

# Annual Report 2021

Nedfast Holding B.V.

29 April, 2022

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# The Nedschroef Group

## The Nedschroef Group

### PROFILE

Nedfast Holding B.V. (hereafter: Nedschroef or Nedfast) has its head office in Helmond, the Netherlands, and is one of the world's largest suppliers of automotive, industrial, aviation fasteners and special components for the above-mentioned industries. Furthermore, the company develops and produces high-quality metal forming machines and tools for the metal forming industry.

The group has clustered its areas of expertise into five business units:

- **BU Automotive**, in which Nedschroef develops, produces and supplies fasteners, Niche products, stampings and sub-assemblies (fastening solutions), predominately for the automotive industry.
- **BU Trade & Service**, in which Nedschroef provides procurement and logistical services for C-parts to the automotive industry.
- **BU Engineering of Systems**, in which Nedschroef's subsidiary CP-Tech designs, develops and manufactures high-performance car components.
- **BU Machinery and Tools**, which develops and produces high-end metal forming machines including, if desired, the tools to shape the end product.
- **BU Aviation**, which designs and produces fasteners for the aviation industry.

Each of these business units specializes and excels in delivering top product and production quality and on-going innovation. Nedschroef has a unique position in the global market thanks to the combination of its core activities and related logistical services. The group's operational expertise spans every aspect from designing, manufacturing, servicing fasteners and functional components, and makes this know-how available to its customers.

Nedschroef has 25 companies based in 10 countries with around 2,250 employees. Intensive knowledge exchange takes place between the companies in the group. Customers can benefit from this wealth of accumulated expertise through the group's strong sales organizations supported by technical and advanced technology advisers.

### HISTORY

Nedschroef was founded in 1894 and has been active in the field of manufacturing fasteners ever since. The company's first factory in Helmond originally made rivets for the shipbuilding industry. Over time, however, the company gradually made the transition to a wide range of products with higher added value in other markets. Through its cold forming expertise, Nedschroef has established a world-leading cold and hot forming machine division through which it offers its customers a total solution in metal forming products. Today, Nedschroef has developed into a global group of companies that serves as a reliable partner for the mobility industry and its suppliers. In 1994, Nedschroef Holding was honored to be entitled to add 'Royal' to its name to mark its centenary.

Nedfast Holding B.V. acquired control of Koninklijke Nedschroef Holding N.V. on 1 June 2007. The sole shareholder of Nedfast Holding B.V. is Nedfast Investment B.V. On 28 August 2014, 100% of the shares of Nedfast Investment B.V. were bought by Shanghai Prime Netherlands B.V. The ultimate parent of Shanghai Prime Netherlands B.V. is Shanghai Electric (Group) Corporation. Whenever the term "the company" is used in this report, it refers to Nedfast Holding B.V., Nedschroef and the Nedschroef Group.





The company's first factory in Helmond originally made rivets for the shipbuilding industry but over time the company gradually made the transition to a wide range of products with higher added value in other markets.





## Vision, mission and critical success factors

### VISION

Nedschroef is a leading global fastener supplier for the mobility industry, focusing on value for customers with advanced solutions and services. In short, we believe that our increasingly connected world deserves smarter connections.

### MISSION

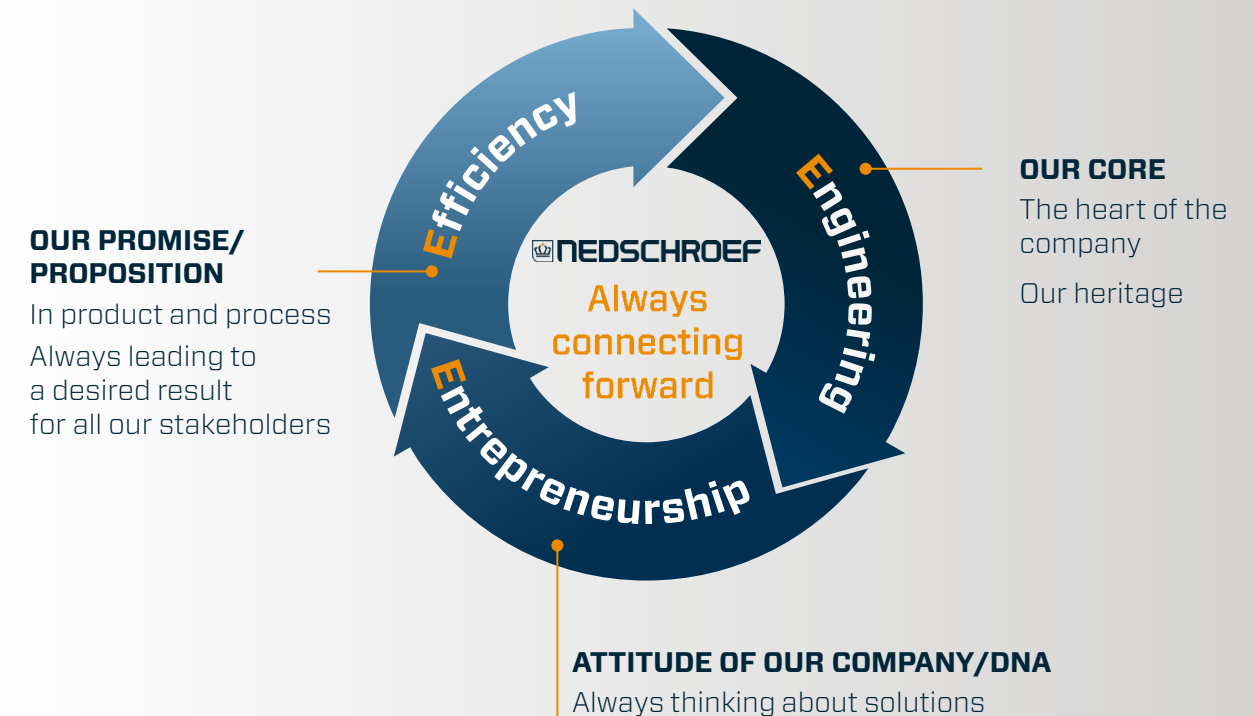
“We want to advance the mobility industry by connecting our engineering, entrepreneurship and efficiency talents. Building on these strong skills, we are committed to leveraging these competencies to serve our customers worldwide, providing world-class innovative product solutions and services that ultimately secure our company’s financial strength. In society, as a process-oriented, fact-driven and transparent organization, we are accepted as an attractive employer of choice. Our staff has an entrepreneurial spirit. They work effectively in teams and are result and execution driven.”

### CRITICAL SUCCESS FACTORS

Nedschroef’s principal critical success factors are:

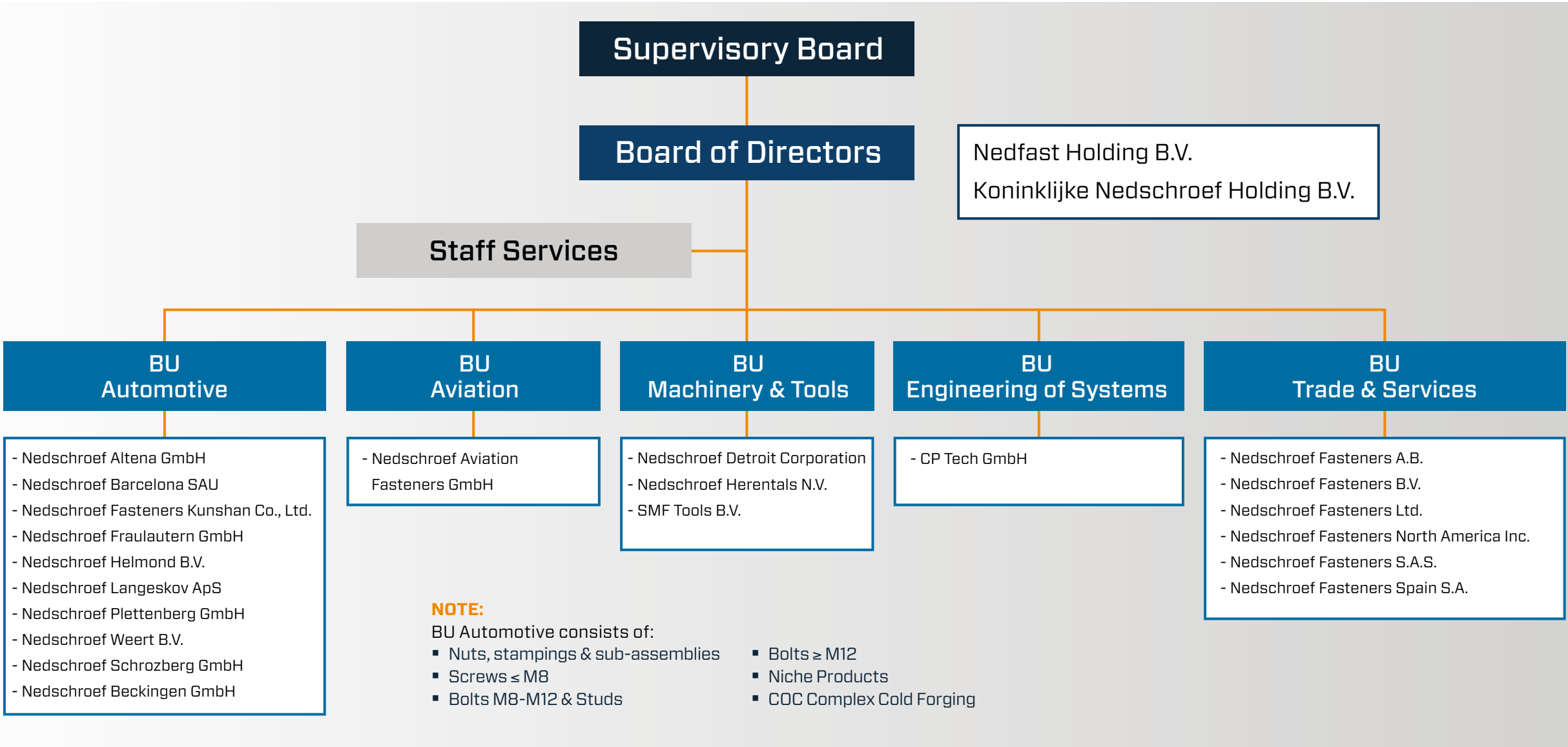
- The capabilities and dedication of its employees
- The quality and just-in-time delivery of its products
- Its innovative capacity
- Its wide product portfolio
- Its financial structure
- Its market penetration.

## Our core elements





Group structure



## Management

### BOARD OF DIRECTORS



**P.J.J.W. Raedts**, 1969, Dutch  
Chief Executive Officer since 1 April 2021

Member of the Board of Directors since 1 October 2011  
Chairman of the Board of Directors since April 2021



**R.W.A. Janssen**, 1976, Dutch  
Vice President BU Automotive,  
segment Growth since 1 April 2021

Member of the Board of Directors since 1 April 2021



**H.G. Neizert**, 1960, German  
Chief Operations Officer since 1 October 2012

Member of the Board of Directors since 1 October 2012  
Retirement as per 31 December 2021



**T. Niggemann**, 1976, German  
Vice President BU Automotive,  
segment Core since 1 January 2022

Member of the Board of Directors since 1 January 2022



**J.A.C. Verheij**,  
1971, Dutch  
Chief Financial Officer since 1 April 2021

Member of the Board of Directors since 1 April 2021



## SUPERVISORY BOARD

As per 1 January 2020, Dr. P. Pleus was appointed member of the Supervisory Board. He will contribute his experience in the automotive industry to Nedschroef. Furthermore, as per 1 April 2020, Mr. H. van Everdingen was appointed member of the Supervisory Board. He will deploy his comprehensive Merger and Acquisition knowledge for Nedschroef.



**Mr. Z. Zhou (Chairman), Chinese**  
Member of the Supervisory Board since 2014

Chairman of the Board of Directors of Shanghai Prime Machinery



**Mr. H. van Everdingen, Dutch**  
Member of the Supervisory Board since 1 April 2020

Partner at Catalyst Advisors



**Dr. J. Gou, Chinese**  
Member of the Supervisory Board since 2019

Chairman of Flender China.



**Mr. A. Ng, Chinese**  
Member of the Supervisory Board since 2016

Director of Shanghai Prime (HK) Investment Management Company Limited



**Dr. P. Pleus, German**  
Member of the Supervisory Board since 1 January 2020  
Former member of the Board of Management & President of Schaeffler Group Automotive



**Mr. X. Chen, Chinese**  
Member of the Supervisory Board since 2021

General Manager of Shanghai Prime Machinery.

## Key figures

	2021	2020	2019	2018	2017
<b>Results (in € million)</b>					
Revenues from sales	595.2	524.3	662.3	717.5	669.6
Change in revenues (%)	13.5	(20.8)	(7.7)	7.2	6.8
EBIT <sup>1</sup>	4.2	(28.0)	2.4	31.3	36.2
Operating cash flow	(24.3)	19.5	5.6	17.2	34.3
<b>Property, plant and equipment (in € million)</b>					
Book value	130.5	137.4	158.0	136.5	127.4
Investments	26.9	24.7	24.2	24.8	20.6
<b>Financial position (in € million)</b>					
Working capital <sup>2</sup>	57.1	23.5	45.6	57.2	51.2
Invested capital <sup>3</sup>	283.7	261.0	285.9	284.2	268.6
Total assets	512.0	509.2	511.6	475.1	465.5
<b>Number of employees</b>					
Average on full-time basis	2,148	2,215	2,280	2,290	2,123
Net revenue per employee (x 1,000 €)	277.1	236.7	290.5	313.3	315.4
<b>Ratios (in %)</b>					
Equity / balance sheet total	31.7	30.1	36.7	40.7	37.8
Invested capital <sup>3</sup> / total assets	55.4	51.3	55.9	59.8	57.7
Working capital <sup>2</sup> / total revenues	9.6	4.5	6.9	8.0	7.6

<sup>1</sup> Including in 2021 € 2.9 million and in 2020 € 13.7 million non-recurring, projects related and reorganization driven costs

<sup>2</sup> Working capital: current assets minus current liabilities excluding:

- Income tax receivable/payable;
- Cash and cash equivalents/borrowings;
- Derivative financial instruments;
- Interest receivable/payable.

<sup>3</sup> Invested capital: working capital plus property, plant and equipment, Right of Use and intangible assets minus non-current liabilities excluding:

- Deferred income tax;
- Borrowings.





# Report of the Board of Directors

## Report of the Board of Directors

### MAIN DEVELOPMENTS IN 2021

The year 2021 revenue amounted to € 595.2 million representing an increase of 13.5%, compared to the year 2020. This sales growth is primarily due to the recovery of the international automotive supply chain after ending the global lockdowns, instituted as measure against a further spread of the coronavirus, and manifested itself mainly in the first half of 2020.

Despite this recovery, 2021 was again another turbulent year for Nedschroef. For both BU-Automotive as well as Trade & Service, the recovery of the automotive market in the beginning of 2021 came quicker than anticipated after the global anti pandemic measures (or lockdowns) were lifted. Due to the sudden production stops of the OEM's in the automotive industry during 2020, at that time inventories were reduced to the minimum while the usual flexibility of our staff, was negatively impacted by the measures put in place to maintain a healthy and safe working environment. On top of that, employees who were infected with the virus or were required to self-isolate with COVID-19-related symptoms, could not easily be replaced. So in response to the high demand, and dealing with high absent rates, Nedschroef was faced with additional costs to ensure on-time delivery.

In quarter two, the global chip shortage issue was impacting our industry severely, proven by, over time highly volatile call off patterns. This was leading to a slowed down demand causing on the one hand, a decrease of bottleneck costs and on the other hand, lower fix costs coverage. At the supply side, while steel prices had already been increasing in the first six months of the year, they even rose more significantly at the end of quarter two of 2021. Fortunately Nedschroef was able, albeit with some time delays, to pass on a vast majority of these increases, to its customers.

In July, one of the Nedschroef factories (Nedschroef Altena) was impacted by flooding caused by unprecedented heavy rainfall in, among other places, German state North Rhine-Westphalia. The flood caused a threatening situation for the factory. However,

due to immediate and decisive actions, a great deal of damage control was done. The entire Nedschroef Altena team, with excellent support from colleagues from other German factories, demonstrated their strong resilience and impressive teamwork. Despite the enormous devastation, the first machines were running again after a few days, preventing any delivery issues for our customers.

In quarter three the gravity of the shortage of semiconductors in the automotive supply chain increased, heavily impacting Nedschroef's sales. Customer order books fell by 25-30%, immediately resulting in a Nedschroef topline decrease in line with the shortfall of the at that time necessary automotive industry capacity. Due to this sudden drop in demand, factories were forced to reduce costs and downscale production volumes, without losing experienced employees, because the impact was announced to be temporary. Where possible, factories were closed during extended weekends. Cost saving measures and investment delays were implemented wherever possible. Towards the end of the year, the orderbook volatility became less severe, but customer order books were still far from stable and since January 2022, all factories have been back on normal production schedules doing its utmost in trying to interpret the still unreliable orderbook situation. Downscaling production, which logically, on top of prefinancing customers sudden demand-fall and delayed price compensation, negatively impacted the BU's profitability. Besides the already mentioned steel price increases other commodities started to become more expensive as well. Due to these increasing prices, solving high absenteeism, lower order book, and following high inventory situation, cash became critical at the end of quarter three, beginning of quarter four. The availability of sufficient cash was secured by our shareholder, through providing an additional subordinated cash facility.

After the restructuring of the Business Unit Machine & Tools (BU M&T) in 2020, 2021 proved to be the year of turnaround. The market for cold forming machines picked up and BU M&T was able to be profitable again. Although the service sales were negatively impacted by the pandemic-related travel restrictions, which prevented service

engineers from performing overhauls on customer sites, the total sales of the BU M&T outperformed both budget as well as previous year sales. The machine and service order intake during 2021 was of such a magnitude that 2022 total sales also looks promising.

Management completed the restructuring and implemented a more project-oriented organization. Procedures were reinforced, leading to an organization being more in control. Focus has been given to the proper documentation of project requirements, making the whole organization better equipped and aware of the actions required to deliver the machines according to customer specifications within the agreed timeframe.

