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ÅRSREDOVISNING

2024-01-01 - 2024-12-31

för

HxH International AB
556731-0601

Årsredovisningen omfattar: **Sida**

Förvaltningsberättelse	2
Resultaträkning	4
Balansräkning	5
Rapport över förändringar i eget kapital	7
Kassaflödesanalys	8
Noter	9

FASTSTÄLLELSEINTYG

Undertecknad VD i HxH International AB intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 23 juni 2025.
Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Malmö den 23 juni 2025

Frank Schmidt

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HxH International AB
556731-0601

ÅRSREDOVISNING FÖR HXH INTERNATIONAL AB

Styrelsen och verkställande direktören för HxH International AB avger härmed årsredovisning för räkenskapsåret 2024-01-01 - 2024-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning

HxH International AB äger samtliga aktier i dotterbolaget Heatex AB (org.nr 556294-3323), som konstruerar och tillverkar luft-till luftvärmeväxlare för återvinning av värme och energi inom främst ventilation och komponentkyla inom olika industrisegment. Verksamheten är global med dotterbolag i Tjeckien och Kina. Huvudkontoret är placerat i Malmö.

Bolagen inom Heatex-koncernen är verksamma inom greentech med inriktning på återvinning av värme och energi för reducerad energiförbrukning. Den globala energiförbrukningen är fördelad i ungefär lika stora delar mot i) bostäder och service, ii) industri, och iii) transport. Heatex verkar inom samtliga nämnda områden och bolagets produkter utgör en nyckelkomponent i kundernas systemlösningar. Heatex är verksamt både inom traditionella segment såsom kommersiell och industriell ventilation samt inom energiproduktion (vindkraft, solkraft), transport (elfordon) och elektronikkylning (datacenter, telecom).

Ägarförhållanden

HxH International AB ägs till 100% av Madison IAQ LLC (86-2704331) med huvudkontor i Minneapolis, USA.

Utveckling av verksamhet, ställning och resultat

HxH Internationals verksamhet består i huvudsak av att administrera Heatex-guppens finansiering. Bolagets resultat efter finansiella poster påverkas i stor utsträckning av hur amerikanska dollarn utvecklas mot den svenska kronan, eftersom bolagets upplåning i huvudsak är i USD. Under 2024 har den svenska kronan åter försvagats i förhållande till USD, vilket är orsaken till det positiva resultatet i år.

(Tkr)	2024	2023	2022	2021	2020
Intäkter	0	0	3 600	3 600	3 600
Rörelseresultat	-93	-113	3 415	3 473	-6 885
Resultat före skatt	-18 644	279	-27 140	-16 342	-7 873
Balansomslutning	357 850	358 525	358 091	358 023	370 850
Soliditet [1]	44,6%	43,1%	43,1%	50,7%	53,3%
Avkastning på eget kapital [2]	3%	0,2%	Neg	Neg	Neg
Avkastning på totalt kapital [3]	Neg	0,9%	0,9%	Neg	Neg

[1] Justerat eget kapital / Balansomslutning.
[2] Årets resultat / Genomsnittligt justerat Eget kapital
[3] (Resultat före skatt + räntekostnader) / Genomsnittlig balansomslutning

Väsentliga händelser under räkenskapsåret

Det har inte inträffat några väsentliga händelser under räkenskapsåret som påverkat bolagets verksamhet. I likhet med förra året avger bolaget inte någon koncernårsredovisning utan hänvisar till närmast överordnade moderföretag som upprättar koncernredovisning i vilken HxH International ingår, vilket är moderbolaget Madison IAQ LLC (482635) med huvudkontor i Chicago, USA.
Madison IAQ LLC koncernårsredovisning finns att tillgå på Bolagsverket, som en bilaga till HxH International ABs årsredovisning. Moderföretag för hela koncernen är Madison Industries Holdings LLC (5387456) med huvudkontor i Chicago, USA.

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HxH International AB
556731-0601

Väsentliga händelser efter räkenskapsåret
Det har inte inträffat några väsentliga händelser efter räkenskapsårets utgång.

Väsentliga risker och osäkerhetsfaktorer
Finansieringsrisk
Madison Industries uppköp av HXH International AB under 2020 innebar att samtliga existerande långfristiga lån amorterades och ersattes av en amorteringsfri s k "promissory note" med Madison IAQ LLC som långivare. Lånet är i USD och löper till juni 2028 med en ränta om 2,45%. HXH International AB är utsatt för en ränte- och valutarisk, eftersom lånet är i USD. Bolaget kan amortera regelbundet tack vare ett starkt kassaflöde i koncernen och minskar därmed successivt effekterna av valutafluktuationer i resultatet.

Hållbarhetsrapport
Hållbarhetsrapporten för 2024 finns publicerad på bolagets hemsida, www.heatex.com.

Förslag till vinstdisposition (kronor)
Förslag till disposition av bolagets fria medel (Tkr)

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	118 483
Årets resultat	4 953
	123 436

Styrelsen föreslår att

i ny räkning balanseras	123 436
	123 436

Styrelsens yttrande över den föreslagna vinstdispositionen
Styrelsen och verkställande direktören föreslår att hela vinsten balanseras och att ingen utdelning utgår.

Beträffande moderföretagets och koncernens resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar, rapporter över förändringar i eget kapital, kassaflödesanalyser samt noter. Alla belopp uttrycks i tusentals svenska kronor där ej annat anges.

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RESULTATRÄKNING
(Tkr)

	Not	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Rörelsens intäkter			
Övriga rörelseintäkter, interna		0	0
Rörelsens kostnader			
Övriga externa kostnader	4	-93	-113
Rörelseresultat		**-93**	**-113**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	5	1	5 001
Räntekostnader och liknande resultatposter	6	-18 552	-4 609
Resultat efter finansiella poster		**-18 644**	**279**
Bokslutsdispositioner			
Erhållet koncernbidrag		23 597	0
Resultat före skatt		**4 953**	**279**
Skatt på årets resultat	7	0	0
ÅRETS RESULTAT		**4 953**	**279**

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BALANSRÄKNING
(Tkr)

	Not	2024-12-31	2023-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	8	357 850	357 850
		357 850	**357 850**
Summa anläggningstillgångar		**357 850**	**357 850**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga fordringar		0	675
		0	**675**
Summa omsättningstillgångar		**0**	**675**
SUMMA TILLGÅNGAR		**357 850**	**358 525**

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BALANSRÄKNING

	Not	2024-12-31	2023-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		36 028	36 028
		36 028	**36 028**
Fritt eget kapital			
Överkursfond		386 027	386 027
Balanserat resultat		-267 544	-267 823
Årets resultat		4 953	279
		123 436	**118 483**
Summa eget kapital		**159 464**	**154 511**
Långfristiga skulder			
Skulder till moderbolag	9	158 479	169 789
		158 479	**169 789**
Kortfristiga skulder			
Skulder till koncernföretag	9	39 856	34 116
Övriga kortfristiga skulder		1	1
Upplupna kostnader och förutbetalda intäkter	10	50	108
		39 907	**34 225**
SUMMA EGET KAPITAL OCH SKULDER		**357 850**	**358 525**

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RAPPORT ÖVER FÖRÄNDRINGAR I EGET KAPITAL

(Tkr)

	Bundet eget kapital	*Fritt eget kapital*			
	Aktiekapital	Överkurs-fond	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2023	**36 028**	**386 028**	**-240 684**	**-27 140**	**154 232**
Disposition av föregående års resultat			-27 140	27 140	**0**
Årets resultat				279	**279**
Utgående balans per 31 december 2023	**36 028**	**386 028**	**-267 824**	**279**	**154 511**

	Bundet eget kapital	*Fritt eget kapital*			
	Aktiekapital	Överkurs-fond	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2024	**36 028**	**386 028**	**-267 824**	**279**	**154 511**
Disposition av föregående års resultat			279	-279	**0**
Årets resultat				4 953	**4 953**
Utgående balans per 31 december 2024	**36 028**	**386 028**	**-267 545**	**4 953**	**159 464**

Antalet aktier i moderbolaget uppgår 2024-12-31 till 1 801 407 (1 801 407) aktier.

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KASSAFLÖDESANALYS

(Tkr)	Not	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Kassaflöde från den löpande verksamheten			
Rörelseresultat		-93	-113
Justeringar för poster som inte ingår i kassaflödet			
Omräkningsdifferenser		-14 777	5 001
Erlagd ränta		-3 773	-4 608
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**-18 643**	**280**
Förändringar i rörelsekapital			
Minskning(+)/ökning(-) av övriga kortfristiga fordringar		1	-660
Minskning(-)/ökning(+) av övriga kortfristiga skulder		617	-176
Kassaflöde från den löpande verksamheten		**-18 025**	**-556**
Finansieringsverksamheten			
Upptagna lån		10 695	4 099
Erhållet koncernbidrag		23 596	0
Amortering av lån		-16 266	-3 543
Kassaflöde från finansieringsverksamheten		**18 025**	**556**
Årets kassaflöde		**0**	**0**
Likvida medel vid årets början		**0**	**0**
Likvida medel vid årets slut	12	**0**	**0**

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NOTER

Not 1 Allmän information

HxH International AB med organisationsnummer 556731-0601 är ett aktiebolag registrerat i Sverige med säte i Malmö. Adressen till huvudkontoret är Hyllie Boulevard 34, 215 32 Malmö. HxH International AB äger samtliga andelar i Heatex AB, ett företag som konstruerar och tillverkar luft- till luft värmeväxlare för återvinning av värme och kyla inom främst ventilation och komponentkyla inom olika industrisegment.

