

DOW Denmark A/S

Tuborg Boulevard 12.3,
2900 Hellerup
CVR no. 52974218

Annual report 2021

Approved at the Company's annual general meeting on 27.06.2022

Chairman:



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Niels Sjøegaard Jensen

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COMPANY INFORMATION

Entity

DOW Denmark A/S
Tuborg Boulevard 12,3 2900 Hellerup

Company CVR: 52974216

Registered office : Gentofte

Financial year: 2021-01-01 - 2021-12-31

Board Of Directors

Gino Eduardus Angela van Poorten
Chairman

Nils Kjellegaard Jensen
Director

Thomas Wagner Just
Director

Executive Board

Thomas Wagner Just
CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6, 2300 Copenhagen S

DOW Denmark A/S

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Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DOW Denmark A/S for the financial year 1 januar - 31 december 2021.

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

In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 december 2021 and of the results of the company's operations for the financial year 1 januar - 31 december 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and the results of the company's operations and financial position.


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

Executive Board: 27.08.2022



Thomas Wagner Just
CEO

Board of Directors:



Gino Eduardus Angela van
Poorten
Chairman

Nils-Kjellegaard Jensen
Director

Thomas Wagner Just
Director

Opinion

We have audited the financial statements of DOW Denmark A/S for the financial year 1 januar - 31 december 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 1 januar - 31 december 2021, and of the results of the company operations for the financial year 1 januar - 31 december 2021 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules, 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 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 scepticism throughout the audit. We also:

Independent auditor's report

To the shareholder of DOW Denmark A/S

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 conclusion is 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 company 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.

27.06.2022

Deloitte Statsautoriseret Revisionspartnerselskab

CVR no. 33963556

 Flemming Larsen

State Authorised Public Accountant
Identification No (MNE) mne27790

MANAGEMENT'S REVIEW

Management commentary

Business review

The Company's activity consist of agency activities and trading of chemicals.

Development in Activities and finances

Profit before tax amounts to DKK 8.288 thousand. At 31 of December 2021 equity amounts to DKK 74.728 thousand. The COVID-19 outbreak has escalated in the beginning of 2020, and on 11 March 2020 WHO has declared the outbreak to be worldwide one. The outbreak has resulted in a number of precautions that affect the organization and day-to-day operations, and the Group's suppliers and customers may be affected. Until today the COVID-19 outbreak has not significantly impacted the company's financial performance. Management does not anticipate that the outbreak will impact the financial performance of the company in 2022.

Unusual Circumstances affecting recognition and measurement

No Unusual circumstances are to be disclosed in connection with the presentation of the annual report.

Events after the balance sheet date

During Q1 2022, the geopolitical conflict between Ukraine and Russia has escalated. As of the time of this report being issued, this conflict has not had and is not expected to have a material impact on the financial performance of the company.

On 27th June 2022 the company's directors' propose to pay a dividend in the amount of DKK 20M in 2022 to the company's sole shareholder Dow Europe Holding B.V. Moreover, the directors of the company contemplates to convene an extraordinary general meeting in June or July 2022 and propose a share capital reduction of nom. DKK 20,000,000 with the aim of payment to the company's sole shareholder Dow Europe Holding B.V. Provided, amongst other things, that the company's sole shareholder passes such resolution of a share capital reduction, the payment will be made only after the expiry of 4 weeks' creditors' notice to be published by the Commercial Register

In addition to the above no events of significance to the annual report have occurred after the balance sheet date.

