and therefore open to reports by third party stakeholders. In 2021, the first full year that the hotline was operational, three reports were made through the hotline IMCD. The reports received are examined ad appropriate action is taken if a compliance infringement has taken place. The incoming reports in 2021 concerned cases of suspected violation of the IMCD Code of Conduct and/or Business Principles.

IMCD also has a 24-hour emergency service line in place, facilitated by independent external experts, to report any product spills or related incidents.

Anti-corruption and anti-bribery

IMCD does not tolerate any form of corruption or bribery, including facilitation payments, and is committed to its prevention. Its employees are strictly prohibited from making, offering or authorising bribes or facilitation payments. All IMCD employees must strictly adhere to all anti-bribery and anti-corruption laws in force nationally and internationally. In 2021, IMCD strengthened its third party due diligence process by implementation of the ESG Standards for IMCD Business Partners, of which the latest version is available on IMCD's website. The ESG Standards for IMCD Business Partners applies to all business partners in IMCd's supply chain and sets minimum requirements on environmental social and governance topics, including the ethical business conduct that is expected form IMCD's partners.

In the year under review, IMCD did not learn of any violation in respect of its stringent anti-corruption and anti-bribery policies within the corporate group.

Trade sanction and export-control

IMCD's global trade sanction policy and guideline on restrictive measures and export control were updated in 2020 and 2021 and refresher training of key employees on the revisions took place. The procedures described are used in combination with automated software to screen business partners against various sanctions-related lists. Training material on trade sanctions and export control, developed by external experts, is available in several languages in the course offering on IMCD's e-learning platform and included in the global compliance training program

Business human rights

IMCD recognises its responsibility under the United Nations Universal Declaration of Human Rights to respect human rights affected by its activities, as well as its responsibility to ensure that IMCD's business operations and employees do not contribute, either directly or indirectly, to human rights violations. IMCD expects its business partners to do the same and supports them in adhering to and implementing similar standards in their organisation. This core principle is embedded in IMCD's Code of Conduct, available on its website. In the year under review, IMCD did not learn of any violation of human rights within the corporate group.

Tax strategy and tax transparency

Taxation is a subject of growing interest in the global society of which IMCD is part. IMCD pursues a principled and transparent tax strategy that is aligned with organisational values and aims to support the overall business strategy and objectives. IMCD sees tax as part of its corporate social responsibility.

IMCD's tax strategy is based on the key values and principles as described in its Code of Conduct which provides a framework for a business culture that stimulates integrity, honesty, transparency, sustainability, compliance, expertise and cultural diversity. These values promote a climate of trust and respectful relationships with IMCD's business partners, investors and tax authorities. The principles of IMCD's Code of Conduct are further embodiedin IMCD's management instructions.

IMCD's tax principles require compliance with applicable tax rules and regulations in the jurisdictions in which IMCD operates. This means that IMCD strives to comply with the letter and spirit of the applicable tax laws. Where tax laws do not give clear guidance, prudence and transparency are the guiding principles while adhering to IMCD's Code of Conduct. Transfer pricing-related issues are dealt with on an arm's-length basis in accordance with IMCD's transfer pricing policy, which is consistent with the internationally accepted standards of the OECD guidelines for multinational companies.

The company's genuine commercial activities are leading when setting up international structures. Profits are declared and taxes are paid where the economic activity occurs. Acquisitions are a significant part of IMCD's business strategy to achieve growth. The different acquisition structures and tax consequences of such transactions are considered and evaluated before carrying out an acquisition to minimise the potential tax risks and tax cost. IMCD does not make use of tax havens or non-cooperative jurisdictions for the avoidance of tax.

In accordance with its tax strategy, IMCD takes a conservative approach to tax risk, as it does to other risks in the business. Tax risks can arise from unclear laws and regulations as well as differences in interpretation. There is always some level of risk on taxation because of the complexity of taxes (including frequent changes in laws), variety and volume of different taxes that affect the company's business and differences in the interpretation of regulations or at arm's-length concepts meaning tax authorities may take a different view. Tax risks IMCD is exposed to include, among others, acquisition and integration risk, non-compliance risk, legislative risk, operational risk, financial risk and reputation risk. To manage its tax risks, the corporate tax department cooperates with all internal and external stakeholders to ensure it complies with these regulations with the general objective of mitigating these risks while at the same time aiming to be tax-efficient and, by this means, cost-effective.

IMCD has a tax control framework in place describing the tax risks and controls in detail ensuring that the tax risks are known and controlled. Potential tax-related risks are assessed by IMCD's Management Board and discussed with the Audit Committee of the Supervisory Board to ensure a sustainable and viable tax strategy that is compliant with IMCD's business principles and enhances long-term profitability.

IMCD seeks to maintain an open, honest and constructive dialogue with tax authorities based on transparency, respect and trust. Where appropriate IMCD may enter into agreements with the tax authorities to ensure upfront clarity and eliminate uncertainty about tax implications of certain positions.

As part of the OECD country-by-country regulations, IMCD annually files a country-by-country report with the Dutch tax authorities in which it provides on a per-country basis information on matters like its taxes paid, accrued corporate income tax, profit before income tax, accumulated earnings and FTE's.

IMCD has a tax policy in place in which IMCD's view on taxation and the strategy are described and in which guidance is given for all tax-related activities that are carried out by IMCD's corporate tax team and local finance teams of the group companies. The tax policy provides a framework for distinguishing the corporate tax teams' and local finance teams' responsibilities in order to efficiently manage and control tax risks. For example, tax compliance and reporting is managed locally with support and guidance from the corporate tax department and external tax counsel and is periodically monitored through IMCD's corporate controlling department. The tax policy has been discussed with internal stakeholders and is signed off by the IMCD's Management Board. The tax policy has also been shared with IMCD's external stakeholders such as tax advisors and the Dutch tax authorities.

In response to new legislation and tax authorities with enhanced capabilities, IMCD's tax function is designing digital tools. In line with the tax strategy, this will improve efficiency, quality and the compliance process.

EU Taxonomy

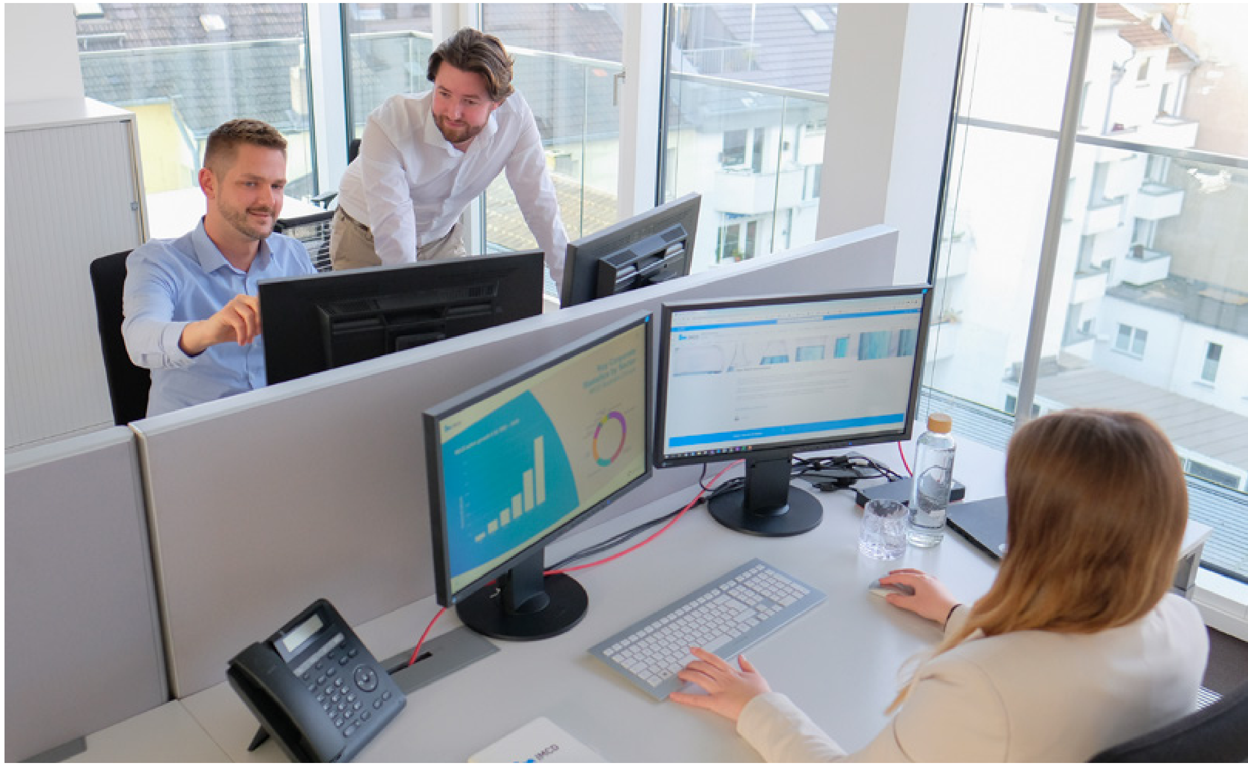
In accordance with the EU Taxonomy which is applicable as from financial year 2021, we will perform a screening of eligible activities. The outcomes of this screening will be further disclosed in our 2021 sustainability report, to be published mid-2022.

Outlook 2022

IMCD operates in various, often fragmented market segments in multiple geographic regions, connecting numerous customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries.

Results can be influenced from period to period by factors like the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relationships and the timing, scope and impact of acquisitions. IMCD's consistent strategy and resilient business model has led to successful expansion over the years and IMCD remains focused on achieving earnings growth by optimising its services and further strengthening its market positions.

Despite the impact of the COVID-19 restrictions on the economic situation, IMCD delivered strong results in 2021. Unfortunately, the uncertainty about the duration of the COVID-19 crisis and its impact on the global economy continued for longer than expected and the recovery is accompanied by new challenges, such as volatile product availability and demand, and serious supply chain disruptions. Nevertheless, IMCD is a strong, resilient and well diversified business with a robust liquidity position and capital structure. Over the past two years, IMCD's people have shown great flexibility and creativity in countering the challenges that arose and have clearly demonstrated their ability to achieve excellent results. Other than in the ordinary course of the business, IMCD does not foresee significant investments or changes to the organisation in 2022.



IMCD sees interesting opportunities to further increase its global footprint and expand its product portfolio both organically and by acquisitions.

Governance

Management Board

IMCD N.V. is managed by a Management Board, that consists of two members holding joint responsibility. The Management Board manages IMCD's day-to-day operations and is responsible for designing and achieving the company's objectives and strategy. The Management Board acts in accordance with the articles of association and the Management Board Rules, as published on the company's website here.

Members of the Management Board

P.C.J. (Piet) van der Slikke (Right) 1956, Dutch **Chief Executive Officer** since 1995	• 1988 – 1993 General Counsel Internatio-Müller. • 1993 – 1995 Group Director Internatio-Müller. • 1995 Founding IMCD.	Mr. Van der Slikke has a law background and started his career as an attorney in law firms in The Hague, Amsterdam and New York.
H.J.J. (Hans) Kooijmans (Left) 1961, Dutch **Chief Financial Officer** since 1996	• 1991 – 1996 Several positions at financial management of the Technical Division of Internatio-Müller. • 1996 Chief Financial Officer IMCD.	Mr. Kooijmans holds a CPA degree from NIVRA Nijenrode, the Netherlands, with registration until June 2016. He has had an extensive career at KPMG in the Netherlands.

Executive Committee

The Management Board is supported by an Executive Committee, consisting of four members. The Executive Committee members are responsible for various issues including, regional operations and certain general group-level management activities.

Marcus Jordan
(1974, male, British nationailty)

President Americas
since 2016

Executive Committee member
since 2014

He started his career as a formulation and application chemist in 1995 at Carrington Performance Fabrics. Mr Jordan holds a Chemistry degree from the University of East Anglia, UK.

Olivier Champault
(1967, male, French nationailty)

Business Group Director Advanced Materials; President IMCD France
since 2018

Executive Committee member
since 2018

Before joining IMCD, he held senior positions in several large speciality chemicals companies. Mr Champault graduated from EDHEC and holds an MBA from INSEAD.

Frank Schneider
(1959, male, German nationailty)

Business Group Director Coatings and Construction
since 2006

Executive Committee member
since 2011

Before joining IMCD, Mr Schneider held senior positions in leading global industrial adhesives providers.
Mr Schneider studied law at the University of Freiburg, Germany and Business Administration at the University of Ludwigshafen.

John Robinson
(1966, male, British nationailty)

Business Group Director Pharmaceuticals
since 2000

Executive Committee member
since 2011

He started his career with GSK, where he held a post-doctoral research position. Mr Robinson holds a PhD in Biochemistry.

Supervisory Board

The Supervisory Board monitors and supervises the activities of the Management Board and IMCD's general course of business. It also supports the Management Board with advice. The Supervisory Board, in the two-tier corporate structure under Dutch law, is a separate body that is independent of the Management Board.

The Supervisory Board Rules are published on the company's website here. For details on the activities of the Supervisory Board in 2021 see the Supervisory Board report and the Remuneration report, included in this Annual Report as [paragraph 3 and paragraph 4] of this Governance chapter.

J. (Janus) Smalbraak
(1967, male, Dutch nationality)

Chair | Member of the Remuneration Committee; appointed as of 12 May 2016, current term expiring in 2024

Most important positions

- CEO of Pon Holdings. In his capacity as CEO of Pon Holdings, Mr Smalbraak holds several supervisory board positions within the Pon group.
- Member of the board of RAI Vereniging.
- Member of the advisory boards of Gilde Buy Out Fund and CVC Capital.

A.J.Th. (Arjan) Kaaks
(1966, male, Dutch nationality)

Vice-chair and chair of the Audit Committee; appointed as of 10 February 2015, current term expires in 2022

Most important positions

- CFO Dümmen Orange.
- Former CFO and member of the executive boards of AGRO Merchants Group, CEVA Logistics, Maxeda DIY Group and Royal Grolsch.
- Former non-executive board member of Philadelphia Zorg and Red Star Holding.

V. (Valerie) Diele-Braun
(1971, female, German and Swiss nationailty)

Member | Member of the Remuneration Committee;
appointed as of 30 June 2020, current term expires in 2024

Most important positions

- CEO of CABB Group GmbH.
- Formerly held international management positions at Achroma Management LLC, DSM Nutritional Products AG, Quest International and Givaudan Italy.

S.R. (Stephan) Nanninga
(1957, male, Dutch nationality)

Member | Chair of the Remuneration Committee;
appointed as of 9 May 2018, current term expires in 2022

Most important positions

- Executive Director of Dutch Star Companies Two B.V.
- Member of the supervisory board of CM.com NV.
- Non-executive director of Bunzl Plc.
- Former CEO of SHV Holdings NV.

A.E. (Amy) Hebert
(1972, female, American nationailty)

Member | Member of the Audit Committee;
appointed as of 30 June 2020, current term expires in 2024

Most important positions

- CEO of Arcadia eFuels
- Former Chief Commercial Officer of Haldor Topsoe A.S.
- Former member of the board of Cefic (the European Chemical Industry Council).
- Formerly held international management positions at Celanese Corporation and Albemarle Cooperation.

Supervisory Board report

This report provides information on the activities of the Supervisory Board during 2021. The Supervisory Board supervises the policies pursued by the Management Board and its performance, and the general course of affairs within the company. The Supervisory Board also advises the Managing Board and supervises the dynamics and relationship between the Management Board and the other members of the Executive Committee.

Introduction by the Chair

Although perhaps not as turbulent as 2020, the challenges that IMCD faced in 2021 were many; lingering effects from the COVID-19 pandemic, volatility in demand, product shortages, supply chain disruptions and price increases. Nevertheless, for the second consecutive year, IMCD showed its ability to work around challenges with creativity and flexibility delivering excellent financial results and impressive growth.

IMCD's digital transformation that accelerated in 2020 was further embraced. Virtual communication means , including new tools such as IMCD's Virtual Visitor events, have been a successful in keeping the relationship with customers and suppliers strong and tailored to their needs. In 2021, IMCD launched digital solution centres for multiple business groups (Advanced Materials, Pharmaceuticals) to offer customers even more ease to make use of IMCD's technical and formulatory expertise. All of these efforts have led to an increase in the number of partnerships with suppliers and customers served across all markets and regions.

Despite all the available technical means of communication, the Supervisory Board was delighted that 2021 allowed for more personal contact, with each other, the Management Board members, but also local management and IMCD employees. A good example is the Supervisory Board work visit to Germany, which had been postponed in 2020. The interactions with the enthusiastic team in the Cologne office and the innovations presented by, amongst other, the food and pharmaceutical business groups, again evidenced IMCD's cohesive culture and entrepreneurial spirit. It was also great fun.

Many more topics come to mind in a review of the year 2021. IMCD worked diligently to increase diversity throughout the company. With more women in the total workforce than men, IMCD already distinguishes itself from the chemical industry as a whole. This leaves room to focus on increasing diversity at the top. A programme was initiated to support and develop female talent for future promotion to senior positions. In addition, the Management Board achieved its personal goals of appointing over 40% women in vacancies for senior management role during 2021; an ambitious target considering that the pace of change in the chemical industry in this context is slow.

Another focus area is sustainability. Expectations in the public domain are changing rapidly and new legislation is being introduced at a similarly high pace. The Supervisory Board observes that IMCD is working hard to meet today's society's demands and to increase transparency on its ESG performance. In 2021, the company obtained a Gold level recognition from EcoVadis, demonstrating that the company made good progress.

In 2021, IMCD continued to grow organically, with all regions contributing, and through further strategic acquisitions. The Supervisory Board discussed and approved a total of eight acquisitions across all regions, of which three transactions are expected to take place in the current year.

For each target approved, there was a clear strategic rationale; even the smaller acquisitions presented opportunities for strengthening our local presence and geographic footprint, or enabled IMCD to fill gaps in its product offering. Especially with the further expansion achieved in APAC and the Americas (covering Central America, Caribbean and Latin-America), IMCD has built an excellent position to benefit from accelerated growth in these markets.

With hard work, IMCD has manoeuvred successfully through yet another challenging year. No doubt, new challenges will arise in the coming years, but the Supervisory Board is confident that IMCD is well-equipped to turn such challenges into successes.

Janus Smalbraak

Composition, diversity and independence

The Supervisory Board currently consists of five members, as described on page 80. The tables below provide an overview of the composition, attributes and skills of the Supervisory Board members.

Changes in 2021

In a press release published on 26 February 2021, the Supervisory Board announced its decision to appoint Janus Smalbraak as the new Chair of the Supervisory Board effective from that date. This appointment anticipated the retirement of Michel Plantevin, whose final term on the board expired at the end of the 2021 AGM. After his retirement, the board continued in a composition of five members.

Changes foreseen in 2022

At the end of the upcoming AGM in 2022, the final term of Arjan Kaaks will expire. In a press release issued on 25 February 2022, the Supervisory Board announced the nomination of Mr Willem Eelman as member of the Supervisory Board and successor of Arjan Kaaks in his role as Chair of the Audit Committee.
In its annual evaluation that took place in November 2021, the board concluded that there is no short-term need for a sixth board member and, hence, no further change to the composition of the Supervisory Board in 2022 is foreseen at present.

Composition Supervisory Board

NAME + POSITION (END OF YEAR)	NATIONALITY	GENDER	YEAR OF BIRTH	INITIAL APPOINTMENT	TERM EXPIRES IN	NUMBER OF TERMS	INDEPENDENT (DCGC)
Janus Smalbraak - Chair of the SB - Member of the RC	Dutch	male	1967	2016	2024	second	yes
Arjan Kaaks - Member of the SB, Vice-chair - Chair of the AC	Dutch	male	1966	2015	2022	second	yes
Stephan Nanninga - Member of the SB - Chair of the RC	Dutch	male	1957	2018	2022	first	yes
Valerie Diele-Braun - Member of the SB - Member of the RC	German Swiss	female	1971	2020	2024	first	yes
Amy Hebert - Member of the SB - Member of the AC	American	female	1972	2020	2024	first	yes

Skills & attributes of IMCD Supervisory Board members

	JANUS SMALBRAAK	ARJAN KAAKS	STEPHAN NANNINGA	VALERIE DIELE-BRAUN	AMY HEBERT
Skills					
Managing large organisations	x	x	x	x	x
International business experience	x	x	x	x	x
Industry knowledge: chemicals (speciality, or other)and/or ingredients			x	x	x
Market knowledge: distribution	x	x	x	x	x
M&A experience	x	x	x	x	x
Finance, audit & risk		x			x
Governance, regulatory compliance & legal	x	x	x	x	x
People, culture and HR expertise	x	x	x	x	x
Sustainability & CSR	x			x	x
Investor relations	x	x	x	x	
Other attributes					
Currently active in an executive position at another company	x	x		x	x
Mainly non-executive role			x		

Diversity on the Supervisory Board

The Supervisory Board strives to have a diverse composition of members to ensure that the knowledge, skills and experience present are complementary, enabling each member to make a valuable contribution in carrying out the various responsibilities of the board or committee.

In addition, the Supervisory Board strives for diversity in scheduled resignations of its members. When considering vacancies, achieving and/or maintaining an appropriate balance in gender, age and geographic background are important aspects that will be taken into account.

In 2021, there was no vacancy on the Supervisory Board. In the search for a new board member to fill the scheduled vacancy in 2022, for which Willem Eelman is nominated, the Supervisory Board took the diversity policy into account.

The board believes the experience and skills of Mr Eelman complement the knowledge present in the current composition of the Supervisory Board and adds financial expertise as well as experience in (the management and governance of) Dutch listed companies.

An unfortunate side-effect of previous appointments is that several members are now scheduled for retirement from the board in the same year. The Supervisory Board is aware of this and will strive to spread the retirements dates in the rota again when vacancies arise and/or additional appointments are made in future years.

Independence / No conflicts of interest

Throughout 2021, all Supervisory Board members qualified as independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. IMCD has not granted any loans, advances, guarantees, shares or options to its Supervisory Board members. Their remuneration is not dependent on the results of IMCD. No Supervisory Board members held any shares or options on shares in IMCD, and no Supervisory Board members entered into transactions in 2021 where there was a current or potential conflict of interest.

In carrying out their duties all Supervisory Board members are fully aware of, and abide by, the conflict of interest provisions of the Supervisory Board Rules and their personal statutory and fiduciary duties to act independently and in the interest of the company and its stakeholders.

Supervision in 2021

In performing their duties, the members of the Supervisory Board are guided by the interests of IMCD and all its stakeholders. The activities the Supervisory Board engaged in as well as the material matters on which its supervision was focused in the course of 2021 are described below.

Meetings and attendance

Due to the continuing effects of the pandemic, the meeting schedule of the Supervisory Board still deviated from previous years. A return to the regular schedule of five face-to-face meetings in a year was not yet possible due to the various lock down and travelling restrictions that still applied in 2021. The Supervisory Board was able to meet face-to-face in its full composition on two occasions, in June and November. All other regular meetings were held with some of the members attending in person in Rotterdam and other members attending via video-conferencing.

In order to keep virtual meetings effective, it was decided on some occasions to split the agenda and organise two separate sessions (to limit screen time). Consequently, eight Supervisory Board meetings took place in total. All the meetings were held with both Management Board members present. Three Supervisory Board meetings included a closed session without the Management Board members' attending.

Between meetings, the members of the Supervisory Board had regular contact with each other, by telephone and e-mail. To prepare for meetings and to discuss the current state of affairs, the Chair had regular contact with the CEO. The full Executive Committee was present during the (virtual) Supervisory Board meeting in December 2021.

"During its work visit to IMCD Germany, the Supervisory Board received lab demostrations showing of IMCD's technical capabilities in pharmaceuticals, making interaction dynamic and great fun."

The following table shows the attendance record of the individual Supervisory Board members. Attendance is expressed as the number of meetings attended out of the number the member was eligible to attend.

Attendance record for SB and committee meetings

MEMBER	SB	AC	RC
Janus Smalbraak (Chair)	8/8	-	3/3
Arjan Kaaks (Vice-Chair)	8/8	4/4	-
Stephan Nanninga	8/8	-	3/3
Valerie Diele-Braun	8/8	-	3/3
Amy Hebert	8/8	4/4	-
Michel Plantevin	4/8[1]	-	-

[1] Mr Plantevin attended all SB meetings held in 2021 until his scheduled date of retirement from the Supervisory Board.

Supervisory Board work visit

Following site visits to Belgium (2017), Canada (2018) and France (2019), the Supervisory Board intended to visit IMCD's facilities in Germany in 2020, but this visit was postponed to 2021 due to the pandemic. Despite uncertainty on measures and lock-down restrictions throughout the year, the Supervisory Board was delighted to be able to visit IMCD's office in Cologne in the course of November for a 3-day work visit.

During the work visit, the Supervisory Board received presentations from the management teams of several European countries, including Germany, Austria (also covering IMCD's operations in Southeast Europe) and Switzerland.

In addition, the board members were updated on the trends, opportunities and innovative developments in the German market for the business groups Food and Pharmaceuticals. With a lab demo showing of IMCD's technical capabilities in pharmaceuticals and a tasting lunch in which the board members could experience the food trends and technologies IMCD is working on, the interaction was dynamic and great fun . The Supervisory Board was impressed with the enthusiasm and positive spirit it encountered.

With Frank Schneider, member of the Executive Committee and global Business Group Director for Coatings & Constructions, the Supervisory Board discussed the global strategy for the business group, including risks, opportunities and focus area's - such as sustainability - for the near and long-term future. IMCD's Business Group Director for Industrial Solutions (previously Synthesis) provided an insightful presentation and update for this business group going forward as of 2022.

With two dinners, one with the Supervisory Board and Management Board members, and the next day with all participants in the program, there was also ample opportunity to interact in a more informal way.

In its annual evaluation, which was conducted in a separate closed session during the site visit, the Supervisory Board reiterated that such occasional personal interaction is very helpful for the board to execute its supervision and experience the IMCD culture in real life. It was concluded that a work visit remains a great tool for the board to gain more in-depth knowledge of the strategy and actions of (local) business groups, and insight in IMCD's local teams and operations.

Topics of discussion and advice

Regular items on the Supervisory Board agenda were the development of results, the financial position, acquisition projects and evaluations, and reports on any matters relating to material risks, claims and compliance issues.

To provide more insight, some matters of material significance relating to the supervision in 2021 by the Supervisory Board are discussed in more detail below.

Strategy

On various occasions, the Management Board and the Supervisory Board discussed the company strategy for long-term value creation (and its implementation). In 2021, most time was spent on the regional aspects and developments, the discussion of which was closely connected to potential acquisitions or other business opportunities as presented by the Management Board. The Management Board made good progress in the execution of IMCD's growth strategy in all regions.

As the organisation in EMEA is mature in set-up, time was more often spent discussing the organisation and management for emerging regions, such as APAC, where IMCD accelerated growth with five acquisitions (in Indonesia, China and Australia / New Zealand). Through this expansion, IMCD was able to onboard key suppliers in various parts of the region.

In addition, the Supervisory Board discussed the set up of the activities and management in the Americas on several occasions. In recent years, IMCD has achieved a solid footprint In Latin-America, and with the acquisition of Andes in 2021, IMCD improved its position Central America and the Caribbean.

The annual report by the Management Board on the (general) strategy and associated risks was discussed with the full Executive Committee present, providing the Supervisory Board with thorough insight into the ambitions for the company and the state of execution.

Acquisitions

In 2021, the Supervisory Board gave due consideration to a number of potential acquisitions and approved a total of eight acquisitions, three of which are expected to be completed in the course of 2022.

The acquisitions discussed include Siyeza Fine Chem Proporiety Limited in South Africa, Siliconas y Quimicos in Colombia, Andes Chemical Corp., based in the Miami metropolitan area and active in Caribbean and Central American countries, Colombia and Peru, Shanghai Yuanhe Chemicals Co. in China and the aqcuisition of Maquimex (two legal entities) in Mexico. All these transactions were completed in the course of the year.

In addition, the Supervisory Board approved of the acquisition of Aquatech (two legal entities) and Syntech (two legal entities) in China, and PT Megasetia Agung Kimia in Indonesia. The transaction of Megasetia was closed in December 2021, Syntec was closed in January 2022 and Aquatech is expected to close in the first quarter of 2022.

Many of these acquisitions were smaller companies that will be integrated in IMCD's existing local operations. However, each one represented a strategic benefit, such as access to new territories, building economies of scale, strengthening IMCD's presence in certain business segments and/or eliminating product portfolio gaps.

Operational performance and budget planning

During all meetings, those present discussed in detail the company's latest operational performance and the development of its results, for the company as a whole and per region, as well as per country if there were grounds to do so. During such updates, the Management Board informs the Supervisory Board about material developments in the markets, or any changes in economic circumstances relevant to IMCD.

Furthermore, important organisational changes per region and important developments concerning IMCD's relationship with its major suppliers and/or customers are reported and the opportunities or risks to be expected from such developments are discussed.

During the Supervisory Board's meeting in December 2021, the budget for 2022 was presented and approved. The budget is the outcome of an extensive internal process of local and regional budget discussions.

The budget presentation was discussed with the full Executive Committee present, providing an opportunity for the Supervisory Board members to discuss market conditions, competitors, opportunities and risks as well as other developments within specific regions and IMCD's business groups in more depth.

