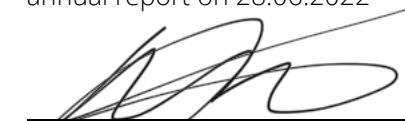


Kronos Denmark ApS

Axeltorv 2
1609 Copenhagen V
CVR No. 24242781

Annual report 2021

The Annual General Meeting adopted the
annual report on 28.06.2022



Mikael Philip Schmidt
Chairman of the General Meeting

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Entity details

Entity

Kronos Denmark ApS

Axeltorv 2

1609 Copenhagen V

Business Registration No.: 24242781

Date of foundation: 01.10.1999

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Ulrich Fritz Kabelac

Hans-Jürgen Theus

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

CVR No.: 33771231

Statement by Management

The Executive Board has today considered and approved the annual report of Kronos Denmark ApS for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.06.2022

Executive Board



Ulrich Fritz Kabelac



Hans-Jürgen Theus

Independent auditor's report

To the shareholders of Kronos Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of Kronos Denmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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' 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.

Statement on Management commentary

Management is responsible for Management commentary

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

Based on the work we have performed, in our view, Management commentary 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 commentary.

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.

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 judgment and maintain professional skepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Hellerup, 28.06.2022

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

CVR No. 33771231



Jesper Bo Winther
statsautoriseret revisor

Identification No (MNE) mne26864



Thomas Lauritsen
statsautoriseret revisor

Identification No (MNE) mne34342

Management commentary

Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	(571)	(520)	(491)	(533)	(559)
Operating profit/loss	(571)	(520)	(491)	(533)	(559)
Net financials	224,816	289,974	211,159	455,829	620,041
Profit/loss for the year	224,245	289,454	210,668	455,296	619,482
Total assets	2,408,979	2,407,726	2,236,134	2,019,890	1,593,356
Equity	2,408,589	2,407,345	2,235,891	2,019,631	1,593,106
Ratios					
Return on equity (%)	9.31	12.47	9.90	25.21	44.30
Equity ratio (%)	99.98	99.98	99.99	99.99	99.98

The accounting policies on recognition of income from subsidiaries have been changed with effect from 2021. The comparative figures for 2017- 2019 have not been restated following the change in accounting policies.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The primary activity of Kronos Denmark ApS is to act as holding company to Kronos Europe S.A./N.V. (Belgium) and Kronos Norge AS (Norway). Kronos Norge AS has two wholly-owned subsidiaries: Kronos Titan AS (Norway) and Titania AS (Norway).

Kronos Denmark ApS is wholly owned by Kronos International Inc., which is the second largest manufacturer of TiO₂ in Europe.

Development in activities and finances

The Company's income statement shows a profit of DKK 224,245 thousand for 2021, and its balance sheet shows equity of DKK 2,408,589 thousand on 31.12.2021. These results are in line with the expectations for 2021.

The operating income in 2021 of Kronos Denmark's subsidiaries increased compared to 2020.

In 2021 Kronos Europe showed an operating income of \$ 7,6 million compared to an operating loss of \$ 9,9 million in 2020. This turnaround was based on an increase in selling prices whereas cost, especially variable cost, were still under control

Titania A/S decreased slightly from \$ 48,1 to \$ 46,7 million. The decrease was based on a slight decrease of volume caused by a closure of a KRONOS SP production site.

Kronos Titan A/S ended up with an operating income of \$ 4,0 million compared to an operating income of \$ 8,7 million for the year 2020. A massive increase in energy cost in the second half, especially in the last quarter is responsible for this decrease of operating income. The increase in energy cost could not be compensated by the increased sales prices.

Operating income from KNAS changed from \$ 0,8 million in 2020 to \$ 0,5 in 2021.

Our net sales increased due to an 8 % increase in average TiO₂ selling prices and an increase of volume. A significant portion of the increase occurring in the second and third quarters were a result of the impact of COVID-19 on the comparable periods in 2020.

Kronos average production capacity utilization rate was at full practical capacity in 2021. Kronos produced 545,000 metric tons worldwide in 2021. Our income from operations was higher in 2021 compared to the same period in 2020.

On April 20, 2021 Kronos entered into a new \$ 225 million global revolving credit facility (Global Revolver), which matures in April 2026. There were no outstanding borrowings on the new Global Revolver at December 31, 2021. We were in compliance with all of our debt covenants at December 31, 2021.

Neither Denmark nor the Norwegian entities appear as borrower respectively as guarantor. Only Kronos Europe is still part of the loan: As borrower and as guarantor.

Profit/loss for the year in relation to expected developments

The results are in line with the expectations for 2021.

Outlook

We expect to continue to produce at full capacity and will match sales volumes with production volumes which

will result in lower sales volumes in 2022 as compared to 2021 based on current inventory levels.