The remaining BUs, CP-Tech and Aviation, were also heavily impacted by the pandemic in the years 2020 and 2021. For Aviation, the total sales deviation compared to the other business units was fairly limited due to the smaller size of this unit. The qualification of parts is continuing, and business is expected to pick up again going forward.

CP Tech clearly benefitted from its own proprietary developed technologies in 2021. Customers in the high-end car segment were less impacted by supply chain issues, although some larger projects for CP Tech were affected as customers delayed the start of production, which in its turn resulted in planning challenges at CP Tech. The market segment for racing also showed a clear growth compared to 2020, making it a positive year for CP Tech. What is strategically worthwhile mentioning is that CP-Tech is currently working on interesting future mechanical concepts which will be integrated in, among others, steering systems, drivetrain solutions and other key car components of the near future. When such components come into mass production, BU-Automotive will industrialize, produce, and assemble several parts of these systems.

Despite all the turmoil, Nedschroef continued with several strategic investments in preparation for the future. In 2019, Nedschroef embarked on the implementation of a new ERP software tool. This will not only harmonize all processes within the group, but

will also bring all entities of Nedschroef to the same logistical platform. In 2020, the project was suspended due to the uncertainty resulting from the pandemic. In 2021, the project restarted and several entities have been (partly) converted to the new ERP software. Based on the application of a relevant agenda decision issued by the IFRS Interpretations Committee in 2021, project costs totaling € 2.9 million have been recorded in the P&L as non-recurring one-off costs in 2021.

Further steps have also been made in the digitalization of the RFQ process and the development of proprietary technology for the BU M&T and BU CP Tech. Finally, investments for more complex fasteners have been made to invest in the future of Nedschroef.

In summary, despite all the above-mentioned challenges, Nedschroef was able to report an operational positive Net Result over 2021.

## STRATEGY

In consultation with its shareholder, in 2020 Nedschroef formulated strategic priorities towards 2025. A renewed look at the strategy was necessary, given the opportunities and challenges Nedschroef faces in the current market and wider environment. Nedschroef believes that the strategic course set for the coming years will help to seize opportunities, overcome challenges, and ultimately ensure profitable long-term growth. For that reason, Nedschroef has identified initiatives which can be allocated to three main pillars:

1. PROFITABLE GROWTH
2. BEST COST
3. BEST PROCESS

Together with an innovation roadmap and by using a strategy implementation scheme, the initiatives of these pillars will facilitate sustainable growth by delivering smarter connections. Below, some initiatives are described per pillar.



## 1. PROFITABLE GROWTH INITIATIVES

Profitable growth is expected for all of Nedschroef's market segments. The fastening solutions for the automotive industry account for the biggest portion of sales, but growth will also be driven by other market segments. Services for automotive fastening solutions are in place to accommodate customer needs from application engineering to logistics solutions.

### 1.1 Diversification of product portfolio and customers for fastening solutions

The product portfolio of Nedschroef's Automotive fastening solutions can be divided into five categories, the so-called '5Fs':

**F1- Fasteners:** classic (high-end) fasteners. This type of fastener will remain an important product in the car of the future, with high-tensile and heat resistant fasteners growing in importance.

**F2- Forming:** complex forged parts which are not only often cold-formed, but also require secondary operations such as grinding, milling and turning. By using cold forging techniques, Nedschroef can save materials and operating time compared to other production techniques, thus achieving substantial cost savings for its customers.

**F3- Functionality:** assembly parts integrated in a system application of vehicles (functionality). Nedschroef increasingly integrates forward by adding functionality to its products, for example, by integrating part of the end application in or on the fastener and thus improving the function or efficiency of applying the fastener. This provides added value to customers.

**F4- Future:** non-traditional, alternative fastening solutions such as adhesives and plastics.

**F+- complementary C-parts** to cold-formed threaded fasteners such as rivets and hose clamps.

Besides the automotive segment products, Nedschroef produces cold and hot forging machines and tooling for various industries as well as innovative products, including assemblies, for the motorsports market.

The 5F's portfolio ensures a broad product range to Automotive customers. Most products sold by Nedschroef are F1 parts. Nedschroef owns production plants in Europe and China where these parts are produced, and simultaneously acts as a trader through its trading entities and departments in Europe, the US and China. However, the majority of sales are still generated through its own production. In order to extend its leading position in the fastening solutions market, Nedschroef will diversify its product portfolio by focusing more on the production of F2 and F3 category parts. Nedschroef has already identified a variety of such parts and set up an organizational model to support the effective and efficient operations involved in producing and selling these parts. Customer demand for these categories of parts is increasing due to technological and other environmental developments.

In the previous year, Nedschroef continued winning business for such complex parts at various renowned Tier 1 customers, proving that Nedschroef is capable of successfully bringing such complex parts to the market. The combination of Nedschroef's engineering expertise, the degree of vertical integration and the composition of its business portfolio provides synergies to develop more F2 and F3 fastening solutions in the future. To free up resources for these parts, an increasing number of F1 part sales will be done via trading. A natural result of the product portfolio diversification is a broader and therefore more balanced customer portfolio, as the demand for F2 and F3 predominantly comes from Tier 1 customers. In the coming years, the share of wallet of such complex parts is projected to increase further.

## 1.2 Significant business presence in the domain of E-mobility

Policies aimed at reducing CO<sub>2</sub> emissions have been boosting demand for electric vehicle propulsion systems. Hydrogen is also expected to play a role in the future. These developments are having, and will continue to have, a profound impact on the entire automotive supply chain, and thus on Nedschroef. New players have emerged in various stages of the value chain, and traditional players are also transforming, with traditional OEMs introducing many new electric vehicle (EV) models in the coming years. EV sales will continue to accelerate in the coming years due to ever stricter CO<sub>2</sub> emission policies, reduced battery prices and increased battery range. Consequently, market demand for fastening solutions will change along with the increased adoption of EVs to necessitate EV-specific applications.

Another consequence is the further increase in demand for parts that achieve weight reduction. Nedschroef has the initiatives in place to tap into the increasing demand for relevant EV parts and engage with the right industry players. Having identified these trends at an earlier stage, Nedschroef already has running parts used specifically for EV applications. Nedschroef will continue to follow the market demands for fastening solutions by monitoring market and technology developments. This is done by maintaining close relationships with a diverse set of partners in the market, and by using independent sources for market volume forecasts and trends.

## 1.3 Global presence

Nedschroef is a global player at both group as well as business unit level. The main markets and production footprints are located in Europe. In China, there is an established fastening solutions footprint as well as service presence from various business units. Finally, logistical fastening solutions services are in place in the US as well as services for the BU Machinery & Tools. Nedschroef aims to further expand in China and the US in addition to the European market.

In general, China offers the best opportunities for expansion, in view of developments in various markets segments due to our existing local manufacturing base, and through our shareholders' network and knowledge about the country's environment. Nedschroef is proud to share that in recent years, numerous orders have been won. Consequently, local sales will grow significantly over the coming years as these business wins materialize.

For the US, Nedschroef needs to expand its current footprint with manufacturing competencies to provide global coverage for certain product groups that our customers apply worldwide.

## 1.4 Growth outside automotive fasteners

In the aftermath of the global lockdowns in response to the pandemic, disruptions in the automotive supply chain have had a profound impact on the industry, with a shortage of components negatively impacting OEM vehicle production. Although the long-term forecast for global Light Vehicles shows healthy growth, it is evident that Nedschroef's goal to diversify its share of wallet across markets is the correct path to follow. Besides increasing cross-selling efforts from automotive to other industries, Nedschroef has two focus areas:

### **Machinery**

A strong increase in profitability and sales was achieved in 2021. Demand for 2022 and beyond is very high, increasingly originating from outside the European and automotive markets, and thus contributing to the Group's diversification. Innovative servo-motor machines, unique in the market, will steer further growth in the years to come.

### **Aviation**

The aviation industry took a severe hit from the COVID-19 pandemic, but the long-term global market outlook is positive. Nedschroef remains keen on expanding its aviation business in the coming years for various customers. The business unit has qualified as a strategic supplier for an increasing number of parts for important players in the industry and has recently won purchase orders at established aviation OEM's. For 2022, more purchase orders and qualifications are planned. The operational and network synergies that Nedschroef enjoys with the group and via its shareholders within the parent group offer good opportunities for growth in this market segment in the coming years. The scope of the group is not limited to conventional airplanes alone; the group will also cooperate with a promising new mobility player.

## **2. BEST COST INITIATIVES**

In order to optimize its financial position and increase competitiveness, Nedschroef has identified specific initiatives to increase profitability and improve its cash position. The initiatives touch upon the centralization of functions and/or operations, flexible cost management, reduction of variable expenses and adoption of lean logistic processes to optimize efficiency. Furthermore, the supplier network will be expanded in low-cost countries. Together, these initiatives will ultimately lead to increased competitiveness and profitability.

## **3. BEST PROCESS INITIATIVES**

### **3.1 Manufacturing excellence**

Nedschroef has a long history of using state-of-the art equipment and production processes to ensure optimal efficiency and quality for our customers. An increasing number of industry 4.0 practices have been adopted. These practices include automation through the use of robotics, predictive maintenance, and innovative simulation tools. For its trading activities, Nedschroef maintains strict processes to assure supplier part efficiency and the highest quality levels.

### **3.2 Digitalization**

Nedschroef has made great strides forward in digitalizing its business processes. Sales processes are running in the Dream Factory, the digitalization of the quotation and calculation process, and business processes will see an increase in efficiency with the implementation of 'CROWN', the realization of "one way of working" in the Enterprise Resource Planning (ERP) processes. In 2021, some entities already successfully adopted CROWN. Nedschroef will continue the development of these digitalization processes through 2025, and in doing so increase its efficiency whilst taking an innovative position in the supply chain.

### 3.3 Corporate social responsibilities

Nedschroef is fully aware its responsibility to society and its stakeholders when it comes to reducing carbon emissions and providing a safe working environment with opportunities for all. Initiatives across the organization, from production to human resources (HR), are in place to further soften the impact on the environment and its stakeholders. Emission requirements resulting from the Paris Agreement will be adhered to. Additionally, Nedschroef has taken note of the carbon neutrality goals announced by customers. Scope 1 and 2 emissions reduction progress has been very good, with plants switching to green electricity to power operations. As such, Scope 3 emissions reduction will be receiving more priority in the coming period. For more details on sustainability, please refer to the relevant section in this report.

### 3.4 People

People are the key resources of Nedschroef. In accordance with the strategic goals, an increasing focus will be placed on optimally deploying the capabilities and qualities of our people in order to facilitate the diversification of the fastening solutions product portfolio, global presence, process centralization and digitalization.

### Innovation roadmap

Besides the pillars mentioned above, initiatives for long-term development of innovative products, services and processes have been defined and set in motion. The innovation roadmap too relates to the three pillars mentioned above but takes a long-term perspective. These initiatives will help provide Nedschroef with more market diversification options, strengthen value propositions, improve competitiveness, and therefore cement the sustainability of the Group's revenue model beyond 2025.

### Strategy implementation and agility

Nedschroef is committed to the strategy and periodically monitors the progress and status of the strategy through relevant KPIs combined with concrete actions. This is done to ensure the timely detection of potential gaps in performance and/or resources, through which priority setting and organizational focus can be optimized. At the same time, the world around us is constantly evolving and requires agility. Therefore, the Strategy 2025 is subject to an annual review.





Financial performance

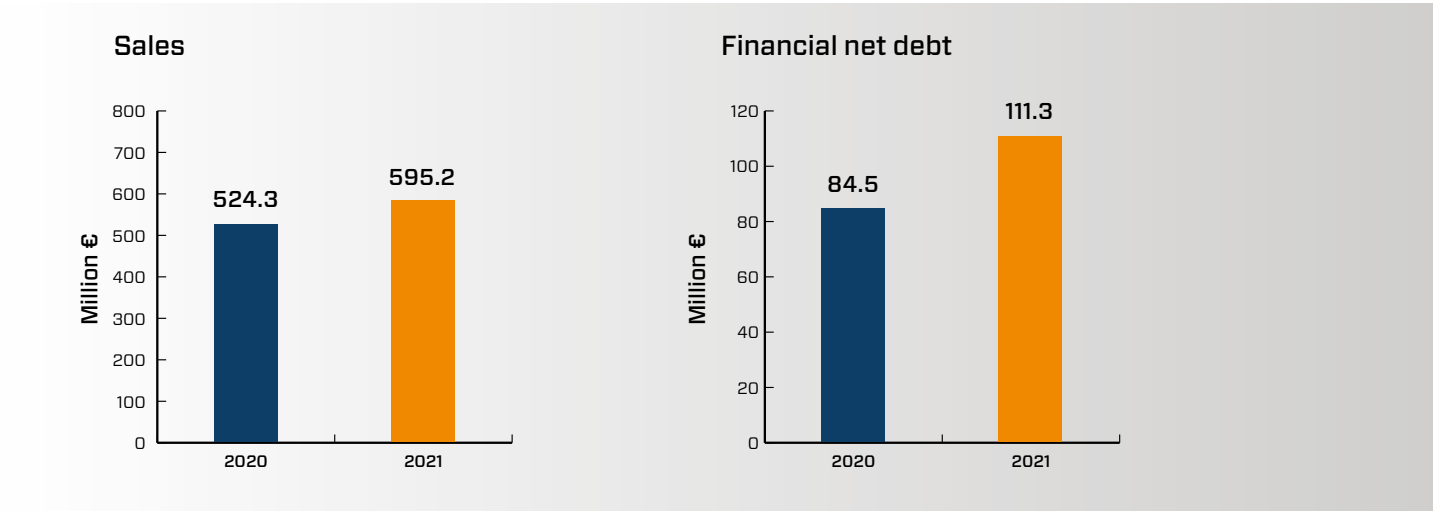
REVENUES AND PROFITABILITY

Due to the recovery of the automotive market post-COVID-19, albeit tempered by the disruptions to the automotive supply chain (most prominently the chip shortage), Nedschroef’s total revenues from sales increased by 13.5% from € 524.3 million in 2020 to € 595.2 million in 2021. Nedschroef’s operating result increased from - € 28.0 million in 2020 to € 4.2 million in 2021. This result was partly impacted by the decrease in the exceptional (non-operating) costs from € 13.7 million in 2020 to € 2.9 million in 2021 in relation to, amongst others, the restructuring of Nedschroef’s operations in Belgium, Germany and the Netherlands. The remaining operating result increase versus 2020 was mainly driven by the above-mentioned volume upturn as a result of the post-COVID-19 recovery of the automotive market. Nedschroef’s net result amounted to € 8.3 million in 2021 as compared to - € 33.8 million in 2020, thanks in a large part to a € 11.2 million gain recognized on the disposal by Nedschroef of its 50% interest in Nedschroef Kunshan, formerly a wholly owned subsidiary, to one of its intermediate holding companies towards the end of 2021 as part of the China strategy realignment conducted in collaboration with its shareholder.

INVESTMENTS, FINANCING AND CASH FLOW

Investments in property, plant and equipment and right-of-use assets totaled € 26.9 million in 2021, representing an increase of € 2.2 million as compared to 2020 (€ 24.7 million). The increase was mainly a result of the preparations made for the anticipated increase in volume as compared to the previous year.

In 2021, as in 2020, Nedschroef capitalized certain intangible assets mainly relating to investments in a new Enterprise Resource Planning system and an own developed software tool to digitalize the end-to-end fastener quotation process. As in previous years, Nedschroef also capitalized in 2021 some development expenses of the new generation servo technology-based pressing machines and thread rolling



technology of the Machinery Division. Furthermore, in 2021 Nedschroef acquired certain cold forming know-how from a long-time business partner and capitalized the developments costs incurred for the spindle nut system project. The total investment in intangible assets in 2021 amounted to € 6.1 million.

Operating cash flow totaled - € 24.3 million in 2021 versus € 19.5 million in 2020. The decrease mainly reflected the build-up of inventories as a result of the postponement of sales orders (which in turn was caused by the disruptions to the automotive supply chain) and the payments made to suppliers during 2021. Financial net debt increased to € 111.3 million as at 31 December 2021 (2020: € 84.5 million) as more cash was invested in trade working capital. Net financial result decreased by 6.3% to € 5.9 million in 2021 from € 6.3 million in 2020 mainly due to favorable foreign exchange differences. The solvency rate was 31.7% as at 31 December 2021 (2020: 30.1%).

## Manufacturing Excellence

As in the past years, Nedschroef is continuously focusing on improving on its “manufacturing excellence” concepts and implementing these concepts in practice. In order to facilitate the improvements during 2021, two key central positions have been added to the centralized operational organization, namely a Central Administration Manager and a Global Supply Chain Director. These function are necessary to support the further rollout of the 3 initiatives started in 2020, and a 4th key initiative started in 2021. Below a short description can be found per key initiative;

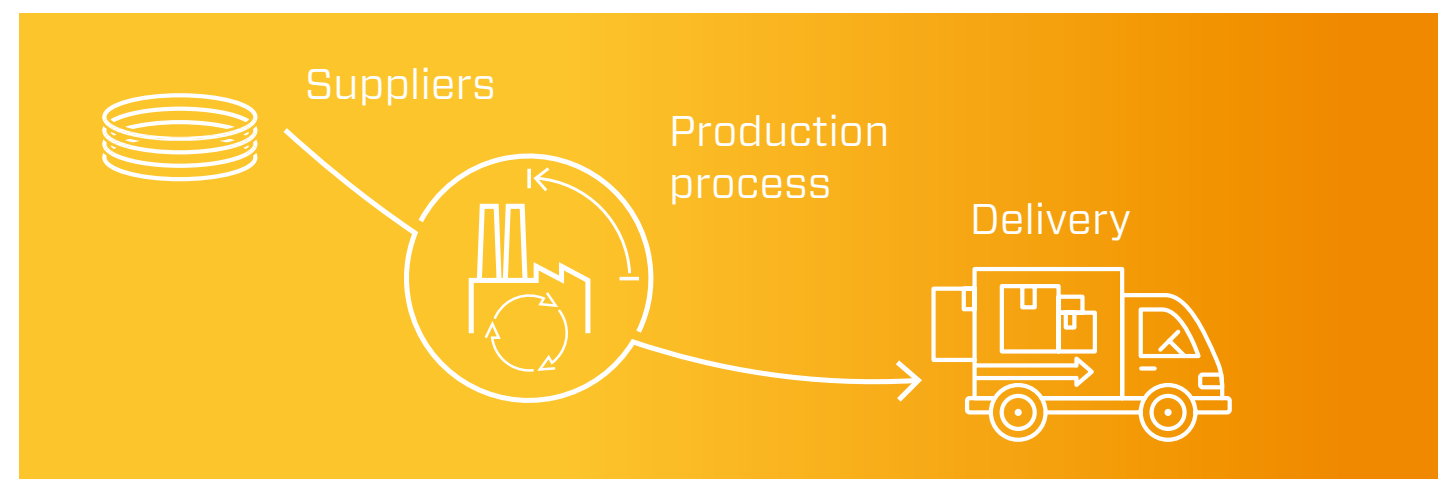
### 1. LEADTIME REDUCTION

The production order lead time reduction initiative, is resulting in an overall improvement of Nedschroef’s bottom line result by increasing service levels to our customers and agility to respond to eventually fluctuating demand of these customers and with that avoiding bottleneck costs. At the same time the initiative will decrease the need for cash by a decreased working capital claim to support the running business.