COVID-19 pandemic and its impact

During all meetings in 2021, the impact of the COVID-19 pandemic on IMCD remained a topic of discussion. The focus during these updates shifted from the immediate concerns for the health and well-being of IMCD's employees that was uppermost in the early stages of the pandemic to the operational challenges that intensified during the year, including supply chain constraints, uncertainty in product availability or allocation, logistic and transport disruptions as well as increase of costs and product prices.

The Supervisory Board also discussed the challenges IMCD encountered or anticipated as a consequence of local government measures, the impact on financial results, the volatility of economic conditions and (lack of) insight into the short and long-term consequences, that returned to the fore towards the end of the year due to the quick spread of the Omicron virus variant.

Digitalisation

In February 2021, IMCD's Group Director for Digital Transformation presented a update on IMCD's global digital transformation strategy. The spike in use of digital communication means during the COVID-19 pandemic has helped drive adaptation under IMCD management and employees and has created momentum for the roll-out of further digital tools.

The roll-out of the B2B platform MyIMCD is a key milestone in IMCD's digital journey. Throughout 2021, the digital team has worked on further improving the functionality and adding features that enhance the customer experience. Examples are the enrichment with a dashboard and the option of chat or live chat elements for service and support.

Internally, the digital strategy focusses on a strong IT backbone, integration and communication of applications and further use of AI automation.

Sustainability

Sustainability is embedded in IMCD's core activities and ambitions and the company is dedicated to use its knowledge and expertise to not only help its suppliers and customers meet society's demands today, but to give them an advantage to operate successfully tomorrow.

A clear driver is IMCD's Sustainable Solutions program that again gained a lot of traction throughout the year. However, it has also become clear that it is no easy feat to set-up robust metrics to track performance for a variety of business groups and thousands of products. This will be a focus area for the company to work on in the coming year.

In July, IMCD published its Sustainability report, again with limited assurance by the external auditor. The Supervisory Board is positive about the achieved increase in reporting scope, as this enhances transparency and offers stakeholders greater insight. That IMCD is on the right track in managing and reporting on ESG topics was also recognised by company winning an EcoVadis Gold award at the end of the year.

The increased reporting scope however also led to a substantial increase in reported emissions. Hence, progress towards the set goal of achieving a 15% reduction in GHG emissions per million Euros operating EBITDA by 2024, compared to the baseline year 2019, halted. To encourage the company to redouble its efforts to reduce emissions, the SB has increased the weight of the sustainability related bonus KPIs for the Management Board members for 2022. More information is provided in the Remuneration Report included hereafter.

Talent development & Diversity

As IMCD keeps growing, talent development, diversity and inclusion within the company remain important topics for the Supervisory Board. The execution of the HR strategy was discussed in detail in the presence of the Global HR Director. Special attention was given to IMCD's culture and values, and the way that IMCD ensures that this culture is also shared with and embraced by new employees joining after acquisitions.

In 2021, IMCD also started a special program for the development of female talent and leadership. As part of the Management Board's non-financial KPIs for 2021, the Supervisory Board included a target to appoint at least 40% females in vacancies or new positions for senior management throughout the year.

The Supervisory Board received regular updates on leadership changes and new (senior) hires in the organisation and was happy to see that IMCD overachieved on the set target. To support this positive development going foreward, a similar metric target for female appointments will again be part of the Management Board's non-financial KPIs in 2022.

Management succession was discussed on multiple occasions throughout the year, with the Management Boards members' scheduled reappointment dates approaching. In preparation of their contract renewal, IMCD's CEO Piet van der Slikke announced to plan for retirement in 2024, leading to a nomination for re-appointment for two more years. IMCD's CFO Hans Kooijmans has indicated his willingness to accept nomination for another four-year term. Both reappointments will be put to the vote during the 2022 AGM.

IT infrastructure and controls

An annually recurring topic of great importance is the operation and management of IMCD's IT infrastructure. IMCD's operations are supported by sophisticated and modern IT solutions, which play an important role in the further digitalisation of the business model.

The global roll-out of an integrated customer relations management system and an integrated product information management system have been significant steps towards being able to support further digitalisation efforts. The roll-out and implementation of projects in this area continued in 2021. During the annual review which took place in June 2021, the Supervisory Board established that good progress has been made on all strategic objectives of IMCD's IT strategy.

Cyber security

Cyber security was another topic meriting attention from the Supervisory Board. In 2020 it was decided that the Audit Committee will monitor the roll-out of IMCD's information security strategy. Because of the vital importance of the topic and the increasing number of cyber-attacks worldwide, the Supervisory Board however requested for time to be set aside in one of the physical meetings to discuss this topic with the full board.

A cyber security review took place in June when IMCD's Information Security Officer presented in detail the actions taken in 2020/2021 and focus areas for further reinforcements and improvements. Going forward, the roll-out of IMCD's IT and information security strategy will again be monitored by the Audit Committee.

Ongoing training and performance assessment

In the absence of the Management Board members, the Supervisory Board appraised their individual performance and discussed the related remuneration. In addition, in closed sessions, the Supervisory Board discussed its own composition and diversity, the Supervisory Board profile and its remuneration. An overview of the other positions of the Supervisory Board members was discussed as well.

In a closed session during the work visit in Germany, the Supervisory Board members discussed the outcome of its self-assessment concerning the functioning of the Supervisory Board, its members and its committees, including topics such as the interaction between the Supervisory Board and the Management Board and information provision to the Supervisory Board. The overall feedback from the 2021 evaluation was positive.

The Supervisory Board members appreciated the open atmosphere and ability to discuss matters freely, both amongst each other as well as with the Management Board members. Although the introduction of the newest members, Amy Hebert and Valerie Diele-Braun, took place mostly virtually, the board established that this did not make a material difference and that

the members and committees have been able to operate satisfactorily.

The diversity in personal backgrounds in the board's current composition (nationality, expertise and market knowledge, and work experiences) as well as gender is appreciated and is deemed to have strengthened the board as a whole.

The Supervisory Board also evaluated practical matters, such as the timing of meetings and calls, and noted that documents and minutes could be shared in a more timely manner. In addition, the Supervisory Board concluded that an annual work visit is a valuable tool for the Supervisory Board to connect with the organisation and discussed making use of external experts to gain a more in-depth understanding of the relevant topics impacting IMCD. The conclusions drawn by the Supervisory Board were subsequently shared with the Management Board.

As part of the continuous Supervisory Board training programme, the Supervisory Board was informed of developments in relevant legislation and was given presentations on developments in the business groups and/or staff departments (e.g. Compliance, HR and diversity, IT, information security and digitalisation).

The Supervisory Board members furthermore have access to market reports covering IMCD and/or its competitors, which they can use to educate themselves and develop more in-depth knowledge of relevant market conditions, opportunities and the challenges that IMCD faces.

Supervisory Board committees

The Supervisory Board has installed two committees: an Audit Committee (AC) and a Remuneration Committee (RC). The division in tasks and responsibilities and the working method of the Supervisory Board and its committees are described in more detail in the Corporate Governance chapter.

New - Nomination and Appointment Committee

As the topic of management succession was more regularly discussed during the year, and taking into account the anticipated retirement of IMCD's CEO in 2024, the Supervisory Board decided to establish a separate Nomination- and Appointment Committee, in line with the recommendations in the Dutch Corporate Governance Code, with effect as of 2022.

At its inception, the Nomination and Appointment committee will consist of the same members who currently make up the Remuneration Committee. The reason for this is the fact that, up until now, these members often prepared the Supervisory Board's decisions in respect of nominations and appointment matters. Continuing in the same composition allows for efficient meetings of both committees at the same time.

The Supervisory Board's chair, Janus Smalbraak, will also chair the Nomination and Appointment Committee.

Audit Committee

The Audit Committee held four meetings in 2021. At all meetings, IMCD's CFO, the Director of Corporate Control, the internal auditor and representatives of the external auditor, Deloitte Accountants B.V., were present. No changes occurred in the committee composition during 2021. Arjan Kaaks chaired the Audit Committee throughout the year.

Minutes of the meetings were submitted to the Supervisory Board and the Chair of the Audit Committee provided regular updates of the discussions that took place.

The Audit Committee discussed IMCD's accounting policies and valuation methods as used in the preparation of its quarterly, semi-annual and annual financial reports for the full Supervisory Board. In addition, post-acquisition reviews for recent acquisitions, IMCD's IT infrastructure and strategy and internal control, governance and related risks, IMCD's risk assessment and fraud risk analysis and IMCD's tax and treasury strategy were given particular attention in 2021.

In **February**, the Audit Committee discussed the financial statements and 2020 audit in depth with the external auditor, along with the topic of fraud risk analysis. In 2021 IMCD implemented updates to its risk assessment and updated its risk and control framework.

In **April**, the internal auditor presented his first findings (for the period up to and including March 2021) and the committee discussed the post-acquisitions review, the 2020 external audit evaluation and the external audit plan for 2021. The improvements in IMCD's data collection process for sustainability data and feedback of the Audit Committee members on the prior sustainability reports were also addressed.

In **June**, the Audit Committee discussed IMCD's internal control and risk management system and progress made on the risk assessment renewal with the Director of Corporate Control. In addition the Internal auditor discussed the Internal Audit reporting topics and the updated charter. After this meeting, the Audit Committee reported its findings to the Supervisory Board and the board concluded that all required and desirable internal control elements were still effectively assumed within the agenda, programme and tasks of the internal auditor and the corporate (control) team.

In **November**, the Audit Committee convened in Germany, with the accountant, internal Auditor, Director Corporate Control, and Director Group Tax & Treasury present. The internal audit plan for 2022 was presented and subsequently approved by the full Supervisory Board in its December meeting. The Audit Committee discussed the internal audit findings up to and including September 2021 and received a thorough update on IMCD's tax strategy and tax and treasury development impacting the company.

External auditor

The Supervisory Board is responsible for engaging and supervising the performance of the external auditor. Deloitte Accountants B.V. (Deloitte) was reappointed as IMCD's external auditor for the financial years 2021 at the 2021 AGM, at which occasion the lead partner rotated. The Audit Committee and the Management Board reported to the Supervisory Board on Deloitte's envisaged audit plan for 2021, the relationship with and functioning of Deloitte as external auditor, as well as on other audit and non-audit services provided to IMCD by Deloitte. The Audit Committee evaluated the relationship with the auditor in its November meeting and proposed to the Supervisory Board to extend the assignment for the financial years 2022 and 2023.

Deloitte attended the meetings of the Supervisory Board in February and December 2021, in which discussions were held on the financial statements and the key audit points, and observations and recommendations as presented in the accountants' management letter.

Deloitte confirmed its independence from IMCD in accordance with the professional standards applicable to statutory auditors of public-interest entities.

Remuneration Committee

The Remuneration Committee convened three times in 2021 (in February, September and December), with IMCD's Global HR Director attending two of these meetings. The members also held regular consultations to discuss, amongst other matters, the proposals for the remuneration of the individual members of the Management Board. Stephan Nanninga (Chair), Janus Smalbraak and Valerie Diele-Braun were member of the Remuneration Committee throughout the year.

The minutes of the Remuneration Committee meetings were shared with the full Supervisory Board and the Chair of the Remuneration Committee provided regular updates of the discussions that took place.

The Remuneration Committee presented its findings and proposals to the Supervisory Board and prepared the Supervisory Board's remuneration report for 2021, which is - other than in previous years - now included in this Annual Report.

MB and SB remuneration

The remuneration policy for the Management Board was amended in 2020 to align it with the new legal requirements applicable as a result of the implementation of the Revised Shareholders' Rights Directive.The revisions were approved by the General Meeting on 30 June 2020. No changes took place during 2021.

The 2021 remuneration report contains further details on how the remuneration policies were implemented in 2021. Detailed information on the compensation of the Management Board and Supervisory Board in 2021 is set forth in note 53 to the financial statements.

Due to the implementation of the Revised Shareholders' Rights Directive in 2020, the format of the remuneration report was amended to ensure compliance with the new legislation. The 2020 remuneration report did not deviate from the format chosen a year before. It was the second remuneration report that was submitted to the General Meeting for an advisory vote and was again well received with 94.09% (2020: 94.46%) of votes cast in favour of approval.

Financial statements 2021 and profit appropriation

The Supervisory Board reviewed and discussed the annual report and the financial statements for 2021 with all parties involved in the preparations . Based on these discussions the Supervisory Board concludes that the annual report provides a solid basis for the Supervisory Board's accountability for its supervision in 2021.

The financial statements for the financial year 2021 have been prepared by the Management Board and were audited by Deloitte Accountants B.V. The financial statements and the outcome of the audit performed by the external auditor were discussed by the Supervisory Board in the presence of the external auditor in February 2022.

The financial statements 2021 were endorsed by all Management Board and Supervisory Board members and are included, together with Deloitte's auditor's report, under Other information on page 216 of this annual report. The Management Board will present the 2021 financial statements and its report at the AGM.

The Supervisory Board recommends that the AGM adopt the 2021 financial statements, including a proposed dividend of EUR 1.62 in cash per share.

In addition, the Supervisory Board recommends that the members of the Management Board and Supervisory Board be discharged from liability in respect of their respective management and supervisory activities performed in 2021.

The Supervisory Board would like to thank all IMCD employees, under the strong leadership of the Management Board and Executive Committee, for their continued hard work and commitment shown in the year 2021, which proved to be another excellent year of growth.

Rotterdam, 24 February 2022

Supervisory Board
Janus Smalbraak
Arjan Kaaks
Stephan Nanninga
Valerie Diele-Braun
Amy Hebert

INSIGHT

Digital transformation focused on **customer centricity**

IMCD progressed its digital transformation across the foundational systems, applications and projects. Our global business benefits from the centrally and globally governed digital and IT set-up which is scalable, adaptable to new technologies and above all implemented in accordance with today's security standards.

The pandemic shifted internal and external collaboration increasingly towards digital tools, channels and platforms. Accordingly, IMCD continued to develop its capabilities in digital marketing, the MyIMCD customer portal and the connectivity between systems. In the first half of the year IMCD launched its new data architecture and visualisation application which provide a full view of the business, connected with data from all relevant source applications.

Datamanagement is key for success
Dashboards have been optimised and embedded for all roles from sales to marketing and from finance to supply chain & regulatory affairs. Moreover, solid data management is the starting point of any future application of machine learning. With structured workflows in commercial, supply chain and lab operations, we improved on many features, amongst others in pricing management, document management and handling of technical requests.

Digital marketing reinforced its global network of marketing automation specialists and, aligned processes with IMCD commercial core applications, realising an end-to-end approach from lead generation to opportunity management and sales completion. Another highlight was the launch of local websites in the US and Canada.

Customer portal MyIMCD
The MyIMCD customer portal, a protected environment where customers and IMCD can collaborate on all aspects of the business, was further enriched with new features and the roll-out has been extended to countries across continents.

Remuneration report

The Remuneration Committee of the Supervisory Board is responsible for assessing and preparing the remuneration policy and remuneration proposals concerning the members of the Management Board and the Supervisory Board. The Supervisory Board assesses the proposals and, in the event of proposed policy changes, submits the remuneration policy to the General Meeting for adoption.
This remuneration report provides an overview of the remuneration policy for IMCD's Management Board and the implementation thereof in 2021.

Key highlights – 2021 performance

Business in 2021 was not without challenges. The COVID pandemic still heavily influenced market conditions and where recovery was expected in the first half of the year, the Omicron variant of the virus was reason for renewed concern, travel restrictions and lock-downs. Volatility in product availability and demand remained high and unpredictable throughout the year. IMCD faced supply chain disruptions that demanded creativity and flexibility to counter. In the second half of the year, inflation rose in many markets, clouding visibility even more.

In light of these challenging conditions, IMCD, under the guidance of the Management Board delivered yet another year with impressive performance and strong operations results. Revenue increased by 24% to over EUR 3.4 billion, with gross profit growth of 29%. Cash earnings per share increased by 53% to EUR 4.64. Operating EBITA increased by 54% with an operating EBITA margin of 10.9% (up from 9.1% last year).

These favourable results were realised by the continuous strengthening of supplier relationships and customer base. By the end of 2021, IMCD partnered with 2,600 suppliers, - an increase of 400 in comparison to 2020 -, and served approximately 56,000 customers.

In addition to the financial results, the Supervisory Boards is pleased that focus on sustainability and diversity , two topics included in the Management Board members' personal KPIs, also paid of this year. At the end of 2021, IMCD won a Gold level award in its annual EcoVadis sustainability assessment for the entire group, in recognition of the high standards and management systems used throughout the organisation on ESG matters, as well as the transparency that IMCD demonstrates in its reporting.

Furthermore, the Management Board started an IMCD Women in Leadership programme to accelerate the development of female talent within IMCD, thus improving gender diversity in the internal pool for senior management appointments in the long(er) term. The Management Board also met the target to appoint more than 40% women in senior management vacancies in 2021, which improved the male/female ratio in senior positions in the short term.

Over all, the Supervisory Board is happy to conclude that the Management Board was again able to successfully deliver on all aspects of its promise of short- and long-term value creation in the year under review.

Remuneration Policies

The Remuneration Policy for the Management Board was amended in 2020 to align it with the new requirements of the Dutch Civil Code following the implementation of the Revised Shareholders' Rights Directive. The revised policy was approved by the General Meeting of Shareholders on 30 June 2020 (with 94.85% of the votes cast in favour). At the same time, a separate Remuneration Policy for the Supervisory Board was adopted (with 99.49% of votes cast in favour). No further changes took place in 2021.

Objective and principles

The objective of IMCD's Remuneration Policy for the Management Board is to attract, motivate and retain highly qualified executives by providing them with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with IMCD's long-term strategy.

For the remuneration of the Supervisory Board the guiding principle is that the amount and level should reflect the time spent by, and the responsibilities of the Supervisory Board members. Given the nature of responsibilities of the Supervisory Board, the remuneration is not dependent on the results of IMCD; it consists of a fixed compensation only.

Summarised overview of IMCD's remuneration policy and application in 2021

	POLICY SUMMARY	APPLICATION IN 2021[1]
Base salary	• A fixed annual cash compensation, paid in 12 equal monthly instalments • Aim for the median level of the labour market peer group • Reviewed annually, against external market developments and internal relativity to other employees	• Base salary paid as follows: ◦ Piet van der Slikke: EUR 668,732 ◦ Hans Kooijmans: EUR 520,940 • The 2021 base salaries include an adjustment for inflation only, on the basis of the Dutch Consumer Price Index (*CPI*) determined by Statistics Netherlands (*Centraal Bureau voor de Statistiek*)
Short-term incentive	• A variable pay-out in cash based on annual performance conditions set by the SB • 'At target' level: 50% of base salary • Maximum opportunity: 75% of base salary • No pay-out in case performance is below pre-determined minimum thresholds	• Applicable criteria and their weight: ◦ non-financial targets: 30% ◦ organic growth (operating EBITA): 60% ◦ M&A growth (acquired EBITA): 10% • Actual pay-out was 93% of the max. opportunity, resulting in a cash pay-out equalling: ◦ Piet van der Slikke: 70% of base salary ◦ Hans Kooijmans: 70% of base salary • The SB did not use its discretionary powers to deviate from the results calculated on the bases of the performance criteria
Long-term incentive	• Annual grant of conditional shares that vest after three years • 'At target' level: 100% of base salary • Maximum opportunity: 150% of base salary • Performance targets and their weight: ◦ cash earnings per share (EPS): 50% ◦ relative total shareholder return (TSR): 50%	• In 2021, the SB decided on unconditional share vesting for the 2018 LTI Plan. The 3-year performance period under this plan included financial years 2018, 2019 and 2020 • Both targets (Cash EPS and relative TSR) were met at or above the maximum pay-out threshold. Hence, shares vested as follows: ◦ Piet van der Slikke: 16,518 shares ◦ Hans Kooijmans: 12,533 shares representing a realised LTI bonus of 150% of base salary applicable at the time of the conditional grant. • The SB did not use its discretionary powers to deviate from the results calculated on the bases of the performance criteria
Pension	• Participation in the general IMCD pension scheme that also applies to other IMCD employees in the Netherlands. • No additional contributions are paid above the (statutory) capped pensionable salary.	• For the year 2021, the pensionable salary was capped at EUR 112,189 (in accordance with Dutch law). • Pension contributions were paid as follows: ◦ Piet van der Slikke: EUR 36,391 ◦ Hans Kooijmans: EUR 36,680

[1] Details of the actual costs pertaining to the remuneration of the members of the Management Board and the Supervisory Board in the financial year 2021 are also included in Note 53 of the financial statements to the Annual Report 2021.

Although the Company's strategy is primarily defined by the Management Board, the remuneration policy is designed in such a way that the Supervisory Board can ensure, by defining the performance criteria and (operational and financial) targets under the remuneration policy, that the remuneration of the Management Board is linked to and supports the company's strategic priorities. It enables the Supervisory Board to encourage actions focused on long-term value creation and a sustainable contribution to all stakeholders.

The objective of IMCD's Remuneration Policy for the Supervisory Board is to attract, motivate and retain highly qualified executives by providing them with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with IMCD's long-term strategy. The policy is guided by the principle that the remuneration of Supervisory Board members should consist of fixed compensation only.

Market positioning / peer review

The remuneration of the members of the Management Board is set around the median of remuneration levels payable within a peer group of comparable Dutch stock listed companies, relevant to IMCD from a labour market perspective.

The Supervisory Board takes into account the internal relativity to the positions below the Management Board as well. All components of the remuneration packages are reviewed annually. On the evaluative of the Remuneration Committee, the review of the remuneration packages may include an external evaluative against a benchmark composed of a peer group of companies. Such a study was executed by EY at the end of 2017 and repeated in 2021.

The peer group taken into account for the remuneration benchmark exists of AEX and AMX companies in the Netherlands with a similar revenue size and similar market capitalisation. Substantially smaller or larger companies, financial institutions and real estate companies are excluded from the peer group, as well as companies with poor disclosure in respect of remuneration details.

In the 2021 review, the peer group consisted out of 16 companies, as listed in the following table.

REMUNERATION PEER GROUP COMPANIES 2021	INDEX
Koninklijke DSM	AEX
AkzoNobel	AEX
Just Eat Takeaway.com	AEX
Koninklijke KPN	AEX
ASM International	AEX
Grandvision	AMX
Konklijke Vopak	AMX
Signify	AMX
Aalberts Industries	AMX
OCI	AMX
Koninklijke Boskalis	AMX
Corbion	AMX
SBM Offshore	AMX
Arcadis	AMX
PostNL	AMX
Koninklijke BAM Groep	AMX

Application of Remuneration Policy in 2021

Base salary

The base salary for the members of the Management Board is determined by the Supervisory Board. The base salaries for the members of the Management Board remained unchanged in 2021, except for an adjustment for inflation on the basis of the Dutch Consumer Price Index (CPI) determined by Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

EUR	2021	2020
Piet van der Slikke	668,732	660,345
Hans Kooijmans	520,940	514,407

Short term incentive (STI)

The objective of the Management Board short-term incentive plan, is to ensure that the members of the Management Board prioritise defined short-term operational objectives, leading to longer term value creation.

STI structure and value

The short-term incentive consists of a (potential) cash bonus payment, depending on achievements in relation to pre-set targets. This applies equally to both CEO and CFO. The short-term incentive structure is as follows and applies equally to both CEO and CFO:

STI VARIABLE PAY STRUCTURE (% OF BASE SALARY)	
Under performance (below set threshold)	0%
At target performance	50%
Maximum opportunity (capped)	75%

Every year, the Supervisory Board selects financial and non-financial targets for the Management Board short-term incentive plan and determines their weight.

STI performance criteria 2021

The following table shows the selected criteria, their weight and the performance ranges (minimum, at target and maximum pay-out levels) that applied to the 2021 short-term bonus.

CRITERIA	PERFORMANCE THRESHOLDS		WEIGHT
Non-financial criteria	Performance and pay-out is assessed by the Supervisory Board as per individual criteria		30%
Organic growth (operating EBITA)	• 10% ≤ budget • at target level • 5% ≥ budget	- no award - 2/3rds - full award	60%
M&A growth (acquired EBITA)	• no added EBITA • target level • 50% ≥ target	- no award - 2/3rds - full award	10%

For commercial and strategic reasons, the actual EBITA target numbers are not disclosed for future performance periods.

Non-financial STI-criteria

For 2021, four non-financial criteria were set relating to (i) satisfactory integration and performance of (the acquisitions of) Signet in India, (ii) sustainability, (iii) diversity and (iv) cyber security. Each target was given an equal weight in the overall bonus component. Below explanation provides more insight in the metrics and performance review by the Supervisory Board for the four topics selected for 2021.

(i) Integration and performance of Signet

In 2020, IMCD announced the acquisitions of Signet. As this acquisition was of material size and strategic importance, the Supervisory Board decided to include sufficient management attention and adequate integration as a personal KPI for each of the CEO and CFO for 2021.

The Management Board's performance was assessed by means of a review of the progress made in comparison to the integration plan for the acquisition. During the year, the Management Board provided updates on the status of the integration and operational performance. Despite continuing travel restrictions, schedules and milestones for integration were met. Management focussed on maintaining and even strengthening relationships with key suppliers, which was successful and led to strong operational results. The Supervisory Board is of the opinion that the efforts and results justify the maximum award of 0.68 months for this KPI.

(ii) Sustainability metrics

In respect of sustainability, three performance indicators were described to measure performance: satisfactory progress towards the set goal of 15% emission intensity reduction in 2024 (against baseline year 2019), further improving the non-financial data collection process and, thirdly, increasing the group's EcoVadis ESG rating to achieve Gold level recognition.

The Supervisory Board was delighted that the EcoVadis Gold rating was obtained in the Company's 2021 annual assessment. This represents an acknowledgement of IMCD's efforts to implement robust management systems and transparent reporting on ESG matters.

In respect of the non-financial data collection process, IMCD aligned the reporting process for non-financial data with the process and procedures in place for financial data reporting. This allows the local companies to report both data sets using the same consolidation tool, enabling more frequent data collection (multiple times per year, instead of collection at year end only), and increased local awareness of the importance of non-financial information.

In its 2020 Sustainability report, published in June 2021, IMCD reported an increase of carbon intensity. This was largely due to the fact that the Company has been able to broaden the scope of reporting, by including more countries - including IMCD's North American operations, where carbon intensity is higher than the group average.

Although it is positive that the company was able to broaden its reporting scope, and so increased transparency on its performance, progress towards the set reduction goals was not achieved. Consequently, the Supervisory Board decided to deduct one third of the bonus value for this KPI, and awarded two thrids of the at 'at-target' level, leading to 0.3 months of base salary.

For 2022, the Supervisory Board again included progress on emission reduction as a non-financial KPI for the Management Board members and added metric KPIs in respect of IMCD's supply chain management (roll-out of ESG Standard for IMCD Business Partners measured by % of signatories and audits under IMCD's supply chain partners) and sustainable procurement (% of product sourced from ESG rated suppliers).

(iii) Diversity target

In respect of diversity, a metric target was set to realise at least 40% female appointments in vacancies for senior management roles in 2021. The Supervisory Board was deligthed to learn that this target was met and indeed exceeded. In a group of 339 senior management positions identified globally, 70 appointments were made during 2021, of which 35 were filled by women (50%). the Supervisory Board awarded the maximum award of 0.68 months for this KPI. To encourage further progress of female leadership, the Supervisory Board has decided to maintain this metric target as KPI for 2022.

(iv) Cyber security

The Supervisory Board defined satisfactory progress in respect of enhancing cybersecurity at IMCD, as set out in the annual plan and reported to the Audit Committee, as the fourth non-financial KPI for 2021. IMCD's Group Security Officer provided an update on the progress made in June 2021 to the full Supervisory Board and further updates and developments were discussed with the Audit Committee.

Based on the information provided, the Supervisory Board concluded that the actions in the annual plan have been executed and management attention for the topic remained high throughout the year. Hence, the board decided to award the 'at target' level of the bonus amount, equalling 0.45 months of base salary, for this KPI.

In total, the Supervisory Board granted 2.1 months of base salary as bonus award for the non-financial KPIs under review.

Financial STI criteria

Both the organic growth and M&A growth criteria were met above the maximum opportunity level. Based on this performance, the Supervisory Board granted the maximum, capped, amount for these two components, equal to 5.4 and 0.9 months of base salary, respectively).

Hence, the total STI bonus for 2021 granted to each of the Management Board members, amounted to 93% of the maximum opportunity (equal to 8.4 months of base salary). This resulted in a gross cash bonus payment of EUR 468.112 to the CEO and EUR 364.658 to the CFO.

Long-term incentive (LTI)

The members of the Management Board receive a share based remuneration, for which the conditions are defined in the long-term incentive plan for the Management Board. The purpose of the LTI plan is to drive long-term performance, support retention and to further strengthen the alignment with shareholders' interests.

LTI structure and value

The LTI plan is structured in a way that contributes to the simplicity and transparency of IMCD's overall remuneration policy. Under the LTI plan the Management Board members are eligible to annual awards of conditional performance shares, that vest after a three-year performance period. Vesting depends on achievements in relation to pre-set targets and is subject to continuous employment. An additional holding period of two years is applicable to vested shares so that shared are held for a minimum period of 5 years from the grant date.

