

Master Builders Solutions Denmark A/S

Hallandsvej 1, 6230 Rødekro

CVR no. 41 38 76 45

Annual report
for the period 14 May - 31 December 2020

Approved at the Company's annual general meeting on 30 June 2021

Chair of the meeting:



Sven Titusson

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 14 May - 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 Master Builders Solutions Denmark A/S for the financial year 14 May - 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 14 May - 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.

Rødokro, 30 June 2021
Executive Board:



Sven Titusson
Managing director

Board of Directors:



Anders Hemming Harboe
Chair



Sven Titusson



Tobias Voigt

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 14 May - 31 December 2020, which comprise an 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 14 May - 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.

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 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.

Independent auditor's report

- 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.

Copenhagen, 30 June 2021
KPMG P/S
CVR no. 25 57 81 98



David Olafsson
State Authorised Public Accountant
mne19737

Management's review

Company details

Name	Master Builders Solutions Denmark A/S
Address, Postal code, City	Hallandsvej 1, 6230 Rødekro
CVR no.	41 38 76 45
Established	14 May 2020
Registered office	Aabenraa
Financial year	14 May - 31 December
Board of Directors	Anders Hemming Harboe, Chair Sven Titusson Tobias Voigt
Executive Board	Sven Titusson, Managing director
Auditors	KPMG P/S Dampfærgevej 28,

Management's review

Business review

Master Builders Solutions Denmark A/S was started from a carve-out from BASF A/S in 2020. 2021 will be the first full year of Master Builders Solutions Denmark A/S. The company went "live" on the 1st November 2020 but the annual report covers the period from 14 May - 31 December.

Master Builders Solutions Denmark A/S is a part of MBCC Group.

MBCC Group is one of the leading suppliers of construction chemicals and solutions worldwide and has emerged from the former BASF Construction Chemicals business after its acquisition by an affiliate of Lone Star, a global private equity firm. MBCC Group offers innovative, sustainable and digital products and solutions for the construction industry across different sectors such as buildings, structures and underground construction, for new construction as well as for renovation.

Master Builders Solutions Denmark A/S has operation in Røddekro and an office in Copenhagen in Denmark.

Unusual matters having affected the financial statements

Financial review

The income statement for 2020 shows a loss of DKK 6,541,776, and the balance sheet at 31 December 2020 shows equity of DKK 9,186,208.

The first financial year for the company runs between 14 May 2020 and 31 December 2020 and thus has an accounting period of 8 months.

The company's operations have not been influenced by COVID 19 and none of the COVID 19 relief packages have been applied.

End 2020 and start of 2021 started well for Master Builders Solutions Denmark A/S with positive sales growth versus previous year. Due to carve-out and start-up costs the net results are negative for 2020.

Based on the above, the management considers the Company's financial performance in the year as satisfactory.

Events after the balance sheet date

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

Financial statements 14 May - 31 December

Income statement

Note	DKK	2020 8 months
	Gross profit/loss	-1,835,413
2	Staff costs	-5,243,213
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-895,219
	Profit/loss before net financials	-7,973,845
4	Financial expenses	-373,173
	Profit/loss before tax	-8,347,018
5	Tax for the year	1,805,242
	Profit/loss for the year	-6,541,776
	Recommended appropriation of profit/loss	-6,541,776
	Retained earnings/accumulated loss	-6,541,776

Financial statements 14 May - 31 December

Balance sheet

Note	DKK	<u>2020</u>
	ASSETS	
	Fixed assets	
6	Intangible assets	
	Goodwill	19,060,933
		<u>19,060,933</u>
7	Property, plant and equipment	
	Land and buildings	13,344,341
	Plant and machinery	3,239,096
	Fixtures and fittings, other plant and equipment	362,827
		<u>16,946,264</u>
	Total fixed assets	<u>36,007,197</u>
	Non-fixed assets	
	Inventories	
	Raw materials and consumables	2,441,541
	Finished goods and goods for resale	7,801,809
		<u>10,243,350</u>
	Receivables	
	Trade receivables	16,591,481
	Receivables from group enterprises	3,795,917
8	Deferred tax assets	1,805,242
	Other receivables	129,671
	Prepayments	105,814
		<u>22,428,125</u>
	Cash	13,972,556
	Total non-fixed assets	<u>46,644,031</u>
	TOTAL ASSETS	<u>82,651,228</u>

