

## **ITW GSE ApS**

Smedebakken 31-33  
5270 Odense N  
CVR No. 74218814

### **Annual report 2021**

The Annual General Meeting adopted the  
annual report on 08.03.2022



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**Birgit Andersen**

Chairman of the annual General Meeting

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# Entity details

## Entity

ITW GSE ApS

Smedebakken 31-33

5270 Odense N

Business Registration No.: 74218814

Registered office: Odense

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Birgit Andersen, Chairman

Henrik Olsson

Lars Storm

Rasmus Bøgh Jørgensen

Manoela Pereira Fry

## Executive Board

Henrik Olsson, 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 GSE ApS for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 08.03.2022

## Executive Board



**Henrik Olsson**  
Chief Executive Officer

## Board of Directors



**Birgit Andersen**  
Chairman



**Lars Storm**



**Henrik Olsson**



**Rasmus Bøgh Jørgensen**



**Manoela Pereira Fry**

# Independent auditor's report

## To the shareholder of ITW GSE ApS

### Opinion

We have audited the financial statements of ITW GSE ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 08.03.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556



**Henrik Vedel**

State Authorised Public Accountant  
Identification No (MNE) mne10052



**Mikael Møller**

State Authorised Public Accountant  
Identification No (MNE) mne47835

# Management commentary

## Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	374,518	304,598	480,657	434,139	414,689
Gross profit/loss	118,612	92,160	150,412	133,393	126,356
Operating profit/loss	67,015	41,965	90,592	75,652	77,798
Net financials	(334)	(1,141)	(305)	(74)	(2,340)
Profit/loss for the year	52,965	32,330	69,823	58,794	58,637
Total assets	201,648	171,915	188,543	205,772	216,996
Investments in property, plant and equipment	138	75	140	246	1,001
Equity	156,758	138,793	151,463	171,640	162,846
<b>Ratios</b>					
Gross margin (%)	31.67	30.26	31.29	30.73	30.47
EBIT margin (%)	17.89	13.78	18.85	17.43	18.76
Return on equity (%)	35.84	22.28	43.22	35.15	15.91
Equity ratio (%)	77.74	80.73	80.33	83.41	75.05

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

### Gross margin (%):

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

Revenue

### EBIT margin (%):

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

Revenue

### Return on equity (%):

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

Average equity

### Equity ratio (%):

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

Total assets



**Primary activities**

The Company's primary activities consisted of production and sale of electro-mechanical products to Denmark and as well as other countries.

**Development in activities and finances**

The year has, as expected, been marked by a gradual return to normalcy following the Covid pandemic. This has led to increasing activity and an improved result at a level that management considers satisfactory

**Profit/loss for the year in relation to expected developments**

Management considers profit/loss for the year satisfactory in view of the special circumstances.

**Outlook**

Management expects for 2022 a stable level of activity and a operating profit between 60 and 65 mio. DKK

**Knowledge resources**

ITW GSE's vision is to be regarded, on all markets, as a reliable and professional supplier of optimised GPU and PCA equipment with a unique design, which ensures 100% customer satisfaction in all applications.

ITW GSE's vision is to be regarded on our domestic market, the European market, as a market leader within supply of Ground Support Equipment (GSE).

ITW GSE will supply the most environmentally friendly, most reliable and most costefficient GSE systems available to the aviation industry.

To live up to the above visions, it is necessary to retain employees with high educational skills within effect electronics and to strengthen the Company's marketing resources.

**Foreign branches**

The Company has a branch office in Dubai and a Sales Office in Singapore.

**Statutory report on corporate social responsibility**

ITW GSE wants to do business in a responsible and sustainable way. The CSR policy is based on the areas that the Danish Financial Statements Act prescribes in relation to the Company's statutory report on corporate social responsibility. The CSR policy sets a common standard and guideline for employees in their daily work within the most relevant business areas: Social Responsibility, Business Ethics, Work Environment and Human Rights.

ITW GSE is part of the Illinois Tool Work Inc.  
The policy can be read in full length at [www.itw-csr.com](http://www.itw-csr.com).

**Corporate social responsibility**

ITW GSE's primary activities is as described on page 3, production and sale of electro-mechanical products to Denmark and as well as other countries.

The business model is comprised of three elements, 80/20 business processes, customer-focused innovation as well as a decentralized entrepreneurial culture. The three tools help us keep focus on our core processes. When using these three elements on our CSR, our 80/20 allows us to focus on areas where we have the most impact. It is our clear objective to develop products that solve our customers' problems with focus on sustainable and environmentally friendly solutions.

Our decentralized entrepreneurial culture is driven with the purpose of maximizing the positive influence on humans and environment and the local community of which we are a part.

