

Kemira Water Danmark A/S

Amager Strandvej 390, 2770 Kastrup

CVR no. 11 28 69 33

Annual report 2020

Approved at the Company's annual general meeting on 19 May 2021

Chair of the meeting:



Ulrika Rubensson





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11



Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kemira Water Danmark A/S for the financial year 1 January - 31 December 2020.

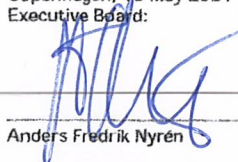
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

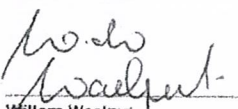
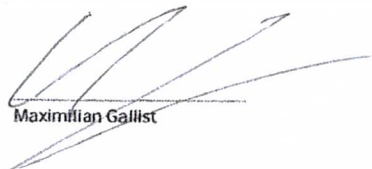
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 19 May 2021
Executive Board:


Anders Fredrik Nyren

Board of Directors:


Willem Waelpuut
Chair
Lennart Peter Kihlgren
Maximilian Gallist

Independent auditor's report

To the shareholders of Kemira Water Danmark A/S

Opinion

We have audited the financial statements of Kemira Water Danmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 and requirements.

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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

Independent auditor's report

- ▶ 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 19 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kennet Hartmann
State Authorised Public Accountant
mne40036

Management's review

Company details

Name	Kemira Water Danmark A/S
Address, Postal code, City	Amager Strandvej 390, 2770 Kastrup
CVR no.	11 28 69 33
Established	30 September 1987
Registered office	Tårnby
Financial year	1 January - 31 December
Board of Directors	Willem Waelput, Chair Lennart Peter Kihlgren Maximilian Gallist
Executive Board	Anders Fredrik Nyrén
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

The Company operates as a sales agent on behalf of Kemira Oyj.

The Company's activities comprise production and marketing of as well as trade with chemical products.

Kemira's activities in Denmark is an active sales company to serve existing customers.

Financial review

The income statement for 2020 shows a profit of DKK 2,026,414 against a profit of DKK 2,174,237 last year, and the balance sheet at 31 December 2020 shows equity of DKK 7,068,565.

Impact of Covid-19 pandemic and related economic slowdown on Kemira

The COVID-19 pandemic and the related economic slowdown had a limited impact on Kemira's operations in 2020. In several countries with government-imposed restrictions on economic activity, the chemical industry and Kemira's customer industries were almost always classified as essential industries and, as a consequence, were exempt from government lockdown restrictions. Throughout 2020, Kemira's manufacturing facilities and supply chain operated without significant disruptions.

If the COVID-19 situation were to deteriorate in 2021, there could be potential disruption to Kemira's manufacturing and logistics network, as well as to the availability of raw materials. The final impacts on Kemira's end markets will depend on the pace of economic recovery, the development of the pandemic and the speed of vaccinations globally. New COVID-19 variants could result in further deterioration of the situation and result in additional restrictions on economic activity before the vaccines are rolled out more broadly globally. This in turn could lead to widespread decline in customer demand.

Kemira has set up regional crisis management teams to monitor the COVID-19 situation regionally, as the development of the COVID-19 pandemic varies by region. The aim of the crisis management teams is to mitigate the impact on Kemira in order to ensure our and our customers' business continuity. To mitigate the impact on its supply chain, Kemira reviews alternative suppliers on a continuous basis to ensure smooth operations in all circumstances.

Management's review

Business travel continues to be restricted, and Kemira has taken several steps to ensure employee safety at its locations. Kemira has strongly recommended remote working for employees for whom it is possible, and the transition to remote working has been smooth. As government-imposed lockdown restrictions on economic activity will gradually be relaxed and recommendations for remote working will be lifted, Kemira has taken steps to ensure a gradual and safe return to offices, while also complying with social distancing measures and local government recommendations. Kemira has supported leaders and employees in the adoption of remote working during the COVID-19 pandemic.

