

PPG Coatings Danmark A/S

Gladsaxevej 300

2860 Søborg

CVR No. 18998696

Annual Report 2019

26. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11 August 2020

Peter Flemming Sørensen
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of PPG Coatings Danmark A/S for the financial year 1 January 2019 - 31 December 2019.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

In our opinion, the Management Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act.

We recommend that the Annual Report should be adopted at the Annual General Meeting.

Søborg, 11 August 2020

Executive Board

Peter Flemming Sørensen

Supervisory Board

Steven Pocock

Peter Flemming Sørensen

Amrik Singh Sindhar

Michael Nielsen

Jan Hollender

Independent Auditor's Report

To the shareholder of PPG Coatings Danmark A/S

Opinion

We have audited the financial statements of PPG Coatings Danmark A/S for the financial year 1 January 2019 - 31 December 2019, which comprise an income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position at 31 December 2019 and of the results of its operations for the financial year 1 January 2019 - 31 December 2019 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility 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

Independent Auditor's Report

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatement in 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 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 whether 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 which we identify during our audit.

Hellerup, 11 August 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Martin Lunden
State Authorised Public Accountant
mne32209

Mark Philip Beer
State Authorised Public Accountant
mne29472

PPG Coatings Danmark A/S

Company details

Company	PPG Coatings Danmark A/S Gladsaxevej 300 2860 Søborg
CVR No.	18998696
Date of formation	18 December 1995
Registered office	Gladsaxe
Financial year	1 January 2019 - 31 December 2019
Supervisory Board	Steven Pocock Peter Flemming Sørensen Amrik Singh Sindhar Michael Nielsen Jan Hollender
Executive Board	Peter Flemming Sørensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231
Attorneys	Bech-Bruun Advokatpartnerselskab
Bank	Danske Bank A/S Nordea Bank Danmark A/S BNP Paribas Fortis

Management's Review

The Company's principal activities

PPG Coatings Danmark A/S is a wholly-owned subsidiary of PPG Industries Inc. headquartered in Pittsburgh, USA. As a global supplier of paints, coatings, optical products, and specialty materials, PPG Industries Inc. operates in more than 70 countries and employs around 47,000 people to bring life to our purpose and promise: WE PROTECT AND BEAUTIFY THE WORLD™.

The activities of PPG Coatings Danmark A/S comprise production and distribution of paints, wood stain products and speciality products and we employ 267 people. Our production takes place at the factory in Søborg, Denmark, but products are also purchased within PPG Industries Inc. and from external suppliers. Distribution primarily takes place through the major 'do it yourself' chains to end-users or through PPG Coatings Danmark A/S' 20 professional paint centres where professional decorators buy products and tools.

In line with our corporate purpose and promise, the objective of PPG Coatings Danmark A/S is to deliver quality products and continuously develop technologies that provide additional benefits to our customers.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of DKK -5.545.158 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK 526.073.693 and an equity of DKK 206.098.922.

Expectations for the future

The Company expects the operating profit to be between DKK millions 50 and DKK millions 100 in 2020.

Net profit/loss for the year compared with expected developments in the most recently published annual report

The result is in line with our expectations.

Statement on sustainability

Through our business and principle activities, PPG Coatings Danmark A/S contribute to PPG Industries Inc.'s continued efforts to enhance and strengthen sustainable operations and bring life to our corporate purpose and promise.

In line with PPG Industries Inc.'s sustainability vision we are committed to delivering lasting value for shareholders and customers by operating with integrity, working safely, respecting the contributions of our people, preserving the environment and supporting the communities where we operate. Furthermore, we launched in 2018 corporate sustainability goals towards 2025 that guides our company in implementing sustainable business practices. Our research and development portfolio is driven by environmental stewardship and our goal is to achieve 40% of sales from sustainable products and processes by 2025. For more detail see PPG Industries Inc.'s consolidated sustainability report available at www.sustainability.ppg.com.

