
PQ Europe ApS

c/o Alhambra Trust Services, Alhambravej 3, DK-
1826 Frederiksberg C

Annual Report for 1 January - 31 December 2020

CVR No 25 13 10 53

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/6 2021

Theodorus Johannes
Cornelis Arts
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of PQ Europe ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 18 June 2021

Executive Board

Theodorus Johannes Cornelis Arts

Board of Directors

Theodorus Johannes Cornelis Arts
Chairman

Pieter Herman Harm Waalkens

Joseph Steven Koscinski

Independent Auditor's Report

To the Shareholder of PQ Europe ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of PQ Europe ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

In preparing the Financial Statements, Management is 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements 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.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 18 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant

mne30221

Company Information

The Company

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c/o Alhambra Trust Services
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DK-1826 Frederiksberg C

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Facsimile: + 45 70 27 87 89

CVR No: 25 13 10 53
Financial period: 1 January - 31 December
Municipality of reg. office: Frederiksberg

Board of Directors

Theodorus Johannes Cornelis Arts, Chairman
Pieter Herman Harm Waalkens
Joseph Steven Koscinski

Executive Board

Theodorus Johannes Cornelis Arts

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Bruun & Hjejle
Nørregade 21
DK-1165 København K

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2020</u> TUSD	<u>2019</u> TUSD	<u>2018</u> TUSD	<u>2017</u> TUSD	<u>2016</u> TUSD
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	31.746	7.239	13.020	4.933	7.236
Net financials	196	-22	25	793	-170
Net profit/loss for the year	31.137	7.053	12.826	5.526	6.835
Balance sheet					
Balance sheet total	189.716	182.881	183.000	183.054	182.644
Equity	189.680	182.853	182.959	182.997	182.592
Ratios					
Return on assets	16,7%	4,0%	7,1%	2,7%	4,0%
Solvency ratio	100,0%	100,0%	100,0%	100,0%	100,0%
Return on equity	16,7%	3,9%	7,0%	3,0%	3,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The main activity of the Company is holding shares in other companies, which are capital investments and moreover administering the Company's capital. The underlying operating companies produce and distribute inorganic specialty chemicals.

Development in the year

The income statement of the Company for 2020 shows a profit of TUSD 31,137, and at 31 December 2020 the balance sheet of the Company shows equity of TUSD 189,680.

The profit for the year is equivalent to the expected profit and is considered satisfactory.

Capital resources

The vast majority of capital required to fund this Company is generated from operating activities. Likewise, debt balances are minimal and are not expected to increase substantially in the near term.

Special risks - operating risks and financial risks

Operating risks

Significant variations in the costs, quality and availability of raw materials and energy may negatively affect the results of the subsidiaries operations.

Market risks

Some of the markets in which the Group operates are highly competitive, and this competition could harm business, results of operations, cash flows and financial condition.

Foreign exchange risks

As a result of the Group's international operations, a significant portion of sales are incurred in currencies denominated in amounts other than the functional currency of the selling subsidiary. To the extent the operating company is unable to match sales received in foreign currencies with costs paid in the same currency, exchange rate fluctuations could have a negative impact on the financial condition, results of operations or cash flows.

Interest rate risks

Due to the Company's low levels of debt and minimal reliance on borrowed funds, the interest rate risks are not considered to be substantial.

Management's Review

Credit risks

The Group actively manages its credit risks and generally does not rely on any small group of customers to generate its revenue. The diverse end-markets and large number of customers reduces exposure to any single market or customer and minimizes the impact of economic cycles on our financial results.

Strategy and objectives

Strategy

The Group intends to follow a similar business strategy as in prior years with no significant changes.

Targets and expectations for the year ahead

The Group expects to generate stable unit volume growth in sales and operating results.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

The Company was confronted with the outbreak of COVID-19 (Corona virus). The company is following the authority's recommendations and has not faced any restrictions and/or difficulties in fulfilling its key activities of holding shares in other companies. The effects of COVID-19 on the companies underlying operating businesses are hard to estimate.

Income Statement 1 January - 31 December

	Note	2020 TUSD	2019 TUSD
Income from investments in subsidiaries	1	31.784	7.275
Other external expenses		-38	-36
Gross profit/loss		31.746	7.239
Profit/loss before financial income and expenses		31.746	7.239
Other financial income	2	313	290
Other financial expenses		-117	-312
Profit/loss before tax		31.942	7.217
Tax on profit/loss for the year	3	-805	-164
Net profit/loss for the year		31.137	7.053

Balance Sheet 31 December

Assets

	Note	2020 TUSD	2019 TUSD
Investments in subsidiaries	4	185.397	177.927
Fixed asset investments		185.397	177.927
Fixed assets		185.397	177.927
Receivables from group enterprises		3.569	0
Other receivables		2	2
Deferred tax asset	5	0	20
Receivables		3.571	22
Cash at bank and in hand		748	4.932
Currents assets		4.319	4.954
Assets		189.716	182.881