STATEMENT OF PROFIT OR LOSS

	Note	2021 DKK	2020 DKK
Revenue		19.683.741	14.518.407
Gross Profit/Loss		19.683.741	14.518.407
Staff costs	7	(4.304.501)	(5.093.083)
Other operating expenses		(4.776.290)	(5.892.617)
Operating Profit		10.602.950	3.532.707
Financial income		25.738	18.440
Finance expenses		0	(37.705)
PROFIT BEFORE TAX		10.628.688	3.513.442
Tax on profit/loss for the year		(2.341.132)	(104.374)
PROFIT FOR THE YEAR		8.287.556	3.409.068

STATEMENT OF FINANCIAL POSITION

	Note	2021 DKK	2020 DKK
ASSETS			
Non-current assets			
<i>Receivables</i>			
Receivables from group enterprises		82.970.561	71.936.119
Other receivables		53.842	132.004
		<u>83.024.403</u>	<u>72.068.123</u>
Total current assets		<u>83.024.403</u>	<u>72.068.123</u>
TOTAL ASSETS		<u>83.024.403</u>	<u>72.068.123</u>
Equity and liabilities			
<i>Equity</i>			
Contributed capital		54.000.000	54.000.000
Retained earnings		727.771	12.440.215
Dividend proposed for the year		20.000.000	0
Equity holders' share of equity		<u>74.727.771</u>	<u>66.440.215</u>
Total equity		<u>74.727.771</u>	<u>66.440.215</u>
<i>Current liabilities</i>			
Payables to group enterprises		3.816.876	3.675.776
Other payables		1.244.649	1.057.619
Income Tax Payable		3.235.107	894.513
Total current liabilities		<u>8.296.632</u>	<u>5.627.908</u>
Total liabilities		<u>8.296.632</u>	<u>5.627.908</u>
Total equity and liabilities		<u>83.024.403</u>	<u>72.068.123</u>

STATEMENT OF CHANGES IN EQUITY

	Contributed Capital DKK	Retained earnings DKK	Dividend proposed for the year DKK	Total DKK
Equity at 1 januar 2021	54.000.000	12.440.215	0	66.440.215
Dividend distribution	0	20.000.000	(20.000.000)	0
Profit/loss for the year	0	8.287.556	0	8.287.556
Equity at 31 december 2021	54.000.000	40.727.771	(20.000.000)	74.727.771

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The annual report of DOW Denmark A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

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

1.1 Financial statements

(a) 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 rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. 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.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****1.2 Income statement****(a) Revenue**

Revenue comprises of commission income.

(b) Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

(c) Other operating income

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment.

(d) Other operating expenses

Other operating expenses comprise items secondary to the entities' activities, including losses on disposal of intangible assets and items of property, plant and equipment.

(e) Financial income and expenses

Financial income and expenses comprise interest income and expenses, charges in respect of finance leases, realised and unrealised 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.

(f) Tax for the year

The parent company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rates - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

(g) Tax for the year 2

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****1.3 Balance sheet****(a) Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected 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.

(b) Prepayments

Prepayments recognised under current assets comprise expenses incurred concerning subsequent financial years.

(c) Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the statement of financial position liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation; 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

(d) Liabilities

Other liabilities are measured at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

2. Revenue

Revenue comprises commission income from group companies

3. Financial income

	2021 DKK	2020 DKK
Foreign exchange gains	25.738	18.440
	<u>25.738</u>	<u>18.440</u>

4. Financial expenses

	2021 DKK	2020 DKK
Interest expenses, group enterprises	0	37.705
	<u>0</u>	<u>37.705</u>

5. Tax for the year

	2021 DKK	2020 DKK
<i>Tax for the year</i>		
Current tax charge for the year	2.341.131	104.372
	<u>2.341.131</u>	<u>104.372</u>

6. Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	282.000	288.453

Note

7. Staff costs and incentive plans

	2021 DKK	2020 DKK
Wages and salaries	3.921.521	4.055.127
Pensions	382.980	1.037.956
	<u>4.304.501</u>	<u>5.093.083</u>

Average number of full-time employees

2	2
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NOTES TO THE FINANCIAL STATEMENTS

8. Contractual obligations and contingencies, etc.

8.1 Contingent liabilities

The company has for 2021 and prior years been jointly taxed with a number of Danish Dow and Dupont entities. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is under certain conditions liable for income taxes, etc. for the jointly taxed companies and for obligations if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies.

9. Group Relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Dow Inc., Delaware, USA

The annual report for Dow Inc. may be obtained at the following address:

Dow Inc.

2211 H.H. Dow Way

Midland, Michigan 48674

USA