At PPG Coatings Danmark A/S, we primarily focus our sustainability efforts on our production facility in view of potential risks related to the environment, health and safety (EHS). We comply with applicable law and PPG Industries Inc.'s sustainability policies that respond to identified risks and opportunities and details internationally recognised standards within the area of the environment, human rights including labour rights, anti-corruption and corporate governance. Similarly, we expect our suppliers and their subcontractors to comply with applicable law and to adhere to the standards described in our Global Code of Ethics.

Environment, health and safety

Our EHS Policy states that PPG Industries Inc. market, distribute and manufacture products globally in a responsible manner that protects employees, neighbors, customers and the environment. The policy incorporate elements of Responsible Care and Coatings Care initiatives and emphasizes our commitment to continuous improvement and sustainability.

Management's Review

Through our global EHS management system 'PPG EHS Management System', we work to meet our objectives and monitor our performance at our production facility. Our Danish EHS Leadership Team has 16 members representing different parts of the business. Our EHS Leadership Team summons monthly to discuss progress and perform annual assessment of EHS risks and prioritized actions accordingly.

Throughout 2019, our EHS activities were focused on implementing improvements meeting the recommendations of the 2018 audit. The efforts of 2019 resulted in 42 complete actions to improve our EHS management system and performance all completed within plan.

The 2019 improvement was implemented across EHS programs covering Spill Prevention and Containment, Waste Management, Risk Assessment and Hazard Communication, Management of Change, Process Safety, Third Party Services, Electrical Safety, Powered Industrial Trucks, Elevated Work and Control of Static Electricity.

Our key Environmental Health & safety practice and corporate goals include:

Waste: The more efficient we use materials to make our products, the less waste we produce, the fewer resources we consume and the more money we save. We work toward absolute material utilization throughout our manufacturing processes followed by eliminating, minimizing, reusing and recycling the waste materials we do produce. Our corporate 2025-goal is a 25% reduction in waste.

Water: We see it as our responsibility to optimize water use through conservation and reuse and continue to reduce our consumption of water in our production. Our corporate 2025-goal is a 20% reduction in water consumption.

Energy: Most of our manufacturing processes are not energy-intensive, but we are committed to reducing our energy consumption to minimize our greenhouse gas (GHG) emissions, reduce costs and create more energy efficient facilities. Our corporate 2025-goals are a 15% in energy reduction and a 15% reduction in GHG emissions.

The above improvement goals use 2017 as baseline.

Spill and releases: We have strong management practices in place to prevent spills and releases, and our corporate spill-elimination standard requires the establishment of a spill-elimination program at our facility. Our corporate 2025-goal is a 65% improvement in our spills and release rate. No spills (Cat I, II, III) were recorded in 2019.

Injury & Illness: The corporate target of PPG Injury and Illness (PPG II) incidents is zero. PPG II includes fatalities, amputations, 30 or more calendar days of away from work and third degree burns. PPG Coatings DK met this goal in 2019.

EHS key performance indicators 2019

Total waste intensity (metric tons/100 ton production): 6,17 (2018: 7,07)

Water usage intensity (cubic meters/metric ton production): 0,20 (2018: 0,21)

Energy intensity (million British thermal unit/metric ton production): 0,80 (2018: 0,75)

Spills and releases (category I, II and III) rate*): 0,00 (2018: 1,20)

PPG II incident rate**): 0,00 (2018:0,00)

In conclusion, 2019 showed good performance on our incident rates. The sustainability KPI's showed a 12,7 % improvement on total waste intensity, 4,8 % improvement on water usage intensity. Energy intensity has increased 6,7 %, partly caused by a minor drop in production volume from 2018-2019 and partly a result of increased natural gas in the resin plant caused by operational fluctuations.

The EHS indicators for PPG Coatings Danmark A/S' production facility are prepared in accordance with PPG Industries Inc.'s EHS accounting principles.

Management's Review

*) The rate is calculated by multiplying the number of Incidents (Category I/II/III) by 200,000, and then dividing that number by the number of working hours at the site.

***) The rate is calculated by multiplying the number of Incidents by 200,000, and then dividing that number by the number of working hours at the site.