HxH International AB är ett helägt dotterföretag till Madison IAQ LLC (86-2704331), med huvudkontor i Minneapolis, USA. Eftersom HxH International AB valt att från och med 2023 inte avge koncernårsredovisning (med stöd av Årsredovisningslagen kap. 7, § 2), hänvisar bolaget till närmast överordnade moderföretag som upprättar koncernredovisning i vilken HXH International ingår, vilket är moderbolaget Madison IAQ LLC (86-2704331) med huvudkontor i Minneapolis, USA. Madison IAQ LLC koncernårsredovisning finns att tillgå på Bolagsverket som en bilaga till HxH International ABs årsredovisning.
Moderföretag för hela koncernen är Madison Industries Holdings LLC (47-5559437), med huvudkontor i Chicago, USA.

Not 2 Väsentliga redovisningsprinciper

Företaget tillämpar Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning ("K3") och Årsredovisningslagen.

Årsredovisningen är upprättad enligt fortlevnadsprincipen.

Intäkter
Utdelning och ränteintäkter
Utdelning redovisas när ägarens rätt att erhålla betalning har fastställts.

Ränteintäkter redovisas fördelat över löptiden med tillämpning av effektivräntemetoden. Effektivräntan är den ränta som gör att nuvärdet av alla framtida in- och utbetalningar under räntebindningstiden blir lika med det redovisade värdet av fordran.

Utländsk valuta
Företagets redovisningsvaluta är svenska kronor (SEK).

Omräkning av poster i utländsk valuta
Vid varje balansdag räknas monetära poster i utländsk valuta om till balansdagens kurs. Icke-monetära poster, som värderas till historiskt anskaffningsvärde i en utländsk valuta räknas inte om. Valutakursdifferenser redovisas i rörelseresultatet eller som finansiell post utifrån den underliggande affärshändelsen i den period de uppstår, med undantag för transaktioner som utgör säkring och som uppfyller villkoren för säkringsredovisning av kassaflöden eller av nettoinvesteringar. Bolaget tillämpar inte säkringsredovisning.

Låneutgifter
Låneutgifter avseende lånat kapital som kan hänföras till inköp, konstruktion eller produktion av en tillgång som tar betydande tid att färdigställa innan den kan användas eller säljs inräknas i tillgångens anskaffningsvärde tills den tidpunkt då tillgången är färdigställd för dess avsedda användning eller försäljning. Övriga låneutgifter redovisas i resultaträkningen i den period de uppkommer. Inga ränteutgifter har hittills aktiverats.

Långfristiga skulder består i allt väsentligt av belopp som förväntas återvinnas eller betalas efter mer än tolv månader räknat från balansdagen. Omsättningstillgångar och kortfristiga skulder består i allt väsentligt av belopp som förväntas återvinnas eller betalas inom tolv månader räknat från balansdagen. Tillgångar och skulder är redovisade i enlighet med anskaffningsvärdemetoden.

Tillgångar och skulder är redovisade i enlighet med anskaffningsvärdemetoden.

Inkomstskatter
Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt
Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.

Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats i övrigt totalresultat eller direkt mot eget kapital. I sådana fall ska även skatten redovisas i övrigt totalresultat eller direkt mot eget kapital.

Andelar i koncernföretag
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Finansiella instrument
En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part till instrumentets avtalsenliga villkor. En finansiell tillgång bokas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör, regleras eller när företaget förlorar kontrollen över den. En finansiell skuld, eller del av finansiell skuld, bokas bort från balansräkningen när den avtalade förpliktelsen fullgörs eller på annat sätt upphör.

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde.

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip, dvs. det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

Med upplupet anskaffningsvärde avses det belopp till vilket tillgången eller skulden initialt redovisades med avdrag för amorteringar, tillägg eller avdrag för ackumulerad periodisering enligt effektivräntemetoden av den initiala skillnaden mellan erhållet/betalat belopp och belopp att betala/erhålla på förfallodagen samt med avdrag för nedskrivningar.

Effektivräntan är den ränta som vid en diskontering av samtliga framtida förväntade kassaflöden över den förväntade löptiden resulterar i det initialt redovisade värdet för den finansiella tillgången eller den finansiella skulden.

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Likvida medel
Likvida medel inkluderar kassamedel och banktillgodohavanden samt andra kortfristiga likvida placeringar som lätt kan omvandlas till kontanter samt är föremål för en obetydlig risk för värdeförändringar. För att klassificeras som likvida medel får löptiden inte överskrida tre månader från tidpunkten för förvärvet.

Aktieägartillskott
Aktieägartillskott som en ägare lämnar redovisas som en ökning av andelens redovisade värde. Erhållna aktieägartillskott redovisas direkt i fritt eget kapital.

Kassaflödesanalys
Kassaflödesanalysen visar företagets förändringar av företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar.

Not 3 Viktiga uppskattningar och bedömningar

Uppskattningar och bedömningar utvärderas löpande och baseras på historisk erfarenhet och andra faktorer, inklusive förväntningar på framtida händelser som anses rimliga under rådande förhållanden.

Viktiga uppskattningar och bedömningar för redovisningsändamål
Nedan redogörs för de viktigaste antagandena om framtiden, och andra viktiga källor till osäkerhet i uppskattningar per balansdagen, som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under nästkommande räkenskapsår.

Bedömning av nedskrivningsbehov för dotterbolag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet inkluderas förvärvsrelaterade kostnader och eventuella tilläggsköpeskillingar. När det finns en indikation på att andelar i dotterföretag minskat i värde görs en beräkning av återvinningsvärdet. Är detta lägre än det redovisade värdet görs en nedskrivning om värdenedgången anses vara bestående. Bedömning och antaganden görs på framtida omsättning och marginal. Prövning av värde genomförs årligen.

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Not 4 Ersättning till revisor

	2024	2023
Deloitte AB		
Revisionsuppdrag	50	108
Totalt	**50**	**108**

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskningen av årsredovisningen och bokföringen, styrelsens och verkställande direktörens förvaltning samt arvode för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

Not 5 Övriga ränteintäkter och liknande resultatposter

	2024	2023
Ränteintäkter	1	0
Kursdifferenser	0	5 001
Summa	**1**	**5 001**

Not 6 Räntekostnader och liknande resultatposter

	2024	2023
Räntekostnader	-3 774	-4 609
Kursdifferenser	-14 778	0
Summa	**-18 552**	**-4 609**

Not 7 Skatt på årets resultat

	2024	2023
Aktuell skatt	0	0
Uppskjuten skatt	0	0
Skatt på årets resultat	**0**	**0**

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Avstämning årets skattekostnad

	2024	2023
Redovisat resultat före skatt	4 953	279
Skatt beräknad enligt svensk skattesats 20,6%	-1 020	-57
Skatteeffekt av ej avdragsgilla kostnader	1	1
Skatteeffekt av ej skattepliktiga intäkter	0	0
Skatteeffekt av underskottsavdrag för vilka uppskjuten skattefordran ej redovisas	1 019	56
Summa	**0**	**0**
Upplösning av uppskjuten skatt hänförlig till underskottsavdrag då denna ej bedöms kunna nyttjas	0	0
Årets redovisade skattekostnad	**0**	**0**

Ingen skatt är redovisad direkt mot eget kapital.

Uppskjutna skattefordringar värderas till högst det belopp som sannolikt kommer att återvinnas baserat på innevarande och framtida skattepliktiga resultat. Företaget har outnyttjade underskottsavdrag uppgående till 173 011 (174 393) tkr varav 127 629 (127 629) tkr är koncernbidrags- och fusionsspärrat underskott. De ej redovisade underskottsavdragen har inga förfallotider.

Skattesatsen för beräkning av uppskjuten skatt uppgår till 20,6% (20,6%).

Not 8 Andelar i koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärde	**357 850**	**357 850**
Utgående ackumulerade anskaffningsvärden	**357 850**	**357 850**
Redovisat värde	**357 850**	**357 850**

Företagets innehav av andelar i koncernföretag

			Redovisat värde	
Företagets namn	**Kapital-andel [1]**	**Antal andelar**	**2024-12-31**	**2023-12-31**
Heatex AB	100%	25 250	357 850	357 850

[1] Kapitalandel överensstämmer med röstandel.

