BASF Pharma (Callanish) Limited

Directors' Report and Financial Statements

Registered Number 5507387

for the Year Ended 31 December 2025

Contents

Strategic Report for the Year Ended 31 December 2025

The directors present their strategic report for the year ended 31 December 2025.

Principal activity
The principal activity of the company is the commercial manufacture and supply of Active Pharmaceutical Ingredients. The company's core capability is purification and enrichment of omega-3 and omega-6 long chain fatty acids including analytical and stability testing.

Fair review of the business
BASF Pharma (Callanish) Ltd is a leading company in the Omega 3 Active Pharmaceutical Ingredient (API) supply market and also has a presence in the high concentrates (61%-80%), Omega 3 Nutrition and Clinical Nutrition markets. The company continues with the development of the proprietary chromatographic separation methods and is actively executing R&D and Capital Investment projects to continuously improve its technology advancement. 2025 saw a recovery of sales performance due to increased API demand alongside an expansion into new products and new markets by the company. The market recovery and sales performance is expected to further improve in 2026.

The company made an operating loss of £9,449,000 (2024:loss of £7,444,000). Gross margins were impacted by sales prices which are affected by global market conditions, the development of raw material prices and product mix effects of new product lines. In addition 2025 saw increased distribution costs and research & development expenditure.

Key performance indicators

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

KPIs	**Unit**	**2025**	**2024**
Turnover	£000s	14,618	11,507
Headcount	No.	72	74
Energy Intensity ratio	tCO2e	16	20

The energy Intensity Ration is calculated by tCO2e per tonne of production. Full details are disclosed on pages 6 and 7.

Strategic Report for the Year Ended 31 December 2025

Section 172(1) statement
The Directors confirm that they have acted in good faith in the way they consider what would be most likely to promote the success of the Company for the benefit of its members. In doing so they have considered, among other matters, those set out in section 172(1) (a) to (f) of the Companies Act 2006: the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company. This statement applies equally to the Directors individually and when acting collectively as the Board.

In discharging their duties in relation to section 172 (1), careful consideration is given to the matters set out above. The stakeholders we consider in this regard are primarily employees, suppliers and customers, the communities we operate in, the wider world and environment.

Engagement with our shareholders and all stakeholders is of fundamental importance across the business and the Directors are focused on building these relationships on a continuous basis.

Communities
The company continues to engage in corporate citizenship with a focus on contributing to its local community, including running events such as our Science Xperience for local schools on the Island. The company has an established Societal Engagement Ambassadors Group who coordinate volunteer work, raising money for charity and many other opportunities to interact with communities surrounding our site.

Environment
A key objective is to minimise our environmental footprint. We will continue to strive to achieve our goal during the financial year 2026 by improving process efficiencies and reducing energy consumption. For details of the company's management and control of emissions please refer Streamlined Energy & Carbon Reporting within the Directors' Report.

Shareholders
The Directors regularly engage with our shareholders and feedback matters discussed to senior management.

Engagement with employees
Our people are critical to the success of our company, and we are continuing to invest in making the company a better place to work and become an employer of choice. Our continuing development digitally allows internal social media (Viva Engage and Teams) to be part of our monitoring and listening activities and regular colleague surveys are undertaken including staff awareness and mental health which lead to targeted interventions from communications which have included stress and menopause workshops. Diversity and inclusion themes are critically important topics and through employee-led working groups we are supporting greater awareness and a more inclusive culture.

Engagement with suppliers, customers and other relationships
During the year ended 31 December 2025, we engaged and worked closely with our customers and suppliers. We will continue to develop our engagement with partners and customers during the financial year 2026. The company is committed to paying suppliers promptly and has established a Vendor Inquiry Management portal to support communication and interaction with suppliers.

Strategic Report for the Year Ended 31 December 2025

Environmental matters
BASF use efficient processes while simultaneously protecting the environment, since we consume less resources as well as reducing emissions and waste.