**Social conditions and employee relations**

ITW GSE strives to comply with laws and regulations concerning employee safety and health and often surpass the rules to ensure 'Living well at ITW'. 'Living well' means a life with a work-life balance.

**A more physically active day**

ITW GSE offers their employees the opportunity to go exercising for 30 minutes during working hours and thus meets the Danish Health Authority's recommendations.

ITW GSE would like to take good care of its employees. Therefore, we have bicycle helmets for all company bikes. The bicycle helmets are placed on a bicycle shelf for all ITW GSE's company bikes, so they are ready when employees need a bike.

Moreover, ITW GSE lends sea kayaks and the necessary equipment to its employees.

It is our assessment that also in 2022, we will continue to maintain a high level in this area.

**Talent development and diversity**

It is ITW GSE's objective to attract and retain talents and to ensure that the labor force, as a rule, reflects society in terms of gender, race and religion. We have observed, however, that the educations and competencies required by our products and industry are educations that primarily appeal to men. Therefore, the number of men versus women at ITW GSE differs significantly from the societal distribution. ITW GSE has focus on diversity, and whenever new employees are hired, we consider whether we can improve the present gender composition as we believe that an equal gender distribution will have a positive impact on our work environment.

**Top management**

ITW GSE has set a target of a minimum of 30% female board members, excluding the board members elected by the employees. Today, the Board of Directors consists of 1 man and 2 women, and the share of women is thus 67%, and the target has been met.

**Other management positions**

The Company's present management consists of 8 men and 1 woman, and female representation thus amounts to 11%. It is the Company's target over time that women should account for at least 30% of management positions.

In 2021, we have focused on supporting gender equality and diversity in the labor market through the Company's employee composition.

For future recruitments, we will ensure that among the last candidates, both women and men are represented. We will ensure equal treatment of all employees without the distinction of gender, age, ethnicity, religion, disability and sexual orientation.

*Risk*

ITW GSE assesses that the primary risks related to social responsibility are that the employees act in violation of the Company's values and policies in the area. This is prevented for example through communication of the Group's values in internal communication and training activities for employees.

**Anti-corruption and bribery**

ITW GSE strives to demonstrate ethical behavior and always appear fair and honest when doing business and always within the framework of the law, in whichever country business is performed. This is set out in ITW's Principles of Conduct which includes the group policies. The ITW Group organizes a learning session for their employees on morality and ethics every year, and also in 2021. On this background, executives as well as employees of ITW GSE have a strong basis for meeting the Group's ethical guidelines.

We have not found any violations regarding anti-corruption and bribery in 2021.

Also in this area is ITW GSE continually updating its guidelines to match the development, and ITW GSE will therefore always meet the latest international provisions in this area.

**Supply chain**

ITW GSE ApS' quality system is certified according to the ISO 9001:2015 standard. ITW examines its supply chain and enters into agreements with suppliers who ensure that their employees have a good and safe work environment.

Furthermore, ITW GSE meets the Dodd-Frank Act.

*Risk*

ITW GSE assesses the primary risks related to any use of suppliers that do not comply with national and internationally recognized standards and legislation. ITW has prepared a formal Principles of Conduct, which contains the Group's policy in this area.

**Environment and sustainability**

ITW GSE is working in the daily production as well as through product development to improve our products with a view to improving environmental and climate sustainability.

Each day, the aviation industry is met with increasing requirements to become cleaner and greener. True to our culture, ITW GSE naturally takes on the responsibility by developing and supplying cleaner, more reliable and more cost-efficient systems which meet our customers' needs. Therefore, we have developed the ITW GSE 7400, a battery-driven power supply (GPU), which has resulted in a very low emission of harmful pollutants, but also considerable environmental savings compared to conventional diesel-driven power supplies.

The production of ITW GSE 7400 has been successfully launched. The ITW GSE 7400 GPU is definitely a step towards a cleaner and greener future.

In the last year the company has launched two more ITW GSE 7400 GPU products both for the very large wide body aircraft as well as for smaller regional aircraft.

That way the Company today have a full Ground Power Supply product family of the ITW GSE products covering the Ground Power Supply needs of all commercial aircraft.

ITW GSE 7400 reduces CO<sub>2</sub>, NO<sub>x</sub>, has zero noise, and decreases electrical infrastructure reliance.

Replacing just one diesel GPU with one battery driven GPU would correspond to emission savings of approx. 190,000 lbs. of CO<sub>2</sub>, which again corresponds to 80 households or 50 cars or 100 acres of forest.

In the coming years, ITW GSE's product development will also focus on the development of products aimed at reducing fossil fuels and a general reduction of the environmental impact.

**Risk**

ITW GSE believes that the primary risks related to the environment and climate relate to the Company's energy consumption and use of materials. ITW GSE focuses on energy optimization initiatives and choice of materials and follows up on focus area. At the same time, the Company's vision is to supply the most environmentally friendly, reliable and cost-efficient GSE systems available to the aviation industry.

