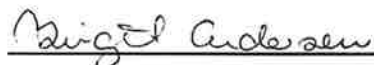


ITW Denmark ApS

Priorsvej 36
8600 Silkeborg
CVR No. 27149588

Annual report 2021

The Annual General Meeting adopted the
annual report on 13.06.2022



Birgit Andersen

Chairman of the General Meeting

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Entity details

Entity

ITW Denmark ApS

Priorsvej 36

8600 Silkeborg

Business Registration No.: 27149588

Registered office: Silkeborg

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

David Overbeck Livingston

Manoela Pereira Fry

Birgit Andersen

Executive Board

David Overbeck Livingston

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 Denmark 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.

Silkeborg, 13.06.2022

Executive Board



David Overbeck Livingston

Board of Directors



David Overbeck Livingston



Manoela Pereira Fry


Birgit Andersen

Independent auditor's report

To the shareholder of ITW Denmark ApS

Opinion

We have audited the financial statements of ITW Denmark 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, 13.06.2022

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
Key figures					
Operating profit/loss	(168)	(180)	(146)	(157)	(184)
Net financials	156,402	131,979	273,332	123,169	244,957
Profit/loss for the year	156,120	131,894	273,238	123,098	245,414
Total assets	914,930	711,668	869,650	890,373	1,388,052
Equity	676,240	520,190	743,381	758,126	1,065,028
Ratios					
Return on equity (%)	26.10	20.90	36.40	13.50	6.70
Equity ratio (%)	73.91	73.10	85.50	76.70	66.20

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

Return on equity (%):

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

Optional ratio (%):

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

Primary activities

The Company's main activity is to run an international manufacturing and trading company through investments in other companies with similar activities in Denmark and abroad.

Development in activities and finances

Net profit for the year amounts to DKK 156,120k. The Management of the Company regards the net profit as very satisfactory.

Profit for the year is in accordance with the expected development.

Profit for 2022 is expected to be at the same level as in 2021.

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
Administrative expenses		(168)	(180)
Operating profit/loss		(168)	(180)
Income from investments in group enterprises		156,020	132,227
Other financial income	3	881	48
Other financial expenses	4	(499)	(296)
Profit/loss before tax		156,234	131,799
Tax on profit/loss for the year	5	(114)	95
Profit/loss for the year		156,120	131,894
Proposed distribution of profit and loss			
Retained earnings		156,120	131,894
Proposed distribution of profit and loss		156,120	131,894

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Acquired intangible assets		31	0
Intangible assets	6	31	0
Investments in group enterprises		570,168	584,218
Financial assets	7	570,168	584,218
Fixed assets		570,199	584,218
Receivables from group enterprises	8	344,731	108,419
Receivables		344,731	108,419
Cash		0	19,031
Current assets		344,731	127,450
Assets		914,930	711,668

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		2,088	2,088
Retained earnings		674,152	518,102
Equity		676,240	520,190
Bank loans		116,458	0
Payables to group enterprises		121,909	191,347
Income tax payable		179	0
Other payables		144	131
Current liabilities other than provisions		238,690	191,478
Liabilities other than provisions		238,690	191,478
Equity and liabilities		914,930	711,668

Events after the balance sheet date	1
Staff costs	2
Contingent liabilities	9
Transactions with related parties	10
Group relations	11

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,088	518,102	520,190
Exchange rate adjustments	0	(70)	(70)
Profit/loss for the year	0	156,120	156,120
Equity end of year	2,088	674,152	676,240

Notes

1 Events after the balance sheet date

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

2 Staff costs

	2021 DKK'000	2020 DKK'000
Average number of full-time employees	0	0

3 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	881	45
Other interest income	0	3
	881	48

4 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	12	2
Other interest expenses	487	294
	499	296

5 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	114	(95)
	114	(95)

6 Intangible assets

	Acquired intangible assets DKK'000
Additions	39
Cost end of year	39
Amortisation for the year	(8)
Amortisation and impairment losses end of year	(8)
Carrying amount end of year	31

7 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	1,667,395
Cost end of year	1,667,395
Impairment losses beginning of year	(1,083,177)
Exchange rate adjustments	(70)
Impairment losses on goodwill	(3,356)
Share of profit/loss for the year	159,376
Dividend	(170,000)
Impairment losses end of year	(1,097,227)
Carrying amount end of year	570,168

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Hobart Scandinavia ApS	Greve	ApS	100.00
Novadan ApS	Kolding	ApS	100.00
ITW Construction Products ApS	Middelfart	ApS	100.00
ITW GSE ApS	Odense	ApS	100.00
ITW Chemical Products Scandinavia ApS	Silkeborg	ApS	100.00
Densit ApS	Aalborg	ApS	100.00

8 Receivables from group enterprises

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income etc for the jointly taxed entities, and from 1. July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

9 Contingent liabilities

Together with the other Danish group companies, the Company has entered into a cash pool arrangement, according to which the Company is liable as sole contractor towards the bank. The other participating companies deposits and debt related to the cash pool arrangement has been recognised as either intercompany receivables or payables. The net bank balance of the cash pool at 31.12.2021 is a payable of DKK -86,432k (2020: DKK: 19,031k).

10 Transactions with related parties

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.

11 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
ITW Denmark ApS and subsidiaries are included in the consolidated financial statements of Illinois Tools Works Inc., Chicago, 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 B enterprises with addition of a few provisions for reporting class C.

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve

in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Administrative expenses

Administrative expenses comprise expenses incurred for administration of the Company.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intragroup profits or losses and impairment losses of goodwill on consolidation.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies 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.

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

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and taxbased value of assets and liabilities.

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 setoff against deferred tax liabilities or as net tax assets.

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

Balance sheet**Intellectual property rights etc**

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

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

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

Investments in group enterprises

Investments group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive, or negative, goodwill on consolidation and plus or minus unrealised intragroup profits or losses.

The parent's share of the enterprises net profits or losses after elimination of unrealised intragroup profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the income statement.

Group enterprises with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in group enterprises is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Goodwill on consolidation is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the amortisation period is considered to give a fair reflection of the Group's benefit from the relevant resources.

Goodwill on consolidation is written down to the lower of recoverable amount and carrying amount.

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Tax receivable or payable

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