New technologies for energy production and energy distribution are continuously being tested and evaluated to achieve an increase in the energy efficiency of our sites.

Social and community issues
BASF has ambitious environmental, health and safety goals. The company wants to increase its energy efficiency - defined as the amount of sales products in relation to the primary energy and to reduce greenhouse gas emissions per ton of sales product.

Throughout the BASF Group, across all regions, divisions, and sites, safety is our core value at BASF and is never compromised on.

Strategic Report for the Year Ended 31 December 2025

Risks and uncertainties

The board of directors have identified the following risks and uncertainties as those which could have a significant impact on the performance of the company going forward:

- Raw material and energy costs are prone to increase and the company makes all efforts to pass onto the customer. Dependent on the market, selling price increases cannot always be attained.

- Inherent risks in BASF products of obsolescence due to general market trends or competitors developing technically superior products and also the risk of a major incident involving a leak and contamination.

- Risk of significant changes in currency exchange rates. The company maintains constant management review of foreign exchange exposure and the group's policy is to hedge these risks using forward exchange contracts which are entered into by BASF Societas Europaea.

- The company is exposed to the risk of fluctuating future market demand, which may be influenced by changes in consumer preferences, economic conditions, competitive pressures, and technological advancements. A sustained decline in demand for the company's core products could further negatively impact revenues, profitability, and operational efficiency. To mitigate this risk the company looks to increase flexibility in operational and strategic planning.

- The company is exposed to risks arising from geopolitical uncertainty, including the potential escalation of conflict involving Iran. Such developments may adversely affect global economic conditions, disrupt supply chains, and contribute to volatility in energy prices and foreign exchange markets. These factors could increase operating costs and impact customer demand. The company seeks to mitigate this exposure to energy prices through energy efficiency initiatives, fixed-price contracts where possible, and careful supplier selection.

Tariffs, duty, rules of origin, logistics processes and the machinations of Government are all under continual scrutiny.

In the current volatile political climate BASF have teams aligned, closely monitoring the situation to ensure we understand when any action needs to be prepared for or taken.

Approved by the Board on 17 July 2026 and signed on its behalf by:

Timothy Holstein (Jul 17, 2026 14:52:19 GMT+1)

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T Holstein
Director

Directors' Report for the Year Ended 31 December 2025

The directors present their report and the financial statements for the year ended 31 December 2025.

Directors of the company
The directors who held office during the year and up to the date of the report were as follows:

T Birk (ceased 1 April 2025)

T Holstein

A Taplick

D Budd (appointed 1 April 2025 and ceased 17 April 2026)

E M Schweitzer (appointed 1 June 2025)

The following director was appointed after the year end:

L Kelly (appointed 15 July 2026)

Dividends
The directors are unable to recommend the payment of a dividend (2024: £nil).

Financial instruments

Objectives and policies

The company primarily finances its operations using borrowings, cash and liquid resources, debtors and creditors, debt and equity. These financial instruments all arise in the normal course of the company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

The company does not engage in speculative activities using derivative financial instruments. Company cash reserves are pooled and managed centrally in order to ensure the best returns. The majority of borrowings is also within the BASF group, which results in lower financial costs.

Interest rate risk, liquidity risk and exchange risk are managed at a group level via a combination of BASF Services Europe GmbH and BASF SE, the company's ultimate parent. This reduces significantly the exposure of BASF Pharma (Callanish) Limited to movements in the market.

Employment of disabled persons
The company gives full and fair consideration to employment applications from disabled persons, having regard to the aptitudes and abilities of the applicant and the nature of work involved. The company uses all reasonable endeavours to provide continued and any necessary retraining to any employees becoming disabled during employment, and to give all employees equal opportunities for training, career development and promotion.

Employee involvement
Employee involvement and consultation is managed in a number of ways. The process of team briefings by line managers continues to be an important basis for ensuring good internal communications. These arrangements also promote a common awareness amongst the employees of the financial and economic factors affecting the performance of their segments and the business. This is supplemented by both segmental and company-wide publications and an intranet.

