

Tikkurila Danmark A/S

Vallensbækvej 46
2625 Vallensbæk
Denmark

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www.beckers.dk

Tikkurila Danmark A/S

Annual report 2021

The annual report was presented and approved at the
Company's annual general meeting

on 30/3 2022

DocuSigned by:

Sanna Lili

chairman of the annual general meeting

CVR no. 54 96 34 16

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Tikkurila Danmark A/S for the financial year 1 January – 31 December 2021.

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

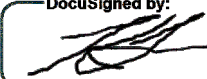
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.


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

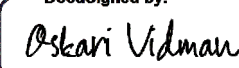
Vallensbæk, 30th March 2022


Executive board:

DocuSigned by:

76207CE7AAFF466...
Kenneth Johansen
CEO

Board of Directors:

DocuSigned by:

6AC805FDDF284A5...
Meri Vainikka
Markula
Chairman

DocuSigned by:

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Oskari Vidman

DocuSigned by:

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Miikka Hietala

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Independent auditor's report

To the shareholders of Tikkurila Danmark A/S

Opinion

We have audited the financial statements of Tikkurila Danmark A/S for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

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Independent auditor's report

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.
- 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.

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Independent auditor's 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 30th March 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Birgit Morville Schrøder
State Authorised Public Accountant
mne21337



Anders Roe Eriksen
State Authorised Public Accountant
mne46667

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Management's review

Company details

Tikkurila Danmark A/S
Vallensbækvej 46
2625 Vallensbæk

Telephone: +45 43 63 16 11

Website: www.beckers.dk

CVR no.: 54 96 34 16

Financial year: 1 January – 31 December

Established: 21 September 1961

Registered office: Vallensbæk

Board of Directors

Meri Vainikka, Chairman
Oskari Vidman
Miikka Hietala

Executive Board

Kenneth Johansen, CEO

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
Denmark

Annual general meeting

The annual general meeting will be held on 30th March 2022 at the Company's address.

Tikkurila Danmark A/S

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Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit	40,774	43,665	44,806	38,112	49,676
Ordinary operating profit	7,509	9,004	13,361	-17,542	9,492
Net financials	434	109	-100	-285	-70
Profit for the year	6,094	5,629	9,980	-14,109	7,119
Balance sheet					
Balance sheet total	68,338	70,939	63,032	73,653	91,976
Investment in tangible fixed assets	531	2,134	2,149	1,979	3,334
Equity	32,302	31,208	30,579	20,599	42,155
Number of full-time employees	51	50	55	69	69
Return on assets	11%	13%	20%	-21%	11%
Solvency ratio	47%	44%	49%	28%	46%
Return on equity	19%	18%	39%	-41%	17%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

Return on assets

$$\frac{\text{Ordinary operating profit} \times 100}{\text{Average assets}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$$

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Management's review

Operating review

Principal activities

As in previous years, the Company's main activity comprises operating wholesale trade within paint and related products. Sales are done partly through own Pro Centres in Denmark, and partly through selected independent Beckers and Colorama paint shops. Further, the activity comprises sale of paint products within the industrial sector.

The Company is included in the Finnish Tikkurila Group.

Development in activities and financial position

The result for the year amount to DKK 6,094 thousand against a result of DKK 5,629 thousand in 2020.

The Covid-19 virus impacted Denmark in early 2021 where the country was closed-down, and personnel were asked to work from home if possible. Our Pro Centres have during the pandemic been fully operational and the virus and restrictions have not impacted the business.

Tikkurila Group was acquired by PPG in June 2021 and Tikkurila Denmark A/S and PPG Coatings Denmark A/S have become sister companies in 2021.

Activity in 2021 with Group related parties is described in note 13.

Events after the balance sheet date

No events have occurred after the balance sheet date that could materially affect the Company's financial position.

Special risks

During 2021 we have not experienced any impact from the Covid-19 virus and restrictions asked of companies.

We have throughout the pandemic taken necessary precautions to ensure our employees and customers to keep the business operational under different circumstances.

There has and still is a close cooperation within the Group to ensure deliveries as normal. The derived effect of the pandemic has been seen in shortage of raw materials, which has led to delays in goods delivered.

