

ITW GSE ApS

Smedebakken 31-33
5270 Odense N
CVR No. 74218814

Annual report 2024

The Annual General Meeting adopted the
annual report on 12.03.2025



Poul Laursen Elvstrøm
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: 01.01.2024 - 31.12.2024

Board of Directors

Manoela Pereira Fry, Chair
Poul Laursen Elvstrøm
Monique Martins
Lars Storm
Rasmus Bøgh Jørgensen

Executive Board

Poul Laursen Elvstrøm, 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 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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.

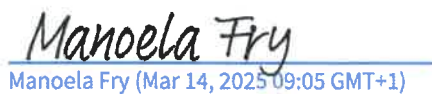
Odense, 12.03.2025

Executive Board



Poul Laursen Elvstrøm
Chief Executive Officer

Board of Directors


Manoela Fry (Mar 14, 2025 09:05 GMT+1)

Manoela Pereira Fry
Chair


Monique Martins
Kasmus Bøgh Jørgensen
Poul Laursen Elvstrøm
Lars Storm

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 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

Aarhus, 12.03.2025

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

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	678,344	506,018	410,975	374,518	304,598
Gross profit/loss	250,175	145,709	112,758	118,256	92,129
Operating profit/loss	171,773	78,091	53,304	67,015	41,965
Net financials	919	522	(811)	(334)	(1,141)
Profit/loss for the year	133,533	61,400	40,384	52,965	32,330
Total assets	376,117	250,868	192,537	201,648	171,915
Investments in property, plant and equipment	12,920	1,371	465	138	75
Equity	272,074	193,541	152,142	156,758	138,793
Ratios					
Gross margin (%)	36.88	28.80	27.44	31.58	30.25
EBIT margin (%)	25.32	15.43	12.97	17.89	13.78
Return on equity (%)	57.36	35.52	26.15	35.84	22.28
Equity ratio (%)	72.34	77.15	79.02	77.74	80.73

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

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's primary activities consist of developing, manufacturing and selling electro-mechanical products to the global aviation industry

Development in activities and finances

Global Aviation has generally developed positively, and the company has managed to adjust its capacity to meet the market demand. In addition, the company has launched new products which further has contributed to growth in both turnover and result.

There is a continued increased focus on sustainability among the aviation industry a development which the company's product portfolio supports.

The management considers the overall performance for the year to be very 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. Apart from Asia-Pacific, where travel activity has not yet returned to the pre-covid level, activity in the company's main markets has fully recovered.

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 clean, reliable and cost-efficient ground support equipment, especially 400Hz and 28VDC Ground Power units as well as pre-conditioned air systems to the global Aviation industry.

To deliver on the vision the company holds a wide range of high level educated employees in Research & Development, Project Management, Sales & Marketing. In addition, the company holds a number of relevant patents.

Profit/loss for the year in relation to expected developments

Management considers profit/loss for the year very satisfactory and above outlook from last year's annual report.

Outlook

A stable market situation is expected in 2025, and a result is expected at the same level as in 2024.

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.com/sustainability/our-people

Corporate social responsibility

ITW GSE's primary activities are 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 Business model helps us stay focused on our core customers, products and 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.

The most significant risk in working with electrical components is the risk of getting an electric shock in connection with the production and testing of the company's products. Through training and updating the knowledge of employees about these risks, focus is ensured on countering these risks. Compliance with the company's guidelines is monitored very closely, and any accidents and near accidents are recorded and followed up.

There have been no accidents in the financial year, and this is also the target for 2025.

A more physically active day

ITW GSE offers their employees the opportunity to go exercising for 30 minutes daily 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 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.

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 directly or indirectly to influence the behavior of someone in government or business 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 2024. 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 2024, and we expect the same for 2025.

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.

