



ITW Denmark ApS

Priorsvej 36
8600 Silkeborg
CVR No. 27149588

Annual report 2019

The Annual General Meeting adopted the
annual report on 20.05.2020

A handwritten signature in blue ink that reads "Birgit Andersen". The signature is written in a cursive style and is positioned above a horizontal line.

Birgit Andersen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	9
Balance sheet at 31.12.2019	10
Statement of changes in equity for 2019	12
Notes	13
Accounting policies	16

Entity details

Entity

ITW Denmark ApS

Priorsvej 36

8600 Silkeborg

CVR No.: 27149588

Registered office: Silkeborg

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Manoela Pereira Fry , Chairman

David Overbeck Livingston

Birgit Andersen

Executive Board

David Overbeck Livingston, 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 Denmark ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 20.05.2020

Executive Board



David Overbeck Livingston
Chief Executive Officer

Board of Directors



Manoela Pereira Fry
Chairman



David Overbeck Livingston



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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 20.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556



Henrik Vedel

State Authorised Public Accountant
Identification No (MNE) mne10052

Management commentary

Financial highlights

	2019	2018	2017	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Operating profit/loss	(146)	(157)	(184)	(254)	(467)
Net financials	273,332	123,169	244,957	44,516	140,858
Profit/loss for the year	273,238	123,098	245,414	45,145	139,750
Total assets	869,650	890,373	1,388,052	2,128,764	2,016,570
Equity	743,381	758,126	1,065,028	1,449,114	1,403,992
Ratios					
Return on equity (%)	36.40	13.5	6.7	3.2	10.5
Equity ratio (%)	85.48	76.7	66.2	68.1	69.6

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

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

Development in activities and finances

Net profit for the year amounts to DKK 273,238k. The Management of the Company regards the net profit as very satisfactory.

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

A profit is expected for 2020, however at a lower level than in 2019.

Events after the balance sheet date

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report. The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the company's financial position and development.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Administrative expenses		(146)	(157)
Operating profit/loss		(146)	(157)
Income from investments in group enterprises		273,420	123,447
Other financial income	2	164	8
Other financial expenses		(252)	(286)
Profit/loss before tax		273,186	123,012
Tax on profit/loss for the year	3	52	86
Profit/loss for the year	4	273,238	123,098

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Investments in group enterprises		562,075	734,083
Other financial assets	5	562,075	734,083
Fixed assets		562,075	734,083
Receivables from group enterprises		267,875	133,894
Receivables		267,875	133,894
Cash	6	39,700	22,396
Current assets		307,575	156,290
Assets		869,650	890,373

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		2,088	2,088
Retained earnings		386,293	468,038
Proposed dividend		355,000	288,000
Equity		743,381	758,126
Payables to group enterprises		126,131	132,107
Income tax payable		9	12
Other payables		129	128
Current liabilities other than provisions		126,269	132,247
Liabilities other than provisions		126,269	132,247
Equity and liabilities		869,650	890,373

Staff costs	1
Contingent liabilities	7
Transactions with related parties	8
Group relations	9

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	2,088	468,038	288,000	758,126
Ordinary dividend paid	0	0	(288,000)	(288,000)
Exchange rate adjustments	0	17	0	17
Profit/loss for the year	0	(81,762)	355,000	273,238
Equity end of year	2,088	386,293	355,000	743,381

Notes

1 Staff costs

	2019 DKK'000	2018 DKK'000
Average number of full-time employees	0	0

2 Other financial income

	2019 DKK'000	2018 DKK'000
Financial income from group enterprises	163	7
Other interest income	1	1
	164	8

3 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Current tax	(52)	(86)
	(52)	(86)

4 Proposed distribution of profit and loss

	2019 DKK'000	2018 DKK'000
Ordinary dividend for the financial year	355,000	288,000
Retained earnings	(81,762)	(164,902)
	273,238	123,098

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	1,750,298
Disposals	(82,903)
Cost end of year	1,667,395
Impairment losses beginning of year	(1,016,215)
Disposals on divestments etc	61,398
Exchange rate adjustments	17
Impairment losses on goodwill	(60,123)
Share of profit/loss for the year	177,603
Dividend	(268,000)
Impairment losses end of year	(1,105,320)
Carrying amount end of year	562,075

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Hobart Scandinavia ApS	Greve	ApS	100
Novadan ApS	Kolding	ApS	100
ITW Construction Products ApS	Middelfart	ApS	100
ITW GSE ApS	Odense	ApS	100
ITW Chemical Products Scandinavia ApS	Silkeborg	ApS	100
Densit ApS	Aalborg	ApS	100

6 Cash

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 31.12.2019 is a receivable of DKK 39,700k (2018: DKK: 22,396k).

7 Contingent liabilities

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.

8 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.

9 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 prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Consolidated financial statements

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

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**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.

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.

Income tax receivable or payable

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

Cash flow statement

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as this is included in the cash flow statement of the parent, Illinois Tools Works Inc., Chicago, USA.