The long-term incentive structure applies equally to both the CEO and the CFO as follows:

LTI VARIABLE PAY STRUCTURE (% OF BASE SALARY)	
Under performance (below set threshold)	0%
At target performance	100%
Maximum opportunity (capped)	150%

The conditional shares are awarded at the beginning of the first year of the performance period (usually in the first quarter). The number of shares is calculated by dividing the value of the maximum opportunity (150% of base salary) by the average IMCD share price in the month ofDecember of the preceding year.

On an annual basis, the Supervisory Board selects the targets for the Management Board long-term incentive plan and determines their weight. The long-term incentive plan for the Management Board members does not include an award in the form of (share) options. Further details on the conditional shares awarded are presented below in the section "Actual remuneration paid in 2021".

LTI performance criteria for 2021

The following table shows the selected criteria and their weight, together with the performance ranges and pay-out levels that were set for the 2021 LTI plan.

CRITERIA	PERFORMANCE THRESHOLDS	WEIGHT
Cash EPS growth[1]	< 10% below target - 0% ≥ 5-10% below target - 50% ≤ > 5% range of target - 100% ≥ 5% above target - 150%	50%
Relative TSR in peer group[2]	• Fourth quartile - 0% • Third quartile - 50% • Second quartile - 100% • First quartile - 150%	50%

1 EPS: Earnings per share

2 TSR: Total Shareholder Return

The performance parameters for the 2021 LTI Plan are measured over a three year performance period (financial years 2021-2023). For commercial and strategic reasons, the actual EPS target number is not disclosed.

TSR peer group

The peer group used for the calculation of the outcome of the TSR component under the 2021 LTI plan,consists of 11 companies, plus IMCD. The TSR peer group is reviewed and updated annually, if necessary. For the 2021 LTI plan, the following companies are included in the TSR peer group.

COMPANY	STOCK EXCHANGE
Aalberts Industries NV	Euronext Amsterdam
Brenntag AG	Frankfurt Stock Exchange
B&S Group S.A.	Amsterdam Stock Exchange
Bunzl Plc	London Stock Exchange
DKSH Holding AG	SIX Swiss Exchange
Electrocomponents Plc	London Stock Exchange
Essentra Plc	London Stock Exchange
Ferguson Plc	London Stock Exchange
Travis Perkins Plc	London Stock Exchange
Rexel SA	Euronext Paris
Univar Inc	Nasdaq

Pensions and other benefits

In 2021, the Management Board members participated in the "IMCD pension scheme", a collective defined benefit plan based on average pay, insured by AEGON Levensverzekering N.V. In accordance with Dutch pension legislation, the pensionable salary was capped. The applicable cap for 2021 was EUR 112,189.

As in previous years, the pension premiums for the participation of the Management Board members due in 2021 were paid by the Company. Pension rights are accrued for in the financial statements in accordance with IFRS / IAS 19.

Pursuant to their service agreements, the Management Board members receive customary fringe benefits including a fixed expense allowance, fixed contribution to healthcare insurance and a company car.

Actual remuneration paid in 2021

REMUNERATION COSTS MB MEMBERS			FIXED RENUMERATION		VARIABLE REMUNERATION			
(EUR1,000)	YEAR	SALARY	PENSION	OTHER	STI BONUS	SHARE BASED PAYMENT	TOTAL	PROPORTION OF FIXED AND VARIABLE REMUNERATION[1]
Piet van der Slikke, CEO	**2021**	**669**	**36**	**48**	**468**	**835**	**2,056**	**37% / 63%**
	2020	660	36	50	454	986	2,186	34% / 66%
Hans Kooijmans, CFO	**2021**	**521**	**37**	**49**	**365**	**650**	**1,622**	**37% / 63%**
	2020	514	33	51	354	756	1,708	35% / 65%
Total	**2021**	**1,190**	**73**	**97**	**833**	**1,485**	**3,678**	**37% / 63%**
	2020	1,174	69	101	808	1,742	3,894	35% / 65%

1 The relative proportion of fixed / variable remuneration is calculated by dividing the sum of the fixed / variable components by the amount of total remuneration, multiplied by 100.

Total remuneration in 2021

The table above summarises the costs for the remuneration of the Management Board members charged to IMCD and its group companies in the financial year 2021.

5-year comparison with company performance

The tabel to the right presents the annual change of Management Board remuneration, company performance and the average remuneration of IMCD's employees in a comparative manner.

The remuneration of a Management Board member used for this comparison includes the fixed remuneration elements paid in each of the years 2016 up to and including 2021, as reported on IFRS basis in the annual report. The STI pay-out is included in the year that also comprises the performance period (year 1). The value of vested LTI shares is included in the year in which the performance period ended (year 3).

5 YEAR COMPARISON OF MB AND EMPLOYEE REMUNERATION AND COMPANY PERFORMANCE

	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	CAGR
MB remuneration						
Piet van der Slikke CEO	6%	45%[1]	(7%)	19%	31%[2]	17%
Hans Kooijmans, CFO	7%	46%[1]	(5%)	21%	32%[2]	19%
IMCD Performance indicators						
Gross profit	29%	8%	12%	25%	12%	17%
Cash EPS (weighted)	44%	13%	13%	23%	2%	18%
Net Result (before amortisation / non-recurring items)	50%	14%	12%	27%	7%	21%
Number of customers	12%	2%	14%	16%	9%	10%
Average number of employees	13%	9%	18%	18%	14%	14%
Employee remuneration[3]						
Average wages and salaries IMCD employees	4%	0.4%[4]	(3%)[4]	10%[4]	1%	2%

1 Reported increase in 2020 compared to 2019 is a combination of inflation adjustment base salary (+1% of total), higher STI (+10% of total) and revised LTIP conditions (+34% of total).

2 At the end of the performance period 2015-2017, shares vested for the first time under the Management Board's LTI programme. Hence, the value of the vested shares is included for the first time in the year 2017, which explains the substantial increase in comparison to the year 2016.

3 The average total compensation for IMCD employees was calculated with the numbers as reported in note 10 (Personnel expenses) in the Annual Report 2021 (wages and salaries / total average number of employees, excluding the members of the Management Board).

4 Acquisitions and recruitment activities in different regions, including emerging markets, have a significant effect on the annual fluctuation of the average total compensation for IMCD employees. In 2018, large acquisitions in the US and EMEA contributed to an increase of the average employee compensation, whilst in 2019 and 2020, an increase of the number of employees in the APAC region and Latin America in the global mix (through acquisitions in, amongst other, South-Korea, India, Colombia and Singapore) had a downward effect on the average total compensation of IMCD employees.

Movements in share positions (five year overview)

	MAIN CONDITIONS OF LTI PLANS					INFORMATION REGARDING THE REPORTED FINANCIAL YEAR		
	plan year	3 year performance period[1]	Date of conditional award	(scheduled) Vesting date[2]	End of holding period[3]	Gross # of conditional shares awarded[4]	Gross # of shares vested[5]	Shares subject to a holding period
Piet van der Slikke, CEO	**2021**	**2021-2023**	**25 Feb 2021**	**Q1 2024**	**Q1 2026**	**9,698**	**-**	**9,698**
	2020	2020-2022	26 Feb 2020	Q1 2023	Q1 2025	12,694	-	12,694
	2019	2019-2021	28 Feb 2019	24 Feb 2022	28 Feb 2024	16,971	16,971	9,017
	2018	2018-2020	9 May 2018	25 Feb 2021	9 May 2023	16,518	16,518	8,776
	2017	2017-2019	29 Mar 2017	26 Feb 2020	29 Mar 2022	9,768	9,768	4,933
Total							**43,257**	**45,118**
Hans Kooijmans, CFO	**2021**	**2021-2023**	**25 Feb 2021**	**Q1 2024**	**Q1 2026**	**7,554**	**-**	**7,554**
	2020	2020-2022	26 Feb 2020	Q1 2023	Q1 2025	9,889	-	9,889
	2019	2019-2021	28 Feb 2019	24 Feb 2022	28 Feb 2024	13,220	13,220	7,024
	2018	2018-2020	9 May 2018	25 Feb 2021	9 May 2023	12,533	12,533	6,659
	2017	2017-2019	29 Mar 2017	26 Feb 2020	29 Mar 2022	7,182	7,182	3,627
Total							**32,935**	**34,753**

1 The LTI performance period spans the period from 1 January in the first performance year up to and including 31 December of the third year thereafter.

2 The vesting date under any LTI plan is equal to the date of the Supervisory Board's decision that establishes the number of performance shares that make up the unconditional award. This decision is usually taken during the first or second Supervisory Board meeting in the year that follows the expiration of the performance period.

3 Management Board members are allowed to sell shares that vested after such shares have been retained for a five-year period from the date of the conditional award.

4 The number of shares provided in this column represents the maximum opportunity.

5 The number of shares provided in this column represents the gross number of shares vested under the respective LTI plan for the listed year, before deduction of personal income taxes.

Movements in share positions

The table above depicts the movements in the Management Board's share position due to the share-based remuneration to the Management Board members in the past five years.

2021 long-term incentive award

Under the 2021 LTI Plan the members of the Managemetn Board were granted 9,698 and 7,554 conditional performance shares respectively, as set out in the table above. This number represents the maximum opportunity for each member.

At the beginning of 2024, the Supervisory Board will review the outcome of performance in the three year performance period 2021-2023 and determine the number of conditional shares that will vest.

Vesting 2018 long-term incentive

At the beginning of 2021, conditional performance shares vested under the 2018 LTI plan. The three year performance period for this plan ended with the close of the calendar year 2020. The 'at-target' opportunity equalled 100% of the Management Board members' annual base salary. The maximum opportunity was capped at 150%.

The Cash EPS target was met above the level of the maximum pay-out threshold. The TSR target was met at the maximum level (with IMCD ranking in the first quartile).

Hence, 16,518 shares vested for the CEO and 12,533 shares vested for the CFO, having a corresponding value of 150% of their applicable annual base salary at the time of granting in 2018.

Other remuneration information

Compliance with the remuneration policy

In 2021, the application of the remuneration policy for the Management Board was consistent with the policies included therein. No deviation or derogation took place. The Supervisory Board did not use discretion to deviate from the mathematical outcomes based on the pre-set metrics and targets for the 2021 compensation.

Long-term value creation

Both the structure for the Management Board's remuneration as well as the targets set by the Supervisory Board for the 2021 remuneration contributed to a focus on long-term value creation. A substantial part of the 2021 remuneration was made up of variable components, based on performance (63% for both the CEO and CFO, as shown in the table "Remuneration costs of individual MB members'" on page 98).

60% of the 2021 STI bonus was made dependent on organic growth, ensuring a long-term mindset focussed on sustainable growth. The non-financial KPI's set for the 2021 STI bonus were also geared to ensure progress on topics that benefit the Company's organisation in the long-term, with, in 2021, a focus on the integration and performance of Signet in India, metric targets for sustainability and diversity, and strengthening of IMCD's ICT systems and environment to counter cybersecurity threats.

Finally, the 2021 LTI programme uses a 3 year period and financial targets that contribute to a focus on long term value growth for IMCD's shareholders.

Internal pay ratio

As per the guidance issued by the monitoring committee for the Dutch Corporate Governance Code, the pay-ratio used by IMCD reflects the annual remuneration of all IMCD employees worldwide relative to the total remuneration for the CEO and CFO, including all elements (fixed and variable) as included in the financial statements on an IFRS basis. This is a deviation from the calculation method used in previous years. For a meaningful comparison, the revised calculation method is applied in the table below for both 2020 and 2021.

	YEAR	TOTAL MB MEMBER REMUNERATION (EUR1,000)[1]	AVERAGE TOTAL COMPENSATION (EUR)[2]	PAY RATIO
CEO	**2021**	**2,056**	**82,680**	**24.9**
	2020	2,186	80,214	27.3
CFO	**2021**	**1,622**	**82,680**	**19.6**
	2020	1,708	80,214	21.3

[1] Total MB member remuneration set out in this table is different from 2020. For transparency and clarity, and in line with the guidance provided by the Monitoring Committee for the Dutch Corporate Governance Code, the total remuneration, including all fixed and variable elements as reported in note 53 of the financial statements to the Annual Report 2021 is used for the calculation.

[2] Based on the guidance provided by the Monitoring Committee for the Dutch Corporate Governance Code, the average employee remuneration is calculated with the numbers as reported in note 10 (Personnel Expenses), as follows: total employee expenses/total average FTE.

Although the calculation method for the pay ratio changed, the representative reference group (all employees) remained the same. IMCD monitors the development of the internal pay ratio over multiple years and, to the extent possible, compares the outcome with the published pay ratio's of industry peers, as well as other companies included in the AEX and AMX indices. Compared to these companies, the internal pay ratio of IMCD is at the lower end of the spectrum. Whilst the Supervisory board has not set a specific range for the pay ratio, it feels that the current pay ratio is reasonable.

Information on shareholder advisory vote

At the 2021 AGM, the 2020 remuneration report was subject to an advisory vote for the second time since the implementation of the Revised Shareholders' Rights Directive. The 2020 remuneration report was received well, with 94.09% of votes cast in favour of approval (2020: 94.46%).

Based on this high approval rate, no changes have been made to the format of this report for 2021, other than that the information has now been integrated in the Annual Report. An effort was made to provide more insight in and include clear metrics for the non-financial bonus criteria.

Remuneration of the Supervisory Board

Compliance with the remuneration policy

In 2021, the application of the remuneration policy for the Supervisory Board was consistent with the policies included therein. No deviation or derogation took place.

The remuneration of the members of the Supervisory Board is determined by the General Meeting. It is not made dependent on the Company's results and none of the members of the Supervisory Board receive shares, options for shares or similar rights to acquire shares as part of their remuneration.

The General Meeting of Shareholders approved a revision of the annual fixed fees for the Supervisory Board remuneration in 2020. This was the first revision since IMCD's listing in 2014. No further revisions took place in 2021. The fees as listed in the following table and applied throughout the year.

Supervisory Board fees

FUNCTION	ANNUAL FEE (EUR)
Supervisory Board - chair	70,000
Supervisory Board - member	55,000
Audit Committee - chair	15,000
Audit Committee - member	10,000
Remuneration Committee - chair	12,500
Remuneration Committee - member	7,500

The costs for the remuneration of the Supervisory Board members charged to IMCD in the financial year 2021 are provided in the table below.

Remuneration costs for SB members

EUR1,000	2021	2020	2019
Janus Smalbraak	75	54	45
Arjan Kaaks	70	60	50
Stephan Nanninga	68	58	48
Valerie Diele-Braun	63	30	-
Amy Hebert	65	31	-
Michel Plantevin	28[1]	68	65
Julia van Nauta Lemke	-	24	47
Total SB remuneration	**368**	**325**	**255**

[1] This fee amount covers the period up to the retirement date, 22 June 2021.

Other policy information

Scenario analysis
Scenarios concerning the possible outcomes of the variable components and the impact on the remuneration of the Management Board members are analysed annually and taken into consideration by the Remuneration Committee and Supervisory Board. The scenarios reviewed include minimum (0%), at target (100%) and maximum (150%) variable pay-out achievement.

Views of Management Board members
The chair of the Remuneration Committee discusses the Management Board members' own views on their remuneration package annually and/or in case of any proposed changes to the remuneration packages.

Term of appointment
Management Board members are appointed for a term of four years. The (total) term of employment of Management Board members is not limited in any way. The current term of both Management Board members expires in 2022. The Supervisory Board nominated both members of the Management Board for reappointment, which nomination will beput to a vote during the 2022 AGM.

Revision and claw back of variable pay
The Supervisory Board may adjust the amount or value of an STI or LTI awarded to a Management Board member to a suitable level, if payment or satisfaction of that award would be unacceptable under the standards of reasonableness and fairness.

There is also a claw-back provision in place which may be applied to payments made to members of the Management Board (in cash, in kind or in the form of securities) under an STI or LTI award. In 2021, no adjustment or claw-back occurred.

Severance compensation
In accordance with Dutch law and the Code, the service agreements with the Management Board members contain provisions related to severance arrangements with a maximum payment of the gross fixed annual salary, subject to a fairness review. Supervisory Board members are (re-)appointed in accordance with applicable legal and regulatory requirements. Their engagement does not include any severance payment, claw-back or change in control provisions.

Notice period
The service agreements with the members of the Management Board can be terminated by both parties, subject to a notice period of 6 months.

No loans
IMCD nor any of its group companies has provided any loans, advances or guarantees for the benefit of the members of the Management Board and the members of the Supervisory Board.

Looking ahead 2022

In line with the best practice principles of the Dutch Corporate Governance Code, the Supervisory Board has decided to set up a separate Nomination and Appointment committee, effective as of 2022. The General Meeting of Shareholders will be asked to approve a revision of the (fixed) fee table to include the fee amounts for the Chair and members of this additional committee. More information will be provided in the explanatory notes to the agenda for the 2022 AGM. No other policy amendments are foreseen.

In September 2021, Azelis Group N.V. was listed on the Euronext stock exchange is Brussels. In its annual review of the TSR peer group, the Remuneration Committee considered includng Azelis Group N.V. in the TSR peer group as of 2022, instead of Travis Perkin Plc.

Based on the outcome of the compensation benchmark exercise that was conducted by EY in 2021, the Remuneration Committee has proposed to the Supervisory Board to increase the Management Board members' base salaries with 5%, effective as of the month of reappointment.

Corporate governance

IMCD N.V. is a public company with limited liability (*naamloze vennootschap*) under Dutch law with a two-tier board structure. IMCD is managed by a Management Board under the supervision of a Supervisory Board. The Management Board and the Supervisory Board are accountable to the general meeting of IMCD's shareholders (General Meeting). The Management Board has chosen to work with an Executive Committee. The role, duties and composition of the Executive Committee are described in this section.

Governance structure

The Dutch corporate governance code (the "Code") provides principles and guidance for the governance of Dutch listed companies, and is aimed at ensuring effective cooperation and good governance. IMCD fully endorses the objective of the Code to foster good governance by encouraging fair and transparent dealings on the part of management, Supervisory Board members and shareholders. In addition, IMCD is committed to a governance structure that best and most effectively supports its business, that meets the needs of its stakeholders and that complies with all relevant rules and regulations.

IMCD's corporate governance structure is designed in accordance with the Code and was approved by the General Meeting on 26 June 2014. After the revision of the Code in December 2016, and the revised Code applying to IMCD for the first full year in 2017. The key aspects of IMCD's corporate governance structure and compliance with the revised Code were again presented to and discussed at the 2018 Annual General Meeting (AGM).

IMCD's governance structure is subject to Dutch law and regulated by IMCD's Articles of Association (available on the Company's website). The provisions of the Dutch Civil Code (DCC) that are commonly referred to as the 'large company regime' (*structuurregime*) do not apply to IMCD.

Management Board

The Management Board manages the day-to-day operations of IMCD and is responsible for designing and achieving the company's objectives and strategy. The Management Board, whose two members hold joint responsibility, is supported by the Executive Committee, which is responsible for, among other things, regional operations and certain general group-level management activities.

The Management Board members are appointed (and may be reappointed) for a term of up to four years by the General Meeting in accordance with a binding nomination by the Supervisory Board. The General Meeting can overrule the binding character of the nomination by an absolute majority of votes cast that represent at least one-third of the issued share capital.

The Management Board represents the company and acts in accordance with the Articles of Association and the Management Board Rules (available on the company's website), which provide a detailed description of the Management Board's responsibilities and functioning. Certain important resolutions of the Management Board identified in the Articles of Association require the approval of the Supervisory Board and/or the General Meeting.

The Management Board has been designated, most recently at the 2021 AGM, as the corporate body authorised to issue shares and/or grant rights to acquire shares up to 10% of the total number of issued shares, and to restrict or exclude pre-emptive rights pertaining to such issue of shares, subject to the prior approval of the Supervisory Board. By virtue of its authorisation by the General Meeting, the Management Board is also authorised to purchase shares in the company, up to a maximum of 10% of the issued shares and subject to the prior approval of the Supervisory Board. These instructions and authorisations are given for a period of 18 months and renewal is requested annually at the AGM. No authorisation from the General Meeting is required for the acquisition of fully paid up shares for the purpose of transferring these shares to employees of the company or of an IMCD group company under any employee share plan.

Conflicts of interest

All legal transactions where a conflict of interest exists or could arise with regards to members of the Management Board must be handled on arm's-length terms and must be approved by the Supervisory Board.

Each Management Board member or Supervisory Board member is required to immediately disclose any potential direct or indirect personal conflict of interest to the Chair of the Supervisory Board, providing all relevant information.

If the Chair of the Supervisory Board determines that there is a conflict of interest, the member of the Management Board or the Supervisory Board with the conflict of interest may not take part in any discussion or decision-making that involves a subject or transaction relating to the conflict of interest.In 2021, no transactions were reported or identified involving actual or potential conflicts of interests involving a member of the Management Board or Supervisory Board, nor were there any transactions with shareholders owning more than 10% of the shares.

Remuneration of the Management Board

With its remuneration policy for the Management Board, IMCD aims to attract, motivate and retain highly qualified executives by providing them with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with IMCD's long-term strategy. In line with the policy, the remuneration packages of the Management Board members consist of fixed and variable components, including a long-term incentive plan (for the annual award of conditional performance shares) approved by the General Meeting. The remuneration of the individual members of the Management Board (including the awarding of shares) is determined by the Supervisory Board, with due observance of the remuneration policy for the Management Board.

In 2020, the remuneration policy for the Management Board was reviewed to bring the policy in line with new legal requirements arising from the incorporation of the Revised Shareholders' Rights Directive (EU directive 2017/828 of 17 May 2017) into Dutch law.

The revised remuneration policy for the Management Board was adopted by the General Meeting on 30 June 2020, with 94.85% of votes cast in favour. No further changes took place in 2021. The remuneration policy for the Management Board is available on the company's website.

In compliance with the Code, the service agreements with Management Board members contain provisions on severance arrangements, claw-back and public offering consequences. Annually, the Supervisory Board reports on the implementation of the remuneration policy for the Management Board in its remuneration report, which is published on the company's website.

Executive Committee

The structure in which the Management Board is supported by an Executive Committee was formalised in 2011. At the time, this structure was chosen as a means of ensuring an efficient flow of - commercial and strategic - business information to the Management Board, while allowing the Management Board to remain small. In addition, the Executive Committee serves as a sounding board to the Management Board, making recommendations and providing guidance and support on strategy implementation. The non-Management Board members of the Executive Committee are appointed by the Management Board.

The responsibilities of the Executive Committee include group performance, realisation of operational and financial objectives, people strategy and identification and management of risks connected to the business activities. The non-Management Board members of the Executive Committee may take on certain management activities at group level in addition to their specific Managing Director or Business Group Director roles and support the Management Board in the implementation of the company's group policies throughout the organisation.

During 2021, IMCD's Executive Committee was composed of six members: the two members of the Management Board and four managing or business group directors.

The Management Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the company's external reporting and reporting to the company's shareholders.

The Supervisory Board engages with the members of the Executive Committee during its Supervisory Board meetings and/or work visits, as well as in informal contact outside of such meetings. In December 2021, all members of the Executive Committee were present during the (virtual) Supervisory Board meeting, where, amongst other things, budget, strategy and risk management were discussed.

Supervisory Board

The Supervisory Board monitors and supervises the activities of the Management Board and the general course of business within IMCD. It also supports the Management Board with advice. In performing their duties, the Supervisory Board members are guided by the interests of the company and its business, taking into account the relevant interests of all stakeholders. The members of the Supervisory Board are jointly responsible for the functioning of the Supervisory Board and assess its performance internally on a regular basis.

The Supervisory Board must consist of at least five members. The composition of the Supervisory Board is such that the combined experience, expertise and independence of its members enables the Supervisory Board to best carry out the variety of the Supervisory Board's responsibilities.

The Supervisory Board members are appointed by the General Meeting in accordance with a binding nomination by the Supervisory Board. The General Meeting may overrule the binding character of the nomination by an absolute majority of the votes cast, representing at least one-third of the issued share capital. Members of the Supervisory Board are appointed for a term of four years and may be reappointed for a second term of four years. Thereafter, two additional extensions are possible of two years each, bringing the total period of appointment to a maximum of 12 years.

Supervisory Board committees

In 2021, the Supervisory Board was supported by two committees:

- an Audit Committee, responsible for supervising the quality and integrity of the IMCD's financial reporting and internal risk management and control systems, including legal and ethical compliance, and advising the Supervisory Board and Management Board in relation to these matters; and
- a Remuneration Committee, responsible for advising the Supervisory Board on the remuneration of the Management Board.

Both committees are composed of at least two Supervisory Board members.

The Supervisory Board acts in accordance with the Articles of Association and the Supervisory Board rules, which include the Supervisory Board profile, a resignation rota and the rules governing the Supervisory Board committees. The Supervisory Board rules are available on the company's website.

Remuneration of the Supervisory Board

The General Meeting determines the remuneration of the members of the Supervisory Board. To comply with the Revised Shareholders' Rights Directive, a written remuneration policy for the Supervisory Board was adopted by the General Meeting in 30 June 2020, with 99.94% of votes cast in favour.

With the remuneration policy for the Supervisory Board, the company aims to attract, motivate and retain highly skilled individuals with the right balance of qualities, capabilities, profile and experience, as may be needed from time to time to oversee the company's strategy, strategy implementation and performance, as well as to act as advisors to the members of the Management

Board in support of their focus on long-term growth and sustainable success of the company and its business.

The guiding principle remained that remuneration of the Supervisory Board may not be made dependent on the company's results. No member of the Supervisory Board shall receive shares, options for shares or similar rights to acquire shares as part of their remuneration.

The remuneration policy for the Supervisory Board is available on the company's website.

Diversity on the Supervisory Board, Management Board and Executive Committee

IMCD recognises the importance of diversity on its Supervisory Board, Management Board and Executive Committee, and believes that the company's business activities benefit from a wide range of skills and a variety of backgrounds and nationalities. A diverse composition contributes to a well-balanced decision-making process and the proper functioning of the board or committee. The Supervisory Board's diversity policy is available on the company's website.

The diversity policy is aimed at having a diverse composition of members on the Supervisory Board, the Management Board and the Executive Committee in order to ensure that the knowledge, skills and experience present are complementary, enabling each member to make a valuable contribution in carrying out the various responsibilities of the board or committee. When considering vacancies, achieving and/or maintaining an appropriate balance in gender, age and geographic background or nationality are important aspects that will be taken into account as well. However, complementary expertise and experience, as well as the (expected) team dynamics have priority in the selection and nomination process.

The diversity policy is implemented organically. For the Supervisory Board and Executive Committee, the diversity policy will be taken into account in the selection and nomination process for each future vacancy. As to the composition of the Management Board, the diversity policy will be taken into account if and when the current members of the Management Board are to be succeeded.

In 2021, no vacancies occurred in the Supervisory Board, Management Board or Executive Committee.

General Meeting of Shareholders

Shareholders of IMCD may exercise their rights through annual and extraordinary general meetings of shareholders (the General Meeting). The Annual General Meeting (AGM) is held each year before July. Due to the continuing impact of the COVID-19 pandemic, the 2021 AGM was postponed to 22 June to allow it take place in the form of a physical meeting.

Extraordinary General Meetings (EGM) are held as often as the Management Board and/or the Supervisory Board deem desirable. In addition, one or more shareholders, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened. Notice of General Meetings is given no later than 42 days before the day of the meeting through the publication of a convocation notice on the website of IMCD.

Shareholders representing, either solely or jointly with other shareholders, at least 3% of the issued share capital in IMCD may request the company to put an item on the agenda provided that the company has received the request no later than on the 60th day prior to the date of the General Meeting.

Each shareholder may attend General Meetings, address the General Meeting and exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights if they are the holders of shares on the record date, which is the 28th day before the date of the General Meeting, andprovided they or their proxy have notified the company of their intention to attend the General Meeting. In 2020, in a response to the COVID-19 pandemic, emergency legislation came into force in the Netherlands, making it possible for companies to hold General Meetings without the physical attendance of participants. This emergency legislation was extended several times, also during 2021, and is still in force at the date of this Annual Report.

Subject to certain exceptions set forth by law or in the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast.

The powers of the General Meeting are specified in the Articles of Association and include adoption of IMCD's financial statements, appointment and dismissal of Supervisory Board and Management Board members and the allocation of profit, insofar as it is at the disposal of the General Meeting. Resolutions to amend the Articles of Association or to dissolve the company may only be taken by the General Meeting upon a proposal of the Management Board with the approval of the Supervisory Board.

Shares

The authorised capital of the company comprises a single class of registered shares. All shares are traded via the giro-based securities transfer system and are registered under the name and address of Euroclear. All issued shares are fully paid up and each share confers the right to cast a single vote in the General Meeting.

Shares held by IMCD are non-voting shares and do not count when calculating the amount to be distributed on shares or the attendance at a General Meeting. IMCD purchases shares to hedge its obligations arising from conditionally awarded performance shares under IMCD's long-term incentive plan.

Anti-takeover mechanisms

IMCD respects the one-share/one-vote principle and did not have any anti-takeover or control mechanisms in place in 2021.

Rules regarding inside information

IMCD has implemented measures to comply with the provisions of the Financial Markets Supervision Act and the EU Market Abuse Regulation intended to prevent market abuse, such as insider trading, tipping and market manipulation. In addition, the company maintains rules regarding the reporting and regulation of transactions in IMCD shares or other IMCD financial instruments. The IMCD insider trading rules are kept up to date to reflect legislative developments and apply to members of the Management Board, the Executive Committee, the Supervisory Board and other designated persons within IMCD. The IMCD insider trading rules are available on the Company's website.