Directors' Report for the Year Ended 31 December 2025

Information included in the Strategic Report
The principal activity, business performance and principal risks and uncertainties are set out in the Strategic Report on pages 1 to 3 and are included in this report by cross reference.

Directors' Indemnities
The Company has purchased and maintained throughout the financial year Directors’ and Officers’ liability insurance in respect of itself and its Directors, subject to the conditions set out in section 236 of the Companies Act 2006.

Research and development
The company incurred £337,000 of expense in the year ended 31 December 2025 on research and development (2024: £1,000).

Going concern
The accounts have been prepared on a going concern basis as disclosed in note 2, included in this report by cross reference.

Future developments
The company is a leader in the omega 3 active pharmaceutical ingredient supply market and remains optimistic about the long term outlook for omega 3 products, as such the company expects increased demand in the future coming from it's core market as well as alternative related revenue streams.

Streamlined Energy & Carbon Reporting

Emissions and energy consumption

The information presented below shows the company's emissions across Scopes 1 and 2 along with its energy use and an appropriate intensity ratio in line with the UK Government Streamlined Energy and Carbon Reporting (SECR) requirements. Factors used in the calculation of emissions are per the Government greenhouse gas conversion factors for company reporting (Government conversion factors for company reporting of greenhouse gas emissions- GOV UK (www.gov.uk)).

Scope 1 covers emissions from the direct combustion of burning oil, consumption data is captured from delivery notes.
Scope 2 covers emissions from electricity purchased for own use, consumption data is captured from supplier billing.
The company had no material scope 3 emissions which are required to be disclosed.

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 31 December 2025:

Name and description	Unit of measurement	2025	2024
Burning oil	tCO2e	4,207	2,648

Directors' Report for the Year Ended 31 December 2025

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 December 2025:

Name and description	Unit of measurement	2025	2024
Electricity	tCO_2e	521	477

Summary of energy consumption for the year ended 31 December 2025:

Name and description	Unit of measurement	2025	2024
Burning oil	kWh	17,046,411	10,729,649
Electricity	kWh	2,942,065	2,301,587
		19,988,476	13,031,236

Intensity ratio

	2025	2024	2023	2022	2021
tCO_2e per tonne of production	16.00	20.00	23.00	21.00	31.00

Emissions increased in absolute terms by 51% (2024 reduced by 21%) but decreased by 22% (2024 by 11%) in relation to production output intensity due to increased plant utilisation during 2025 offset by efficiency measures detailed below.

During 2025, the energy management team (EMT) successfully implemented several energy-saving projects aimed at reducing electricity consumption on the steam and nitrogen generation systems. This included the installation of variable speed drives, enhancements to the nitrogen generation control system, and optimizing the overall site consumption.

Implementation of the Energy Efficiency Opportunity Scheme (ESOS) phase 3 plan is on track at the halfway stage. The site has voluntarily participated in the UK Government's Climate Change Agreement (CCA) for 10 years and successfully applied for the new CCA3 scheme effective from 1st January 2026.

The company has a number of regulatory levers to optimise energy efficiency, namely:
• Pollution Prevention and Control (PPC) permit regulated by the Scottish Environmental Protection Agency (SEPA) which requires regular assessment and review of resource and waste utlilisation.
• Climate Change Agreement (CCA) administered by the Environment Agency (EA) where a voluntary agreement is in place to reduce energy consumption in return for rebates on environmental levies.

Directors' Report for the Year Ended 31 December 2025

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:
so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditor

The auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 17 July 2026 and signed on its behalf by:

Timothy Holstein (Jul 17, 2026 14:52:19 GMT+1)

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T Holstein
Director

4th and 5th Floor
2 Stockport Exchange
Railway Road
Stockport
SK1 3GG
England

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of BASF Pharma (Callanish) Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of BASF Pharma (Callanish) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Independent auditor's report to the members of BASF Pharma (Callanish) Limited (continued)

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

Independent auditor's report to the members of BASF Pharma (Callanish) Limited (continued)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

Independent auditor's report to the members of BASF Pharma (Callanish) Limited (continued)

We have nothing to report in respect of these matters.