As global economic activity continued to recover from the COVID-19 pandemic throughout 2021, we experienced certain disruptions in global supply chains including availability of third-party feedstock and other raw materials along with transportation and logistics delays. Thus far, our operations team has been able to manage through foreseeable future. We experienced increases in our feedstock costs in 2021 (primarily in the second half of 2021) and we expect our feedstock costs to continue to increase in 2022 as compared to the average 2021 costs. In addition to feedstock we continue to experience massive increasing energy and utility costs.

As a result of rising costs and continued strong customer demand, we expect selling prices for TiO₂ will continue to rise in 2022.

Our expectations for our future operating results are based upon a number of factors outside our control, including economic effects of the COVID-19 pandemic and the Ukraine war.

Our overall expectations for Kronos DK Group is an operating income of \$ 106,6 million for the year 2022. This result is due to the expectations of an operating income in Kronos Europe (\$ 29,4 million), Titania AS (\$ 63,9 million), Kronos Titan AS (\$ 12,8 million) and Kronos Norge AS (\$ 0,5 million).

Titania A/S achieved an operation income of \$ 19,0 million in Q 1 2022, whereas Kronos Europe ends in the first quarter with an operating income of \$ 8,2 million and Kronos Titan AS showed an operating loss of \$ 1,9 million for the same period.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Other external expenses		(571)	(520)
Gross profit/loss		(571)	(520)
Income from investments in group enterprises		224,816	289,963
Other financial income	2	4	12
Other financial expenses		(4)	(1)
Profit/loss for the year	3	224,245	289,454

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		2,385,272	2,385,273
Deferred tax		0	0
Financial assets	4	2,385,272	2,385,273
Fixed assets		2,385,272	2,385,273
Receivables from group enterprises		23,163	21,899
Receivables		23,163	21,899
Cash		544	554
Current assets		23,707	22,453
Assets		2,408,979	2,407,726

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		1,001	1,001
Retained earnings		2,407,588	2,406,344
Equity		2,408,589	2,407,345
Trade payables		385	381
Payables to group enterprises		5	0
Current liabilities other than provisions		390	381
Liabilities other than provisions		390	381
Equity and liabilities		2,408,979	2,407,726
Events after the balance sheet date	1		
Employees	5		
Contingent liabilities	6		
Assets charged and collateral	7		
Related parties with controlling interest	8		
Non-arm's length related party transactions	9		
Group relations	10		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,001	(104,640)	2,368,891	2,265,252
Changes in accounting policies	0	104,640	37,453	142,093
Adjusted equity, beginning of year	1,001	0	2,406,344	2,407,345
Extraordinary dividend paid	0	0	(223,000)	(223,000)
Other entries on equity	0	0	(1)	(1)
Profit/loss for the year	0	0	224,245	224,245
Equity end of year	1,001	0	2,407,588	2,408,589

Notes

1 Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

2 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	4	12
	4	12

3 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Extraordinary dividend distributed in the financial year	223,000	118,000
Retained earnings	1,245	171,454
	224,245	289,454

4 Financial assets

	Investments in group enterprises DKK'000	Deferred tax DKK'000
Cost beginning of year	3,533,735	1,500
Additions	0	125
Cost end of year	3,533,735	1,625
Impairment losses beginning of year	(1,290,556)	(1,500)
Changes in accounting policies	142,093	0
Impairment losses for the year	0	(125)
Impairment losses end of year	(1,148,463)	(1,625)
Carrying amount end of year	2,385,272	0

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Kronos Europe SA/NV	Belgium	SA/NV	100.00	985,858	(74,840)
Kronos Norge AS	Norway	AS	100.00	1,133,843	303,052
Kronos Titan AS (sub. of Kronos Norge AS)	Norway	AS	100.00	248,471	45,706
Titania AS (sub. of Kronos Norge AS)	Norway	AS	100.00	581,286	258,527

The financial results and equity are in accordance with the latest approved annual reports for 2020.

5 Employees

The Company has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

6 Contingent liabilities

None.

7 Assets charged and collateral

None.

8 Related parties with controlling interest

Kronos International Inc., Peschstrasse 5, 51373 Leverkusen, Germany owns all shares in the Entity, thus exercising control.

9 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kronos Worldwide Inc. , Dallas, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kronos Worldwide Inc. , Dallas, USA

Copies of the consolidated financial statements of Kronos Denmark ApS may be ordered at the following address:
Kronos Worldwide Inc. , Dallas, USA, 5430 LBJ Freeway, Suite 1700, Dallas, TX, 75240, USA.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

The Company has changed its accounting policies with regard to recognition of investments in subsidiaries, which are now measured at cost, and the income from subsidiaries now comprises the dividends received instead of the net income according to the annual reports of the subsidiaries. The accounting policies have been changed in order to be able to finalize the annual report faster.

The change in accounting policies has led to an increase in the results for 2020 of DKK 36,086 thousand just as the equity has increased by DKK 142,093 thousand on 31.12.2020. The effect on 2021 is unknown as the actual results of the subsidiaries are unknown for 2021.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Consolidated financial statements

Referring to section 112 the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been

settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

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 Kronos Worldwide Inc., the Company has not prepared any cash flow statement.