**Socially responsible investments**

ITW GSE recognizes the UN Global Compact and the UN's six principles of responsible investment. The purpose of ITW GSE's investments is to ensure the highest possible return in the long term, taking into account the risk and a number of environmental, social and management issues.

**Human rights**

ITW GSE ApS recognizes the United Nation's (UN) convention on human rights and the abolition of child labor.

**Risk**

ITW GSE does not believe that the Company has significant risks in relation to human rights violations. At present, the Company has no separate written policy in the area, but respect for human rights is an integrated part of the policies as described above, including ethics and supply chain. The Company operates in Denmark and follows the Danish law in this area. No infringements have been detected in this area.

**Statutory report on data ethics policy**

As the Company, apart from personal data for its own employees, does not process or store personal data, no actual data ethics policy has been drawn up. The Company has implemented guidelines to ensure that its

employees are at any time familiar with and comply with all legislative provisions in relation to GDPR.

**Events after the balance sheet date**

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

# Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue	2	374,517,535	304,598,479
Other operating income	3	0	814,648
Cost of sales		(194,229,592)	(164,216,608)
Other external expenses	4	(61,675,586)	(49,036,290)
<b>Gross profit/loss</b>		<b>118,612,357</b>	<b>92,160,229</b>
Staff costs	5	(50,788,676)	(49,384,112)
Depreciation, amortisation and impairment losses	6	(808,397)	(810,886)
<b>Operating profit/loss</b>		<b>67,015,284</b>	<b>41,965,231</b>
Other financial income		164,736	0
Other financial expenses		(499,025)	(1,141,060)
<b>Profit/loss before tax</b>		<b>66,680,995</b>	<b>40,824,171</b>
Tax on profit/loss for the year	7	(13,715,781)	(8,494,611)
<b>Profit/loss for the year</b>	8	<b>52,965,214</b>	<b>32,329,560</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Land and buildings		1,875,410	2,194,456
Other fixtures and fittings, tools and equipment		316,534	332,622
<b>Property, plant and equipment</b>	9	<b>2,191,944</b>	<b>2,527,078</b>
Deferred tax	11	3,165,973	1,979,293
<b>Financial assets</b>	10	<b>3,165,973</b>	<b>1,979,293</b>
<b>Fixed assets</b>		<b>5,357,917</b>	<b>4,506,371</b>
Raw materials and consumables		16,087,895	14,520,437
Work in progress		466,642	579,631
Manufactured goods and goods for resale		21,527,199	24,723,353
<b>Inventories</b>		<b>38,081,736</b>	<b>39,823,421</b>
Trade receivables		82,055,963	83,575,977
Receivables from group enterprises	12	69,269,688	39,877,172
Other receivables		2,821,082	2,483,726
Tax receivable		2,601,393	0
Prepayments	13	1,460,692	1,648,658
<b>Receivables</b>		<b>158,208,818</b>	<b>127,585,533</b>
<b>Current assets</b>		<b>196,290,554</b>	<b>167,408,954</b>
<b>Assets</b>		<b>201,648,471</b>	<b>171,915,325</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital	14	8,000,000	8,000,000
Retained earnings		103,757,960	95,792,746
Proposed dividend		45,000,000	35,000,000
<b>Equity</b>		<b>156,757,960</b>	<b>138,792,746</b>
Other provisions	15	1,181,201	949,322
<b>Provisions</b>		<b>1,181,201</b>	<b>949,322</b>
Prepayments received from customers		1,740,347	0
Trade payables		21,343,404	16,381,285
Payables to group enterprises		3,465,216	219,430
Tax payable		0	1,985,636
Other payables		13,547,544	12,861,701
Deferred income	16	3,612,799	725,205
<b>Current liabilities other than provisions</b>		<b>43,709,310</b>	<b>32,173,257</b>
<b>Liabilities other than provisions</b>		<b>43,709,310</b>	<b>32,173,257</b>
<b>Equity and liabilities</b>		<b>201,648,471</b>	<b>171,915,325</b>
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		
Non-arm's length related party transactions	21		
Group relations	22		



# Statement of changes in equity for 2021

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	8,000,000	95,792,746	35,000,000	138,792,746
Ordinary dividend paid	0	0	(35,000,000)	(35,000,000)
Profit/loss for the year	0	7,965,214	45,000,000	52,965,214
<b>Equity end of year</b>	<b>8,000,000</b>	<b>103,757,960</b>	<b>45,000,000</b>	<b>156,757,960</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 Revenue

	2021 DKK	2020 DKK
Europe	101,458,673	103,742,459
Middle East and Africa	132,239,382	68,501,518
Asia	81,230,424	82,974,529
North and South America	59,589,056	49,379,973
<b>Total revenue by geographical market</b>	<b>374,517,535</b>	<b>304,598,479</b>
Line-powered	323,566,160	247,326,690
Engine-driven	9,294,576	16,152,064
Spare parts	41,656,799	41,119,725
<b>Total revenue by activity</b>	<b>374,517,535</b>	<b>304,598,479</b>

## 3 Other operating income

Other operating income consists of compensation for fixed costs.

