

PQ Europe ApS

C/O DLA Piper Denmark Advokatpartnerselskab, Oslo Plads 2, 2100 København Ø

Company reg. no. 25 13 10 53

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 27 June 2023.

Theodorus Johannes Cornelis Arts
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of PQ Europe ApS for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 27 June 2023

Managing Director

Theodorus Johannes Cornelis Arts

Board of directors

Theodorus Johannes Cornelis Arts Pieter Herman Harm Waalkens Albert Fiore Beninati Jr
Chairman

Independent auditor's report

To the Shareholders 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 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.

Independent auditor's report

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 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 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.

Independent auditor's report

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, we conclude that 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 Management's Review.

Hellerup, 27 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant
mne30221

Company information

The company	<p>PQ Europe ApS C/O DLA Piper Denmark Advokatpartnerselskab Oslo Plads 2 2100 København Ø</p> <p>Phone 70272345</p> <p>Company reg. no. 25 13 10 53 Financial year: 1 January - 31 December</p>
Board of directors	<p>Theodorus Johannes Cornelis Arts, Chairman Pieter Herman Harm Waalkens Albert Fiore Beninati Jr</p>
Managing Director	<p>Theodorus Johannes Cornelis Arts</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup</p>
Lawyer	<p>Bruun & Hjejle Nørregade 21 DK-1165 København K</p>
Subsidiaries	<p>New Dutch Chemicals Holdco BV, The Netherlands PQ Germany GmbH, Germany PT PQ Silicas Indonesia, Indonesia PQ Sweden AB, Sweden PQ Silicas Holding South Africa Pty Ltd, South Africa PQ Silicas South Africa Pty Ltd, South Africa PQ Finland Oy, Finland PQ France SAS, France</p>

Financial highlights

USD in thousands.	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income statement:					
Profit from operating activities	-53	452.233	31.746	7.239	13.020
Net financials	-76	-37	196	196	-22
Net profit or loss for the year	-152	452.103	31.137	7.053	12.826
Statement of financial position:					
Balance sheet total	36.416	36.571	189.716	182.881	183.000
Equity	33.753	33.905	189.680	182.853	182.959
Key figures in %:					
Solvency ratio	92,7	92,7	100,0	100,0	100,0
Return on equity	-0,4	404,4	16,7	3,9	7,0

Calculations of key figures and ratios do follow the recommendations of the Danish Association of Finance Analysts.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio $\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$

Return on equity $\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$

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 activities and financial matters

The income statement of the Company for 2022 shows a loss of TUSD 152 and at 31 December 2022 the balance sheet of the Company shows equity of TUSD 33,753.

The result for the year is equivalent to the management's expectations.

The Company had as of 12 July 2021 sold its interest in PQ Zeolites B.V. and Zeolyst CV to PQ International Cooperative UA. Therefore, the sale affected the equity positive with TUSD 118,259 in 2021.

When determining the free reserves that are to be used for a planned extraordinary dividend distribution, gains and losses are recognized in relation to the asset's book value that is realized by the distribution of the asset. A gain or loss corresponding to the difference between the book value and the fair value of the distributed asset at the time of declaration is recognized. The Income from investments in subsidiaries was therefore affected positive with TUSD 328,510 in 2021.

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.

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

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 operating results in 2023 by remaining focused on controlling fixed costs and reducing inventory, to counteract decreasing demand and increasing energy prices. Based on this and the financial position and liquidity, management has determined that entity is a going concern and the financial statements have been prepared based on this assumption.

On the level of PQ Europe ApS we expect a result for 2022 in line with the result for 2021.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

Accounting policies

The annual report for PQ Europe ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD). The exchange rate of USD was DKK 7.0220 at 31 December 2022 and DKK 6.5612 at 31 December 2021.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of PQ Europe ApS and its group enterprises are included in the consolidated financial statements for Sparta Cayman 2 L. P., Once Nexus Way, Camana Bay, Grand Cayman KY-9005, Grand Cayman Island., reg. no. 111596.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Sparta Cayman 2 L. P.

Accounting policies

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 period 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.

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.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Results from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Impairment loss relating to non-current assets

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

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

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

USD thousand.