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Management's review

Outlook

Management expects the activity level of 2022 to be a slight higher than level in 2021. Gross profit is expected to be maintained at the same level as 2021, range of DKK 38-46 m, and with a profit for the year in the range of DKK 6-11m.

There is no outlook for the business to be financially affected by the Covid-19 virus in 2022.

Impact on the external environment and measures to prevent, reduce or eliminate damage

Tikkurila Danmark A/S is environmentally conscious and continuously works on reducing the environmental impact of the Company's activities. Tikkurila Danmark A/S provides eco-friendly storage and treatment of its products, and in case of discarding the Company ensures proper disposal.

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Income statement

DKK'000	Note	2021	2020
Gross profit	1	40,774	43,665
Staff costs	2	-31,518	-32,717
Depreciation, amortisation and impairment of property, plant and equipment		-1,747	-1,944
Operating result		7,509	9,004
Other operating cost		-18	-1,740
Result before financials		7,491	7,264
Financial income		523	143
Financial expenses	3	-89	-34
Result before tax		7,925	7,373
Tax for the year	4	-1,831	-1,744
Result for the year	5	6,094	5,629

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Balance sheet

DKK'000	Note	2021	2020
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Fixtures and fittings, tools and equipment		1,445	1,961
Leasehold improvements		1,841	2,638
		<u>3,286</u>	<u>4,599</u>
Total fixed assets		<u>3,286</u>	<u>4,599</u>
Inventories			
Finished goods and goods for resale		15,026	16,452
		<u>15,026</u>	<u>16,452</u>
Receivables			
Trade receivables		20,713	23,727
Receivables from group entities		22,119	23,208
Other receivables	7	1,616	1,604
Deferred tax asset	8	904	765
Corporation tax receivable		1,493	0
Prepayments	9	659	269
		<u>47,504</u>	<u>49,573</u>
Cash at bank and in hand		<u>2,522</u>	<u>315</u>
Total current assets		<u>65,052</u>	<u>66,340</u>
TOTAL ASSETS		<u>68,338</u>	<u>70,939</u>

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Balance sheet

DKK'000	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,100	2,100
Retained earnings		30,202	24,108
Proposed dividends for the financial year		0	5,000
Total equity		32,302	31,208
Non-current liabilities other than provision			
Non-current liabilities other than provisions	11	0	3,148
		0	3,148
Current liabilities other than provisions			
Trade payables		12,218	10,802
Payables to group entities		17,300	11,817
Corporation tax payable		0	1,321
Other liabilities		6,518	12,643
		36,036	36,583
Total liabilities other than provisions		36,036	39,731
TOTAL EQUITY AND LIABILITIES		68,338	70,939
Contingencies, etc.			
Related parties disclosure and ownership	12 13		

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Statement of equity

DKK'000	Share capital	Retained earnings	Proposed dividends for the fi- nancial year	Total
Equity at 1 January 2021	2,100	24,108	5,000	31,208
Distributed dividend	0	0	-5,000	-5,000
Transferred over the distribution of earnings and loss	0	6,094	0	6,094
Equity at 31 December 2021	2,100	30,202	0	32,302

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1 Accounting policies

The annual report of Tikkurila Danmark A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the company, as its cash flows are reflected in the consolidated cash flow statement.

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Revenue from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end, and the income may be measured 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 granted are deducted from revenue.

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1 Accounting policies (continued)

Gross profit

Pursuant to section 32 of the Financial Statements Act the Company has not disclosed information on revenue.

Gross profit is a consolidation of revenue, changes in inventories of goods for resale and other operating income less costs for consumables and other external costs and gains on the sale of fixed assets.

Other operating income and operating expenses

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

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs for the Company's employees etc., excluding reimbursements from public authorities.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment comprise depreciation, amortisation and impairment for the year of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

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1 Accounting policies (continued)

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

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

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life reduced with eventual impairment. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

- Property, plant and machinery 15 years
- Fixtures and fittings, tools and equipment, leasehold improvements 3-10 years

The useful life and residual value are reassessed annually. If residual value excess book value depreciations will be ceased. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively with no impact on equity.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

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1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment test is 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 flow from the use of the asset or the group of assets 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 weighted average cost formula. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale comprise purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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

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1 Accounting policies (continued)

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and in bank.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised net under "Receivables from group entities" or "Payables to group entities".