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TUSD	2019 TUSD
Share capital		52	52
Retained earnings		189.628	182.801
Equity	6	189.680	182.853
Corporation tax		12	0
Other payables		24	28
Short-term debt		36	28
Debt		36	28
Liabilities and equity		189.716	182.881
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		
Subsequent events	10		
Accounting Policies	11		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TUSD	TUSD	TUSD
Equity at 1 January	52	182.801	182.853
Extraordinary dividend paid	0	-42.298	-42.298
Contribution from group	0	17.988	17.988
Net profit/loss for the year	0	31.137	31.137
Equity at 31 December	52	189.628	189.680

Notes to the Financial Statements

	2020	2019
	TUSD	TUSD
1 Income from investments in subsidiaries		
Loss on sale of subsidiaries	-13.910	0
Dividend	45.694	7.275
	<u>31.784</u>	<u>7.275</u>
2 Other financial income		
Interest received from group enterprises	0	71
Other financial income	313	219
	<u>313</u>	<u>290</u>
3 Tax on profit/loss for the year		
Current tax for the year including withholding tax	785	182
Deferred tax for the year	20	-18
	<u>805</u>	<u>164</u>

Notes to the Financial Statements

	2020	2019
	TUSD	TUSD
4 Investments in subsidiaries		
Cost at 1 January	190.350	190.350
Additions for the year	25.459	0
Disposals for the year	-24.779	0
Cost at 31 December	<u>191.030</u>	<u>190.350</u>
Value adjustments at 1 January	-12.423	-12.423
Disposals for the year	6.790	0
Value adjustments at 31 December	<u>-5.633</u>	<u>-12.423</u>
Carrying amount at 31 December	<u>185.397</u>	<u>177.927</u>

The following figures are based on the Financial Statements for 2019 as the Financial Statements for 2020 have not yet been finalised.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
PQ Silicas B.V.	The Netherlands	TEUR 24	100%	144.918	11.753
- PQ Zeolites B.V.	The Netherlands	TEUR 23	100%	58.003	1.167
- PQ France					
S.A.S.	France	TEUR 7.700	100%	3.021	-1.602
- PQ Silicas UK					
Limited	United Kingdom	TGBP 31.578	100%	102.736	14.477
- PQ Germany					
GmbH	Germany	TEUR 3.186	74,5%	55.724	2.312
- PT PQ Silicas		TIDR			
Indonesia	Indonesia	16.379.011	74,5%	19.761	3.344
- PQ Silicas					
Holdings South					
Africa Proprietary					
Limited	South Africa	TZAR 91.530	74,5%	9.513	1.139
- PQ Silicas South					
Africa Proprietary					
Limited	South Africa	TZAR 2	74,5%	8.962	-501
- PQ Sweden					
AB	Sweden	TSEK 100	100%	4.220	1.758
- PQ Finland Ab	Finland	TEUR 774	100%	2.880	538

Notes to the Financial Statements

4 Investments in subsidiaries (continued)

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
PQ Chemicals (Thailand) Limited	Thailand	TTHB 237.500	100%	8.974	1.463
PQ Holdings Mexicana, S.A. de C.V.	Mexico	TMXN 176.811	80%	31.302	3.706
- Silicatos y Derivados, S. A. de C. V.	Mexico	TMXN 118.332	80%	19.447	2.370
PQ China (Hong Kong) Limited (based on the Financial Statements for 2018)	Hong Kong	THKD 2.490	100%	-5.762	1.127

	2020 TUSD	2019 TUSD
5 Provision for deferred tax		
Provision for deferred tax at 1 January	-20	-2
Amounts recognised in the income statement for the year	20	-18
Provision for deferred tax at 31 December	0	-20

6 Share capital

The share capital consists of 425,004 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	2020 TUSD	2019 TUSD
7 Distribution of profit		
Extraordinary dividend paid	42.298	7.159
Retained earnings	-11.161	-106
	31.137	7.053

8 Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2020.

9 Related parties

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

PQ Europe Coöperatie U.A., De Brand 24, 3823 LJ Amersfoort, Holland/The Netherlands

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company:

Name	Place of registered office
PQ Group Holdings Inc	National Corporate Research, Ltd, 615 S. Dupont Hwy, Dover, Delaware, 19901, USA

10 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of PQ Europe ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The order of the items of the income statement differs from the format prescribed by the Danish Financial Statements Act as the order has been adjusted to the nature of the Company's activities.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TUSD. The exchange rate of USD 1 was DKK 6.0576 at 31 December 2020 and DKK 6.6759 at 31 December 2019.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of PQ Group Holdings Inc, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of PQ Group Holdings Inc, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

US dollar is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

11 Accounting Policies (continued)

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Other external expenses

Other external expenses comprise administration costs.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary. Furthermore is loss/gain from sale of subsidiaries and writedown on investments in subsidiaries recognised.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

11 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

11 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$