Progress has been made on several areas of this initiative in the big Centers of Competence (CoC), namely Nedschroef Helmond, Nedschroef Fraulautern / Beckingen, Nedschroef Plettenberg and Nedschroef Altena. The key actions are in the implementation phase, and the Supply Chain Director is leading the standardization of these best practices projects so that they can and will be deployed to the other CoCs.

### 2. CONTRACT MANAGEMENT

This project was initiated in 2020 to improve efficiency in a currently cumbersome administrative process. Because Nedschroef delivers more than 12,000 SKUs to several hundred delivery addresses, contract management of these parts is a highly time-consuming administrative process. A majority of parts are faced with frequent sales price changes due to, among other things, changed contractual obligations and material price adjustments. A new process has been defined and software programming is initiated.



A pilot phase is scheduled for Q1/Q2 2022 and the rollout for the 2nd half of 2022. The target is to automate 95% of the changes without any human interference.

### 3. CENTRAL ADMINISTRATION

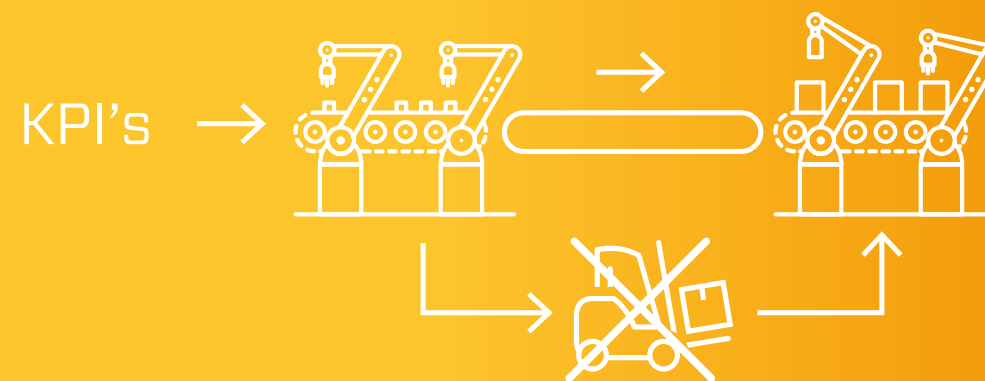
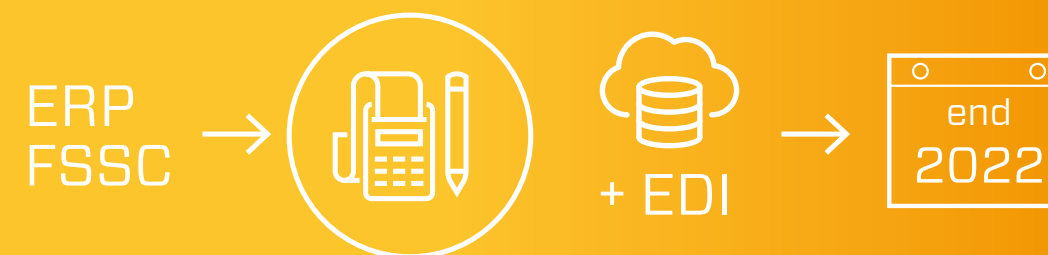
As part of the CROWN project – the introduction of one way of working within the ERP process - and as the next step in the centralization strategy, Nedschroef has decided to further centralize part of the necessary general administration. A new department was established in 2021 following the outcome of a centralization assessment project led by the Director Process Standardization. Under the leadership of the Central Administration Manager, this department will further focus on the centralization, standardization and digitalization of business processes relating to Infor LN master data management, customer and supplier-related electronic data interchange (EDI) messages and, standard documents and labels. The aim is to improve master data quality and realize economies of scale. This initiative will continue into 2022.

### 4. CONNECTING OF MANUFACTURING PROCESSES

The key objective of this initiative is to reduce both, the internal transport movements by forklift trucks as well as the handling of products between different process steps in the manufacturing area, alongside making efficiency improvements in the overall internal supply chain. In order to improve the operational KPIs, the business improvement department focused on connecting different manufacturing process setups towards groups of parts with similar customer driven logistical properties during the year 2021. Also this initiative will be further enhanced in 2022.

Beside these focus projects, Nedschroef continues in all areas to further improve processes such as safety, quality, productivity, sustainability and costs in the manufacturing area. These improvement programs are regularly followed up at local and central level to ensure progress as well as effectiveness.

Nedschroef is committed to continuing these efforts in the upcoming years.



## Research and development

Connected to its product strategy, and more specifically to the cold forged parts mentioned in the 2nd F of this strategy, Nedschroef is increasingly challenged to form products using more than one production technique. To obtain very fine tolerances with respect to dimensional specifications of the final shape of the product, 95% of this shape is cold forged and the last 5% is milled or ground. To achieve growth in this area, Nedschroef will need to build up the required machining equipment and develop all the related knowhow. Over the past year, the CoCs have further developed the required skills based on the clear product allocation defined in 2020. The new function of Product management has started creating clear product roadmaps for the 7 most important product clusters, supported by Business Development, Research and Development (R&D), Innoform and the involved CoCs.

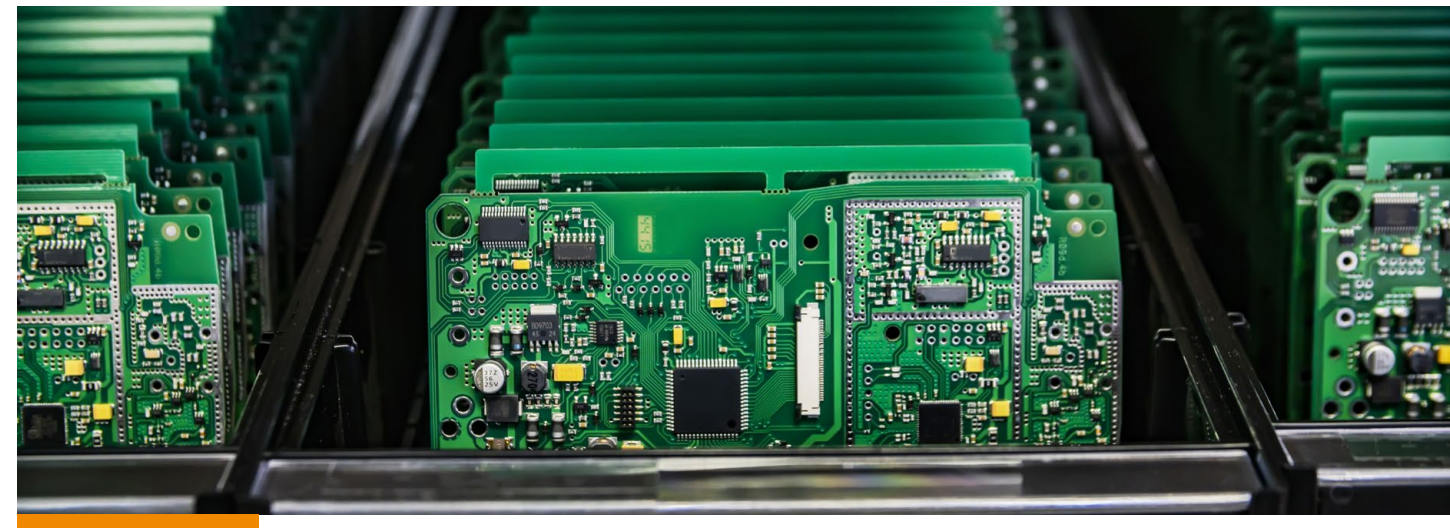
The Nedschroef R&D department is also supporting Nedschroef's digital agenda by establishing the strong foundations for technical master data management. In parallel, the Techno Center plays a leading role in various standardization projects, for example the replacement of many local design software solutions by one group-wide CAD/PDM system based on Solid Works. Also, the data captured in the Dream Factory is structured following guidelines issued by the R&D department.

Recent developments in additive manufacturing have made this technology interesting for Nedschroef too. Today, this technology is still too slow and expensive for the production of fasteners. However, there is potential for the production of forging tooling to produce fasteners. A pilot project has proved the technical viability of this technique, but the above-mentioned disadvantages will reduce the potential (for now) to a limited number of niche cases. However, developments in this area will be continuously monitored.

Nedschroef started the Nedschroef Academy several years ago. Over the years, a vast collection of classroom training and e-learning courses have been developed.

To increase the participation and completion rates of the Academy offerings, they will be more tightly connected to the onboarding programs and the appraisal cycle. To facilitate this, responsibility for the Academy was transferred to HR in July 2021. However, R&D will remain responsible for the technical content of the training courses.

And last but not least, the research center of the Machine Division is gathering actual production experience on a new generation of cold-forming machines where servo technology is partially or fully replacing classical mechanical drive-technology in several modules or in brand new machine concepts. This servo technology in combination with sensor technology enables the new generation machines to excel in many areas compared to the more mechanical versions. In addition, a pilot project has been started in which a conventional forging machine has been fitted with additional instrumentation to enable condition-based maintenance to reduce the cost of unplanned maintenance and production loss.





Organization and employees

**HR’s mission is to attract, engage and retain competent employees and to provide them with an ambitious work environment that motivates and encourages them to make Nedschroef’s vision their own. To do this, Nedschroef wants to offer the best possible HR processes and services. Nedschroef strives to be a partner in the employee’s career.**

Being a global company, Nedschroef recognizes the value of diversity, whilst encouraging a culture of open and transparent communication.

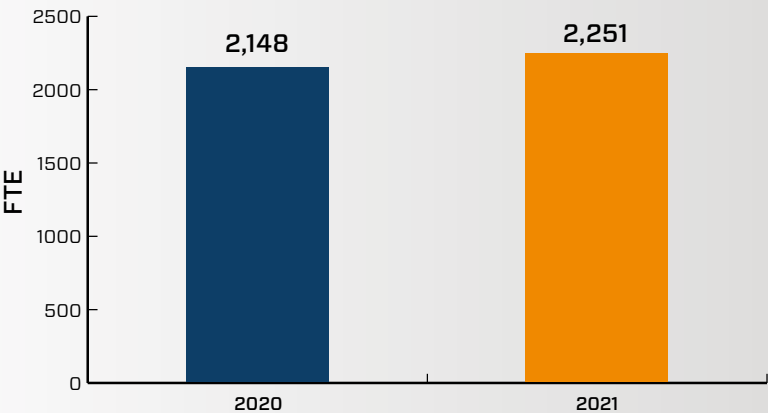
Nedschroef employed 2,251 full-time equivalents (FTEs) at the end of 2021, which is slightly more compared to 2020 (2,148 FTEs).

In order to develop, retain and motivate its employees, Nedschroef continues to invest in the development of its workforce specifically and its HR processes generally. Standardization, digitalization and harmonization of HR processes is key to prepare Nedschroef for further growth, both on a regional as well as on global level.

During 2021, existing HR initiatives were further improved and new initiatives were started in order to continue improving the global HR processes.

In the development area, Nedschroef Academy, which became part of Nedschroef’s HR Department in 2021, is continuously improving in order to offer training modules that reflect the needs of Nedschroef’s organization. These training modules are offered in classroom training courses and e-learning modules. Furthermore, Nedschroef regularly offers various online compliance training courses, some of which are embedded in the onboarding program for new employees.

employees



In the more technical subjects, in close cooperation with the CoC engineers (mainly focused on production processes), Nedschroef’s R&D specialists are training Nedschroef employees on the latest developments in the cold forge technique. In 2018, the first e-learning modules were added to the curriculum.

For the Nedschroef talent group, a selection of Nedschroef employees endorsed by Nedschroef’s personnel development committee (PDC), a special training module has been set up. Several assignments and events are organized to motivate and encourage

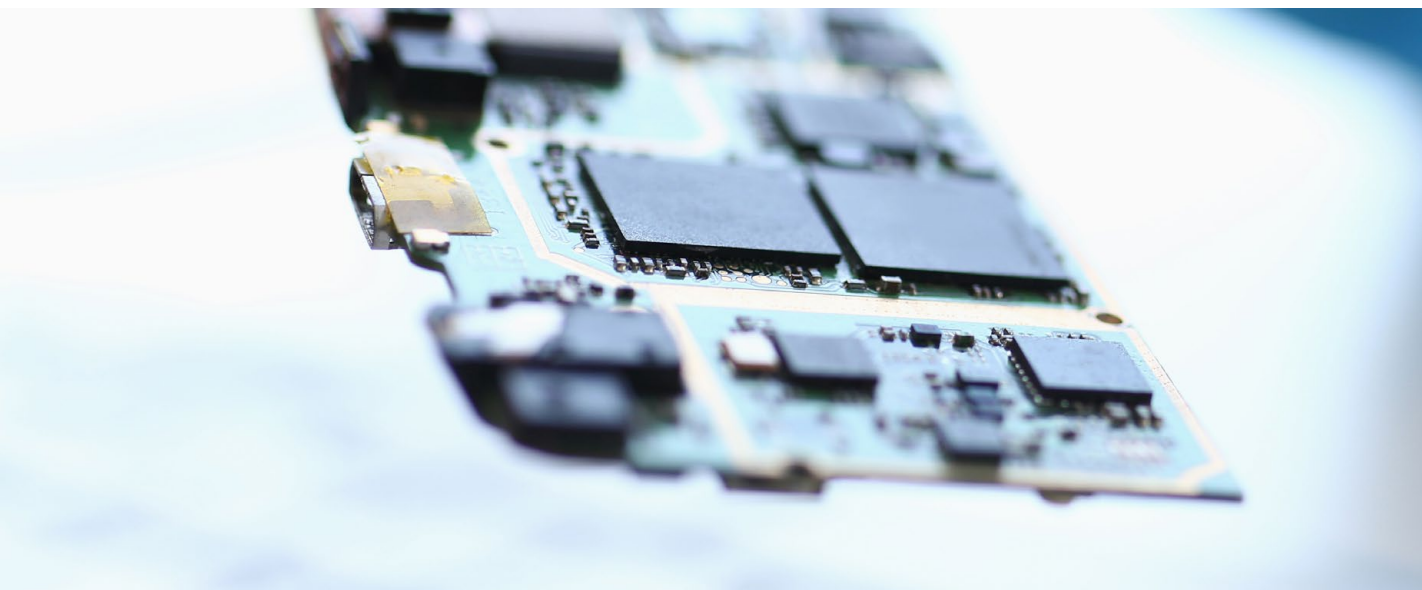
these employees to further develop their talents into a real personal asset for both the employee and for Nedschroef.

After two very successful editions of the corporate development program (CDP), it was decided to start a new CDP program in 2021. The ongoing COVID-19 pandemic during the year 2021, together with the continuation of the downturn in the automotive market with constant pressure on our results, still has a significant impact on our workforce. Continued measures needed to be taken in 2021 again, like reduced overtime, short-time work, the reduction of temporary workers and a hiring freeze.

Several years ago, legislation was introduced to promote the balanced participation of men and women in the management and supervision of 'large' limited liability companies. Balanced participation is deemed to exist when at least 30% of the management positions are held by women. Because Nedschroef puts high value on diversity, and to comply with the above requirement, it wishes to increase the percentage of women in the company's senior management. This will be a continued focal point in recruitment policies and will be a continuously monitored global HR KPI through 2022.

In 2021, the Board of Directors also regularly consulted the European and Central Works Councils, devoting specific attention to Nedschroef's financial results, strategy and policies. The Board of Directors thanks both the European Works Council and Central Works Council for the positive dialogue and their constructive input.





## Digitalization, information & technology

**As in 2020, COVID-19 had a major impact on Nedschroef's digital agenda. Information Technology Operations were able to overcome most issues caused by the pandemic, which was much more difficult for the digitalization programs. Keeping the change programs staffed was difficult because managing the business dynamics, impacted by the pandemic and the supply chain disruptions, had top priority for most of the year. Eventually, most digitalization programs were stopped in response to the financial situation caused by massive order book cancellations.**

Information security is important to Nedschroef. In 2021, Nedschroef finished the program which certified all locations according to the Trusted Information Security Assessment Exchange (TISAX). TISAX is an automotive information security norm, like the ISO 27000 series for information security matters. Unfortunately, Nedschroef's existing measures are insufficient to manage current cybersecurity risks, such as the ransomware attacks in which criminals take companies hostage, shut down production for weeks whilst demanding large ransom payments. In the second half of 2021, Nedschroef therefore launched a cybersecurity program to implement the NIST (National Institute of Standards and Technology) Cybersecurity Framework in the coming years, with an initial focus on ransomware. Throughout 2021, the IT strategy was updated and now includes digitalization. This was achieved by merging the IT and Business unit strategies. Digitalization not only focuses on technology, but also on the desired business outcomes, like increasing revenues or lowering cost of quality by holistically working on the organization, business processes, data and technology. One of the results is that the overall Nedschroef strategy has added a new KPI. By 2025, 1% of Nedschroef's revenues will come from digital business, these being smart products, online services and e-commerce.