The subsidiaries act as limited risk companies in the EMEA business model which also protects the subsidiary, like Kemira Water Danmark A/S, from the negative economic effects

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	2020 DKK	2019 DKK'000
Gross profit	7,211,202	6,877
3 Staff costs	-5,713,810	-5,237
Profit before net financials	1,497,392	1,640
Income from investments in group enterprises	0	923
Financial expenses	-6,671	-7
Profit before tax	1,490,721	2,556
4 Tax for the year	535,693	-382
Profit for the year	2,026,414	2,174
Recommended appropriation of profit		
Proposed dividend recognised under equity	3,718,000	3,729
Retained earnings/accumulated loss	-1,691,586	-1,555
	2,026,414	2,174

Financial statements 1 January - 31 December

Balance sheet

Note	2020 DKK	2019 DKK'000
ASSETS		
Fixed assets		
5 Investments		
Investments in group enterprises	2,330,039	2,330
Deposits	48,192	0
	<u>2,378,231</u>	<u>2,330</u>
Total fixed assets	<u>2,378,231</u>	<u>2,330</u>
Non-fixed assets		
Receivables		
Trade receivables	3,026	0
Receivables from group enterprises	994,971	1,889
Deferred tax	1,540,000	1,004
Other receivables	808,999	365
Prepayments	10,300	0
	<u>3,357,296</u>	<u>3,258</u>
Cash	<u>6,562,476</u>	<u>7,741</u>
Total non-fixed assets	<u>9,919,772</u>	<u>10,999</u>
TOTAL ASSETS	<u>12,298,003</u>	<u>13,329</u>

Financial statements 1 January - 31 December

Balance sheet

Note	2020 DKK	2019 DKK'000
EQUITY AND LIABILITIES		
Equity		
Share capital	602,000	602
Retained earnings	2,748,565	4,440
Dividend proposed	3,718,000	3,729
Total equity	7,068,565	8,771
Liabilities other than provisions		
Non-current liabilities other than provisions		
Other payables	0	155
	0	155
Current liabilities other than provisions		
Trade payables	596,010	544
Payables to group enterprises	71,341	231
Other payables	4,562,087	3,628
	5,229,438	4,403
	5,229,438	4,558
TOTAL EQUITY AND LIABILITIES	12,298,003	13,329

- 1 Accounting policies
- 2 Events after the balance sheet date
- 6 Contractual obligations and contingencies, etc.
- 7 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2020	602,000	4,440,151	3,729,200	8,771,351
Transfer through appropriation of profit	0	-1,691,586	3,718,000	2,026,414
Dividend distributed	0	0	-3,729,200	-3,729,200
Equity at 31 December 2020	602,000	2,748,565	3,718,000	7,068,565

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Kemira Water Danmark A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

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

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which 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.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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 tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's 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 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.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Deferred tax

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Other payables

Other payables are measured at net realisable value.

2 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

	2020 DKK	2019 DKK'000
3 Staff costs		
Wages/salaries	5,004,205	4,648
Pensions	651,579	497
Other social security costs	43,070	60
Other staff costs	14,956	32
	<u>5,713,810</u>	<u>5,237</u>
Average number of full-time employees	<u>5</u>	<u>5</u>

Financial statements 1 January - 31 December

Notes to the financial statements

4	Tax for the year		
	Deferred tax adjustments in the year	-535,693	382
		<u>-535,693</u>	<u>382</u>

The company has a none recognised tax asset primarily related to tax losses carried forward.

The Company is involved in a pending transfer pricing audit from the authorities related to previous income years.

5	Investments			
	DKK	Investments in group enterprises	Deposits	Total
	Cost at 1 January 2020	65,580,376	0	65,580,376
	Additions	0	48,192	48,192
	Cost at 31 December 2020	<u>65,580,376</u>	<u>48,192</u>	<u>65,628,568</u>
	Value adjustments at 1 January 2020	-63,250,337	0	-63,250,337
	Value adjustments at 31 December 2020	<u>-63,250,337</u>	<u>0</u>	<u>-63,250,337</u>
	Carrying amount at 31 December 2020	<u>2,330,039</u>	<u>48,192</u>	<u>2,378,231</u>
	Name	Interest	Equity DKK	Profit/loss DKK
	Subsidiaries			
	Scandinavian Tanking System A/S	100.00%	2,330,039	0

6 Contractual obligations and contingencies, etc.

The entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities also for obligations, if any relating to the withholding of tax on interest, royalties and dividends for these entities.

Other financial obligations

Other rent and lease liabilities:

	2020 DKK	2019 DKK'000
Rent and lease liabilities	<u>10,841,368</u>	<u>12,679</u>



Financial statements 1 January - 31 December

Notes to the financial statements

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kemira Oyj	Energiakatu 4, P.O Box 330, FI-00101 Helsinki Finland	https://www.kemira.com/