

Novadan ApS

Platinvej 21
6000 Kolding
CVR No. 63129216

Annual report 2023

The Annual General Meeting adopted the annual report on 08.05.2024

Manoela Pereira Fry

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	9
Balance sheet at 31.12.2023	10
Statement of changes in equity for 2023	12
Notes	13
Accounting policies	17

Entity details

Entity

Novadan ApS

Platinvej 21

6000 Kolding

Business Registration No.: 63129216

Date of foundation: 08.10.1980

Registered office: Kolding

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Michael R Zimmerman, Chairman

Manoela Pereira Fry

Monique Martins

Executive Board

Jens Lauritz Bramsen

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 Novadan 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 to the Annual General Meeting that the financial statements for the next financial year not be audited.

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

Kolding, 08.05.2024

Executive Board

Jens Lauritz Bramsen

Board of Directors

Michael R Zimmerman
Chairman

Manoela Pereira Fry

Monique Martins

Independent auditor's report

To the shareholder of Novadan ApS

Opinion

We have audited the financial statements of Novadan 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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 08.05.2024

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	106,656	99,339	86,506	93,670	83,310
Operating profit/loss	43,533	38,886	27,969	36,226	27,269
Net financials	132	(1,044)	456	115	(450)
Profit/loss for the year	34,048	29,504	22,134	28,338	20,926
Total assets	125,271	121,885	101,918	104,422	90,724
Investments in property, plant and equipment	1,863	947	1,234	1,130	1,852
Equity	103,696	89,648	75,145	78,011	64,673
Ratios					
Return on equity (%)	35.22	35.81	28.90	39.72	32.59
Equity ratio (%)	82.78	73.55	73.73	74.71	71.29

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

Return on equity (%):

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

Average equity

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets

Primary activities

The main activity of the company is production and marketing of cleaning and disinfecting agents together with chemicals, accessories and equipment for industrial and professional use.

Development in activities and finances

The financial result of the period was a profit before tax of DKK 43,664k compared to a profit before tax of DKK 37,842k in 2022. The result in 2023 is considered to be satisfactory.

Profit/loss for the year in relation to expected developments

The profit of DKK 34,048 k in 2023 is in line with expectations communicated in last year's financial statement.

Outlook

For the financial year 2024, the activity and earnings are expected to be stable compared to 2023.

Management's expectation for the profit in 2024 is approx. DKK 30 - 35m.

Knowledge resources

The company staff has extensive competence concerning industrial cleaning and hygiene solutions ensuring a high standard of hygiene and rational cleaning methods within the private and the public sector.

Environmental performance

NOVADAN ApS are both ISO 9001:2015 and ISO 14001:2015 certified.

The company is environmentally conscious and focuses strongly on reducing the environmental stress caused by the running of the company and the use of the products. Both the working environment and the external environment are monitored.

Novadan is categorized as a hazardous company in column 3 and has completed a risk assessment report showing that Novadan has a high security level internally as well as externally.

The company is among the leading Nordic suppliers of swan labelled products for industrial cleaning and hygiene solutions and have more than 150 different swan labelled products on the market.

At our homepage there is access to our CSR report for 2023:

<https://novadan.dk/dk/baeredygtighed/csr-rapport/>

Research and development activities

During the year, the development activities have been focused on increasing the efficiency and the environmental performance of our concepts and products.

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	2022 DKK
Gross profit/loss		106,655,919	99,339,428
Distribution costs		(38,148,525)	(36,679,775)
Administrative expenses		(24,974,847)	(23,773,446)
Operating profit/loss		43,532,547	38,886,207
Other financial income	4	1,467,151	383,113
Other financial expenses	5	(1,335,528)	(1,427,442)
Profit/loss before tax		43,664,170	37,841,878
Tax on profit/loss for the year	6	(9,616,663)	(8,338,091)
Profit/loss for the year	7	34,047,507	29,503,787

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired licences		2,610,969	3,489,123
Intangible assets	8	2,610,969	3,489,123
Plant and machinery		3,050,192	3,172,715
Other fixtures and fittings, tools and equipment		144,048	195,664
Property, plant and equipment in progress		703,500	0
Property, plant and equipment	9	3,897,740	3,368,379
Deposits		2,711,591	2,625,424
Financial assets	10	2,711,591	2,625,424
Fixed assets		9,220,300	9,482,926
Raw materials and consumables		14,692,488	19,310,981
Manufactured goods and goods for resale		14,320,853	20,864,651
Inventories		29,013,341	40,175,632
Trade receivables		44,013,696	54,077,222
Receivables from group enterprises	11	41,630,664	17,215,845
Other receivables		1,057,560	330,614
Prepayments	12	335,078	602,706
Receivables		87,036,998	72,226,387
Current assets		116,050,339	112,402,019
Assets		125,270,639	121,884,945

