

## ITW Construction Products ApS

Gl Banegårdsvej 25  
5500 Middelfart  
CVR No. 14395016

### Annual report 2021

The Annual General Meeting adopted the  
annual report on 19.04.2022



**Birgit Andersen**

Chairman of the General Meeting

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# Entity details

## Entity

ITW Construction Products ApS

GI Banegårdsvej 25

5500 Middelfart

Business Registration No.: 14395016

Date of foundation: 08.08.1963

Registered office: Middelfart

Financial year: 01.01.2021 - 31.12.2021

URL: <http://www.itwbyg.dk>

## Board of Directors

Christian Skouborg Christensen, Chairman

Birgit Andersen

Jonathan Russell Hartman

Anders Hansen

Johnny Schmidt Petersen

## Executive Board

Jonathan Russell Hartman, Chief Executive Officer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of ITW Construction Products ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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

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

Middelfart, 19.04.2022

## Executive Board



**Jonathan Russell Hartman**  
Chief Executive Officer

## Board of Directors



**Christian Skouborg Christensen**  
Chairman



**Jonathan Russell Hartman**



**Johnny Schmidt Petersen**



**Birgit Andersen**



**Anders Hansen**

# Independent auditor's report

## To the shareholder of ITW Construction Products ApS

### Opinion

We have audited the financial statements of ITW Construction Products ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Aarhus, 19.04.2022

#### Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556



**Henrik Vedel**  
State Authorised Public Accountant  
Identification No (MNE) mne10052



**Mikael Møller**  
State Authorised Public Accountant  
Identification No (MNE) mne47835

# Management commentary

## Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
<b>Key figures</b>					
Revenue	802,085	723,262	679,668	674,323	718,857
Gross profit/loss	175,506	168,899	147,024	167,856	275,289
Operating profit/loss	54,332	56,471	34,523	56,248	133,402
Net financials	(1,234)	761	(336)	1,103	332
Profit/loss for the year	41,229	44,604	26,601	44,671	104,226
Total assets	395,135	339,441	285,495	331,748	409,270
Investments in property, plant and equipment	8,716	9,468	6,108	7,001	6,904
Equity	252,626	241,397	211,793	250,192	315,521
<b>Ratios</b>					
Gross margin (%)	21.88	23.35	21.63	24.89	38.30
EBIT margin (%)	6.77	7.81	5.08	8.34	18.56
Net margin (%)	5.14	6.17	3.91	6.62	14.50
Return on equity (%)	16.69	19.68	11.52	15.79	36.14
Equity ratio (%)	63.93	71.12	74.18	75.42	77.09

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

### Gross margin (%):

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

Revenue

### EBIT margin (%):

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

Revenue

### Net margin (%):

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

Revenue

### Return on equity (%):

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

Average equity



**Equity ratio (%):**

Equity \* 100

Total assets

### Primary activities

As in previous years, the Company has marketed an extensive product range of screws, nails, building connectors, standard bolts as well as gas tools and fasteners including accessories. The product range of which a major part is self-constructed consists of a wide standard range of fixings and fasteners.

### Development in activities and finances

The Company's income statement for the financial year 2021 shows a profit of DKK 41,229k. The profit thus shows a limited decrease compared to 2020. The Company's total revenue shows an increase of DKK 78,823k to DKK 802m. Management considers profit for the year satisfactory.

For further information on the Company's financial development over the past 5 years, see above financial highlights.

### Profit/loss for the year in relation to expected developments

For the financial year 2022, a minor increase is expected in activity and earnings levels compared to 2021. However, we can see that profit for 2022 may be affected by higher steel and gas prices as well as increased freight charges from the Far East in early 2022. We hope, however, that this will decrease during 2022.

### Uncertainty relating to recognition and measurement

No uncertainty has been identified relating to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

It is assessed that there have not been any unusual circumstances in the financial period.

### Outlook

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

Management's expectation for the profit in 2022 is approx. DKK 30 - 35m.

