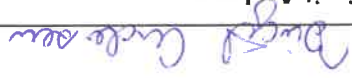


Smedebakken 31-33
5270 Odense N
CVR No. 74218814

ITW GSE Aps

Annual report 2022

The Annual General Meeting adopted the
annual report on 08.03.2023



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: 01.01.2022 - 31.12.2022

Board of Directors

Birgit Andersen, Chairman

Henrik Olsson

Manoela Pereira Fry

Lars Storm

Rasmus Bøgh Jørgensen

Executive Board

Henrik Olsson, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmeistergade 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 01.01.2022 - 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.

Odense, 08.03.2023

Executive Board



Henrik Olsson

Chief Executive Officer

Board of Directors



Birgit Andersen

Chairman

Manoela Pereira Fry

Rasmus Bøgh Jørgensen



Lars Storm



Henrik Olsson



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 01.01.2022 - 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 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, 08.03.2023

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	2021	2020	2019	2018
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures						
Revenue		410,975	374,518	304,598	480,657	434,139
Gross profit/loss		112,496	118,072	92,122	150,412	133,393
Operating profit/loss		53,304	67,015	41,965	90,592	75,652
Net financials		(811)	(334)	(1,141)	(305)	(74)
Profit/loss for the year		40,384	52,965	32,330	69,823	58,794
Total assets		192,537	201,648	171,915	188,543	205,772
Investments in property, plant and equipment		465	138	75	140	246
Equity		152,142	156,758	138,793	151,463	171,640
Ratios						
Gross margin (%)		27.37	31.53	30.24	31.29	30.73
EBIT margin (%)		12.97	17.89	13.78	18.85	17.43
Return on equity (%)		26.15	35.84	22.28	43.22	35.15
Equity ratio (%)		79.02	77.74	80.73	80.33	83.41
Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.						
Gross margin (%):	$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$					
EBIT margin (%):	$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$					
Return on equity (%):	$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$					
Equity ratio (%):	$\frac{\text{Equity}}{\text{Total assets}} * 100$					

Primary activities

The Company's primary activities consisted of production and sale of electro-mechanical products world-wide.

Development in activities and finances

The year has been marked by challenges in the supply chain and increasing inflation. This has affected the year's result in a negative direction. Under the given conditions, management considers the year's result to be satisfactory.

The revenue overall order intake was in line with expectation for the year, especially the company experienced increased interest in the product range for battery driven ground power units. Financial performance was challenged by sourcing shortages and unprecedented long lead time from the supply chain. This impacted the result of the year, however, under the given conditions, the management considers the year's result to be satisfactory.

Particular risks*Business risks*

The Company's products are primarily sold to the aviation industry where market proxies such as global passenger traffic and cargo airfreight are impacting the global demand. Domestic travel has almost fully recovered but international travel is still lagging to reach full pre-covid levels.

Financial exposure

There are no significant financial risks, despite sales on credit terms to customers.

Intellectual capital resources

ITW GSE's vision is to develop, produce and deliver green, reliable and cost efficient ground support equipment, especially 400Hz and 28VDC Ground Power units and Preconditioned air systems to the global Aviation industry. To deliver on the vision the company is holding a wide range of high level educated employees in Research & Development, Project Management, Sales & Marketing. In addition, the company is holding a number of relevant patents.

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 2023 a stable level of activity and a result at roughly the same level as in 2022.

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 cost efficient 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.

Corporate social responsibility

ITW GSE's primary activities is as described on page 8, production and sale of electro-mechanical products to the global aviation industry.

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.

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.

Gender representation in the 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.

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 2022, we have continued focusing on supporting gender equality and diversity in the labor market through the Company's employee composition and management composition.

For future recruitments for all levels, 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 Groups' values in internal communication and training activities for employees.

Anti-corruption and bribery

ITW's Anti-Corruption Policy has been adopted to supplement the ITW Principles of Conduct by further emphasizing the importance of complying with the FCPA, the OECD Convention, the UK Bribery Act and the anti-corruption laws of all countries in which ITW Companies operate.