Employee relations and human rights

Our 267 employees are a key asset and intellectual capital resource - to the operations of PPG Coatings Danmark A/S. In addition to operating safe and healthful workplaces it is pivotal that we are able to attract and retain our employees and that they have the right competences. Hence, a clear focus on learning and development is crucial to ensure that we keep our employees engaged, productive and successful at every stage of their careers. We are committed to promoting from within wherever possible while also bringing in new ideas, thoughts and insights. It is Management's assessment that PPG Coatings Danmark A/S has the right competences to develop its business positively going forward.

Overall, our Global Code of Ethics sets the standard for the relationship between PPG Industries Inc. and its employees. At PPG Coatings Danmark A/S, the HR-department manages employee related matters in view of the Code to nurture a good working environment and accelerate employee development. Our work council, which engages a representative from management, HR and our production facility, met four times in 2019 to discuss pertinent issues and assess progress in our work. Furthermore, our trade union representative union member represents and gives advice to employees if they have work-related problems. Our Code and daily practise in 2019 focused on:

Diversity: We value differences among us in experience, perspective, background, race, age, national origin, religion, sex, sexual orientation, gender identity and/or expression, culture, interests, geography, and style, and we strive for a collaborative environment in which everyone has a chance to succeed. We base employment decisions on job qualifications and merit, which include education, experience, skills, ability, and performance.

Human rights, including labour rights: We respect the dignity and human rights of all people, and we comply with all laws pertaining to freedom of association, privacy, collective bargaining, immigration, working time, wages, and hours, as well as laws prohibiting forced, compulsory and child labour, human trafficking, and employment discrimination.

Non-discrimination and harassment: We give equal employment opportunity to and will not discriminate against individuals on the basis of any status protected by applicable laws. We are committed to providing a workplace that is free from harassment and bullying.

Data privacy: We respect individual privacy rights and are committed to collecting, handling, reviewing, and protecting personal information responsibly and in compliance with applicable privacy and information security requirements and laws. We strive to respect the privacy of our employees by honouring our legal requirements and upholding high ethical standards.

We did not introduce new initiatives per se in Denmark in 2019, but continued to also nurture a culture of health, where our employees become responsible for their individual well-being through informed, active participation in health and wellness activities. We focus on nutrition, exercise, health screenings and mindfulness/stress which research has identified as key to our employees overall well-being. For example, the wellness program at PPG Coatings Danmark A/S, which has been in place for a number of years, includes yoga classes. Our corporate 2025-goal is that 100% of PPG facilities have wellness programs.

Management's Review

Anti-corruption and bribery

Our Global Code of Ethics and Global Anti-Corruption Policy make clear that PPG Industries Inc. prohibit bribery and corruption in all of its business dealings in every country. We must govern our conduct in order to conform to the rigorous anti-bribery and anti-corruption laws in place throughout the world. Hence, PPG Coatings Danmark A/S' employees and intermediaries are prohibited from making, offering or accepting bribes, payments or anything of value in order to improperly obtain or retain contracts, business, government approvals, favourable tax or customs rulings, or to secure any other improper business advantage, with any entity or individual.

At PPG Coatings Danmark A/S, we have established internal controls and accounting practices to prevent and reduce the risk of use of funds for bribes or unlawful payments. Furthermore, our Global Code of Ethics provide guidance to our employees in their daily business conduct. If there is suspicion or known violations of our policies employees must report the information to our global Chief Compliance Officer, Danish counsel representative or they can use our corporate confidential, anonymous 'Ethics Hotlines'.

In 2019 all employees at PPG Coatings Danmark A/S engaged through our annual mandatory online training and our Corporate Audit Services regularly monitor and review employee compliance with the Global Anti-Corruption Policy.

Statement on gender distribution in management

To ensure that employees feel valued and respected, PPG Industries Inc. is committed to providing a workplace that embraces a culture of diversity and inclusion. It is in our policies to consider diversity among employees and within management as a strength for the business.

We are actively promoting gender diversity and it is PPG Coatings Danmark A/S ambition to increase the number of women in management. Our target for gender representation within our supreme management body, the Board of Directors, is to have one woman among the three members elected by the annual general assembly no later than 2020. As all members of the Board of Directors were re-elected in 2019, there are currently no women represented. The representation of women in management, which represents the management team, is 20%. This is also the same levels as in 2018 despite our efforts to improve gender distribution in management in 2019.