Use of our report

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

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Douglas King FCA
For and on behalf of Deloitte LLP
Statutory Auditor
100 Embankment
Cathedral Approach
Manchester
M3 7FB

Date: 17/07/26

Profit and Loss Account for the Year Ended 31 December 2025

	Note	2025 £ 000	2024 £ 000
Turnover	3	14,618	11,507
Cost of sales		(22,801)	(18,144)
Gross loss		(8,183)	(6,637)
Distribution costs		(772)	(666)
Administrative expenses		(918)	(323)
Other operating income		424	182
Operating loss	4	(9,449)	(7,444)
Other interest receivable and similar income	5	46	37
Interest payable and similar charges	6	(4,062)	(4,398)
		(4,016)	(4,361)
Loss before tax		(13,465)	(11,805)
Taxation	10	3,336	2,977
Loss for the financial year		(10,129)	(8,828)

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Statement of Comprehensive Income for the Year Ended 31 December 2025

	Note	2025 £ 000	2024 £ 000
Loss for the year		(10,129)	(8,828)
Total comprehensive income for the year		(10,129)	(8,828)

The notes on pages 18 to 32 form an integral part of these financial statements.

Balance Sheet as at 31 December 2025

	Note	2025 £ 000	2024 £ 000
Fixed assets			
Intangible assets	11	648	689
Tangible assets	12	9,039	9,597
		9,687	10,286
Current assets			
Stocks	13	3,683	7,254
Debtors falling due within one year	14	8,101	8,151
Debtors falling due after more than one year	15	-	220
		11,784	15,625
Creditors: Amounts falling due within one year	16	(9,217)	(28,739)
Net current assets/(liabilities)		2,567	(13,114)
Total assets less current liabilities		12,254	(2,828)
Creditors: Amounts falling due after more than one year	16	(75,000)	(50,000)
Provisions for liabilities	17	(211)	-
Net liabilities		(62,957)	(52,828)
Capital and reserves			
Called up share capital	19	20,000	20,000
Profit and loss account		(82,957)	(72,828)
Total equity		(62,957)	(52,828)

Approved and authorised by the Board on 17 July 2026 and signed on its behalf by:

Timothy Holstein (Jul 17, 2026 14:52:19 GMT+1)

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T Holstein
Director

Statement of Changes in Equity for the Year Ended 31 December 2025

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2024	20,000	(64,000)	(44,000)
Loss for the year	-	(8,828)	(8,828)
Total comprehensive income	-	(8,828)	(8,828)
At 31 December 2024	20,000	(72,828)	(52,828)

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2025	20,000	(72,828)	(52,828)
Loss for the year	-	(10,129)	(10,129)
Total comprehensive income	-	(10,129)	(10,129)
At 31 December 2025	20,000	(82,957)	(62,957)

Notes to the Financial Statements for the Year Ended 31 December 2025

1 General information

The company is a private company limited by share capital, incorporated in England. The company's registered office is 4th and 5th Floor 2 Stockport Exchange, Railway Road, Stockport, SK1 3GG.

2 Accounting policies

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

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions
The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

• Cash Flow Statement and related notes
• Financial instruments; and
• Related Party Transactions

The financial statements of BASF SE may be obtained from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

Notes to the Financial Statements for the Year Ended 31 December 2025

2 Accounting policies (continued)

Going concern
Notwithstanding net liabilities of £63m as at 31 December 2025 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company meets its day to day working capital requirements from operational cash flows, intercompany loan and trading balances with the group headed by BASF SE, the ultimate parent company.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base case and reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the 13 month period ending 17th August 2027, the going concern assessment period. This assessment is dependent on its fellow subsidiary company, BASF Ireland DAC not seeking repayment of the amounts currently due to the group, which at 31 December 2025 amounted to £75.3m.