As mentioned earlier, most digitalization programs suffered from the difficult business conditions during the pandemic. Nevertheless, Nedschroef was able to make progress in, for example, CROWN, its ERP program. Nedschroef Schrozberg went live in January 2021 and runs full production on the new platform. As planned, the BU Trade & Services, BU Aviation and SMF Tools went live with the finance module to support the Financial Shared Service Center. A new shared service center was implemented, centralizing back office supply chain activities, like contracts, documents, labels and EDI. The new business scorecard went live. This progress under difficult conditions was also recognized by Infor, the ERP platform provider, with Nedschroef winning their Customer Excellence Award for Automotive in December 2021.



From an IT perspective, Nedschroef renewed the infrastructure in its datacenter, so that it can run production until 2025. Nedschroef finished the implementation of its digital workplace concept, Connect, covering nearly 2000 computers. Nedschroef continued to work on the IT organization, as a result of which Group IT took over IT support for BU Machinery. Nedschroef structurally lowered operational costs by renewing several major contracts. Security continued to be improved. For example, Nedschroef implemented conditional access, whereby granting or denying technology access is not only based on who you are, but also on where you are or what device you are using. This makes misuse of a digital identity more difficult. One of the engineering projects went live with Nedschroef launching Celium, the application programming interface (API) platform which will integrate all its applications internally as well as within its supply chain, and a technical cornerstone of its digital strategy.

Looking back, this was another difficult year. Nedschroef was unable to fully deliver according to plan, yet it demonstrates that it is a strong team, capable of handling difficult situations and working under the toughest conditions. Operations continued to run and more progress was made in Nedschroef's digital transformation.



## Risk management

### RISK ASSESSMENT

**In principle, every 3 years an in-depth risk assessment is performed. The latest in-depth risk assessment was performed in the last quarter of 2020. On a yearly basis, the key risks resulting from the above assessment are reviewed and reassessed with senior management to evaluate its relevance and ascertain whether new risks should be added to the risk control framework.**

In general, mitigating controls are obliged whenever a key risk is assessed to have at least a score of:

- Likelihood: rare or future oriented, meaning it could happen within a time frame of 5 years, its nature is strategic, and there is a potential financial result impact above € 5 million.
- Likelihood: possible, meaning it is possible it will happen within a time frame of 3 years with a potential financial result impact above € 5 million.
- Likelihood: more likely than not, meaning it will happen within 1 year, with a potential financial result impact between € 1 million and € 5 million.

The outcome of this assessment and an overview of measures taken in order to mitigate the risks, is summarized in the paragraphs:

- Strategic risks
- Operational (including IT, People and engineering risks) and Health, Safety and Environmental risks
- Financial and Reporting risks
- Legal and compliance risks





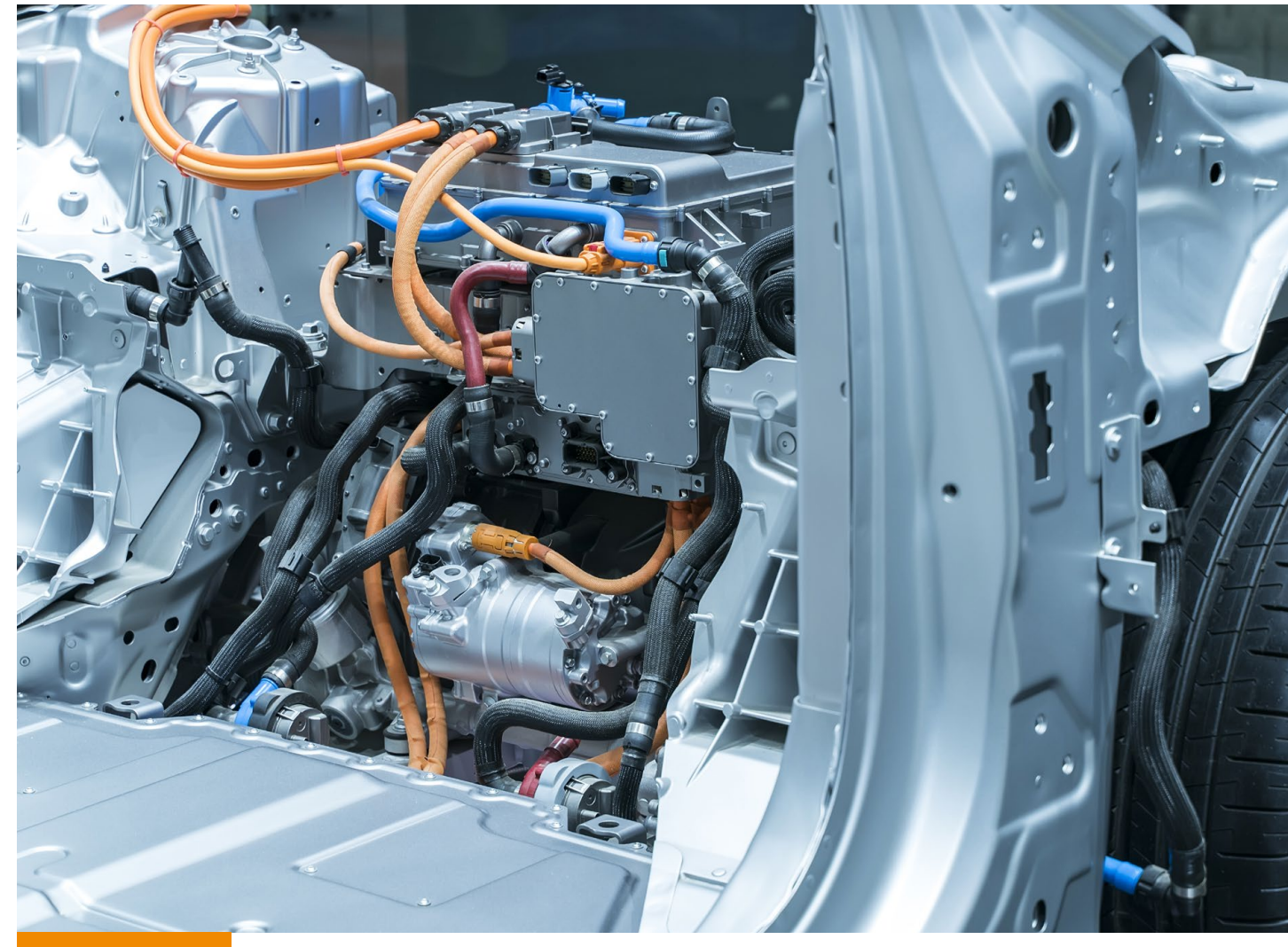
## Strategic and Operational risks

### MARKET RISK

Nedschroef delivers most of its products and services to the automotive industry. A deteriorating economic environment, particularly in the automotive industry, could be detrimental to Nedschroef's financial results and the company's ability to achieve its strategic goals. However, the company's sales are diversified and well spread across customers, products and geographies, which normally mitigates individual variations in demand. In addition, by reviewing production forecasts and through close communication with customers, the company actively monitors activity levels to adequately respond to changes in demand.

Importantly, Nedschroef has developed a flexible organization setup through a combination of proprietary and outsourced production that enables the company to align capacity to upward and downward changes in demand. Furthermore, Nedschroef focuses on maintaining a significant layer of variable costs, including the use of temporary personnel and flexible hour contracts, performance-related pay, ensuring resources can be re-allocated internally and maintaining flexible supplier contracts.

However, recent history has shown that market disturbances have increased significantly. While growth or decline with one customer used to be offset by another customer, nowadays the entire automotive market is impacted by recent developments like COVID-19, supply chain issues and a war in Ukraine. As such, the above-mentioned flexibility cannot cope with deviations in the range of 10-30%. Nedschroef is therefore re-assessing the current logistical concepts at both operational and strategic level. Furthermore, the focus will be on employee flexibility going forward, by creating more flexibility in tasks that employees can execute and thus the ability to respond to changing market circumstances more rapidly.





Furthermore, Nedschroef is reassessing its industry focus and plans to cross-sell automotive or aviation products and technical solutions (application of process knowledge) to other industries. Besides this industry refocus a more balanced geographical spread of the automotive market is among the mid term targets resulting from the 2025 strategy.

### COMPETITION

The Fasteners Division predominantly operates as a supplier to the automotive market, while the Machine Division supplies the automotive as well as other industrial end-markets. Major competitors for the Fasteners Division are other Western European fastener manufacturers, while competitors for the Machine Division operate globally. Although the European market for fasteners remains highly fragmented, competition is intensifying as the market continues to consolidate. Direct imports from outside Western Europe do not yet represent a significant threat in Nedschroef's key markets, mainly because customers, who place stringent demands on the quality of products and the reliability of deliveries and service, are reluctant to accept new suppliers. There is also a trend whereby some customers aim to limit the number of suppliers they deal with, creating opportunities for Nedschroef to increase its market share. In order to get ahead of competition, Nedschroef is focusing on enlarging the percentage of total sales of complex cold formed parts and functional parts (F2 and F3 parts which are hard to copycat and thus inaccessible for new entrants) and is currently entering new markets with high entry barriers (like aviation), but also finding opportunities in other markets, like described above is being further investigated. Both initiatives are mitigating the competition risk.

### REVENUE COMPOSITION

Fasteners account for over 90% of the group's revenues, which are generated by a



long-standing group of international customers. A very substantial proportion of the sales to the automotive industry stem from annual orders or long-term contracts. This reflects the desire of both customers and suppliers to establish long-term relationships. Although there is no excessive dependency on specific customers, the loss of a single (bigger) customer in the automotive industry would have a significant impact on the annual revenue and operating result.

The machines produced by the Machine Division are increasingly tailored to customer specifications and sold in a variety of end markets and geographies. Because these sales are project-driven, they are subject to certain inherent project-related risks. This is mitigated by the fact that the size of individual machine sales is relatively small compared to overall group revenues.

### STAFF

Attracting, retaining and dependency of and on key staff is generally considered a major risk in the operational/people area. As explained in the organization and employee paragraph, over the past 3 years a great deal of emphasis has been placed on global Human Resource procedures and strategy. Implementing these procedures and tools should mitigate potential human capital value deterioration to an acceptable level.

### COSTS

Price pressure from customers is an integral part of doing business in the automotive industry. Nedschroef constantly invests in innovation and new product development to add value for customers through the introduction of new products and services. In addition, the company continuously focuses on organizational improvements to reduce costs, including operational and engineering productivity gains, procurement optimization and other cost saving initiatives.

Raw materials, particularly different grades of steel, comprise a significant part of the cost of goods sold. Adverse changes in such material prices could therefore have negatively impact on the company's cost base. Nedschroef mitigates this risk through its dedicated sourcing strategy, the outsourcing of services and by-passing costs through to customers.

### QUALITY

Even though one fastener has a relatively low value in comparison to the value of the total system where it is applied, a malfunctioning fastener may lead to a failure of a highly valued complete system. Nedschroef predominantly produces in its F1 and F2 product categories and follows the generally accepted automotive quality



management systems to comply with all standards. Employees are continuously made aware of the importance of quality and are requested to report any potential quality issue they see or encounter to further improve processes and thus the quality of the products. Furthermore, Nedschroef continuously invests in process controls and automated product checks to prevent out of spec and malfunctioning products.

## Finance and Reporting

### CURRENCY AND INTEREST RATE RISK

Nedschroef utilizes financial instruments to mitigate exchange rate and interest rate risks. The management of exchange rate risks is mainly geared to preserving the operating margin. The principal exchange rate risks relate to the US dollar (USD), pound sterling (GBP) and the Chinese yuan (CNY). The USD risk relates to the activities of the Machines Division in relation to sales of machines in dollar-oriented countries. The GBP risk is related to part of the operations of the Nedschroef subsidiary in the UK, which is partially mitigated due to the fact that the majority of the costs are also in GBP. The CNY risk relates to imports and exports of the Nedschroef subsidiary in China.

### INSURANCE RISK

Nedschroef insures its assets against property damage and common risks inherent to doing business in the automotive industry. The company closely monitors the creditworthiness of customers and suppliers to anticipate any adverse developments and limit write-offs for insolvencies.

### DISCLOSURE/EXTERNAL REPORTING RISK

The quality of the disclosed information both internally as well as externally is vitally important. Quality here means on time, complete and accurate. In order to safeguard this quality, Nedschroef has clear end-to-end process descriptions on how the transactional information following the Nedschroef added value process must be captured.

These end-to-end process descriptions exist for all key business processes like:

- Order to cash
- Purchase to pay
- Plan to product
- Record to report

Whether all Nedschroef subsidiaries comply with these business principles is partly safeguarded by the use of one system of record, companywide for all the fastener companies. It is stated ‘partly’ because the interpretation of the master data used for recording the transactional records may be interpreted in several ways. So, on a more abstract level, the business blueprint compliance is tested in the internal evaluations as described in the paragraph “code of conduct for internal risk management and control systems”.

The valuation principles of all record keeping systems leading to financial information are described in the accounting manual, which is also randomly tested in the internal evaluations.

At management level, actual monthly financial reports are reviewed within 10 calendar days after the end of the month, comparing actuals with previous year and budgeted numbers, improving the timeliness and correctness of the information disclosed.

And finally, the internal but above all external audit of our disclosed financial information is the final measure Nedschroef (has) to take in order to mitigate residual risk of misstatement of our disclosed financial information.



## LEGAL AND COMPLIANCE RISK

### Compliance

Over the years, Nedschroef business has grown in terms of sales, number of people and global presence. This means that Nedschroef is exposed to an increasing number of rules and regulations in different jurisdictions. In order to comply with all rules and regulations, Nedschroef had to build up internal legal counsel, comply with all kinds of environmental management systems (EMS) and consults local specialists to prevent lack of compliance with said rules and regulations. Besides the risk that there is not 100% compliance, the compliance management comes at a cost which could theoretically jeopardize Nedschroef's competitiveness.

The General Data Protection Regulation (GDPR) came into effect in May 2018. The regulation imposes a strict data protection compliance regime and the collection, use, retention, security, processing, and transfer of personally identifiable information of citizens of all EU countries. The implementation of, and compliance with GDPR comes at a cost and, like general compliance, could influence our business. Furthermore, GDPR may be interpreted or applied in a manner that is unforeseen by or adverse to us. Violations of GDPR may result in significant fines and damage to our reputation.

Nedschroef is an international organization which mainly conducts B2B business with big international organizations and suppliers. In that respect, it is exposed to international trade regulations, anti-corruption and (international) tax laws. Violation of these rules could lead to significant fines.

In order to structure the risk control in this area, Nedschroef implemented a GRC (Governance Risk and Compliance) tool to obtain a holistic view of all applicable risk control frameworks, available control processes and audit actions and status. This tool helps Nedschroef improve compliance and structure all compliance activities. Last but not least, Nedschroef conducts a biannual on-line compliance awareness training course for all employees to ensure that the Nedschroef community understands what compliance is and how important their behavior is with respect to compliance.

### Proceedings

The company is not currently engaged in any legal proceedings other than those arising from 'normal operations'. Any legal proceedings that are expected to have a negative financial consequence for Nedschroef have been provided for in the financial statements.

For further notes on financial risk, we refer to [page 85](#) of this annual report.

## Code of conduct for internal risk management and control systems

### GENERAL

The code of conduct was adopted in April 2015. The 'internal control framework' described below is used to safeguard the reliability of the financial reporting and the operational controls.

### DELEGATION OF AUTHORITY

Nedschroef introduced a Delegation of Authority policy and authorization matrix in 2013 (last updated March 2021). This policy prescribes the delegation of the authorization process for management decisions in a detailed manner per business cycle and process. All Nedschroef employees are obliged to adhere to this authorization scheme in their daily business activities.

### ACCOUNTING MANUAL

The accounting manual provides detailed guidelines for the financial reporting process. The International Financial Reporting Standards (IFRS) as adopted by the EU have been fully incorporated into the guidelines. On-the-spot audits are carried out to monitor compliance with the guidelines. In the event of discrepancies, corrective actions are taken.

### STRATEGIC PLANS

The strategic plans are translated into budgets for each group company. Budgets and plans are assessed against the current situation on a monthly basis and corrective measures are taken if necessary. The monthly reviews are conducted by the responsible senior managers.

### INTERNAL EVALUATIONS AND EXTERNAL AUDITS

Every year, in consultation with the external auditors and the audit committee of the Supervisory Board, Nedschroef staff draw up and implement a schedule and scope of

internal evaluations and external audits. The scope setting of the internal evaluations is the responsibility of the audit committee and is derived from the risk control framework and the internal evaluation reports. The internal evaluation may lead to systematically implemented corrective measures. The main findings from the management letters of the external audits are discussed in the Board of Directors and the Supervisory Board.

### LETTER OF REPRESENTATION

Each year, the directors and controllers of all group companies sign a detailed statement confirming the validity of the financial reporting and internal controls. In addition, the directors and controllers are obliged to submit quarterly letters of representation for internal review purposes. Like the year-end statements, they must be accompanied by a completed questionnaire containing detailed answers to specific questions about the development and status of various aspects of the administrative organization.

Based on this 'internal control framework', the Board of Directors establishes that:

- the system of internal controls provides reasonable assurance that the financial statements contain no material misstatement;
- the system of internal controls worked adequately in 2021;
- there are no indications that the system of internal controls will not work adequately in the coming year; and
- the financial statements give a true and fair view of the financial position of the company and the results of its business activities and contain the required information.

### WHISTLE-BLOWER PROCEDURE

In 2005, a whistle-blower procedure was introduced to protect employees who report breaches of Nedschroef's corporate ethics from any negative personal consequences. No irregularities on corporate ethics were reported in 2021.

## Future outlook

2022 is again expected to be a challenging year. The prospects for the automotive market were bright, although the war in Ukraine is impacting the automotive market in several ways, thus making the near future uncertain and difficult to predict. Despite the relatively strong demand for cars, light and heavy commercial vehicles, normalization of the automotive market, due to predominantly supply chain issues, will take longer.

