Master Builders Solutions Denmark A/S

Hallandsvej 1, 6230 Rødekro
CVR-nr. 41 38 76 45

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 3 June 2025

Anette Frees

Contents

Company Details

Company	Master Builders Solutions Denmark A/S Hallandsvej 1 6230 Rødekro	
	CVR No.:	41 38 76 45
	Established:	14 May 2020
	Municipality:	Aabenraa
	Financial Year:	1 January - 31 December
Board of Directors	Tobias Voigt Marko Kaisanlahti, chairman Anette Frees	
Executive Board	Anette Frees	
Auditor	Grant Thornton Godkendt Revisionspartnerselskab Lautrupsgade 11 2100 Copenhagen	

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Master Builders Solutions Denmark A/S for the financial year 1 January - 31 December 2024.

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 Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Rødekro, 3 June 2025

Executive Board

Anette Frees

Board of Directors

Tobias Voigt	Marko Kaisanlahti Chairman	Anette Frees

Independent Auditor's Report

To the Shareholder of Master Builders Solutions Denmark A/S

Opinion

We have audited the Financial Statements of Master Builders Solutions Denmark A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Copenhagen, 3 June 2025

Grant Thornton
Godkendt Revisionspartnerselskab
CVR no. 34 20 99 36

Dennis Nielsen
State Authorised Public Accountant
MNE no. mne47768

Financial Highlights

	2024 DKK	2023 DKK	2022 DKK	2021 DKK	2020 DKK
Income statement					
Gross profit/loss	23.153.000	113.114.992	39.847.447	47.324.498	-1.835.413
Operating profit/loss of main activities	3.565.936	5.102.382	7.172.951	14.778.350	-7.973.845
Financial income and expenses, net	4.412.275	2.609.848	-2.046.621	-2.349.795	-373.173
Profit/loss for the year	6.144.139	75.192.055	3.999.994	9.660.577	-6.541.776
Balance sheet					
Total assets	120.587.565	136.210.324	69.525.571	82.554.352	82.651.228
Equity	104.184.770	98.040.631	22.846.779	18.846.785	9.186.208
Investment in property, plant and equipment	-1.095.501	5.048.402	247.955	476.980	393.868
Key ratios					
Return on assets	3,8	5,0	9,4	17,9	-9,6
Quick ratio	653,4	296,1	91,0	146,6	68,3
Equity ratio	86,4	72,0	32,9	22,8	11,1
Return on equity	6,1	124,4	19,2	68,9	-142,4

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	*NWC + intangible and tangible assets (ex goodwill) - provisions - other operating liabilities, non-current*
Return on assets	*Operating Profit/loss adjusted for goodwill amortisation x 100* / *Assets*
Quick ratio:	*Current assets x 100* / *Current liabilities*
Equity ratio:	*Equity, at year-end x 100* / *Total assets, at year-end*
Return on equity:	*Profit/loss after tax x 100* / *Average equity*

Management Commentary

Principal activities

Master Builders Solutions Denmark A/S is 100 % owned by Master Builders Solutions Germany GmbH, Germany and the Group's parent company is Cinven.

Master Builders Solutions is one of the leading suppliers of construction chemicals and solutions worldwide and has emerged as a carve out from the former BASF Construction Chemicals business after its acquisition first by an affiliate of Lone Star, a global private equity firm in 2020, and then by Cinven, a global private equity firm in 2023.

Master Builders Solutions offers innovative and sustainable chemical products and solutions for the construction industry across different sectors such as buildings, structures and underground construction. We operate mainly in new construction market but also in smaller scale in the market for renovation.

Production as well as head office facilities in Denmark are located in Rødekro. Rødekro plant focuses on the production and storage of concrete additives, as well as the storage of other concrete-related products..

Development in activities and financial and economic position

The construction market faced challenges, consolidated in 2024, and raw material prices, which rose in 2022, stabilized in 2023 before slightly decreasing in 2024. The Danish business benefited from this raw material development, though energy, freight, and interest expenses, along with declining construction activities, had an impact. Our biggest precast project, Fehmarn belt link, did experience some challenges, which resulted in lower supplies in 2024.

