



Techtronic Industries Nordic ApS

Stamholmen 147, 1.
2650 Hvidovre
CVR No. 27976255

Annual report 2023

The Annual General Meeting adopted the annual report on 02.07.2024

Per Ulf Thomas Jakobsson
Chairman of the General Meeting

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Entity details

Entity

Techtronic Industries Nordic ApS
Stamholmen 147, 1.
2650 Hvidovre

Business Registration No.: 27976255
Registered office: Hvidovre
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Per Ulf Thomas Jakobsson
Bent Plougmand Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Techtronic Industries Nordic 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.

Hvidovre, 02.07.2024

Executive Board

Per Ulf Thomas Jakobsson

Bent Plougmand Andersen

Independent auditor's report

To the shareholder of Techtronic Industries Nordic ApS

Opinion

We have audited the financial statements of Techtronic Industries Nordic 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 02.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	2,345,661	2,368,937	2,182,600	1,631,311	1,270,559
Gross profit/loss	180,625	143,237	135,082	92,677	84,209
Operating profit/loss	59,276	37,612	39,275	23,146	27,816
Net financials	(22,242)	(2,867)	222	(5,783)	(7,221)
Profit/loss for the year	28,513	26,958	30,602	13,591	16,015
Total assets	766,191	663,996	1,004,240	709,364	522,572
Investments in property, plant and equipment	20,774	19,289	19,113	28,118	14,079
Equity	47,248	78,735	103,777	73,175	59,584
Ratios					
Gross margin (%)	7.70	6.05	6.19	5.68	6.63
EBIT margin (%)	2.53	1.59	1.80	1.42	2.19
Net margin (%)	1.22	1.14	1.40	0.83	1.26
Return on equity (%)	45.26	29.54	34.59	20.47	30.94
Equity ratio (%)	6.17	11.86	10.33	10.32	11.40

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

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

EBIT margin (%):

$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The primary activities of Techtronic Industries Nordic ApS (TTI Nordic) are the wholesale trade of power tools, garden tools, and accessories. Trading takes place through distributors in Denmark, Sweden, Norway, Finland, Estonia, Lithuania, Latvia, and Iceland. Moreover, the affiliated companies in Norway, Sweden, and Finland provide sales support to TTI Nordic.

About the company

At TTI Nordic, we are proud of our iconic brands: MILWAUKEE and RYOBI, which we market in the Nordic and Baltic regions. Each of these premium brands has a rich history that we build on daily. Our customers are our partners, and we do everything possible to support their business. Our cutting-edge brands and products are recognized on the market for their deep heritage, superior quality, outstanding performance, and user-driven innovation. TTI Nordic consistently delivers exciting new solutions that enhance customer satisfaction and productivity through an ongoing company-wide commitment to cordless technology, innovation, and strong customer partnerships. This focus and drive provide a strong platform for sustainable leadership and growth.

TTI Nordic is part of Techtronic Industries Company Limited (the "Company", the "Group" or "TTI"), which is a fast-growing world leader in Power Tools, Accessories, Hand Tools, Outdoor Power Equipment, and Floorcare & Cleaning for Do-It-Yourself (DIY) / Consumer, professional and industrial users in the home improvement, repair, maintenance, construction and infrastructure industries. The Company is committed to accelerating the transformation of these industries through superior environmentally friendly cordless technology. The TTI brands like MILWAUKEE, RYOBI and HOOVER are recognized worldwide for their deep heritage and cordless product platforms of superior quality, outstanding performance, safety, productivity and compelling innovation. Founded in 1985 and listed on the Stock Exchange of Hong Kong ("SEHK") in 1990, TTI is included in the Hang Seng Index as one of their constituent stocks. The Company maintains a powerful brand portfolio, global manufacturing and product development footprint, healthy financial position with record 2023 worldwide sales of US\$13.7 billion and over 47,000 employees.