Företagets namn	**Org.nr**	**Säte**
Heatex AB	556294-3323	Malmö

Heatex AB äger samtliga andelar i bolagen Heatex Czech Republic s.r.o och Heatex Shanghai Co Ltd.

Not 9 Transaktioner med närstående

Transaktioner mellan moderföretaget och dess dotterföretag, vilka är närstående till moderföretaget samt upplysningar om transaktioner mellan övriga närstående presenteras nedan.

Försäljning av varor och tjänster	**2024**	**2023**
Heatex AB	0	0
Totalt	**0**	**0**

Lån från närstående	**2024-12-31**	**2023-12-31**
Madison Indoor Air Solutions LLC	158 479	169 789
Heatex AB	39 856	34 116
Totalt	**198 335**	**203 905**

Heatex finansiering består av lån från ägaren Madison IAQ LLC om 158 (170) mkr som föfaller den 7 juni 2028. Lånet är amorteringsfritt och det finns inga krav på uppfyllande av covenanter.

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Not 10 Upplupna kostnader och förutbetalda intäkter

	2024-12-31	2023-12-31
Revisionsarvode	50	108
Redovisat värde	**50**	**108**

Not 11 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter	**2024-12-31**	**2023-12-31**
Aktier i koncernföretag	357 850	357 850
Totalt	**357 850**	**357 850**
Eventualförpliktelser		
Borgensåtagande för koncernföretag	0	0
Totalt	**0**	**0**

Not 12 Likvida medel i kassaflödet

	2024-12-31	2023-12-31
Kassamedel	0	0
Totalt	**0**	**0**

Not 13 Händelser efter balansdagen

Inga väsentliga händelser har inträffat efter balansdagen.

Not 14 Vinstdisposition

Styrelsen föreslår att i ny räkning balanseras 123 436 tkr.

Malmö den 23 juni 2025

Christian Bernert
Styrelsens ordförande

David Janicek
Styrelseledamot

Frank Schmidt
Verkställande direktör

Vår revisionsberättelse har avgivits den 23 juni 2025

Deloitte AB

Mattias Lönnquist
Auktoriserad revisor

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Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i HxH International AB
organisationsnummer 556731-0601

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för HxH International AB för räkenskapsåret 2024-01-01 - 2024-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av HxH International ABs finansiella ställning per den 31 december 2024 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till HxH International AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna

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kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för HxH International AB för räkenskapsåret 2024-01-01 - 2024-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till HxH International AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö 23/6 2025

Deloitte AB

Mattias Lönnquist
Auktoriserad revisor

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Madison IAQ LLC

MADISON AIR

Consolidated Financial Statements
December 31, 2024 and 2023

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Report of Independent Auditors

To the Management and Manager of Madison IAQ LLC

Opinion

We have audited the accompanying consolidated financial statements of Madison IAQ LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income (loss), of comprehensive income (loss), of members' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will

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always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Management's Discussion and Analysis of Financial Condition and Results of Operations, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Chicago, Illinois
March 24, 2025

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Consolidated Balance Sheets

(in millions)	December 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 338.8	$ 286.9
Accounts receivable, net of allowances of $9.9 and $9.9 at December 31, 2024 and 2023, respectively	386.9	338.3
Inventories (Note 8)	290.6	277.9
Prepaid expenses and other current assets	114.3	47.1
Current assets of discontinued operations (Note 5)	—	113.2
Current assets	1,130.6	1,063.4
Property, plant and equipment, net (Note 9)	224.9	245.8
Goodwill (Note 6)	2,226.1	2,236.0
Other intangible assets, net (Note 6)	1,732.8	1,848.1
Other long-term assets	129.1	128.0
Long-term assets of discontinued operations (Note 5)	—	862.9
Total assets	$ 5,443.5	$ 6,384.2
Liabilities and members' equity		
Accounts payable	$ 210.1	$ 166.7
Customer deposits and deferred revenue	77.1	54.8
Accrued expenses and other current liabilities (Note 11)	190.2	202.4
Current maturities of long-term debt (Note 12)	27.2	27.0
Current liabilities of discontinued operations (Note 5)	—	51.9
Current liabilities	504.6	502.8
Long-term debt (Note 12)	4,103.4	4,112.3
Deferred income taxes (Note 10)	282.0	341.4
Other long-term liabilities	165.9	191.1
Long-term liabilities of discontinued operations (Note 5)	—	36.9
Total liabilities	5,055.9	5,184.5
Members' equity		
Units	82.8	1,109.0
Retained earnings	349.9	113.4
Accumulated other comprehensive income (loss)	(46.2)	(23.6)
Noncontrolling interests	1.1	0.9
Total members' equity	387.6	1,199.7
Total liabilities and members' equity	$ 5,443.5	$ 6,384.2

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Income (Loss)

(in millions)	Year Ended December 31, 2024	2023
Net sales	$ 2,621.7	$ 2,555.5
Cost of goods sold	1,529.8	1,529.3
Gross profit	1,091.9	1,026.2
Operating expenses		
Selling, general and administrative expenses	470.6	475.6
Intangible asset amortization	101.0	104.9
Equity appreciation rights expense	30.8	23.1
Transaction expenses	—	0.3
Restructuring expenses	10.7	17.1
Total operating expenses	613.1	621.0
Operating income	478.8	405.2
Interest and financing expenses	301.2	319.6
Other (income) expense	(8.6)	(1.0)
Income (loss) from continuing operations before income taxes	186.2	86.6
Income tax expense (benefit)	32.6	37.6
Income (loss) from continuing operations	153.6	49.0
Income (loss) from discontinued operations, net of taxes (Note 5)	82.1	26.4
Net income (loss)	235.7	75.4
Less: Net income (loss) attributable to noncontrolling interests	(0.8)	(0.1)
Net income (loss) attributable to Madison Air	$ 236.5	$ 75.5

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Comprehensive Income (Loss)

(in millions)	Year Ended December 31, 2024	Year Ended December 31, 2023
Net income (loss)	$ 235.7	$ 75.4
Other comprehensive income (loss)		
Foreign currency translation adjustment	(29.1)	5.6
Actuarial gain (loss) on pension plans (net of tax $0.5 in 2024 and $0.1 in 2023	1.6	0.3
Gain (loss) on hedging instruments (net of tax $1.3 in 2024 and $(0.3) in 2023)	4.4	(0.9)
Gain on available-for-sale marketable securities (net of tax $0.2 in 2024 and $0.0 in 2023)	0.5	—
Total other comprehensive income (loss)	(22.6)	5.0
Comprehensive income (loss)	213.1	80.4
Less: Comprehensive income (loss) attributable to noncontrolling interests	(0.8)	—
Comprehensive income (loss) attributable to Madison Air	$ 213.9	$ 80.4

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Members' Equity

(in millions)	Units	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Members' Equity
Balances at December 31, 2022	$ 1,112.4	$ 37.9	$ (28.6)	$ 1.0	$ 1,122.7
Distributions to parent	(9.9)	—	—	—	(9.9)
Equity appreciation rights expense	23.6	—	—	—	23.6
Equity appreciation rights payments	(17.1)	—	—	—	(17.1)
Net income (loss)	—	75.5	—	(0.1)	75.4
Other comprehensive income (loss), net of tax of $(0.2)	—	—	5.0	—	5.0
Balances at December 31, 2023	1,109.0	113.4	(23.6)	0.9	1,199.7
Distributions to parent	(1,017.2)	—	—	—	(1,017.2)
Contributions from noncontrolling interest	—	—	—	1.0	1.0
Equity appreciation rights expense	33.2	—	—	—	33.2
Equity appreciation rights payments	(42.2)	—	—	—	(42.2)
Net income (loss)	—	236.5	—	(0.8)	235.7
Other comprehensive income (loss), net of tax of $2.0	—	—	(22.6)	—	(22.6)
Balances at December 31, 2024	$ 82.8	$ 349.9	$ (46.2)	$ 1.1	$ 387.6

