

Fluke Danmark A/S

Lupinstien 15, 8800 Viborg
CVR no. 16 58 53 78

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.06.21

Jeroen Bernard van de Wiel
Dirigent

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The company

Fluke Danmark A/S
c/o Claus Larsen
Lupinstien 15
8800 Viborg
Tel.: 80 88 50 89
Registered office: Viborg
CVR no.: 16 58 53 78
Financial year: 01.01 - 31.12

Executive Board

Paul Hessel Feenstra

Board of Directors

Jeroen Bernard van de Wiel
Paul Hessel Feenstra
Robertus Meijjs

Auditors

EY
Godkendt Revisionspartnerselskab

Lawyer

Bruun & Hjejle

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Fluke Danmark A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Viborg, June 28, 2021

Executive Board

Paul Hessel Feenstra

Board of Directors

Jeroen Bernard van de Wiel
Chairman

Paul Hessel Feenstra

Robertus Meijs

To the Shareholders of Fluke Danmark A/S

Opinion

We have audited the financial statements of Fluke Danmark A/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibility for the financial statements

The 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the company 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 regarding the management's review

Management is responsible for Management's review.

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

Moreover, it is our responsibility to consider whether Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, June 28, 2021

EY

Godkendt Revisionspartnerselskab
CVR no. 30700228

Henrik Kronborg Iversen
State Authorized Public Accountant
MNE-no. mne24687

Rasmus Bloch Jespersen
State Authorized Public Accountant
MNE-no. mne35503

Primary activities

The company's activities comprise electronic test and measurement tools. Activities within this field include the purchase and sale of finished goods, repair and service of electronic test and measurement tools.

The Company is a commission agent for Fluke Corporation, Fluke Precision Measurement Ltd, Fluke Deutschland GmbH, Fluke Software Ireland Ltd, Datapaq Ltd, Fluke Process Instruments GmbH, Infrared Integrated Systems Ltd, Universal Technic SAS, Pruftechnik Dieter Busch GmbH and Tektronix China Trading (the latter represented by Fluke Europe B.V. as its trustee). The Company receives commission on sales based on the commission agreement.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a loss of DKK -20,637,422 against a profit of DKK 230,569,907 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK 462,551,951.

The profit for the year and financial development of the Company were as expected.

In 2020, the intercompany loans receivable with Fortive Corporation have been transferred to TGA Netherlands Holding B.V. As these loans are denominated in USD, the Company incurred an unrealized revaluation loss on the loans in the amount of DKK 45,621,313 which has been recognised as financial expenses in the income statement.

The operational results of the Company for 2020 are considered satisfactory.

Outlook

The company expect a positive result for the year 2021. The result will largely depend on the overall economic development.

The COVID-19 pandemic so far has not had a material effect on the demand of the products/services of the entity or its financial position. At this time it is impossible to evaluate the long-term effects of the pandemic on the business.

Subsequent events

As of 1 January 2021, the company has moved from a principal and commissionaire based transfer pricing model to a limited risk distributor transfer pricing model. Management considers this to constitute a non-adjusting event and has not adjusted any figures in the financial statements for 2020.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Income statement

Note	2020 DKK	2019 DKK
Revenue	3,654,674	2,651,303
Other external expenses	-674,294	-1,805,261
Gross profit	2,980,380	846,042
³ Staff costs	-2,105,623	0
Profit before depreciation, amortisation, write-downs and impairment losses	874,757	846,042
Income from sale of equity investments in group enterprises and associates	0	232,029,351
⁴ Financial income	19,060,094	2,850,851
⁵ Financial expenses	-46,387,540	-5,565,468
Profit/loss before tax	-26,452,689	230,160,776
⁶ Tax on profit or loss for the year	5,815,267	409,131
Profit/loss for the year	-20,637,422	230,569,907
Proposed appropriation account		
Retained earnings	-20,637,422	230,569,907
Total	-20,637,422	230,569,907

Balance sheet

ASSETS		31.12.20	31.12.19
		DKK	DKK
Note			
	Acquired intangible rights	603,110	0
7	Total intangible assets	603,110	0
	Non-current receivables from group enterprises	500,761,560	527,521,846
	Total non-current receivables	500,761,560	527,521,846
	Total non-current assets	501,364,670	527,521,846
	Receivables from group enterprises	5,696,883	4,396,520
	Deferred tax asset	4,037,546	0
	Income tax receivable	2,631,991	952,039
	Other receivables	7,003	0
	Total receivables	12,373,423	5,348,559
8	Cash	182,405,505	409,713,062
	Total current assets	194,778,928	415,061,621
	Total assets	696,143,598	942,583,467

EQUITY AND LIABILITIES		31.12.20	31.12.19
		DKK	DKK
Note			
	Share capital	500,000	500,000
	Retained earnings	462,051,951	482,689,373
	Total equity	462,551,951	483,189,373
	Payables to other credit institutions	66,413	0
	Trade payables	116,511	273,924
	Payables to group enterprises	229,618,506	457,392,246
	Other payables	3,790,217	1,727,924
	Total short-term payables	233,591,647	459,394,094
	Total payables	233,591,647	459,394,094
	Total equity and liabilities	696,143,598	942,583,467

9 Contingent liabilities

10 Charges and security

11 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19			
Balance as at 01.01.19	500,000	252,119,466	252,619,466
Net profit/loss for the year	0	230,569,907	230,569,907
Balance as at 31.12.19	500,000	482,689,373	483,189,373
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	500,000	482,689,373	483,189,373
Net profit/loss for the year	0	-20,637,422	-20,637,422
Balance as at 31.12.20	500,000	462,051,951	462,551,951

There have been no changes in share capital during the five preceding financial years.