TTI is a global strategy-based organisation. We have diligently researched and refined the key concepts for ongoing sustainability and growth. Early on, leadership identified four strategic areas that would drive our success: Powerful Brands, Innovative Products, Exceptional People, and Operational Excellence. The synergy in our four strategic drivers creates a culture of disruptive innovation and execution, resulting in world-class, powerful brands. This dynamic structure of interconnectivity not only maximises growth and improvement in every area of our company but also delivers the innovative, high-quality-driven products needed by consumers and professionals around the world.

Development in activities and finances

TTI Nordic revenue decreased by 1% compared to 2022 driven by our DIY / consumer segment, due to the economic environment in our markets and customer's inventory management, whereas our professional channel continued double digit growth. Nevertheless, TTI Nordic continued to outpace the competition in both consumer and professional segment by accelerating the transition to cordless tools and equipment, while consistently generating gross margin improvement and profit growth. The profit before tax for the year amounts to DKK 37 million.

Profit/loss for the year in relation to expected developments

The TTI Nordic revenue and profit development was not in line with expectations. The inflation and commodities increased more than expected and being reflected in higher operational costs.

Uncertainty relating to recognition and measurement

According to note 15, warranty commitments have been recognised by DKK 45.7 million regarding expected demands based on the previous experience of the level of repairs and returns. Based on future expectations, these warranty commitments include a significant element of uncertainty.

Unusual circumstances affecting recognition and measurement

No unusual circumstances that might have affected recognition and measurement occurred in 2023.

Outlook

Operating in the challenging and volatile environment of recent years has reinforced the importance of our Powerful Brands, Innovative Products, Exceptional People, and Operational Excellence.

Due to our and our suppliers' rolling hedging, last year's commodity and energy price increases will significantly impact our 2024 cost of sales and operating costs. We intend to offset the higher costs in absolute terms through pricing and a tight focus on non-strategic costs. TTI Nordic will continue to invest in sales and customer activities, as well as employees, to support the strong stream of innovative new product launches in 2024. We remain highly confident in continuing to drive gross margin improvement by introducing margin-accretive new products.

TTI Nordic is well-positioned to outperform the market in 2024. Consequently, the 2024 guidance is operating profit development of approximately +/- 5%.

Environmental performance

Responsible sustainability practices are embedded deeply in our culture at TTI Nordic and are especially engrained in our product development processes. TTI Group dedication to the environment is demonstrated through continued investments in research and development that drive energy efficiency and minimize waste, noise, and our carbon footprint. These investments in clean technologies and sustainable practices reflect our determination to contribute to a more environmentally conscious future. This year we made some notable achievements including: (a) Establishing a target to achieve a 90% waste-diverted-from-landfill rate by 2030, (b) Continually expanding our Green Energy Agreements that supply our operations with 100% renewable energy in Wisconsin, Mississippi, and across Europe and (c) Installed solar panels at our Asia Industrial Park (AIP) facility in Dongguan, China and in Australia at our sites in Dandenong South, Victoria and Eastern Creek, New South Wales. We have made notable progress towards our decarbonization target of reducing our absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 60% by 2030. In 2023, we improved our emission intensity by 8%, resulting in an absolute total CO₂e emission reduction of 7,886 tonnes. This reduction marks our second consecutive year of decreasing our emission intensity and absolute emissions. Our 2021 Scope 1 and Scope 2 emissions have been verified as our baseline and moving forward, we will verify these emissions each year. Our commitment to the Science-Based Targets initiative is on track and we anticipate sharing these targets in 2025.

Research and development activities

TTI Nordic does not have any research and development activities as these are managed by the TTI Group. The development of breakthrough cordless technology is the foundation of TTI's success. Since we revolutionized the power tool industry with the introduction of advanced lithium-ion battery technology, we have continued to advance the capabilities of cordless products to levels beyond what is possible with legacy powered competitive products. We refer to our efforts to continuously advance technology in the power tool space as a "race without a finish line". The latest result of these efforts is the introduction of Artificial Intelligence with Machine Learning into Power Tool development with products that not only set new industry standards, but also contribute to significant cost savings for users.

Group relations

Techtronic Industries comments on the group structure in the annual report of the Group. For further details, we refer to TTI Group.

