

Hobart Scandinavia ApS

Håndværkerbyen 27
2670 Greve
CVR No. 20247576

Annual report 2023

The Annual General Meeting adopted the annual report on 17.04.2024

Henrik Ørbæk Lysemose

Chairman of the General Meeting

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Entity details

Entity

Hobart Scandinavia ApS
Håndværkerbyen 27
2670 Greve

Business Registration No.: 20247576
Registered office: Greve
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Henrik Ørbæk Lysemose
Axel Beck
Manoela Pereira Fry

Executive Board

Henrik Ørbæk Lysemose

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Hobart Scandinavia ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Greve, 17.04.2024

Executive Board

Henrik Ørbæk Lysemose

Board of Directors

Henrik Ørbæk Lysemose

Axel Beck

Manoela Pereira Fry

Independent auditor's report

To the shareholder of Hobart Scandinavia ApS

Opinion

We have audited the financial statements of Hobart Scandinavia ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 17.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Vedel

State Authorised Public Accountant

Identification No (MNE) mne10052

Mikael Møller

State Authorised Public Accountant

Identification No (MNE) mne47835

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	37,068	35,280	28,900	25,516	30,990
Operating profit/loss	16,522	15,597	11,459	9,228	13,474
Net financials	(509)	(439)	142	(1,250)	476
Profit/loss for the year	12,146	11,629	9,097	5,999	10,949
Total assets	49,670	39,353	39,857	45,299	40,094
Investments in property, plant and equipment		1,317	0	0	0
Equity	33,808	21,826	25,373	31,346	25,433
Ratios					
Return on equity (%)	43.66	48.24	30.49	21.16	38.49
Equity ratio (%)	68.07	55.46	63.66	69.20	63.43

Ratios reflect

Return on equity

The entity's return on capital invested in the entity by the owners.

Equity ratio

The financial strenght of the entity.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's activities consist of sale mainly within involve sales and service of primarily industrial diswashers to dealer networks and end users in Scandinavia.

Development in activities and finances

The Company's activity through the year has been unchanged but at a higher volume due to a more normalized activity level in the segments that the Company provides services and products to.

The net profit for the period is DKK 12,146K.

The profit for the year is considered satisfactory by the Company's Management.

Outlook

For 2023, The Company expects a net profit in 2023 on the same level as 2022.

Group relations

The Company is owned 100% by ITW Denmark ApS.

Foreign branches

The Company has the following foreign branches:
Hobart Norway, Gl. Drammensvei 120, Høvik, Norway.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		37,068	35,280
Staff costs	1	(19,698)	(18,905)
Depreciation, amortisation and impairment losses		(848)	(778)
Operating profit/loss		16,522	15,597
Other financial income	2	668	354
Other financial expenses	3	(1,177)	(793)
Profit/loss before tax		16,013	15,158
Tax on profit/loss for the year	4	(3,867)	(3,529)
Profit/loss for the year		12,146	11,629
Proposed distribution of profit and loss			
Retained earnings		12,146	11,629
Proposed distribution of profit and loss		12,146	11,629

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Land and buildings		2,698	3,249
Other fixtures and fittings, tools and equipment		2,605	2,240
Property, plant and equipment in progress		0	1,317
Property, plant and equipment		5,303	6,806
Deposits		0	107
Deferred tax		171	146
Financial assets		171	253
Fixed assets		5,474	7,059
Manufactured goods and goods for resale		3,327	7,506
Inventories		3,327	7,506
Trade receivables		10,390	12,545
Receivables from group enterprises	5	28,748	9,866
Other receivables		500	1,123
Prepayments		1,001	983
Receivables		40,639	24,517
Cash		230	271
Current assets		44,196	32,294
Assets		49,670	39,353

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		1,000	1,000
Retained earnings		17,808	20,826
Proposed dividend		15,000	0
Equity		33,808	21,826
Other provisions		458	531
Provisions		458	531
Trade payables		844	2,239
Payables to group enterprises		3,438	4,738
Income tax payable		2,125	2,099
Other payables		8,997	7,920
Current liabilities other than provisions		15,404	16,996
Liabilities other than provisions		15,404	16,996
Equity and liabilities		49,670	39,353
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Non-arm's length-related party transactions	8		
Group relations	9		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	1,000	20,826	0	21,826
Exchange rate adjustments	0	(164)	0	(164)
Profit/loss for the year	0	(2,854)	15,000	12,146
Equity end of year	1,000	17,808	15,000	33,808

Notes

1 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	16,344	16,097
Pension costs	2,309	2,006
Other staff costs	1,045	802
	19,698	18,905
Average number of full-time employees	26	26

2 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	656	54
Other interest income	12	9
Exchange rate adjustments	0	291
	668	354

3 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Other interest expenses	79	18
Exchange rate adjustments	1,098	775
	1,177	793

4 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	3,787	3,449
Change in deferred tax	(25)	(19)
Adjustment concerning previous years	105	99
	3,867	3,529

5 Receivables from group enterprises

The company, together with other group companies, engages in cash pool arrangements where other companies are liable to the bank. Deposits and debts in relation to the cash pool scheme are accepted as intra-group and debt respectively. At 31 December 2023, the item receivables from group enterprises includes an amount of DKK 28,748k.

6 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	107	28

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where ITW Denmark ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Non-arm's length related party transactions

The Company has not had any significant transactions that have not been concluded on an arm's length basis.

9 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Illinois Tool Works Inc., 155 Harlem Avenue, Glenview, Illinois, USA.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions include defects within the warranty period.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.