Profit/loss for the year compared to the expected development

The income statement for 2024 shows a profit of DKK 6,144,139 against a profit of DKK 75,192,055 last year, and the balance sheet on 31 December 2024 shows equity of DKK 104,184,770 (DKK 98,040,631 in 2023).

The gross profit of Master Builders Solutions Denmark A/S in 2024 decreased with approximately 90 MDKK compared to 2023. This is almost entirely due to the sale of Construction Systems business to Sika in May 2023.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

Research and development activities

R & D is done centrally in Master Builders Solutions and for local adaptations also in Rødekro laboratory. The company focuses on developing and bringing products and solutions to the market that enable construction industry to reduce its CO2 footprint and Global Warming Potential (GWP), utilize also lower quality raw material and re-use waste or side stream material.

Future expectations

The management's forecast for 2025 expects sales of about DKK 90 to 100 million. The construction market seems stable on a lower level, the Fehmarn belt project as well as the start-up of a new production line for powders should balance the turnover. As of 2025, additional road tax will be applied on all transports within Denmark, which will put additional pressure on prices. In addition, ongoing geopolitical uncertainties are expected to impact our outlook, making accurate forecasting increasingly challenging. We expect a profit of about DKK 1-3 million for 2025.

Management Commentary

Impact on the external environment

As part of the License to Operate, Master Builders Solutions Denmark A/S has an environmental and a wastewater permit, the requirements of which must be complied with. This includes, among other things, air emission and wastewater discharge:

Air Emissions

To minimize emissions to the air, all process discharges associated with the production facilities are equipped with air purification equipment. Filters and safety valves are regularly checked and maintained.

Wastewater discharge

In terms of wastewater discharge, drains are closed during daily operation. Before opening the floor drains/shut-off valves for discharge to sewers, a pH test of the water must be performed. Requirements for the pH value of cleaning water: ≥ 6.5 - ≤ 9.0.

If the measured pH value is within the above limits, the water can be discharged to the wastewater system.

Should the pH measurement be outside the above requirements, the water must not be discharged. A sewer cleaner is contacted, and this ensures controlled disposal of the water.

Company-owned passenger cars

The fleet is continuously replaced from diesel cars to plug-in hybrid and full electric cars.

Heating

District heating is used to lower our environmental impact. The local district heating plant mainly uses wood chips and straw as fuel.

Income Statement 1 January - 31 December

	Note	2024 DKK	2023 DKK
Gross profit		**23.153.000**	**113.114.992**
Staff costs	1	-16.842.299	-16.559.138
Depreciation, amortisation and impairment losses for tangible and intangible assets		-2.744.765	-2.878.457
Other operating expenses		0	-402.112
Operating profit		**3.565.936**	**93.275.285**
Other financial income	2	5.120.813	3.928.327
Other financial expenses	3	-708.538	-1.318.479
Profit before tax		**7.978.211**	**95.885.133**
Tax on profit/loss for the year	4	-1.834.072	-20.693.078
Profit for the year	5	**6.144.139**	**75.192.055**

Balance Sheet at 31 December

Assets

	Note	2024 DKK	2023 DKK
Goodwill		7.802.060	9.139.556
Intangible assets	6	**7.802.060**	**9.139.556**
Land and buildings		10.760.616	11.284.569
Production plant and machinery		5.449.365	6.539.612
Other plant, fixtures and equipment		259.461	273.291
Tangible fixed assets in progress and prepayments for tangible fixed assets		1.595.501	279.236
Property, plant and equipment	7	**18.064.943**	**18.376.708**
Non-current assets		**25.867.003**	**27.516.264**
Expenses for raw materials and consumables		4.371.104	5.090.025
Finished goods and goods for resale		3.492.949	4.135.107
Inventories		**7.864.053**	**9.225.132**
Trade receivables		17.762.720	17.514.799
Receivables from group enterprises	8	67.083.839	79.957.608
Other receivables		0	461.341
Prepayments	9	331.383	107.144
Receivables		**85.177.942**	**98.040.892**
Cash and cash equivalents		**1.678.567**	**1.428.036**
Current assets		**94.720.562**	**108.694.060**
Assets		**120.587.565**	**136.210.324**

