

Mapei Denmark A/S

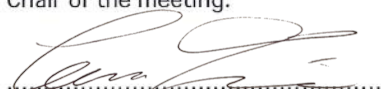
Park Alle 14, 6600 Vejen

CVR no. 33 35 85 04

Annual report 2020

Approved at the Company's annual general meeting on 18 May 2021

Chair of the meeting:





Contents

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

Statement by the Board of Directors and the Executive Board

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

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

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

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

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

Vejen, 18 May 2021
Executive Board:



Lasse Hededam Frøhlich

Board of Directors:



Veronica Squinzi
Chair



Trond Hagerud



Marco Squinzi

Independent auditor's report

To the shareholders of Mapei Denmark A/S

Opinion

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

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

Basis for opinion

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Kolding, 18 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Claus E. Andreasen
State Authorised Public Accountant
mne16652



Management's review

Company details

Name	Mapei Denmark A/S
Address, Postal code, City	Park Alle 14, 6600 Vejen
CVR no.	33 35 85 04
Established	29 November 2010
Registered office	Vejen
Financial year	1 January - 31 December
Website	www.mapei.dk
Telefax	+45 69 60 74 89
Board of Directors	Veronica Squinzi, Chairman Trond Hagerud Marco Squinzi
Executive Board	Lasse Hededam Frøhlich
Auditors	EY Godkendt Revisionspartnerselskab Trindholmsgade 4, 2. sal, 6000 Kolding, Denmark
Bankers	Nordea Bank

Management's review

Business review

The Company is a sales company engaging in wholesaling of building materials.

Financial review

The income statement for 2020 shows a loss of DKK 5,002,639 against a loss of DKK 5,239,947 last year, and the balance sheet at 31 December 2020 shows equity of DKK 725,649.

The Parent Company has in December 2020 carried through a capital increase of nominal DKK 200 at a premium of DKK 5,209,800, or a total of DKK 5,210,000.

The parent company has issued a comfort letter, guaranting to provide the Company with sufficient liquidity to continue operations until the next annual general meeting.

The ongoing virus outbreak of COVID-19 has, as expected, hampered management's desire for increased sales in Denmark, as the restrictions has limited the possibility of client visits, which should generate sales. The company has managed to improve the bottom line compared to prior, however, the result is still disappointing and needs to be improved.

The company has not applied for any compensation as a result of COVID-19

Events after the balance sheet date

No significant events have occurred subsequent to the financial year-end.

Outlook

The company is entering a period of continued uncertainty, as part of the COVID-19 restrictions are still in force. However, more restrictions are expected to be lifted during the autumn, which should have a positive effect on continued operations from the end of the year. All in all, we expect a decline in revenue this fiscal year, due to COVID-19, which will mean a loss on the bottom line. The focus is on new strategic sales channels and customers, which in the long term can improve the bottom line.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Gross profit	3,568,688	3,439,420
3	Staff costs	-8,077,607	-7,984,434
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-412,692	-565,108
	Profit/loss before net financials	-4,921,611	-5,110,122
	Financial income	27,855	16,881
	Financial expenses	-108,883	-146,706
	Profit/loss for the year	<u>-5,002,639</u>	<u>-5,239,947</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-5,002,639</u>	<u>-5,239,947</u>
		<u>-5,002,639</u>	<u>-5,239,947</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	16,711	33,421
		<u>16,711</u>	<u>33,421</u>
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	312,506	622,544
		<u>312,506</u>	<u>622,544</u>
	Investments		
	Deposits, investments	107,595	107,595
		<u>107,595</u>	<u>107,595</u>
	Total fixed assets	<u>436,812</u>	<u>763,560</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	2,228,155	2,250,460
		<u>2,228,155</u>	<u>2,250,460</u>
	Receivables		
	Trade receivables	5,971,348	6,821,256
	Receivables from group entities	181,707	0
	Other receivables	80,000	80,000
	Prepayments	1,003,731	1,069,798
		<u>7,236,786</u>	<u>7,971,054</u>
	Cash	<u>8,462,477</u>	<u>3,158,384</u>
	Total non-fixed assets	<u>17,927,418</u>	<u>13,379,898</u>
	TOTAL ASSETS	<u><u>18,364,230</u></u>	<u><u>14,143,458</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	501,600	501,400
	Retained earnings	224,049	16,888
	Total equity	725,649	518,288
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Other payables	712,112	236,939
		712,112	236,939
	Current liabilities other than provisions		
	Trade payables	645,050	773,825
	Payables to group entities	9,073,211	8,422,413
	Other payables	7,208,208	4,191,993
		16,926,469	13,388,231
	Total liabilities other than provisions	17,638,581	13,625,170
	TOTAL EQUITY AND LIABILITIES	18,364,230	14,143,458