### Environmental performance

The Company's production has a limited impact on the external environment in the form of effluent and smoke emissions. Continuous monitoring and steps are taken to ensure that these emissions always, both quantitatively and qualitatively, are within the limits that apply according to the Company's environmental approval.

### Research and development activities

The Company conducts continuous product development to maintain and strengthen its position as one of the leading suppliers of fixings and fasteners, etc. No project expenses were incurred in 2021 which should have been recognised in the balance sheet according to the Company's accounting policies.

### Statutory report on corporate social responsibility

This paragraph constitutes ITW's report on corporate social responsibility and report on the gender composition of management in 2021 in accordance with S. 99a and S. 99b of the Danish Financial Statements Act.

ITW's business model is comprised of three elements, 80/20 business processes, customer-focused innovation as well as a decentralized entrepreneurial culture. By applying these elements to our CSR, we can use our 80/20 to focus on areas where we have the greatest impact.

The decentralized entrepreneurial culture allows us to constantly develop the positive impact on people, the

environment and the communities which we are part of.

ITW has the widest product range on the market for all types of fastening work in wood, concrete, steel and plaster. With three recognized product brands, ITW stands strong in the competition for deliveries to the Danish construction market. The three product brands come from own ITW enterprises and are marketed in most of Europe: Paslode, Spit, NKT Fasteners.

Moreover, we market products such as building connectors, bolts, dowels and anchors, DIY products, chains, chain accessories, tools, etc. All products will be sold through existing retail. ITW's products are all designed and manufactured for the purpose of creating good quality construction. Both consumer products such as nails, screws and tools used in fastening work are built to withstand all kinds of challenges and for many years. In Middelfart we employ approx. 207 employees and are a leading manufacturer of fasteners with nails and screws as main products.

Further information can be found on [www.itw-csr.com](http://www.itw-csr.com) from the ultimate parent company, Illinois Tool Works Inc., which contains a description of the Group's "Corporate Social Responsibility" and its status.

#### **Safety, health and well-being**

We believe that the most significant CSR risks can arise from the working conditions of our employees and suppliers, including their safety, health, and workplace well-being. Failure to handle this risk can harm our people, affect our reputation as a responsible employer as well as incur a number of business costs including a risk of litigation. In general, ITW Construction Products ApS takes great care of our employees, and we have a special focus on health, exercise and seniors in our daily work, and the individual employee's well-being is a high priority. ITW Construction Products ApS aims at complying with applicable laws and regulations governing employee safety and health. The main purpose is to limit sickness absence as much as possible, provide a good workplace where employees thrive and thus can deliver optimal work performance in good environment and ensure a good work-life balance. In practice, this means, among other things, that we conduct staff development interviews every year with focus on both work performance and well-being. The number of occupational accident absence has decreased from 4 in 2020 to 3 in 2021. The strategic target is 0, so the target is still some way off. In 2021, we held safety days for all employees when issues such as hand safety, physical and mental work environment and ergonomics for office staff were discussed. By the end of 2021, our assessment is that we have a healthy and safe working environment. We will continue to focus on this in 2022.

#### **Ethics**

ITW Construction Products ApS is part of the ITW Group. As part of a global group with activities across geographies, there is a risk of the occurrence of bribery and other activities that distort competition. ITW therefore works according to fixed universal guidelines everywhere. We always strive to practice ethical conduct and appear fair and honest when doing business and always within the applicable law. This is set out in ITW's Code of Ethics, which constitutes the group policies. The ITW Group bans all forms of corruption, bribery and abuse of power in any form. ITW will not intentionally do business with suppliers who violate their country's employment laws. Each year, the ITW Group organizes a training session for all the Group's employees on morality and ethics. Accordingly, this was also held in 2021, and on this basis both managers and employees of ITW Construction Products ApS have a solid basis for complying with the Group's ethical guidelines, which we will continue to focus on maintaining in 2022.