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK	2023 DKK
Share Capital	10	400.000	400.000
Retained earnings		103.784.770	97.640.631
Equity		**104.184.770**	**98.040.631**
Provision for deferred tax	11	107.540	110.138
Other provisions	12	1.798.639	1.354.388
Provisions		**1.906.179**	**1.464.526**
Bank debt		479.698	0
Trade payables		4.941.198	5.529.137
Debt to Group companies		5.840.142	9.366.846
Corporation tax payable		1.358.542	20.148.456
Other liabilities		1.877.036	1.660.728
Current liabilities		**14.496.616**	**36.705.167**
Liabilities		**14.496.616**	**36.705.167**
Equity and liabilities		**120.587.565**	**136.210.324**

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Equity

DKK	Share Capital	Retained earnings	Total
Equity at 1 January 2024	400.000	97.640.631	98.040.631
Proposed profit allocation, see note 5		6.144.139	6.144.139
Equity at 31 December 2024	**400.000**	**103.784.770**	**104.184.770**

Notes

	2024 DKK	2023 DKK
1 | Staff costs		
Average number of full time employees	19	26
Wages and salaries	15.392.668	18.345.311
Pensions	1.317.761	-1.847.145
Social security costs	131.870	60.972
	16.842.299	**16.559.138**

Total remuneration to Management: DKK 894,989 (2023: DKK 2,980,244).

2 | Other financial income		
Interest income from group enterprises	5.030.776	3.873.808
Other interest income	90.037	54.519
	5.120.813	**3.928.327**

3 | Other financial expenses		
Interest expenses to group enterprises	124.263	954.005
Other interest expenses	584.275	364.474
	708.538	**1.318.479**

4 | Tax on profit/loss for the year		
Calculated tax on taxable income of the year	1.840.542	20.418.436
Adjustment of tax in previous years	-3.872	0
Adjustment of deferred tax	-2.598	274.642
	1.834.072	**20.693.078**

5 | Proposed distribution of profit		
Retained earnings	6.144.139	75.192.055
	6.144.139	**75.192.055**

Notes

6 | Intangible assets

DKK	Goodwill
Cost at 1 January 2024	13.374.960
Cost at 31 December 2024	**13.374.960**
Amortisation at 1 January 2024	4.235.404
Amortisation for the year	1.337.496
Amortisation at 31 December 2024	**5.572.900**
Carrying amount at 31 December 2024	**7.802.060**

7 | Property, plant and equipment

DKK	Land and buildings	Production plant and machinery
Cost at 1 January 2024	30.236.958	8.903.507
Transferred	0	-311.800
Cost at 31 December 2024	**30.236.958**	**8.591.707**
Depreciation and impairment losses at 1 January 2024	18.952.386	2.363.895
Depreciation for the year	523.956	778.447
Depreciation and impairment losses at 31 December 2024	**19.476.342**	**3.142.342**
Carrying amount at 31 December 2024	**10.760.616**	**5.449.365**

DKK	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2024	857.936	279.236
Transferred	91.036	220.764
Additions	0	1.095.501
Cost at 31 December 2024	**948.972**	**1.595.501**
Depreciation and impairment losses at 1 January 2024	584.644	0
Depreciation for the year	104.867	
Depreciation and impairment losses at 31 December 2024	**689.511**	**0**
Carrying amount at 31 December 2024	**259.461**	**1.595.501**

Notes

8 | Receivables from group enterprises

The company has entered into a cash pool arrangement agreement with BNP Pari bas S.A, in which the Master Builders Solutions GmbH is the account holder and Master Builders Solutions Denmark A/S is the sub-account holder to get her with the Group's ether affiliated companies.