In general, bribery means offering, giving or receiving anything of value to directly or indirectly influence the behavior of someone in government or business so as to obtain or retain business, or to secure an improper advantage.

In accordance with the policies in the ITW-group, 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. The ITW Group organizes a learning session for their employees on morality and ethics every year, and also in 2022. 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 2022.

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.

In 2023, the annual sessions for employees on morality and ethics will be held and/or ITW's Principles of Conduct on anti-corruption will be benchmarked against the latest provisions in the area, and updated if necessary.

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 certified according to ISO 14001 and have through this standard implemented additional focus on developing and manufacture of environmentally friendly ground support equipment.

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

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 CO₂, NO_x, 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 CO₂, which again corresponds to 80 households or 50 cars or 100 acres of forest.

In 2022, there has been significant revenue growth on these units, which confirms the market's high demand for environmentally friendly solutions

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 Nations (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 company, 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.

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

	2022	2021
	DKK	DKK
Revenue	410,974,723	374,517,535
Cost of sales	(238,207,979)	(194,229,592)
Other external expenses	(60,270,659)	(62,215,669)
Gross profit/loss	112,496,085	118,072,274
Staff costs	(58,956,681)	(50,788,676)
Depreciation, amortisation and impairment losses	(234,941)	(268,314)
Operating profit/loss	53,304,463	67,015,284
Other financial income	65,021	164,736
Other financial expenses	(876,388)	(499,025)
Profit/loss before tax	52,493,096	66,680,995
Tax on profit/loss for the year	(12,109,226)	(13,715,781)
Profit/loss for the year	40,383,870	52,965,214

Notes

Balance sheet at 31.12.2022

Assets		2022	2021
		DKK	DKK
	Notes		
Land and buildings		1,579,899	1,875,411
Other fixtures and fittings, tools and equipment		475,453	316,534
Property, plant and equipment	8	2,055,352	2,191,945
Deferred tax	10	1,826,236	3,165,973
Financial assets	9	1,826,236	3,165,973
Fixed assets		3,881,588	5,357,918
Raw materials and consumables		31,009,513	16,087,895
Work in progress		472,564	466,642
Manufactured goods and goods for resale		19,354,170	21,527,199
Inventories		50,836,247	38,081,736
Trade receivables		103,277,253	82,055,963
Receivables from group enterprises	11	23,834,499	69,269,688
Other receivables		2,551,748	2,821,082
Tax receivable		2,425,083	2,601,393
Prepayments	12	5,731,002	1,460,692
Receivables		137,819,585	158,208,818
Current assets		188,655,832	196,290,554
Assets		192,537,420	201,648,472

Equity and liabilities		2022	2021
	Notes	DKK	DKK
Equity		152,141,830	156,757,960
Contributed capital	13	8,000,000	8,000,000
Retained earnings		124,141,830	103,757,960
Proposed dividend		20,000,000	45,000,000
Liabilities		1,460,441	1,181,201
Provisions		1,460,441	1,181,201
Other provisions	14	1,460,441	1,181,201
Current liabilities other than provisions		38,935,149	43,709,311
Prepayments received from customers		6,237,421	1,740,347
Trade payables		19,957,824	21,343,404
Payables to group enterprises		2,136,019	3,465,216
Other payables		8,696,153	13,547,545
Deferred income	15	1,907,732	3,612,799
Liabilities other than provisions		38,935,149	43,709,311
Equity and liabilities		192,537,420	201,648,472
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Non-arm's length related party transactions	20		
Group relations	21		

Statement of changes in equity for 2022

	Contributed capital	Retained earnings	Proposed dividend	Total
	DKK	DKK	DKK	DKK
Equity beginning of year	8,000,000	103,757,960	45,000,000	156,757,960
Ordinary dividend paid	0	0	(45,000,000)	(45,000,000)
Profit/loss for the year	0	20,383,870	20,000,000	40,383,870
Equity end of year	8,000,000	124,141,830	20,000,000	152,141,830

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

	2022	2021
Europe	168,982,671	101,458,673
Middle East and Africa	71,095,426	132,239,382
Asia	60,132,716	81,230,424
North and South America	110,763,910	59,589,056
Total revenue by geographical market	410,974,723	374,517,535
Line-powered	337,598,650	323,566,160
Engine-driven	10,489,287	9,294,576
Spare parts	62,886,786	41,656,799
Total revenue by activity	410,974,723	374,517,535