BASF Ireland DAC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due to the group during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.
The company is part of the group's cash concentration agreement. At the end of each day cash is swept into (or overdrafts paid out of) a group bank account. The balance in that account is accessible by all members of the agreement, including the company. Therefore, the company is reliant on cash being available under the cash concentration agreement when it is required to settle its liabilities in the normal course of business (which is expected to be the case) or would have access to cash generated by other group companies if required (but the current forecasts show that this will not be required, even in the severe but plausible scenario). The company has £2.6m net current assets at the end of the current financial period 2025, including an inter-company payable from the group under the cash concentration agreement of £5.5m. As at 30 June 2026 the cash concentration balance was a payable balance of £14.5m. The BASF group has continued to generate positive EBITDA and EBIT before special item results and has remained cash generative.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical judgements
In the course of preparing the financial statements, no critical accounting judgements have been made.

Key sources of estimation uncertainty
The company makes estimates and assumptions concerning the future. The company believes there were no key sources of estimation uncertainty that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements for the Year Ended 31 December 2025

2 Accounting policies (continued)

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:
• The amount of revenue can be reliably measured;
• it is probable that future economic benefits will flow to the entity;
• and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances
Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Tax
Tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is measured at the rate that is expected to apply to the reversal of the related difference, using tax rates that have been enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable.

Tangible assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Notes to the Financial Statements for the Year Ended 31 December 2025

2 Accounting policies (continued)

Depreciation
Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Asset class	Depreciation rate
Leasehold improvements	life of lease
Plant and machinery	10% - 33.3% per annum
Fixtures, fittings, tools and equipment	10% - 20% per annum

No depreciation is provided on assets in the course of construction.

Intangible assets
Separately acquired trademarks and licences are shown at historical cost.

Trademarks, patents and licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation rate
Trademarks, patents and licences	20 years

No amortisation is provided on patents pending approval, once granted assets are reclassified to trademarks, patents and licences and amortised over the life of the patent.

Trade debtors
Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

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

Notes to the Financial Statements for the Year Ended 31 December 2025

2 Accounting policies (continued)

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings
Interest-bearing borrowings are classified as basic financial instruments are recognised initially at fair value, less transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
Employer contributions to the defined contribution pension scheme are charged to the profit and loss account as they arise.

Notes to the Financial Statements for the Year Ended 31 December 2025

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2025 £ 000	2024 £ 000
Sale of goods	14,618	11,507

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

	2025 £ 000	2024 £ 000
UK	27	47
Europe	2,814	764
Rest of world	11,777	10,696
	14,618	11,507

4 Operating loss

Arrived at after charging/(crediting)

	2025 £ 000	2024 £ 000
Depreciation expense	1,292	1,099
Amortisation expense	50	51
Research and development expense	337	1
Operating lease expense - property	217	183
Operating lease expense - plant and machinery	49	44

5 Other interest receivable and similar income

	2025 £ 000	2024 £ 000
Other interest receivable	2	-
Receivable from group undertakings	-	18
Foreign exchange gains	44	19
	46	37

Notes to the Financial Statements for the Year Ended 31 December 2025

6 Interest payable and similar charges

	2025 £ 000	2024 £ 000
Interest payable to group undertakings	4,062	4,398

7 Staff costs

The aggregate payroll costs were as follows:

	2025 £ 000	2024 £ 000
Wages and salaries	3,347	3,203
Social security costs	446	381
Pension costs, defined contribution scheme	519	511
	4,312	4,095

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

	2025 No.	2024 No.
Production	68	70
Sales, marketing, distribution, research and administration	4	4
	72	74

8 Directors' remuneration

The UK based directors of the company are employed by fellow subsidiary BASF plc & the overseas based directors are employed by BASF SE. None of the directors take any remuneration from the company. Their services are incidental to their wider role in the BASF Group and remuneration is not allocated by entity.