## 4 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK	2020 DKK
Statutory audit services	183,000	166,000
	<b>183,000</b>	<b>166,000</b>

## 5 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	46,756,458	45,306,427
Pension costs	3,369,702	3,478,541
Other social security costs	662,516	599,144
	<b>50,788,676</b>	<b>49,384,112</b>

Average number of full-time employees	<b>66</b>	<b>75</b>
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## Special incentive programmes

The company's Executive Board participates in ITW's central incentive programme.

In pursuance of section 98B (3) of the Danish Financial Statements Act, remuneration to the Board of Directors

and Executive Board is not divided.

This note includes expenses for temps and temporary assistane, but is not reflected in the number of employees.

#### 6 Depreciation, amortisation and impairment losses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	992,326	817,739
Profit/loss from sale of intangible assets and property, plant and equipment	(183,929)	(6,853)
	<b>808,397</b>	<b>810,886</b>

#### 7 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	14,668,607	8,985,636
Change in deferred tax	(1,186,680)	(491,025)
Adjustment concerning previous years	233,854	0
	<b>13,715,781</b>	<b>8,494,611</b>

#### 8 Proposed distribution of profit and loss

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	45,000,000	35,000,000
Retained earnings	7,965,214	(2,670,440)
	<b>52,965,214</b>	<b>32,329,560</b>

## 9 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	15,101,507	5,186,567
Additions	0	138,220
Disposals	0	(664,000)
<b>Cost end of year</b>	<b>15,101,507</b>	<b>4,660,787</b>
Revaluations beginning of year	504,631	0
<b>Revaluations end of year</b>	<b>504,631</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(13,411,681)	(4,853,944)
Reversal of impairment losses	0	642,889
Depreciation for the year	(319,047)	(133,197)
<b>Depreciation and impairment losses end of year</b>	<b>(13,730,728)</b>	<b>(4,344,252)</b>
<b>Carrying amount end of year</b>	<b>1,875,410</b>	<b>316,535</b>

## 10 Financial assets

	Deferred tax DKK
Cost beginning of year	1,979,293
Additions	1,186,680
<b>Cost end of year</b>	<b>3,165,973</b>
<b>Carrying amount end of year</b>	<b>3,165,973</b>

## 11 Deferred tax

	2021 DKK	2020 DKK
Financial assets	3,165,973	1,979,293
<b>Deferred tax</b>	<b>3,165,973</b>	<b>1,979,293</b>

<b>Changes during the year</b>	<b>2021 DKK</b>
Beginning of year	1,979,293
Recognised in the income statement	1,186,680
<b>End of year</b>	<b>3,165,973</b>

The deferred tax asset related to temporary differences between the carrying amount and tax-based value of fixed assets and inventories.

### 12 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 2021, the item receivables from group enterprises includes an amount of DKK 63m.

### 13 Prepayments

Prepayments consist of prepaid rent, insurance, and other cost.

### 14 Share capital

The share capital consists of 5.000 shares at DKK 1,000 and 50 shares at DKK 60.000.

The shares have not been divided into classes.

### 15 Other provisions

Other provision primarily comprise provision for claims.

### 16 Deferred income

Deferred income consists of accrued revenue.

### 17 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	<b>1,234,385</b>	<b>1,029,643</b>

### 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.

### 19 Assets charged and collateral

The company has provided guarantees of DKK 1,181,201m for tender work, work in progress and work performed.

### 20 Related parties with controlling interest

The following related parties have a controlling interest in ITW GSE ApS

ITW Denmark ApS, Silkeborg, Denmark, Principal shareholder.

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

### 21 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.

### 22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Illinois Tool Works Inc., Chicago, USA

The foreign consolidated accounts can be obtained by contacting Illinois Tools Works Inc.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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.

## Income statement

### 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### 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**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment of changes in inventories of these goods from the beginning to the end of the year. This item may include wastage and ordinary write-downs of the relevant inventories.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, 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 comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of plant and equipment.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme 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 Company is jointly taxed with all Danish group companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

**Balance sheet****Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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:

Buildings	33 years
Other fixtures and fittings, tools and equipment	5-10 years
Cars	5-10 years
Computer equipment	1-3 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.

### **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.

### **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.

### **Tax payable or receivable**

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

### **Prepayments**

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

### **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 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.

**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.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**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.