Equity - dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as the estimated tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income. In cases where the computation of the tax value is made in accordance with alternative taxation rules, the deferred tax is measured on basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

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1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which usually corresponds to the net realisable value.

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	DKK'000	2021	2020
2 Staff costs			
Salaries and wages		28,437	29,780
Pensions		2,691	2,589
Other social security costs		390	348
		<u>31,518</u>	<u>32,717</u>
 Average number of employees		 <u>51</u>	 <u>50</u>
 Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration to the Executive Board.			
3 Financial expenses			
Interest expenses to group entities		0	3
Other interest expenses		76	1
Foreign exchange losses		13	30
		<u>89</u>	<u>34</u>
4 Tax for the year			
Deferred tax adjustment for the year		233	-753
Deferred tax adjustment previous year		-372	-46
Estimated tax charged for the year		1,607	2,441
Tax previous year		363	102
		<u>1,831</u>	<u>1,744</u>

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DKK'000	2021	2020
5 Profit appropriation		
Proposed dividends for the financial year	0	5,000
Retained earnings	6,094	629
	<u>6,094</u>	<u>5,629</u>
6 Property, plant and equipment		
	Fixtures and fittings, tools and equipment	Leasehold improvements
DKK'000		
Cost at 1 January 2021	11,936	8,328
Additions	442	89
Disposals	-537	0
Cost at 31 December 2021	<u>11,841</u>	<u>8,417</u>
Amortisation and impairment at 1 January 2021	-9,975	-5,690
Amortisation for the year	-861	-886
Reversed depreciation and impairment, disposed assets	440	0
Amortisation and impairment at 31 December 2021	<u>-10,396</u>	<u>-6,576</u>
Carrying amount at 31 December 2021	<u>1,445</u>	<u>1,841</u>

Management has assessed indications of impairment of the property, plant and equipment and concluded that there is no impairment at the balance sheet date.

7 Other receivables

Deposits comprise of rent deposits for shops and office space. The rent deposits fall due for collection after more than one year after the balance sheet date.

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	DKK'000	2021	2020
8 Deferred tax			
Provision for deferred tax 1 January		-765	34
Adjustments for the year, deferred tax		233	-753
Adjustments for previous year, deferred tax		-372	-46
		<u>-904</u>	<u>-765</u>
9 Prepayments			
Prepayments comprise of prepaid costs relating to rent and other prepaid costs relating to subsequent financial years.			
10 Share capital			
The share capital consists of 2,100 shares of nominal DKK 1,000 each. All shares rank equally.			
11 Non-current liabilities other than provisions			
At 31 December 2020, other payables related to accrued holiday allowance from 1 September 2019 to 31 August 2020 under the new Danish Holiday Act, which was presented as long-term payables at 31 December.			
The liability has been settled in 2021 and hence no non-current liabilities exist 31 December 2021.			
12 Contingencies, etc.			
Operating lease			
The Company has operating lease obligations with a total residual lease payment of DKK 8,998 thousand (2020: DKK 5,969 thousand).			

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13 Related party disclosures and ownership

Tikkurila Danmark A/S' related parties comprise the following:

Control

Tikkurila OYJ, P.O. Box 53, Heidehofintie 2, FI-01301 Vantaa, Finland.

Tikkurila OYJ holds the majority of the share capital in the Company.

Tikkurila Danmark A/S is part of the consolidated financial statements for Tikkurila OYJ, Finland, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements for Tikkurila OYJ can be obtained by contacting the Company.

The Company is jointly taxed with its sister company, PPG Coatings Denmark A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2021 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment for the income year 2021 and onwards.

Other related parties

Tikkurila OYJ
Tikkurila Sverige AB
Tikkurila Norge AS
Tikkurila UAB (2020)

Related party transactions

DKK'000	2021	2020
Sale of goods to a subsidiary	62	394
Purchase of goods from a subsidiary	-85,744	-86,329
Internal services and transfer of activities	-2,620	-4,077
	<u>-88,302</u>	<u>-90,012</u>

Payables to intragroup companiesintragroup companies are disclosed in the balance sheet, and expensed interest is disclosed in note 3.

14 Events after the balance sheet date

No events have occurred after the balance sheet date that could materially affect the Company's financial position.