Notes to the Financial Statements for the Year Ended 31 December 2025

9 Auditor's remuneration

	2025 £ 000	2024 £ 000
Audit of the financial statements	66	64

10 Taxation

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

	2025 £ 000	2024 £ 000
Current taxation		
UK corporation tax	(3,743)	(3,253)
UK corporation tax adjustment to prior periods	(25)	(49)
	(3,768)	(3,302)
Deferred taxation		
Arising from origination and reversal of timing differences	432	325
Tax receipt in the profit and loss account	(3,336)	(2,977)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2024 - higher than the standard rate of corporation tax in the UK) of 25% (2024 - 25%).

The differences are reconciled below:

	2025 £ 000	2024 £ 000
Loss before tax	(13,465)	(11,805)
Corporation tax at standard rate	(3,366)	(2,951)
Decrease in UK and foreign current tax from adjustment for prior periods	(25)	(49)
Effect of expense not deductible in determining taxable profit (tax loss)	26	24
Deferred tax expense from unrecognised temporary difference from a prior period	135	44
Tax decrease from effect of adjustment in research and development tax credit	(106)	(45)
Total tax credit	(3,336)	(2,977)

Notes to the Financial Statements for the Year Ended 31 December 2025

10 Taxation (continued)

Deferred tax has been recognised at the rate of 25%.

BASF Pharma (Callanish) Limited falls within the scope of the OECD Pillar two model rules. The relevant Pillar Two legislation was enacted in the UK and is applicable from the fiscal year beginning 1 January 2024.

BASF Pharma (Callanish) Limited also applies the exception in FRS 102 whereby no deferred tax assets or liabilities are recognised in connection with Pillar Two income taxes under the OECD Model rules; nor are any disclosures made on the matter.

Deferred tax

Deferred tax assets and liabilities

2025	**Asset £ 000**	**Liability £ 000**
Temporary Differences	-	211
	-	211

2024	**Asset £ 000**	**Liability £ 000**
Temporary Differences	220	-
	220	-

There are £1,946,000 of unused tax losses for which no deferred tax asset is recognised on the balance sheet. At the balance sheet date it is not considered probable that sufficient taxable profits will arise against which these may be utilised in the foreseeable future. These tax losses have no expiry date.

Notes to the Financial Statements for the Year Ended 31 December 2025

11 Intangible assets

	Trademarks, patents and licences £ 000	Patents Pending Approval £ 000	Total £ 000
Cost or valuation			
At 1 January 2025	1,005	24	1,029
Additions acquired separately	-	9	9
At 31 December 2025	1,005	33	1,038
Amortisation			
At 1 January 2025	340	-	340
Amortisation charge	50	-	50
At 31 December 2025	390	-	390
Carrying amount			
At 31 December 2025	615	33	648
At 31 December 2024	665	24	689

Notes to the Financial Statements for the Year Ended 31 December 2025

12 Tangible assets

	Leasehold improvements £ 000	Assets in the course of construction £ 000	Plant and machinery, fixtures, fittings and equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2025	2,310	1,105	43,566	46,981
Additions	13	431	298	742
Disposals	-	-	(12)	(12)
Transfers	37	(855)	818	-
At 31 December 2025	2,360	681	44,670	47,711
Depreciation				
At 1 January 2025	1,121	7	36,256	37,384
Charge for the year	97	-	1,195	1,292
Eliminated on disposal	-	-	(4)	(4)
Transfers	-	(7)	7	-
At 31 December 2025	1,218	-	37,454	38,672
Carrying amount				
At 31 December 2025	1,142	681	7,216	9,039
At 31 December 2024	1,189	1,098	7,310	9,597

13 Stocks

	2025 £ 000	2024 £ 000
Raw materials and consumables	1,374	117
Merchandise	2,309	7,137
	3,683	7,254

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £22,163,000 (2024: £18,232,000). The write-down of stocks to net realisable value amounted to £638,000 (2024: £88,000 reversal of write-down).