Statutory report on corporate social responsibility

Compliance and Risk Management

Sound governance practices are critical to our success at TTI. We hold ourselves to the highest sustainability and governance standards while aligning with evolving corporate, regulatory, and social standards. We ensure that our board composition is fit for our business needs, with the balanced skills, experience and diversity of perspectives and backgrounds that are vital for effective risk management, oversight of internal controls, leadership and in turn the achievement of our short term and long-term goals that drive shareholder value. This year, we continued to strengthen our governance structure by upholding global standards and frameworks, including the Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB), United Nations Sustainable Development Goals (UNSDGs), and Task Force on Climate related Financial Disclosures (TCFD). Our sustainable business model is an indispensable element of our strategy, and we believe it is vital to our long-term success.

TTI's compliance function establishes our policies, training protocols, and regulatory interpretations. These initiatives are subject to oversight by management, internal audit teams, and various risk management entities within our organization. Globally, the Group Senior Vice President, General Counsel and Chief Compliance Officer leads our compliance efforts, reporting directly to the CEO and the Audit Committee of the Board of Directors. At the regional level, our legal, finance, and compliance departments provide support and assistance on an ongoing basis. Our Global Trade Compliance Function plays a crucial role in supporting various aspects of our operations by thoroughly evaluating and screening potential business partners to ensure they are not denied, debarred, or otherwise proscribed or embargoed by any relevant government. We have implemented a Global Trade Compliance Policy that offers comprehensive guidance on the export/import control laws, regulations, and economic sanctions that both we and our suppliers must adhere to. For more detailed information, please refer to the TTI Group ESG Report 2023 Supply Chain Accountability section on p.108).

We uphold compliance standards by maintaining continuous communication and training for our compliance and legal departments. These training sessions are conducted both in person and on our LearnTTI platform at least once a year. Additionally, as part of our Social and Environmental Responsibility (SER) compliance program, we request our suppliers to sign compliance declarations annually. The SER compliance declaration confirms that the supplier understands and commits to complying with the company's SER policies and standards. More information on the SER program can be found in the TTI Group ESG Report 2023 Supply Chain Accountability Section on p.108).

Anti-Corruption

TTI's Anti-Corruption Policy addresses both internal and external aspects of bribery prevention management. This policy outlines the procedures for assessing corruption risks within our business operations and establishes consequences for non-compliance. The policy and the accompanying 30-minute online training module provide guidelines on managing necessary aspects of business, receipt of gifts, meals, entertainment, company-sponsored travel, political and charitable contributions, and ways of engaging business partners to minimize risk. Training is required at least every two years for all relevant associates. We embed internal controls into our accounting processes, audits, and record-keeping systems to help manage corruption. Audits of these controls enable us to evaluate the effectiveness of our anti-corruption and anti-bribery policies. All findings are reported to senior-level management and our Audit Committee. More information on our internal control process can be found in the TTI Group ESG Report 2023 on p.104. Compliance risk assessments, which are used to build out the

audit plan, are also conducted every three to five years, or as needed.

Anti-Trust

Our Anti-Trust Policy serves as a comprehensive guide for users, outlining both legal requirements and TTI's established guidelines concerning competition and fair business practices. It indicates clear principles to comply with laws, regulations, internal policies, and codes of conduct regarding anti-competitive behavior. The policy is applicable to all employees, officers, directors, consultants, agents, temporary workers, and contractors. Its purpose is to outline penalties for categories of non-compliance, restrictions, violations, and agreements regarding competitors. The policy also includes example scenarios and responses so that all readers can review and have a clear understanding of the requirements.

Data Protection and Cybersecurity

At TTI, we have implemented essential measures to proactively prevent data breaches and enhance our cybersecurity infrastructure and digital systems. Our cybersecurity protocols are strategically made to shield our customers, employees, products, suppliers, networks, and data from potential disruptions or breaches. This involves monitoring security breaches within the industry and maintaining a comprehensive understanding of their global implications. To strengthen our cybersecurity controls, we include data protection scenarios in our business continuity plans, and rigorously test our ability to respond to threats. Our security measures are consistently updated, and our programs are created to continually assess and adapt to the ever-evolving landscape of cybersecurity conditions.