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2024	2023
Net income (loss)	$ 235.7	$ 75.4
Net (income) loss from discontinued operations	(82.1)	(26.4)
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	140.8	148.1
Deferred taxes	(60.6)	(49.2)
Equity appreciation rights expense	30.8	23.1
Non-cash interest expense	17.8	18.3
Remeasurement of contingent consideration	—	(1.9)
(Gain) loss on disposal of property, plant and equipment	1.0	(1.0)
(Gain) loss on foreign exchange	(2.9)	—
(Gain) loss on available-for-sale marketable securities	(3.1)	—
Other	1.0	0.7
Changes in assets and liabilities, net of divestiture		
Accounts receivable	(54.0)	(23.0)
Inventories	(17.7)	69.5
Accounts payable and accrued expenses	71.3	12.1
Other assets and liabilities	(16.2)	10.8
Net cash flows from operating activities - continuing operations	261.8	256.5
Net cash flows from operating activities - discontinued operations	(202.5)	50.9
Net cash flows from operating activities	59.3	307.4
Purchase of property, plant and equipment	(28.2)	(26.1)
Proceeds from disposal of property, plant and equipment	6.5	8.9
Purchases of available-for-sale marketable securities	(210.7)	(14.8)
Proceeds from sale of available-for-sale marketable securities	150.0	—
Net cash flows from investing activities - continuing operations	(82.4)	(32.0)
Net cash flows from investing activities - discontinued operations	1,144.8	(3.5)
Net cash flows from investing activities	1,062.4	(35.5)
Debt principal payments	(25.4)	(25.4)
Distributions to Parent	(1,017.2)	(9.9)
Equity appreciation rights payments	(42.2)	(17.1)
Payments on contingent and deferred acquisition consideration	—	(3.3)
Contributions from noncontrolling interests	1.0	—
Payment of financing fees	(1.1)	—
Net proceeds (payments) on finance leases	(1.8)	(1.7)
Net cash flows from financing activities - continuing operations	(1,086.7)	(57.4)
Net cash flows from financing activities - discontinued operations	(0.6)	(0.8)
Net cash flows from financing activities	(1,087.3)	(58.2)
Effect of exchange rate changes on cash	(2.8)	1.7
Net change in cash and cash equivalents	31.6	215.4
Cash and cash equivalents at beginning of period	307.2	91.8
Cash and cash equivalents at end of period	338.8	307.2
Less cash and cash equivalents of discontinued operations at end of period	—	20.3
Cash and cash equivalents of continuing operations at end of period	$ 338.8	$ 286.9
Supplemental cash flow disclosures:		
Cash paid for interest	$ 297.5	$ 256.2
Cash paid for income taxes, net (Note 2)	289.9	101.4

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements

(in millions)

Note 1. Introduction

Nature of Operations

Madison IAQ LLC (the "Company" or "Madison Air") is a manufacturer of indoor air quality products and solutions focused on making the world safer, healthier and more productive. The Company has locations serving customers and end markets around the world.

Madison IAQ LLC has 100 units outstanding. The Company is wholly owned by Madison IAQ II, LLC, which is an indirect subsidiary of Madison Industries Holdings LLC (the "Parent"). The Parent's other businesses are not included in these consolidated financial statements.

Note 2. Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Company maintains separate operations from its Parent and the Parent provides certain corporate services. As a result of these corporate services, the Company's consolidated financial statements included herein may not necessarily be indicative of the Company's financial position, results of operations or cash flows had the Company operated as a stand-alone entity during the periods presented.

Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations. Certain of our operations have been presented as discontinued. We present businesses whose disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results as discontinued operations when the components meet the criteria for held for sale or are sold.

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated results of the Company and its majority-owned subsidiaries and were derived from its own books and records. The Company is financed on a stand-alone basis and therefore no Parent debt is required to be allocated.

The results of acquisitions and divestitures by the Company are included in the consolidated results for the period of ownership. All dollar amounts are rounded in millions.

The minority members' interest in majority-owned subsidiaries is reflected as noncontrolling interests in the accompanying consolidated financial statements.

Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

Assets and liabilities of foreign operations are translated at the rate of exchange in effect on the balance sheet date. Income and expenses are translated at the weighted average rate of exchange during the year. The related translation adjustments are reflected in accumulated other comprehensive income (loss) in the members' equity section of the consolidated balance sheets. Certain intercompany loans exist between subsidiaries of the Company. To the extent these loans are not denominated in the functional currency of the respective subsidiaries, the intercompany loans are translated at the rate of exchange in effect on the balance sheet date and the noncash translation adjustments are reflected in other (income) expense in the consolidated statements of income (loss).

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. The balances may at times exceed insured limits.

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Notes to the Consolidated Financial Statements

(in millions)

Marketable Securities

The Company has U.S. Treasury debt securities with original maturities greater than three months and less than one year which are classified as available-for-sale. These available-for-sale ("AFS") securities are recorded at fair value, with the portion of the unrealized gain (loss) that are not credit-related included as a component of accumulated other comprehensive income (loss) in members' equity, until realized. Available-for-sale securities are classified as prepaid expenses and other current assets on the consolidated balance sheets.

The Company monitors the available-for-sale securities for impairment regularly. In the event that the carrying value of a debt security exceeds its fair value, the Company evaluates whether any impairment is a result of credit loss or other factors.

Accounts Receivable

Substantially all sales are made on credit to customers located throughout the world. Accounts receivable are stated at original invoice amounts less an estimate made for credit losses, returns, discounts, rebates and other customer allowances. Accounts receivable acquired as part of a business combination are recorded at fair value. The Company determines an allowance for credit losses for the current expected credit losses inherent over the expected life. The allowance for credit losses is a valuation account deducted from the amortized cost basis to present the net carrying value at the amount expected to be collected. Each period, the allowance for credit losses is adjusted through earnings to reflect expected credit losses over the remaining lives of the assets. The Company estimates expected credit losses based on historical experience, current and projected economic conditions, and reasonable and supportable forecasts that affect the collectability.

Inventories

Inventories are stated at the lower of cost or net realizable value with cost generally determined on the first in, first out ("FIFO") method or at fair value when part of a business acquisition. Management determines the allowance for excess and obsolete inventory by evaluating inventory levels and customer demand. Inventory reserves were $26.3 and $26.1 as of December 31, 2024 and 2023, respectively.

Leases

The Company evaluates leases for classification as an operating or finance lease upon lease commencement. At lease commencement, the Company records a lease liability and corresponding right-of-use asset. Many leases contain one or more renewals at the Company's option. Options to extend the lease are only included in the lease term when it is reasonably certain the Company will exercise the option. The Company accounts for lease and non-lease components as a single lease component. The present value of the lease liability is determined using a risk-free rate for a period comparable to the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. The Company recognizes lease payments for such leases in the consolidated statements of income on a straight-line basis over the lease term.

Property, Plant and Equipment

Property, plant and equipment are recorded at original cost or at fair value when part of a business acquisition. Major improvements that extend the useful life of the asset are capitalized. When assets are retired or sold, their costs and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in income. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10 - 40
Machinery and equipment	3 - 10

Leasehold improvements are depreciated over the lesser of the remaining useful life of the asset or the term of the lease. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

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Goodwill
Goodwill is recorded as a result of business acquisitions. Goodwill represents the excess of purchase price over the fair value of the identifiable tangible and intangible net assets acquired. The Company performs its annual review for impairment in the fourth quarter of each fiscal year, or more frequently if impairment indicators exist. Initially, the Company evaluates various pertinent qualitative factors to assess whether it is more likely than not the fair value of a reporting unit to which goodwill has been assigned is less than its carrying value. Such qualitative factors can include, among others: (1) industry and market conditions; (2) present and anticipated sales and cost factors; and (3) overall financial performance. If the Company concludes based on the qualitative assessment that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company then measures the fair value of the reporting unit and compares its fair value to its carrying value. The Company performed a qualitative assessment for goodwill impairment for 2024 and 2023 and the evaluation did not result in any impairment losses.

Other Intangible Assets
Other intangible assets are recorded as a result of business acquisitions. The Company determines if the intangible assets have a finite future life and should be amortized or an indefinite life not subject to amortization. The Company considers its trademarks to be indefinite lived intangibles and, therefore, they are not subject to amortization. Trademarks are assessed for impairment at least annually or as triggering events occur. Customer relationships are amortized using the straight-line method over the estimated useful lives, which range from 7 to 20 years. Technology assets are amortized on a straight-line basis over the estimated useful life, which range from 5 to 12 years. Patents are amortized on a straight-line basis over the estimated period of economic benefit of 10 years. Backlog and other intangible assets are amortized on a straight-line basis over the estimated period of economic benefit, which range from 1-14 years. Intangible assets are recorded at their estimated fair values at the date of acquisition. The fair value of trademarks and other intangible assets is determined based on a number of factors that discount estimated future cash flows including operating results, business plans and present value techniques. Rates used to discount cash flows are dependent upon interest rates and a market-based risk premium at a point in time.

Impairment of Long-Lived Assets
The Company evaluates the recoverability of its long-lived assets, which include amortizable intangible assets and property, plant, and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value of long-lived assets may not be recoverable. The Company will record an impairment loss to reduce the carrying amount to fair value in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets.

Deferred Financing Costs
Deferred financing costs are capitalized and amortized over the term of the related debt agreement. Deferred financing costs related to long-term debt of $52.9 and $67.5 are netted against long-term debt as of December 31, 2024 and 2023, respectively.

Product Warranties
The Company provides for estimated product warranty expenses when the Company sells the related products. Since warranty estimates are forecasts that are based on the best available information, mostly historical claims experience, claims costs may differ from amounts provided. Current warranty costs of $16.7 and $20.3 were recorded within accrued expenses and other current liabilities on the consolidated balance sheets as of December 31, 2024 and 2023, respectively. Long-term warranty costs of $17.6 and $17.9 were recorded within other long-term liabilities on the consolidated balance sheets as of December 31, 2024 and 2023, respectively. The Company's warranty period ranges from 1 year to 15 years.

