TRINSEO

Altuglas International Denmark A/S

Industrivej 16
9700 Brønderslev

CVR no. 12 50 50 78

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting
on May 23rd 2022

Björn Ericson
chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Altuglas International Denmark A/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Brønderslev, 4 May 2022
Executive Board:

Björn Thor Eiriksson

Board of Directors:

Jean-Luc Alphonse Serge Beal Chairman	Jason Ned Scott	Björn Thor Eiriksson
Gitte Neistskov Jensen	Bjarne Madsen	

Statement by the Board of Directors and the Executive Board

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The annual report has been prepared in accordance with the Danish Financial Statements Act.

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We recommend that the annual report be approved at the annual general meeting.

Brønderslev, 4 May 2022
Executive Board:

Björn Thor Eiriksson

Board of Directors:

Jean-Luc Alphonse Serge Beal Chairman	Jason Ned Scott	Björn Thor Eiriksson
Gitte Neistskov Jensen	Bjarne Madsen	

KPMG

Independent auditor's report

To the shareholders of Altuglas International Denmark A/S

Opinion

We have audited the financial statements of Altuglas International Denmark A/S for the financial year 1 January – 31 December 2021, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that Management determines 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, 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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

KPMG

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 4 May 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Management's review

Company details

Altuglas International Denmark A/S
Industrivej 16
DK-9700 Brønderslev

Telephone No:	+45 96 46 46 46
CVR no.:	12 50 50 78
Established:	1 October 1988
Registered office:	Brønderslev
Financial year:	1 January – 31 December

Board of Directors

Jean-Luc Alphonse Serge Beal (Chairman)
Jason Ned Scott
Björn Thor Eiriksson
Gitte Neistskov Jensen
Bjarne Madsen

Executive Board

Björn Thor Eiriksson, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
DK-9000 Aalborg

Annual general meeting

The annual general meeting will be held on 23 May 2022.

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit	30,259	28,940	28,162	27,745	27,391
Operating profit	1,793	1,289	1,261	1,227	1,382
Profit/loss from financial income and expenses	-310	-81	-45	-51	-65
Profit for the year	1,157	942	947	915	986
Balance sheet total	36,219	33,644	35,388	33,592	32,749
Equity	12,228	11,141	11,099	11,052	11,086
Operating margin	3.6%	2.8%	2.8%	2.5%	3.1%
Return on invested capital	6.8%	4.1%	4.0%	4.1%	4.9%
Gross margin	60.0%	63.0%	62.1%	61%	61.3%
Solvency ratio	35.7%	33.1%	31.4%	32.9%	33.9%
Return on equity	9.4%	8.5%	8.6%	8.3%	8.8%
Average number of full-time employees	47	49	49	52	50

The financial ratios have been calculated as follows:

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on invested capital $\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$

Invested capital: Operating intangible assets and property, plant and equipment plus net working capital

Gross margin $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Solvency ratio $\frac{\text{Equity, ex- minority interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity, ex. minority interests}}$

Management's review

Operating review

Principal activities of the Company

The Company serves as an intra-group production company of Trinseo (NYSE:TSE) and is primarily engaged in the production of cast acrylic sheets (PMMA cast).

Development in activities and financial position

The Company's production in 2021 was slightly down compared to 2020. Production for 2022 is expected to be in line with 2021.

Equity stood at DKK 12.0 million at 31 December 2021, equivalent to a solvency ratio of 35.7%.

Through its intercompany credit facility, Management has assessed the Company's capital resources as appropriate.

Environment

The Company applies organic solvents and flammable materials subject to special handling and fire protection requirements.

The Company prepares an environmental policy with specific goals. This policy is based on environmentally sound operations and is an integral part of the Company's targets for reliability, competitiveness and innovation.

The Company prepares green accounts every year.

One energy saving project have been initiated in 2021 as result of ongoing focus on energy savings.

Particular risks

The Company is not exposed to any particular business or financial risks.

Events after the balance sheet date

No events of significance to the financial statements have occurred.