To improve gender distribution it is part of our practise to shortlist both male and female candidates when we hire or promote employees to management positions. We also provide equal opportunity for all employees to increase their skills and competences through additional training and education and we continue to retain and nudge female colleagues with management potential and ambitions to seek a career within PPG.

The overall objective of the PPG Group is to have the highest standards within Corporate Social Responsibility.

Considerable resources have been used to implement the global standards for especially environment and work environment.

Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

COVID-19 is not expected to have any negative impact on the Company's revenue and profit in 2020.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appear in thousands

	2019	2018	2017	2016	2015
Revenue	746.247	765.904	756.401	722.364	755.696
Profit from ordinary operating activities	43.628	51.089	43.447	25.661	12.564
Profit/loss for the year	-5.545	25.129	16.697	12.646	27.094
Net financial income and expenses	-3.716	-3.850	-5.200	-6.160	-6.859
Investment in non-current PPE	10.163	5.645	23.249	13.457	17.686
Total assets	526.074	547.221	604.904	634.903	638.401
Total equity	206.099	211.644	186.515	169.819	264.941
Avg. number of full-time employees	267	267	272	282	287
Profit margin (%)	5,85	6,67	5,74	3,55	3,59
Return on equity (ROE) (%)	-2,65	12,62	9,37	5,82	4,84
Return on capital employed (%)	8,13	8,87	7,01	3,96	4,11
Solvency ratio (%)	39,18	38,68	30,83	26,75	41,50

For definitions of key ratios, see Accounting and Valuation Principles. Comparative figures have been adjusted based on the mergers.

Accounting Policies

Reporting Class

The Annual Report of PPG Coatings Danmark A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

According to section 112(2) and 86(4) of the Danish Financial Statement Act, no consolidated statement or cash flow statement have been prepared. The financial statements of PPG Coatings Danmark A/S and its group enterprises are included in the consolidated financial statements of PPG Industries Inc, Pittsburgh, PA 15272, USA.

The accounting policies applied remain unchanged from last year. However, due to a classification error in 2018, the 2018 comparative numbers for Net Sales and Other External Expenses have been adjusted.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are 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 term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other operating income

Other operating income comprise items of a secondary nature to the principal activity of the Company.

Change in inventories of finished goods, work in progress and goods for resale.

Change in inventories comprises of the change in inventories of finished goods, work in progress and goods for resale.

Raw materials and consumables

Costs for raw materials and consumables comprise of consumption of goods and services for resale.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Employee benefits expense

Staff expenses comprise wages and salaries, pensions and social security costs.

Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets recognised in the profit or loss

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life :

	Useful life
Acquired intangible assets	5-10 years
Goodwill	5 years
Land and buildings	5-50 years
Plant and machinery	3-30 years
Fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	5-10 years

The usefull life and residual value for tangible assets are revaluated yearly.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Other Finance income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities.

Tax expence on ordinary activities

Tax on net profit for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and

Accounting Policies

deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Acquired intangible assets, including licences and acquired rights etc., are measured at cost less accumulated amortisation and impairment losses. An impairment test is performed in the event of indications of a decrease in value. Furthermore, annual impairment tests are performed for ongoing and activated development projects, if any. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or assets group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Property plant and equipment

Tangible assets are measured at cost, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Long term investments in group enterprises

Equity investments in group enterprises and associates are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

Deposits, investments

Deposits are measured at amortised cost which usually corresponds to the nominal value.

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Work in progress and manufactured goods are measured at manufacturing price comprising of cost of goods sold plus direct and indirect production costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Deferred cost

Deferred cost, recognised in assets comprises of prepaid costs regarding subsequent financial years.

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Other provisions comprise of expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Provisions that are expected to be settled later than a year from the balance sheet date are measured at the present value and the expected payments. Other provisions are measured at net realisable value.