Revenue Recognition
The Company recognizes revenue when control of performance obligations, which are distinct goods or services within the contract, is transferred to the customer. Control is transferred when the customer has the ability to direct the use of and obtain the benefits from the goods or services. When revenue is recognized at a point in time, control generally transfers at time of shipment. Revenues are recognized over time if the customer simultaneously receives control as the Company performs work under a contract, if the customer controls the asset as it is being produced, or if the product produced for the customer has no alternative use and the Company has a contractual right to payment with a reasonable profit margin. Revenue over time is primarily recognized using an output method, measured based on goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract. This method is used as management considers costs incurred to be the best available measure of progress on these contracts. The transaction price for long-term contracts are primarily fixed; however, may include variable consideration, which includes, for example increases or decreases to the transaction price for change orders. Change orders which modify the scope of terms of an original contract are included in the transaction price once approved, the recovery amount is probable and the amount can be reliably estimated. Revenue recognized over time was $107.0 and $147.0 for the years ended December 31, 2024 and 2023, respectively.

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Revenue is measured based on the amount of consideration the Company expects to receive, reduced for estimates for return allowances, discounts and rebates. Product returns, customer allowances and rebates are estimated based on contractual obligations, historical experience and known trends. Revenues also exclude any impacts from value-added taxes, sales tax and other taxes where the Company is a pass-through conduit for collecting and remitting such taxes to governmental authorities. Taxes collected are included in accrued expenses and other current liabilities until the taxes are remitted to the appropriate taxing authorities. Payment terms vary by customer and the time between invoicing and due date is typically not significant. Some customer contracts require an upfront cash deposit, which is included within customer deposits and deferred revenue on the consolidated balance sheets until control is transferred to the customer. Deferred revenue represents billing in excess of revenue recognized, which is included within customer deposits and deferred revenue on the consolidated balance sheets. Contract assets represent revenue recognized in excess of amounts billed and is included in accounts receivable on the consolidated balance sheets. Contract assets of $27.6 and $28.7 were recorded as of December 31, 2024 and 2023, respectively. The Company does not capitalize costs to obtain a contract as these amounts would generally be recognized over a period less than one year and are not material.

Shipping and Handling
Shipping and handling costs related to freight and distribution expenses for delivery directly to customers are recorded in selling, general and administrative expenses and totaled $87.0 and $92.8 for the years ended December 31, 2024 and 2023, respectively. All other shipping and handling costs, including those associated with procurement, are included in cost of goods sold.

Advertising Expenses
Advertising expenses are recorded as expense in the period incurred.

Income Taxes
In the U.S., the Company files income taxes as part of a consolidated return with its Parent and income taxes paid are treated as distributions to Parent. The accompanying consolidated financial statements are prepared on a separate return basis reflecting the Company on a stand-alone basis.

The Company accounts for income taxes under the asset and liability method. Deferred income tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities from a change in tax rates is recognized in earnings in the period that includes the enactment date. Non-U.S. subsidiaries pay income taxes in their respective countries and accordingly foreign income taxes related to their income are also recorded in the consolidated financial statements.

The Company annually assesses the realizability of deferred income tax assets recorded in each jurisdiction of operation. The Company records a valuation allowance against deferred income tax assets recorded in a particular jurisdiction if, based upon all available positive and negative evidence, the Company concludes that it is more likely than not that all or a portion of the deferred income tax assets recorded in such jurisdiction will not be realized.

The tax effects from an uncertain tax position can be recognized in the consolidated financial statements if the position is more likely than not to be sustained on audit based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that it is more likely than not that the position would be sustained. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. When applicable, interest and penalties are calculated based on guidance from the relevant tax authority and recorded in the consolidated financial statements. As of December 31, 2024 and 2023, the Company has recorded uncertain tax positions of $5.1 and $15.9, respectively, inclusive of penalties and interest.

The Organization for Economic Co-operation and Development issued Pillar Two model rules for a global minimum tax of 15% effective January 1, 2024. While it is uncertain whether the United States will enact these rules, certain other countries in which the Company operates have enacted Pillar Two legislation. Pillar Two had no material impact on the 2024 effective tax rate and is not expected to be material in future periods. The Company will continue to monitor future US and international legislative developments related to Pillar Two to assess for any potential impacts.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments require disclosure of specific categories in the rate reconciliation and

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provide additional information for reconciling items that meet a quantitative threshold and further disaggregation of income taxes paid for individually significant jurisdictions. The ASU is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. We are currently evaluating the impact that this guidance will have on the disclosures within our consolidated financial statements.

Derivative Financial Instruments
The Company uses derivative financial instruments designated as cash flow hedges to manage exposure to the volatility in interest rates and foreign currency exposure. See Note 13 for additional information about derivative financial instruments.

Allocated Corporate Costs
The Company received support from the Parent for certain corporate activities including, but not limited to consolidation accounting, tax services, legal, and other Parent corporate and infrastructure related costs. The total allocated corporate costs recorded in the consolidated financial statements were $13.1 and $12.5, respectively for the years ended December 31, 2024 and 2023 and are recorded in selling, general and administrative expenses. The expense and cost allocations were determined on a basis that management considered to be reasonable, primarily based on revenue and specific identification and applied consistently by the Company during the years ended December 31, 2024 and 2023.

Distributions to Parent
Distributions to Parent are recorded in units within members' equity and relate to return of capital to an affiliate as well as the difference between current income tax expense recorded on a separate return basis and payments made to Parent to reimburse Parent for income taxes paid on the Company's behalf, and equity appreciation right payments made on the Parent's behalf. For the years ended December 31, 2024 and 2023, the Company paid tax distributions of $259.5 and $74.7, respectively. The distributions paid to Parent during 2024 include $188.7 for income taxes resulting from the divestiture of Nortek Global HVAC LLC and its subsidiary ("NGH").

All intercompany transactions effected through equity in the accompanying consolidated financial statements have been considered cash receipts and payment for purposes of the Company and are reflected in the financing activities in the consolidated statements of cash flows.

Note 3. Fair Value of Financial Instruments

The Company's financial instruments consist primarily of the following: cash and cash equivalents, accounts receivable, accounts payable, marketable securities, pension assets, debt, and interest rate, commodity, and foreign currency swaps (derivative instruments are discussed further in Note 13). The carrying values of the short-term financial instruments approximate their estimated fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses a fair value hierarchy based on three levels of inputs used to determine fair value as follows:

Level 1 Quoted prices in active markets for identical assets and liabilities

Level 2 Quoted prices for similar assets and liabilities in active markets, quoted prices in inactive markets for identical assets and liabilities, and inputs other than quoted market prices that are observable for the asset or liability; and

Level 3 Valuations based on inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment.

Interest rate and foreign currency swaps are derivative financial instruments and are carried at fair value on the balance sheet. The fair value of interest rate swaps is determined by using pricing models that incorporate quoted prices for similar assets and observable inputs such as interest rates and yield curves.

Note 4. Business Restructuring

Restructuring expenses of $10.7 and $17.1 were incurred in 2024 and 2023, respectively. These costs primarily relate to site closures, product line movements and severance associated with workforce reductions. As of December 31, 2024 and 2023, restructuring costs of $1.5 and $4.7, respectively, were included in accrued expenses and other current liabilities as they are expected to be paid within the next 12 months.

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Notes to the Consolidated Financial Statements

(in millions)

Note 5. Discontinued Operations

On October 7, 2024, the Company completed the sale of NGH generating pre-tax net proceeds from divestiture of $1,147.8. The gain on sale of $278.3 was recognized in discontinued operations within the Consolidated Statements of Income (Loss). $1,000.0 of proceeds were distributed to Parent subsequent to the transaction. The Company classified the results of operations and cash flows of NGH as discontinued operations in the consolidated statements of income and consolidated statements of cash flows for all periods presented. Additionally, the related assets and liabilities associated with the discontinued operations in the prior year consolidated balance sheet are reclassified as discontinued operations.

The Company and NGH entered into a Transition Services Agreement and Reverse Transition Services Agreement, pursuant to which the two entities will provide certain services to each other during the post-closing period. The terms of the services range from 3 to 15 months. The net cash exchanged as a result of these services was immaterial during the year end December 31, 2024.