3 Fees to the auditor appointed by the Annual General Meeting

	2022	2021
Statutory audit services	186,000	183,000
	DKK	DKK
	186,000	183,000

4 Staff costs

	2022	2021
Wages and salaries	54,587,128	46,756,458
Pension costs	3,702,540	3,369,702
Other social security costs	667,013	662,516
	DKK	DKK
	58,956,681	50,788,676
Average number of full-time employees	71	66

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 assistance, but is not reflected in the number of employees.

5 Depreciation, amortisation and impairment losses	
2022	DKK
496,941	Depreciation of property, plant and equipment
(183,929)	Profit/loss from sale of intangible assets and property, plant and equipment
2021	DKK
452,243	
268,314	
6 Tax on profit/loss for the year	
2022	DKK
10,769,489	Current tax
(1,186,680)	Change in deferred tax
233,854	Adjustment concerning previous years
2021	DKK
45,000,000	Ordinary dividend for the financial year
20,383,870	Retained earnings
7,965,214	
52,965,214	
7 Proposed distribution of profit and loss	
2022	DKK
20,000,000	Ordinary dividend for the financial year
20,383,870	Retained earnings
7,965,214	
40,383,870	
52,965,214	
8 Property, plant and equipment	
Other fixtures, and fittings, tools and equipment	DKK
2022	DKK
15,101,507	Cost beginning of year
4,660,787	Additions
0	Disposals
15,101,507	Cost end of year
Land and buildings	DKK
2022	DKK
504,631	Revaluations beginning of year
504,631	Revaluations end of year
(4,344,252)	Depreciation and impairment losses beginning of year
0	Reversal of impairment losses
851,980	Depreciation for the year
(201,431)	Depreciation and impairment losses end of year
1,579,899	Carrying amount end of year
2021	DKK
4,169,156	Cost beginning of year
465,069	Additions
(956,700)	Disposals
4,169,156	Cost end of year
Land and buildings	DKK
2022	DKK
504,631	Revaluations beginning of year
504,631	Revaluations end of year
(13,730,728)	Depreciation and impairment losses beginning of year
0	Reversal of impairment losses
851,980	Depreciation for the year
(14,026,239)	Depreciation and impairment losses end of year
1,579,899	Carrying amount end of year
2021	DKK
4,344,252	Cost beginning of year
465,069	Additions
(956,700)	Disposals
4,344,252	Cost end of year
Land and buildings	DKK
2022	DKK
504,631	Revaluations beginning of year
504,631	Revaluations end of year
(4,344,252)	Depreciation and impairment losses beginning of year
0	Reversal of impairment losses
851,980	Depreciation for the year
(201,431)	Depreciation and impairment losses end of year
1,579,899	Carrying amount end of year

9 Financial assets

Deferred tax	
DKK	
Cost beginning of year	3,165,973
Disposals	(1,339,737)
Cost end of year	1,826,236
Carrying amount end of year	1,826,236

10 Deferred tax

Deferred tax	
DKK	
2022	1,826,236
2021	3,165,973
Financial assets	1,826,236
Deferred tax	3,165,973

Changes during the year	
DKK	
2022	1,826,236
2021	3,165,973
Beginning of year	3,165,973
Recognised in the income statement	(1,339,737)
End of year	1,826,236

Deferred tax assets

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

11 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 2022, the item receivables from group enterprises includes an amount of DKK 21 m.

12 Prepayments

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

13 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.

14 Other provisions

Other provision primarily comprise provision for claims.

15 Deferred income

Deferred income consists of accrued revenue.

16 Unrecognised rental and lease commitments

	2022	2021
DKK	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	3,033,280	1,234,385

17 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.

18 Assets charged and collateral

The company has provided guarantees of DKK 1,460,441 for tender work, work in progress and work performed.

19 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

20 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.

21 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.

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 write-downs 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, sub-suppliers 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:

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

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 write-downs 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.