



PPG Coatings Danmark A/S

Gladsaxevej 300

2860 Søborg

CVR No. 18998696

Annual Report 2023

30. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10 June 2024

DocuSigned by:

Torben Beck

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Torben Beck
Chairman



PPG Coatings Danmark A/S

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PPG Coatings Danmark A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of PPG Coatings Danmark A/S for the financial year 1 January 2023 - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

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, 10 June 2024

Executive Board

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Board of Directors

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Steven Pocock
Chairman

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Michael Nielsen
Employee Representative

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Torben Beck
Member

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Mark Breyt Palm
Employee Representative

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Judith Sarah Graville
Member



PPG Coatings Danmark A/S

Independent Auditors' Report

To the shareholder of PPG Coatings Danmark A/S

Opinion

In our opinion, the financial statements give a true and fair view of the the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial 1 January 2023 - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of PPG Coatings Danmark A/S for the financial year 1 January 2023 - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ("financial statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.



PPG Coatings Danmark A/S

Independent Auditors' Report

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 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 risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- * Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.




PPG Coatings Danmark A/S


Independent Auditors' Report

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

Hellerup, 10 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

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Martin Lunden
State Authorised Public Accountant
mne32209

DocuSigned by:

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Maj-Britt Nørskov Nannestad
State Authorised Public Accountant
mne32198



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
Board of Directors	Steven Pocock Torben Beck Judith Sarah Graville Michael Nielsen Mark Breyt Palm
Executive Board	Torben Beck
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231
Attorneys	Lundgrens Advokatpartnerselskab
Bank	Danske Bank A/S Nordea Bank Danmark A/S BNP Paribas Fortis



PPG Coatings Danmark A/S

Management's Review

The Company's principal activities

PPG Coatings Danmark A/S is a 100%-owned subsidiary in the Group of PPG Industries Inc. headquartered in Pittsburgh, USA. As a global supplier of paints, coatings and specialty materials, PPG Industries Inc. operates in more than 70 countries and employs around 52.000 people to bring life to our purpose and promise: WE PROTECT AND BEAUTIFY THE WORLD™.

As in previous years, the Company's activities relate to three business areas - Architectural, Protective & Marine Coatings and Industry. It comprises production and distribution of paints, wood stain products and speciality products and we employ 304 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 wholesalers, distributors, DIY chains, direct customer deliveries or through PPG Coatings Danmark A/S' 22 ProCenters where professional paint contractors 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 the financial situation

The Company's Income Statement of the financial year 1 January 2023 to 31 December 2023 shows a result of DKK 25.564.132 (2022: tDKK 10.948) and the Balance Sheet at 31 December 2023 a total of DKK 837.744.862 (2022: tDKK 816.892) and an equity of DKK 480.603.078 (2022: tDKK 455.039).

In 2023 the Company discontinued its subsidiary in Spain and reevaluated its investment in group enterprises, resulting in a negative impact on this year's result. Despite this, the 2023 result was more profitable than 2022 due to a focused effort to improve process flows and thus increasing earnings. Management has throughout the year been following the effects of geopolitical changes as well as inflation and interest rate developments and adjusted business management strategies as deemed necessary.

Expectations for the future

The Company expects the result to further improve for 2024 due to changes implemented in 2023. The result is expected to be between DKK millions 30 and DKK millions 55 and revenue is expected to be between DKK millions 900 and DKK billion 1,1 in 2024.

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

The result for 2023 is within our expectations and efforts to improve internally will continue.



PPG Coatings Danmark A/S

Management's Review

Statutory Report on Responsibility. cf. Section 99a of the Danish Financial Statements Act

PPG Coatings Danmark A/S is, as part of the PPG Group, subject to the CRS policies that are implemented across the Group. PPG Coatings Danmark A/S's Statutory Report on Social Responsibility, cf. Section 99a of the Danish Financial Statements Act, can be found in the PPG Group ESG Report 2023 - www.ppg.com/sustainability/en-US/progress-summary

In general, and due to statutory legal requirements, we refer to PPG Group ESG Report 2023. In addition, we have added local information below.

Key Environmental Health & safety Practice and Corporate Goals (2017 as baseline):

Waste: The more efficient we use materials to make our products, the less waste we produce and, the fewer resources we consume. 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.