IMCD has established a Disclosure Committee to manage the disclosure of inside information and to ensure compliance with regulatory requirements regarding all disclosures and filings to be made to the Dutch Authority for the Financial Markets, Euronext Amsterdam N.V. and any other relevant stock exchange or supervisory authority. The Disclosure Committee

meets periodically throughout the year and reports to the Audit Committee.

External auditor

Under Dutch law, the external auditor of the company is appointed by the General Meeting. In accordance with the Dutch Corporate Governance Code and Regulation (EU) 537/2014, the Supervisory Board selects and nominates an external auditor for appointment, upon advice from the Audit Committee. The Supervisory Board and the Audit Committee assess the functioning of the external auditor, taking the observations of the Management Board into account. The General Meeting re-appointed Deloitte Accountants B.V. As external auditor of the company for the financial year 2021.

In principle, the external auditor attends in principle, all meetings of the Audit Committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings. The external auditor attends the meeting of the Supervisory Board in which the report of the external auditor on the audit of the financial accounts is discussed, and in which the annual accounts are approved.

Auditor independence
The Audit Committee evaluates at least annually the external auditor's independence. The lead auditor of the IMCD account is changed at least every five years. Such a change took place with effect from the financial year 2021. Furthermore, Dutch law requires a mandatory rotation of the external audit firm after it has performed the statutory audits of the company for a period of 10 consecutive years.

Prohibition on non-audit services
The Audit Committee reviews the proposed audit scope, approach and fees as well as services that the external auditor provides to the company. Dutch law requires the separation of audit and non-audit services, meaning that the company's external auditor is not allowed to provide prohibited non-audit services.

Accountability Dutch Corporate Governance Code

In 2021 IMCD complied with the principles and best practices of the Code with the exception of the following deviations.

Retirement rota
As a consequence of the initial four-year term appointment of all Supervisory Board members at IMCD's listing in 2014, the Supervisory Board’s original retirement rota provided for the same reappointment and retirement dates for all Supervisory Board members. With resignations and further appointments, over the years the number of retirements / reappointments occurring at the same time has been reduced; however, due to appointments that took place in 2020, three Supervisory Board members will be up for retirement or reappointment in 2024. Over time, the company aims to once more reduce the number of simultaneous resignations by means of adjusted terms for new Supervisory Board appointments and reappointments.

Diversity target
The Supervisory Board does not strictly follow the recommendation of best practice provision 2.1.5 of the Code to formulate an explicit target on diversity in terms of gender or age. The overriding principle is that the Supervisory Board has a diverse composition of members who can make valuable contributions in terms of experience and knowledge of the speciality chemicals distribution industry in the regions in which the Company is active, or else possess other relevant business knowledge. The Supervisory Board is pleased with the diversification, in terms of gender and age, achieved through the appointments of recent years, and will continue to pursue ensuring a diversified composition with future appointments.

Nomination and Appointment Committee
In deviation of best practice provision 2.3.2 of the Code and as agreed by the General Meeting the Company did not have a Selection and Appointment Committee in the past few years. With the growth of the organisation and succession planning featuring more prominently on the Supervisory Board's agenda in 2021, the decision was made to set up a separate committee to support the Supervisory Board on nomination and appointment matters.

The Corporate Governance Declaration is available at www.imcdgroup.com/investor-relations.

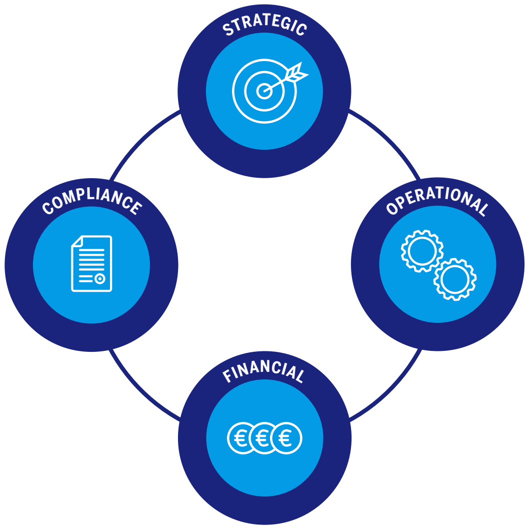
Risk factors and risk management

In achieving its objectives, IMCD faces risks and uncertainties, including those faced due to macroeconomic conditions, regional and local market developments and internal factors. IMCD strives to identify and control those risks and uncertainties as early as possible. Risk management is an essential element of IMCD's corporate governance and is embedded in the company's business processes.

Although the company recognises the risks and uncertainties associated with its business activities, IMCD believes that the broad diversity of its business in terms of product portfolio, geographies, suppliers, end-market sectors and customers can lessen the impact of local and regional economic changes. However, if adverse circumstances are pronounced and/or long lasting, they can have a significant impact on the company's business and the results of its operations. IMCD is affected by demand fluctuations and other developments in the broader economy and weak economic conditions may have a material adverse effect on the group.

The IMCD risk management policy is aimed at striking the best balance between maximisation of business opportunities within the framework of the company's strategy, and managing the risks involved.

IMCD distinguishes the following risk categories in its risks management framework:



Risk appetite

IMCD's risk appetite varies per risk category and per type of risk. The risk appetite per risk category is as follows:

STRATEGIC	Moderate
OPERATIONAL	Low
COMPLIANCE	Low
FINANCIAL	Low

- Strategic: in pursuing its strategy, IMCD is prepared to take moderate risk, including the exploration of new business opportunities and possibilities for acquisitions and expansion
- Operational: with respect to operational risks, IMCD seeks to minimise the risks of unforeseen operational failures within its businesses
- Compliance: with respect to compliance risks, IMCD maintains a risk-averse strategy. IMCD strives to comply with all applicable laws and regulations, with a particular focus on health, safety and environmental laws
- Financial: with respect to financial risks, IMCD maintains a cautious financing structure and stringent cash management policy

Risk management framework

Although IMCD benefits from its geographical, market, client and product portfolio spread, IMCD's well-structured risk management process is designed to manage the residual risks in a transparent and controlled manner. IMCD's comprehensive internal control and risk management systems, including supporting tools, are continuously monitored by the Supervisory Board, Management Board, Corporate Control, Internal Audit and by regional and local management, improved when required and modified in line with changes in internal and external conditions.

In 2021 Corporate Control, in cooperation with Internal Audit, has completely reworked the IMCD risk and control framework by means of a bottom-up approach. Meetings were held with all department leaders to identify all potential risks applicable to each department. This included the identification of climate change related risks and the impact of (future) regulations with regards to climate change. This risk overview was shared with a group of key internal stakeholders to rate these risks on the potential likelihood of the risk to occur and the potential impact on various levels. Furthermore, the risks were allocated to the respective categories (strategic, operational, compliance and financial). The key risks resulting from this assessment were added to the framework and appropriate control measures were allocated or redefined for risk mitigation purposes.

The resulting revised IMCD risk and control framework was put in place at the end of 2021.

Risk management tasks and responsibilities

IMCD's risk management and control systems are designed to identify and analyse the risks faced by the group at various levels, to determine and implement appropriate risk controls, and to monitor risks and the way the risks are controlled. The identification and management of climate change risks follow the same risk-management process.

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

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

Risk management elements

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

1. Control environment, including:
- organisational culture based on ethical conduct and compliance, clear responsibilities and short and open lines of communication
- IMCD group policies including business principles, management instructions and manuals
- continuous compliance training of employees
- risk management embedded in the business processes at all levels of the organisation

2. Risk assessment and control procedures, including:
- identification of risks via risk self-assessments, coordinated by Corporate Control and Corporate Health Safety and Quality (HSEQ)
- implementation and optimisation of effective and efficient control procedures at various levels of the organisation

3. Information, communication and monitoring, including:
- harmonised reporting on operations, financial results, financial positions and key risks
- periodical monitoring and reviews of financial results and risk management by corporate management
- periodical reviews on HSEQ management by corporate HSEQ
- regular review meetings between corporate and local management
- internal audits performed by IMCD's internal auditors

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are developed to manage risks, but cannot provide absolute certainty that human errors, losses, fraud and infringements of laws and regulations will be prevented. Management has assessed whether IMCD's risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements.

Based on the approach outlined above, the Management Board is of the opinion that, to the best of its knowledge, the internal risk management and control systems are adequately designed and operated effectively in the year under review and hence provide reasonable assurance that the financial statements are free of material misstatements.

Significant risks and uncertainties

In the following section, the main risks and the way IMCD manages these risks are described. None of the significant risks and uncertainties materially affected IMCD's position. The main risks and their importance are disclosed in the following table. We decided not to include the (COVID-19) pandemic risk separately as we perceive this as an important factor affecting the risks that have already been identified in the past.

Taskforce on Climate-related Financial Disclosures (TFCD)

The identification of climate change related risks and opportunities are integrated in the risk management procedures and incorporated in the update of the IMCD risk and control framework in 2021.

In the coming year the identified climate change related risks and opportunities will be further analyzed, including the impact on financial performance and financial planning in short, medium and long term. This also includes scenario analysis on the impact of our strategy and the financial position.

The methodology and detailed set of KPI's and metrics will be included in the IMCD Sustainability report for 2021 which is set to be published mid-2022.

	RISK	LIKELIHOOD	IMPACT
STRATEGIC	Decline in customer demand	Moderate	Moderate
	Supplier dependency	Moderate	Moderate
	Acquisition and integration risk	Moderate	Moderate
OPERATIONAL	Dependency on key personnel	Moderate	High
	Cybercrime and continuity of ICT	Moderate	High
	Health / safety / environmental incidents	Low	High
COMPLIANCE	Non-compliance with laws and regulations	Low	High
	Anti-corruption and bribery	Low	High
FINANCIAL	Volatility of foreign currencies	High	Low
	Credit risk	Moderate	Low
	Liquidity risk	Low	Moderate
	Interest rate risk	Moderate	Low

Strategic

RISK	RISK DESCRIPTION	RISK MEASURES
Decline in customer demand	IMCD's business depends on its customers' demand for chemicals used in the manufacture of a wide array of products, which in turn is driven by demand from consumers and other end users for the products made by IMCD's customers. To a large extent, demand levels depend on macroeconomic conditions on a global level.This has been highlighted in particular in the past years due to the COVID-19 pandemic. An improvement or deterioration in levels of economic activity and consumer demand tends to be reflected in the overall level of production and consumption of chemicals.	The broad diversity of IMCD's business in terms of product portfolio, geographies, suppliers, end market sectors and customers can lessen the impact of local and regional economic changes. However, if these changes are pronounced and/or long lasting, they can have a significant impact on the company's business and the results of its operations. Despite the market conditions being affected by the COVID-19 impact, IMCD has been able to maintain a strong performance due to its resilient and diversified business model.
Supplier dependency	IMCD depends on its suppliers to develop and supply the product portfolio that it markets, sells and distributes. Shortages in supply of certain products or non-competitiveness of product lines could negatively affect operating results. The termination of a major supplier relationship could have a material adverse effect on the company's product portfolio, sales volumes, revenues and profit margins.	Maintaining close relationships with supply partners is essential for IMCD in achieving its growth strategy. By acting in an open and transparent way towards its suppliers and with a focus on growing suppliers' product brands, IMCD seeks to maintain long-term relationships.
Acquisition and integration risk	Execution of IMCD's strategy will require the continued pursuit of acquisitions and investments and will depend on the company's ability to identify suitable acquisition candidates and investment opportunities. Acquisitions and investments involve risks, including assumptions about revenues and costs being inaccurate, unknown liabilities and customer or key employee losses at the acquired businesses, potentially leading to impairment losses on intangible assets recognised. Moreover, a successful acquisition depends on swift integration of the acquiree within the company, both on an organisational and cultural level.	IMCD tries to limit these risks by means of diligent identification of targets and, by applying strict selection criteria, including determining the cultural and organisational fit with the company. This is followed by a structured implementation of the acquisition, including determining the structure of the transaction, thorough due diligence and the contract and integration process. Acquisition activities are driven centrally by an experienced management team supported by external consultants.

Operational

RISK	RISK DESCRIPTION	RISK MEASURES
Dependency on key personnel	IMCD relies significantly on the skills and experience of its managerial staff and technical and sales personnel. A loss of these individuals or the failure to recruit suitable managers and other key personnel, both when expanding the group's operations and when replacing people who leave IMCD, could have a material adverse effect on the performance of the group.	IMCD limits these risks by providing an inspiring and entrepreneurial working environment, offering international career opportunities, performance-based incentive schemes and long-term succession planning. In addition, in order to secure the valuable relationships with key suppliers and key customers, these relationships are maintained by commercial teams rather than by individual commercial staff members.
Cybercrime and ICT continuity	IMCD's information technology infrastructure including its information and communication technology systems are key for managing and operating business. Severe damages and interruptions of those systems, caused by natural disasters, software viruses, malware, cyber-attacks or other threats, disrupt its business and could result in downtime or breaches of sensitive information such as personal data or company records. This continues to be a risk for IMCD, which requires a stable and agile ICT environment, especially when working remotely as in recent periods during this pandemic crisis.	IMCD enhances its ICT security and further develops its business processes as part of its ICT governance improvement programme. IMCD continuously invests in its IT infrastructure by timely implementation of new techniques, software and systems to protect its systems and data and to limit any down time of its systems. IMCD focuses on improving its cybersecurity by raising awareness amongst employees and enhancing the security protocols for its systems. A wide range of new and existing security measures such as access and authorisation controls and back-up and recovery systems help IMCD to protect quality and integrity of information in a continuously changing ICT landscape. These measures are monitored by the central ICT team on an ongoing basis.
Health / safety / environmental incidents	Marketing, sales and distribution of speciality chemicals, food and pharmaceutical ingredients entails exposures to health, safety and environmental risks which could potentially lead to reputational and financial damage. Examples of such exposures are: • employees and logistic service providers who are not properly trained/ informed on handling of products • products used for illegal purposes • lack of quality management • missing permits and notifications • product disposal not being properly controlled, leading to pollution and environmental damage	The majority of IMCD's subsidiaries have implemented certified quality systems and make use of monitoring systems for recording and analysing any non-conformities in order to further optimise their business processes. IMCD applies a Corporate HSEQ policy. IMCD has outsourced the majority of its logistic operations to reputable third-party logistic service providers, who are carefully selected and continually monitored by the supply chain team to ensure quality standards and that performance is optimised. Employees, customers and logistics service providers are issued with adequate safety instructions and operating procedures for handling chemical products. Critical product data is managed by a team of experienced specialists. Yearly training programmes are established and carried out to ensure both employees and logistic service providers are aware of recent and future developments and changes in laws and regulations.
Climate change	It is widely recognised that climate change poses significant risks to natural, social and economic systems across the globe. The range of hazards is broad, from slow onset weather pattern changes to sudden extreme events. The consequent potential impacts affect ecosystems and natural environments, and therefore might directly or indirectly cause serious technical, financial, geopolitical and other changes in society. Some of these risks might impact IMCD's activities, for example disruptions to transportation infrastructures due to extreme weather events, or shortages of some feedstock due to agricultural losses.	Potential climate factors are considered in the selection process of logistics service providers with respect to accessibility and back-up procedures in the event of environmental incidents.

Compliance

RISK	RISK DESCRIPTION	RISK MEASURES
Non-compliance with laws and regulations	Being present in various countries across the globe, IMCD is exposed to local and international legal and compliance risk. As a matter of principle, IMCD complies with all applicable national and international laws and regulations (including local tax laws and regulations).	IMCD has set up an internal competition compliance framework and trains its employees by means of a compliance programme to observe national and international antitrust laws. By doing so, IMCD makes its employees aware of potential conflicts with competition law and actively helps them to avoid any potential adverse consequences of competition law infringements. IMCD neither engages in nor supports the use of forced labour, bonded or involuntary labour or child labour. IMCD therefore complies with the standards of the International Labour Organisation and the minimum age requirements in all countries in which IMCD conducts business. Taxes are paid where the economic activity occurs. In cases when there is insufficient local knowledge with respect to tax cases, the Company makes use of external advisors to ensure compliance with local tax requirements.
Anti-corruption and bribery	Non-compliance with anti-corruption and bribery laws could lead to fines and potential prosecution of employees, and could substantially harm the company's reputation.	Specific internal policies on anti-corruption and anti-bribery are in place, offering our employees clear examples of conduct that should be avoided. A continuous compliance training programme is in place to create and maintain awareness of ethical business practices and to ensure compliance with applicable trade restrictions, antitrust and anti-bribery laws, market abuse rules and other compliance regulations and more. IMCD uses an online learning (e-learning) platform and a standardised group compliance training curriculum as part of the IMCD compliance programme.

Financial

RISK	RISK DESCRIPTION	RISK MEASURES
Volatility of foreign currencies	IMCD is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the company.	IMCD uses forward exchange contracts to hedge currency risks; most of these contracts have maturities of less than one year. Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations, providing an economic hedge without derivatives being entered into. In respect of other monetary assets and liabilities denominated in foreign currencies, the company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.
Credit risk	IMCD's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, IMCD also considers the demographics of the customer base, including the default risk of the industry and country in which customers operate, as these factors may impact the credit risk. This has been of increased importance due to the COVID-19 pandemic. There is no significant geographical concentration or concentration at individual customer level of credit risk.	IMCD has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. IMCD's review includes the use of external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. These limits are reviewed periodically, at least once a year. Customers who fail to meet the company's benchmark creditworthiness may transact with IMCD only on a prepayment basis.
Liquidity risk	Liquidity risk is the risk that IMCD will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.	IMCD's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to IMCD's reputation. Typically IMCD ensures that it has sufficient cash on demand to meet expected operational expenses for the next twelve months, including the servicing of financial obligations.
Interest rate risk	IMCD is exposed to interest rate risk with respect to its financial assets and liabilities, either from fixed rate or variable rate instruments.	IMCD adopts a policy of ensuring that at least a large element of its exposure to changes in interest rates on long-term loans is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. When required, interest rate swap contracts are used for hedging variable into fixed interest rates.

Statement of the Management Board

The Management Board of IMCD N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

1. the financial statements, which have been prepared in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code, and included in the annual report, provide a true and fair view of the assets, liabilities and financial position of IMCD as at 31 December 2021 as well as of the profit or loss of IMCD N.V. and its consolidated enterprises;
2. this report provides a true and fair view of the position as at 31 December 2021 and of the business performance during the 2021 financial year of IMCD N.V. and the companies associated with it, the results of which are included in the financial statements; and
3. the key material risks to which IMCD N.V. is exposed are described in the annual report.

In accordance with best practice provision 1.4.3. of the Code, the Management Board of IMCD N.V. furthermore states that:

1. this report provides sufficient insight into any shortcomings in the effectiveness of the internal risk management and control systems;
2. those systems provide reasonable assurance that the financial report does not contain any material misstatements;
3. in the current situation, it is appropriate for the financial report to be prepared on a going concern basis; and
4. this report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Rotterdam, 24 February 2022

Management Board
Piet van der Slikke
Hans Kooijmans

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Consolidated statement of financial position as of 31 December 2021

EUR 1,000	NOTE	31 DECEMBER 2021	31 DECEMBER 2020[1]
Assets			
Property, plant and equipment	17	97,932	94,950
Goodwill		1,257,011	1,022,593
Other intangible assets		551,088	524,345
Intangible assets	18	**1,808,099**	**1,546,938**
Equity-accounted investees	21	71	39
Other financial assets	22	5,422	5,290
Deferred tax assets	23	35,393	40,198
Non-current assets		**1,946,917**	**1,687,415**
Inventories	24	526,300	371,239
Trade and other receivables	25	619,462	469,130
Cash and cash equivalents	26	177,879	169,008
Current assets		**1,323,641**	**1,009,377**
Total assets		**3,270,558**	**2,696,792**

The notes are an integral part of these consolidated financial statements

EUR 1,000	NOTE	31 DECEMBER 2021	31 DECEMBER 2020[1]
Equity	27		
Share capital		9,118	9,118
Share premium		1,051,438	1,051,438
Reserves		(63,895)	(123,203)
Retained earnings		255,888	194,927
Unappropriated result		207,276	120,128
Total shareholders' equity		**1,459,825**	**1,252,408**
Non-controlling interests	28	1,529	-
Total equity		**1,461,354**	**1,252,408**
Liabilities			
Loans and borrowings	29	666,853	581,209
Employee benefits	30	29,258	29,535
Provisions	31	6,494	4,449
Deferred tax liabilities	23	122,251	117,674
Total non-current liabilities		**824,856**	**732,867**
Loans and borrowings	29	-	80,373
Short-term financial liabilities	29	451,050	234,440
Trade payables	32	403,010	291,844
Other payables	32	130,288	104,860
Total current liabilities		**984,348**	**711,517**
Total liabilities		**1,809,204**	**1,444,384**
Total equity and liabilities		**3,270,558**	**2,696,792**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 of the Financial statements

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR 1,000	NOTE	2021	2020[1]
Revenue	8	3,435,250	2,774,918
Other income	9	24,254	12,443
Operating income		**3,459,504**	**2,787,361**
Cost of materials and inbound logistics	24	(2,598,934)	(2,127,434)
Cost of warehousing, outbound logistics and other services		(101,880)	(81,928)
Wages and salaries	10, 12	(228,739)	(196,459)
Social security and other charges	10	(59,731)	(52,286)
Depreciation of property, plant and equipment	17, 19	(27,403)	(25,637)
Amortisation of intangible assets	18, 19	(65,460)	(47,520)
Other operating expenses	13	(71,892)	(65,717)
Operating expenses		**(3,154,039)**	**(2,596,981)**
Result from operating activities		**305,465**	**190,380**
Finance income	14	1,803	2,636
Finance costs	14	(23,473)	(28,397)
Net finance costs		**(21,670)**	**(25,761)**
Share of profit of equity-accounted investees, net of tax	21	32	(45)
Result before income tax		**283,827**	**164,574**
Income tax expense	15	(76,591)	(44,446)
Result for the year		**207,236**	**120,128**
Result for the year attributable to the shareholders of the Company		**207,276**	**120,128**
Result for the year attributable to non-controlling interest	28	**(40)**	-
Result for the year		**207,236**	**120,128**
Gross profit[2]		836,316	647,484
Gross profit as a % of revenue		24.3%	23.3%
Operating EBITA[3]	6	373,629	243,151
Operating EBITA as a % of revenue		10.9%	8.8%

The notes are an integral part of these consolidated statements.

EUR 1,000	NOTE	2021	2020
Result for the year		**207,236**	**120,128**
Defined benefit plan actuarial gains/(losses)	30	684	(2,356)
Related tax	15	(272)	537
Items that will never be reclassified to profit or loss		**412**	**(1,818)**
Foreign currency translation differences related to foreign operations		56,529	(82,553)
Effective portion of changes in fair value of cash flow hedges		106	(110)
Related tax	15	(485)	4,393
Items that are or may be reclassified to profit or loss	14	**56,150**	**(78,270)**
Other comprehensive income for the period, net of income tax		**56,562**	**(80,088)**
Total comprehensive income for the period		**263,798**	**40,040**
Attributable to:			
Shareholders of the Company		263,838	40,040
Non-controlling interests	28	(40)	-
Total comprehensive income for the period		**263,798**	**40,040**
Weighted average number of shares	16	56,939,895	53,749,804
Basic earnings per share	16	3.64	2.23
Diluted earnings per share	16	3.63	2.23

The notes are an integral part of these consolidated statements.

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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

[3] Result from operating activities before amortisation of intangibles and non-recurring items (non-IFRS measure)

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR1,000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 1 January 2021	27	**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**	**-**	**1,252,408**
Appropriation of prior year's result		-	-	-	-	-	-	62,000	(62,000)	**-**	**-**	**-**
		9,118	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**256,927**	**58,128**	**1,252,408**	**-**	**1,252,408**
Result for the year		-	-	-	-	-	-	-	207,276	**207,276**	**(40)**	**207,236**
Total other comprehensive income		-	-	56,044	106	-	412	-	-	**56,562**	**-**	**56,562**
Total comprehensive income for the year		**-**	**-**	**56,044**	**106**	**-**	**412**	**-**	**207,276**	**263,838**	**(40)**	**263,798**
Cash dividend	27	-	-	-	-	-	-	-	(58,128)	**(58,128)**	**-**	**(58,128)**
Issue of shares minus related costs	27	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Share based payments	27	-	-	-	-	-	1,025	(4,130)	-	**(3,105)**	**-**	**(3,105)**
Transfer of own shares	27	-	-	-	-	1,721	-	3,091	-	**4,812**	**-**	**4,812**
Non-controlling interest	28	-	-	-	-	-	-	-	-	**-**	**1,569**	**1,569**
Total contributions by and distributions to owners of the Company		**-**	**-**	**-**	**-**	**1,721**	**1,025**	**(1,039)**	**(58,128)**	**(56,421)**	**1,569**	**(54,852)**
Balance as at 31 December 2021		**9,118**	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**255,888**	**207,276**	**1,459,825**	**1,529**	**1,461,354**

The notes are an integral part of these consolidated statements.

EUR 1,000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 1 January 2020	27	**8,415**	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**139,315**	**108,006**	**866,525**	**-**	**866,525**
Change in accounting policy		-	-	-	-	-	-	(4,647)	-	(4,647)	-	**(4,647)**
Restated balance as at 1 January 2020		**8,415**	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**134,668**	**108,006**	**861,878**	**-**	**861,878**
Appropriation of prior year's result		-	-	-	-	-	-	60,673	(60,673)	-	-	-
		8,415	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**195,341**	**47,333**	**861,878**	**-**	**861,878**
Result for the year[1]		-	-	-	-	-	-	-	120,128	120,128	-	**120,128**
Total other comprehensive income		-	-	(78,160)	(110)	-	(1,818)	-	-	(80,088)	-	**(80,088)**
Total comprehensive income for the year		**-**	**-**	**(78,160)**	**(110)**	**-**	**(1,818)**	**-**	**120,128**	**40,040**	**-**	**40,040**
Cash dividend	27	-	-	-	-	-	-	-	(47,333)	(47,333)	-	**(47,333)**
Issue of shares minus related costs	27	703	393,924	-	-	-	-	-	-	394,627	-	**394,627**
Share based payments	27	-	-	-	-	-	2,818	(1,529)	-	1,289	-	**1,289**
Transfer of own shares	27	-	-	-	-	793	-	1,115	-	1,908	-	**1,908**
Total contributions by and distributions to owners of the Company		**703**	**393,924**	**-**	**-**	**793**	**2,818**	**(414)**	**(47,333)**	**350,491**	**-**	**350,491**
Balance as at 31 December 2020		**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**	**-**	**1,252,408**

[1] The result for the year has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The notes are an integral part of these consolidated statements.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR 1,000	NOTE	2021	2020[1]
Cash flows from operating activities			
Result for the year		207,236	120,128
Adjustments for:			
• Depreciation of property, plant and equipment	17	27,403	25,637
• Amortisation of intangible assets	18	65,460	47,520
• Net finance costs excluding currency exchange results	14	17,893	18,249
• Currency exchange results	14	4,089	7,512
• Non-recurring operating income	9	(6,224)	-
• Cost of share based payments	12	5,295	4,635
• Share of profit of equity-accounted investees, net of tax	21	(32)	45
• Income tax expense	15	76,591	44,446
		397,712	**268,172**
Change in:			
• Inventories	24	(110,432)	5,885
• Trade and other receivables	25	(86,809)	1,486
• Trade and other payables	32	96,980	23,287
• Provisions and employee benefits	30, 31	(1,728)	(1,910)
Cash generated from operating activities		**295,724**	**296,921**
Interest paid		(15,796)	(18,934)
Income tax paid		(83,664)	(45,974)
Net cash from operating activities		**196,263**	**232,014**

The notes are an integral part of these consolidated statements.

EUR 1,000	NOTE	2021	2020[1]
Net cash from operating activities		**196,263**	**232,014**
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired and divestures	7, 33	(180,047)	(374,558)
Acquisition of intangible assets	18	(12,604)	(8,813)
Acquisition of property, plant and equipment	17	(6,113)	(9,234)
Proceeds from disposals of (in)tangible assets	17 , 18	1,196	2,630
Acquisition of other financial assets		1,436	(45)
Net cash used in investing activities		**(196,132)**	**(390,020)**
Cash flows from financing activities			
Proceeds from issue of share capital net of related costs	27	-	392,877
Dividends paid	27	(58,128)	(47,333)
Share based payments	27	(3,590)	(1,430)
Payment of transaction costs related to loans and borrowings	27	-	(595)
Movements in bank loans and other short-term financial liabilities	27	704	10,333
Proceeds from issue of current and non-current loans and borrowings	27	335,509	260,564
Repayment of loans and borrowings		(249,582)	(351,759)
Repayment of lease liabilities		(20,183)	(16,219)
Net cash from financing activities		**4,729**	**246,439**
Net increase in cash and cash equivalents		**4,860**	**88,433**
Cash and cash equivalents as at 1 January	26	169,008	104,357
Effect of exchange rate fluctuations		4,011	(23,782)
Cash and cash equivalents as at 31 December	26	**177,879**	**169,008**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Notes to the Consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Reporting entity

IMCD N.V.(the 'Company') is a public limited company domiciled in the Netherlands and registered in The NetherlandsChamber of Commerce Commercial register under number 21740070. The address of the Company's registered office is Wilhelminaplein 32, Rotterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Company is acting as the parent company of the IMCD Group, a group of leading companies in sales, marketing and distribution of speciality chemicals and pharmaceutical and food ingredients. The Group has offices and warehouses in Europe, Asia-Pacific, Africa, and in North and Latin America.