<u>Note</u>	<u>2022</u>	<u>2021</u>
2 Income from investments in subsidiaries	0	452.296
Other external expenses	-53	-63
Gross profit	-53	452.233
Operating profit	-53	452.233
3 Other financial income	137	151
4 Other financial expenses	-213	-188
Pre-tax net profit or loss	-129	452.196
5 Tax on net profit or loss for the year	-23	-93
6 Net profit or loss for the year	-152	452.103

Balance sheet at 31 December

USD thousand.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Non-current assets		
7 Investments in subsidiaries	34.012	34.012
Total investments	34.012	34.012
Total non-current assets	34.012	34.012
Current assets		
Income tax receivables	49	24
Total receivables	49	24
Cash and cash equivalents	2.355	2.535
Total current assets	2.404	2.559
Total assets	36.416	36.571

Balance sheet at 31 December

USD thousand.

Equity and liabilities			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Equity			
8	Contributed capital	52	52
	Retained earnings	33.701	33.853
	Total equity	33.753	33.905
Liabilities other than provisions			
	Payables to subsidiaries	2.634	2.634
	Other payables	29	32
	Total short term liabilities other than provisions	2.663	2.666
	Total liabilities other than provisions	2.663	2.666
	Total equity and liabilities	36.416	36.571

1 Subsequent events

10 Contingencies

11 Related parties

Statement of changes in equity

USD thousand.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	52	33.853	33.905
Retained earnings for the year	<u>0</u>	<u>-152</u>	<u>-152</u>
	<u>52</u>	<u>33.701</u>	<u>33.753</u>

Notes

USD thousand.

1. Subsequent events

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

	<u>2022</u>	<u>2021</u>
2. Income from investments in subsidiaries		
Dividend	0	5.527
Gain on sale of subsidiaries	0	118.259
Realised gain from the distribution of subsidiaries to fair value	<u>0</u>	<u>328.510</u>
	<u>0</u>	<u>452.296</u>
3. Other financial income		
Other financial income	0	90
Exchange differences	<u>137</u>	<u>61</u>
	<u>137</u>	<u>151</u>
4. Other financial expenses		
Other financial costs	<u>213</u>	<u>188</u>
	<u>213</u>	<u>188</u>
5. Tax on net profit or loss for the year		
Tax on profit for the year including withholding taxes	<u>23</u>	<u>93</u>
	<u>23</u>	<u>93</u>
6. Proposed distribution of net profit		
Extraordinary dividend distributed during the financial year	0	607.878
Allocated from retained earnings	<u>-152</u>	<u>-155.775</u>
Total allocations and transfers	<u>-152</u>	<u>452.103</u>

Notes

USD thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
7. Investments in subsidiaries		
Cost 1 January 2022	34.012	191.030
Additions during the year	0	6.293
Disposals during the year	0	-163.311
Cost 31 December 2022	<u>34.012</u>	<u>34.012</u>
Revaluations, opening balance 1 January 2022	0	-5.633
Reversal of prior revaluations	0	5.633
Writedown 31 December 2022	<u>0</u>	<u>0</u>
Carrying amount, 31 December 2022	<u>34.012</u>	<u>34.012</u>

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, PQ Europe ApS
New Dutch Chemicals Holdco BV, The Netherlands	100,00 %	42.742	276	6.293
PQ Germany GmbH, Germany	73,32 %	61.552	3.132	11.218
PT PQ Silicas Indonesia, Indonesia	73,26 %	21.935	2.449	8.828
PQ Sweden AB, Sweden	73,32 %	6.003	1.168	3.873
PQ Silicas Holding South Africa Pty Ltd, South Africa	73,32 %	6.112	1.753	-14
PQ Silicas South Africa Pty Ltd, South Africa	73,32 %	5.403	869	1.708
PQ Finland Oy, Finland	73,32 %	3.338	339	1.128
PQ France SAS, France	100,00 %	1.140	-541	978
		<u>148.225</u>	<u>9.445</u>	<u>34.012</u>

The figures above are based on the Financial Statements for 2021 as the Financial Statements for 2022 have not yet been finalised.

All amounts are presented in USD thousand with exchange rate as of 31 December 2021.

Notes

USD thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
8. Contributed capital		
Contributed capital 1 January 2022	<u>52</u>	<u>52</u>
	<u>52</u>	<u>52</u>

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.

9. Extraordinary dividend paid		
Proposed extraordinary dividend	0	607.878
Extraordinary dividend paid	<u>0</u>	<u>-607.878</u>
	<u>0</u>	<u>0</u>

10. Contingencies

There are no security and contingent liabilities at 31 December 2022.

11. Related parties

Controlling interest

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., Ir. Rocourstraat 28, 6245 AD Eijsden,
Holland/The Netherlands

Consolidated financial statements

The company is included in the consolidated financial statements of Sparta Cayman 2 L.P., One Nexus Way, Camana Bay, Grand Cayman KY-9005, Grand Cayman Island.

The ultimate parent company is Sparta Acquisition Company, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008.