Although semiconductors shortages seem to be easing, other supplies are still challenging for the automotive industry. The geopolitical concerns are affecting the availability of several components and materials. Supply chain issues for the automotive industry will therefore continue during 2022.

Even before the Ukraine war, prices were generally rising. Due to the war, energy prices in particular have risen significantly in Europe. These energy prices are driving up costs for producing fasteners, directly and indirectly. Nedschroef will therefore seek compensation from customers, not only for the steel price increases in 2022 but also for general price increases.

Nedschroef must become more agile and flexible so that it can respond to the continuous market developments. Logistical concepts are therefore being re-assessed and the process of trading/outsourcing specific F1 parts will be continued to ensure that Nedschroef can respond more flexible to the market.

Furthermore, Nedschroef management is positive with regard to the mid-term future, based on the fact that the company is well positioned to benefit from the expected relatively turbulent market environment. In the coming year, we will continue to

invest significantly to support our strategic growth plans, including further expansion of our global footprint, expand our product portfolio in our current market segments and gradually change our product portfolio in accordance with the 5F strategy in order to be ready for the (automotive) industry of the future. The company will continue to explore the expansion possibilities in the worldwide component manufacturing market. Furthermore, R&D efforts will be intensified to keep up with customer demands and offer innovative new fastening and cold-forging solutions.

The Board of Directors is convinced that Nedschroef is in a good shape to continue its growth and development strategy over the next years. And it will, as soon as the general market has overcome the short-term supply chain issues and returns to run rates, achieve (on an extrapolated basis) the targets set for the year 2022. We wish to thank our customers, employees, shareholders, suppliers and other stakeholders for their trust in the company and we look forward to continuing our cooperation in the years to come.

*Helmond, the 29<sup>th</sup> of April 2022*

### BOARD OF DIRECTORS

P.J.J.W. Raedts – CEO

J.A.C. Verheij – CFO

R.W.A. Janssen – Vice President BU Automotive, segment Growth

T. Niggemann – Vice President BU Automotive, segment Core

## Report from the Supervisory Board

The year 2021 has been the second consecutive year with COVID-19 related challenges. Koninklijke Nedschroef was again confronted with highly volatile automotive markets and strong rises in raw material prices.

In the first half of 2021 the demand from the automotive industries clearly recovered, but in the second half of 2021 supply chain issues and new lockdowns in a number of countries clearly impacted the company's operations. On the back of these difficult and unpredictable markets, Nedschroef was able to realize a positive result, after being lossmaking in 2020.

The Supervisory Board supervises and advises the Management Board in performing their management tasks and setting the direction of the business of Koninklijke Nedschroef Holding. While retaining the overall responsibility, the Supervisory Board has assigned some tasks to two committees: The Remuneration Committee and the Audit Committee. In 2021, it was decided to integrate the Strategy Committee into the full Supervisory Board, given the importance of group strategy.

The Supervisory Board held five regular meetings. Due to the COVID-19-restrictions, all meetings were held online. In these regular meetings a number of topics were discussed including, but not limited to: market developments, impact of COVID-19 on the organization and the employees, the financial performance (including working capital, liquidity position and external financing), the turnaround of the machinery division, developments on the Chinese markets.

The Management Board updated the company's Strategy 2025, which was discussed in depth with the full Supervisory Board during its meeting in June 2021. The Supervisory Board is very confident that Nedschroef will be able to implement its 5F strategy, expand its product portfolio and global footprint (especially in China), whilst realizing further cost leadership.

In 2021, the Remuneration Committee together with the Supervisory Board decided on the succession of Mr. Hanno Neizert, our COO and Vice President BU Automotive, Segment Core. Mr. Neizert retired at the end of 2021, having worked for Nedschroef for more than 9 years. The Supervisory Board thanks him for his loyalty and all the work he has done for the company and wishes him all the best.

Mr. Hanno Neizert is succeeded by Mr. Thorsten Niggemann as Member of the Management Board and Vice President BU Automotive, Segment Core. Previously, Mr. Niggemann was the Managing Director of Nedschroef Altena. He joined Nedschroef in 2018.

The Audit Committee had a meeting with the external auditor, PWC to discuss the 2020 results and the financial audit.

Due to COVID-19, no annual meeting with the Workers Council was held. The Supervisory Board is thanking the Workers Council for its loyalty and positive dialogue with the Management Board.

Finally, the Supervisory Board expresses its appreciation and gratitude to the Management Board and the Nedschroef employees for their valuable contribution in 2021. The Supervisory Board looks forward to the further successful implementation of the group's strategy 2025.

Zhiyan Zhou  
Chairman of the Supervisory Board



# Sustainability Report 2021

Nedfast Holding B.V.

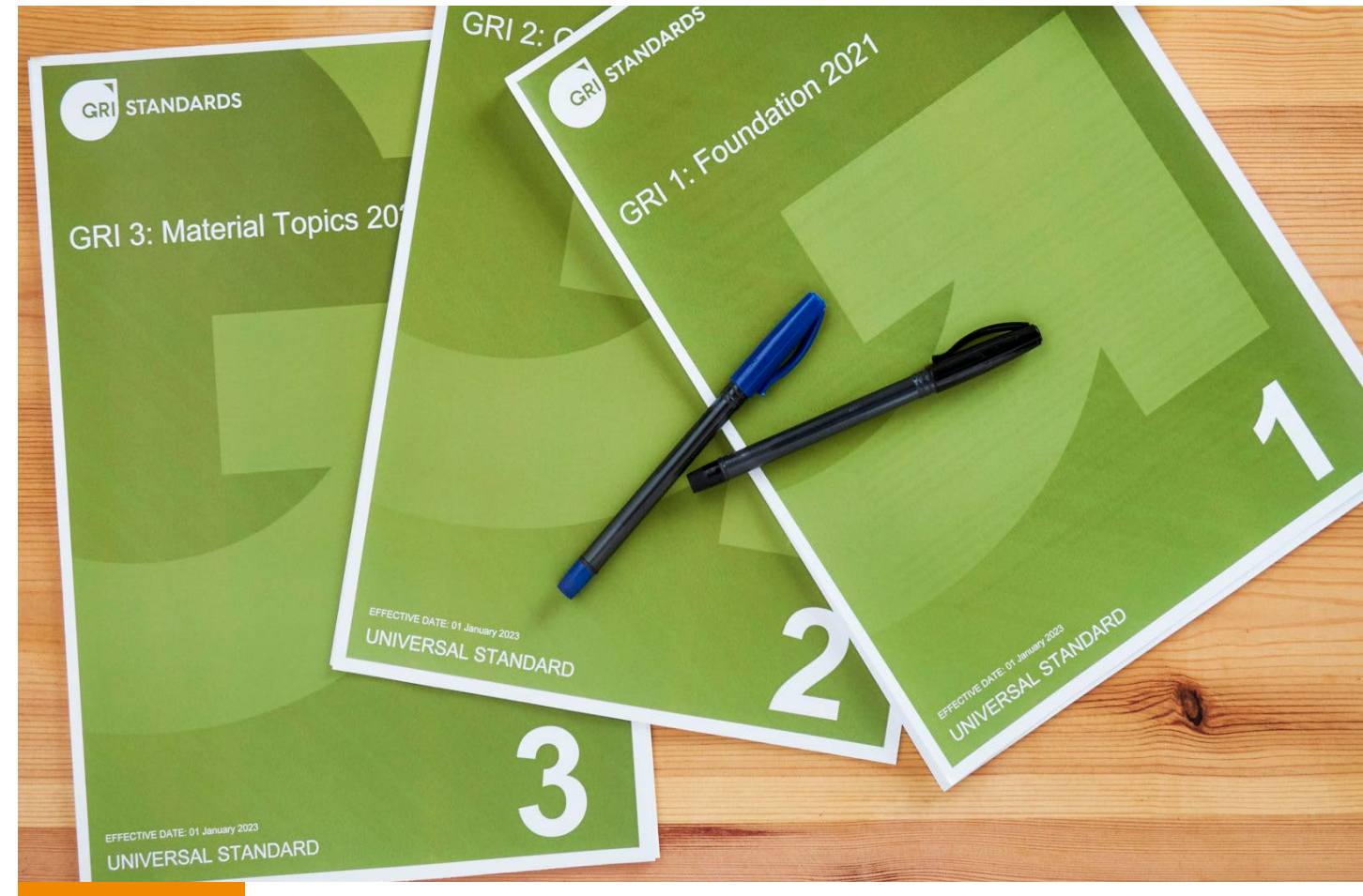
## Introduction

**In early 2021, the Board of Directors decided to start using the GRI Sustainability Reporting Standards (GRI Standards) to publicly disclose the most significant impacts on the economy, environment, and people, including impacts on human rights, as part of the annual report.**

The report is based on the updated Universal Standards GRI 1, GRI 2, and GRI 3 from 2021. Because the Sector Standard Automotive had not yet been published, the disclosures from the Topic Standards were used to report information based on the list of material topics.

Koninklijke Nedschroef Holding B.V. has reported the information cited in the GRI content index for the period 1 January to 31 December 2021. We have used our own criteria's and reported with reference to the GRI Standards. As such the indicators are not yet fully in line with GRI Standards. Refer to the GRI content index at the end of the report for details. For the specific reporting criteria related to the indicators refer to the glossary.

GRI Standards has been notified about the use of the GRI Standards and the statement of use.



GRI 2: General disclosures 2021

DISCLOSURE 2-1 ORGANIZATIONAL DETAILS

The legal name of the organization is Koninklijke Nedschroef Holding B.V. and is commonly known as “Nedschroef”.

Shanghai Prime Machinery Company, which is located in Shanghai, China, has the full ownership of the Nedschroef Group.

The Nedschroef Headquarters is located at Kanaaldijk NW 75, 5707 LC Helmond, Netherlands, and Nedschroef is represented in 20 locations in 10 countries over 3 continents.

For detailed information about our Center of Competences (CoC's) and other locations, please visit our website [nedschroef.com](https://nedschroef.com).





**DISCLOSURE 2-2 ENTITIES INCLUDED IN THE ORGANIZATION’S SUSTAINABILITY REPORTING**

All the entities in the financial reporting are included in the sustainability reporting – a detailed list of entities is available in the financial reporting. The only exception is Nedschroef Fasteners USA, which is not included in material topics related to Energy, Water, Emissions and Occupational Health and Safety due to its limited size (0.4% of total employees) and impact (no manufacturing) compared with the whole group.

**DISCLOSURE 2-3 REPORTING PERIOD, FREQUENCY AND CONTACT POINT**

The reporting period is from 1 January to 31 December 2021, which is the same as for the financial reporting. From now onwards, this sustainability report will be published annually at the same time as the financial reporting.

For any questions about the report or reported information, please send an email to [sustainability@nedschroef.com](mailto:sustainability@nedschroef.com).

**DISCLOSURE 2-4 RESTATEMENTS OF INFORMATION**

No restatements of information, as this is our first official sustainability reporting with reference to GRI Standards. For relevant materiality topics, data from 2020 are included and compared with 2021.

**DISCLOSURE 2-5 EXTERNAL ASSURANCE**

For this first report, the CSR Steering Committee (Board of Directors and Global CI Director) decided to seek external limited assurance by PricewaterhouseCoopers Accountants N.V. (PwC) for a small but rational number of sustainability KPIs from the Sustainability Strategy 2025. The scope includes the following indicators:



- CO<sub>2</sub>-eq intensity (Scope 1+2) in tCO<sub>2</sub>-eq/M€
- Electricity from renewable sources in %
- Work-related injuries in #/1,000 FTE
- Near-miss injuries in #/1,000 FTE
- Training and education in h/1,000 FTE
- Gender diversity of females in %

The scope of external assurance will increase in the coming years and include full sustainability information in compliance with the coming CSRD in 2023. The indicators that fall within the scope of limited assurance are marked with the “√” symbol. See section ‘Other information’ for the assurance report of PwC, which includes details on scoping and outcomes. PwC also performed an audit on the financial statement for the reporting year, please refer to the Audit report of PwC.



**DISCLOSURE 2-6 ACTIVITIES, VALUE CHAIN, AND OTHER BUSINESS RELATIONSHIPS**

Nedschroef operates globally supplying a wide range of products and services.

- We provide automotive OEMs (original equipment manufacturer) and their suppliers with the parts they need to manufacture vehicles and vehicle components.
- We provide our customers with advanced engineering services to support the realization of their development projects.
- We develop and implement C-parts management solutions that drive value and reduce costs throughout your supply chain.
- We provide metal parts manufacturers worldwide with premium metal forming machines and tooling solutions.
- We provide aviation OEMs and MROs (maintenance, repair, and operations) with the nuts, bolts, rivets, inserts and studs they need to manufacture, maintain, repair and overhaul airplanes and their components.

For more information, please visit our website [nedschroef.com](https://nedschroef.com).



Nedschroef mainly sources materials and services from external suppliers in Europe and Asia.

The materials can be categorized into:

- Components of steel, plastic, rubber, etc. for the Automotive and Aviation industry.
- Raw material such as steel wire and sheet metal, semi-finished steel components and plastic parts which will be processed in own operations for the Automotive and Aviation industry.
- Components such as cast iron, steel constructions, electrical and hydraulic systems, tools, etc. for our machines and tools manufacturing.

The services can be categorized into:

- Process-related such as heat treatment, surface treatment, and machining.
- Logistics-related such as transportation, sorting and packaging, and warehousing.

There were no significant changes in the activities, value chain and other business relationships in the reporting year compared with the previous year.

#### DISCLOSURE 2-7 EMPLOYEES

Nedschroef employed 2,251 FTE in 20 locations, 11 of which had manufacturing, and 9 were offices and/or warehouses at year end 2021. In 2020 Nedschroef employed 2,148 FTE.

Employees by employment contract and gender.

	Female	Male	Total
Permanent	463	1,551	2,014
Temporary	55	182	237
Total	518	1,733	2,251

Employees by employment contract and region.

	Europe	Asia	North America	Total
Permanent	1,878	128	8	2,014
Temporary	213	24	0	237
Total	2,091	152	8	2,251



The data was reported by all entities within the group and consolidated by Global HR, and there was no significant variance over the year.

DISCLOSURE 2-28 MEMBERSHIP ASSOCIATIONS

Nedschroef is member of various national and international industry associations and other associations, the main ones being:

- Deutscher Schraubenverband e.V.
- The Deutsche Schraubenverband e.V. (DSV) represents the interests of the German manufacturers of screws, nuts and rivets, who as proper members belong to the association. Associated member companies are additionally manufacturers of washers, service providers, machine manufacturers and several university institutes.
- German Association of the Automotive Industry
- The German Association of the Automotive Industry or VDA (Verband der Automobilindustrie e. V.) is a German interest group of the German automobile industry, both automobile manufacturers and automobile component suppliers.
- European Industrial Fasteners Institute
- The European Industrial Fasteners Institute is the recognized European industry association representing producers of bolts, screws, washers, nuts, rivets, and other mechanical industrial fasteners.
- German Cold Forging Group e.V.
- The German Cold Forging Group e.V. (GCFG) is an amalgamation of leading companies and scientific institutes for cold forging to promote the technology of cold forging and to further develop it through joint research.



DISCLOSURE 2-29 APPROACH TO STAKEHOLDER ENGAGEMENT

Nedschroef recognizes the importance of effective stakeholder engagement and, besides the daily business, also of identifying and considering actual and potential, negative or positive impacts, whose impact could be economically, environmentally, and socially relevant in both directions.

The key stakeholder categories and the most common approach to engagement can be seen in the table below.

Stakeholder categories	Description	Approach to engagement
Shareholder	Nedschroef has only one shareholder.	- Supervisory Board meetings - Annual reports - Onsite visits
Customers	Automotive and Aviation industry, and manufacturers of metal forming parts.	- Trade fairs and exhibitions - Visits, workshops, and meeting - Audits and surveys - Website and social media
Suppliers	Products, raw materials, and product-related services.	- Visits, workshops, and meetings - Audits and interviews
Employees and representatives	Permanent or temporary, full-time or part-time contracts. Local and central works councils.	- MyNedschroef - Townhall meetings - Works Council meetings - Website and social media
Governments and Civil society	Local and national authorities. Neighbors, universities, and associations.	- Onsite visits and meetings - Onsite events



The stakeholders, stakeholder categories and approach to engagement is not static and will be adapted to the current situation, as seen during the Covid pandemic, during which all personal interactions were significantly reduced.

**DISCLOSURE 2-30 COLLECTIVE BARGAINING AGREEMENTS**

68% of all the employees are covered by collective bargaining agreements. However, in the individual entities, the proportion can vary between 0-100%.

For employees who are not covered by a collective bargaining agreement, local agreements for working conditions and terms of employment are in place for individual employees and/or groups of employees. The agreements are generally based on elements from other local or national collective bargaining agreements from related industry sectors.

During the reporting year, it was necessary to take various measures, for example reduced working hours and vacation leave, to adjust the working hours according to the volatile customer demands, which were impacted by the Covid pandemic and chip shortage.

**GRI 3: Material Topics 2021**

**DISCLOSURE 3-1 PROCESS TO DETERMINE MATERIAL TOPICS**

During the process to determine material topics, the GRI Sector Standard for Automotive had not yet been developed, so each individual Topic Standard was reviewed to determine whether it was a material topic.

For each Topic Standard, the main stakeholder group(s) were identified and the “Significance of economic, environmental, and social impacts” and “Influence on stakeholder assessments and decisions” were rated on a scale from “None/Low”, “Moderate” to “High”, to prioritize the most significant impacts for reporting.

Threshold for reporting was set to “High” significance and “High” influence.

The process to determine material topics was performed internally in the organization, with participation from relevant Managers and Directors who have close cooperation with the stakeholders but with no active/direct engagement of external stakeholders. This is something to consider for the coming years.



DISCLOSURE 3-2 LIST OF MATERIAL TOPICS

From the process to determine material topics, the following material topics were identified to represent the most significant impacts on the economy, environment, and people.

The list has been reviewed and approved by the Board of Directors.

