

R&D Steel ApS

Sigma 3
8382 Hinnerup
CVR No. 34706573

Annual report 2023

The Annual General Meeting adopted the annual report on 31.05.2024

Peder Lund Rasmussen

Chairman of the General Meeting

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Entity details

Entity

R&D Steel ApS

Sigma 3

8382 Hinnerup

Business Registration No.: 34706573

Registered office: Favrskov

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Monique Martins

Peder Lund Rasmussen

Robert Kirk Dutzi

Executive Board

Peder Lund Rasmussen

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 R&D Steel ApS for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Hinnerup, 31.05.2024

Executive Board

Peder Lund Rasmussen

Board of Directors

Monique Martins

Peder Lund Rasmussen

Robert Kirk Dutzi

Independent auditor's report

To the shareholder of R&D Steel ApS

Opinion

We have audited the financial statements of R&D Steel ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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, 31.05.2024

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

Primary activities

The company's activities comprise consultancy, development, production and sales of transport and lifting equipment.

Development in activities and finances

The income statement for the period 01.01.23 - 31.12.23 shows a profit of DKK 2,077,345 against DKK 1,818,824 for the period 01.01.22 - 31.12.22.

The management considers the net profit for the year to be satisfying.

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 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		8,224,451	7,086,944
Staff costs	1	(4,625,719)	(3,298,447)
Depreciation, amortisation and impairment losses		(681,119)	(1,399,120)
Other operating expenses		(10,888)	0
Operating profit/loss		2,906,725	2,389,377
Other financial income	2	68,743	13,209
Other financial expenses	3	(305,363)	(70,988)
Profit/loss before tax		2,670,105	2,331,598
Tax on profit/loss for the year	4	(592,760)	(512,774)
Profit/loss for the year		2,077,345	1,818,824
Proposed distribution of profit and loss			
Retained earnings		2,077,345	1,818,824
Proposed distribution of profit and loss		2,077,345	1,818,824

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Plant and machinery		378,464	825,665
Leasehold improvements		21,468	308,273
Property, plant and equipment	5	399,932	1,133,938
Fixed assets		399,932	1,133,938
Raw materials and consumables		0	216,464
Inventories		0	216,464
Trade receivables		7,693,138	1,491,066
Contract work in progress	6	6,730,601	2,649,609
Receivables from group enterprises		19,834,967	5,386,533
Prepayments		0	15,415
Receivables		34,258,706	9,542,623
Current assets		34,258,706	9,759,087
Assets		34,658,638	10,893,025

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		500,000	500,000
Retained earnings		7,749,914	5,672,569
Equity		8,249,914	6,172,569
Deferred tax		769,504	727,431
Other provisions		0	120,909
Provisions		769,504	848,340
Contract work in progress	6	1,405,808	525,301
Trade payables		5,380,761	1,365,913
Payables to group enterprises	7	13,905,035	1,162,316
Income tax payable		50,994	353,220
Other payables		4,896,622	465,366
Current liabilities other than provisions		25,639,220	3,872,116
Liabilities other than provisions		25,639,220	3,872,116
Equity and liabilities		34,658,638	10,893,025
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		
Group relations	11		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	5,672,569	6,172,569
Profit/loss for the year	0	2,077,345	2,077,345
Equity end of year	500,000	7,749,914	8,249,914

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	4,210,077	2,935,987
Pension costs	290,224	288,361
Other social security costs	68,053	54,349
Other staff costs	57,365	19,750
	4,625,719	3,298,447
Average number of full-time employees	6	4

2 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	55,823	11,026
Other interest income	12,920	2,183
	68,743	13,209

3 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	229,475	18,604
Other interest expenses	31,445	25,368
Exchange rate adjustments	27,621	1,355
Other financial expenses	16,822	25,661
	305,363	70,988

4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	559,486	903,291
Change in deferred tax	42,073	(390,517)
Adjustment concerning previous years	(8,799)	0
	592,760	512,774

5 Property, plant and equipment

	Plant and machinery DKK	Leasehold improvements DKK
Cost beginning of year	2,376,677	3,787,466
Disposals	(103,660)	0
Cost end of year	2,273,017	3,787,466
Depreciation and impairment losses beginning of year	(1,551,012)	(3,479,193)
Disposals on divestments etc.	50,772	0
Depreciation for the year	(394,313)	(286,805)
Depreciation and impairment losses end of year	(1,894,553)	(3,765,998)
Carrying amount end of year	378,464	21,468

6 Contract work in progress

	2023 DKK	2022 DKK
Contract work in progress	22,384,541	10,977,825
Progress billings regarding contract work in progress	(17,059,748)	(8,853,517)
Transferred to liabilities other than provisions	1,405,808	525,301
	6,730,601	2,649,609

7 Payables to group enterprises

The company, together with other group companies, engages in cash pool arrangements where other companies are liable to the bank. Deposits and debts in relation to the cash pool scheme are accepted as intra-group receivables and debt, respectively. At 31 December 2023, the item payables to group enterprises includes an amount of DKK 13,835k, which is drawn on the cash pool arrangement.

8 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	59,904	115,200

9 Contingent liabilities

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 therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Assets charged and collateral

The company has provided a performance bond as security to the customers, which amounts to DKK 1,348K.

The company charge comprises goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and trade receivables. The total carrying amount of the comprised assets is DKK 8,827k.

11 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Illinois Tool Works Inc., Illinois, 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.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in work in progress, other operating income, cost of raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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 normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for 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 and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, net capital or exchange gains on securities, etc.

Other financial expenses

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

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 Entity is jointly taxed with all Danish group enterprises. 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**Property, plant and equipment**

Plant and machinery, tools and equipment etc are measured at cost less accumulated depreciation and impairment losses.

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.

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:

	Useful life
Plant and machinery	3-20 years
Leasehold improvements	3-10 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.

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.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Prepayments

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

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.