The terms of the cash pool scheme grant BNP Paribas S.A. the right to settle withdrawals and deposits with each ether, whereby only the net balance of the total cash pool accounts constitute theMaster Builders Solutions GmbH balance with BNP Paribas S.A.

Master Builders Solutions Denmark A/ S's accounts in the cash pool scheme, which are recognized under receiveables from group enterprises, constitute a deposit of DKK 5,430 thousand as of 31 December 2024 (DKK 19,142 thousand as of 31 December 2023)

	2024 DKK	2023 DKK

9 | Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and interest as well.

Costs	331.383	107.144
	331.383	**107.144**

10 | Share Capital

Allocation of share capital:		
, 400 unit in the denomination of 1.000 DKK	400.000	400.000
	400.000	**400.000**

11 | Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

Deferred tax, beginning of year	110.138	-620.054
Deferred tax of the year, income statement	-2.598	730.192
Provision for deferred tax 31 December 2024	**107.540**	**110.138**

Notes

	2024 DKK	2023 DKK

12 | Other provisions

The due dates for provisions are expected to be:

> 1 år	1.798.639	1.354.388
	1.798.639	**1.354.388**

The provisions comprise provisions for bonuses, DKK 1,798,639 (2023 : DKK 1,219,388), provisions for discounts, DKK 0 (2023 : DKK 0) and ether provisions, DKK 0 (2023 : DKK 135,000).

13 | Contingencies etc.

Contingent liabilities

	2024 DKK	2023 DKK
Rent and lease liabilities	1.103.373	1.021.638
	1.103.373	**1.021.638**

Rent and lease liabilities include a rent obligation totaling DKK 162,020 in interminable rent agreements with remaining contract terms of 3 months. Furthermore, the Company has liabilities under operating leases for cars, totaling DKK 492,803 with remaining contract terms of 1 year, and DKK 448,549 with remaining contract terms of 2-3 years.

14 | Charges and securities

The Company has not provided any security or other collateral in assets at 31 December 2024.

15 | Related parties

The Company's related parties include:

Controlling interest

Master Builders Solutions Deutschland GmbH, Dr. Albert Frank Str. 32, 83308 Trostberg, Germany, is the principal shareholder.

Transactions with related parties

	2024	2023
Revenue	9,364,180	27,261,179
Cost of sales	6,423,445	6,033,135
Production costs	558,458	6,530,069
Distribution expenses	1,360,383	4,000,098
Intercompany receivables	2,385,842	21,417,826
Intercompany payables	3,475,409	9,366,846
Intercompany loan receivable	58,539,781	58,539,782
Intercompany interest receivable	727,497	0

Notes

16 | Significant events after the end of the financial year

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

17 | Consolidated Financial Statements

The company is included in the consolidated financial statements of Master Builders Solutions Deutschland GmbH, Dr. Albert Frank Str. 32, 83308 Trostberg, Germany, which is the company's ultimate parent company.

The relevant consolidated financial statements can be requested by contacting the parent company.

Accounting Policies

The Annual Report of Master Builders Solutions Denmark A/S for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Income Statement

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Costs of raw materials and consumables
Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories of raw materials and consumables.

Changes in inventories of finished goods and goods in process
Changes in inventories of finished goods and goods in process comprise decrease or increase of inventories for the year as a result of costs of raw materials and consumables as well as staff costs. Additionally, normal impairment of inventories of finished goods is included.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Accounting Policies

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Balance Sheet

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	10-30 years	0 %
Production plant and machinery	10-20 years	0 %
Other plant, fixtures and equipment	5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Accounting Policies

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Accounting Policies

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Cash Flow Statement

Pursuant to section 86 (4) of the Danish Financial Statement Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Master Builders Solutions Deutschland GmbH, Dr. Albert Frank Str. 32, 83308 Trostberg, Germany