Outlook

The Company expects to report a profit for 2022.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit		30,259	28,940
Staff costs	2	-24,270	-23,425
Depreciation of fixed assets		-4,196	-4,226
Operating profit		1,793	1,289
Financial expenses	3	-310	-81
Profit before tax		1,483	1,208
Tax on profit for the year	4	-326	-266
Profit for the year		1,157	942

Proposed profit appropriation

Proposed dividends for the financial year	0	0
Retained earnings	1,157	942
	1,157	942

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2021	2020
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Land and buildings		8,727	9,469
Plant and machinery		17,005	16,994
Leased assets		342	604
Total fixed assets		26,074	27,067
Current assets			
Inventories		482	486
Receivables			
Amounts owed by group entities		5,571	3,728
Other receivables		1,140	976
Prepayments		12	87
		6,723	4,791
Cash at bank and in hand		2,940	1,300
Total current assets		10,145	6,091
TOTAL ASSETS		36,219	33,644

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		10,000	10,000
Retained earnings		2,298	1,141
Proposed dividends for the financial year		0	0
Total equity		12,298	11,141
Provisions			
Provisions for deferred tax		1,799	1,862
Total provisions		1,799	1,862
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease liabilities		169	224
		169	224
Current liabilities other than provisions			
Payable tax		479	90
Current part of non-current liabilities		176	384
Trade payables		1,304	1,600
Amounts owed to group entities		14,938	11,921
Other payables		5,056	6,422
		21,953	20,417
Total liabilities other than provisions		22,122	20,641
TOTAL EQUITY AND LIABILITIES		36,219	33,644
Contractual obligations, contingencies, etc.	6		
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contri-buted capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2021	10,000	1,141	0	11,141
Transferred, see the profit appropriation	0	1,157	0	1,157
Distributed dividends	0	0	0	0
Equity at 31 December 2021	10,000	2,298	0	12,298

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Altuglas International Denmark A/S for 2021 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting class C-medium.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of service facilities for production of acrylic sheets is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the consideration agreed ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared. To the extent that the dividends exceed the accumulated earnings after the acquisition date, the dividends are recognised as a reduction of the cost of the equity investment.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	30 years
Plant and machinery	10 years
Fixtures and fittings, tools and equipment	5-6 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated. Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the groups of assets and projected net cash flows from the sale of the assets or the group of assets after the end of the useful life.

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1 Accounting policies (continued)

Leased assets and lease liabilities

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When an assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of the past record of bad debts.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligations are recognised as financial liabilities at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK'000		2021	2020
2	**Staff costs**		
	Payroll	22,670	21,518
	Pensions	1,407	1,462
	Other social security costs	493	445
		24,270	23,425
	Average number of employees	47	49
3	**Financial expenses**		
	Interest expense to credit institutions	36	39
	Interest expense to group entities, net	274	42
		310	81
4	**Tax on profit for the year**		
	Current tax for the year	389	266
	Adjustment for the year of deferred tax	-63	0
		326	266

Financial statements 1 January – 31 December

Notes

5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leased assets	Total
Cost at 1 January 2021	29,722	64,157	4,962	1,405	100,246
Additions	0	3,575	0	158	3,733
Disposals/expiries	0	-530	0		-530
Cost at 31 December 2021	29,722	67,202	4,962	1,563	103,449
Depreciation and impairment losses at 1 January 2021	20,253	47,163	4,962	801	73,179
Depreciation	742	3,034	0	420	4,196
Disposals	0	0	0	0	0
Depreciation and impairment losses at 31 December 2021	20,995	50,197	4,962	1,221	77,375
Carrying amount at 31 December 2021	8,727	17,005	0	342	26,074

6 Contractual obligations, contingencies, etc.

Contingent liabilities

The previous Group's Danish entities were jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability.

7 Charges and collateral

The Company has not provided any collateral secured upon its assets.

Financial statements 1 January – 31 December

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8 Related party disclosures

Altuglas International Denmark A/S has the following related parties exercising control:

- Trinseo Holding B.V., Holland, who owns the entire contributed capital.

Furthermore, related parties comprise affiliated companies, the Company's Board of Directors and Executive Board and executive employees.

Altuglas International Denmark A/S is part of the consolidated financial statements of Trinseo Holding B.V., Holland, registered office, which is the smallest group in which the Company is included as a subsidiary.