The following table discloses the results of operations of the businesses reported as discontinued operations for the years ended December 31, 2024 and 2023:

	2024	2023
Net sales	$ 221.4	$ 337.4
Cost of goods sold	147.9	220.8
Gross profit	73.5	116.6
Operating expenses		
Selling, general and administrative expenses	37.6	56.3
Intangible asset amortization	10.9	16.1
Transaction expenses	18.6	—
Equity appreciation rights expense	2.4	0.5
Restructuring expenses	1.0	0.1
Gain on divestiture before income taxes	(278.3)	—
Total operating expenses	(207.8)	73.0
Operating income	281.3	43.6
Interest and financing expenses	—	0.2
Other (income) expense	—	0.1
Income (loss) from discontinued before income taxes	281.3	43.3
Income tax expense (benefit)	10.5	16.9
Income tax expense (benefit) on divestiture	188.7	—
Net income (loss) from discontinued operations, net of taxes	$ 82.1	$ 26.4

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Notes to the Consolidated Financial Statements

(in millions)

There were no assets and liabilities recorded as discontinued operations as of December 31, 2024. The following table reflects the summary of assets and liabilities of discontinued operations as of December 31, 2023:

	December 31, 2023
Cash and cash equivalents	$ 20.3
Accounts receivable	44.0
Inventories	46.0
Prepaid expenses and other current assets	2.9
Current assets of discontinued operations	113.2
Property, plant and equipment, net	38.1
Goodwill	509.6
Other intangible assets, net	289.7
Other long-term assets	25.5
Long-term assets of discontinued operations	862.9
Assets of discontinued operations	976.1
Accounts payable	25.5
Accrued expenses and other current liabilities	25.7
Current maturities of long-term debt	0.7
Current liabilities of discontinued operations	51.9
Long-term debt	1.1
Other long-term liabilities	35.8
Long-term liabilities of discontinued operations	36.9
Liabilities of discontinued operations	$ 88.8

Note 6. Goodwill and Other Intangible Assets

Goodwill was recorded as a result of business acquisitions. The majority of tax goodwill is not deductible for tax purposes. The changes in the carrying amount of goodwill for the years ended December 31, 2024 and 2023 are as follows:

	Goodwill
Balance at December 31, 2022	$ 2,744.5
Reclassified as discontinued operations	(509.6)
Adjustment for prior year acquisition	(1.5)
Foreign currency translation	2.6
Balance at December 31, 2023	$ 2,236.0
Foreign currency translation	(9.9)
Balance at December 31, 2024	$ 2,226.1

Deferred acquisition consideration of $1.2 is recorded as of December 31, 2024 in accrued expenses and other current liabilities. No payments of contingent and deferred acquisition consideration were made during the year ended December 31, 2024.

Deferred acquisition consideration of $1.2 is recorded as of December 31, 2023 in accrued expenses and other current liabilities. $3.3 of payments of contingent and deferred acquisition consideration were made during the year ended December 31, 2023.

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Notes to the Consolidated Financial Statements

(in millions)

The following table provides the gross carrying amounts and accumulated amortization for other intangible assets subject to amortization at December 31, 2024 and 2023:

	Trademarks	Customer Relationships	Technology	Patents	Backlog and Other	Total
Gross carrying amount	$ 876.4	$ 994.4	$ 242.2	$ 16.0	$ 97.9	$ 2,226.9
Accumulated amortization	—	(202.9)	(74.0)	(9.1)	(92.8)	(378.8)
Balances at December 31, 2023	$ 876.4	$ 791.5	$ 168.2	$ 6.9	$ 5.1	$ 1,848.1
Gross carrying amount	869.6	986.0	240.5	16.0	97.1	2,209.2
Accumulated amortization	—	(269.4)	(103.0)	(10.7)	(93.3)	(476.4)
Balances at December 31, 2024	$ 869.6	$ 716.6	$ 137.5	$ 5.3	$ 3.8	$ 1,732.8

Amortization expense related to intangible assets subject to amortization totaled $101.0 and $104.9 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, future amortization expense for the next five years is expected to be the following:

2025	$ 102.0
2026	99.7
2027	93.9
2028	85.3
2029	79.7

Note 7. Marketable Securities

The Company made investments in U.S. Treasury securities starting in 2023. These available-for-sale debt securities are recorded at fair value, with the portion of the unrealized gains and losses that are not credit-related included as a component of accumulated other comprehensive income in members' equity, until realized. There were no impairments due to credit loss on available-for-sale debt securities during 2024 and 2023. As of December 31, 2024 and 2023, marketable securities consisted of the following:

	December 31, 2024	December 31, 2023
Amortized cost	$ 78.5	$ 24.7
Unrealized gains	0.8	—
Fair value of U.S. Treasury Securities	$ 79.3	$ 24.7

The marketable securities are presented as follows on the consolidated balance sheets:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	$ —	$ 9.9
Prepaid expenses and other current assets	79.3	14.8
Total	$ 79.3	$ 24.7

ank=20250708;20250710194 72

Notes to the Consolidated Financial Statements

(in millions)

Note 8. Inventories

Inventories consisted of the following:

	December 31, 2024	December 31, 2023
Raw materials	$ 141.5	$ 145.0
Work in process	28.7	25.6
Finished goods	120.4	107.3
Inventories	$ 290.6	$ 277.9

Note 9. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	December 31, 2024	December 31, 2023
Land	$ 13.6	$ 14.2
Buildings and improvements	100.7	99.1
Machinery and equipment	235.6	227.3
Right-of-use assets - finance leases	8.1	7.1
Construction in progress	12.0	14.3
Total property, plant and equipment	370.0	362.0
Less: Accumulated depreciation	(145.1)	(116.2)
Net property, plant and equipment	$ 224.9	$ 245.8

For the years ended December 31, 2024 and 2023, depreciation expense totaled $39.8 and $43.2, respectively. In April 2023, the Company sold land and buildings associated with a previously used manufacturing facility for $8.3, resulting in a gain on disposal of $1.2.

Note 10. Income Taxes

Income tax expense for continuing operations was as follows:

	Year Ended December 31,	
	2024	2023
U.S. federal	$ 53.1	$ 46.6
U.S. state and local	8.2	12.4
Foreign	31.9	27.8
Total current	93.2	86.8
U.S. federal	(40.9)	(47.6)
U.S. state and local	(9.5)	5.2
Foreign	(10.2)	(6.8)
Total deferred	(60.6)	(49.2)
Total income tax expense	$ 32.6	$ 37.6

For the year ended December 31, 2024, the differences between the income tax expense recorded above and the amount computed by applying the federal statutory rate of 21% are primarily due to state income taxes, a decrease in the valuation allowances, foreign earnings taxed at different rates than the U.S., and research and development credit.

For the year ended December 31, 2023, the differences between the income tax expense recorded above and the amount computed by applying the federal statutory rate of 21% are primarily due to state income taxes, additional valuation allowances, foreign earnings taxed at different rates than the U.S., and research and development credit.

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Notes to the Consolidated Financial Statements

(in millions)

As a result of the 2017 Tax Act, all unremitted foreign earnings have been taxed through December 31, 2017, and future foreign earnings generally qualify for a 100% exemption from U.S. taxation upon repatriation to the U.S. The Company does not consider foreign unremitted earnings to be indefinitely reinvested. The Company evaluated whether unremitted foreign earnings are subject to local withholding and distribution taxes and recorded a deferred income tax liability of $2.3 of foreign withholding taxes as of December 31, 2024. The Company considers all other outside basis differences relating to foreign subsidiaries to be indefinitely reinvested and has not estimated the unrecorded deferred income taxes as it is not practicable due to complexities of the hypothetical calculation.

Significant components of the deferred income tax assets and liabilities were as follows:

	December 31, 2024	December 31, 2023
Deferred income tax assets		
Disallowed business interest	$ 53.7	$ 97.4
Capitalized research and development	32.4	21.3
Right-of-use assets	31.9	40.5
Net operating loss and other carryforwards	30.7	28.2
Reserves and accruals	28.0	31.5
Equity appreciation rights	14.8	14.6
Inventory	10.7	7.2
Property, plant and equipment	0.5	1.1
Other	8.7	2.8
Total gross deferred income tax assets	211.4	244.6
Valuation allowance	(34.4)	(29.7)
Net deferred income tax assets	$ 177.0	$ 214.9
Deferred income tax liabilities		
Intangibles	$ (393.0)	$ (429.6)
Investment in partnership	—	(48.8)
Right-of-use liabilities	(31.0)	(39.7)
Property, plant and equipment	(27.2)	(30.3)
Other	(4.9)	(7.6)
Total gross deferred income tax liabilities	(456.1)	(556.0)
Net deferred income tax liabilities	$ (279.1)	$ (341.1)

As of December 31, 2024, the Company recorded deferred income tax assets for foreign and state net operating loss carryforwards and other tax credit carryforwards of $17.4, $4.9, and $8.4 respectively. Of those deferred income tax assets, $16.0 expire on or before December 31, 2044 and $14.7 may be carried over indefinitely. As of December 31, 2024, the Company recorded valuation allowances of $34.4 primarily related to these deferred income tax assets.

As of December 31, 2024, the tax years 2018 through 2024 generally remain open to audit in the U.S. and foreign locations.