Training on anti-bribery and corruption is included within ITW education portal, which also includes modules on areas such as compliance with laws, regulations and professional standards and the Global Code of Conduct. The training is required to be completed by client-facing personnel annually, with new hires completing such training within three months of joining a ITW. In addition, certain non-client facing personnel who work in finance, procurement, or the sales and marketing departments are also required to participate in anti-bribery training tailored to these groups.

In 2024, 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. The company's product range in general and the ITW GSE 7400 battery-powered ground power in particular support these needs. The 7400 results in a very low emission of harmful pollutants, but also considerable environmental savings compared to conventional diesel-driven power supplies.

The significant revenue growth on these units continued in 2024, 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.

Also in the company's production and operations in general, a number of activities have been carried out in 2024 that significantly reduce the company's resource consumption. Further resource saving activities will be initiated in the coming years.

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 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.

We refer to the following link in terms of human rights: [Human-Rights-Policy.pdf \(q4cdn.com\)](#)

Statutory report on data ethics policy

The Company have updated all Employee and Data Privacy policies to reflect the GDPR Regulations introduced in 2018. We have mapped each year as a Division what personal data we are holding on employees, customers, suppliers and other ITW Divisions. We have given training to our employees on what GDPR means to their day to day work and also on what action to take if there is a personal data breach. The Company is part of a Division which has a Data Protection Officer and a GDPR Steering Committee which meets quarterly. The Company does not use Data besides the GDPR regulations which means for example no use of AI in the Company. No actual data ethics policy has therefore been drawn up.

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 2024

	Notes	2024 DKK	2023 DKK
Revenue	2	678,343,665	506,018,297
Other operating income	3	374,786	1,361,943
Cost of sales		(312,226,193)	(291,926,091)
Other external expenses	4	(116,317,572)	(69,745,035)
Gross profit/loss		250,174,686	145,709,114
Staff costs	5	(77,845,689)	(67,160,453)
Depreciation, amortisation and impairment losses	6	(556,374)	(457,815)
Operating profit/loss		171,772,623	78,090,846
Other financial income	7	2,281,507	1,680,775
Other financial expenses	8	(1,362,561)	(1,158,354)
Profit/loss before tax		172,691,569	78,613,267
Tax on profit/loss for the year	9	(39,159,008)	(17,213,714)
Profit/loss for the year	10	133,532,561	61,399,553

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Land and buildings		2,536,719	1,391,458
Other fixtures and fittings, tools and equipment		586,636	352,295
Property, plant and equipment in progress		10,312,178	1,224,405
Property, plant and equipment	11	13,435,533	2,968,158
Deferred tax	12	2,429,384	3,041,112
Financial assets		2,429,384	3,041,112
Fixed assets		15,864,917	6,009,270
Raw materials and consumables		32,232,783	48,629,247
Work in progress		0	270,407
Manufactured goods and goods for resale		46,913,539	44,345,810
Prepayments for goods		1,430,029	2,196,835
Inventories		80,576,351	95,442,299
Trade receivables		76,138,054	79,557,010
Receivables from group enterprises	13	181,024,106	59,420,878
Other receivables		8,676,149	7,272,200
Tax receivable		10,969,133	647,837
Prepayments	14	2,868,535	2,518,898
Receivables		279,675,977	149,416,823
Current assets		360,252,328	244,859,122
Assets		376,117,245	250,868,392

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	15	8,000,000	8,000,000
Retained earnings		114,073,944	130,541,383
Proposed dividend		150,000,000	55,000,000
Equity		272,073,944	193,541,383
Other provisions	16	8,999,603	5,442,436
Provisions		8,999,603	5,442,436
Prepayments received from customers		22,128,097	4,919,172
Trade payables		15,911,520	20,004,573
Payables to group enterprises		29,924,638	5,390,979
Tax payable		0	212,728
Other payables		23,068,017	19,126,884
Deferred income	17	4,011,426	2,230,237
Current liabilities other than provisions		95,043,698	51,884,573
Liabilities other than provisions		95,043,698	51,884,573
Equity and liabilities		376,117,245	250,868,392
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm's length related party transactions	22		
Group relations	23		

Statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	8,000,000	130,541,383	55,000,000	193,541,383
Ordinary dividend paid	0	0	(55,000,000)	(55,000,000)
Profit/loss for the year	0	(16,467,439)	150,000,000	133,532,561
Equity end of year	8,000,000	114,073,944	150,000,000	272,073,944

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

	2024 DKK	2023 DKK
Europe	362,782,270	226,330,170
Middle East and Africa	167,603,354	63,597,662
Asia	96,124,811	83,998,463
North and South America	51,833,230	132,092,002
Total revenue by geographical market	678,343,665	506,018,297
Line-powered	547,002,889	407,123,060
Engine-driven	0	12,179,573
Spare parts	131,340,776	86,715,664
Total revenue by activity	678,343,665	506,018,297

3 Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of property, plant and equipment, and salary refunds.

4 Fees to the auditor appointed by the Annual General Meeting

	2024 DKK	2023 DKK
Statutory audit services	203,000	193,500
Other services	26,000	25,000
	229,000	218,500

5 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	71,700,840	62,061,723
Pension costs	5,296,262	4,395,883
Other social security costs	848,587	702,847
	77,845,689	67,160,453

Average number of full-time employees	85	77
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	Remuneration of Management 2024 DKK	Remuneration of Management 2023 DKK
Total amount for management categories	2,797,912	2,063,201
	2,797,912	2,063,201

Special incentive programmes

The companys Executive Board participates in ITWs central incentive programme.

6 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Depreciation of property, plant and equipment	556,374	457,815
	556,374	457,815

7 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	2,252,168	1,228,110
Other interest income	29,339	452,665
	2,281,507	1,680,775

8 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	170,886	704
Exchange rate adjustments	1,191,675	1,157,650
	1,362,561	1,158,354

9 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	38,112,171	17,953,331
Change in deferred tax	611,728	(1,214,876)
Adjustment concerning previous years	435,109	475,259
	39,159,008	17,213,714

10 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Ordinary dividend for the financial year	150,000,000	55,000,000
Retained earnings	(16,467,439)	6,399,553
	133,532,561	61,399,553

11 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	15,012,335	2,840,371	1,224,405
Additions	1,438,635	497,342	10,984,310
Disposals	0	(260,380)	(1,896,537)
Cost end of year	16,450,970	3,077,333	10,312,178
Revaluations beginning of year	504,631	0	0
Revaluations end of year	504,631	0	0
Depreciation and impairment losses beginning of year	(14,125,510)	(2,488,076)	0
Depreciation for the year	(293,373)	(263,001)	0
Reversal regarding disposals	0	260,380	0
Depreciation and impairment losses end of year	(14,418,883)	(2,490,697)	0
Carrying amount end of year	2,536,718	586,636	10,312,178

12 Deferred tax

	2024 DKK	2023 DKK
Financial assets	2,429,384	3,041,112
Deferred tax	2,429,384	3,041,112

Changes during the year	2024 DKK	2023 DKK
Beginning of year	3,041,112	1,826,236
Recognised in the Income statement	(611,728)	1,214,876
End of year	2,429,384	3,041,112

Deferred tax assets

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

13 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 2024, the item receivables from group enterprises includes an amount of DKK 181m.

14 Prepayments

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

15 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.

16 Other provisions

Other provision primarily comprise provision for claims.

17 Deferred income

Deferred income consists of accrued revenue.

18 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Liabilities under rental or lease agreements until maturity in total	2,574,672	1,757,275

19 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.

20 Assets charged and collateral

The company has provided guarantees of DKK 30.813.370 for tender work, work in progress and work performed.

21 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

22 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.

23 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, including profit from the sale of property, plant and equipment, and salary refunds.

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, 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
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.

Annual Report and Auditor's Report for ITW GSE ApS

Final Audit Report

2025-03-14

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