



## Densit ApS

Rørdalsvej 44  
9220 Aalborg Øst  
CVR No. 73162718

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 19.03.2021

**Kita Lund Kærdrup**  
Chairman of the Annual General Meeting

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# Entity details

## Entity

Densit ApS

Rørdalsvej 44

9220 Aalborg Øst

CVR No.: 73162718

Registered office: Aalborg

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Manoela Pereira Fry, Chairman

Birgit Andersen

Guil Silva

## Executive Board

Guil Silva, 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 Densit ApS for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Aalborg, 19.03.2021

## Executive Board

**Guil Silva**



**Guil Silva**  
CEO

## Board of Directors



**Manoela Pereira Fry**  
Chairman



**Birgit Andersen**

**Guil Silva**



**Guil Silva**



# Independent auditor's report

## To the shareholder of Densit ApS

### Opinion

We have audited the financial statements of Densit ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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, 19.03.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Vedel**

State Authorised Public Accountant  
Identification No (MNE) mne10052

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Gross profit/loss	51,370	29,076	26,582	48,134	83,401
Operating profit/loss	20,536	4,515	(3,802)	13,058	27,001
Net financials	(395)	(3)	(106)	(427)	(975)
Profit/loss for the year	15,290	3,420	(3,060)	9,804	20,235
Total assets	85,209	26,746	50,064	101,965	313,550
Investments in property, plant and equipment	3,002	1,966	3,035	293	1,546
Equity	33,653	18,363	41,943	95,003	295,199
<b>Ratios</b>					
Return on equity (%)	58.79	11.34	(4.47)	5.03	0.9
Equity ratio (%)	39.49	68.66	83.78	93.17	94.15

Financial highlights are defined and calculated in accordance with the latest 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**

Densit ApS manufactures cement-based special materials to be used for security industry barriers, wear protection, industrial flooring and within offshore for reinforcement of platforms and foundation of offshore wind turbines. Moreover, the Company manufactures hardwearing components, especially for the cement and power station industry.

**Development in activities and finances**

In 2020 Densit ApS realised a profit for the year of DKK 15,290k.

**Uncertainty relating to recognition and measurement**

There hasn't been any uncertainty regarding recognition and measurement.

**Unusual circumstances affecting recognition and measurement**

There has been no unusual circumstances with impact on recognition and measurement.

**Outlook**

Densit ApS expects a result before tax at DKK 15,608k for 2021. This is at the same level as 2020 which is caused by stable activity in the wind industry and a continuous focus on reducing costs.

The Company expects the activities to be stable on the other markets in 2021.

**Particular risks*****Business risks***

It is Management's assessment that the Company's profit will not be affected by price risks to any material extent.

***Financial exposure***

The Company's two most material foreign currencies are EUR and USD. A current assessment is made of the need to hedge contracts in these currencies in accordance with the current group rules.

It is Management's assessment that the Company's profit will not be affected by interest rate to any material extent.

**Intellectual capital resources**

During the year, the Company has had employees participating in Danish as well as international supplementary training and continuing education.

**Environmental performance**

The Company has been working intensively with environment and work environment in connection with the achieved approvals according to ISO 14001 and 18001.

**Research and development activities**

In 2020 Densit ApS has been working on the development of a number of new products which may contribute to future growth. It is currently assessed whether the individual products can serve as the basis for patent applications.

#### **Foreign branches**

There are no foreign branches.

#### **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 2020

	Notes	2020 DKK'000	2019 DKK'000
<b>Gross profit/loss</b>		<b>51,370</b>	<b>29,076</b>
Distribution costs		(22,319)	(16,139)
Administrative expenses		(8,515)	(8,422)
<b>Operating profit/loss</b>		<b>20,536</b>	<b>4,515</b>
Income from investments in group enterprises		0	(57)
Other financial income		0	132
Other financial expenses	3	(395)	(135)
<b>Profit/loss before tax</b>		<b>20,141</b>	<b>4,455</b>
Tax on profit/loss for the year	4	(4,851)	(1,035)
<b>Profit/loss for the year</b>	5	<b>15,290</b>	<b>3,420</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Plant and machinery		1,278	1,743
Other fixtures and fittings, tools and equipment		528	1,074
Leasehold improvements		1,595	1,746
Property, plant and equipment in progress		4,125	1,835
<b>Property, plant and equipment</b>	<b>6</b>	<b>7,526</b>	<b>6,398</b>
Deposits		521	267
<b>Financial assets</b>	<b>7</b>	<b>521</b>	<b>267</b>
<b>Fixed assets</b>		<b>8,047</b>	<b>6,665</b>
Raw materials and consumables		2,409	2,164
Manufactured goods and goods for resale		14,159	1,052
<b>Inventories</b>		<b>16,568</b>	<b>3,216</b>
Trade receivables		9,890	6,247
Receivables from group enterprises	8	47,641	7,992
Deferred tax	9	352	831
Other receivables		2,200	1,067
Prepayments	10	505	641
<b>Receivables</b>		<b>60,588</b>	<b>16,778</b>
<b>Cash</b>		<b>6</b>	<b>87</b>
<b>Current assets</b>		<b>77,162</b>	<b>20,081</b>
<b>Assets</b>		<b>85,209</b>	<b>26,746</b>



## Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		4,000	4,000
Retained earnings		4,653	14,363
Proposed dividend		25,000	0
<b>Equity</b>		<b>33,653</b>	<b>18,363</b>
Other payables		1,777	600
<b>Non-current liabilities other than provisions</b>		<b>1,777</b>	<b>600</b>
Prepayments received from customers		35,970	504
Trade payables		4,958	2,564
Payables to group enterprises		76	132
Tax payable		991	306
Other payables		7,784	4,277
<b>Current liabilities other than provisions</b>		<b>49,779</b>	<b>7,783</b>
<b>Liabilities other than provisions</b>		<b>51,556</b>	<b>8,383</b>
<b>Equity and liabilities</b>		<b>85,209</b>	<b>26,746</b>
Events after the balance sheet date	1		
Staff costs	2		
Unrecognised rental and lease commitments	11		
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## Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	4,000	14,363	0	18,363
Profit/loss for the year	0	(9,710)	25,000	15,290
<b>Equity end of year</b>	<b>4,000</b>	<b>4,653</b>	<b>25,000</b>	<b>33,653</b>

# 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

	2020 DKK'000	2019 DKK'000
Wages and salaries	18,327	18,019
Pension costs	1,355	1,391
Other social security costs	407	492
Other staff costs	544	710
	<b>20,633</b>	<b>20,612</b>
Average number of full-time employees	<b>28</b>	<b>28</b>

## 3 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	9	0
Other financial expenses	386	135
	<b>395</b>	<b>135</b>

## 4 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	4,372	1,053
Change in deferred tax	479	(18)
	<b>4,851</b>	<b>1,035</b>

## 5 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	25,000	0
Retained earnings	(9,710)	3,420
	<b>15,290</b>	<b>3,420</b>

## 6 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	55,018	2,553	4,360	1,835
Additions	299	216	63	2,424
Disposals	(7,711)	(1,359)	(879)	(134)
<b>Cost end of year</b>	<b>47,606</b>	<b>1,410</b>	<b>3,544</b>	<b>4,125</b>
Depreciation and impairment losses beginning of year	(53,273)	(1,479)	(2,614)	0
Depreciation for the year	(767)	(762)	(214)	0
Reversal regarding disposals	7,712	1,359	879	0
<b>Depreciation and impairment losses end of year</b>	<b>(46,328)</b>	<b>(882)</b>	<b>(1,949)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,278</b>	<b>528</b>	<b>1,595</b>	<b>4,125</b>

## 7 Financial assets

	Deposits DKK'000
Cost beginning of year	266
Additions	255
<b>Cost end of year</b>	<b>521</b>
<b>Carrying amount end of year</b>	<b>521</b>

## 8 Receivables from group enterprises

The Company participates together with other Danish Group enterprises in a cash pool arrangement in which another company is liable as a sole contracting party towards the bank. Receivables and payables in relation to the cash pool arrangement are recognised as intercompany receivables and payables, respectively. At 31 December 2020, the item receivables from group enterprises includes an amount of DKK 39m.

## 9 Deferred tax

	2020 DKK'000	2019 DKK'000
<b>Changes during the year</b>		
Beginning of year	831	813
Recognised in the income statement	(5,409)	18
<b>End of year</b>	<b>(4,578)</b>	<b>831</b>

Deferred tax asset is recognized under the presumption that the difference between the booked and fiscal value will be realized and deducted in expected positive taxable income in the future.

## 10 Prepayments

Prepayment consist of prepaid costs.

## 11 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Liabilities under rental or lease agreements until maturity in total	7,158	3,061

## 12 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.

## 13 Assets charged and collateral

Densit ApS has through its bank issued performance guarantees which amounts to a total of DKK 13,909k

## 14 Related parties with controlling interest

ITW Denmark ApS, Priorsvej 36 Silkeborg, wholly owns the shares of the Entity and thus has control over the Entity.

Illinois Tool Works Inc., Chicago, USA, Ultimate Parent

## 15 Non-arm's length related party transactions

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.

## 16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Illinois Tool Works Inc., 155 Harlem Avenue, Glenview, IL 60025, Chigago, 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.

## 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 classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as 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**

#### **Gross profit or loss**

Gross profit or loss comprises revenue and production costs.

#### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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).

#### **Production costs**

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

#### **Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

#### **Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

#### **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 intra-group profits or losses.

#### **Other financial income**

Other financial income comprises changes of exchange rates.

#### **Other financial expenses**

Other financial expenses comprise bank fees and changes of exchange rates.

**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 its Parent and the Parent's 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****Property, plant and equipment**

Plant and machinery as well as other fixtures and fittings, tools and equipment 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. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5-10 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. The estimated residual value of tangible assets compromise DKK 0

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets 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 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.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**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**

According to section 86(4) of the Danish Financial statements Act, the Company has omitted to prepare a cash flow statement as the Company is included in the cash flow statement of the Group.