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Notes to the Consolidated Financial Statements

(in millions)

Note 11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2024	December 31, 2023
Seller earnout and deferred acquisition consideration	$ 1.2	$ 1.2
Personnel and restructuring costs	58.2	61.2
Commercial costs	15.8	12.7
Warranty costs	16.7	20.3
Accrued interest	37.2	51.3
Right-of-use liabilities	22.5	21.6
Insurance and legal costs	10.4	10.2
Taxes payable	14.8	11.6
Other	13.4	12.3
Total accrued expenses and other current liabilities	$ 190.2	$ 202.4

Note 12. Debt

Debt consisted of the following:

	December 31, 2024	December 31, 2023
Term notes	$ 2,451.1	$ 2,476.5
Original issue discount on term notes	(6.7)	(8.8)
Senior notes	1,035.0	1,035.0
Senior secured notes	700.0	700.0
Revolving credit facility	—	—
Equipment loans and finance leases	4.1	4.1
Deferred financing fees, net	(52.9)	(67.5)
Total debt	4,130.6	4,139.3
Less: Current maturities	(27.2)	(27.0)
Long-term debt	$ 4,103.4	$ 4,112.3

Term Loan

The Company has a term loan which requires quarterly payments and has a maturity date of June 2028. In June 2024, the Company amended its term loan and reduced the SOFR base rate by 50 basis points from 3.25% to 2.75%. The Company capitalized $1.1 of deferred financing fees incurred in executing the amendment which will be amortized over the remaining life of the loan. At December 31, 2024 and 2023, the interest rate on the loan was 7.9% and 8.7%, respectively.

In order to reduce the Company's exposure to variability in future cash flows attributable to interest rate risk, the Company entered into interest rate swap agreements where the Company receives floating interest rate payments in exchange for fixed interest rate payments, effectively converting a portion of the floating rate borrowing into a fixed rate borrowing. The interest rate swaps were entered into during 2024 and expire in January 2027 and have a remaining total notional amount of $1,050.0. Under the swap agreements, the Company pays a fixed rate ranging from 3.4% to 3.9% and receives a rate of 1-month Term SOFR.

Senior Notes

The Company has $1,035.0 in Senior Notes payable as of December 31, 2024 and 2023. The Senior Notes accrue interest at 5.9% per annum and are due in June 2029.

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Senior Secured Notes

The Company has $700.0 in Senior Secured Notes payable as of December 31, 2024 and 2023. The Senior Secured Notes accrue interest at 4.1% per annum and are due in June 2028.

Revolving Credit Facility

The Company has a revolving credit facility with an available commitment of $200.0. During the year ended December 31, 2023 and December 31, 2024, no amounts were borrowed or repaid. The interest rate on the revolving credit facility is SOFR plus 3.25%.

Equipment Loans and Finance Leases

The Company has various equipment loans and finance leases outstanding from several banks and lessors. The loans and leases typically require monthly payments and have maturity dates through April 2030. See Note 14 for additional information on finance leases.

Maturities on all debt, inclusive of finance leases, as of December 31, 2024, are as follows:

2025	$	27.2
2026		27.0
2027		26.1
2028		3,075.2
2029		1,035.0
Thereafter		—
	$	4,190.5

Certain indebtedness contains a financial covenant and non-financial covenants. The financial covenant is only operative if the Company has outstanding amounts drawn on the Revolving Credit Facility above a certain threshold. Borrowings under the Revolving Credit Facility, Term Loan, and Senior Secured Notes are collateralized by a majority of the Company's assets.

The Company had letters of credit outstanding of $5.7 and $4.8 at December 31, 2024 and 2023, respectively.

Note 13. Derivative Financial Instruments

The Company does not enter into derivative financial instruments for trading or speculative purposes. As noted in Note 12, the Company has entered into interest rate swaps to manage interest rate exposure.

The fair value of the Company's derivatives is estimated with a market approach using third-party pricing services, which have been corroborated with data from active markets or broker quotes. The fair value of the Company's derivatives is measured using Level 2 fair value inputs.

The Company has entered into interest rate swap agreements to reduce the Company's exposure to variability in future cash flows attributable to interest rate risk. The amount of gain (loss), net of tax, recognized in other comprehensive income ("OCI") during the year ended December 31, 2024 was $5.3. The fair value of the interest rate swaps as of December 31, 2024 of $6.9 was recorded in other long-term assets. The amount of gain (loss), net of tax, recognized in OCI during the year ended December 31, 2023 was $(0.9). For the years ended December 31, 2024 and 2023, the amount of gain (loss), net of tax, recognized in interest and financing expenses in the consolidated statements of income relating to interest rate swaps was $5.8 and $(0.1), respectively.

The Company has entered into foreign currency swaps to manage foreign currency exposures on international operations where the Company receives fixed foreign exchange rate payments in exchange for floating exchange rate payments. The fair value of the cross-currency swaps as of December 31, 2024 of $2.0 is recorded in accrued expenses and other current liabilities. The amount of gain (loss), net of tax, recognized in OCI as of December 31, 2024 was $(0.9). As of December 31, 2024, the Company recorded a gain (loss), net of tax, of $(0.7) for an unrealized swap relating to foreign currency risk of the divested business. The remaining total notional amount of the swaps is $19.1. The amount of gain (loss), net of tax, recognized in net income on these swaps for the year ended December 31, 2024 and 2023 was $(3.5) and $3.8, respectively. During the next 12 months, the amount of the December 31, 2024, the accumulated OCI balance will be reclassified to earnings.

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Additionally, in January 2024, the Company entered into commodity swaps to manage changing costs of raw materials where the Company receives fixed pricing on raw materials in exchange for floating material costs. These commodity swaps expired in October 2024. The amount of (loss), net of tax, recognized in net income was $(2.3).

Note 14. Leases

The Company leases manufacturing, warehouse and office facilities as well as manufacturing and office equipment under operating leases that expire at various dates through 2038. The facility leases generally provide that the Company is responsible for taxes, utilities, maintenance, and insurance.

The weighted-average remaining lease term for operating leases was 6.5 and 7.2 years and the weighted-average discount rate was 2.2% and 2.0% as of December 31, 2024 and 2023, respectively. The weighted-average remaining lease term for finance leases was 2.7 and 2.8 years and the weighted-average discount rate was 3.5% and 3.0% as of December 31, 2024 and 2023, respectively.

Supplemental balance sheet information related to leases is as follows:

Operating Leases	Financial Statement Line Item on the Consolidated Balance Sheets	December 31, 2024	December 31, 2023
Right-of-use assets, net	Other long-term assets	$ 115.7	$ 124.4
Current lease liabilities	Accrued expenses and other current liabilities	22.5	21.6
Long-term lease liabilities	Other long-term liabilities	97.0	105.6
Total operating lease liabilities		$ 119.5	$ 127.2

Finance Leases	Financial Statement Line Item on the Consolidated Balance Sheets	December 31, 2024	December 31, 2023
Right-of-use assets, net	Property, plant and equipment, net	$ 4.1	$ 4.3
Current lease liabilities	Current maturities of long-term debt	1.7	1.6
Long-term lease liabilities	Long-term debt	2.3	2.5
Total finance lease liabilities		$ 4.0	$ 4.1

The Company recorded $26.1 and $25.0 in operating lease expense during the year ended December 31, 2024 and 2023, respectively. The amounts recorded in operating lease expense include short-term leases and variable lease costs, which are immaterial.

Future minimum noncancellable lease payments under these leases as of December 31, 2024, were as follows:

	Operating Leases	Finance Leases
2025	$ 24.7	$ 1.8
2026	21.9	1.4
2027	19.8	0.7
2027	17.2	0.3
2028	14.7	0.1
Thereafter	29.9	—
Total	128.2	4.3
Present value adjustment	(8.7)	(0.3)
Present value of lease liabilities	$ 119.5	$ 4.0

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The following table presents supplemental cash flow information related to cash paid for amounts included in the measurement of lease liabilities:

	Year Ended December 31,	
	2024	2023
Operating cash flows for operating leases	$ 25.7	$ 24.6
Operating cash flows for finance leases	0.1	0.1
Financing cash flows for finance leases	1.8	1.7

Note 15. Employee Benefit Plans

Defined Contribution Plans

The Company has various defined contribution 401(k) profit sharing plans covering substantially all full-time U.S. employees and certain employees outside the U.S. participate in defined contribution plans maintained by the Company. For the years ended December 31, 2024 and 2023, the Company's matching contributions were $8.4 and $7.0, respectively.

Pension and Postretirement Plans

The Company has defined benefit pension plans ("Pension Plans") which cover certain U.S. full-time and part-time as well as certain international employees. The benefits in the Pension Plans are determined based on a fixed monthly payment per year of service or on a combination of years of service and earnings. The Company's funding policy is to make the minimum annual contributions required by applicable regulations. Certain Pension Plans are not fully funded by pension assets, so benefits paid under the obligation will be greater than benefit payments relieved from pension assets. Most of the long-term pension liability is due to certain hourly and salaried pension plans carried over from a business acquired in 2021. These plans are frozen and as a result, no new individuals, other than spouses of deceased participants, are eligible for participation in the Pension Plans.

The funded status of the Pension Plans is measured as the difference between the plan assets fair value and the projected benefit obligation.