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. 0 spills (Cat I-III) were recorded in 2023.

Injury & Illness: The corporate target of PPG Injury and Illness (PPG I&I) incidents is zero. PPG I&I includes fatalities, amputations, third-degree burns and 30 or more calendar days of away from work. In 2023 we celebrated 1.000 days without an I&I incident at our manufacturing site in Søborg, but we have registered 1 I&I in 2023 related to slip, trip and falls hazard in our commercial part of the business.



PPG Coatings Danmark A/S

Management's Review

EHS key performance indicators (Manufacturing):

EHS Indicators	Calculation method	2023	2022	2021	2020	2019
Waste intensity	Metric tons/100 ton production	7,66	6,40	5,22	5,60	3,17
Water usage intensity	Cubic meters /metric ton production	0,56	0,51	0,50	0,50	0,00
Energy intensity	Million British thermal unit/metric ton production. Energy intensity is a rate calculated by electricity, natural gas and district heating/production volume at the manufacturing site Søborg.	1,42	1,59	1,45	1,22	1,63
Spill and releases (category I,II and III)	Manufacturing site Søborg	0,00	11,95	0,00	0,00	0,00
	Architectural commercial activities and facilities	0,00	0,00			
	Method for both calculations: 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					
Injury & illness - PPG II incident rate	Manufacturing site Søborg	0,00	0,52	0,57	0,00	0,00
	Architectural commercial activities and facilities	0,91	1,00			
	Method for both calculations: The rate is calculated by multiplying the number of Incidents by 200,000, and then dividing that number by the number of working hours					

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

Conclusion

In conclusion, 2023 showed a strong year across our EHS performance at the manufacturing site. Although a decrease in production has impacted our key environmental intensity KPI's negatively (waste, water, energy) our manufacturing site has delivered reduction in the Energy Intensity driven by optimized use of natural gas in our resin production and substitution towards LED lightning across the site. No classified spill was reported at the manufacturing site. Furthermore, the manufacturing site delivered exceptional performance on our Health and Safety KPI's.

We will continue to measure, focus on and develop the above-mentioned key areas.



PPG Coatings Danmark A/S

Management's Review

Employee relations

Our 304 employees are the key asset and intellectual capital resource of PPG Coatings Danmark A/S. In 2023 there has been a special focus on engagement and diversity. It is pivotal that we can 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 of Conduct to nurture a good working environment and accelerate employee development. Employees have access to an anonymous Ethics hotline, there are Ethics training, Ethics sessions for managers and Ethics is part of our Employee survey as we want to foster an environment where all can speak up. Our work council, which engages representatives from management, HR and employees, met four times in 2023 to discuss pertinent issues and assess progress in our work. Furthermore, the employee's trade union representative gives advice to employees if they have work-related problems. Our Code and daily practice in 2023 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 can participate and contribute. 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 based on 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.

As we continue our progress and focus on diversity, equity & inclusion as a business priority, we have introduced a new initiative in 2023 to build greater diversity in our candidate pools. This begins with a more refined and differentiated recruitment process. We use labour market data to ensure that our candidate slate reflects the labour market for the geography and function of the vacancy. An artificial intelligence tool helps us mitigate unconscious bias from our recruiting communications. Labour market data is utilized to determine diversity slate targets. Interviewers from underrepresented demographics is included in the selection process.

Finding the most qualified candidate is always our priority. While the time that it takes to build a candidate slate will increase for certain roles, increasing diversity will improve business results for PPG Coatings Danmark A/S. Diverse teams drive innovation and efficiencies, while driving growth for PPG Coatings Danmark A/S.



PPG Coatings Danmark A/S

Management's Review

We also continued to 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, and mindfulness/stress which research has identified as key to our employee's overall well-being. For example, the wellness program at PPG Coatings Danmark A/S, which has been in place for several years, includes different physical wellness activities, Employee Assistance Program and Financial Wellness Program. We are fulfilling our corporate 2025-goal that is 100% of PPG facilities have wellness programs.