#### **Environment and sustainability**

In connection with our production, there is a risk associated with our raw material and energy consumption as well as our handling of waste and effluents. ITW Construction Products ApS works for improved environmental

and climate sustainability in the daily production. ITW Construction Products ApS works to manage and continuously reduce the consumption of resources, including water, energy, raw materials and consumables, in our production. We constantly want to optimize the handling of effluents, air pollution and noise in order to continuously minimize environmental impacts. In 2021, ITW Construction Products ApS had a total consumption of electricity, gas and water in the same level as 2020 in spite of higher production resulting from increased sales. The closure of production lines and optimization offwork processes and the fact that employees have worked and continue working from home due to COVID-19 has contributed to consumption not having increased significantly. The goal is still to reduce consumption of electricity, natural gas and water compared to comparable activity levels.

To minimize the use of unnecessary plastic, our NKT fasteners and SPIT products are packed and delivered in cardboard boxes rather than plastic packaging. This is done to avoid contributing to the spread of non-degradable plastic in the environment. Moreover, we only use FSC labeled packaging cardboard. This provides assurance that the materials can be traced back to sustainable forestry. More information can be found on [www.itwbyg.dk](http://www.itwbyg.dk). ITW will also have much focus on environment and sustainability in 2022.

#### **Human rights**

ITW Construction Products ApS recognizes the United Nations (UN) Decree on Human Rights and follows the Group's Principle of Conduct, which commits us to abide by the laws against slavery, human trafficking and child labour. The Company does not currently have a separate policy in this area, but respect for human rights is an integral part of our ethics, as described in the section above. We believe that the most significant human rights risks relate to the right of our employees and subcontractors to a safe workplace and to proper working conditions, as breach of these will negatively affect the individual employee and our business. In 2021, no violations have been identified in this area. In future, we will continuously assess our efforts

#### **Statutory report on the underrepresented gender**

##### **Top management**

ITW Construction Product ApS wants the share of female board members to be at least 25%, excluding board members elected by the employees. Today, the Board of Directors consists of 2 men and 1 woman, and the share of women is 33%, which means that in 2021 we will meet our target.

##### **Other management positions**

It is ITW Construction Products ApS's target over time that women should account for at least 25% of management positions. At the end of 2021, the management of the Company consisted of 10 men and 6 women, making the share of women 38%.

When filling all vacancies, there must always be both men and women represented among the last top 3 candidates. ITW Construction Products ApS is of the opinion that an equal gender distribution will contribute positively to the working environment. A Diversity & Inclusion Committee has been established with representatives from DK as well as the other countries in the division. The Committee meets once a month to set up ongoing activities and objectives, among other things to increase the number of women in the organization and at management level. In ITW Construction Products ApS there is a working group focusing on well-being consisting of 4 employees as well as HR.

#### **Statutory report on data ethics policy**

The Company have updated all Employee and Data Privacy policies to reflect the GDPR Regulations introduced in 2018. We have map each year as a Division what personal data we are holding on employees, customers, suppliers and other ITW Divisions. We have given training to our employees on what GDPR means to their day to

day work and also on what action to take if there is a personal data breach. The Company is part of a Division which has a Data Protection Officer and a GDPR Steering Committee which meets quarterly. The Company does not use Data besides the GDPR regulations which means for example no use of AI in the Company. No actual data ethics policy has therefore been drawn up.

**Events after the balance sheet date**

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

## Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue	2	802,085	723,262
Changes in Inventories of finished goods and work in progress		28,678	1,756
Other operating income	3	7,905	10,773
Cost of sales		(559,569)	(473,594)
Other external expenses	4	(103,593)	(93,298)
<b>Gross profit/loss</b>		<b>175,506</b>	<b>168,899</b>
Staff costs	5	(112,863)	(103,347)
Depreciation, amortisation and impairment losses	6	(8,311)	(9,081)
<b>Operating profit/loss</b>		<b>54,332</b>	<b>56,471</b>
Other financial income		391	879
Other financial expenses	7	(1,625)	(118)
<b>Profit/loss before tax</b>		<b>53,098</b>	<b>57,232</b>
Tax on profit/loss for the year	8	(11,869)	(12,628)
<b>Profit/loss for the year</b>	9	<b>41,229</b>	<b>44,604</b>