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		6,000,000	6,000,000
Retained earnings		62,695,992	63,648,485
Proposed dividend		35,000,000	20,000,000
Equity		103,695,992	89,648,485
Deferred tax	13	245,407	672,372
Provisions		245,407	672,372
Trade payables		13,295,337	20,017,044
Payables to group enterprises		282,438	3,250,494
Tax payable		231,627	1,472,851
Other payables		7,519,838	6,823,699
Current liabilities other than provisions		21,329,240	31,564,088
Liabilities other than provisions		21,329,240	31,564,088
Equity and liabilities		125,270,639	121,884,945
Events after the balance sheet date	1		
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Contingent liabilities	14		
Related parties with controlling interest	15		
Non-arm's length related party transactions	16		
Group relations	17		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	6,000,000	63,648,485	20,000,000	89,648,485
Ordinary dividend paid	0	0	(20,000,000)	(20,000,000)
Profit/loss for the year	0	(952,493)	35,000,000	34,047,507
Equity end of year	6,000,000	62,695,992	35,000,000	103,695,992

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 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	33,818,475	33,016,191
Pension costs	3,012,815	2,745,224
Other staff costs	777,059	953,858
	37,608,349	36,715,273
Average number of full-time employees	65	65

Remuneration of the management 2023 amount to DKK 0 (2022 DKK 0). Referring to section 98B of the Danish Financial Statement Act, information on salary to the executive board is excluded

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	878,154	878,154
Depreciation of property, plant and equipment	1,333,321	1,488,170
	2,211,475	2,366,324

4 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	997,718	0
Other interest income	77,517	112,256
Exchange rate adjustments	391,916	270,857
	1,467,151	383,113

5 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	4,617	5,120
Other interest expenses	2,227	2,166
Exchange rate adjustments	1,328,684	1,420,156
	1,335,528	1,427,442

6 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	10,043,628	8,512,851
Change in deferred tax	(426,965)	(174,760)
	9,616,663	8,338,091

7 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Ordinary dividend for the financial year	35,000,000	20,000,000
Retained earnings	(952,493)	9,503,787
	34,047,507	29,503,787

8 Intangible assets

	Acquired licences DKK
Cost beginning of year	9,019,236
Cost end of year	9,019,236
Amortisation and impairment losses beginning of year	(5,530,113)
Amortisation for the year	(878,154)
Amortisation and impairment losses end of year	(6,408,267)
Carrying amount end of year	2,610,969

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	56,396,003	18,632,353	0
Additions	1,159,182	0	703,500
Disposals	(9,798,777)	(340,827)	0
Cost end of year	47,756,408	18,291,526	703,500
Depreciation and impairment losses beginning of year	(53,223,288)	(18,436,689)	0
Depreciation for the year	(1,281,693)	(51,616)	0
Reversal regarding disposals	9,798,777	340,827	0
Depreciation and impairment losses end of year	(44,706,204)	(18,147,478)	0
Carrying amount end of year	3,050,204	144,048	703,500

10 Financial assets

	Deposits DKK
Cost beginning of year	2,625,424
Additions	86,167
Cost end of year	2,711,591
Carrying amount end of year	2,711,591

11 Receivables from group enterprises

Together with other Danish Group companies, the company has entered into a cash pool arrangement, according to which another company is liable as sole contractor towards the bank. The balance of the cash pool arrangement DKK 38,529k is included in "Receivables from group enterprises".

12 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost which usually corresponds to the nominal value.

13 Deferred tax

	2023 DKK	2022 DKK
Intangible assets	574,413	767,607
Property, plant and equipment	(336,142)	(336,089)
Inventories	321,967	407,565
Receivables	(314,831)	(166,711)
Deferred tax	245,407	672,372

	2023 DKK	2022 DKK
Changes during the year		
Beginning of year	672,372	847,132
Recognised in the income statement	(426,965)	(174,760)
End of year	245,407	672,372

14 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.

Rental Commitments

The company has entered a rental agreement for the business areas Platinvej 13, 21,27, 29 og 31, which expire 31.12.2026. The annual rent is DKK 5,411k.

The company has entered a rental agreement regarding cars and transport vehicles with an average period of rent for 3 years. The annual rent is 1,155k.

15 Related parties with controlling interest

Related parties with a controlling interest in Novadan ApS includes the ultimate parent company of the company, Illinois Tool Works Inc. through the sole shareholder ITW Denmark ApS, Silkeborg.

16 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

17 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, IL 60025
- USA

Accounting policies

Reporting class

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

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

The company has in relation to the Danish Financial Statements Act § 32 Chosen not to show the net revenues.

Revenue

Revenue from the sale of manufactured goods and good for resale is recognised in the income statement when delivery is made and risk passed to the buyer.

Production costs

Cost of sales comprises direct and indirect costs incurred to earn revenue. In cost of sales, costs of raw materials, consumables, production staff and depreciation of production plant are included.

Cost of production also includes costs of development projects.

Cost of sales

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

Distribution costs

Distribution costs comprise costs incurred for distribution of goods sold and also sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation, amortisation and impairment losses.

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for the administrative staff and the Management, stationary and the office supplies as well as depreciation and amortisation.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Other financial income

Other financial income comprises interest income, realised and unrealised capital gains on securities and transactions in foreign currencies and cash discounts, etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign.

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment, cars and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	1-5 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.

Inventories

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

Cost of goods for resale, raw materials and consumables consist of purchase price plus landing costs. Cost of manufactured good and work in progress consist of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

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.

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.

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

In pursuance of section 86 of the Danish Financial Statements Act, the preparation of cash flow statement is excluded as it contained in the cash flow statement for the ultimate parent company Illinois Tool Works Inc., Illinois, USA.