During 2023 Management focused to set up processes for:

- **Driving employee engagement accountability** (targets was set for managers to focus on feedback and improvement actions). Target for 2023 accountability was index +0,12 with 2023 resulting in 4,24 compared with 2022 at 4,08. The target for 2024 is an index of +0,06. (Method: Gallup questionnaire)
- **Female representation** (monitoring ratios between female and male) Target in 2025 is globally a female representation of 35%. In Denmark 29,6% in 2023 (29,0% in 2022). (Method: Number of women / total number of employees). Focus will continue in 2024 with PPG Coatings Danmark A/S participating in the initiative 'Gender Diversity Pledge' organized by Dansk Industri/The Confederation of Danish Industries.
- **Secure mutual respect in all sectors** of the business with diversity workshops and focus on ethics. For 2023 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. Diversity among employees and within management is considered a strength for the business.

As we continue to measure, keep focus on and develop the above-mentioned key areas, increased focus on female representation and more specifically gender distribution, paragraph 99b, continues with concrete goals set for 2027:

	Number of members	% of women - 2023	% of women - 2022	Goals to be achieved latest 2027
Board of Directors	3	33%	0%	Maintain the achieved level
Other Management level	6	0%	0%	33%



PPG Coatings Danmark A/S

Management's Review

In 2023 we achieved our goal and an equal distribution relating to the underrepresented gender in our Board of Directors after the replacement of a member in spring 2023.

In addition to the goals set in accordance with Danish Financial Statements Act - paragraph 99b, PPG Coatings Danmark A/S has established goals that better reflects the Company outside the matrix organization of PPG Industries Inc.; the below table reflects PPG Coatings Danmark A/S's gender distribution over the two management levels:

	Number of members	% of women - 2023	% of women - 2022	Goal to be achieved latest 2027
Management	11	36%	25%	Maintain the achieved level
Managers	51	25%	26%	30%

We are actively promoting gender diversity, and this can be seen with increases from 2022 to 2023 in % of women in Management and Manager positions. It is PPG Coatings Danmark A/S's ambition to not only reach the targets set for 2027 but strive to go beyond the targets set above.

To improve gender distribution in 2023, it is part of our practice 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 encourage and support female colleagues with management potential and ambitions to seek a career within PPG Coatings Danmark A/S.

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 environment and work environment.

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 2023 all employees at PPG Coatings Danmark A/S participated in and passed our annual mandatory online training and our Corporate Audit Services regularly monitor and review employee compliance with the Global Anti-Corruption Policy.



PPG Coatings Danmark A/S

Management's Review

We continue to train our employees to prevent compliance breaches and make sure that their knowledge and understanding is updated. Target 2024 is 100% participation as in 2023.

Data ethics

PPG Group uses advanced technologies such as artificial intelligence or machine learning, where it is found useful. The company handles general data in the form of customer data, vendor data and employee data. Data is processed in accordance with the GDPR and our privacy and information security policies to protect the information from any misuse in breach with legal requirements and our high ethical standard.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

No special events have incurred after closing of the financial statements of 2023. The Management is still following the effects of geopolitical changes as well as inflation and interest rate developments to see if any effects are expected to profit in 2024.

In February 2024, after closing of the financial statements of 2023, the long-term liability to group enterprises has been re-paid in full.



PPG Coatings Danmark A/S

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

	2023	2022	2021	2020	2019
Revenue	1.011.868	1.062.211	998.548	890.449	746.247
Profit from ordinary operating activities	35.270	17.839	89.262	124.637	43.628
Profit/loss for the year	25.564	10.948	85.424	52.386	-5.545
Net financial income and expenses	5.429	-1.647	-2.917	-3.078	-3.716
Investment in non-current PPE	27.348	12.305	8.535	6.365	5.530
Total assets	837.745	816.892	747.440	617.247	526.074
Total equity	480.603	455.039	371.045	259.001	206.099
Avg. number of full-time employees	304	310	327	262	267
Profit margin (%)	3,49	1,68	8,94	14,00	5,85
Return on equity (ROE) (%)	5,46	2,65	27,12	22,53	-2,65
Return on capital employed (%)	4,26	2,28	13,08	21,80	8,13
Solvency ratio (%)	57,37	55,70	49,64	41,96	39,18

For definitions of key ratios, see Accounting policies.



PPG Coatings Danmark A/S

Accounting Policies

Reporting Class

The Annual Report of PPG Coatings Danmark A/S for 2023 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 Statements 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 except for minor reclasses made within fixed asset notes.

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.



PPG Coatings Danmark A/S

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 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.