- 1 Accounting policies
- 2 Capital structure
- 9 Contractual obligations and contingencies, etc.
- 10 Contingent assets
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2019	501,200	42,035	543,235
Capital increase	200	5,214,800	5,215,000
Transfer through appropriation of loss	0	-5,239,947	-5,239,947
Equity at 1 January 2020	501,400	16,888	518,288
Capital increase	200	5,209,800	5,210,000
Transfer through appropriation of loss	0	-5,002,639	-5,002,639
Equity at 31 December 2020	501,600	224,049	725,649

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

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

Reporting currency

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

Foreign currency translation

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

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

Income statement

Revenue

Income from the sale of goods held for sale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sales', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit/loss'.

Other operating income

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

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

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

Staff costs

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

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software and IT-equipment	3 years
Other fixtures and fittings, tools and equipment	5 years

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from realised and unrealised capital gains and losses relating to currency.

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

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

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Prepayments

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

Cash

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

Equity

Grants without consideration within a group

Grants received from the Parent Company are recognised under 'Retained earnings in equity' in the balance sheet as a capital injection.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

2 Capital structure

The Parent Company has issued a comfort letter, guaranteeing to provide the Company with sufficient liquidity to continue operations until the next annual general meeting.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2020	2019
3 Staff costs		
Wages/salaries	6,807,418	6,785,044
Pensions	1,087,292	1,030,119
Other staff costs	182,897	169,271
	<u>8,077,607</u>	<u>7,984,434</u>
Average number of full-time employees	<u>11</u>	<u>10</u>
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	16,710	18,411
Depreciation of property, plant and equipment	395,982	546,697
	<u>412,692</u>	<u>565,108</u>
5 Intangible assets		
DKK		Acquired intangible assets
Cost at 1 January 2020		<u>493,098</u>
Cost at 31 December 2020		<u>493,098</u>
Impairment losses and amortisation at 1 January 2020		459,677
Amortisation in the year		<u>16,710</u>
Impairment losses and amortisation at 31 December 2020		<u>476,387</u>
Carrying amount at 31 December 2020		<u>16,711</u>
Amortised over		<u>3 years</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2020	3,639,569
Additions in the year	85,944
Disposals in the year	<u>-318,982</u>
Cost at 31 December 2020	3,406,531
Impairment losses and depreciation at 1 January 2020	3,017,025
Depreciation in the year	395,982
Reversal of prior-year impairment losses	<u>-318,982</u>
Impairment losses and depreciation at 31 December 2020	3,094,025
Carrying amount at 31 December 2020	<u>312,506</u>
Depreciated over	<u>5 years</u>

7 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2020	2019	2018	2017	2016
Opening balance	501,400	501,200	500,600	500,400	500,200
Capital increase	200	200	500,600	500,400	500,200
Capital reduction	0	0	200	200	200
	<u>501,600</u>	<u>501,400</u>	<u>1,001,400</u>	<u>1,001,000</u>	<u>1,000,600</u>

8 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

9 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2020	2019
Rent and lease liabilities	<u>839,143</u>	<u>1,216,247</u>

10 Contingent assets

The Company had a non-recognised tax asset of app. DKK 2.283 thousand at the balance sheet date.

The tax asset has not been recognised in the balance sheet due to uncertainty as to when the tax loss carryforwards can be utilised.



Financial statements 1 January - 31 December

Notes to the financial statements

11 Collateral

No assets had been placed as collateral or otherwise charged at 31 December 2020.

12 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Mapei S.p.A.	Sede: Via Cafiero, 22 - 20158 Milano, Italy	http://www.mapei.com/IT-EN/financial-report.asp