Obligation and Funded Status

The following provides information for these Pension Plans:

	Year Ended December 31,	
	2024	2023
Projected benefit obligation at end of year	$ 78.5	$ 91.0
Employer contributions	1.4	1.3
Benefits paid	11.1	8.3
Fair value of plan assets at end of year	73.7	83.3
Funded (underfunded) status	(4.8)	(7.7)

During the year ended December 31, 2024, the Company offered an opportunity to terminated vested plan participants to receive a lump sum settlement. The lump sum settlements utilized $2.7 of plan assets and decreased the Company projected benefit obligation by $3.0.

The funded status of each plan is determined on a plan by plan basis. The funded status of the Company's Pension Plans are included as follows in the consolidated balance sheets:

	December 31, 2024	December 31, 2023
Other long-term assets	$ 1.6	$ 1.5
Other long-term liabilities	6.4	9.2

The accumulated benefit obligation is $78.5 and $91.0 as of December 31, 2024 and 2023, respectively.

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Notes to the Consolidated Financial Statements

(in millions)

Amounts recorded in accumulated OCI (pre-tax) related solely to net actuarial gains and (losses) which were $(6.6) and $(9.2) as of December 31, 2024 and 2023, respectively.

Net periodic pension cost recognized in net income (loss) was $0.7 and $1.1 in 2024 and 2023, respectively.

Assumptions

The Company determines actuarial assumptions on an annual basis. The following assumptions, which are the weighted average for all plans, are used to calculate the benefit obligation at December 31 of each year and the net periodic cost for the subsequent year:

	Year Ended December 31,	
	2024	**2023**
Assumptions used to determine benefit obligations		
Discount rate	5.5 %	4.8 %
Assumptions used to determine net periodic benefit cost		
Discount rate	5.0 %	5.0 %
Expected return on plan assets	5.7 %	5.8 %

For the years ended December 31, 2024 and 2023, the discount rate used to determine benefit obligations for U.S. plans was 5.5% and 4.9%, respectively. For the years ended December 31, 2024 and 2023, the discount rate used to determine benefit obligations for foreign plans was 5.5% and 4.5%, respectively. Several factors are considered in developing the estimate for the long-term expected rate of return on plan assets. For defined benefit pension plans, these factors include current and projected asset allocations, historical rates of return on broad equity and bond indices and projected long-term rates of return obtained from pension investment consultants.

The Company continues to monitor changes in global pension regulations, as the complexity of pension laws in the jurisdictions where we sponsor plans (for example in the UK) can present financial risks in the event of non-compliance. The Company and its U.K. pension scheme trustee are evaluating the impact, if any, the developments will have on the Pension Plans.

Plan Assets

The Company's investment objective is to meet the Pension Plans' benefit obligations, while minimizing the potential for future required Company plan contributions. The investment strategies focus on asset class diversification, liquidity to meet benefit payments and an appropriate balance of long-term investment return and risk. Target ranges for asset allocations are determined by matching the actuarial projections of the Pension Plans' future liabilities and benefit payments with expected long-term rates of return on the assets, considering investment return volatility and correlations across asset classes. Plan assets are diversified across several investment managers and are generally invested in liquid funds that are selected to track broad market equity and bond indices. Plan assets are rebalanced to target allocations on a periodic basis and with continual monitoring of investment managers' performance relative to the investment guidelines established with each investment manager.

The Company's target asset allocation for the year ended December 31, 2024, and actual asset allocation by asset class as of December 31, 2024 and 2023, was as follows:

Asset Class	Target Asset Allocation 2024	Actual Asset Allocation 2024	Actual Asset Allocation 2023
Cash	3 %	3 %	3 %
Diversified equity mutual funds	52 %	52 %	55 %
Fixed income mutual funds	45 %	45 %	42 %
Total	100 %	100 %	100 %

Fair Value Measurements

The following information sets forth the fair value of the Company's plan assets as of December 31, 2024 and 2023 segregated by level within the fair value hierarchy (refer to Note 3 for further discussion on the fair value hierarchy and fair value principles). The fair value of equity and fixed income funds is based upon the quoted market prices for the funds or their net asset values ("NAV"). These investments include collective investment funds which are pooled accounts held by a financial institution as well as funds of funds.

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Notes to the Consolidated Financial Statements

(in millions)

Plan assets measured at fair value are categorized consistently by level and are as follows:

	December 31, 2024			
Asset Class	**Level 1**	**Level 2**	**NAV**	**Total**
Cash and cash equivalents	$ 2.4	$ —	$ —	$ 2.4
Diversified equity funds	—	23.0	15.4	38.4
Fixed income funds	—	3.7	29.2	32.9
Total	$ 2.4	$ 26.7	$ 44.6	$ 73.7

	December 31, 2023			
Asset Class	**Level 1**	**Level 2**	**NAV**	**Total**
Cash and cash equivalents	$ 2.9	$ —	$ —	$ 2.9
Diversified equity funds	—	27.8	17.9	45.7
Fixed income funds	—	1.7	33.0	34.7
Total	$ 2.9	$ 29.5	$ 50.9	$ 83.3

Cash Flows

The Company's best estimate of cash requirements for the Pension Plans for the year ending December 31, 2025, is approximately $1.0.

Estimated benefits paid to participants of the Pension Plans in each of the next five years and in the aggregate for the five years thereafter are as follows:

2025	$ 7.0
2026	6.8
2027	6.6
2028	6.4
2029	6.2
Five years thereafter	27.8

In addition, a U.S. subsidiary has a postretirement medical plan which provides fixed health and life insurance benefits for eligible employees upon retirement. Employees hired after 2010 are not eligible for this plan. The postretirement medical plan covers approximately 50 current and former employees and as of December 31, 2024 and 2023, the projected benefit obligation was $1.7 and $1.7, respectively. For the years ended December 31, 2024 and 2023, the plan's postretirement medical expense was $0.0 and $0.0, respectively. The subsidiary made $0.1 of plan contributions in both 2024 and 2023. The postretirement medical plan liability is not supported by any plan assets and is annually funded by a combination of employer and employee contributions. Amounts recorded in accumulated OCI (pre-tax) related solely to net actuarial gains and (losses) which were $0.9 and $1.0 as of December 31, 2024 and 2023, respectively.

Equity Appreciation Rights Plan

Certain employees of the Company participate in an Equity Appreciation Rights Plan ("EAR Plan") offered by a subsidiary (the "Plan Sponsor") of the Parent. The purpose of the EAR Plan is to provide certain key employees an equity-value based long-term incentive to align their interests with those of the owners of the Parent and to retain key employees. Awards under the EAR Plan are subject to performance conditions and are only earned and payable upon the attainment of performance conditions, the occurrence of a qualifying liquidity event (as defined in the EAR Plan) and at the discretion of the plan manager. Awards under the EAR Plan are subject to restrictive covenants including noncompete provisions. Valuation of the awards is based on the Company's best estimate of amounts to be paid based on the plan manager's assumptions around equity value, service period, and expected term/payout date. In addition, the Company has elected a policy of discounting the liability associated with the awards to its expected payout date and estimating forfeitures throughout the life of the awards The obligation for any payout under the EAR Plan remains an obligation of the Plan Sponsor and not an obligation of the Company. For the years ended December 31, 2024 and 2023, expense related to the EAR Plan was $30.8 and $23.1, respectively.

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Notes to the Consolidated Financial Statements

(in millions)

Note 16. Related Party Transactions

For the years ended December 31, 2024 and 2023, the Company reimbursed an affiliate $13.1 and $12.5, respectively, for direct and allocated costs incurred on behalf of the Company. For the years ended December 31, 2024 and 2023, the Company paid distributions to Parent of $1,017.2 and $9.9, respectively. In 2024 and 2023, the Company made purchases from an affiliate of $6.2 and $5.2, respectively. Refer to Note 15 for information regarding the EAR Plan offered by a subsidiary of the Parent.

Note 17. Contingencies

The Company may be subject to claims and lawsuits arising in the ordinary course of business. While any such matters contain an element of uncertainty, management believes that adequate provisions have been recorded and the ultimate disposition or resolution of such claims and lawsuits, if any, will not have a material adverse effect on its consolidated financial position.

Note 18. Subsequent Events

The Company has evaluated subsequent events occurring through March 24, 2025, the date that the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the Company's consolidated financial statements.

In January 2025, the Company completed an acquisition in the indoor air quality industry for a purchase price of approximately $14.0 which was funded with cash on hand. The Company is in the process of completing purchase accounting. The fair value is anticipated to be attributable to working capital, fixed assets, and intangible assets such as tradename, customer relationships, technology, and goodwill.

In January 2025, the Company amended its term loan to reduce the SOFR base rate by 25 basis points from 2.75% to 2.5%. The Company capitalized $1.0 of deferred financing fees incurred in executing the amendment which will be amortized over the remaining life of the loan.

Additionally, the Company signed a purchase agreement to acquire a business for approximately $2,500.0 of cash and $90.0 of deferred consideration, which is expected to close in 2025 subject to customary regulatory approval and closing conditions. The acquisition is expected to be funded by a combination of investor capital, cash on hand and incremental debt.