<b>201</b>	Economic Performance 2016	<b>301</b>	Materials 2016	<b>401</b>	Employment 2016
<b>205</b>	Anti-corruption 2016	<b>302</b>	Energy 2016	<b>402</b>	Labor/Management Relations 2016
<b>206</b>	Anti-competitive Behavior 2016	<b>303</b>	Water and Effluents 2018	<b>403</b>	Occupational Health and Safety 2018
<b>207</b>	Tax 2019	<b>305</b>	Emissions 2016	<b>404</b>	Training and Education 2016
		<b>308</b>	Supplier Environmental Assessment 2016	<b>405</b>	Diversity and Equal Opportunity 2016
				<b>407</b>	Freedom to Association and Collective Bargaining 2016
				<b>418</b>	Customer Privacy 2016

As this is our first report with reference to GRI Standards, there are no changes to a previous list of material topics.

GRI 201: Economic Performance 2016

The key components of Nedschroef’s direct economic value generated and distributed for 2021 (as extracted from its audited 2021 consolidated financial statements) are as follows:



		x € million
(1) Direct economic value generated	Revenues	595.2
	Revenue from financial investments	-
	Revenue from sales of assets	4.0
	<b>Sub total</b>	<b>599.2</b>
(2) Economic value distributed	Operating costs (excluding employee costs)	422.8
	Employee costs	150.6
	Net finance costs	5.9
	Current tax charge	0.2
	Community investments	
	<b>Subtotal</b>	<b>579.5</b>
(3) Economic value retained (1-2)		19.7

Nedschroef has several defined benefit pension plans covering a limited number of employees, former employees and retirees in the Netherlands, Germany, Belgium and France. Generally, the plans are career average or final pay defined benefit plans.

The Nedschroef companies in the Netherlands are covered by the industry pension funds for the mechanical and electrical engineering industries (Metalektro – PME) and the metal and engineering industries (Metaal en Techniek). The pension plans operated by these industry pension funds are classified as defined benefit plans according to



the accountants' body. However, in the event of a deficit in the industry pension funds, Nedschroef is not obliged to make any additional contributions other than higher premiums in the future. In that case, (former) employees also lose the right to indexation of their pension entitlements. The industry pension funds feel that they cannot and are not obliged to provide any information concerning the net pension commitments of their participants according to the method prescribed by IAS 19. Consequently, the plans are recognized in the financial statements as defined contribution plans. With effect from 1 January 2008, Nedschroef is only a member of PME for the basic pension scheme. For the supplementary scheme (in excess of the salary ceiling of approx. € 80k), the company has joined a defined contribution scheme. The other defined benefit pension plans mainly involve the pension obligations to employees in the Netherlands, Germany and Belgium.

The liability recognized in the balance sheet in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. As at 31 December 2021, the carrying amount of Nedschroef's defined benefit obligations was €17.8 million. At the end of 2021, the Dutch Metalektro and Metaal en Techniek industrial pension funds had coverage ratios (based on market interest rates) of 100.8% and 103.8% respectively. These concern the defined contribution arrangements.

Government grants and subsidies received by Nedschroef in 2021 amounted to €[0.4] million.

GRI 205: Anti-corruption 2016

Nedschroef takes a proactive approach to tackle corruption. We are developing risk assessment procedures for corruption, based on the relevant risks. These policies and procedures are currently being defined individually for each business unit (our different business units work with agents, distributors and OEMs/Tiers/supercar producers respectively, and they provide products and/or services; the risk mitigating factors are tailor made for each sector to reflect the level of actual risk we are facing). In the risk assessment, we focus further on adequate procedures, whilst considering the region and the related Transparency International figures as published annually in the Corruption Perception Index, as well as other factors (including due diligence, KYC, Government interaction, PEPs, export requirements, value of the contract and number of commissions). All new contracts use clear compliance language (at least simple obligations to comply with laws and regulations and extended/explicit ABAC language, where the circumstances necessitate this) and a well-defined scope of work, whilst the current intermediaries, where justified, are presented with compliance certifications and our code of conduct for sign-off.



Nedschroef does not use charitable donations and sponsorships (financial or in-kind) that are made to other organizations without prior written approval from the Board and the Law Department.

Communication and training on anti-corruption is tailored to employees, and towards business partners, if these are identified as having a high risk of incidents of corruption (mainly intermediaries such as consultants, agents, distributors, customs agents and professional people, but also JV partners).

Employee training on anti-corruption provided through mandatory online training, that is regularly updated throughout the year, and through in-person training by our general council, was useful. Business partners and other intermediaries receive instructions from the Nedschroef relationship manager first and can always request in-person training by the general council. Upon joining, new employees also receive a compliance and code of conduct enforcing in-person training from the general council.

The total number and percentage of operations assessed for risks related to corruption cover all our business units initially and will subsequently include all entities. Currently, no significant risks related to corruption have been identified through the risk assessment. We perform a risk assessment focused on corruption to create a baseline and will include corruption as a risk factor in overall risk assessments going forward. The initial risk assessment is intended to help assess the potential for incidents of corruption within and related to the organization and should help Nedschroef to further develop policies and procedures to combat corruption (this aspect is already part of our code of conduct).

All white-collar employees have received communications about Nedschroef's online anti-corruption training. We are currently communicating our anticorruption requirements to customers, starting with the most risk-bearing scope of work (commissions) in the high-risk regions.

Nedschroef currently has zero confirmed incidents of corruption. As part of the policy, employees will be dismissed or disciplined for corruption, based on a strong tone from the top that fully supports compliance in all areas, explicitly including ABAC compliance.

## GRI 206: Anti-competitive Behavior 2016

Competition law (or: Anti-Trust) violations could have a potentially strong negative impact on the economy. This is because (a) not approved monopolies (or positions of dominance) or (b) illegal measures such as price fixing, bid rigging, market sharing, and limitation of output can create artificially high prices that would ultimately need to be paid by the consumer. Basic needs (like transportation, if OEMs needed to use overpriced fasteners) could then no longer be met.

Nedschroef therefore uses clear policies and commitments with respect to competition law compliance, for example in its code of conduct (and its supplier code of conduct) and its training.

With respect to memberships of associations, Nedschroef requests and ensures that a clear set of ethics rules applies.

To document competitor contacts, a process is being developed. Nedschroef is also currently defining updated hotline requirements to meet revised laws and regulations also in the future, including dawn raid protocols.

Nedschroef is not facing any legal actions concerning anti-competitive behavior and violations of anti-trust and monopoly legislation.

GRI 207: Tax 2019

Nedschroef aims at a straightforward uncomplicated compliant tax structure. It does not engage in aggressive tax planning and has a low tax risk appetite. It is not represented in tax haven countries and is only present in countries where actual business activities are performed, i.e., countries where the Centers of Competence and the Trade & Service units are located. Reputable tax firms are engaged to regularly render advice, to ensure that the company is updated about tax law changes and to assist with tax compliance, including (assistance with) drafting the annual corporate income tax returns. In Germany and the Netherlands, the countries where Nedschroef has its largest operations, regular meetings are held with one of the big four firms to discuss future tax developments, tax structure in general and the way forward.

KNH is the main center of the Nedschroef group of companies and as such provides services for the group companies, including tax management services. The group tax

manager reports to the CFO. In FY 2019, a Finance Shared Services Center (FSSC) was set up, to provide centralized administrative services to the Nedschroef group of companies for the key business processes: Purchase to Pay, Order to Cash and Record to Report. Clear end-to-end process descriptions were drafted. The FSSC aims at harmonization and standardization of these processes and the controls currently in place.

Nedschroef has made great strides forward in digitalizing its business processes. Project ‘Crown’ is being implemented, introducing a “one way of working” via harmonized Enterprise Resource Planning (ERP) processes, enabling a further centralization of part of the general administration and optimization of the FSSC. The FSSC aims at providing on time, complete and accurate information and will enable centralized control and monitoring of tax compliance going forward.

Nedschroef pursues a transparent relationship with the tax authorities. In the Netherlands, the filed corporate income tax returns are discussed in annual meetings with the Dutch tax authorities, in which business updates are provided and the positions taken in the tax returns are further explained. Nedschroef is not involved in lobbying activities on tax nor is it a member of trade associations active on tax policy.

The Nedschroef group is part of the Prime Shanghai group, which in turn is owned by Shanghai Electric (Group) Corporation (“SEGC”). SEGC, a state-owned Chinese enterprise, holds the majority of the shares in the Prime Shanghai group. Based on an agreement with the Tax Authorities of the Republic of China (“RPC”), the Master File is prepared at Prime Shanghai group level, including the Nedschroef companies. Nedschroef-related country-by-country reporting is done by SEGC. There are no inter-company transactions between Nedschroef and SEGC companies outside of the Prime Shanghai group. The Prime Shanghai Master file gives a high-level overview of the Nedschroef group. In addition, detailed local files are drafted.







GRI 301: Materials 2016

Nedschroef mainly sources materials for manufacturing products from external suppliers in Europe and Asia.

The highest usage of materials involves components, semi-finished components and raw material made of steel to manufacture products for the Automotive industry. The percentage of recycled materials in the purchased steel is approx. 50% and the manufacturing scrap is sold to a third party for recycling.

The highest usage of associated process materials involves oil for process and machine lubrication, and for quenching in the heat treatment process to manufacture products for the Automotive industry. The oils are mainly mineral oil, which after usage is sold to third party for recycling.

The values in the table below are sourced from direct measurements in the entities.

Type	Unit	2020	2021
Steel	t	114,084	135,591
Oils	t	1,016	1,290

The higher usage of materials in 2021 is mainly due to the recovery after the Covid pandemic in 2020.

## GRI 302: Energy 2016

Energy management has a high priority at Nedschroef, and therefore integrated in our Corporate Management System. 17 have a local ISO50001 certification and the remaining aim to obtain ISO50001 certification within the coming year. Energy consumption is integrated in cost saving programs, investment procedures and, reported and monitored per location on monthly basis.

The energy consumption within the organization is calculated by the entities from invoices, meters and/or web portals. Where possible, local conversion factors to kWh are used for the calculations, otherwise generic conversion factors are used.



The main energy consumption can be divided into the following 2 main categories:

- Electricity for manufacturing processes and building/office activities.
- Natural gas for manufacturing processes and room heating.

Type	Unit	2020	2021
Electricity	MWh	58,252	63,851
Natural gas	MWh	89,830	101,269

The energy consumption in both categories is due to higher activity compared with 2020, which was impacted by the Covid pandemic lockdowns and restrictions.

The total energy consumption can also be divided into the following 2 categories:

- Non-renewable sources, mainly electricity, natural gas, and other fuel for transport and generators.
- Renewable sources, mainly electricity.

Type	Unit	2020	2021
Energy from non-renewable sources	MWh	130,301	119,983
Energy from renewable sources	MWh	17,781	48,033
Energy total	MWh	148,082	168,017
Energy from renewable sources	%	12.0	28.6
Electricity from renewable sources	%	30.5	75.2

The energy from renewable sources, which currently only consist of electricity, increased significantly in 2021, due to the fact that several entities increasing the share of purchased electricity from renewable sources, mainly from wind and solar. For 2021 the fuel for transportation was included in the calculation.

The energy intensity ratios are calculated based on the total energy consumption from renewable and non-renewable sources within the organization, in relation to total sales and total usage of materials made of steel, e.g., components, semi-finished components and raw material to manufacture products.

Both energy intensity ratios can be influenced by several factors, such as price development, product mix, outsourcing, etc.

Type	Unit	2020	2021
Energy intensity – sales	kWh/m€	282,423	282,321
Energy intensity – steel	kWh/t	1,298	1,239

While Energy intensity – sales, remains on the same level, Energy intensity – steel, is reduced by 5%, due to more efficient utilization of electricity and gas in the manufacturing processes compared with the COVID-related lockdown periods in 2020.

## GRI 303: Water and Effluents 2018

The total water withdrawal can be divided into the following 2 main categories:

- Surface, Ground and Produced water, which is mainly used to cool the manufacturing processes.
- Third-party water, which is used for all other purposes, e.g., drinking, washing, cleaning, etc.

The consumptions are collected by the entities from invoices, meters, etc.

Type	Unit	2020	2021
Surface, Ground and Produced water	m <sup>3</sup>	241,301	212,571
Third-party water	m <sup>3</sup>	39,054	40,463
Water total	m <sup>3</sup>	280,355	253,034

The total water withdrawal can be divided into the following 5 categories in accordance with the World Resources Institute “Aqueduct Water Risk Atlas”, which is a publicly available, global database and interactive tool that maps indicators of water-related risks. Aqueduct enables comparison across large geographies to identify regions or assets deserving of closer attention.

Type	Unit	2020	2021
Low	m <sup>3</sup>	10,347	10,479
Low-Medium	m <sup>3</sup>	445	311
Medium-High	m <sup>3</sup>	41,256	48,193
High	m <sup>3</sup>	227,291	192,975
Extremely High	m <sup>3</sup>	1,023	1,076
Total	m <sup>3</sup>	280,355	253,034



The water withdrawal from surface and ground water, which is used to cool the manufacturing processes, is mainly led back to the source via closed circuit or evaporated.

The rest of the water withdrawal is discharged to a third party, because no water is incorporated into the products.



GRI 305: Emissions 2016

Environmental management has a high priority at Nedschroef, and therefore integrated in our Corporate Management System. 16 have a local ISO14001 certification and the remaining aim to obtain ISO14001 certification within the coming year. Based on the energy consumption the emissions Scope 1 and 2 are integrated in cost saving programs, investment procedures and, reported and monitored per location on monthly basis. No GHG trades are included in the calculation.

The Direct (Scope 1) GHG emissions is defined as emissions coming from non-renewable and renewable fuel for usage mainly in furnaces, heaters, generators, and vehicles owned or controlled by Nedschroef.

To calculate the Direct (Scope 1) GHG emissions, the consumption of non-renewable and renewable fuel was calculated by the entities from invoices, meters and/or web portals. Where possible, local conversion factors to CO<sub>2</sub>-eq were used, otherwise generic conversion factors were used from “UK Government GHG Conversion Factors for Company Reporting”. No GHG trades are included in the calculation.

Type	Unit	2020	2021
Direct (Scope 1) GHG emissions	tCO <sub>2</sub> -eq	17,346	19,652

The Direct (Scope 1) GHG emissions increased due to higher activity compared with 2020, which was impacted by the Covid pandemic lockdowns and restrictions.

The Energy indirect (Scope 2) GHG emissions is defined as emissions coming from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by Nedschroef.

To calculate the Energy indirect (Scope 2) GHG emissions, the purchase of electricity was calculated by the entities from invoices, meters and/or web portals. Where possible, local conversion factors to CO<sub>2</sub>-eq were used, otherwise generic conversion factors were used from “UK Government GHG Conversion Factors for Company Reporting”. No GHG trades are included in the calculation.

Type	Unit	2020	2021
Energy indirect (Scope 2) GHG emissions	tCO <sub>2</sub> -eq	19,114	9,327

The Energy indirect (Scope 2) GHG emissions decreased due to several entities increasing the share of purchased electricity from renewable sources.

The GHG emissions intensity ratios were calculated based on the Direct (Scope 1) GHG emissions and the Energy indirect (Scope 2) GHG emissions, in relation to total sales and total usage of materials made of steel - components, semi-finished components and raw material to manufacture products.

Both GHG emissions intensity ratios can be influenced by several factors, such as price development, product mix and outsourcing.

Type	Unit	2020	2021
Scope 1+2 GHG emissions intensity – sales	tCO <sub>2</sub> -eq/m€	69.5	48.7
Scope 1+2 GHG emissions intensity – steel	tCO <sub>2</sub> -eq/t	0.32	0.21

Both GHG emissions intensity – sales and – steel reduced significantly, due to several entities increasing the share of purchased electricity from renewable sources and more efficient utilization of electricity and gas in the manufacturing processes compared with the COVID-related lockdown periods in 2020.


The reported figures are based on the market-based GHG emissions.

## GRI 308: Supplier Environmental Assessment 2016

The Nedschroef “Supplier Management System” explains in detail what we expect from our suppliers and vice versa and shows the path how to achieve our mutual goals.

A four-layer system has been established and the supplier is ranked based on the most critical component or service rendered. The more the supplier is part of the overall performance and success, the higher the requirements. The following ranking applies.



		CODEX (Code-of-conduct)	NDA & IT- Safety Self Assessment	Fullfill location specific requirements (ISO 14001 & ISO 45001 & 50001)	Min. ISO 9001, Preferred IATF validation.
STANDARD	All Suppliers for common products/services	✓			
CONFIDENTIAL	All suppliers having acces to confidential information	✓	✓		
ON SITE	Suppliers executing work/maintenance at Nedschroef	✓	✓ NDA only	✓	
CRITICAL	All suppliers influencing our end-product quality and/or Service	✓	✓	✓	



Ongoing evaluation

As part of the Supplier Selection and Approval process, “Critical” suppliers will be analyzed, and a decision taken for Risk Classification based on the Supplier Selection Questionnaire. Besides topics like Quality Management System, Special Processes and Quality Process Elements, this also includes Environmental Management System, Energy Management System and Occupational Health & Safety Management. As part of the Supplier Classification and Performance Measurement process, “Critical” suppliers are classified based on the performance measurement system. Besides topics like Purchasing/commercial, Quality and Logistic, this also includes Energy and environment.

No new “Critical” suppliers were released in 2021.

GRI 401: Employment 2016

Total average number and rate of new employee hires during the reporting period by gender.

	Female	Male	Total
New employee hires	50	167	217
Rate	23%	77%	100%





Total average number and rate of new employee hires during the reporting period by region.

	Europe	Asia	North America	Total
New employee hires	202	14	1	217
Rate	93%	6.5%	0.5%	100%

Total average number and rate of employee turnover during the reporting period by gender.

	Female	Male	Total
Employee turnover	55	187	242
Rate	11%	11%	11%

Total average number and rate of employee turnover hires during the reporting period by region.

	Europe	Asia	North America	Total
Employee turnover	210	32	0	242
Rate	10%	21%	0%	11%

The data was reported by all entities within the group and consolidated by Global HR. There was no significant variance over the reporting year.