Long-term liabilities other than provisions

Payables to group enterprises are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

Short-term liabilities other than provisions

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

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

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting Policies

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Profit margin	=	$\frac{\text{Profit from ordinary operating activities X 100}}{\text{Revenue}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the year X 100}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{\text{Profit from ordinary operating activities X 100}}{\text{Avg. assets}}$
Solvency Ratio (%)	=	$\frac{\text{Equity X 100}}{\text{Assets}}$

Income Statement

	Note	2019 kr.	2018 kr.
Revenue	1	746.247.019	765.903.828
Change in inventories of finished goods, work in progress and goods for resale		19.105	-4.994.924
Other operating income		2.577.230	2.663.630
Raw materials and consumables used		-394.055.710	-410.594.096
Other external expenses		-132.156.415	-122.690.658
Gross result		222.631.229	230.287.780
Employee benefits expense	2	-154.605.287	-149.945.751
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-24.398.405	-29.252.643
Profit from ordinary operating activities		43.627.537	51.089.386
Income from investments in group enterprises and associates		2.670.880	1.418.000
Other finance income	3	2.282.030	2.369.259
Impairment of financial assets		-38.425.044	-11.120.204
Finance expences	4	-5.998.039	-6.219.794
Profit from ordinary activities before tax		4.157.364	37.536.647
Tax expense on ordinary activities	5	-9.702.522	-12.407.994
Profit		-5.545.158	25.128.653
Distribution of profit	6		

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Assets			
Acquired intangible assets	7	10.451.395	11.265.084
Goodwill	8	83.332	183.332
Intangible assets		10.534.727	11.448.416
Land and buildings	9	106.014.232	107.192.073
Plant and machinery	10	33.701.295	41.039.600
Fixtures, fittings, tools and equipment	11	16.126.823	21.028.639
Leasehold improvements	12	0	0
Property, plant and equipment		155.842.350	169.260.311
Long-term investments in group enterprises	13, 14	109.194.097	117.525.311
Deposits, investments	15	3.980.085	4.056.771
Investments		113.174.182	121.582.082
Fixed assets		279.551.259	302.290.809
Raw materials and consumables		11.379.473	12.096.456
Work in progress		5.095.606	6.543.205
Manufactured goods and goods for resale		56.237.957	59.206.789
Inventories		72.713.036	77.846.450
Short-term trade receivables		90.947.564	72.315.503
Short-term receivables from group enterprises		67.517.494	84.837.129
Short-term tax receivables		7.384.275	0
Other short-term receivables		422.663	5.453.905
Deferred cost		1.242.172	1.965.303
Receivables		167.514.168	164.571.840
Cash and cash equivalents		6.295.230	2.511.761
Current assets		246.522.434	244.930.051
Assets		526.073.693	547.220.860

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Liabilities and equity			
Contributed capital		110.000.000	110.000.000
Retained earnings		96.098.922	101.644.080
Equity		206.098.922	211.644.080
Provisions for deferred tax	16	6.362.792	6.612.338
Other provisions	17	1.053.434	1.742.950
Provisions		7.416.226	8.355.288
Payables to group enterprises		109.099.328	109.099.328
Long-term liabilities other than provisions	18	109.099.328	109.099.328
Trade payables		146.963.551	162.979.544
Payables to group enterprises		15.898.729	18.636.782
Tax payables		0	2.626.567
Other payables		40.596.936	33.879.271
Short-term liabilities other than provisions		203.459.216	218.122.164
Liabilities other than provisions within the business		312.558.544	327.221.492
Liabilities and equity		526.073.693	547.220.860
Contingent liabilities	19		
Related parties	20		
Fees for auditors elected on the general meeting	21		

PPG Coatings Danmark A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	110.000.000	101.644.080	211.644.080
Profit (loss)		-5.545.158	-5.545.158
Equity 31 December 2019	110.000.000	96.098.922	206.098.922

The share capital has remained unchanged for the last 5 years.