Notes to the Financial Statements for the Year Ended 31 December 2025

14 Debtors falling due within one year

Current	Note	2025 £ 000	2024 £ 000
Trade debtors		888	22
Amounts owed by group undertakings	22	2,435	4,327
Other debtors		261	-
Prepayments		87	180
Corporation tax		4,430	3,622
		8,101	8,151

15 Debtors falling due after more than one year

	Note	2025 £ 000	2024 £ 000
Deferred tax assets	10	-	220

16 Creditors

	Note	2025 £ 000	2024 £ 000
Due within one year			
Loans and borrowings from other group undertakings	20	371	20,409
Trade creditors		1,415	569
Amounts owed to group undertakings	22	6,993	7,260
Social security and other taxes		95	83
Other creditors		9	238
Accrued expenses		334	180
		9,217	28,739
Due after one year			
Loans and borrowings from other group undertakings	20	75,000	50,000

Included in amounts owed to group undertakings is an interest bearing payable balance of £5,458,000 (2024: £6,715,000) under the cash concentration agreement. Interest is calculated daily with interest rates fluctuating in line with market rates.

Notes to the Financial Statements for the Year Ended 31 December 2025

17 Deferred tax provision

	Deferred tax £ 000	Total £ 000
At 1 January 2025	-	-
Additional provisions	211	211
At 31 December 2025	211	211

The increase in the deferred tax provision relates to origination and reversal of timing differences and is included in the result for the year (note 10).

18 Pension obligations

The employees of the company participate in the Defined Contribution section of the BASF (UK) Group Pension Scheme. Information about the plan as a whole can be obtained from the BASF Plc financial statements.

The pension cost shown in note 7 of £518,756 (2024: £510,688) represents the contribution payable by the Company to the fund. Contributions due to the fund are paid in over in the month of deduction from the payroll, so at the balance sheet date contributions of £nil are outstanding (2024: £nil).

19 Share capital

Allotted, called up and fully paid shares

	2025		2024	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	20,000	20,000	20,000	20,000

20 Loans and borrowings from other group undertakings

	2025 £ 000	2024 £ 000
Non-current loans and borrowings		
Loans from other group undertakings	75,000	50,000

	2025 £ 000	2024 £ 000
Current loans and borrowings		
Loans from other group undertakings	371	20,409

Notes to the Financial Statements for the Year Ended 31 December 2025

20 Loans and borrowings from other group undertakings (continued)

The amounts payable to group undertakings are owed to BASF Ireland DAC, a fellow wholly owned subsidiary of BASF SE.

Current loans and borrowings consists of interest payable as at 31 December 2025 on the two long term loans detailed below. The prior year balance included a loan for £20,000,000 which matured on 24 February 2025. The interest rate on the loan at the prior year end was 5.59%.

Included in non-current loans and borrowings is a long term loan for £50,000,000 that was entered into on 24 November 2024 with maturity date of 31 December 2027. The interest rate on the loan at the year end was 4.84% (2024: 5.69%). Also included in non-current loans and borrowings is a long term loan for £25,000,000 that was entered into on 24 February 2025 with maturity date of 31 December 2027. The interest rate on the loan at the year end was 4.58%.

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2025 £ 000	2024 £ 000
Not later than one year	251	231
Later than one year and not later than five years	914	801
Later than five years	1,863	836
	3,028	1,868

The amount of non-cancellable operating lease payments recognised as an expense during the year was £266,000 (2024 - £227,000).

22 Related party transactions

All material transactions with related parties during the current and prior year have been with the company's immediate parent, fellow subsidiaries and other group undertakings. As such, the company has taken advantage of the exemption allowed under FRS 102.33.1A not to disclose such transaction. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

Notes to the Financial Statements for the Year Ended 31 December 2025

23 Parent and ultimate parent undertaking

The company's immediate parent is BASF Pharma Belgium BV, incorporated in Belgium.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

BASF SE is the largest and smallest group preparing consolidated group financial statements.

The ultimate controlling party is BASF Societas Europaea.