2 Basis of preparation

2.a Statement of compliance

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

The consolidated financial statements were authorised for publication by all members of the Management Board and the Supervisory Board on 24 February 2022.

2.b Basis of measurement

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

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

2.c Functional and presentation currency

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

2.d Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Notes 7, 28 and 35: whether the Group has (de facto) control over an investee and whether a non-controlling interest is recognised.
- Note 19 – lease term: whether the Group is reasonably certain to exercise extension options

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that bear a significant risk of resulting in a material adjustment in the financial year are included in the following notes:

- Note 7 – acquisition of subsidiaries: fair value measured on a provisional basis
- Note 18 – impairment test for intangible assets: key assumptions underlying recoverable amounts
- Note 23 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used
- Note 30 – measurement of defined benefit obligations: key actuarial assumptions
- Note 31 and 34: Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 33 –measurement of deferred consideration as part of the financial instruments: key assumptions about the future cash flows and expected returns

Measurement of fair values

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

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

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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

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

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

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2.e Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

Except for the change in accounting referred to hereafter, other standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2021 did not have a material impact on the financial statements of the Group.

Standards and amendments to IFRS effective on or after 1 January 2021

IMCD has applied the following standards and amendments to standards, with a date of initial application of 1 January 2021:

- Amendments to IFRS 9, IAS 39 and IFRS 16: Interest Rate Benchmark Reform phase 2
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible assets)

Application of the first two amendments did not have a significant impact.

Following clarifying guidance from the International Financial Reporting Interpretations Committee (IFRIC) in March 2021, IMCD adopted a change in accounting policy in relation to the treatment of configuration and customisation costs related to cloud computing arrangements, commonly referred to as Software as a Service (SaaS). Under the revised accounting policy, costs that previously would have been capitalised, are treated as operating expenditure in sofar as the Group cannot demonstrate the ability to control the relevant software.

Following this additional guidance provided by the IFRIC on the control criteria related to cloud computing arrangements, the Group also decided to change its lease accounting policy and as a consequence derecognised its right-of-use-assets and lease liabilities related to cloud computing arrangements. Software subscription fees are treated as operating expenses.

The changes in accounting policies have been adopted retrospectively and comparative figures for the year 2020 have been restated.

The following tables below show the impact of the change in accounting policy on previously reported financial results and only relates to the segment Holdings.

Impact on consolidated statement of financial position as of 31 December 2020

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Assets			
Property, plant and equipment	94,950	-	94,950
Goodwill	1,022,593	-	1,022,593
Other intangible assets	544,243	(19,898)	524,345
Intangible assets	**1,566,836**	**(19,898)**	**1,546,938**
Equity-accounted investees	39	-	39
Other financial assets	5,290	-	5,290
Deferred tax assets	38,356	1,842	40,198
Non-current assets	**1,705,471**	**(18,056)**	**1,687,415**
Inventories	371,239	-	371,239
Trade and other receivables	464,432	4,698	469,130
Cash and cash equivalents	169,008	-	169,008
Current assets	**1,004,679**	**4,698**	**1,009,377**
Total assets	**2,710,150**	**(13,358)**	**2,696,792**
Equity			
Share capital	9,118	-	9,118
Share premium	1,051,438	-	1,051,438
Reserves	(123,203)	-	(123,203)
Retained earnings	199,574	(4,647)	194,927
Unappropriated result	120,924	(796)	120,128
Total Equity	**1,257,851**	**(5,443)**	**1,252,408**
Liabilities			
Loans and borrowings	587,169	(5,960)	581,209
Employee benefits	29,535	-	29,535
Provisions	4,449	-	4,449
Deferred tax liabilities	117,674	-	117,674
Total non-current liabilities	**738,827**	**(5,960)**	**732,867**
Loans and borrowings	80,373	-	80,373
Short-term financial liabilities	240,810	(6,370)	234,440
Trade payables	291,844	-	291,844
Other payables	100,445	4,415	104,860
Total current liabilities	**713,472**	**(1,955)**	**711,517**
Total liabilities	**1,452,299**	**(7,915)**	**1,444,384**
Total equity and liabilities	**2,710,150**	**(13,358)**	**2,696,792**

Impact on consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Revenue	2,774,918	-	2,774,918
Other income	12,443	-	12,443
Operating income	**2,787,361**	**-**	**2,787,361**
Cost of materials and inbound logistics	(2,127,434)	-	(2,127,434)
Cost of warehousing, outbound logistics and other services	(81,928)	-	(81,928)
Wages and salaries	(196,459)	-	(196,459)
Social security and other charges	(52,286)	-	(52,286)
Depreciation of property, plant and equipment	(25,637)	-	(25,637)
Amortisation of intangible assets	(56,474)	8,954	(47,520)
Other operating expenses	(55,351)	(10,366)	(65,717)
Operating expenses	**(2,595,569)**	**(1,412)**	**(2,596,981)**
Result from operating activities	**191,792**	**(1,412)**	**190,380**
Finance income	2,636	-	2,636
Finance costs	(28,694)	297	(28,397)
Net finance costs	**(26,058)**	**297**	**(25,761)**
Share of profit of equity-accounted investees, net of tax	(45)	-	(45)
Result before income tax	**165,689**	**(1,115)**	**164,574**
Income tax expense	(44,765)	319	(44,446)
Result for the year	**120,924**	**(796)**	**120,128**
Attributable to:			
Shareholders of the Company	**120,924**	**(796)**	**120,128**
Non-controlling interests	**-**	**-**	**-**
Result for the year	**120,924**	**(796)**	**120,128**
Gross profit[1]	647,484	-	647,484
Gross profit as a % of revenue	23.3%		23.3%
Operating EBITA[2]	253,517	(10,366)	243,151
Operating EBITA as a % of revenue	9.1%		8.8%

[1] Revenue minus cost of materials and inbound logistics

[2] Result from operating activities before amortisation of intangibles and non-recurring items

Impact on consolidated statement of cash flows for the year ended 31 December 2020

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Cash flows from operating activities			
Result for the year	120,924	(796)	120,128
Adjustments for:			
• Depreciation of property, plant and equipment	25,637	-	25,637
• Amortisation of intangible assets	56,474	(8,954)	47,520
• Net finance costs excluding currency exchange results	18,546	(297)	18,249
• Currency exchange results	7,512	-	7,512
• Cost of share based payments	4,635	-	4,635
• Share of profit of equity-accounted investees, net of tax	45	-	45
• Income tax expense	44,765	(319)	44,446
	278,538	**(10,366)**	**268,172**
Change in:			
• Inventories	5,885	-	5,885
• Trade and other receivables	6,184	(4,698)	1,486
• Trade and other payables	18,575	4,712	23,287
• Provisions and employee benefits	(1,910)	-	(1,910)
Cash generated from operating activities	**307,273**	**(10,352)**	**296,921**
Interest paid	(18,934)	-	(18,934)
Income tax paid	(45,974)	-	(45,974)
Net cash from operating activities	**242,366**	**(10,352)**	**232,014**

Impact on consolidated statement of cash flows for the year ended 31 December 2020 (continued)

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Cash flows from operating activities	**242,366**	**(10,352)**	**232,014**
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired and divestures	(374,558)	-	(374,558)
Acquisition of intangible assets	(13,091)	4,278	(8,813)
Acquisition of property, plant and equipment	(9,234)	-	(9,234)
Proceeds from disposals of (in)tangible assets	2,630	-	2,630
Acquisition of other financial assets	(45)	-	(45)
Net cash used in investing activities	**(394,298)**	**4,278**	**(390,020)**
Cash flows from financing activities			
Proceeds from issue of share capital net of related costs	392,877	-	392,877
Dividends paid	(47,333)	-	(47,333)
Purchase and transfer of own shares	(0)	-	(0)
Share based payments	(1,430)	-	(1,430)
Payment of transaction costs related to loans and borrowings	(595)	-	(595)
Movements in bank loans and other short-term financial liabilities	10,333	-	10,333
Proceeds from issue of current and non-current loans and borrowings	260,564	-	260,564
Repayment of loans and borrowings	(351,759)	-	(351,759)
Redemption of lease liabilities	(22,293)	6,074	(16,219)
Net cash from financing activities	**240,365**	**6,074**	**246,439**
Net increase in cash and cash equivalents	**88,433**	**-**	**88,433**
Cash and cash equivalents as at 1 January	104,357	-	104,357
Effect of exchange rate fluctuations	(23,782)	-	(23,782)
Cash and cash equivalents as at 31 December	**169,008**	**-**	**169,008**

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New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract

The Group does not plan to adopt these standards early and does not expect the new standards to have a significant impact.

2.f COVID-19

Important events

IMCD's results for the year have been moderately impacted by the COVID-19 pandemic. IMCD was able to remain open for business, whilst adapting working practices to safeguard the health of our employees and business partners. Supply chains disruption was only limited and remote working allowed operations to continue.

Principal risks and uncertainties

The impact of the COVID-19 pandemic on accounting has been assessed and it was determined that this did not have a significant impact on any of the balance sheet items.

3 Significant accounting policies

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

3.a Basis of consolidation

Business combinations

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

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

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

The Group measures goodwill at the acquisition date as:

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

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

Subsidiaries

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

Interests in equity-accounted investees

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

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

Transactions eliminated on consolidation

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

3.b Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

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

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

3.c Financial instruments

Non-derivative financial assets

Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics.

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

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

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

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

Trade and other receivables

Trade and other receivables are financial assets held to collect the contractual cash flows. Trade receivables are recognised initially at transaction price minus expected credit losses. Other receivables are recognised initially at fair value plus any directly attributable transaction costs minus expected credit losses. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

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

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

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

Share capital

Ordinary shares

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

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

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

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

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

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

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

Cash flow hedges

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

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

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

Other non-trading derivatives

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

3.d Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent expenditure

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

Depreciation

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

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

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

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

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

3.e Intangible assets

Goodwill

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

Other intangible assets

Supplier relations

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

Intellectual property rights, distribution rights, brand names and other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

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

3.f Leases

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

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

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

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

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

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

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

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

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

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

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

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

3.g Inventories

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

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

3.h Impairment

Financial assets

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

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

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

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

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

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

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

Equity accounted investees

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

Non-financial assets

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

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

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

3.i Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Other long-term employee benefits

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

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

Termination benefits

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

Share based payment transactions

The grant date fair value of equity-settled share based payment awards granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the vesting period of the awards. The grant date fair value is generally equal to the share price at the grant date, adjusted for:

1. expected dividends
2. marketability discounts for restriction periods (using the Finnerty model)
3. market conditions (using Monte Carlo simulations)

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

Short-term employee benefits

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

3.j Provisions

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

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

3.k Revenue

Sale of goods

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

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

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

Commissions

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

3.l Finance income and expenses

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

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

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

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

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

3.m Income tax

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

Current tax

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

Deferred tax

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

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

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

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

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

3.n Segment reporting

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

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

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

4 Determination of fair values

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

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

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

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

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

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

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

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

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

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

5 Financial risk management

5.a Risk management framework
Risk management tasks and responsibilities

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

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

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

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

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

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

Risk assessment and control procedures, including:
- identification of risks via risk self-assessments coordinated by Corporate Control and Corporate HSEQ
- implementing and optimisation of effective and efficient control procedures on various levels in the organisation

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

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

5.b Overview financial risks
The Group has exposure to the following financial risks:
- credit risk
- liquidity risk
- market risk
- operational risk

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

5.c Credit risk

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

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

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

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

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

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

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

5.d Liquidity risks

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

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

In addition, the Group maintains the following lines of credit:

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- EUR 500 million revolving facility. Interest would be payable at the rate of EURIBOR plus the currently applicable 100 base points for amounts drawn in EURO and LIBOR plus currently applicable 100 base points for amounts drawn in USD. As of 31 December 2021, the Group had an undrawn revolving facility of EUR 85 million.
- Several credit facilities available to the subsidiaries, mainly in Spain, Australia, India, Indonesia, United States and South Africa.

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

31 DECEMBER 2021

EUR 1,000		CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Non-derivative non-current financial liabilities							
Schuldscheindarlehen	EUR	39,942	41,210	605	40,605	-	-
Bond loan	EUR	297,586	330,000	7,500	7,500	315,000	-
Contingent consideration	INR	213,772	218,214	-	-	218,214	-
	IDR	59,386	59,386	-	-	59,386	-
	CNY	2,085	2,085	-	2,085	-	-
Lease liabilities	[1]	52,712	57,625	-	15,767	25,967	15,891
Other liabilities	EUR	1,369	1,369	-	1,369	-	-
Total		**666,853**	**709,889**	**8,105**	**67,326**	**618,567**	**15,891**
Non-derivative current financial liabilities							
Contingent consideration	COP	4,942	4,942	4,942	-	-	-
	MXN	1,607	1,607	1,607	-	-	-
	KRW	15,916	16,084	16,084	-	-	-
	IDR	10,160	10,160	10,160	-	-	-
	EUR	989	989	989	-	-	-
Lease liabilities	[1]	18,017	20,187	20,187	-	-	-
Other short-term financial liabilities	[1]	399,420	399,420	399,420	-	-	-
Trade payables	[1]	403,010	403,010	403,010	-	-	-
Other payables	[1]	130,093	130,093	130,093	-	-	-
Total		**984,153**	**986,491**	**986,491**	**-**	**-**	**-**

[1] Various currencies

31 DECEMBER 2020[1]

EUR1,000		CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Non-derivative non-current financial liabilities							
Schuldscheindarlehen	EUR	39,835	42,543	1,332	605	40,606	-
Bond loan	EUR	296,857	337,500	7,500	7,500	322,500	
Contingent consideration	IDR	2,600	2,685	-	-	-	2,685
	KRW	15,604	15,916	-	15,916	-	-
	INR	172,129	176,011	-	-	176,011	-
	EUR	969	1,000	-	1,000	-	-
Lease liabilities		51,677	57,834	-	15,811	25,328	16,695
Other liabilities	EUR	1,538	1,538	-	676	862	-
Total		**581,209**	**635,027**	**8,832**	**41,508**	**565,307**	**19,380**
Non-derivative current financial liabilities							
Schuldscheindarlehen	EUR	60,000	60,644	60,644	-	-	-
Schuldscheindarlehen	USD	20,373	21,870	21,870	-	-	-
Contingent consideration	INR	1,589	1,589	1,589	-	-	-
	CHF	653	741	741	-	-	-
Lease liabilities	[2]	17,310	19,181	19,181	-	-	-
Other short-term financial liabilities	[2]	214,887	214,887	214,887	-	-	-
Trade payables	[2]	291,844	291,844	291,844	-	-	-
Other payables	[2]	102,443	102,443	102,443	-	-	-
Total		**709,100**	**713,199**	**713,199**	**-**	**-**	**-**

[1] December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

[2] Various currencies

Estimated interest payments are based on the EURIBOR and LIBOR rates and margins prevailing at 31 December 2021 and 2020. Further details of the non-derivative financial liabilities can be found in Note 29.

5.e Market risks

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

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

Currency risk

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

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

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

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

Exposure to currency risk

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

31 DECEMBER 2021

EUR 1,000	USD	CAD	BRL	AUD	INR	CHF	KRW	ZAR	GBP	IDR	OTHER	TOTAL
Non-current assets	126	360	371	-	997	5	318	6	-	33	810	**3,027**
Current assets	207,766	9,252	33,363	29,735	100,188	(2,813)	22,780	17,758	25,484	31,382	114,167	**589,062**
												-
Non-current liabilities	(12,510)	(7,097)	(965)	(5,825)	(215,295)	(400)	(77)	(12)	(465)	(60,385)	(9,332)	**(312,363)**
Current liabilities	(322,526)	(16,197)	(12,301)	(16,125)	(6,813)	(2,831)	(2,710)	(5,588)	(19,817)	(15,870)	(73,938)	**(494,716)**
Net statement of currency risk exposure	**(127,143)**	**(13,682)**	**20,468**	**7,786**	**(120,923)**	**(6,039)**	**20,310**	**12,164**	**5,202**	**(44,840)**	**31,707**	**(214,990)**

31 DECEMBER 2020

EUR 1,000	USD	CAD	BRL	AUD	INR	CHF	KRW	ZAR	GBP	IDR	OTHER	TOTAL
Non-current assets	86	314	368	-	443	5	319	6	-	2,707	-	**4,248**
Current assets	155,507	8,151	24,606	26,405	98,974	(2,390)	16,111	14,169	19,221	8,861	154	**369,768**
												-
Non-current liabilities	(12,675)	(7,793)	(1,306)	(5,186)	(173,686)	(692)	(54)	(23)	(641)	(2,947)	(15,559)	**(220,562)**
Current liabilities	(239,018)	(14,796)	(9,107)	(12,411)	(11,216)	(3,218)	(3,538)	(6,415)	(15,229)	(1,447)	(1,205)	**(317,600)**
Net statement of currency risk exposure	**(96,099)**	**(14,125)**	**14,560**	**8,808**	**(85,486)**	**(6,295)**	**12,839**	**7,737**	**3,351**	**7,173**	**(16,610)**	**(164,146)**

The risk exposure above includes the mitigating effects of hedged net liability positions in USD to the amount of EUR 1.4 million (2020: EUR 13.8 million).

The following significant exchange rates applied during the year:

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	2021	2020	2021	2020
	AVERAGE RATE		REPORTING DATE SPOT RATE	
USD	0.843998	0.824827	0.882924	0.814930
CAD	0.673515	0.642084	0.694782	0.639673
BRL	0.157066	0.156798	0.158232	0.156820
AUD	0.633271	0.622313	0.640410	0.629089
INR	0.011427	0.011212	0.011872	0.011153
CHF	0.924676	0.924174	0.967961	0.925755
KRW	0.000739	0.000751	0.000743	0.000749
ZAR	0.056890	0.054881	0.055363	0.055488
GBP	1.161915	1.112669	1.190080	1.112310
IDR	0.000059	0.000059	0.000062	0.000058

Sensitivity analysis

A 10% strengthening of the EUR, as indicated below, against the USD, CAD, BRL, AUD, INR, CHF, KRW, ZAR, GBP and IDR at 31 December 2021 and 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

EUR 1,000	2021	2021	2020	2020
	Equity	Profit or loss	Equity	Profit or loss
USD	(45,917)	15,838	(35,501)	8,758
CAD	(7,131)	(14)	(6,201)	(11)
BRL	(7,544)	-	(6,701)	-
AUD	(7,529)	-	(6,793)	-
INR	(41,382)	-	(38,716)	-
CHF	(4,920)	-	(4,833)	-
KRW	(3,870)	-	(3,754)	-
ZAR	(4,535)	(26)	(2,985)	(27)
GBP	(4,278)	(345)	(3,271)	(32)
IDR	(10,768)	-	(2,478)	-

A 10% weakening of the EUR against the above currencies at 31 December 2021 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

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

Interest rate profile

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

EUR1,000	2021	2020[1]
	Carrying amount	
Fixed rate instruments		
Financial liabilities	(312,564)	(311,823)
Total	**(312,564)**	**(311,823)**
Variable rate instruments		
Financial assets	177,879	169,008
Financial liabilities	(530,096)	(392,896)
Total	**(352,217)**	**(223,888)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Fair value sensitivity analysis for fixed rate instruments

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

Fair value sensitivity analysis for variable rate instruments

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

5.f Operational risks

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

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

5.g Capital management

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

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

EUR1,000	2021	2020[1]
Total liabilities	1,809,204	1,444,384
Less: Cash and cash equivalents	(177,879)	(169,008)
Net liabilities	**1,631,325**	**1,275,376**
Total equity	1,461,354	1,252,408
Less: Amounts accumulated in equity relating to cash flow hedges	100	206
Adjusted equity	**1,461,454**	**1,252,614**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

6 Operating segments

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

Transactions between companies within an operating segment have been eliminated; transactions between operating segments are based on arm's-length principle.

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

Operating EBITA is defined as the sum of the result from operating activities, amortisation of intangible assets, and non-recurring items. Non-recurring items include:
• cost of corporate restructurings and reorganisations
• cost related to realised and non-realised acquisitions

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

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

EUR1,000	2021	2020[1]
Result from operating activities	**305,465**	**190,380**
Amortisation of intangible assets	65,460	47,520
Non-recurring items	2,704	5,251
Operating EBITA	**373,629**	**243,151**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The non-recurring income and expenses included in the result from operating activities of 2021 and 2020 mainly relate to income from divestments, costs of acquisitions of businesses and costs related to one-off adjustments to the organisation.

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

EMEA

EUR1,000	2021	2020
Revenue	1,601,597	1,326,926
Gross profit	411,670	337,375
Operating EBITA	180,268	131,178
Result from operating activities	154,378	106,739
Total Assets	1,024,665	909,541
Total Liabilities	340,380	286,636

AMERICAS

EUR1,000	2021	2020
Revenue	1,119,584	945,114
Gross profit	250,482	204,222
Operating EBITA	112,960	86,018
Result from operating activities	102,927	70,092
Total Assets	639,807	488,450
Total Liabilities	211,483	149,071

ASIA-PACIFIC

EUR1,000	2021	2020
Revenue	714,079	502,877
Gross profit	174,164	105,887
Operating EBITA	109,712	52,884
Result from operating activities	80,468	40,575
Total Assets	1,251,011	955,655
Total Liabilities	482,432	331,884

HOLDING COMPANIES

EUR1,000	2021	2020[1]
Operating EBITA	(29,310)	(26,928)
Result from operating activities	(32,308)	(27,027)
Total Assets	355,075	343,148
Total Liabilities	774,909	676,793

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Reported revenue per segment relates to revenue with third parties, hence no inter-segment revenues are included. IMCD and its operating segments have a diverse customer base of about 56,000 customers in many countries and of various sizes. IMCD and its segments do not rely on a single customer or a single group of customers for its operations. With a supplier base of approximately 2,600 suppliers and product portfolio of about 43,000 products, the same applies with regard to the reliance on a single supplier or a single group of suppliers and a single product or range of products.

7 Acquisition of subsidiaries

The Group completed eight acquisitions during the financial year 2021. In addition IMCD signed four share purchase agreements for acquisitions to be completed in 2022 (numbers are local GAAP):

On 6 January 2021, IMCD acquired 100% of the shares in Ejder Kimya Ilaç DanışmanlıkSanayi ve Ticaret A.Ş. ("Ejder Kimya"). Ejder Kimya is a Turkish chemicals distributor of raw materials for personal care and pharmaceutical products and food additives. It has a strong and solid position in the personal care market in Turkey. Ejder Kimya's personal care business generated a revenue of approximately EUR6 million in 2020. The company is fully integrated into IMCD Turkey.

On 7 January 2021, IMCD acquired the pharmaceutical business of Peak International Products B.V. ("Peak International"). Peak International is a Dutch-based distributor in the active pharmaceutical ingredients business for Benelux, Vietnam, Germany and Israel. The Peak pharmaceutical business generated a revenue of approximately EUR 6 million in 2020.

On 8 January 2021, IMCD acquired 100% of the shares in Siyeza Fine Chem Propriety Limited ("Siyeza"). Siyeza, based in Johannesburg, is a distributor of pharmaceutical, veterinary, food and personal care speciality chemical ingredients in South Africa. With 27 employees, Siyeza generated a revenue of approximately EUR 16 million in 2020 through their representation of world leading producers from Europe and Asia. The company is fully integrated into IMCD South Africa.

In April 2021, IMCD divested its Nutri Granulations manufacturing assets and associated business, which was acquired by IMCD as part of the ET-Horn acquisition in 2018. Located in La Mirada, CA, with 22 employees, Nutri Granulations manufactures foodgrade and USP grade calcium carbonate granulations for the nutraceuticals, food, and pharmaceuticals markets. Nutri Granulations realised a revenue of USD 11 million in 2020. The divestment aligns with IMCD's strategy to focus on the sales, marketing and distribution of speciality chemicals and ingredients. Refer to Note 9 for the income related to the divestment of Nutri Granulations.

On 14 May 2021, IMCD acquired Siliconas y Químicos ("Siliconas"), based in Bogotá,Colombia. Siliconas is a speciality chemicals distributor and serves the personal care,coatings, silicones and other speciality industrial markets and perfectly complements IMCD's existing pharmaceuticals, food and nutrition business in Colombia. Siliconas has 25 employees and generated a revenue of USD 9 million in 2020. IMCD acquired 80% of the shares of Siliconas; the remaining 20% will be acquired in 2022.

On 19 May 2021, IMCD acquired 100% of the shares in Andes Chemical Corp. ("Andes Chemical"). Headquartered in the Miami metropolitan area, Andes Chemical is active in Caribbean and Central American countries, Colombia and Peru. Andes Chemical serves the coatings, adhesives, sealants, and elastomers (CASE), construction, cosmetics, personal care, plastics, pharmaceuticals, and HI&I industries. Andes Chemical has 43 employees and generated a revenue of USD 46 million in 2020.

On 2 June 2021, IMCD acquired 100% of the shares in Shanghai Yuanhe Chemicals Co. ("Yuanhe"). Yuanhe is a service solution provider focused on offering innovative speciality chemicals and ingredients for the coatings, inks and textile industry. Yuanhe serves the pharmaceutical, food and nutrition, plastics and personal care industries. Yuanhe has 20 employees and generated a revenue of EUR 13.2 million in 2020.

On 19 August 2021, IMCD acquired 100% of the shares in Materias Químicas de México S.A. de C.V. and Pluralmex S.A de C.V. (together: "Maquimex"), based in México City. Maquimex is an asset-light speciality chemicals distributor providing commercial and technical expertise in the preservatives, HI&I, energy, water treatment and other industrial markets. Maquimex has 44 employees and generated a revenue of approximately USD 29 million in 2020.

On 29 September 2021, IMCD signed an agreement to acquire 100% of the shares in Aquatech Speciality (Shanghai) International Trading Co., Ltd. and Aquatech Speciality(Guangzhou) Trading Co., Ltd. (jointly "Aquatech") in China. Aquatech is active in waterborne solutions in coatings, ink, and textile industries. Aquatech has 10 employees and generated a revenue of EUR 6.7 million in 2020. The closing of the transaction is expected to take place early 2022.

On 21 December 2021, IMCD acquired 100% of the shares of PT Megasetia Agung Kimia ("Megasetia") in Indonesia. Megasetia is a distributor of speciality ingredients for the pharmaceutical industry and has an excellent fit with IMCD's life science strategy and provides a significant platform for further growth in the life science segments in Indonesia. The transaction will take place in two tranches, with IMCD acquiring 70% of Megasetia's share capital in 2021 and the remaining 30% in 2025 at the latest. Megasetia has 160 employees and generated a revenue of EUR 60 million in 2020.

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares in Polychem Handelsges.m.b.H. ("POLYchem"), a leading provider of chemical raw materials and additives in Austria and Southeast Europe. POLYchem offers a diverse portfolio of products for the coatings, construction, as well as the composite industries. POLYchem has 65 employees and generated a revenue of EUR 25 million in 2020. The transaction was closed on 8 February 2022.

The aforementioned transactions, excluding Ejder, Peak and Siyeza, added EUR 61.3 million of revenue and EUR 1.8 million of net profit to the Group's results in 2021. Ejder, Peak and Siyeza were excluded as we were unable to identify their contribution due to being merged quickly after closing,

If all acquisitions had occurred on 1 January 2021, management estimates that the consolidated revenue would have been EUR 3,561.1 million and the consolidated result for the year would have been EUR 215.7 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The total consideration related to the aforementioned transactions, transferred in cash in 2021, amounts to EUR 170.1 million. As of 31 December 2021, the deferred and contingent considerations payable related to the acquisitions completed in 2021 amount to EUR 80.6 million of which EUR 69.2 million relates to Megasetia. The final consideration amount for Megasetia depends upon meeting certain earnings targets.

The consideration for Megasetia depends on the timing of acquiring the remaining part of the shares, the performance of the company (last twelve months of EBITDA) and the net cash / debt position at execution date and is therefore subject to uncertainty. This consideration has been discounted to its present value based on the cost of debt. The sensitivity analysis with respect to the contingent considerations has been disclosed in Note 33.

In addition to the transactions closed in 2021, on 6 December 2021, IMCD signed an agreement to acquire 100% of the shares in Shanghai Syntec Additive Limited and Shanghai Weike Additive Limited (jointly "Syntec"). Syntec provides market, technical and formulation expertise in China's personal care, cosmetics, and home care industries. Syntec generated a revenue of approximately EUR 14 million in 2020 and has 25 employees. The transaction was closed on 18 January 2022.

Furthermore, on 22 December 2021, IMCD signed an agreement to acquire 100% of the shares of RPL Trading Pty Ltd and RPL Trading New Zealand Ltd. (jointly "RPL Trading"), a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets. RPL Trading generated a revenue of approximately EUR 16 million for the fiscal year ended on 30 June 2021 and has 15 employees. The transaction was closed on 31 January 2022.