Many countries have introduced parental leave legislation. The aim of the legislation is to allow employees to take leave and return to work in the same or comparable position. Nedschroef encourages both women and men to take leave and return to work. Such parental leave must have no negative effects with respect to the employees' employment security, remuneration and career path. Nedschroef is further developing a global policy regarding Parental Leave to further encourage its employees to take such leave.

## GRI 402: Labor/Management Relations 2016

In accordance with the Dutch laws on the European Works Councils ("Wet op de Europese ondernemingsraden"), an agreement for European employees of Nedschroef Group Companies has been signed between representatives of the subsidiaries of Koninklijke Nedschroef Holding B.V. and Koninklijke Nedschroef Holding B.V.

The purpose is to share information and provide an opportunity for consultation in Europe with employees who have been appointed or duly elected on Nedschroef's European business and transnational operations because they directly affect the interests of employees on a transnational basis as envisioned by the WEOR covered by the agreement.

The European Works Councils will, in a timely fashion, be informed about transnational events which have a significant and major impact on the employment interests of employees covered by the agreement.

Semi-annual meetings will be held and include matters concerning:

- the structure, economic and financial situation
- the probable development of the business and of production and sales
- the situation and probable trend of employment, environmental health, and safety
- investments
- substantial changes concerning the organization
- acquisitions or disposals of companies
- introduction of new working methods or production processes, transfers of production

The current agreement was signed in January 2020.

GRI 403: Occupational Health and Safety 2018

For a long time, Nedschroef has been dedicated to improving employee health and safety. In 2019, a Group Director responsible for Health & Safety was appointed to guide the Health & Safety development.

Nedschroef is improving health & safety by:

- Stimulating an employee Safety awareness culture, measured in reported work-related and near-miss injuries.
- Having Organizational Health & Safety in place, measured in the safety ladder and going forward ensured by ISO45001 certification.
- Compliance to Technical requirements, which is an ongoing activity going forward ensured by ISO45001 certification.

The majority of our operational meetings start with Health & Safety to highlight its importance for Nedschroef.

Occupational Health & Safety is integrated in our Corporate Management System. 4 production locations have a local ISO45001 certification and successfully passed their annual prolongation audit in 2021. In 2022, the remaining production locations aim to obtain ISO45001 certification. The trade locations will follow before 2025.

Within Nedschroef, we have a living work-related and near-miss injuries reporting. Locations are encouraged to increase the number of reported near-miss injuries. In order to reach the reporting targets, employee participation is required.

Each location (single legal entity) is obliged to run regular risk assessments. For investments, risk assessments are included in the approval checklist. Accidents are thoroughly investigated to discover the root causes. Each Lost Time accident is discussed and shared with all Managing Directors of the production locations.

Health services are locally organized and included in the Safety Ladder measurement as well as being a pre-requisite of ISO45001 certification.

Employee participation is locally organized and included in the Safety Ladder measurement as well as being a pre-requisite of ISO45001 certification. In its culture, Nedschroef encourages co-operation with employees and employee participation, as we do with work-related and near-miss injuries reporting or employee and co-worker involvement in accident analyses.

Training is a local responsibility. Typically, all locations train and perform evacuation drills, forklift driving courses and job specific trainings. Sharing the lessons learned and root causes of accidents can be considered as training.

Employee health is a local responsibility to support group officers promote safety in all corporate activities and operational meetings. Group-wide tools are available for local use and are shared within a bi-weekly Cross Company Group Safety (CCG-Safety) to learn, explain, and exchange.

Despite our best efforts, we recognize that we can only report on those safety incidents that are reported through all the above-described procedures, supported by a strong culture on safety. There is an inherent limitation that safety incidents might not be reported completely, especially when it comes to near misses. Within our living work-related and near-miss injuries reporting, we aim to reduce the risk of underreporting to an immaterial level.

Everyone on site or employees working remotely (or in a home office) are included in our safety program. We expect temporary employees to report work-related and near-miss injuries and if injuries occur, temporary workers are included in our numbers. Next step

(until 2025) is to include onsite workers of subcontractors and visitors. Nedschroef encourages its supply chain to continuously improve health & safety standards. Significant learnings are also shared. Health & Safety is an integral part of our Supplier Management System and evaluations.

Work-related incidents are of 2021

Type	Unit	2020	2021
Work-related injuries	#/1,000 FTE	41	40
Near-miss injuries	#/1,000 FTE	835	1,190

Details show that approx. 40% of our accidents resulting in lost time originate in 2 Nedschroef locations. In both locations, increasing safety awareness is the way forward. This will be done by:

- more strongly embedding safety in the organization by appointing safety ambassadors in each department. Main aim of a safety ambassador is to act as a contact point for workers if a potential danger is observed, and for providing feedback over reported cases.
- other tools that can be used by the local organizations are:
  - encouraging the management team to act as behavior models
  - motivate all employees to report dangerous cases
  - train management, supervisors and employees in Last Minute Risk Analyses
  - provide regular toolbox meeting to all departments

A report is drawn up based on reported cases and reported work-related and near-miss injuries in each location to determine priorities and actions.

GRI 404: Training and Education 2016

By reporting its average hours of training per employee, Nedschroef provides insight into the scale of its investment in training, and the degree to which the investment is made across the entire employee base.

In the context of this report, ‘training and education’ refers to:

- all types of vocational training and instruction
- paid educational leave provided by Nedschroef for its employees
- training or education pursued externally and paid for in whole or in part by Nedschroef
- training on specific topics.

Training does not include on-site coaching by supervisors.





Average training hours that Nedschroef's employees have undertaken during the reporting period are calculated as; total number of training hours provided to employees per total number of employees.

Type	Unit	2020	2021
Training and education	h/1,000 FTE	6,003	9,498

Excl. Nedschroef Fasteners USA, and Machinery Herentals

Programs for upgrading employee skills allow Nedschroef to plan skills acquisition that equips employees to meet Nedschroef's strategic targets in a changing work environment. More skilled employees enhance our organization's human capital and contribute to employee satisfaction, which correlates strongly with improved performance. For those nearing retirement, confidence and quality of work relations is improved by the knowledge that they are supported in their transition from work to retirement.

### Nedschroef's CDP Program

The Corporate Development Program (CDP) is an annual corporate talent development program, in which ambitious people from various entities and functions attend training courses and workshops, and network with management and employees across the Nedschroef group.

The purpose of the CDP is to facilitate networking among our employees across the group and to support our talents with personal development for their career as an expert/specialist or manager within the organization.

### Skill Matrix project

We have created a Skill Matrix Project within our organization, in which we have defined several goals to identify required skills and close potential skill gaps in our workforce to meet Nedschroef's strategic targets.

### Transition assistance programs

In the coming years, a number of employees will be retiring. To avoid loss of knowledge and expertise, and to ensure a smooth transition into retirement for the retirees, Nedschroef has established a Retirement Action Plan in each of its entities.

Attracting qualified and skilled employees and developing their capabilities and long-term commitment is a significant competitive advantage for a company. The systematic support and development of employees is therefore an important factor for Nedschroef.

We believe that keeping track of our employees' performance is crucial to spur everyone towards higher productivity, efficiency and operational excellence. The performance evaluation process helps us identify development needs and define individual career paths to qualify our people beyond existing expertise.

Personnel development is not only in the interest of the company, we also expect that every employee takes the initiative and responsibility to strive towards excellence.

Nedschroef always supports personal development and individual career steps.

The percentage of all our employees who received a regular performance and career development review during the reporting period.

Appraisals: % of appraisals to HC = 75,3%.

GRI 405: Diversity and Equal Opportunity 2016

The following overview provides a quantitative measure of diversity within Nedschroef’s organization. Comparisons between broad employee diversity offer information on equal opportunity.

The figure refers to the number of employees registered as female in our systems in relation to total number of employees (based on FTE’s).

	Europe	Asia	North America	Total average
Gender diversity of females	17%	31%	25%	18%

GRI 407: Freedom to Association and Collective Bargaining 2016

Freedom of association is a human right as defined by international declarations and conventions. In this context, freedom of association refers to the right of employers and workers to form, join and run their own organizations without prior authorization or interference by the state or any other entity. The right of workers to collectively bargain the terms and conditions of work is also an internationally recognized human right. Collective bargaining refers to all negotiations that take place between one or more employers or employers’ organizations, on the one hand, and one or more workers’ organizations (e.g., trade unions), on the other, to determine working conditions and terms of employment or to regulate relations between employers and workers.

Nedschroef is committed to high standards of business ethics and integrity, as reflected in its Code of Conduct. The Code of Conduct applies to all Nedschroef affiliated companies and employees, in which the right to organize is embedded.

Nedschroef recognizes and respects the freedom of employees to choose whether or not to establish or to associate with any organization. Within the framework of (local) law, regulations and prevailing labor relations and employment practices, Nedschroef respects the right of its employees to be represented by labor unions and other employee organizations, and will engage in negotiations, either on its own behalf or through employers’ associations, with a view to reaching agreement on employment conditions.

Nedschroef’s Supplier Code of Conduct is a natural outgrowth of the Code of Conduct and reflects its desire to extend its commitment to high standards of business ethics and integrity to its Suppliers and their affiliates, officers, directors, agents, employees, representatives, subcontractors, and consultants (the “Supplier”). The Supplier Code of Conduct is therefore made available to our Suppliers with the aim of strengthening our mutual understanding of how sustainable business should be practiced on a day-to-day basis.

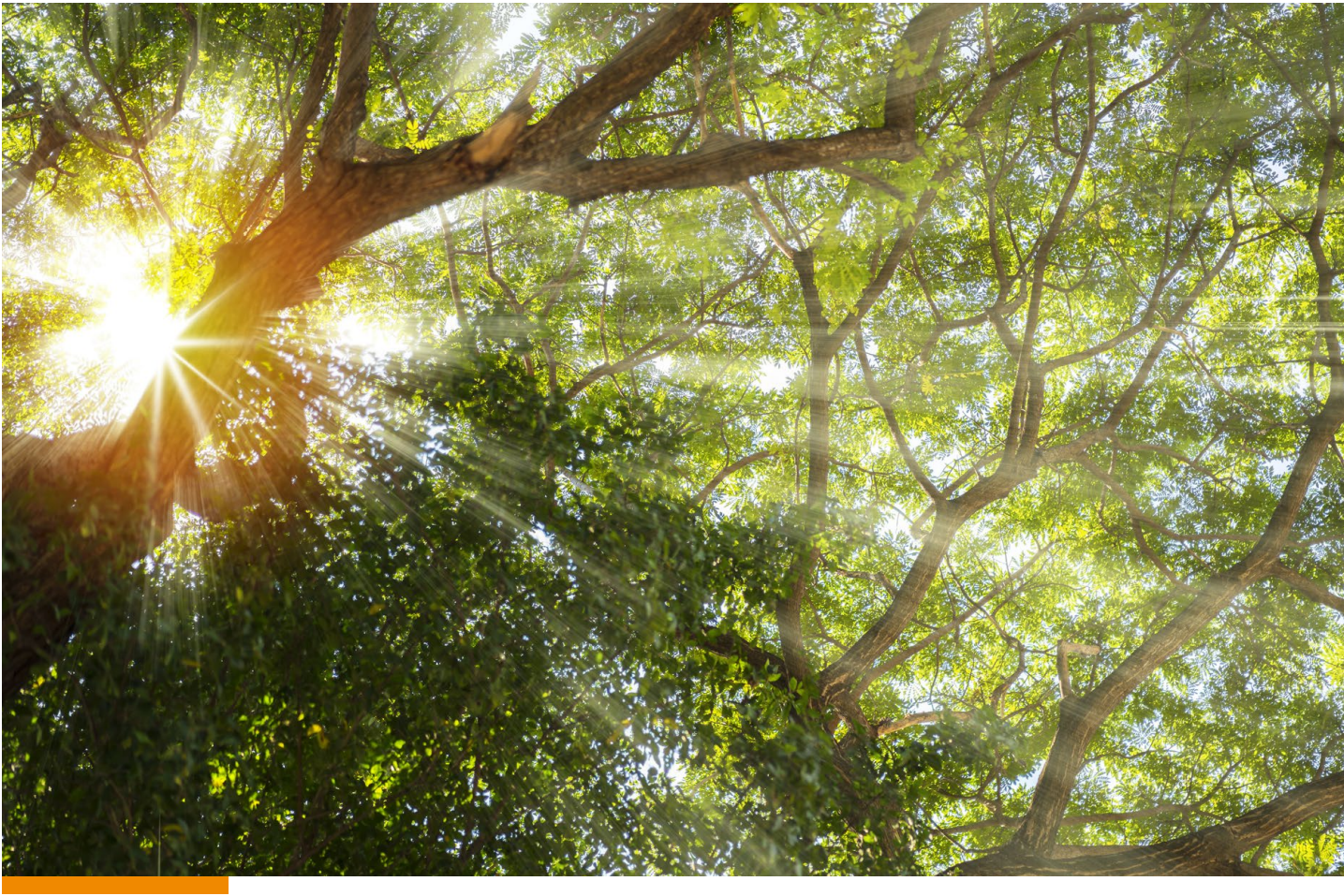
The Supplier Code of Conduct describes the requirements to which we expect our suppliers to adhere, and which should be our common daily working practice.

GRI 418: Customer Privacy 2016

Privacy rights and IT Security are paramount in times of increased online activity and cyber threats, to protect people’s data, especially special category data (sensitive data like health data) and secure operations. Nedschroef is by choice not involved with any sensitive data as defined under GDPR rules. Any negative impacts might concern its employees, and not its customers or suppliers. This is because the main focus of its activities is not mainly on online sales or telecom activities, but on fasteners for the automotive industry and other businesses.

Nedschroef has strong data protection policies and resource commitments in place, including our code of conduct, the training sessions, intercompany data transfer agreements, based on the European Commission model clauses and structured evaluations of breach reporting obligations between IT Security and Legal as well as management. In 2021 there was nothing to report to the authorities, nor were there any customer complaints. We have appointed Data Protection Officers internally and externally as required.

Nedschroef limits its collection of personal data, to collect data by lawful means, and uses notices to be transparent about how data is gathered, used, and secured. We do not disclose or use personal employee or customer information for any purposes other than those agreed upon and will communicate any changes in data protection policies or measures to employees, including the collective representation, as required, and to customers directly. Our European model clauses are currently being updated to reflect the new versions, and we are adding Chinese clauses to protect the rights of our Chinese employees, in accordance with the new laws in China.





## Glossary

This glossary provides definitions for terms used in this report.

### **A Appraisal**

A structured yearly supervisor / employee conversation about skills and development.

### **E Electricity from renewable sources**

Purchased from companies, who are certified to provide electricity from various renewable sources. Consumption within the organization is calculated by the entities from invoices, meters and/or web portals. Where possible, local conversion factors to kWh are used for the calculations, otherwise generic conversion factors are used.

### **Employee**

Individual who is in a permanent or temporary employment relationship with Nedschroef according to national law or practice.

### **Energy from non-renewable sources**

Energy that cannot be replenished, reproduced, grown or generated in a short timeframe through ecological cycles or agricultural processes, e.g., fuel distilled from petroleum or crude oil, such as gasoline, diesel fuel, jet fuel, and heating oil; natural gas, such as compressed natural gas (CNG), and liquefied natural gas (LNG); fuels extracted from natural gas processing and petroleum refining, such as butane, propane, and liquefied petroleum gas (LPG); coal; and nuclear power. Energy consumption within the organization is calculated by the entities from invoices, meters and/or web portals. Where possible, local conversion factors to kWh are used for the calculations, otherwise generic conversion factors are used.

### **Energy from renewable sources**

Energy that is capable of being replenished in a short time through ecological cycles or agricultural processes, e.g., geothermal, wind, solar, hydro, and biomass. Energy consumption within the organization is calculated by the entities from invoices, meters and/or web portals. Where possible, local conversion factors to kWh are used for the calculations, otherwise generic conversion factors are used.

### **F FTE**

Full-time equivalent is calculated monthly per location as total employee contract hours divided by national law or practice regarding working time.

### **G Gender diversity of females**

Employees registered as female in our systems in relation to total number of employees (based on FTE's).

### **N Near-miss injuries**

Events that are reported in our health and safety systems which did not result in injury/illness but had the potential to do so. They are defined as the sum of the number of reported unsafe situations (potential injuries), damage to property, used fire extinguishers and reported unsafe actions (behavior).

## S Scope 1

Direct GHG emissions from the following sources owned or controlled by Nedschroef:

- Generation of electricity, heating, cooling and steam: these emissions result from combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from other combustion processes.
- Transportation of materials, products, waste, workers, and passengers: these emissions result from the combustion of fuels in mobile combustion sources owned or controlled by Nedschroef, such as trucks, trains, ships, airplanes, buses, and cars.

To calculate the Direct (Scope 1) GHG emissions, the consumption of non-renewable and renewable fuel was calculated by the entities from invoices, meters and/or web portals.

Local conversion factors to CO<sub>2</sub>-eq are preferred, otherwise “UK Government GHG Conversion Factors for Company Reporting” are used.

## Scope 2

Indirect GHG emissions from the CO<sub>2</sub> emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by Nedschroef.

To calculate the Energy indirect (Scope 2) GHG emissions, the purchase of electricity was calculated by the entities from invoices, meters and/or web portals.

Conversion factors to CO<sub>2</sub>-eq from local providers are used, except for China, Kunshan where the conversion factor for electricity is based on internet search.

## T Training and education

Training and education refers to:

- all types of vocational training and instruction
- paid educational leave provided by Nedschroef for its employees
- training or education pursued externally and paid for in whole or in part by Nedschroef
- training on specific topics.
- And it does not include on-site coaching by supervisors.

## W Work-related injury

Work-related injuries that are reported in our health and safety systems also referred to as lost time accidents is if an employee had an injury leading to more than 8 hours of paid sick leave of this employee. Accidents on the way to and from work are also included as accidents.