## Balance sheet at 31.12.2021

### Assets

	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		20,098	20,977
Plant and machinery		16,826	14,812
Other fixtures and fittings, tools and equipment		1,615	2,830
Property, plant and equipment in progress		2,294	4,071
<b>Property, plant and equipment</b>	10	<b>40,833</b>	<b>42,690</b>
Deposits		8	8
<b>Financial assets</b>	11	<b>8</b>	<b>8</b>
<b>Fixed assets</b>		<b>40,841</b>	<b>42,698</b>
Raw materials and consumables		53,178	15,329
Work in progress		24,526	13,789
Manufactured goods and goods for resale		94,721	67,152
<b>Inventories</b>		<b>172,425</b>	<b>96,270</b>
Trade receivables		122,777	112,856
Receivables from group enterprises	12	28,046	63,975
Deferred tax	13	1,191	1,815
Other receivables		501	438
Tax receivable		1,955	0
Prepayments	14	27,399	21,384
<b>Receivables</b>		<b>181,869</b>	<b>200,468</b>
<b>Cash</b>		<b>0</b>	<b>5</b>
<b>Current assets</b>		<b>354,294</b>	<b>296,743</b>
<b>Assets</b>		<b>395,135</b>	<b>339,441</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
Contributed capital	15	80,000	80,000
Retained earnings		172,626	131,397
Proposed dividend		0	30,000
<b>Equity</b>		<b>252,626</b>	<b>241,397</b>
Other payables		0	9,413
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>9,413</b>
Trade payables		45,081	37,019
Payables to group enterprises		55,520	8,711
Tax payable		0	3,441
Other payables		41,908	39,460
<b>Current liabilities other than provisions</b>		<b>142,509</b>	<b>88,631</b>
<b>Liabilities other than provisions</b>		<b>142,509</b>	<b>98,044</b>
<b>Equity and liabilities</b>		<b>395,135</b>	<b>339,441</b>
Events after the balance sheet date	1		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Non-arm's length related party transactions	19		
Group relations	20		



## Statement of changes in equity for 2021

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	80,000	131,397	30,000	241,397
Ordinary dividend paid	0	0	(30,000)	(30,000)
Profit/loss for the year	0	41,229	0	41,229
<b>Equity end of year</b>	<b>80,000</b>	<b>172,626</b>	<b>0</b>	<b>252,626</b>

# Notes

## 1 Events after the balance sheet date

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

## 2 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	338,114	309,607
Europe	407,044	353,704
Other Countries	56,927	59,951
<b>Total revenue by geographical market</b>	<b>802,085</b>	<b>723,262</b>
Fastener, Industry- and trade customers	802,085	723,262
<b>Total revenue by activity</b>	<b>802,085</b>	<b>723,262</b>

## 3 Other operating income

Recognized in other operating income is DKK 0 (2020: 2,869k) regarding financial support package for staff costs compensation.

## 4 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	540	535
Other services	25	25
	<b>565</b>	<b>560</b>

**5 Staff costs**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	103,727	95,177
Pension costs	7,624	6,839
Other social security costs	1,512	1,331
	<b>112,863</b>	<b>103,347</b>
<hr/>		
Number of employees at balance sheet date	<b>207</b>	<b>208</b>
<hr/>		
Average number of full-time employees	<b>207</b>	<b>208</b>

	<b>Remuneration of Management 2021</b>	<b>Remuneration of Management 2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Total amount for management categories	40	40
	<b>40</b>	<b>40</b>

**6 Depreciation, amortisation and impairment losses**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Depreciation of property, plant and equipment	8,311	9,355
Impairment losses on property, plant and equipment	0	(274)
	<b>8,311</b>	<b>9,081</b>

**7 Other financial expenses**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial expenses from group enterprises	101	36
Other financial expenses	1,524	82
	<b>1,625</b>	<b>118</b>