Notes

	2019	2018
1. Revenue		
Revenue, Denmark	580.607.197	598.964.543
Revenue, Export	165.639.822	166.939.285
	746.247.019	765.903.828
Revenue consists primarily of paint and related products within the architectural coatings industry.		
2. Employee benefits expense		
Wages and salaries	131.729.159	126.513.118
Post-employment benefit expense	12.440.068	12.571.456
Social security contributions	1.414.170	1.207.002
Other employee expense	9.021.890	9.654.175
	154.605.287	149.945.751
Average number of employees	267	267
In accordance with the Danish Financial Act §98B, the employee benefit expense for management is not disclosed.		
3. Finance income		
Finance income from group enterprises	160.751	256.049
Other finance income	2.121.279	2.113.210
	2.282.030	2.369.259
4. Finance expenses		
Finance expenses arising from group enterprises	3.298.361	4.370.629
Other finance expenses	2.699.678	1.849.165
	5.998.039	6.219.794
5. Tax expense		
Current corporation taxes	9.952.068	11.596.321
Adjustment prior years tax	0	1.349.693
Deferred tax	-249.546	-538.020
	9.702.522	12.407.994
6. Distribution of profit		
Transferred to retained earnings	-5.545.158	25.128.653
	-5.545.158	25.128.653

Notes

	2019	2018
7. Acquired intangible assets		
Cost at the beginning of the year	60.219.707	55.747.181
Addition during the year, incl. improvements	0	4.472.526
Cost at the end of the year	60.219.707	60.219.707
Depreciation at the beginning of the year	-48.954.623	-45.990.194
Depreciation for the year	-813.689	-2.964.429
Depreciation at the end of the year	-49.768.312	-48.954.623
Carrying amount at the end of the year	10.451.395	11.265.084
8. Goodwill		
Cost at the beginning of the year	600.000	600.000
Cost at the end of the year	600.000	600.000
Depreciation and amortisation at the beginning of the year	-416.668	-316.668
Amortisation for the year	-100.000	-100.000
Impairment losses and amortisation at the end of the year	-516.668	-416.668
Carrying amount at the end of the year	83.332	183.332
9. Land and buildings		
Cost at the beginning of the year	189.915.183	195.209.989
Addition during the year	6.270.168	0
Disposal during the year	-3.588.238	-49.835
Transfers during the year to other items	0	-5.244.971
Cost at the end of the year	192.597.113	189.915.183
Depreciation at the beginning of the year	-82.723.110	-75.454.352
Depreciation for the year	-7.445.356	-7.268.758
Reversal of impairment losses and amortisation of disposed assets	3.585.585	0
Impairment losses and depreciation at the end of the year	-86.582.881	-82.723.110
Carrying amount at the end of the year	106.014.232	107.192.073

Notes

	2019	2018
10. Plant and machinery		
Cost at the beginning of the year	230.070.495	223.529.756
Addition during the year	2.898.397	2.190.175
Disposal during the year	-9.954.887	-894.406
Transfers during the Year to/from other items	91.021	5.244.970
Cost at the end of the year	223.105.026	230.070.495
Depreciation at the beginning of the year	-189.030.895	-176.760.864
Depreciation for the year	-10.312.492	-13.164.437
Reversal of impairment losses and depreciations of disposed assets	9.947.377	894.406
Transfers during the Year to/from other items	-7.721	0
Impairment losses and depreciation at the end of the year	-189.403.731	-189.030.895
Carrying amount at the end of the year	33.701.295	41.039.600
11. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	97.720.138	102.538.002
Addition during the year	912.796	3.455.265
Disposal during the year	-24.598.269	-8.273.129
Transfers during the Year to/from other items	-91.021	0
Cost at the end of the year	73.943.644	97.720.138
Depreciation at the beginning of the year	-76.691.499	-79.081.432
Depreciations for the year	-5.726.868	-5.820.087
Reversal of impairment losses and depreciation of disposed assets	24.593.825	8.210.020
Transfers during the Year to/from other items	7.721	0
Impairment losses and depreciation at the end of the year	-57.816.821	-76.691.499
Carrying amount at the end of the year	16.126.823	21.028.639
12. Leasehold improvements		
Cost at the beginning of the year	423.658	423.658
Adjustment prior Years	-9.050	0
Cost at the end of the year	414.608	423.658
Depreciations at the beginning of the year	-423.658	-423.658
Adjustment prior Years	9.050	0
Impairment losses and amortisation at the end of the year	-414.608	-423.658
Carrying amount at the end of the year	0	0