Raw materials and consumables

Costs for raw materials and consumables comprise of consumption of goods and services for resale, change in inventories of finished goods, work in progress and goods for resale.

Other external expenses

Other external expenses comprise expenses regarding sales 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	Residual value
Acquired intangible assets	5-15 years	0%
Goodwill	5-15 years	0%
Land and buildings	5-50 years	0%
Plant and machinery	3-30 years	0%
Fixtures and fittings, tools and equipment	3-15 years	0%
Leasehold improvements	5-10 years	0%

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.

Financial 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.



PPG Coatings Danmark A/S

Accounting Policies

Tax on net profit for the year

Tax on net profit/loss 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 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.



PPG Coatings Danmark A/S

Accounting Policies

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.

Prepayments

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

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 in the notes only.



PPG Coatings Danmark A/S

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 (%)	=	$\frac{\text{Equity X 100}}{\text{Assets}}$



PPG Coatings Danmark A/S

Income Statement

	Note	2023 kr.	2022 kr.
Revenue	1	1.011.868.178	1.062.211.414
Other operating income		2.912.679	2.776.291
Raw materials and consumables used		-562.463.616	-635.331.291
Other external expenses		-166.951.704	-169.234.176
Gross result		285.365.537	260.422.238
Employee benefits expense	2	-201.531.509	-211.050.096
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-25.128.516	-29.904.720
Writedown of investments	3	-19.440.333	0
Other operating expenses		-3.994.726	-1.628.329
Profit from ordinary operating activities		35.270.453	17.839.093
Income from investments in group enterprises and associates		2.921.327	0
Other finance income	4	9.265.004	2.991.021
Finance expenses	5	-6.757.268	-4.637.653
Profit from ordinary activities before tax		40.699.516	16.192.461
Tax expense on ordinary activities	6	-15.135.384	-5.244.438
Profit		25.564.132	10.948.023
Distribution of profit	7		



PPG Coatings Danmark A/S

Balance Sheet as of 31 December

	Note	2023 kr.	2022 kr.
Assets			
Acquired intangible assets	8	11.143.842	13.133.359
Goodwill	9	52.373.282	57.144.285
Intangible assets		63.517.124	70.277.644
Land and buildings	10	70.932.873	82.564.402
Plant and machinery	11	19.619.455	19.153.223
Fixtures, fittings, tools and equipment	12	18.751.024	18.645.353
Leasehold improvements	13	5.623.656	3.674.295
Property, plant and equipment in progress	14	18.280.494	4.622.735
Property, plant and equipment		133.207.502	128.660.008
Long-term investments in group enterprises	3, 15	83.711.334	122.151.667
Deposits, investments	16	5.532.624	6.277.738
Investments		89.243.958	128.429.405
Fixed assets		285.968.584	327.367.057
Raw materials and consumables		14.098.753	18.741.548
Work in progress		5.481.093	9.966.247
Manufactured goods and goods for resale		89.394.061	90.916.085
Inventories		108.973.907	119.623.880
Short-term trade receivables		128.249.384	120.182.525
Short-term receivables from group enterprises		308.754.062	236.149.141
Short-term tax receivables		0	9.569.613
Short-term tax receivables from group enterprises		1.657.063	1.168.376
Other short-term receivables		2.152.228	870.375
Prepayments	17	1.273.722	1.683.697
Receivables		442.086.459	369.623.727
Cash and cash equivalents		715.912	277.013
Current assets		551.776.278	489.524.620
Assets		837.744.862	816.891.677



PPG Coatings Danmark A/S

Balance Sheet as of 31 December

	Note	2023 kr.	2022 kr.
Liabilities and equity			
Contributed capital		110.000.000	110.000.000
Retained earnings		370.603.078	345.038.946
Equity		480.603.078	455.038.946
Provisions for deferred tax	18	4.180.859	4.327.091
Other provisions	19	962.950	173.950
Provisions		5.143.809	4.501.041
Payables to group enterprises		90.000.000	109.099.328
Long-term liabilities other than provisions	20	90.000.000	109.099.328
Trade payables		200.877.865	196.241.229
Payables to group enterprises		12.530.238	5.905.801
Tax payables		2.352.731	0
Other payables		46.237.141	46.105.332
Short-term liabilities other than provisions		261.997.975	248.252.362
Liabilities other than provisions within the business		351.997.975	357.351.690
Liabilities and equity		837.744.862	816.891.677
Contingent liabilities	21		
Related parties	22		