Ethics & Integrity

Ensuring stakeholder trust through accountability, transparency, and risk mitigation across our entire value chain. Sound governance necessitates a commitment to ethical principles, as stated in our TTI CoC. Our CoC is accessible and communicated to all associates, serving as a comprehensive framework for conducting business with the highest standards of integrity. Our CoC outlines our commitment to comply with all legal requirements and protect human rights in all countries where we operate. It also provides guidance on managing conflicts of interest. More information on our human and labor rights practices can be found in the TTI Group ESG Report 2023 on p.81. In addition to the CoC, we have various other policies that govern our operations, including, but not limited to our Anti-Corruption Policy, Trade Compliance Policy, and Anti-Trust Policy. Additional policies can be found below and in our employee handbook. All policies, procedures, and training are made available to all associates through LearnTTI, our e-learning platform designed for engaging and educating employees on company-related information. To ensure widespread understanding and adherence, our employees actively engage with and commit to our policies through various resources, including LearnTTI and in-person training. These policies are communicated to all employees across all subsidiaries. All policies are regularly reviewed to ensure compliance with laws and regulations. A full list of our policies and standards can be found below and are also accessible on our corporate website. We have also implemented proactive cybersecurity measures to protect customers, employees, products, suppliers, and our systems. Our efforts include monitoring industry breaches, incorporating cybersecurity into planning and testing, providing regular employee training, ensuring legal compliance, and adding cybersecurity efficiencies into our supply chain.

Social

TTI empowers our exceptional people to grow and develop with our business and cultivate a work environment that is productive, fair, inclusive, and safe for our associates, all while actively supporting our local communities. In 2023, our global workforce comprised of 47,224 individuals. Respect for human rights is the standard expected conduct across our global operations. We are committed to a healthy working environment, free from forced or child labor and eradicating the illegal movement of people for modern slavery. As a leader in our industry, we ensure that our associates, as well as the suppliers we engage, have zero tolerance for any such practice. This

commitment is ingrained in our core values. We adhere to international, national, state, and local employment regulations and fundamental labor standards to ensure equitable treatment for all our associates. This includes monitoring factors such as working age, working hours and permits across our various markets and supply chains. These measures are introduced to both new hires and existing associates through targeted communication and training initiatives. We consistently update our TTI Code of Ethics and Business Conduct (CoC), employee handbook, and training materials to keep all associates well-informed about our company guidelines. Our corporate policies are also under continuous review to align with local regulations, emphasizing safe employment procedures and social principles. As a result, we are able to actively reduce the risk of non-compliance with laws and/or regulations in social and economic areas. A complete list of legal and regulatory requirements related to labor and human rights, as well as health and safety, which have the potential to have a significant impact on our operations and performance, can be found in Appendix A of the HKEX ESG Reporting Guide Content Index on our website. Throughout all tiers of our organization, we support the needs of associates and encourage them to strive for excellence. While compensation and employee benefits may vary depending on the specific business unit, we have universal programs in place to ensure our associates are treated justly and rewarded for their performance. Beyond our dedication to employee well-being, we are firmly committed to actively advancing inclusive prosperity for society as a whole. Our holistic approach to addressing all social dimensions of our business encompasses advocating for human and labor rights, diversity and inclusion, talent management and engagement, health, safety, and wellness, as well as community involvement and engagement. The ESG Executive Committee and ESG Working Committee are responsible for evaluating our policies and initiatives in all these areas and overseeing the effectiveness of our management approach, updating it as needed. More information on these committees can be found in the TTI Group ESG Report 2023 on p.100.