Notes

	2019	2018
13. Long-term investments in group enterprises		
Cost at the beginning of the year	202.971.284	198.821.284
Addition during the year	30.093.830	4.150.000
Cost at the end of the year	233.065.114	202.971.284
Revaluations at the beginning of the year	-85.445.973	-74.325.769
Revaluations for the year	-38.425.044	-11.120.204
Revaluations at the end of the year	-123.871.017	-85.445.973
Carrying amount at the end of the year	109.194.097	117.525.311

14. Disclosure in long-term investments in group enterprises and associates*Group enterprises*

Name	Registered office	Share held in		
		%	Equity	Profit
Tintas Dyrup S.A.	Portugal*	100,00	19.249.779	-25.611.066
Dyrup Austria GmbH	Austria**	100,00	9.741.107	154.229
Pinturas Dyrup S.A.	Spain*	100,00	-15.175.022	-12.406.718
Plus Malergrossisten Århus A/S	Århus**	75,49	3.928.043	1.276.280
Plus Malergrossisten Aalborg ApS	Aalborg**	75,50	5.971.281	2.764.674
Plus Malergrossisten Viborg ApS	Viborg**	51,00	2.034.254	328.670
Plus Malergrossisten Esbjerg ApS	Esbjerg**	100,00	-317.273	-10.597
			25.432.169	-33.504.528

*Based on 2018 Annual Report

** Based on 2019 Annual Report

15. Deposit, investment

	2019	2018
Cost at the beginning of the year	4.056.771	4.493.373
Addition during the year	33.748	70.663
Disposal during the year	-110.434	-507.265
Cost at the end of the year	3.980.085	4.056.771
Carrying amount at the end of the year	3.980.085	4.056.771

Notes

	2019	2018
16. Provisions for deferred tax		
Deferred tax	6.362.792	6.612.338
Balance at the end of the year	6.362.792	6.612.338
Intangible assets	1.018.624	853.177
Property, plant and equipment	5.575.923	6.142.610
Provisions	-231.755	-383.449
	6.362.792	6.612.338

The movement in deferred tax is booked in profit and loss. No deferred tax is booked directly in the equity.

17. Other provisions

Technical guarantees	1.053.434	1.742.950
Balance at the end of the year	1.053.434	1.742.950

18. Long-term liabilities

	Due within 1 year	Due bt. 1-5 year	Due after 5 years
Payables to group enterprises	109.099.328	0	0
	109.099.328	0	0

19. Contingent liabilities

Lease obligations under operating leases within 1 year T.DKK 3.445 (2018, T.DKK 4.260) between 1 and 5 years, T.DKK 5.317 (2018, T.DKK 6.803).

Rent payments concerning contracts which is interminable T.DKK 21.560 (2018, T.DKK 17.835).

The Company is jointly taxed with the other enterprises in the group and are jointly and seperally liable for the taxes that concern the joint taxation.

Notes**2019****2018****20. Related parties**

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 :

PPG Industries Europe sarl, Switzerland.

The ultimate parent company is :
PPG Industries Inc, USA.

The company is included in the group annual report of PPG Industries Inc, USA and PPG Industries Europe sarl, Switzerland.

Both annual reports can be obtained at the following address :
PPG Industries Inc,
Pittsburgh, PA 15272
USA

There are no transactions with related parties that are not conducted on arms length principles.

	2019	2018
21. Fees for auditors elected on the general meeting		
Statutory audit	350.000	350.000
Tax consultancy	0	50.000
Other services	148.153	0
	498.153	400.000

22. Subsequent Events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.

Management considers the implications of COVID-19 a subsequent event occurred after the Balance Sheet date (31 December 2019), which is therefore a non-adjusting event to the company. Subsequently, no significant changes in the valuation of assets and liabilities have been identified.

COVID-19 is not expected to have any negative impact on the Company's revenue and profit in 2020. Management estimates that the company has sufficient capital resources