**8 Tax on profit/loss for the year**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	11,245	12,966
Change in deferred tax	624	(338)
	<b>11,869</b>	<b>12,628</b>

### 9 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Ordinary dividend for the financial year	0	30,000
Retained earnings	41,229	14,604
	<b>41,229</b>	<b>44,604</b>

### 10 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	138,682	225,205	31,521	4,071
Additions	1,621	6,784	311	0
Disposals	0	(1,370)	(3,294)	(1,777)
<b>Cost end of year</b>	<b>140,303</b>	<b>230,619</b>	<b>28,538</b>	<b>2,294</b>
Depreciation and impairment losses beginning of year	(117,705)	(210,393)	(28,689)	0
Depreciation for the year	(2,500)	(4,752)	(1,059)	0
Depreciation and impairment losses on assets disposed of	0	1,352	2,825	0
<b>Depreciation and impairment losses end of year</b>	<b>(120,205)</b>	<b>(213,793)</b>	<b>(26,923)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>20,098</b>	<b>16,826</b>	<b>1,615</b>	<b>2,294</b>

### 11 Financial assets

	Deposits DKK'000
Cost beginning of year	8
<b>Cost end of year</b>	<b>8</b>
<b>Carrying amount end of year</b>	<b>8</b>

### 12 Receivables from group enterprises

The company participates together with other Danish Group enterprises in a cash pool arrangement in which another company is liable as a sole contracting party towards the bank.

Receivables and payables in relation to the cash pool arrangement are recognised as intercompany receivables and payables, respectively. At 31 December 2021, the account payables to group enterprises includes an amount of 48,612k.

**13 Deferred tax**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Property, plant and equipment	1,617	1,847
Inventories	(574)	(216)
Receivables	148	184
<b>Deferred tax</b>	<b>1,191</b>	<b>1,815</b>

	<b>2021</b>
	<b>DKK'000</b>
<b>Changes during the year</b>	
Beginning of year	1,815
Recognised in the income statement	(624)
<b>End of year</b>	<b>1,191</b>

**Deferred tax assets**

The deferred tax asset related to temporary differences between carrying amount and tax-based value of fixed assets, receivables and inventories.

**14 Prepayments**

Prepayments consist of prepaid rent, insurance, and other cost.

**15 Share capital**

	<b>Number</b>	<b>Nominal value</b>
		<b>DKK'000</b>
Shares, 1 pcs. of DKK	1,500	1,500
Shares, 1 pcs. of DKK	73,500	73,500
Shares, 1 pcs. of DKK	5,000	5,000
	<b>80,000</b>	<b>80,000</b>

**16 Contingent liabilities**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Other contingent liabilities	4,495	4,563
<b>Contingent liabilities</b>	<b>4,495</b>	<b>4,563</b>

The Entity participates in a Danish joint taxation arrangement where ITW Denmark ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefor liable for income taxes etc for the jointly taxed entities.

**17 Assets charged and collateral**

No assets have been pledged for security.

**18 Related parties with controlling interest**

The following related parties have a controlling interest in ITW Construction Products ApS

ITW Denmark ApS, Silkeborg, Denmark, Principal shareholder.

Illinois Tool Works Inc., Chicago, USA, Ultimate Parent.

**19 Non-arm's length related party transactions**

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

**20 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Illinois Tool Works Inc.  
155 Harlem Avenue  
Glenview, Illinois 60025  
USA

# Accounting policies

## Reporting class

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

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

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

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

## Income statement

### Revenue

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

### Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**Cost of sales**

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

**Other external expenses**

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Other financial income**

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

**Other financial expenses**

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

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

**Balance sheet****Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

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



Buildings	10-40 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-8 years

Estimated useful lives and residual values are reassessed annually.

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

#### **Inventories**

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

#### **Receivables**

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

#### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### **Tax payable or receivable**

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

#### **Prepayments**

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

#### **Cash**

Cash comprises cash in hand and bank deposits.

#### **Dividend**

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

proposal for distribution of profit/loss.

**Other financial liabilities**

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

**Cash flow statement**

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