

R&D Engineering A/S

Sigma 3
8382 Hinnerup
CVR No. 37844136

Annual report 2022

The Annual General Meeting adopted the
annual report on 14.06.2023

Emil Wolff

Chairman of the General Meeting

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Entity details

Entity

R&D Engineering A/S

Sigma 3

8382 Hinnerup

Business Registration No.: 37844136

Registered office: Favrskov

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Guilherme Silva, Chairman

Peter Kattai Ulrikkeholm

Monique Martins

Emil Wolff

Executive Board

Peter Kattai Ulrikkeholm, CEO

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 Engineering A/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 14.06.2023

Executive Board

Peter Kattai Ulrikkeholm
CEO

Board of Directors

Guilherme Silva
Chairman

Peter Kattai Ulrikkeholm

Monique Martins

Emil Wolff

Independent auditor's report

To the shareholder of R&D Engineering A/S

Opinion

We have audited the financial statements of R&D Engineering A/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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, 14.06.2023

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

	2022 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000
Key figures				
Gross profit/loss	62,657	72,389	69,258	48,342
Operating profit/loss	7,857	6,619	7,948	3,910
Net financials	(343)	(84)	(306)	(201)
Profit/loss for the year	5,835	5,067	6,188	2,864
Total assets	39,775	28,441	26,555	30,494
Investments in property, plant and equipment	1,201	1,857	1,144	2,774
Equity	17,098	11,264	6,196	24
Ratios				
Gross margin (%)	70.14	74.06	76.68	72.46
EBIT margin (%)	8.72	6.72	8.73	5.85
Net margin (%)	6.47	5.14	6.80	4.28
Return on equity (%)	41.15	58.04	198.97	203.41
Equity ratio (%)	42.99	39.60	23.33	0.08

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium). This is the reason why the key figures are not disclosed in the financial years before 2018/19.

There is non-comparability between this year's figures and the comparative figures for fiscal year 2020/21 and 2019/20, as items from the previous years are based on a fiscal year period exceeding 12 months whereas the current year's items are based on a period of 12 months.

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

Gross margin (%):

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

EBIT margin (%):

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

Net margin (%):

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

Return on equity (%):

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

Equity ratio (%):

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

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 01.01.22 - 31.12.22 shows a profit of DKK 5,834,969 against DKK 5,067,483 for the period 04.10.20 - 31.12.21. The management considers the net profit for the year to be satisfying.

Profit/loss for the year in relation to expected developments

The profit for 2022 has exceeded the outlook communicated in the annual report 2021. The positive development in the profit for the year is due to a decrease in margin slippage on fixed price contracts when compared to last year.

Outlook

Management expects the profit in 2023 to be in the same level as 2022.

Knowledge resources

R&D Engineering A/S employs a highly educated workforce, primarily within the engineering disciplines to design and manufacture test systems, primarily for the wind industry. During the financial year, the company introduced project manager training as well as Techlead training to ensure the continued professional development of the staff

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 2022

	Notes	2022 DKK	2020/21 DKK
Gross profit/loss		62,657,491	72,389,347
Staff costs	2	(52,905,803)	(63,167,339)
Depreciation, amortisation and impairment losses		(1,894,240)	(2,602,719)
Operating profit/loss		7,857,448	6,619,289
Other financial income	3	38,033	28,459
Other financial expenses	4	(380,929)	(112,438)
Profit/loss before tax		7,514,552	6,535,310
Tax on profit/loss for the year	5	(1,679,583)	(1,467,827)
Profit/loss for the year	6	5,834,969	5,067,483

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2020/21 DKK
Acquired intangible assets		38,887	135,391
Intangible assets	7	38,887	135,391
Other fixtures and fittings, tools and equipment		2,505,481	3,177,678
Property, plant and equipment	8	2,505,481	3,177,678
Investments in group enterprises		238,525	238,525
Financial assets	9	238,525	238,525
Fixed assets		2,782,893	3,551,594
Trade receivables		22,595,961	18,900,181
Contract work in progress	10	3,139,890	3,413,287
Receivables from group enterprises	11	9,275,645	0
Deferred tax	12	650,366	194,679
Prepayments	13	1,303,845	1,170,457
Receivables		36,965,707	23,678,604
Cash		26,039	1,211,055
Current assets		36,991,746	24,889,659
Assets		39,774,639	28,441,253