Through collaboration, partnership, and community engagement initiatives, we strive to create a positive impact within communities by developing people, developing communities, and preserving the environment. TTI's relentless pursuit to attract and invest in top-tier talent is a key driver to our growth and success. Our industry leadership is supported by our continuous efforts to maintain an inclusive, diverse, and safe environment for all. Our investment in the growth of our people shines through initiatives such as our esteemed Leadership Development Program (LDP), which has been a cornerstone of our success. This program has inspired similar programs for other departments and has played a pivotal role in our evolution, cultivating a culture of leadership development. We are proud to continue recruiting, developing, and promoting exceptionally talented individuals into leadership roles, while also providing them with the necessary tools and resources to grow both professionally and personally. We believe that our success is intrinsically tied to the success and safety of our people and the communities we serve. Our commitment to safety is evident as we have implemented strategic protocols and technology to further drive down the rate of work-related recordable injuries.

Statutory report on the underrepresented gender

TTI Nordic takes the issue of gender equality and representation seriously, although a gender imbalance typically characterises our industry, with 85% males and 15% females. TTI Nordic will continue to take decisive steps to ensure that TTI Nordic fosters an environment equally open and attractive to everyone. This view is consistent with the commitment to employees stated in the TTI Group's Code of Ethics. Management of the Company consists of two people of the same gender (male). The other management level consists of 5 males (79 %) and 2 females (21 %).

Statutory report on data ethics policy

TTI Nordic acknowledges that data is a valuable asset and should be treated with sensitivity and respect. We commit to the following data ethics principles:

- (1) Transparency: Individuals must be able to understand how their personal data is used;
- (2) Autonomy: Respect individuals' privacy, protect their rights, and honour confidentiality;

- (3) Responsible data sharing: Data must be shared on a need-to-know basis only, and processes for sharing data must actively and consistently consider and protect individuals' rights;
- (4) Ethics by design: Controls must be built into the architecture to prevent harm and risks to individuals;
- (5) Accountability: All data collection involves human decisions. Therefore, we strive to implement mechanisms to control the context in which data is collected, the systems used for data processing, and the methods for ensuring data quality. We acknowledge that data and systems can be misused or used for unintended purposes. We assess and document permissible use of our data and systems and take measures to avoid impermissible use; and
- (6) Processes and policies: We will develop additional policies and procedures to ensure that we comply with the principles mentioned above.

Income statement for 2023

		2023	2022
	Notes	DKK'000	DKK '000
Revenue	2	2,345,661	2,368,937
Cost of sales		(1,651,508)	(1,720,915)
Other external expenses	3	(513,528)	(504,785)
Gross profit/loss		180,625	143,237
Staff costs	4	(101,185)	(88,589)
Depreciation, amortisation and impairment losses	5	(20,164)	(17,036)
Operating profit/loss		59,276	37,612
Other financial income	6	368	761
Other financial expenses	7	(22,610)	(3,628)
Profit/loss before tax		37,034	34,745
Tax on profit/loss for the year	8	(8,521)	(7,787)
Profit/loss for the year	9	28,513	26,958

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Land and buildings		10,083	11,706
Other fixtures and fittings, tools and equipment		30,564	28,029
Leasehold improvements		290	546
Property, plant and equipment	10	40,937	40,281
Other receivables		2,090	1,875
Deferred tax	12	294	145
Financial assets	11	2,384	2,020
Fixed assets		43,321	42,301
Raw materials and consumables		0	7,313
Inventories		0	7,313
Trade receivables		570,556	458,350
Receivables from group enterprises		44,549	23,433
Other receivables		117	0
Prepayments	13	4,726	5,012
Receivables		619,948	486,795
Cash		102,922	127,587
Current assets		722,870	621,695
Assets		766,191	663,996

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	14	125	125
Retained earnings		4,658	18,610
Proposed dividend		42,465	60,000
Equity		47,248	78,735
Other provisions	15	45,674	43,870
Provisions		45,674	43,870
Lease liabilities		23,412	24,113
Non-current liabilities other than provisions	16	23,412	24,113
Current portion of non-current liabilities other than provisions	16	18,047	16,120
Bank loans		0	60,007
Trade payables		28,581	31,636
Payables to group enterprises		335,294	162,029
Tax payable		480	579
Other payables	17	267,455	246,907
Current liabilities other than provisions		649,857	517,278
Liabilities other than provisions		673,269	541,391
Equity and liabilities		766,191	663,996
Events after the balance sheet date	1		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

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	125	18,610	60,000	78,735
Ordinary dividend paid	0	0	(60,000)	(60,000)
Profit/loss for the year	0	(13,952)	42,465	28,513
Equity end of year	125	4,658	42,465	47,248

Notes

1 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.