Identifiable assets recognised and liabilities assumed

The recognised amounts of assets acquired and liabilities assumed on the basis of provisional purchase price allocation at the acquisition dates, are as follows:

EUR1,000	NOTE	ANDES CHEMICAL	MEGASETIA	OTHER ACQUISITIONS	TOTAL
Property, plant and equipment	17	936	3,099	503	**4,539**
Intangible assets	18	5,196	27,461	27,614	**60,270**
Deferred tax assets	23	154	389	869	**1,412**
Other financial assets		1	9	4	**14**
Inventories		4,987	14,416	11,108	**30,511**
Trade and other receivables		16,180	19,273	13,079	**48,533**
Cash and cash equivalents		2,755	862	7,175	**10,792**
Loans and borrowings		(2,450)	(798)	(436)	**(3,683)**
Other short-term financial liabilities		(232)	(3,460)	(230)	**(3,922)**
Employee benefits and other provisions	30, 31	(77)	(587)	(1,798)	**(2,462)**
Deferred tax liabilities	23	(164)	(6,042)	(6,955)	**(13,161)**
Trade and other payables		(12,520)	(5,566)	(11,205)	**(29,291)**
Total net identifiable assets		**14,767**	**49,054**	**39,729**	**103,551**

The intangible assets recognised primarily relate to supplier relationships and order books acquired.

The supplier relations have been determined by applying the multi-period excess earnings method. This method considers the present value of net cash flows expected to be generated by the supplier relationships, by excluding any cash flows related to contributory assets. The cash flows which have been used as input were based on the projections made by the sellers, adjusted for future supplier losses due to exclusivity conflicts, projected market developments based on external sources and our own expectations based on our extensive market knowledge. Furthermore, attrition rates are determined based on the annual decrease in revenues related to suppliers (when applicable) in the most recent financial years, adjusted for annual inflation. These attrition rates have been applied in the projections. For Megasetia and Andes Chemical the attrition rate applied for the valuation of the supplier relationships is 10%.

The gross contractual value of the trade and other receivables acquired amounts to EUR 50.9 million of which EUR 16.6 million relates to Andes and EUR 19.8 million to Megasetia.

The purchase price allocations of the acquisitions closed in 2021 are performed on a provisional basis. This particularly applies to Megasetia, due to the timing of the closure of the transaction towards the year end. Based on the information currently available we do not anticipate significant adjustments to the purchase price allocation.

Goodwill

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

EUR 1,000	NOTE	ANDES CHEMICAL CENTRO AMERICA, S.R.L	MEGASETIA	OTHER ACQUISITIONS	TOTAL
Total considerations		34,254	140,169	86,825	**261,248**
Less: Fair value of identifiable net assets		14,767	49,054	39,729	**103,551**
Goodwill	18	**19,487**	**91,115**	**47,096**	**157,697**

Goodwill recognised as a result of the acquisitions in the financial year relates to Andes Chemical, Megasetia, Ejder, Peak International, Siyeza, Siliconas, Yuanhe and Maquimex. The goodwill is mainly attributable to the skills and technical talent of the workforce, the commercial relationships, the international network and the synergies expected to be achieved from integrating the acquired companies into the Group's existing distribution business.

Of the total recognised goodwill, 58% relates to Megasetia, 12% to Andes Chemical, 8% to Ejder Kimya, 8% to Maquimex and 14% to the other acquired businesses.

Amortisation expenses related to the goodwill paid to the sellers of Peak and Andes Chemical are deductible for corporate income tax purposes. Total tax-deductible goodwill amounts to EUR 25.4 million. Amortisation of goodwill related to Megasetia, Siyeza, Ejder Kimya, Siliconas, Yuanhe and Maquimex is not eligible for deduction from taxable income.

The goodwill contains an adjustment of the provisional purchase price allocation for Signet (increase of EUR 41 million), which was acquired in 2020.This adjustment relates to changes in the assumptions at acquisition date of the projected cash and debt positions at the execution date.

Acquisition-related costs

In 2021, the Group incurred acquisition-related costs of EUR 4.4 million (2020: EUR 2.7 million) predominantly related to external legal fees and due diligence costs for completed and non-completed acquisitions. The acquisition-related costs are included in other operating expenses.

8 Revenue

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

EUR 1,000	2021	2020
Sales of goods	3,423,611	2,764,809
Commissions	11,638	10,109
Total Revenue	**3,435,250**	**2,774,918**

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

Geographical Market

The breakdown of revenue by geographical market is as follows:

EUR 1,000	2021	2020
Netherlands	69,789	57,274
Rest of EMEA	1,531,798	1,269,652
EMEA	**1,601,587**	**1,326,926**
North America	892,885	819,696
Latin America	226,699	125,418
Asia-Pacific	714,079	502,877
Total Geographical Market	**3,435,250**	**2,774,918**

Market segments

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

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

The Industrials segment contains the lines of business of Coatings & Constructions, Lubricants & Energy, Synthesis, Advanced Materials and Home Care & I&I. This segment has a more cyclical nature as the performance is dependent on the developments of, amongst others, the housing and real estate, automotive and oil & gas markets.

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

EUR 1,000	2021	2020
Life Science	1,616,104	1,327,782
Industrial	1,807,507	1,437,027
Total Market Segments	**3,423,611**	**2,764,809**

Performance obligations

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

9 Other income

EUR1,000	2021	2020
Other income	24,254	12,443
Total Other income	**24,254**	**12,443**

Other income primarily relates to logistic and other services charged separately to customers. In 2021, other income included non-recurring income of (EUR 6.2 million) related to the divestment of the Nutri Granulations business in the US, as disclosed in Note 7.

10 Personnel expenses

EUR1,000	NOTE	2021	2020
Wages and salaries	12	228,739	196,459
Social security contributions		32,086	28,914
Contributions to defined contribution plans		9,683	7,877
Expenses related to defined benefit plans	30	199	1,269
Expenses related to termination and other long-term employee benefit plans	30	1,827	1,519
Other personnel expenses		15,936	12,707
Total Personnel expenses		**288,470**	**248,745**

The personnel expenses 2021 include non-recurring severance costs of EUR 4.8 million (2020: EUR 0.8 million).

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

FTE	2021	2020
The Netherlands (excluding Dutch Holding companies)	65	64
Rest of EMEA	1,500	1,385
EMEA	1,565	1,449
Americas	928	805
Asia-Pacific	903	767
Holding companies	93	80
Total average FTE	**3,489**	**3,101**
Management and administration	519	443
Sales	2,235	2,028
ICT/HSEQ/Warehouse/Other	735	630
Total average FTE	**3,489**	**3,101**

11 Non-recurring income and expenses

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

EUR1,000	NOTE	2021	2020
Other operating income	9	6,807	69
Personnel expenses and other operating expenses	10, 13	(9,512)	(5,321)
Impact on result before income tax		**(2,705)**	**(5,252)**
Non-recurring income tax expenses	23, 41	(779)	-
Impact on result for the year		**(3,484)**	**(5,252)**

The non-recurring income for 2021 includes income related to the divestment of the Nutri Granulations business in the US of EUR 6.2 million. The non-recurring personnel expenses and other operating expenses for 2021 include severance costs of EUR 4.8 million (2020: EUR 0.8 million) and other operating expenses of EUR 4.7 million (2020: EUR 4.5 million) related to professional services fees incurred during acquisition projects and subsequent integration processes.

12 Share based payment arrangements

Description of the share based payment arrangement

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

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

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

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

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

Reconciliation of outstanding performance shares

The number of performance shares granted is as follows:

	2021		2020	
	NUMBER OF SHARES	BASED ON SHARE PRICE	NUMBER OF SHARES	BASED ON SHARE PRICE
Shares granted to the Management Board	11,501	103.43	15,054	78.03
Shares granted to Executive Committee and certain senior managers	30,055	103.43	40,319	78.03

The total number of performance shares granted in 2021 is based on a target performance (100 per cent) with an upward and downward potential for the Management Board and the Executive Committee. The expected total number of performance shares is 172,209 with vesting dates in 2022, 2023 and 2024.

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

	2021		2020	
	WEIGHTED AVERAGE SHARE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE SHARE PRICE	NUMBER OF SHARES
Outstanding as at 1 January	**62.12**	**193,506**	**56.50**	**155,260**
Forfeited during the year	-	-	62.16	(1,157)
Exercised during the year	50.35	(79,971)	41.47	(43,578)
Granted during the year	145.84	41,556	72.59	55,373
Performance adjustment	-	17,118	-	27,608
Outstanding as at 31 December	**85.78**	**172,209**	**62.12**	**193,506**

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

Expenses recognised in profit or loss

EUR 1,000	2021	2020
Shares granted	5,295	4,635

13 Other operating expenses

The other operating expenses are as follows:

EUR 1,000	2021	2020[1]
Accommodation and other rental costs	7,658	6,879
Other office expenses	26,724	23,489
Car expenses	4,851	4,506
Business travel and representation expenses	5,711	5,842
Professional service fees	15,053	13,581
Credit sales expenses	1,325	1,049
Insurance costs	3,995	3,773
Other operating expenses	6,575	6,598
Total Other operating expenses	**71,892**	**65,717**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

The other operating expenses include an amount of EUR 4.7 million (2020: EUR 4.5 million) related to non-recurring items. The non-recurring items in 2021 and 2020 include professional services fees incurred during acquisition projects and subsequent integration processes and costs related to one-off adjustments to the organisation.

14 Net finance costs

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

EUR 1,000	2021	2020[1]
Interest income on loans and receivables	1,803	639
Change in fair value of contingent considerations	-	1,997
Finance income	**1,803**	**2,636**
Interest expenses on financial liabilities measured at amortised cost	(15,658)	(18,023)
Non-recurring interest expenses	-	-
Interest expenses on provisions for pensions and similar obligations	(403)	(433)
Interest expenses on lease liabilities	(2,475)	(2,429)
Change in fair value of contingent considerations	(1,151)	-
Currency exchange results	(3,786)	(7,512)
Finance costs	**(23,473)**	**(28,397)**
Net finance costs recognised in profit or loss	**(21,670)**	**(25,761)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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

EUR 1,000	2021	2020
Foreign currency translation differences of foreign operations	56,529	(82,553)
Effective portion of changes in fair value of cash flow hedges	106	(110)
Tax on foreign currency translation differences and changes in fair value of cash flow hedges recognised in other comprehensive income	(485)	4,393
Finance income recognised in other comprehensive income, net of tax	**56,150**	**(78,270)**

15 Income tax expense

Income tax expenses recognised in profit or loss

EUR 1,000	2021	2020[1]
Current tax expense		
Current year	79,879	48,302
Adjustment for prior years	753	1,151
	80,632	**49,453**
Deferred tax expense		
Reduction in tax rate	(132)	162
Origination and reversal of temporary differences	(2,892)	(4,536)
Recognition of previously unrecognised tax losses	(214)	(74)
Recognition of current year tax losses	(843)	(1,021)
Derecognition of previously recognised tax losses	39	462
	(4,041)	**(5,007)**
Total income tax expense	**76,591**	**44,446**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

The reported tax expenses include an amount of negative EUR 7.5 million (2020: EUR 5.4 million) related to temporary differences regarding amortisation of intangible assets.

Income tax recognised in other comprehensive income and expenses

	2021			2020		
EUR 1,000	BEFORE TAX	TAX BENEFIT/(EXPENSE)	NET OF TAX	BEFORE TAX	TAX BENEFIT/(EXPENSE)	NET OF TAX
Foreign currency translation differences for foreign operations	56,529	(485)	**56,044**	(82,553)	4,393	**(78,160)**
Cash flow hedges	106	-	**106**	(110)	-	**(110)**
Defined benefit plan actuarial gains/(losses)	684	(272)	**412**	(2,355)	537	**(1,818)**
	57,319	**(757)**	**56,562**	**(85,018)**	**4,930**	**(80,088)**

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

Reconciliation effective tax rate

EUR 1,000	2021		2020[1]	
	%		%	
Profit for the year		207,236		120,128
Total income tax expense	27%	76,591	27.0	44,446
Profit before income tax		**283,827**		**164,574**
Income tax using the Company's domestic tax rate	25%	70,956	25%	41,144
Effect of tax rates in foreign jurisdictions	1%	3,612	1%	1,026
Effect of change in tax rate	0%	(132)	0%	162
Tax effect of:				
Non-deductible expenses	1%	2,115	2%	3,059
Tax incentives and tax exempted income	0%	(715)	0%	(718)
Utilisation of tax losses	0%	(288)	0%	(122)
Recognition of previously unrecognised tax losses	0%	(214)	0%	(75)
Derecognition of previously recognised tax losses	0%	40	0%	463
Current year losses for which no deferred tax asset was recognised	0%	59	0%	57
(De)recognition of previously (un)recognised temporary differences	0%	406	(2)%	(2,533)
Under provided in prior years	0%	752	1%	1,983
	27%	**76,591**	**27%**	**44,446**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The following countries within the IMCD Group were subject to changes in the applicable corporate income tax rates in the financial year compared with the previous financial year: Indonesia 22% (2020: 25%) and Turkey 25% (2020: 22%).

16 Earnings per share

Basic earnings per share

The basic earnings per share of EUR 3.64 (2020: EUR 2.23) is determined by dividing the result for the year due to the owners of the Company of EUR 207.2 million (2020: EUR 120.1 million) by the weighted average number of shares in circulation amounting to 56.9 million (2020: 53.8 million). As of 31 December 2021, the number of ordinary shares outstanding was 57.0 million (31 December 2020: 57.0 million).

Profit attributable to ordinary shareholders

EUR 1,000		2021	2020[1]
Profit/(loss) for the year, attributable to the owners of the Company (basic)	(A)	207,276	120,128

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

Weighted average number of ordinary shares

IN THOUSAND SHARES	NOTE		2021	2020[1]
Issued ordinary shares as at 1 January	27		56,987	52,592
Increase from change in nominal value	27		-	-
Conversion from shareholders' loans	27		-	-
Effect of shares issued	27		-	1,250
Effect of purchase or transfer of own shares	27		(47)	(92)
Weighted average number of ordinary shares as at 31 December		(B)	**56,940**	**53,750**
Earnings per share (A/B)			3.64	2.23

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

Diluted earnings per share

The calculation of the diluted earnings per share of EUR 3.63 (2020: EUR 2.23) has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

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

Weighted average number of ordinary shares (diluted)

IN THOUSAND SHARES	NOTE		2021	2020[1]
Weighted average number of ordinary shares (basic) as at 31 December	27		56,940	53,750
Effect of share based payments			121	138
Weighted average number of ordinary shares (diluted) at 31 December		(C)	**57,061**	**53,888**
Diluted earnings per share (A/C)			3.63	2.23

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

17 Property, plant and equipment

Property, plant and equipment comprises of owned and leased assets:

EUR 1,000	NOTE	2021	2020
Property, plant and equipment owned		28,623	26,743
Right-of-use assets	19	69,309	68,207
		97,932	**94,950**

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

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

EUR1,000	NOTE	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	HARDWARE & SOFTWARE	OTHER ASSETS	TOTAL
Cost						
Balance as at 1 January 2020		**19,933**	**11,223**	**16,691**	**16,209**	**64,056**
Acquisitions through business combinations		-	323	117	619	**1,059**
Additions for the year		3,912	3,835	2,006	(519)	**9,234**
Disposals		(858)	(1,198)	(2,301)	(4,287)	**(8,644)**
Effect of movements in exchange rates		(2,337)	(1,360)	(3,046)	(648)	**(7,391)**
Balance as at 31 December 2020		**20,650**	**12,823**	**13,467**	**11,374**	**58,314**
Depreciation and impairment losses						
Balance as at 1 January 2020		**5,544**	**6,042**	**12,916**	**10,582**	**35,084**
Acquisitions through business combinations		-	211	69	382	**662**
Depreciation for the year		1,546	2,728	1,561	1,005	**6,840**
Disposals		(465)	(1,005)	(1,647)	(2,897)	**(6,014)**
Effect of movements in exchange rates		(690)	(900)	(2,886)	(525)	**(5,001)**
Balance as at 31 December 2020		**5,935**	**7,076**	**10,013**	**8,547**	**31,571**
Carrying amounts						
As at 1 January 2020		**14,389**	**5,181**	**3,775**	**5,627**	**28,972**
As at 31 December 2020		**14,715**	**5,747**	**3,454**	**2,827**	**26,743**

18 Intangible assets

The intangible assets are comprised of owned and leased assets:

EUR 1,000	NOTE	2021	2020[1]
Intangible assets owned		1,808,099	1,546,915
Right-of-use assets	19	-	23
		1,808,099	**1,546,938**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

The movements for the financial year for the intangible assets owned are as follows:

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

EUR1,000	NOTE	GOODWILL	INTELLECTUAL PROPERTY RIGHTS	DISTRIBUTION RIGHTS	BRAND NAMES	SUPPLIER RELATIONS	OTHER INTANGIBLES	TOTAL
Cost								
Balance as at 1 January 2020		**763,432**	**104**	**25,173**	**25,000**	**535,933**	**38,742**	**1,388,384**
Adjustment for change in accounting policy	2.e	-	-	-	-	-	(7,963)	**(7,963)**
Restated balance as at 1 January 2020		**763,432**	**104**	**25,173**	**25,000**	**535,933**	**30,779**	**1,380,421**
Acquisitions through business combinations		-	-	-	-	208,531	2,974	**211,505**
Additions for the year		311,404	-	4,150	-	1,509	4,145	**321,208**
Disposals		(9,278)	-	(1,729)	-	(1,877)	(6,247)	**(19,131)**
Effect of movements in exchange rates		(37,643)	-	(857)	-	(30,084)	(762)	**(69,346)**
Balance as at 31 December 2020		**1,027,915**	**104**	**26,737**	**25,000**	**714,012**	**30,889**	**1,824,657**
Amortisation and impairment losses								
Balance as at 1 January 2020		**14,431**	**67**	**13,513**	**-**	**211,915**	**20,972**	**260,898**
Adjustment for change in accounting policy		-	-	-	-	-	**(1,871)**	**(1,871)**
Restated balance as at 1 January 2020		**14,431**	**67**	**13,513**	**-**	**211,915**	**19,101**	**259,027**
Acquisitions through business combinations		-	-	-	-	-	**91**	**91**
Amortisation for the year		-	-	3,479	-	37,010	6,984	**47,473**
Impairment loss		-	-	-	-	-	-	**-**
Disposals		(8,810)	-	(1,794)	-	(670)	(6,348)	**(17,622)**
Effect of movements in exchange rates		(299)	-	(312)	-	(9,705)	(911)	**(11,227)**
Balance as at 31 December 2020		**5,322**	**67**	**14,886**	**-**	**238,550**	**18,917**	**277,742**
Carrying amounts								
As at 1 January 2020		**749,001**	**37**	**11,660**	**25,000**	**324,018**	**17,770**	**1,127,486**
As at 31 December 2020		**1,022,593**	**37**	**11,851**	**25,000**	**475,462**	**11,972**	**1,546,915**

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Goodwill impairment testing

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

EUR1,000	2021	2020
EMEA	361,272	346,505
Americas	318,207	260,221
Asia-Pacific	577,532	415,867
	1,257,011	**1,022,593**

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

Key assumptions used in discounted cash flow projections

The recoverable amount per CGU is based on its value in use and is determined by discounting the future cash flows to be generated from the continued use of the CGUs. The cash flow forecasts were derived from the budget for 2022 and the plan years 2023 and 2024 which were established at the legal entity level and approved by Management Board and Supervisory Board. The forecasted cash flows have been extrapolated to the years 2025 and 2026. For the period after 2026 a growth rate equal to the weighted average of the forecasted annual real GDP growth rate for the period 2026-2051 is taken into account.

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

The key assumptions for 2021 and 2020 for each CGU are as follows:

	2021		2020	
	PRE-TAX WACC	TERMINAL GROWTH RATE	PRE-TAX WACC	TERMINAL GROWTH RATE
EMEA	10.0%	2.2%	10.3%	2.1%
Americas	11.5%	2.5%	11.2%	2.2%
Asia-Pacific	15.0%	3.5%	14.1%	3.7%
Total Group	10.4%	2.6%	10.0%	2.6%

Sensitivity to changes in assumptions

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

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

The following changes in assumptions are assessed:
- Decrease of the average growth rate 2023-2026 to the terminal growth rate
- Decrease of the terminal growth rate by 1.0%
- Increase of the WACC by 1.0%

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

Amortisation and impairment testing of supplier relationships

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

EUR1,000	RUL	2021	2020
EMEA	4-13	116,641	124,574
Americas	5-16	115,497	105,622
Asia-Pacific	4-16	266,462	245,266
		498,600	**475,462**

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

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

Brand names relate to the IMCD brand. As no assumption can be made about the durability of its economic use, the brand name has an indefinite useful life. The IMCD brand name is considered as a corporate asset and hence allocated to the individual CGUs for goodwill impairment testing purposes. The carrying amount of the brand name has been allocated to the CGUs as follows: EMEA: EUR 11.7 million (2020: EUR 11.3 million), Americas: EUR 8.1 million (2020: EUR 8.1 million) and Asia-Pacific: EUR 5.2 million (2020: EUR 5.5 million).

19 Leases

Right-of-use assets

Right-of-use assets carrying amounts comprise:

		PROPERTY, PLANT AND EQUIPMENT				INTANGIBLE ASSETS	
EUR1,000	NOTE	LAND AND BUILDINGS	CARS	OTHER ASSETS	TOTAL	SOFTWARE	TOTAL
Balance as at 1 January 2021		59,864	7,174	1,169	68,207	23	23
Acquisitions through business combinations		1,930	383	8	2,321	-	-
Depreciation and amortisation for the year		(16,123)	(4,445)	(638)	(21,206)	(23)	(23)
Additions for the year		13,225	4,271	264	17,760	-	-
Disposals		(354)	456	(147)	(45)	-	-
Effect of movements in exchange rates		2,270	(30)	32	2,272	-	-
Balance as at 31 December 2021		**60,812**	**7,809**	**688**	**69,309**	**-**	**-**

		PROPERTY, PLANT AND EQUIPMENT				INTANGIBLE ASSETS	
EUR1,000	NOTE	LAND AND BUILDINGS	CARS	OTHER ASSETS	TOTAL	SOFTWARE	TOTAL
Balance as at 1 January 2020		52,241	7,806	1,312	61,359	13,763	13,763
Adjustment for change in accounting policy		-	-	-	-	(13,694)	(13,694)
Restated balance as at 1 January 2020		52,241	7,806	1,312	61,359	69	69
Acquisitions through business combinations		928	105	-	1,033	-	-
Depreciation and amortisation for the year		(13,759)	(4,113)	(925)	(18,797)	(47)	(47)
Additions for the year		24,380	3,310	890	28,580	-	-
Disposals		(1,302)	494	(221)	(1,029)	-	-
Effect of movements in exchange rates		(2,624)	(428)	113	(2,939)	1	1
Balance as at 31 December 2020		**59,864**	**7,174**	**1,169**	**68,207**	**23**	**23**

The Group leases several assets including offices and warehouses, cars and software.

Lease liabilities

The balance sheet shows the following lease liabilities:

EUR1,000	NOTE	2021	2020[1]
Current	29	18,017	17,310
Non-current	29	52,712	51,677
Total lease liabilities		**70,729**	**68,987**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

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The undiscounted lease liabilities are as follows:

EUR 1,000	2021	2020[1]
Less than one year	20,187	19,181
One to five years	41,734	41,139
More than 5 years	15,891	16,695
Total undiscounted lease liabilities at 31 December	**77,811**	**77,015**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The weighted average discount rate as of 31 December 2021 is 3.53% (2020: 3.43%).

If it is reasonably certain that enforceable extension options will be used, these have been included in the lease. The Group has not included enforceable extension options with a cash flow of EUR 1.4 million (2020: EUR 12.9 million).

Amounts recognised in profit and loss

EUR 1,000	2021	2020[1]
Depreciation	21,206	18,986
Amortisation	22	47
Interest on lease liabilities	2,475	2,429
Variable lease payments not included in the measurement of lease liabilities	193	344
Income from sub-leasing right-of-use assets	115	9
Expense related to short-term leases	549	812
Expense related to leases of low-value assets, excluding short-term leases of low-value assets	256	395

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Amounts recognised in the statement of cash flows

EUR 1,000	2021	2020[1]
Total cash flows for leases (including short-term and low-value leases)	20,183	16,219

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

20 Non-current assets by geographical market

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

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EUR 1,000	PROPERTY, PLANT AND EQUIPMENT	OTHER INTANGIBLE ASSETS	EQUITY-ACCOUNTED INVESTEES
Netherlands	3,669	125,012	-
Rest of EMEA	33,105	36,828	71
EMEA	**36,774**	**161,840**	**71**
Americas	38,175	120,552	-
Asia-Pacific	22,982	268,696	-
Total	**97,932**	**551,088**	**71**

21 Equity-accounted investees

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

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

EUR 1,000	2021	2020
Balance as at 1 January	**39**	**65**
Result for the year	32	(45)
Reversal of / (addition) to provision	-	19
Balance as at 31 December	**71**	**39**

The net assets of SARL IMCD Group Algerie consist of current assets amounting to EUR 619 thousand (2020: EUR 301 thousand) and current liabilities of EUR 533 thousand (2020: EUR 300 thousand). The net result for the financial year amounted to EUR 89 thousand. The net loss for the year 2020 amounted to EUR 51 thousand. As of 31 December 2021 net equity value of SARL IMCD Group Algerie was EUR 87 thousand (2020: EUR 1 thousand).

The net assets of Velox China consist of current assets amounting to EUR 66 thousand (2020: EUR 97 thousand) and current liabilities of EUR 11 thousand (2020: EUR 45 thousand). The net loss for the year 2021 amounted to EUR 23 thousand (2020: net loss of EUR 2 thousand). Net equity value was EUR 55 thousand (2020: EUR 78 thousand).

22 Other financial assets

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

23 Deferred tax assets and liabilities

Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets of EUR 10.9 million (2020: 10.5 million), consisting of unrecognised deferred tax asset of entities in EMEA EUR 0.1 million (2020: EUR 0.1 million) and entities in Asia-Pacific EUR 10.8 million (2020: EUR 10.4 million). The amount in Asia-Pacific mainly relates to unrecognised capital losses in Australia with an infinite carry forward period.

Unrecognised deferred tax liabilities

As of 31 December 2021, the group has unrecognised deferred tax liabilities to the amount of EUR 32.8 million (2020: EUR 18.6 million) for potential withholding tax liabilities related to investments in subsidiaries. The liabilities are not recognised because the Company controls the dividend policy of the subsidiaries and does not foresee reversal of the temporary differences in the foreseeable future.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

EUR 1,000	2021	2020	2021	2020	2021	2020[1]
	Assets		Liabilities		Net	
Property, plant and equipment	288	308	416	593	**(128)**	(285)
Intangible assets	5,342	8,179	122,067	118,252	**(116,725)**	(110,073)
Right-of-use assets	458	-	11,893	11,513	**(11,435)**	(11,513)
Financial fixed assets	1,500	1,771	147	59	**1,353**	1,712
Trade debtors and other receivables	2,225	1,751	116	35	**2,109**	1,716
Inventories	3,161	2,403	526	457	**2,635**	1,946
Share based payment reserve	675	589	18	-	**657**	589
Loans and borrowings	197	82	-	-	**197**	82
Lease Liabilities	12,773	12,670	80	41	**12,693**	12,629
Employee benefits and other provisions	5,806	6,193	1,303	1,321	**4,503**	4,872
Trade and other payables	3,791	2,741	134	(122)	**3,657**	2,863
Other items	3,013	3,036	(11)	26	**3,024**	3,010
Tax loss carry-forwards	10,226	14,977	(375)	1	**10,601**	14,976
Tax assets/(liabilities)	**49,455**	**54,700**	**136,314**	**132,176**	**(86,859)**	**(77,476)**
Set off of tax	(14,062)	(14,502)	(14,063)	(14,502)	**-**	-
Net tax assets/(liabilities)	**35,393**	**40,198**	**122,251**	**117,674**	**(86,859)**	**(77,476)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The unused tax losses and unused tax credits include EUR 5.9 million of tax credits (2020: EUR 5.1 million) related to foreign withholding taxes.

Movement in temporary differences during the year

EUR 1,000	BALANCE AS AT 1 JANUARY 2021	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS (NOTE 7)	OTHER	BALANCE AS AT 31 DECEMBER 2021
Property, plant and equipment	**(285)**	139	-	-	-	18	**(128)**
Intangible assets	**(110,073)**	7,507	-	-	(12,668)	(1,491)	**(116,725)**
Right-of-use-assets	**(11,513)**	708	-	-	(58)	(572)	**(11,435)**
Financial fixed assets	**1,712**	(339)	-	-	-	(20)	**1,353**
Trade debtors and other receivables	**1,716**	(39)	-	-	385	47	**2,109**
Inventories	**1,946**	364	-	-	282	43	**2,635**
Share based payment reserve	**589**	14	-	-	-	54	**657**
Loans and borrowings	**82**	16	-	84	-	15	**197**
Lease liability	**12,629**	(583)	-	-	6	641	**12,693**
Employee benefits and other provisions	**4,872**	(353)	-	(518)	193	309	**4,503**
Trade and other payables	**2,863**	804	-	-	87	(97)	**3,657**
Other items	**3,011**	(58)	-	-	23	48	**3,024**
Tax losses carried forward	**14,976**	(4,138)	-	-	-	(237)	**10,601**
Net tax assets/(liabilities)	**(77,476)**	**4,041**	**-**	**(434)**	**(11,750)**	**(1,237)**	**(86,859)**

The group utilised deferred tax assets related to unused tax losses and unused tax credits to an amount of EUR 0.3 million in the financial year (2020: EUR 1.0 million).