Financial statements 14 May - 31 December

Balance sheet

Note	DKK	<u>2020</u>
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	400,000
	Share premium account	15,327,984
	Retained earnings	<u>-6,541,776</u>
	Total equity	<u>9,186,208</u>
	Provisions	
	Provisions for pensions and similar liabilities	303,841
	Other provisions	<u>4,851,755</u>
	Total provisions	<u>5,155,596</u>
	Liabilities other than provisions	
	Current liabilities other than provisions	
	Trade payables	5,278,809
	Payables to group enterprises	59,964,376
	Other payables	<u>3,066,239</u>
		<u>68,309,424</u>
		<u>68,309,424</u>
	TOTAL EQUITY AND LIABILITIES	<u>82,651,228</u>

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties

Financial statements 14 May - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 14 May 2020	0	0	0	0
Additions on demerger	400,000	15,327,984	0	15,727,984
Transfer through appropriation of loss	0	0	-6,541,776	-6,541,776
Equity at 31 December 2020	400,000	15,327,984	-6,541,776	9,186,208

Financial statements 14 May - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Master Builders Solutions 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.

Reporting currency

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

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

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 for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment 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/loss

The items revenue, cost of sales, change in inventories of finished goods and work in progress and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

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.

Financial statements 14 May - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from 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:

Goodwill	7 years
Buildings	10-25 years
Plant and machinery	10-20 years
Fixtures and fittings, other plant and equipment	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

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.

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).

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.

Financial statements 14 May - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years. The amortisation period is based on the management expectation to the return of the investment, based on the expected future cashflow of the entity.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

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.

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

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".

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. Impairment losses on goodwill are not reversed.

Financial statements 14 May - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO 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.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses 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 or portfolio 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.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 14 May - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes and deferred 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.

Liabilities

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

Other liabilities are measured at net realisable value.

Financial statements 14 May - 31 December

Notes to the financial statements

	2020 8 months
DKK	
2 Staff costs	
Wages/salaries	4,656,457
Pensions	328,602
Other staff costs	258,154
	<u>5,243,213</u>
 Average number of full-time employees	 <u>33</u>
 3 Amortisation/depreciation of intangible assets and property, plant and equipment	
Amortisation of intangible assets	323,067
Depreciation of property, plant and equipment	572,152
	<u>895,219</u>
 4 Financial expenses	
Interest expenses, group entities	275,212
Other interest expenses	26
Exchange adjustments	13,694
Exchange losses	84,241
	<u>373,173</u>
 5 Tax for the year	
Deferred tax adjustments in the year	-1,805,242
	<u>-1,805,242</u>
 6 Intangible assets	
DKK	Goodwill
Additions on demerger	<u>19,384,000</u>
Cost at 31 December 2020	<u>19,384,000</u>
Amortisation for the year	<u>323,067</u>
Impairment losses and amortisation at 31 December 2020	<u>323,067</u>
Carrying amount at 31 December 2020	<u>19,060,933</u>

Financial statements 14 May - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Additions on demerger	28,723,854	5,499,045	756,023	34,978,922
Additions	74,000	319,868	0	393,868
Cost at 31 December 2020	28,797,854	5,818,913	756,023	35,372,790
Accumulated impairment losses and depreciation of additions through demerger	15,113,577	2,355,479	385,318	17,854,374
Depreciation	339,936	224,338	7,878	572,152
Impairment losses and depreciation at 31 December 2020	15,453,513	2,579,817	393,196	18,426,526
Carrying amount at 31 December 2020	13,344,341	3,239,096	362,827	16,946,264

8 Deferred tax assets

The company has a deferred tax asset of DKK 8.206 thousand. The nominal value of this is 22 % in total DKK 1.805 thousand. Based on the future expectation of the company's activity, it is the management assesment that the deferred tax asset can be fully recognised.

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company was jointly taxed with its former parent company, BASF A/S, which acted as management company, and was jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year period 14 May 2020 to 30 November 2020, as well as withholding taxes on interest, royalties and dividends falling due in for payment on or after 14 May 2020, and until 30 November 2020.

Other financial obligations

Other rent and lease liabilities:

DKK	2020
Rent and lease liabilities	136,608

Rent and lease liabilities include a rent obligation totalling DKK 72,000 in interminable rent agreements with remaining contract terms of 3 months. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 64,608 with remaining contract terms of 1 year.

10 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

Financial statements 14 May - 31 December

Notes to the financial statements

11 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
MBCC Investments GmbH, Mannheim, Germany	Salzachstrasse 17, 68199 Mannheim, Germany	The consolidated financial statements can be requisitioned at the company address, Salzachstrasse 17, 68199 Mannheim, Germany