1. Subsequent events

As of 1 January 2021, the company has moved from a principal and commissionaire based transfer pricing model to a limited risk distributor transfer pricing model. Management considers this to constitute a non-adjusting event and has not adjusted any figures in the financial statements for 2020.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

2. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2020 DKK	2019 DKK
Gain on sale of sale of equity investments in group enterprises	Income from equity investments in group enterprises	0	56,153,000
Gain on sale of equity investments in associates	Income from equity investments in associates	0	175,876,351
Total		0	232,029,351

In 2019, the Company sold its equity investment in the fully owned subsidiary, Doms ApS, with a carrying amount of DKK 158,500 thousand to GGC International III Ltd, a subsidiary of Fortive Corporation, in exchange for a loan receivable with Fortive Corporation in the amount of USD 31,857 thousand (DKK 212,254 thousand). The sale price was determined based on the fair market value according to a valuation conducted by Duff & Phelps. The transaction resulted in a gain on sale of the investment in the amount of DKK 56,153 thousand which has been recognised as income from sale of equity investments in group enterprises and associates in the income statement.

In 2019, the Company sold its investment in the 20% owned associate, Orpak Systems Ltd., with a carrying amount of DKK 139,159 thousand, to GGC International III Ltd, a subsidiary of Fortive Corporation, in exchange for a loan receivable with Fortive Corporation in the amount of USD 46,900 thousand (DKK 312,478 thousand). The sale price was determined based on the fair market value according to a valuation conducted by Duff & Phelps. The transaction resulted in a gain on sale of the investment in the amount of DKK 175,877 thousand which has been recognised as income from sale of equity investments in group enterprises and associates in the income statement.

	2020	2019
	DKK	DKK

3. Staff costs

Wages and salaries	1,942,572	0
Pensions	153,989	0
Other social security costs	9,062	0
Total	2,105,623	0
Average number of employees during the year	2	0

4. Financial income

Interest, group enterprises	18,861,027	2,790,453
Other interest income	199,067	60,398
Total	19,060,094	2,850,851

5. Financial expenses

Interest, group enterprises	747,036	602,886
Other interest expenses	17,157	3,327
Foreign currency translation adjustments	45,623,347	4,959,255
Total	46,387,540	5,565,468

	2020 DKK	2019 DKK
6. Tax on profit or loss for the year		
Current tax for the year	-1,777,721	-411,766
Adjustment of deferred tax for the year	-4,037,546	2,635
Total	-5,815,267	-409,131

7. Intangible assets

Figures in DKK	Acquired intangible rights
Additions during the year	603,110
Cost as at 31.12.20	603,110
Carrying amount as at 31.12.20	603,110

In 2020, the company acquired intangible fixed assets for the amount of DKK 603,100.

8. Cash

Cash relates to the company being legal owner of the Cash Pool with Nordea Bank, which has a positive master account balance of DKK 159 million that forms part of the total cash balance of DKK 182 million at 31 December 2020. Each participating account is indemnified in the event of default by other participants and all accounts are covered by a parent guarantee from Fortive Corporation.

The company is further covered by the Fortive group's general treasury policies ensuring that cash pool deposits of other group enterprises, classified as 'payables to group enterprises' can only be withdrawn from the cash pool arrangement to the extent the Company have otherwise agreed on financing.

9. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 48 months and monthly lease payments of DKK 12k, a total of DKK 295k.

Other contingent liabilities

On 9 Oct 2020, the joint taxation agreement with other Danish companies in the group ended. From that date, the company is taxed as a stand-alone entity.

Before 9 Oct 2020, the company was jointly taxed with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

10. Charges and security

The company has not provided any security over assets.

11. Related parties

Fluke Danmark A/S is included in the consolidated financial statements of Fortive Corporation, 6920 Seawary Blvd., Everett WA 98203, United States. Requisition of the parents consolidated financial statements at www.fortive.com

https://s2.q4cdn.com/680534137/files/doc_financials/2020/ar/FOR-AR-2020-05012021.pdf

Information about shareholders holding 5 % or more of the share capital or the voting rights:

Fluke International Holding B.V.
Eindhoven, The Netherland.

In 2020, the company acquired intangible fixed assets consisting of established customer relationships from Fluke Deutschland GmbH. The purchase price of DKK 603,110 was payable at financial year-end and is classified under "payables to group enterprises".

12. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

12. Accounting policies - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

The company has chosen IAS17 as interpretation for accounting for leases. Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Revenue**

The company has chosen IAS11/IAS18 as interpretation for revenue recognition. The net revenue for commission is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year. Revenue is determined at fair value exclusive of VAT and discounts.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

12. Accounting policies - continued -**Income from equity investments in group enterprises and associates**

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Dividends from investments in subsidiaries and associates is recognised in the income statement in the year of declaration.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Intangible assets**

Intangible assets acquired are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

12. Accounting policies - continued -**Equity investments in group enterprises and associates**

Equity investments in subsidiaries and associates are measured in the balance sheet at cost less any impairment losses.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

The company has chosen IAS39 as interpretation for impairment of financial assets. Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

12. Accounting policies - continued -**Cash**

Cash includes deposits in bank accounts as well as operating cash. Cash relates to the company being legal owner of the cash pool with Nordea Bank, which has a positive master account balance.

Other group enterprises balances (deposits and withdrawals) in the cash pool arrangement are, due to the nature of the scheme, classified under "Receivable from group enterprises" or "Payable to group enterprises" as applicable.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.