Movement in temporary differences during the year (continued)

EUR 1,000	BALANCE AS AT 1 JANUARY 2020	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS	OTHER	BALANCE AS AT 31 DECEMBER 2020[1]
Property, plant and equipment	**(291)**	(161)	-	-	(2)	169	**(285)**
Intangible assets	**(69,710)**	5,363	79	-	(50,757)	4,952	**(110,073)**
Right-of-use assets	**(9,160)**	(2,582)	-	-	(22)	251	**(11,513)**
Other financial assets	**92**	(191)	1,791	-	-	20	**1,712**
Trade and other receivables	**1,693**	(412)	-	-	577	(142)	**1,716**
Inventories	**1,861**	(231)	-	-	520	(204)	**1,946**
Share-based payment reserve	**670**	(53)	-	-	-	(28)	**589**
Loans and borrowings	**193**	10	(1)	(64)	-	(56)	**82**
Lease liabilities	**9,840**	3,055	-	-	16	(282)	**12,629**
Employee benefits and other provisions	**3,908**	(375)	-	364	1,228	(253)	**4,872**
Trade and other payables	**3,783**	(684)	-	-	6	(242)	**2,863**
Other items	**26**	43	-	2,978	3	(39)	**3,011**
Unused tax losses and unused tax credits	**15,860**	1,225	-	-	-	(2,109)	**14,976**
Net tax assets/(liabilities)	**(41,236)**	**5,007**	**1,869**	**3,278**	**(48,431)**	**2,037**	**(77,476)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

24 Inventories

The value of the inventory is as follows:

EUR 1,000	2021	2020
Trade goods	526,300	371,239
Total Trade goods	**526,300**	**371,239**

Cost of materials and inbound logistics included in profit or loss of 2021 amounted to EUR 2,598.9 million (2020: EUR 2,127.4 million). This cost includes write-downs of inventories to net realisable value of EUR 6.1 million (2020 EUR 4.4 million). The reversal of write-downs amounted to EUR 1.7 million (2020: EUR 0.7 million). The write-down of inventories is mainly due to inventories past their expiration dates or inventories which are not marketable.

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25 Trade and other receivables

All trade and other receivables are current.

EUR 1,000	2021	2020[1]
Trade receivables	588,598	443,362
Other receivables	30,864	25,767
Total Trade and other receivables	**619,462**	**469,130**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The composition of the other receivables is as follows:

EUR 1,000	2021	2020[1]
Derivatives used for hedging	61	1
Taxes and social securities	8,482	8,591
Receivables from employees	182	127
Prepaid expenses	17,256	11,744
Other receivables	4,883	5,305
Total other receivables	**30,864**	**25,767**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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

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

EUR 1,000	2021		2020[1]	
	Gross	**Impairment**	**Gross**	**Impairment**
Current 0 - 30 days past due	600,723	1,115	451,810	1,532
Past due 30 - 60 days	13,695	1,062	11,523	395
Past due 60 - 90 days	4,903	593	4,245	319
More than 90 days	15,803	12,892	14,970	11,172
Total	**635,124**	**15,662**	**482,548**	**13,418**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

Impairment losses

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

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EUR1,000	2021	2020
Balance at 1 January	**13,418**	**12,778**
Acquisitions through business combinations	2,318	1,681
Impairment loss recognised	1,908	2,273
Impairment loss reversed	(1,657)	(990)
Trade receivables written-off	(424)	(1,558)
Currency exchange result	99	(766)
Total	**15,662**	**13,418**

As at 31 December 2021, the total impairment includes an amount of EUR2,030 thousand (2020: EUR1,973 thousand) related to customers declared insolvent. The remainder of the impairment loss as at 31 December 2021 relates to several customers who are expected to be unable to pay their outstanding balances, mainly due to economic circumstances, and the general provision for expected credit losses for trade and other receivables. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historic payment behaviour and analyses of the underlying customers' creditworthiness.

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

EUR1,000	2021	2020[1]
Carrying amount		
EMEA	273,090	216,026
Americas	175,074	114,432
Asia-Pacific	171,298	138,673
Total Carrying amount	**619,462**	**469,130**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

26 Cash and cash equivalents

The cash and cash equivalents are as follows:

EUR1,000	2021	2020
Cash and cash equivalents	177,879	169,008
Cash and cash equivalents in the statement of cash flows	**177,879**	**169,008**

The cash and cash equivalent balances are available for use by the Group.

27 Capital and reserves

Share capital and share premium

As of 31 December 2021, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. The shares have a nominal value of EUR 0.16 each and all shares rank equally with regard to the Company's residual assets.

The shareholders are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. Following the resolution of the Annual General Meeting in 2021, the Company distributed a dividend in cash of EUR 58.1 million (2020: EUR 47.3 million).

The share premium as of 31 December 2021 amounted to EUR 1,051.4 million (31 December 2020: EUR 1,051.4 million).

Translation reserve

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

Hedging reserve

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

Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group to fund its long-term incentive plan. At 31 December 2021, the Group held 44,300 of the Company's shares (as at 31 December 2020: 90,017 shares). During 2021 the Group transferred 45,717 shares to fulfil its annual obligation from the long-term incentive plan.

Other reserve

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

Other comprehensive income

EUR1,000	ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	Translation reserve	**Hedging reserve**	**Other reserves**	**Total other comprehensive income**
2021				
Foreign currency translation differences for foreign operations, net of tax	56,044	-	-	**56,044**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	106	-	**106**
Defined benefit plan actuarial gains and losses net of tax	-	-	412	**412**
Total other comprehensive income	**56,044**	**106**	**412**	**56,562**
2020				
Foreign currency translation differences for foreign operations, net of tax	(78,160)	-	-	**(78,160)**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(110)	-	**(110)**
Defined benefit plan actuarial gains and losses net of tax	-	-	(1,818)	**(1,818)**
Total other comprehensive income	**(78,160)**	**(110)**	**(1,818)**	**(80,089)**

28 Non-controlling interest

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

As at 31 December 2021, the non-controlling interest amounts to EUR1,529 thousand. The net loss for the financial year attributed to the non-controlling interest amounts to EUR40 thousand.

29 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 5.

Non-current liabilities

EUR1,000	NOTE	2021	2020[1]
Bank loans		**337,528**	**336,692**
Deferred and contingent considerations	7, 33	275,243	191,302
Lease liabilities		52,712	51,677
Other liabilities		1,369	1,538
Total non-current liabilities		**666,853**	**581,209**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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Terms and debt repayment schedule

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

EUR1,000	CURR	NOTE	NOMINAL INTEREST RATE	YEAR OF MATURITY	FACE VALUE 2021	CARRYING AMOUNT 2021	FACE VALUE 2020[1]	CARRYING AMOUNT 2020[1]
Schuldscheindarlehen (fix rate)	EUR		1.58%	2023	15,000	14,978	15,000	14,966
Schuldscheindarlehen (floating rate)	EUR		1.45%	2023	25,000	24,964	25,000	24,869
Bond loan (fix rate)	EUR		2.50%	2025	300,000	297,586	300,000	296,857
Profit sharing arrangements	EUR		1.53%	2022	1,369	1,369	1,538	1,538
Lease liabilities[2]			0.22% - 23.90%	2022-2062	57,625	52,712	57,834	51,677
Other interest-bearing liabilities					-	-	-	-
Total interest-bearing liabilities					**398,994**	**391,610**	**399,372**	**389,907**
Deferred and contingent considerations		7, 33			279,685	275,243	195,612	191,302
Total non-current liabilities					**678,679**	**666,853**	**594,984**	**581,209**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

[2] Various currencies

The total non-current lease liabilities of EUR 57.6 million consist of lease liabilities denominated in various currencies, of which EUR 17.9 million in EUR, EUR 13.8 million in USD, EUR 8.2 million in CAD, EUR 6.6 million in AUD and EUR 2.9 million in SEK.

In March 2020, IMCD completed an amendment to its multi-currency revolving credit facility, increasing the borrowing capacity from EUR 400 million to EUR 500 million. IMCD further agreed with its existing banking syndicate, to extend the maturity date of this revolving credit facility from 27 March 2024 to 27 March 2025 along with a reduction in the interest margins.

In November 2021, IMCD made the repayment of EUR 60 million and USD 25 million for its short term debt (Schuldscheindarlehen).

The senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 104,40 at 31 December 2021 (31 December 2020: EUR 104.17). The bond is listed on the Luxembourg Euro MTF market and matures on 26 March 2025.

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

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

	2021		2020[1]	
	OUTCOME	COVENANT	OUTCOME	COVENANT
Reported leverage	2.3		2.7	
Leverage including pro-forma results	2.3		2.3	
Leverage loan documentation	1.5	max. 3.5	1.7	max. 3.5
Interest cover	29.1	min. 4.0	16.9	min. 4.0

[1] December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The actual reported leverage ratio as at 31 December 2021 was 2.3 times EBITDA (31 December 2020: 2.7 times EBITDA). Including the full year impact of acquisitions completed in 2020, the leverage at the end of the financial year is 2.3 times EBITDA (31 December 2020: 2.3 times EBITDA). The leverage ratio calculated on the basis of the definitions used in the loan documentation was 1.5 times EBITDA (31 December 2020: 1.7 times EBITDA) which is well below the defined maximum of 3.5 times EBITDA.

The actual interest cover covenant for the financial year, based on the definitions used in the Schuldschein Darlehen documentation, was 29.0 times EBITDA (2020: 16.9 times EBITDA) and was well above the required minimum of 4.0.

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

Current liabilities

EUR1,000	NOTE	2021	2020[1]
Loans and borrowings		**-**	**80,373**
Deferred and contingent considerations	7, 33	33,614	2,242
Lease liabilities		18,017	17,310
Other short term financial liabilities		399,420	214,888
Total Short-term financial liabilities		**451,050**	**234,440**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

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

30 Employee benefits

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

EUR1,000	2021	2020
Net defined benefit liability	13,475	14,727
Termination benefits and other long-term employee benefits	15,783	14,808
Total employee benefit liabilities	**29,258**	**29,535**

The Group supports defined benefit plans in the Netherlands, the United Kingdom, Canada, Germany, Switzerland, Austria, the United States and the Philippines.

Movement in net defined benefit liability/(asset)

EUR 1,000	2021	2020	2021	2020	2021	2020
	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
Balance as at 1 January	**81,109**	**69,457**	**66,382**	**57,606**	**14,727**	**11,851**
Included in profit or loss						
Current service cost	1,271	1,307	-	-	1,271	1,307
Past service cost	(975)	(50)	-	-	(975)	(50)
Settlements	(96)	-	-	-	(96)	-
Interest cost/(income)	1,142	1,338	816	913	326	425
	1,341	**2,596**	**816**	**913**	**525**	**1,683**
Included in OCI						
Remeasurement; loss/(gain):						
Actuarial loss/(gain) arising from changes in:						
- Demographic assumptions	(450)	66	-	-	(450)	66
- Financial assumptions	(2,205)	5,036	-	-	(2,205)	5,036
- Experience	48	(145)	-	-	48	(145)
Return on plan assets excluding interest income	-	-	212	2,401	(212)	(2,401)
Asset ceiling	-	-	(2,726)	445	2,726	(445)
Effect of movements in exchange rates	3,714	(2,314)	2,686	(1,643)	1,028	(671)
	1,107	**2,643**	**172**	**1,203**	**935**	**1,439**
Other						
Business combinations	-	7,615	-	5,585	-	2,029
Contributions paid by the employer	-	-	2,434	1,931	(2,434)	(1,931)
Contributions paid by the plan members	1,815	846	1,815	846	-	-
Benefits paid	(3,101)	(2,047)	(2,822)	(1,703)	(280)	(344)
	(1,286)	**6,413**	**1,427**	**6,660**	**(2,713)**	**(246)**
Balance as at 31 December	**82,270**	**81,109**	**68,796**	**66,382**	**13,474**	**14,727**

Plan assets

EUR 1,000	2021	2020
Equity securities	24,181	12,137
Government bonds	1,361	1,152
Qualifying insurance policies	35,885	34,779

EUR 1,000	2021	2020
Other plan assets	10,095	18,313
Asset Ceiling	(2,726)	-
Total plan assets	**68,796**	**66,381**

The Government Bonds in the UK were moved in 2020 into Liability Driven Investments (LDI's) and the LDI's are considered as other defined benefit plan assets.

Due to the asset ceiling applicable to the UK pension plan, in 2021 the actual fair value of the plan assets (EUR 71.5 million) exceeded the recognised plan assets (EUR 68.8 million) by EUR 2.7 million.

Expense recognised in profit or loss

EUR 1,000	2021	2020
Current service costs	1,270	1,307
Past service costs	(975)	(50)
Settlements	(96)	-
Expense recognised in the line item 'Social security and other charges'	**199**	**1,257**
Interest cost	326	425
Expense recognised in the line item 'Finance costs'	**326**	**425**
Total expense recognised in profit or loss	**525**	**1,682**

Actuarial assumptions

Principal actuarial assumptions at the reporting date, expressed as weighted average:

	2021	2020
Discount rate as at 31 December	1.66%	1.34%
Future salary increases	1.74%	1.56%
Future pension increases	1.46%	1.32%
Price inflation	2.23%	2.06%

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

- The Netherlands: AGPrognose2020Hoog 7 based on income class high-medium
- The United Kingdom: before retirement – as per post retirement, after retirement -males: 90% S2PXA_L / -females: 90% S2PA_L, CMI 2019 model [1.25%]
- Canada: CPM 2014 Public & Private with 2D projections using Scale B
- Germany: Richttafel 2018G Klaus Heubeck
- Switzerland: BVG 2020 Generational
- Austria: AVÖ 2018-P 'Angestellte' –Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler

The Group expects EUR 3,099 thousand in contributions to be paid into its defined benefit plans in 2022. The Canadian pension plans are partially unfunded. The duration of the funded obligation based on expected cash flows is 13 years, the unfunded plans have an expected duration of 14 years.

Sensitivity analysis

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

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

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

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

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

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

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

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

EUR 1,000	2021		2020	
	Increase	Decrease	Increase	Decrease
Defined benefit plan The Netherlands				
Discount rate (1% point movement)	(4,175)	5,519	(4,497)	5,982
Defined benefit plan The United Kingdom				
Discount rate (1% point movement)	(4,284)	5,593	(4,449)	5,784
Future salary growth (1% point movement)	119	(119)	111	(111)
Future pension growth (1% point movement)	4,998	(4,046)	5,117	(4,116)
Future inflation (1% point movement)	4,046	(3,808)	4,227	(4,227)
Future mortality (1 year)	1,071	(1,071)	1,112	(1,112)
Defined benefit plan Canada				
Discount rate (1% point movement)	(1,308)	1,277	(1,116)	1,393
Future salary growth (1% point movement)	32	(30)	29	(26)
Future inflation (1% point movement)	404	(199)	468	(316)
Future mortality (1 year)	(326)	270	(280)	319
Defined benefit plan Switzerland				
Discount rate (0.5% point movement)	(238)	274		
Future salary growth (0.5% point movement)	18	(18)		
Future mortality (1 year)	48	(48)		

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

Termination benefits and other long-term employee benefits

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

EUR1,000	NOTE	2021	2020
Liabilities as at 1 January		**14,808**	**12,202**
Assumed in business combinations	7	421	3,130
Additions (excluding interest cost)		2,430	1,609
Interest cost		77	7
Withdrawals		(1,013)	(1,942)
Releases		(603)	(90)
Actuarial results		(591)	245
Effect of movement in exchange rates		253	(353)
Liabilities as at 31 December		**15,783**	**14,808**

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

31 Provisions

The movements in provisions are as follows:

EUR1,000	NOTE	2021	2020
Balance as at 1 January		**4,449**	**4,358**
Assumed in business combinations	7	2,040	3,367
Provisions made during the year		1,247	1,465
Provisions used during the year		(1,017)	(4,050)
Provisions released during the year		(180)	(298)
Effect of movement in exchange rates		(45)	(394)
Balance as at 31 December		**6,494**	**4,449**

The provision used in 2021 mainly relates to organisational changes.

32 Trade and other payables

The trade and other payables are as follows:

EUR 1,000	2021	2020
Trade payables	403,010	291,844
Total Trade payables	**403,010**	**291,844**

EUR 1,000	2021	2020[1]
Derivatives used for hedging	195	2,417
Taxes and social securities	27,729	20,183
Pension premiums	1,486	1,297
Current tax liability	14,239	12,406
Other creditors	3,664	9,028
Accrued interest expenses	6,000	6,305
Liabilities to personnel	45,320	32,130
Other accrued expenses	31,655	21,094
Total Other payables	**130,288**	**104,860**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

At 31 December 2021, with the exception of some derivatives used for hedging, all trade and other payables have a term of less than one year.

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

33 Financial Instruments

Accounting classifications and fair values

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

31 DECEMBER 2021		CARRYING AMOUNT					FAIR VALUE			
EUR1,000	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward exchange contracts used for hedging	25	61	-	-	-	61	-	61	-	61
Forward exchange contracts used for hedging	32	-	-	195	-	195	-	195	-	195
Contingent consideration	29	-	-	308,856	-	308,856	-	-	308,856	308,856

31 DECEMBER 2020		CARRYING AMOUNT					FAIR VALUE			
EUR1,000	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward exchange contracts used for hedging	25	1	-	-	-	1	-	1	-	1
Forward exchange contracts used for hedging	32	-	-	2,417	-	2,417	-	2,417	-	2,417
Contingent consideration	29	-	-	193,544	-	193,544	-	-	193,544	193,544

Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

Level 3 fair values

Reconciliation of Level 3 fair values

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

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EUR1,000	NOTE	CONTINGENT CONSIDERATION
Balance as at 1 January 2021		**193,544**
Assumed in a business combination	7	121,382
Paid contingent consideration		(20,735)
Loss / (Gain) included in profit or loss		1,151
Loss / (Gain) included in equity		-
Effect of movement in exchange rates		13,514
Balance as at 31 December 2021		**308,856**
Balance as at 1 January 2020		**38,225**
Assumed in a business combination		180,389
Paid contingent consideration		(16,214)
Loss / (Gain) included in profit or loss		(1,213)
Loss / (Gain) included in equity		(2,880)
Effect of movement in exchange rates		(4,764)
31 December 2020		**193,544**

The amount assumed in business combinations contains an adjustment of the provisional purchase price allocation for Signet (increase of EUR 41 million), which was acquired in 2020. This adjustment relates to changes in the assumptions of the projected cash and debt positions at the execution date. The main contingent considerations relate to the acquisitions of Signet and Megasetia. Other contingent considerations assumed in business combinations relate to the acquisitions of Yuanhe, Andes, Siliconas and Maquimex.

The net loss included in profit and loss of EUR 1,151 thousand (2020: gain of EUR 1,213 thousand) is the result of remeasuring contingent considerations.

Sensitivity analysis

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

31 DECEMBER 2021	PROFIT OR LOSS	
EUR1,000	INCREASE	DECREASE
EBITDA margin (10% movement)	(23,509)	22,068
Risk-adjusted discount rate (discount rate 1% point movement)	5,899	(4,092)

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31 DECEMBER 2020	PROFIT OR LOSS	
EUR1,000	INCREASE	DECREASE
EBITDA margin (10% movement)	(17,069)	16,007
Risk-adjusted discount rate (discount rate 1% point movement)	5,276	(5,486)

Offsetting financial assets and liabilities

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

31 DECEMBER 2021

EUR1,000	GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES	OFFSETTING	GROSS CARRYING AMOUNTS IN THE BALANCE SHEET	ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR ARRANGEMENTS	31 DECEMBER 2021 NET AMOUNT
Trade and other receivables	641,189	(21,727)	619,462	-	619,462
Cash and cash equivalents	179,417	(1,538)	177,879	-	177,879
Other financial assets	5,310	112	5,422	-	5,422
Trade payables	406,613	(3,603)	403,010	-	403,010
Other payables	148,335	(18,047)	130,288	-	130,288
Other short term financial liabilities	452,665	(1,615)	451,050	-	451,050

31 DECEMBER 2020[1]	RESTATED COLUMN				
EUR1,000	GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES	OFFSETTING	GROSS CARRYING AMOUNTS IN THE BALANCE SHEET	ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR ARRANGEMENTS	31 DECEMBER 2020 NET AMOUNT
Trade and other receivables	481,580	(12,451)	469,130	-	464,432
Cash and cash equivalents	169,008	-	169,008	-	169,008
Other financial assets	5,290	-	5,290	-	5,290
Trade payables	292,641	(797)	291,844	-	291,844
Other payables	116,503	(11,643)	104,860	-	100,445
Other short term financial liabilities	234,450	(10)	234,440	-	240,810

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

34 Off-balance sheet commitments

Operating leases

Commitments for minimum lease payments in relation to operating leases are payable as follows:

EUR 1,000	2021	2020
Within one year	1,848	6,327
Later than one year but not later than five years	7,214	531
Later than five years	2,888	-
Total Operational leases	**11,951**	**6,858**

Guarantees

As at 31 December 2021, the Group has granted guarantees of EUR 79.6 million (31 December 2020: EUR 38.5 million) in total. Those guarantees mainly consist of bank guarantees related to acquisitions, amounting to EUR 13.1 million. Furthermore, the guarantees consist of bank guarantees to customs and tax authorities of EUR 0.9 million (31 December 2020: EUR 0.9 million), office rental guarantees of EUR 1.1 million (31 December 2020: EUR 0.9 million), guarantees for goods of EUR 62.3 million (31 December 2020: EUR 9.3 million), letters of credit EUR 1.2 million (EUR 1.7 million) and other guarantees of 1.0 million (31 December 2020: nil).

Claims

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

35 Related parties

Identity of related parties

The Group has related party relationships with its shareholders, subsidiaries, Management Board and Supervisory Board and post-employment benefit plans. For an overview of the group companies, reference is made to the List of group companies as per 31 December 2021 on page 213.

Transactions with subsidiaries

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

Transactions with key management personnel

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

Transactions with associates

The Group owns 49% of the shares in SARL IMCD Group Algerie. At 31 December 2021 the Group has outstanding receivables from SARL IMCD Group Algerie of EUR 478 thousand (2020: EUR 309 thousand) and outstanding payables to Velox China of EUR 20 thousand (2020: EUR 20 thousand).

Transactions with post-employment benefit plans

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

In the financial year, the contributions to the defined benefit plans were EUR 2,434 thousand (2020: EUR 1,931 thousand). The outstanding payable to the defined benefit plans as at the year-end 2021 is EUR 3 thousand (2020: EUR 6 thousand).

36 Subsequent events

In addition to the acquistions completed in 2021, IMCD signed agreements to acquire 100% of the shares in Shanghai Syntec Additive Limited and Shanghai Weike Additive Limited (jointly "Syntec"), RPL Trading Pty Ltd and RPL Trading New Zealand Ltd. (jointly "RPL Trading") and Polychem Handelsges.m.b.H. ("POLYchem").

On 6 December 2021, IMCD signed an agreement to acquire 100% of the shares in Syntec. Syntec provides market, technicaland formulation expertise in China's personal care,cosmetics, and home care industries. Syntec generateda revenue of approximately EUR 14 million in 2020 has 25 employees. The transaction was closed on 18 January 2022

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares of RPL Trading, a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets. RPL Trading generated a revenue of approximately EUR 16 million for the fiscal year ended on 30 June 2021 and has 15 employees. The transaction was closed on 31 January 2022.

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares in POLYchem, a leading provider of chemical raw materials and additives in Austria and Southeast Europe. POLYchem offers a diverse portfolio of products for the coatings, construction, as well as the composite industries. POLYchem has 65 employees and generated a revenue of EUR 25 million in 2020. The transaction was closed on 8 February 2022.

In addition to the three agreements signed in 2021 and closed early 2022, IMCD signed three additional acquisition agreements.

On 10 February 2022, IMCD signed an agreement to acquire 100% of the shares in speciality chemicals and ingredients distributor Polyorganic® Tecnologia Ltda ("Polyorganic"). Headquartered in São Paulo, Brazil, Polyorganic is active in the household, industrial and institutional (HI&I), water treatment industry and other industrial markets segment in Brazil. In 2021, Polyorganic generated a revenue of approximately EUR 12 million.

On 16 February, IMCD signed an agreement to acquire 100% of the business and the subsidiaries of Quelaris Internacional S.A. ("Quelaris"). Quelaris is a LATAM regional raw material distributor with offices in Colombia, Costa Rica and Peru and has a strong presence in the polyurethane, coatings, adhesives, rubber and other industrial markets throughout the region. With 46 employees, Quelaris generated revenue of approximately USD 52 million in 2021. The closing of the transaction is expected to take place in March 2022.

There were no material events after 31 December 2021 that would have changed the judgement and analysis by management of the financial position as of 31 December 2021 or the result for the year of the Group.

Company balance sheet as of 31 December 2021

BEFORE PROFIT APPROPRIATION

EUR1,000	NOTE	31 DECEMBER 2021	31 DECEMBER 2020[1]
Fixed assets			
Participating interest in group company	42	1,797,333	1,663,068
Deferred tax assets	43	13,102	15,513
Total fixed assets		**1,810,435**	**1,678,581**
Current assets			
Trade and other receivables	44	(10)	175
Accounts receivable from subsidiary	45	1,834	1,710
Cash and cash equivalents		255	154
Total current assets		**2,079**	**2,039**
Total assets		**1,812,514**	**1,680,621**
Shareholders' equity	46		
Issued share capital		9,118	9,118
Share premium		1,051,438	1,051,438
Translation reserve		(58,285)	(114,329)
Hedging reserve		(100)	(206)
Other reserves		(5,509)	(8,667)
Retained earnings		255,888	194,927
Unappropriated result		207,276	120,128
Total shareholders' equity		**1,459,825**	**1,252,408**
Non-current liabilities	47	338,529	337,917
Loans and borrowings	48	-	80,373
Accounts payable to subsidiaries	48	6,781	2,022
Other current liabilities	48	7,380	7,901
Current liabilities		**14,160**	**90,296**
Total equity and liabilities		**1,812,514**	**1,680,621**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Company income statement

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR 1,000	NOTE	2021	2020[1]
Operating income	39	3,573	3,514
Wages and salaries	40	(4,016)	(4,049)
Social security and other charges	40	(129)	(96)
Other operating expenses		(1,108)	(1,015)
Operating expenses		**(5,253)**	**(5,160)**
Net finance costs		(10,194)	(12,081)
Share in results from participating interests, after taxation	42	221,117	134,837
Result before income tax		**209,243**	**121,110**
Income tax expense	41	(1,967)	(982)
Result for the year		**207,276**	**120,128**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Notes to the Company financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

37 General

The company financial statements are part of the 2021 financial statements of IMCD N.V. (the 'Company').

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

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

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

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

39 Operating income

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

40 Personnel expenses

The personnel expenses 2021 comprise the wages and salaries including bonuses, cost related to the employee benefit plan and social security expenses. Further details are provided in Note 53.

41 Income tax expenses

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

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Reconciliation effective tax rate

EUR1,000	2021		2020	
	%		%	
Profit for the year		207,276		120,128
Total income tax expense	0.9	1,987	0.8	982
Profit before income tax		**209,263**		**121,110**
Income tax using the Company's domestic tax rate	25.0	52,316	25.0	30,278
Adjustments in respect of tax exempt income	(22.8)	(47,758)	(23.6)	(28,621)
Effect of change in tax rate	(0.1)	(131)	0.3	330
Tax effect of:				
Non-deductible expenses	0.3	553	0.2	278
Tax incentives and tax exempted income	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
(De)recognition of previously (un)recognised temporary differences	-	-	0.0	29
Tax charge other members fiscal unity	(1.4)	(3,028)	(1.4)	(1,663)
Under provided in prior years	0.0	35	0.3	351
	0.9	**1,987**	**0.8**	**982**

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

42 Participating interest in group companies

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

EUR1,000	2021	2020
Balance as at 1 January	**1,663,068**	**1,338,271**
Changes:		
Investments in participating interests	-	335,000
Impact of change in accounting policy	-	(6,170)
Share in results from participating interest after taxation	221,117	134,837
Dividends declared	(147,550)	(59,133)
Movement hedging reserve	106	(110)
Exchange rate differences	56,963	(81,308)
Movement other reserves	3,628	1,681
Balance as at 31 December	**1,797,333**	**1,663,068**
Accumulated impairments at 31 December	-	-

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

43 Deferred tax assets

In 2021 the Company did not recognise previously unrecognised deferred tax assets related to tax losses carried forward (2020: nil). The Company utilised deferred tax assets of EUR 3.1 million in the financial year (2020: EUR 1.3 million), EUR 0.8 million new tax credits (2020: EUR 0.6 million), EUR 0,1 million change in tax rates (2020: EUR 0.6 million) and EUR nil prior year adjustments (2020: nil).

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

EUR 1,000	NOTE	2021	2020
Balance as at 1 January		15,513	12,291
Impact of change in accounting policy		-	1,523
Movements during the year	41	(2,411)	1,699
Balance as at 31 December		**13,102**	**15,513**

44 Trade and other receivables

The trade and other receivables primarily relate to prepaid insurance premiums.