PPG Coatings Danmark A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	110.000.000	345.038.946	455.038.946
Profit (loss)		25.564.132	25.564.132
Equity 31 December 2023	110.000.000	370.603.078	480.603.078



PPG Coatings Danmark A/S

Notes

	2023	2022
1. Revenue		
Revenue, Denmark	810.955.153	850.575.305
Revenue, Export	200.913.025	211.636.109
	1.011.868.178	1.062.211.414
2. Employee benefits expense		
Wages and salaries	167.181.128	180.341.711
Post-employment benefit expense	16.602.727	16.629.712
Social security contributions	1.949.054	2.151.717
Other employee expense	15.798.600	11.926.956
	201.531.509	211.050.096
Average number of employees	304	310
<p>In accordance with the Danish Financial Act §98B, the employee benefit expense the financial year 2023 for management is not disclosed.</p>		
3. Long-term investments in group enterprises		
Cost at the beginning of the year	269.469.880	269.469.880
Disposal during the year	-166.318.213	
Cost at the end of the year	103.151.667	269.469.880
Revaluations at the beginning of the year	-147.318.213	-147.318.213
Revaluations for the year	-19.440.333	
Reversal of revaluations of disposed assets	147.318.213	
Revaluations at the end of the year	-19.440.333	-147.318.213
Carrying amount at the end of the year	83.711.334	122.151.667
4. Other finance income		
Other finance income	-9.265.004	-2.991.021
	-9.265.004	-2.991.021
5. Finance expenses		
Finance expenses arising from group enterprises	5.144.906	2.597.584
Other finance expenses	1.612.362	2.040.069
	6.757.268	4.637.653



PPG Coatings Danmark A/S

Notes

	2023	2022
6. Tax expense		
Current period ordinary corporation tax	15.281.616	5.635.149
Current corporation taxes for previous	0	-512.580
Ordinary deferred income taxes	-146.232	121.869
	15.135.384	5.244.438
7. Distribution of profit		
Transferred to retained earnings	25.564.132	10.948.023
	25.564.132	10.948.023
8. Acquired intangible assets		
Cost at the beginning of the year	64.615.674	59.135.000
Addition during the year, incl. improvements	0	13.480.674
Disposal during the year	0	-8.000.000
Cost at the end of the year	64.615.674	64.615.674
Depreciation at the beginning of the year	-51.482.315	-55.287.907
Depreciation for the year	-1.989.517	-4.194.408
Reversal of impairment losses and amortisation of disposed assets	0	8.000.000
Depreciation at the end of the year	-53.471.832	-51.482.315
Carrying amount at the end of the year	11.143.842	13.133.359
9. Goodwill		
Cost at the beginning of the year	65.165.039	1.600.000
Addition in connection with merger and purchase of enterprise	0	63.565.039
Cost at the end of the year	65.165.039	65.165.039
Depreciation and amortisation at the beginning of the year	-8.020.754	-1.600.000
Amortisation for the year	-4.771.003	-6.420.754
Impairment losses and amortisation at the end of the year	-12.791.757	-8.020.754
Carrying amount at the end of the year	52.373.282	57.144.285



PPG Coatings Danmark A/S

Notes

	2023	2022
10. Land and buildings		
Cost at the beginning of the year	191.198.280	196.462.309
Addition during the year	256.824	0
Disposal during the year	-10.744.890	-5.264.029
Transfers during the year to other items	538.562	0
Cost at the end of the year	181.248.776	191.198.280
Depreciation at the beginning of the year	-108.633.878	-104.585.153
Depreciation for the year	-8.531.421	-8.988.031
Reversal of impairment losses and amortisation of disposed assets	6.849.396	4.939.306
Impairment losses and depreciation at the end of the year	-110.315.903	-108.633.878
Carrying amount at the end of the year	70.932.873	82.564.402
11. Plant and machinery		
Cost at the beginning of the year	215.263.697	226.959.135
Addition during the year	5.496.644	1.832.406
Disposal during the year	-2.722.479	-11.801.860
Transfers during the Year to/from other items	-14.622	-1.725.984
Cost at the end of the year	218.023.240	215.263.697
Depreciation at the beginning of the year	-196.110.474	-201.855.065
Depreciation for the year	-4.950.071	-5.925.596
Reversal of impairment losses and depreciations of disposed assets	2.656.760	11.670.187
Impairment losses and depreciation at the end of the year	-198.403.785	-196.110.474
Carrying amount at the end of the year	19.619.455	19.153.223