Equity and liabilities

	Notes	2022 DKK	2020/21 DKK
Contributed capital		500,000	500,000
Reserve for net revaluation according to the equity method		228,679	228,679
Retained earnings		16,369,818	10,534,849
Equity		17,098,497	11,263,528
Other provisions	14	241,817	0
Provisions		241,817	0
Lease liabilities		114,774	492,478
Other payables		0	4,224,044
Non-current liabilities other than provisions	15	114,774	4,716,522
Lease liabilities		377,704	361,147
Payables to other credit institutions		0	259,269
Contract work in progress	10	232,568	506,540
Trade payables		3,352,998	2,437,096
Payables to group enterprises	16	12,361,599	1,436,981
Tax payable		265,266	2,223,307
Other payables		5,729,416	5,236,863
Current liabilities other than provisions		22,319,551	12,461,203
Liabilities other than provisions		22,434,325	17,177,725
Equity and liabilities		39,774,639	28,441,253
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Group relations	21		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	228,679	10,534,849	11,263,528
Profit/loss for the year	0	0	5,834,969	5,834,969
Equity end of year	500,000	228,679	16,369,818	17,098,497

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

	2022	2020/21
	DKK	DKK
Wages and salaries	45,208,477	55,935,513
Pension costs	1,722,684	185,936
Other social security costs	242,923	299,063
Other staff costs	5,731,719	6,746,827
	52,905,803	63,167,339
Average number of full-time employees	71	70

3 Other financial income

	2022	2020/21
	DKK	DKK
Financial income from group enterprises	28,856	6,907
Other interest income	185	0
Exchange rate adjustments	8,992	21,552
	38,033	28,459

4 Other financial expenses

	2022	2020/21
	DKK	DKK
Financial expenses from group enterprises	155,943	0
Other interest expenses	224,986	111,716
Other financial expenses	0	722
	380,929	112,438

5 Tax on profit/loss for the year

	2022	2020/21
	DKK	DKK
Current tax	2,135,270	2,223,307
Change in deferred tax	(455,687)	(755,480)
	1,679,583	1,467,827

6 Proposed distribution of profit and loss

	2022 DKK	2020/21 DKK
Retained earnings	5,834,969	5,067,483
	5,834,969	5,067,483

7 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	3,129,780
Disposals	(13,494)
Cost end of year	3,116,286
Amortisation and impairment losses beginning of year	(2,994,389)
Amortisation for the year	(96,504)
Reversal regarding disposals	13,494
Amortisation and impairment losses end of year	(3,077,399)
Carrying amount end of year	38,887

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	9,454,112
Additions	1,200,540
Disposals	(495,607)
Cost end of year	10,159,045
Depreciation and impairment losses beginning of year	(6,276,434)
Depreciation for the year	(1,849,429)
Reversal regarding disposals	472,299
Depreciation and impairment losses end of year	(7,653,564)
Carrying amount end of year	2,505,481

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	9,846
Cost end of year	9,846
Revaluations beginning of year	228,679
Revaluations end of year	228,679
Carrying amount end of year	238,525

Investments in subsidiaries	Registered in	Equity interest %
RDGDK Engineering Private Limited	India	99.99

10 Contract work in progress

	2022 DKK	2020/21 DKK
Contract work in progress	11,491,514	8,914,645
Progress billings regarding contract work in progress	(8,584,192)	(6,007,898)
Transferred to liabilities other than provisions	232,568	506,540
	3,139,890	3,413,287

11 Receivables from 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 2022, the item receivables from group enterprises includes an amount of DKK 3.413k, which is placed in the cash pool arrangement.

12 Deferred tax

Changes during the year	2022 DKK	2020/21 DKK
Beginning of year	194,679	(560,801)
Recognised in the income statement	455,687	755,480
End of year	650,366	194,679

Deferred tax relates to intangible assets, property, plant and equipment, contract work in progress and other provisions.

Deferred tax assets

Management has on the basis of the budget for 2023 and a general expectation to the business segment in 2023 and onwards assessed that it is highly probable that there will be future profitable taxable income available for which unused tax deductions and losses can be utilized.

13 Prepayments

Prepayments consist of prepaid expenses, including insurance.

14 Other provisions

Other provisions comprises restricted share units.

15 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK
Lease liabilities	114,774
	114,774

16 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 2022 the item payables from group enterprises includes an amount of DKK 10.444k, which is drawn on the cash pool arrangement.

17 Unrecognised rental and lease commitments

	2022 DKK	2020/21 DKK
Liabilities under rental or lease agreements until maturity in total	1,374,594	2,389,203

18 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.

19 Assets charged and collateral

There are no assets charged or collateral as of 31.12.2022.

20 Related parties with controlling interest

MTS Systems Danmark ApS owns all shares in the Entity, thus exercising control.

21 Group relations

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

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

Copies of the consolidated financial statements of Illinois Tool Works Inc may be ordered at the following address: Illinois, 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.

Non-comparability

There is non-comparability between this year's figures and the comparative figures, as items from the previous year are based on a period of 15 months whereas the current year's items are based on a period of 12 months.

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.

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 the 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.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

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 ordinary 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 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**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and acquired intellectual property rights.

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.

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
Other fixtures and fittings, tools and equipment	3-8 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Investments in group enterprises

Investments in 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.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are 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.

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.

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.

Prepayments

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

Cash

Cash comprises bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on contract work in progress 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.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Cash flow statement

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