2 Revenue

Disclosures of revenue broken down by activities and geographical areas are omitted for competitive reasons; see section 96(1) of the Danish Financial Statements Act.

3 Fees to the auditor appointed by the Annual General Meeting

	2023	2022
	DKK'000	DKK'000
Statutory audit services	427	382
Other services	70	67
	497	449

4 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	89,603	78,678
Pension costs	7,956	6,631
Other social security costs	1,409	1,263
Other staff costs	2,217	2,017
	101,185	88,589
Average number of full-time employees	153	131

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Executive Board	7,292	7,203
	7,292	7,203

5 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Depreciation of property, plant and equipment	20,164	17,036
	20,164	17,036

6 Other financial income

	2023	2022
	DKK'000	DKK'000
Other interest income	368	761
	368	761

7 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Other interest expenses	2,744	2,376
Exchange rate adjustments	19,866	1,252
	22,610	3,628

8 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	8,376	7,589
Change in deferred tax	(149)	258
Adjustment concerning previous years	294	(60)
	8,521	7,787

9 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	42,465	60,000
Retained earnings	(13,952)	(33,042)
	28,513	26,958

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	18,899	50,870	1,261
Additions	1,894	18,880	0
Disposals	(346)	(11,337)	0
Cost end of year	20,447	58,413	1,261
Depreciation and impairment losses beginning of year	(7,193)	(22,841)	(715)
Depreciation for the year	(3,507)	(16,401)	(256)
Reversal regarding disposals	336	11,393	0
Depreciation and impairment losses end of year	(10,364)	(27,849)	(971)
Carrying amount end of year	10,083	30,564	290

Carrying amount end of year of Right of use assets amounts to tDKK 10,083 for Land and buildings and tDKK 30,564 for Other fixtures and fittings, tools and equipment.

11 Financial assets

	Other receivables DKK'000	Deferred tax DKK'000
Cost beginning of year	1,875	145
Additions	229	149
Disposals	(14)	0
Cost end of year	2,090	294
Carrying amount end of year	2,090	294

12 Deferred tax

	2023 DKK'000	2022 DKK'000
Changes during the year		
Beginning of year	145	403
Recognised in the income statement	149	(258)
End of year	294	145

Deferred tax assets

As it is expected to generate taxable income within the next couple of years we have recognized a deferred tax asset.

13 Prepayments

Prepayments consist of prepaid expenses for rent, insurance premiums and subscriptions, etc.

14 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	125	1000	125,000
	125		125,000

15 Other provisions

The Company provides a warranty of up to three years on some products and, in so doing, is committed to repair or reimburse products, which are not satisfactory. Warranty commitments are recognized by DKK 45,674 thousand (2022: DKK 43,870 thousand) regarding expected repairs based on the previous volume of repairs and returns.

16 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000
Lease liabilities	18,047	16,120	23,412
	18,047	16,120	23,412

17 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	39,320	38,678
Wages and salaries, personal income taxes, social security costs, etc payable	13,892	12,102
Holiday pay obligation	5,205	5,302
Other costs payable	209,038	190,825
	267,455	246,907

18 Related parties with controlling interest

Techtronic Industries EMEA Limited, 22 Market Street, Maidenhead, SL6 8AD, England, wholly owns the shares of the Entity, thus exercising control over the Entity.

19 Transactions with related parties

No transactions with related parties were made in the financial year 2023, which were not made on an arm's length basis.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Techtronic Industries Co. Ltd., Hong Kong

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Techtronic Industries Co. Ltd., Hong Kong

The consolidated financial statements can be downloaded from the website of Techtronic Industries Co. Ltd.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

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 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, 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, 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**

Buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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	5-7 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.

Receivables

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

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.

Prepayments

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

Cash

Cash comprises 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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Finance lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement as such statement is prepared by the Ultimate Parent.