PPG Coatings Danmark A/S

Notes

	2023	2022
12. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	85.108.531	76.187.619
Addition during the year	4.536.900	7.800.726
Disposal during the year	-2.171.159	-605.798
Transfers during the Year to/from other items	21.319	1.725.984
Cost at the end of the year	87.495.591	85.108.531
Depreciation at the beginning of the year	-66.463.178	-62.359.331
Depreciations for the year	-4.396.697	-4.180.418
Reversal of impairment losses and depreciation of disposed assets	2.115.308	76.571
Impairment losses and depreciation at the end of the year	-68.744.567	-66.463.178
Carrying amount at the end of the year	18.751.024	18.645.353
13. Leasehold improvements		
Cost at the beginning of the year	4.335.269	2.362.029
Addition during the year, incl. improvements	1.604.288	2.671.408
Disposal during the year	-544.936	-698.168
Transfers during the year to other items	1.249.848	0
Cost at the end of the year	6.644.469	4.335.269
Depreciations at the beginning of the year	-660.974	-521.419
Amortisation for the year	-489.807	-194.351
Reversal of impairment losses and depreciation of disposed assets	129.968	54.796
Impairment losses and amortisation at the end of the year	-1.020.813	-660.974
Carrying amount at the end of the year	5.623.656	3.674.295
14. Property, plant and equipment in progress		
Cost at the beginning of the year	4.622.735	3.416.290
Addition during the year, incl. improvements	15.452.867	2.767.208
Transfers during the year to other items	-1.795.108	-1.560.763
Cost at the end of the year	18.280.494	4.622.735
Carrying amount at the end of the year	18.280.494	4.622.735



PPG Coatings Danmark A/S

Notes

	2023	2022
15. Disclosure in long-term investments in group enterprises and associates		
<i>Group enterprises</i>		
	Share held in	
Name	Registered office	%
Tintas Dyrup S.A.	Portugal*	100,00
Dyrup Austria GmbH	Austria*	100,00
	Equity	Profit
	64.352.738	4.766.364
	10.238.060	194.728
	74.590.798	4.961.092
*Based on 2022 Annual Report		
16. Deposit, investment		
Cost at the beginning of the year	6.277.738	5.967.757
Addition during the year	606.040	609.361
Disposal during the year	-1.003.166	-299.380
Cost at the end of the year	5.880.612	6.277.738
Revaluations for the year	-347.988	0
Revaluations at the end of the year	-347.988	0
Carrying amount at the end of the year	5.532.624	6.277.738
17. Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, etc.		
18. Provisions for deferred tax		
deferred tax liabilities	4.180.859	4.327.091
Balance at the end of the year	4.180.859	4.327.091
Intangible assets	18.334	-49.516
Property, plant and equipment	4.374.374	4.414.876
Provisions	-211.849	-38.269
	4.180.859	4.327.091

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



PPG Coatings Danmark A/S

Notes

	2023	2022
19. Other provisions		
Technical guarantees	962.950	173.950
Balance at the end of the year	962.950	173.950

20. Long-term liabilities

	Due within 1 year	Due bt. 1-5 year	Due after 5 years
Payables to group enterprises		90.000.000	0
		90.000.000	0

21. Contingent liabilities

Lease obligations under operating leases within 1 year kDKK 3.713 (2022, kDKK 4.410) between 1 and 5 years, kDKK 4.485 (2022, kDKK 4.021).

Rent payments concerning contracts which is interminable kDKK 34.358 (2022, kDKK 30.579).

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of PPG Group. The total amount of corporation tax payable is disclosed in the Annual Report of PPG Coatings Danmark A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

22. 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.



PPG Coatings Danmark A/S

Notes

	2023	2022
23. Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	475.000	450.000
Tax advisory services	19.600	97.000
	<u>494.600</u>	<u>547.000</u>

24. Subsequent Events

No special events have incurred after closing of the financial statements of 2023. The Management is still following the effects of geopolitical changes as well as inflation and interest rate developments to see if any effects are expected to profit 2024.