
Tel Nordic ApS

Energivej 3, DK-4180 Sorø

Annual Report for 1 February - 31 December 2021

CVR No 38 73 62 05

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/7 2022

Harm Blok
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Tel Nordic ApS for the financial year 1 February - 31 December 2021.

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

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

Sorø, 20 July 2022

Executive Board

Harm Blok

Independent Auditor's Report

To the Shareholder of Tel Nordic 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 February - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tel Nordic ApS for the financial year 1 February - 31 December 2021, 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' 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.

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

Independent Auditor's Report

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.

Hellerup, 20 July 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

James Liang
State Authorised Public Accountant
mne34549

Company Information

The Company

Tel Nordic ApS
Energivej 3
DK-4180 Sorø

CVR No: 38 73 62 05
Financial period: 1 February - 31 December
Municipality of reg. office: Sorø

Executive Board

Harm Blok

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 February - 31 December

	Note	2021 DKK	2020 DKK
Revenue		5.828.456	4.618.036
Other operating income	2	11.133.937	0
Expenses for raw materials and consumables		-3.776.865	0
Other external expenses		-422.306	0
Gross profit/loss		12.763.222	4.618.036
Staff expenses	3	-909.236	-2.651.709
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-62.130	-137.254
Profit/loss before financial income and expenses		11.791.856	1.829.073
Financial income	5	103.304	20.896
Financial expenses	6	-30.446	-120.962
Profit/loss before tax		11.864.714	1.729.007
Tax on profit/loss for the year	7	-2.640.108	-396.850
Net profit/loss for the year		9.224.606	1.332.157

Distribution of profit

Proposed distribution of profit

Extraordinary dividend		11.856.892	0
Release of other statutory reserves		-281.242	-3.132
Retained earnings		-2.351.044	1.335.289
		9.224.606	1.332.157

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Completed development projects		0	360.566
Intangible assets	8	0	360.566
Other fixtures and fittings, tools and equipment		0	18.560
Leasehold improvements		0	101.078
Property, plant and equipment	9	0	119.638
Investments in subsidiaries	10	2.647.326.000	0
Deposits		0	10.000
Fixed asset investments		2.647.326.000	10.000
Fixed assets		2.647.326.000	490.204
Finished goods and goods for resale		0	1.806.610
Inventories		0	1.806.610
Trade receivables		0	2.614.869
Receivables from group enterprises		381.061	0
Other receivables		6.421	134.490
Prepayments		0	14.134
Receivables		387.482	2.763.493
Cash at bank and in hand		5.373.096	2.771.414
Currents assets		5.760.578	7.341.517
Assets		2.653.086.578	7.831.721

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital	11	1.109.376.000	50.000
Share premium account		0	1.492.223
Reserve for development costs		0	281.242
Retained earnings		1.540.754.213	3.613.033
Equity		2.650.130.213	5.436.498
Trade payables		238.148	1.000.823
Corporation tax		2.640.108	392.868
Other payables		78.109	1.001.532
Short-term debt		2.956.365	2.395.223
Debt		2.956.365	2.395.223
Liabilities and equity		2.653.086.578	7.831.721
Key activities	1		
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Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 February	50.000	1.492.223	281.242	3.613.034	5.436.499
Capital increase contribution in kind (non-cash contribution)	1.109.326.000	1.538.000.000	0	0	2.647.326.000
Extraordinary dividend	0	0	0	-11.856.892	-11.856.892
Release of other statutory reserves	0	0	-281.242	281.242	0
Net profit/loss for the year	0	0	0	9.224.606	9.224.606
Transfer from share premium account	0	-1.539.492.223	0	1.539.492.223	0
Equity at 31 December	1.109.376.000	0	0	1.540.754.213	2.650.130.213

Notes to the Financial Statements

1 Key activities

The Company's objects are to conduct trade, industry, and financing activities indirectly through investments in other companies, as well as conducting other business which, in the opinion of the executive board, relates to it.

In 2021, the Company disposed of its lubricant business and changed its activities and became a holding company. By year-end 2021, the Company in connection with a capital increase by a contribution in kind (non-cash contribution) acquired all the shares in the Danish entity Quaker Denmark ApS (CVR No 21 60 75 84).

The subsidiary Quaker Denmark ApS hold shares in the following entities:

- Quaker Houghton Material Science & Technology Co. Ltd., China (100% ownership),
- Quaker Shanghai Trading Co. Ltd., China (100% ownership), and
- Quaker Chemical (China) Co. Ltd., China (100% ownership).