45 Accounts receivable from subsidiary (current)

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

46 Shareholders' equity

Reconciliation of movement in capital and reserve

EUR1,000	ISSUED SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY
Balance as at 1 January 2021	**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**
Appropriation of prior year's result	-	-	-	-	-	-	62,000	(62,000)	-
	9,118	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**256,927**	**58,128**	**1,252,408**
Total recognised income and expense	-	-	-	-	-	-	-	207,276	207,276
Share based payments	-	-	-	-	-	1,025	(4,130)	-	(3,105)
Issue of shares minus related costs	-	-	-	-	-	-	-	-	-
Transfer of own shares	-	-	-	-	1,721	-	3,091	-	4,812
Cash dividend	-	-	-	-	-	-	-	(58,128)	(58,128)
Movement in other reserves	-	-	56,044	106	-	412	-	-	56,562
Balance as at 31 December 2021	**9,118**	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**255,888**	**207,276**	**1,459,825**
Balance as at 1 January 2020	**8,415**	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**139,315**	**108,006**	**866,525**
Change in accounting policy[1]	-	-	-	-	-	-	(4,647)	-	(4,647)
	8,415	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**134,668**	**108,006**	**861,878**
Appropriation of prior year's result	-	-	-	-	-	-	60,673	(60,673)	-
	8,415	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**195,341**	**47,333**	**861,878**
Total recognised income and expense	-	-	-	-	-	-	-	120,128	120,128
Share based payments	-	-	-	-	-	2,818	(1,529)	-	1,289
Issue of shares minus related costs	703	393,924	-	-	-	-	-	-	394,627
Transfer of own shares	-	-	-	-	793	-	1,115	-	1,908
Cash dividend	-	-	-	-	-	-	-	(47,333)	(47,333)
Movement in other reserves	-	-	(78,160)	(110)	-	(1,818)	-	-	(80,089)
Balance as at 31 December 2020	**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**

[1] Reference is made to note 2 to the Financial statements

Share capital and share premium

EUR1,000	2021	2020
	Ordinary shares	
In issue at 1 January	**1,060,556**	**665,929**
Issue of shares minus related cost	-	394,627
In issue at 31 December - fully paid	**1,060,556**	**1,060,556**

Ordinary shares

At 31 December 2020, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. All shares have a par value of EUR 0.16 each and are fully paid.

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

Translation reserve

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

Hedging reserve

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

Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group. At 31 December 2021, the Group held 44,300 of the Company's shares (31 December 2020: 90,017 shares).

Other reserves

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

Unappropriated result

At the Annual General Meeting the following appropriation of the result for 2021 will be proposed: an amount of EUR 92,320 thousand to be paid out as dividend (EUR 1.62 per share) and EUR 114,916 thousand to be added to the retained earnings.

47 Non-current liabilities

The movement in the non-current liabilities during 2021 is as follows:

EUR 1,000	2021	2020
Balance as at 1 January	**337,917**	**477,562**
Additions	(224)	105
Redemptions		(55,546)
Classified as current liability		(80,373)
Transaction and other finance costs paid		(595)
Amortisation of transaction and other finance costs	836	959
Effect of movements in exchange rates		(4,195)
Balance as at 31 December	**338,529**	**337,917**

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

EUR 1,000	CURR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Schuldscheindarlehen	EUR	39,942	41,209	605	40,605		-
Bond loan	EUR	297,586	330,000	7,500	7,500	315,000	-
Loans from subsidiaries	EUR	1,001	-	662	339		-
Total		**338,529**	**371,209**	**8,767**	**48,444**	**315,000**	**-**

In November 2021, IMCD repayment EUR 60 million and USD 25 million for its short term debt (Schuldscheindarlehen).

The senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 104.40 at 31 December 2021 (31 December 2020: EUR 104.17). The bond is listed on the Luxembourg Euro MTF market and matures on 26 March 2025.

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

48 Current liabilities

The Company's current liabilities as of 31 December 2021 amounts to EUR 14.2 million (31 December 2020: EUR 9.9 million) and consists of a short-term liability to IMCD Finance B.V. and other current liabilities.

EUR 1,000	2021	2020
Accounts payable to subsidiaries	6,781	2,022
Other current liabilities		
Creditors	293	385
Liabilities to personnel	833	688
Accrued interest expenses	5,878	6,083
Other accrued expenses	376	745
	7,380	**7,901**
Current liabilities	**14,160**	**9,923**

49 Financial instruments

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

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

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

50 Off-balance sheet commitments

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

51 Fees of the auditor

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

EUR1,000	2021			2020		
	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audits of annual reports	761	1,190	1,952	864	1,098	1,962
Other assurance services	56	-	56	59	-	59
Tax advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	817	**1,190**	**2,007**	**923**	**1,098**	**2,021**

52 Related parties

Transactions with key management personnel

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

Other related party transactions

The Company, as service provider, maintains a management service agreement with IMCD Group B.V. for services rendered by the Management Board to the group. The total management service fees charged in 2021 amounted to EUR 3,573 thousand (2020: EUR 3,514 thousand). All related party transactions were priced on an at arm's-length basis.

53 Compensation of the Management Board and the Supervisory Board

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

Compensation Management Board

EUR 1,000	YEAR	SALARY	BONUS	SHARE BASED PAYMENT	PENSION	OTHER	TOTAL
P.C.J. van der Slikke	**2021**	**669**	**468**	**835**	**36**	**48**	**2,056**
	2020	660	454	986	36	50	2,186
H.J.J. Kooijmans	**2021**	**521**	**365**	**650**	**37**	**49**	**1,622**
	2020	514	354	756	33	51	1,708
Total	**2021**	**1,190**	**833**	**1,485**	**73**	**97**	**3,678**
	2020	1,174	808	1,742	69	101	3,894

As of 31 December 2021, the total number of shares conditionally granted to P.C.J. van der Slikke and H.J.J. Kooijmans is 31,898 (31 December 2020: 36,293) respectively 24,848 (31 December 2020: 27,947). The reported bonus and share based payment amounts include adjustments related to prior years. The other remunerations include health insurance premiums, business expense allowances, social security premiums and company car expenses. Further details of the Management Board compensation are provided in the Remuneration Report (see page 93).

Compensation Supervisory Board

EUR 1,000	2021	2020
J. Smalbraak	75	54
A.J.Th. Kaaks	70	60
V. Diele-Braun	63	30
S.R. Nanninga	68	58
A.E. Hebert	65	31
M.G.P. Plantevin	28	68
J. Van Nauta Lemke-Pears	-	24
Total	**369**	**325**

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

54 Provision regarding the appropriation of profit

At the Annual General Meeting the following appropriation of the result for 2021 will be proposed: an amount of EUR 92,320 thousand to be paid out as dividend (EUR 1.62 per share) and EUR 114,916 thousand to be added to the retained earnings.

55 Subsequent events

There were no material events after 31 December 2021 that would have changed the judgement and analysis by management of the financial condition at 31 December 2021 or the result for the year of the Company.

Rotterdam, 24 February 2022

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

The Supervisory Board:
J. Smalbraak
A.J.Th. Kaaks
V. Diele-Braun
S.R. Nanninga
A.E. Hebert

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List of group companies as per 31 December 2021

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

IMCD Finance B.V.	Rotterdam	The Netherlands
IMCD Group B.V.	Rotterdam	The Netherlands
IMCD Participations II B.V.	Rotterdam	The Netherlands
Internatio Special Products B.V.	Rotterdam	The Netherlands
IMCD Benelux B.V.	Rotterdam	The Netherlands
Jan Dekker B.V.[1]	Rotterdam	The Netherlands
IMCD Benelux N.V.	Mechelen	Belgium
IMCD France Investments S.A.S.	Paris	France
IMCD Holding France S.A.S.	Paris	France
IMCD France S.A.S.	Paris	France
IMCD Espanã Especialidadis Quimicas S.A.	Madrid	Spain
IMCD Portugal Produtos Quimicos Lda	Lisbon	Portugal
IMCD Maroc S.a.r.l.	Casablanca	Morocco
IMCD Manufacturing Tunisia S.a.r.l.[2]	Tunis	Tunisia
IMCD Tunisia S.a.r.l.	Tunis	Tunisia
S.a.r.l. IMCD Group Algerie (49% of the shares)	Algiers	Algeria
IMCD Deutschland GmbH	Cologne	Germany
Otto Aldag Handel GmbH	Cologne	Germany
DCS Pharma GmbH[3]	Lüneburg	Germany
IMCD UK Acquisitions Ltd.	Sutton	United Kingdom
IMCD Holding UK Ltd.	Sutton	United Kingdom
IMCD UK Investments Ltd.	Sutton	United Kingdom
IMCD UK Ltd.	Sutton	United Kingdom
IMCD Ireland Ltd.	Dublin	Ireland
IMCD Italia S.p.A.	Milan	Italy
Gopharma S.r.l.[3]	Milan	Italy
IMCD Norway AS	Ski	Norway
IMCD Nordic AB	Malmö	Sweden
IMCD Sweden AB	Malmö	Sweden
IMCD Finland Oy	Helsingfors	Finland
Oy Kokko-Fiber AB[4]	Kokkola	Finland
IMCD Danmark AS	Helsingør	Denmark

IMCD Baltics UAB	Vilnius	Lithuania
IMCD South East Europe GmbH	Vienna	Austria
IMCD Czech Republic s.r.o.	Prague	Czech Republic
IMCD Romania srl	Bucarest	Romania
IMCD Switzerland AG	Zürich	Switzerland
Tentum Holding AG [5]	Basel	Switzerland
DCS Pharma AG [5]	Basel	Switzerland
Chemsource SA [5]	Lugano	Switzerland
IMCD Polska Sp.z.o.o.	Warsaw	Poland
IMCD Rus LLC	Saint-Petersburg	Russia
IMCD Ukraine LLC	Kiev	Ukraine
IMCD Ticaret, Pazarlama ve Danişmanlik Limited Şirketi	Istanbul	Turkey
Ejder Kimya İlaç Danışmanlık Sanayi ve Ticaret A.Ş. [6]	Istanbul	Turkey
Zifroni Chemicals Suppliers Ltd	Rishon LeZion	Israel
Internatio Special Products Egypt LLC	Cairo	Egypt
IMCD Egypt LLC	Cairo	Egypt
IMCD Middle East FZCO	Dubai	United Arab Emirates
IMCD Middle East Trading LLC	Dubai	United Arab Emirates
IMCD Arabia Trading LLC (75% of the shares) [7]	Riyadh	Saudi Arabia
IMCD South Africa Pty. Ltd.	Isando	South Africa
Chemimpo South Africa Pty. Ltd.	Randburg	South Africa
Siyeza Fine Chem Propriety Limited [8]	Johannesburg	South Africa
IMCD Kenya Ltd.	Nairobi	Kenya
IMCD Uganda SMC Ltd.	Kampala	Uganda
IMCD Holdings US, Inc.	Jersey City	United States of America
IMCD US LLC	Cleveland	United States of America
MJS Sales Inc.	Cleveland	United States of America
IMCD US Food Inc.	Washington	United States of America
IMCD Puerto Rico Inc.	Cayey	Puerto Rico
IMCD Canada Limited	Brampton	Canada
IMCD Mexico S.A. de C.V.	Miguel Hidalgo	Mexico
International Chemical Product Services Mexico S. de RL de CV	Miguel Hidalgo	Mexico
Millikan S.A. de C.V. [9]	Mexico City	Mexico
Banner Quimica S.A. de C.V. [9]	Mexico City	Mexico
Materias Químicas de México S.A. de C.V. [10]	Mexico City	Mexico
Pluralmex S.A de C.V. [10]	Mexico City	Mexico
Andes Chemical LLC [11]	Miami	United States of America
Andes Chemical Dominicana SRL [11]	Santo Domingo	Dominican Republic
Andes Chemical Peru SRL [11]	Lima	Peru
Andes Chemical Centro America SRL [11]	Sant José	Costa Rica

Gateway warehouse & consolidators, LLC[11]	Miami	United States of America
IMCD Brasil Comércio e Indústria de Produtos Quimicos Ltda.	São Paulo	Brazil
IMCD Brasil Farmacêuticos Importação, Exportação e Representações Ltda	São Paulo	Brazil
Vitaqualy Comercio de Ingredientes LTDA	São Paulo	Brazil
IMCD Chile SpA	Santiago de Chile	Chile
IMCD Argentina SRL	Buenos Aires	Argentina
IMCD Uruguay SA	Montevideo	Uruguay
IMCD Colombia SAS[12]	Bogota	Colombia
Siliconas y Químicos[11]	Bogota	Colombia
IMCD Australasia Investments Pty. Ltd	Melbourne	Australia
IMCD Australia Pty Ltd.	Melbourne	Australia
IMCD New Zealand Ltd.	Auckland	New Zealand
IMCD Asia Pacific Sdn Bhd	Shah Alam	Malaysia
IMCD Malaysia Sdn Bhd	Shah Alam	Malaysia
IMCD Asia Pte. Ltd.	Singapore	Singapore
IMCD Singapore Pte. Ltd.	Singapore	Singapore
IMCD (Thailand) Co., Ltd.	Bangkok	Thailand
IMCD (China) Co. Ltd.[13]	Shanghai	China
IMCD International Trading (Shanghai) Co. Ltd.	Shanghai	China
IMCD Plastics (Shanghai) Co. Ltd.	Shanghai	China
Velox China Ltd (50% of the shares)	Shanghai	China
Velox China HK Co. Ltd (50% of the shares)	Hong Kong	Hong Kong
Shanghai Yuanhe Chemicals Co. Ltd.[14]	Shanghai	China
Yuanhe HK Limited[14]	Hong Kong	Hong Kong
DCS Pharma China Co.[3]	Shanghai	China
Whawon Pharm Co. Ltd. (78% of the shares)	Seoul	South Korea
IMCD Japan Godokaisha	Tokyo	Japan
IMCD Vietnam Company Ltd	Ho Chi Minh City	Vietnam
IMCD Philippines Corporation	Manila	Philippines
PT IMCD Indonesia (90.01% of shares)	Jakarta	Indonesia
PT Sapta Permata (90.01% of shares)	Surabaya	Indonesia
PT Megasetia Agung Kimia (70%)	Jakarta	Indonesia
IMCD India Pte. Ltd.	Mumbai	India
Monachem Additives Pvt Ltd[15]	Vadodara	India
Addpol Chemspecialities Pvt Ltd[15]	Vadodara	India
Signet Excipients Private Ltd (70% of the shares)	Mumbai	India
IMCD Bangladesh Private Ltd	Dhaka	Bangladesh

1 Merged with IMCD Benelux B.V.
2 Liquidated October 2021
3 In liquidation
4 Merged with IMCD Finland Oy
5 Merged with IMCD Switzerland AG
6 Since January 2021, merged with IMCD Ticaret, Pazarlama ve Danişmanlik Limited Şirketi
7 Since January 2021
8 Since January 2021, merged with IMCD South Africa Pty. Ltd.
9 Merged with IMCD Mexico S.A. de C.V.
10 Since August 2021
11 Since May 2021
12 Formerly known as Unired Quimicas SAS
13 Formerly known as IMCD (Shanghai) Trading Co. Ltd.
14 Since June 2021
15 Merged with IMCD India Pte. Ltd.

Other information

Provisions in the Articles of Association governing the appropriation of profit

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

Independent auditor's report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 INCLUDED IN THE ANNUAL REPORT

Our Opinion

We have audited the accompanying financial statements for the year ended 31 December 2021 of IMCD N.V., ('The Company' or 'IMCD') based in Rotterdam, the Netherlands. The financial statements include the consolidated financial statements and the accompanying Company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2021, and of its result and its cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2021, and of its result for for the year ended 31 December 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2021.
2. The following statements for the year ended 31 December 2021: the consolidated statement of profit and loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

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1. The Company balance sheet as at 31 December 2021 (before profit appropriation).
2. The Company profit and loss account for the year ended 31 December 2021.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Information in support of our opinion

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 20 million (2020: EUR 12.4 million). Based on our experience with the Company, we determined materiality at 7.3% of result before income tax (in prior year: 7.5%) excluding non-recurring income and expenses related to a divestments. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Component audits are performed using materiality levels determined by the judgement of the group audit team, considering materiality for the consolidated financial statements as a whole and the reporting structure of the group. Component materialities did not exceed EUR 8.8 million.

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

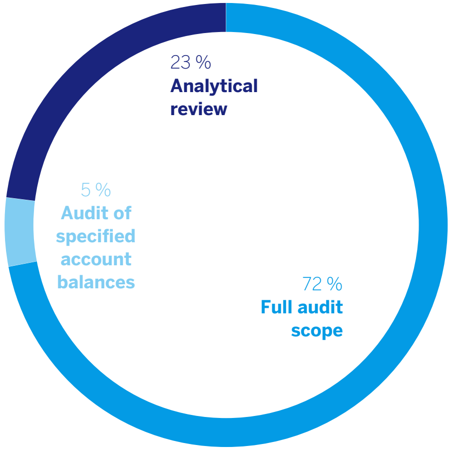
Scope of the group audit

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

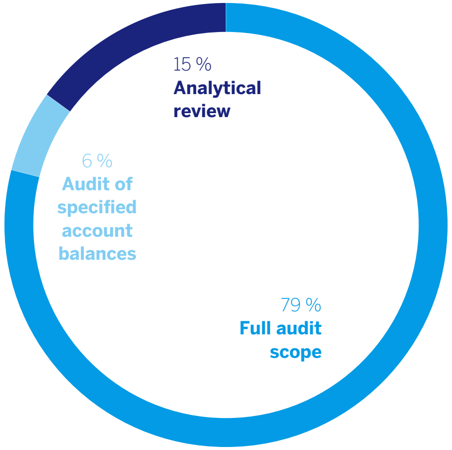
Because we are ultimately responsible for the opinion, we are directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components. The extent of the procedures has been determined based on the size of components and a number of qualitative considerations. Such considerations include the financial performance of the foreign entities and the maturity of markets these entities are operating in.On this basis, we selected components for which a full audit (10), specified audit of balances/transactions (11) or analytical review (remainder) was carried out on the component financial information.

This resulted in the coverage as presented hereafter:

Scoping on revenue



Scoping on assets



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

We have used the work of component audit teams for all significant component entities. The group audit team provided detailed written instructions to all component auditors to communicate requirements and significant audit areas and to create awareness for (fraud) risks related to management override of controls. Furthermore, we developed a plan for overseeing each component audit team based on its relative significance to the group and other risk characteristics. Our oversight included continuous update meetings, performing file reviews, performing on-site visits, attending management closing meetings and reviewing component audit team deliverables. For out-scoped components, we performed analytical procedures. In view of COVID-19, travel restrictions for certain countries have required us to exert our involvement in work performed by those component teams in a remote way. Therefore, on-site visits and file reviews were replaced by digital review procedures and remote meetings.

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

Audit approach fraud risks

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often have a more in-depth character.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. In obtaining our understanding we performed inquiries with management, those charged with governance and with others within the Company, including but not limited to the Corporate General Counsel, Director Corporate Control, Director Internal Audit and Component directors. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

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

Additionally, we performed further procedures including, among others, the following:
- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 2 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Certain management estimates and judgements are considered most significant to our audit. Reference is made to the section "Our key audit matters" for further details on those estimates and judgments.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with, amongst others, management, Corporate General Counsel and those charged with governance, reading minutes of board meetings and reports of internal audit. We involved our forensic specialists in this evaluation.

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

Apart from these, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to IMCD's ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, those charged with governance and others within the Company as to whether the Company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

We remained alert to indications of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

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

Our key audit matters

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

In determining our key audit matters, we have reconsidered those included in the previous year and concluded that the key audit matter related to 'IT landscape and financial reporting' is no longer applicable due to the completion of IT migrations in a substantial number of IMCD's operating companies and other improvements made to the IT environment. In addition, the previous year key audit matter on business acquisitions was specific to the 'Signet purchase price allocation' whereas in the current year the general key audit matter on 'Business acquisitions' is included.

KEY AUDIT MATTER DESCRIPTION	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT AND OUR OBSERVATION
Impairment of goodwill and supplier relations – Refer to Note 18 to the financial statements IMCD grows its business organically and through acquisitions. As a result of these acquisitions, the balance sheet as at December 31, 2021 carries goodwill of EUR 1.257 million and supplier relations of EUR 499 million. In 2021, goodwill and supplier relations increased due to multiple acquisitions, with the acquisition of Andes Chemical (and acquired related subsidiaries), Materias Químicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia (see key audit matter 'Business Combinations') being the most substantial ones for the year. For purposes of impairment testing, IMCD allocates goodwill to three cash-generating units (CGU's). Suppliers relations are grouped to the smallest CGUs. For goodwill, IMCD tests its CGU's annually and upon the existence of a triggering event, by comparing the recoverable amounts of the individual CGU's, being the higher of value-in-use and fair value less cost of disposal, to the carrying amounts in accordance with IAS 36. The recoverable amounts for supplier relations are assessed upon the existence of a triggering event. Additionally, IMCD discloses the key assumptions used in determining the recoverable amounts and the sensitivity of the impairment test for changes in those assumptions in Note 18 of the financial statements. We identified impairment of goodwill and supplier relations as a key audit matter because of the amounts involved, the complexity of the assessment process and the significance of management estimates for key assumptions used, including projections of future cash flows, discount rates and (terminal) growth rates. In addition,	As part of our audit we evaluated historical accuracy of budgeting and the sensitivities in management estimates for key assumptions, including projections of future cash flows, discount rates and long term growth rates. We focused our substantive audit efforts on those estimates that could potentially cause the existing headroom to change into an impairment and/or trigger an impairment. We obtained an understanding of management's process over the impairment test and the impairment trigger test. We verified whether projections were based on internal budgets and financial plans approved by the Supervisory Board. Furthermore, we challenged and compared revenue projections to, for example, external economic outlook data and expected inflation rates in which we focused on those estimates that could cause a change in the outcome of impairment testing. With the involvement of Deloitte valuation experts we evaluated the appropriateness of the impairment models used by IMCD, the discount rates and long term growth rates applied and compared the methodology and outcomes to relevant industry and capital market information. Additionally, we assessed the various scenarios applied in impairment testing as disclosed in Note 18 to the consolidated financial statements in view of the current market conditions, trends in financial performance and the uncertainty around recovery of the industries in which IMCD operates in view of the COVID-19 pandemic. **Key observations** IMCD did not identify impairments. Within the context of our audit on the financial statements as a whole and based on the materiality applied, we conclude that the assumptions used in the impairment calculations are reasonable and within an acceptable range. Furthermore, the sensitivity of the impairment test to changes in the most critical assumptions used are appropriately disclosed in Note 18 to the consolidated financial statements.

the COVID-19 pandemic is adding some level of uncertainty to the projection of future operating cash flows, eventhough the portfolio has proven to be rather robust and not overly sensitive to the results of the pandemic thus far.

KEY AUDIT MATTER DESCRIPTION	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT AND OUR OBSERVATION
Business Combinations – Refer to note 7 to the financial statements IMCD completed multiple business acquisitions throughout the year. Most substantial were the acquisitions of Andes Chemical (and acquired related subsidiaries), Materias Químicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia on respectively May 18, 2021, August 19, 2021 and December 22, 2021. IFRS 3 requires management to apply judgement and use assumptions in determining the fair value of identified assets and liabilities and to determine the resulting goodwill to be recognized. Following the acquisition of businesses in 2021 goodwill and other intangibles increased by EUR 158 million and EUR 60 million respectively. We identified the allocation of the purchase price and the valuation of these assets to be an audit area of focus considering the amounts involved, prevailing uncertainties in global economies and the extent of management judgement involved to estimate the fair values of assets and assumptions such as the discount rate and (terminal) growth rate.	The Management Board of IMCD engaged valuation experts to assist them in the purchase price allocation for the acquisition of Andes Chemical (and acquired related subsidiaries), Materias Químicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia. As part of our audit, we obtained an understanding of management's process and controls over the assessment of key assumptions used in the purchase price allocation and data and outputs used by the valuation expert. Furthermore, we performed more substantive audit procedures on the purchase price allocation in line with IFRS 3. We inspected the Share Purchase Agreement and other relevant legal documents, evaluated management's identification of assets and liabilities acquired, tested the reliability of data used and challenged management's key assumptions in determining the fair value of the supplier relations. We engaged Deloitte valuation experts to assist us in assessing the appropriateness of the models used, benchmarking certain assumptions (including cash flow projections) and evaluating the appropriateness of discount rates applied. In addition, we validated the appropriateness and completeness of disclosures related to IMCD's acquisitions, as included in Note 7 to the consolidated financial statements. **Key observations** Based on our materiality and procedures performed and in the context of the audit of the consolidated financial statements as a whole, we observed that IFRS 3 requirements regarding recognition and valuation of assets and liabilities were met in the purchase price allocation of Andes Chemical (and acquired related subsidiaries), Materias Químicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia and are appropriately disclosed in Note 7 to the consolidated financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:
- Report of the Management Board.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information included in the Annual Report.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

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By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Supervisory Board as auditor of IMCD N.V. on June 22, 2021, for the audit for the year 2021. Since 2016, we have operated as statutory auditor.

European Single Electronic Format ("ESEF")

In the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format is regulated that the Annual Report of the Company has to be prepared in a single electronic reporting format ("ESEF"). The requirements to be met are set out in the aforementioned delegated regulation (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the Annual Report made up in XHTML format, including the partly tagged Consolidated Financial Statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a reporting package. Ourresponsibility is to obtain reasonable assurance for our conclusion whether the Annual Report in this reporting package, is in accordance with the requirements. We have taken into consideration what is stated in Alert 43. Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications; and

Examining the information related to the Consolidated Financial Statements in the reporting package to determine whether all required tagging has been applied and whether they are in accordance with the RTS on ESEF.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of Management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 24, 2022

Deloitte Accountants B.V.

C. Brinkhorst

Other information not forming part of the financial statements

Ten-year summary

EUR MILLION	2021	2020[1]	2019	2018	2017	2016	2015	2014	2013	2012
RESULTS										
Revenue	3,435.3	2,774.9	2,689.6	2,379.1	1,907.4	1,714.5	1,529.8	1,358.3	1,233.4	1,116.6
Year on year revenue growth	24%	3%	13%	25%	11%	12%	13%	10%	10%	9%
Gross profit	836.3	647.5	599.3	536.1	428.7	381.6	332.8	287.6	261.3	237.9
Gross profit as a % of revenue	24.3%	23.3%	22.3%	22.5%	22.5%	22.3%	21.8%	21.2%	21.2%	21.3%
Result from operating activities	305.5	190.4	176.1	162.6	125.2	107.5	91.2	82.4	73.4	69.7
Operating EBITDA[2]	401.0	268.8	246.8	207.5	166.0	152.1	131.8	112.7	99.0	92.0
Operating EBITA[3]	373.6	243.2	224.8	202.1	161.7	147.8	128.3	110.0	96.6	90.2
Year on year Operating EBITA growth	54%	8%	11%	25%	9%	15%	17%	14%	7%	6%
Operating EBITA as a % of revenue	10.9%	8.8%	8.4%	8.5%	8.5%	8.6%	8.4%	8.1%	7.8%	8.1%
Conversion margin[4]	44.7%	37.6%	37.5%	37.7%	37.7%	38.7%	38.5%	38.2%	37.0%	37.9%
Net result before amortisation / non-recurring items	267.7	168.3	156.2	139.7	110.1	102.6	87.2	54.3	13.1	(0.7)
CASH FLOW										
Free cash flow[5]	278.9	277.4	222.2	166.5	161.3	140.4	119.3	94.6	80.5	86.5
Cash conversion margin[6]	72.6%	109.4%	97.4%	79.3%	97.2%	92.3%	90.5%	83.9%	81.3%	94.0%
BALANCE SHEET										
Working capital	612.5	443.7	435.9	399.8	314.3	248.4	227.8	179.7	150.7	121.0
Total equity	1,461.4	1,252.4	866.5	786.3	729.2	722.1	653.8	530.8	(67.1)	(49.7)
Net debt	940.0	727.0	735.2	610.7	490.0	397.6	437.5	266.6	823.5	724.6
Net debt/operating EBITDA ratio[7]	2.3	2.3	2.8	2.8	2.8	2.6	2.9	2.4	8.3	7.9
EMPLOYEES										
Number of full time employees end of period	3,740	3,298	2,991	2,799	2,265	1,863	1,746	1,512	1,452	1,108
SHARES										
Number of shares issued at year-end (x 1,000)	56,988	56,988	52,592	52,592	52,592	52,592	52,592	50,000		
Weighted average number of shares (x 1,000)	56,940	53,750	52,475	52,443	52,425	52,477	51,612	25,118		
Earnings per share	3.64	2.24	2.06	1.91	1.47	1.39	1.20	0.8		
Cash earnings per share[8]	4.64	3.03	2.85	2.53	2.06	2.01	1.79	1.4		
(Proposed) dividend per share	1.62	1.02	0.90	0.80	0.62	0.55	0.44	0.2		

1 The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

2 Result from operating activities before depreciation of tangible assets and amortisation of intangible assets and non-recurring items

3 Result from operating activities before amortisation of intangibles and non-recurring items

4 Operating EBITA as percentage of gross profit

5 Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures

6 Free cash flow as percentage of adjusted operating EBITDA (operating EBITDA plus non-cash share-based payment costs minus lease payments); before 2018 calculated as free cash flow as percentage of operating EBITDA

7 Including full year impact of acquisitions

8 Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares

Colophon

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