	2021 DKK	2020 DKK
2 Special items		
Special items are income and expenses that are special due to their size and nature.		
Other operating income regards gain of disposed of the lubricant business	11.133.937	0
	11.133.937	0
3 Staff expenses		
Wages and salaries	900.008	2.545.972
Pensions	0	31.481
Other social security expenses	9.228	74.256
	909.236	2.651.709
Average number of employees	1	2
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	38.525	99.528
Depreciation of property, plant and equipment	23.605	37.726
	62.130	137.254

Notes to the Financial Statements

	2021 DKK	2020 DKK
5 Financial income		
Interest received from group enterprises	62.302	0
Other financial income	0	20.896
Exchange gains	41.002	0
	103.304	20.896
6 Financial expenses		
Other financial expenses	30.446	120.962
	30.446	120.962
7 Tax on profit/loss for the year		
Current tax for the year	2.640.108	392.868
Adjustment of tax concerning previous years	0	3.982
	2.640.108	396.850
8 Intangible assets		Completed development projects DKK
Cost at 1 February		547.354
Disposals for the year		-547.354
Cost at 31 December		0
Impairment losses and amortisation at 1 February		87.260
Amortisation for the year		38.525
Reversal of amortisation of disposals for the year		-125.785
Impairment losses and amortisation at 31 December		0
Carrying amount at 31 December		0

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 February	36.400	192.231
Disposals for the year	-36.400	-192.231
Cost at 31 December	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 February	17.840	91.152
Depreciation for the year	1.547	22.058
Reversal of impairment and depreciation of sold assets	-19.387	-113.210
Impairment losses and depreciation at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>

10 Investments in subsidiaries

Cost at 1 February	0	0
Additions for the year	2.647.326.000	0
Cost at 31 December	<u>2.647.326.000</u>	<u>0</u>
Value adjustments at 1 February	0	0
Value adjustments at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>2.647.326.000</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Quaker Denmark ApS	Copenhagen	125.100	100%	96.743.840	163.560.485

Notes to the Financial Statements

11 Share capital

On 29 December 2021, the share capital is increased by a nominal share amount of DKK 1,109,326,000. The shares are divided into 1,918,652 A-shares of nominal value DKK 500 and 300,000 B-shares of nominal value DKK 500.

Furthermore, share capital consists of 100 B-shares of a nominal value of DKK 500.

A-shares have special rights regarding dividends, in connection with a liquidation, subscription of shares etc. B-shares do not carry any special rights.

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	1.918.752	959.376.000
B-shares	300.000	150.000.000
		<u>1.109.376.000</u>

12 Contingent assets, liabilities and other financial obligations

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

13 Related parties and disclosure of consolidated financial statements

Basis

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
Quaker Chemical Corporation	Wilmington, Delaware, USA

Notes to the Financial Statements

13 Related parties and disclosure of consolidated financial statements (continued)

The Group Annual Report of Quaker Chemical Corporation may be obtained at the following address:

Quaker Chemical Corporation
One Quaker Park
901 Hector Street
Conshohocken
PA 19428
USA

14 Subsequent events

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

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Tel Nordic ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The financial year comprises the period 1 February - 31 December 2021 while the comparative figures comprise the period 1 February 2020 - 31 January 2021. The financial year has been changed so that it going forward will follow the calendar year.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Quaker Chemical Corporation, the Company has not prepared consolidated financial statements.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the

Notes to the Financial Statements

15 Accounting Policies (continued)

balance sheet date.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

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.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 years
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Notes to the Financial Statements

15 Accounting Policies (continued)

Leasehold improvements 1-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Notes to the Financial Statements

15 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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.

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Harm Blok

CEO

On behalf of: Tel Nordic ApS

Serial number: harry.blok@quakerhoughton.com

IP: 85.255.xxx.xxx

2022-07-20 11:47:55 UTC

James Liang

State Authorised Public Accountant

On behalf of: PricewaterhouseCoopers Statsautoriseret...

Serial number: CVR:33771231-RID:27713054

IP: 83.136.xxx.xxx

2022-07-20 11:54:12 UTC

NEM ID

Bo Schou-Jacobsen

State Authorised Public Accountant

On behalf of: PricewaterhouseCoopers Statsautoriseret...

Serial number: CVR:33771231-RID:24377003

IP: 83.136.xxx.xxx

2022-07-20 12:36:57 UTC

NEM ID

Harm Blok

Dirigent

On behalf of: Tel Nordic ApS

Serial number: harry.blok@quakerhoughton.com

IP: 185.99.xxx.xxx

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