## Indicator overview

Type	Unit	2020	2021
<b>GRI 301: Materials 2016</b>			
Steel	t	114,084	135,591
Oils	t	1,016	1,290

### GRI 302: Energy 2016

Electricity	MWh	58,252	63,851
Natural gas	MWh	89,950	101,269
Energy from non-renewable sources	MWh	130,301	119,983
Energy from renewable sources	MWh	17,781	48,033
Energy total	MWh	148,082	168,017
Energy from renewable sources	%	12.0	28.6
Electricity from renewable sources	%	30.5	75.2 ✓
Energy intensity – sales	kWh/m€	282,423	282,321
Energy intensity – steel	kWh/t	1,298	1,239

### GRI 303: Water and Effluents 2018

Surface, Ground and Produced water	m³	241,301	212,571
Third-party water	m³	39,054	40,463
Water total	m³	280,355	253,034
“Aqueduct Water Risk Atlas” categories			
- Low	m³	10,347	10,479
- Low-Medium	m³	445	311
- Medium-High	m³	41,256	48,193

Type	Unit	2020	2021
- High	m³	227,291	192,975
- Extremely High	m³	1,023	1,076
- Total	m3	280,355	253,034

### GRI 305: Emissions 2016

Direct (Scope 1) GHG emissions	tCO <sub>2</sub> -eq	17,346	19,652
Energy indirect (Scope 2) GHG emissions	tCO <sub>2</sub> -eq	19,114	9,327
Scope 1+2 GHG emissions intensity – sales	tCO <sub>2</sub> -eq/m€	69.5	48.7 ✓
Scope 1+2 GHG emissions intensity – steel	tCO <sub>2</sub> -eq/t	0.32	0.21

### GRI 401: Employment 2016

New employee hires	#	-	217
Employee turnover	#	-	242
Employee turnover	%	-	11

### GRI 403: Occupational Health and Safety 2018

Work-related injuries	#/1,000 FTE	41	40 ✓
Near-miss injuries	#/1,000 FTE	835	1,190 ✓

### GRI 404: Training and Education 2016

Training and education	h/1,000 FTE	6,003	9,498 ✓
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### GRI 405: Diversity and Equal Opportunity 2016

Gender diversity of females	%	-	18 ✓
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## GRI content index

<b>Statement of use</b>	Koninklijke Nedschroef Holding B.V. has reported the information cited in this GRI content index for the period 1 January to 31 December 2021, with reference to the GRI Standards.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
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# Financial Statements 2021

The background of the title section features a dark blue field with a faint, glowing grid. Overlaid on this grid is a complex financial chart. The chart includes several vertical bars of varying heights, some in white and others in a lighter blue. Interspersed among the bars are numerous numerical values in a light blue, sans-serif font. Some of the visible numbers include 81.438, 75.008, 92.490, 45.161, 3.244, 92.595, 58.236, 65.789, 21.248, 87.072, and 71.007. The overall aesthetic is modern and data-driven.

## Consolidated profit and loss account

(x € million), year ended 31 December

	Note	2021	2020
Revenues from fasteners		570.3	499.0
Revenues from machines and tools		24.9	25.3
<b>Total revenues from sales</b>	<b>[5]</b>	<b>595.2</b>	<b>524.3</b>
Other operating income	<b>[6]</b>	7.7	4.6
<b>Total revenues</b>		<b>602.9</b>	<b>528.9</b>
Production capitalized for the group		0.4	0.8
Change in work in progress and finished products		15.8	(4.8)
Raw materials and consumables		(280.1)	(243.1)
Work subcontracted and other external costs	<b>[7]</b>	(136.3)	(114.4)
<b>Added value</b>		<b>202.7</b>	<b>167.4</b>
Employee costs	<b>[8]</b>	(150.6)	(143.8)
Depreciation	<b>[12]</b>	(21.2)	(22.8)
Amortization	<b>[11]</b>	(4.1)	(1.1)
Other operating costs		(22.6)	(27.7)
<b>Total operating costs</b>		<b>(198.5)</b>	<b>(195.4)</b>
<b>Operating result</b>		<b>4.2</b>	<b>(28.0)</b>
Share in result of associate	<b>[15]</b>	11.2	0.0
Financial expenses	<b>[9]</b>	(5.9)	(6.3)
<b>Income / (Loss) before income tax</b>		<b>9.5</b>	<b>(34.3)</b>
Income tax (expense)/credit	<b>[10]</b>	(1.4)	0.3
<b>Income / (Loss) for the year</b>		<b>8.1</b>	<b>(34.0)</b>
<b>Income / (Loss) attributable to:</b>			
Owners of the parent		8.1	(34.0)
Non-controlling interests		0.2	0.2
		<b>8.3</b>	<b>(33.8)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

(x € million),

Year ended 31 December

	Note	2021	2020
<b>Income /(Loss) for the year</b>		<b>8.3</b>	<b>(33.8)</b>
<b>Other comprehensive income/(expense):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurements of post-employment benefits before income tax	[26]	1.1	(0.8)
Income tax		(0.3)	0.2
<i>Re-measurements of post-employment benefits after income tax</i>		0.8	(0.6)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Foreign currency translation differences	[22]	(0.2)	0.0
Other		(0.3)	0.0
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>0.3</b>	<b>(0.6)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>8.6</b>	<b>(34.4)</b>
<b>Total comprehensive expense attributable to:</b>			
Owners of the parent		8.6	(34.4)
Non-controlling interests		0.0	0.0
		<b>8.6</b>	<b>(34.4)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated balance sheet

(before appropriation of result). As at 31 December

ASSETS	Note	31 december 2021	31 december 2020
		(x € million)	(x € million)
<b>NON-CURRENT ASSETS</b>			
Intangible assets	[11]	111.2	117.9
Property, plant and equipment	[12]	130.5	137.4
Right-of-use assets	[12]	17.0	18.2
Other long-term financial assets	[13]	25.5	23.6
Deferred tax assets	[14]	8.2	9.7
Investments accounted for using the equity method	[15]	5.7	0.1
<b>Total non-current assets</b>		<b>298.1</b>	<b>306.9</b>
<b>CURRENT ASSETS</b>			
Inventories	[16]	137.4	117.6
Machines under construction for third parties	[17]	6.8	7.8
Trade receivables	[18]	29.9	39.7
Income tax receivable		1.2	0.9
Other receivables	[19]	25.3	12.6
Cash and cash equivalents	[20]	13.3	23.7
<b>Total current assets</b>		<b>213.9</b>	<b>202.3</b>
<b>TOTAL ASSETS</b>		<b>512.0</b>	<b>509.2</b>

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements on pages 66 to 120 were authorised for issue on 29 April 2022 by the Supervisory Board and Board of Directors.

EQUITY AND LIABILITIES	Note	31 december 2021	31 december 2020
		(x € million)	(x € million)
<b>Group equity</b>			
Share capital		0.0	0.0
Share premium		80.0	80.0
Other reserves		10.3	7.1
Retained earnings		72.1	66.7
<b>Total shareholders' equity</b>	<b>[22]</b>	<b>162.4</b>	<b>153.8</b>
<b>Non-controlling interests</b>	<b>[23]</b>	<b>(0.2)</b>	<b>(0.4)</b>
<b>Total equity</b>		<b>162.2</b>	<b>153.4</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	[24]	114.4	130.4
Lease liabilities	[24]	11.1	12.8
Provisions	[25]	2.7	3.3
Deferred tax liabilities	[14]	6.0	6.0
Post-employment benefits	[26]	18.3	19.9
<b>Total non-current liabilities</b>		<b>152.5</b>	<b>172.4</b>
			(x € million)
<b>CURRENT LIABILITIES</b>			
Borrowings	[24]	48.6	19.1
Lease liabilities	[24]	5.2	5.9
Trade payables		82.1	99.4
Advance payments by customers		12.4	6.3
Employee benefits	[27]	26.9	29.3
Income tax payable		1.2	4.2
Other current liabilities	[28]	20.9	19.2
<b>Total current liabilities</b>		<b>197.3</b>	<b>183.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>512.0</b>	<b>509.2</b>



## Consolidated statement of changes in equity

(x € million)

	Attributable to owners of the parent										
	Share capital	Share premium	Other reserves					Retained earnings	Total	Non-Controlling interests	Total
			Legal and statutory reserves	Currency translation differences reserve	Actuarial results	IFRS16 Lease	Hedge reserve				
Balance as at 1 January 2020	0.0	80.0	6.9	(2.6)	(3.9)	(0.9)	0.0	108.7	188.2	(0.3)	187.9
Currency translation differences*				0.0					0.0		0.0
Actuarial results [26]					(0.6)				(0.6)		(0.6)
Other			0.2				0.1	(0.3)	0.0	0.1	0.1
Other comprehensive expense			0.2	0.0	(0.6)		0.1	(0.3)	(0.6)		(0.5)
Loss for the year								(33.8)	(33.8)	(0.2)	(34.0)
Balance as at 31 December 2020	0.0	80.0	7.1	(2.6)	(4.5)	(0.9)	0.1	74.6	153.8	(0.4)	153.4
Opening balance 1-1-2021	0.0	80.0	7.1	(2.6)	(4.5)	(0.9)	0.1	74.6	153.8	(0.4)	153.4
Currency translation differences*				(0.2)					(0.2)		(0.2)
Actuarial results [26]					0.8				0.8		0.8
Other			3.2			(0.1)	(0.1)	(3.3)	(0.3)	0.4	0.1
Other comprehensive expense			3.2	(0.2)	0.8	(0.1)	(0.1)	(3.3)	0.3	0.4	0.7
Income for the year								8.3	8.3	(0.2)	8.1
Balance as at 31 December 2021	0.0	80.0	10.3	(2.8)	(3.7)	(1.0)	0.0	79.6	162.4	(0.2)	162.2

The accompanying notes are an integral part of these consolidated financial statements.

### Issued share capital

The authorized capital consists of 2 ordinary shares of € 10.00 each. As at year-end 2021 and 2020 2 ordinary shares have been issued and paid up.

\* Currency translation difference reserve

Currency differences that arise as a result of translating the income statement and balance sheets of all group companies into the reporting currency (eur). Subsidiaries that report in other functional currencies are:  
Nedschroef Kunshan (RMB), Nedfast AB (SEK), Langeskov (DKK), Nedfast UK (GBP), Detroit (USD) and Nedfast North America (USD).

## Consolidated statement of cash flows

(according to the indirect method) Year ended 31 December

	Note	2021	2020
		(x € million)	(x € million)
<b>Cash flows from operating activities</b>			
Income / Loss for the year		8.3	(33.8)
<b>Adjustments for:</b>			
Income tax expense/(credit)	[10]	1.4	(0.3)
Net financial result	[9]	5.9	6.3
Gain on disposal of property, plant and equipment		(0.2)	(1.1)
Depreciation	[12]	21.2	22.8
Amortization	[11]	4.1	1.1
Minority interest		0.2	(0.2)
Change in non-current liabilities		(2.1)	2.3
Inventories		(27.5)	11.7
Machines under construction third parties		1.0	(2.9)
Trade and other receivables		(5.6)	(1.0)
Trade and other payables		(3.7)	24.0
Proceeds from liabilities regarding lease		(7.2)	(7.0)
Interest (received) regarding leases		0.0	(0.5)
Non-cash transaction, profit on sale of Kunshan		(11.1)	0.0
Other		0.2	(0.2)
<b>Cash flow from business activities</b>		<b>(15.1)</b>	<b>21.2</b>
Interest paid		(5.9)	(5.8)
Income tax (paid)/received		(3.3)	4.1
<b>Cash flow (used in)/generated from operating activities</b>		<b>(24.3)</b>	<b>19.5</b>

	Note	2021	2020
<b>Cash flows used in investment activities</b>			
Investment in property, plant and equipment	[12]	(26.9)	(18.0)
Investment in intangible assets	[11]	(6.1)	(3.6)
Exchange rate difference PPE	[12]	(1.7)	0.0
Disinvestment Kunshan	[15]	0.2	0.0
Proceeds from disposal of property, plant and equipment	[12]	0.7	3.9
<b>Cash flow used in investment activities</b>		<b>(33.8)</b>	<b>(17.7)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings		0.0	32.8
Long term borrowings: (repayments)		(11.4)	(3.6)
Long term borrowings: additions		23.9	0.0
Long term borrowings: capitalized commitment fee		0.3	0.0
Additions lease liabilities		6.6	0.0
Accrued interest lease liabilities		0.5	0.0
Change in equity		0.3	(0.8)
<b>Cash flow (used in)/generated from financing activities</b>		<b>20.2</b>	<b>28.4</b>
<b>Net change in cash and cash equivalents</b>		<b>(37.9)</b>	<b>30.2</b>
Cash and cash equivalents at beginning of year		19.7	(10.5)
Exchange gains on cash and cash equivalents		0.0	0.0
<b>Cash and cash equivalents at end of year<sup>1</sup></b>		<b>(18.2)</b>	<b>19.7</b>

<b>Cash and cash equivalents:</b>		
The composition was as follows:	<b>31-12-2021</b>	<b>31-12-2020</b>
Cash at bank and in hand (see note 20)	13.3	23.7
Current account overdraft in cashpool (see note 24)	(31.5)	(4.0)
<b>Total</b>	<b>(18.2)</b>	<b>19.7</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

### 1 GENERAL INFORMATION

Nedfast Holding B.V., which was set up according to its Articles of Association on 11 April 2007, registered with the Chamber of Commerce under number 30224669 and with its seat in Helmond, obtained effective control over Koninklijke Nedschroef Holding N.V. on 1 June 2007. Nedfast Holding B.V. and its Nedschroef companies in the group manufacture, distribute and sell fasteners, machines and tools. Most of the group's production facilities are located in Western Europe. The company's legal form is that of a private limited company under Dutch law (besloten vennootschap – B.V.). The company was incorporated and is established in the Netherlands. Its registered office is at: Kanaaldijk NW 75, 5707 LC, Helmond.

The group is controlled by Nedfast Investment BV in Helmond which owns 100% of the company's shares. The group's ultimate parent is Shanghai Electric (Group) Corporation, Shanghai. The financial information of the company has been recorded in the consolidated financial statements of Shanghai Prime Machinery Company Limited in Shanghai, a joint stock limited company in the People's Republic of China with limited liability. The consolidated financial statements of Shanghai Prime Machinery Company Limited can be obtained at the Chamber of Commerce. As per 20th January 2021 Shanghai Prime Machinery Company Limited has voluntarily withdrawn the listing of its shares on the Hong Kong Stock Exchange.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless stated otherwise.

The Covid-19 pandemic is still impacting our daily lives.

For the impact of the war Russia-Ukraine, see subsequent events, note 44.

### 2.1 Basis of preparation

#### Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS).

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These consolidated financial statements are presented in Euros, which is the company's functional currency.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### Section 402, Book 2 of the Netherlands Civil Code

In preparing the company financial statements, the facility under section 402, Book 2 of the Netherlands Civil Code of drafting a condensed income statement is used.

## Changes in accounting policy and disclosures principles

### *IFRS's or IFRIC interpretations that are not yet effective*

IFRS17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS4 Insurance Contracts.

It is expected that IFRS17 will not have a material impact on the group.

## 2.2 Consolidation

Financial information relating to group companies and other legal entities controlled by Nedfast Holding B.V. or where central management is conducted, has been consolidated in the financial statements of Nedfast Holding B.V. The consolidated financial statements have been prepared in accordance with EU IFRS (see note 2.1).

### Subsidiaries

Subsidiaries are all entities over which the group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Intra-group balances, transactions and unrealized gains or losses resulting from intra-group transactions are eliminated on consolidation. They are deconsolidated from the date that control ceases. Third-party shares in equity and results of group companies are disclosed separately in the consolidated financial statements.

Non-controlling interests consist of the amount of those interests recognized initially at the date on which the Company acquires control and the changes in non-controlling interests since the said date.

### Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in

other comprehensive income are reclassified to profit or loss.

### Intercompany

Intercompany balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the group's interest. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## 2.3 Foreign currency

### Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within net financial result.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.



### Foreign group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

## 2.4 Property, plant and equipment

### Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of self-constructed assets includes the following:

- the cost of materials and direct labor
- any other costs directly attributable to bringing the assets to a working condition for their intended use

- when the group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and capitalized borrowing costs.

An item of property, plant and equipment is derecognized on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when it is derecognized.

For the policy on impairment of property, plant and equipment, see note 2.7 Impairment non-financial assets.

For the development costs a statutory reserve is formed in the amount of the capitalized amount.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

### Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at the end of each reporting period.

## 2.5 Leases

### Recognition and measurement

Leases primarily comprise right-of-use assets regarding premises and equipment. The leases are recognized as right-of-use assets with a corresponding lease liability on the day the leased asset becomes available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are excepted. Each lease payment is distributed between repayment of lease liability and financial expense.

The right-of-use assets are recognized at cost of acquisition and initially include the present value of the lease liability, adjusted for lease fees paid on or before the start date, as well as initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

See note 12 for the other accounting policies relevant to leases.

## 2.6 Intangible assets

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at the fair value. For the non-controlling interests, the group elected to recognise the non-controlling interests at fair value of the acquired net identifiable assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase again.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments

are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

#### Other intangible assets

Other intangible assets are valued at costs less amortisation.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note ‘Business combinations’ above) less accumulated impairment losses, if any.

Goodwill is not amortised.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units of the fasteners and machines and tools activities (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On the disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss disposal.

The Group’s policy for goodwill arising on the acquisition of an associate and a joint venture is described at the next note below.

#### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net asset of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it

is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, forms part of the Group's investment in the associate or joint venture) the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### Research and development

Research costs are charged directly to the operating result. Development costs relate to the costs of a new product, design or technological development. These costs are recognized as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and if the costs can be determined reliably. For the development costs a statutory reserve is formed in the amount of the capitalized amount.

### 2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.8 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.



## 2.9 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. Fair value equals carrying values.

For Trade receivables we refer to note 2.14.

### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

### (i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognized in profit or loss and is included in the “finance income – interest income” line item (note 10).

#### (ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in note 62(a)(i). The corporate bonds are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive

income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

#### (iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments. Instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘finance income’ in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9 (see note [2](#)).

#### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’.

#### 2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### 2.11 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Group to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. Trade receivables do not contain a significant financing component.

## 2.12 Inventories

Inventories are stated at the lower of the historical cost and net realizable value. Cost is determined using the FIFO (first-in, first-out) method. The cost of finished products and work in progress comprises the direct and indirect manufacturing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

## 2.13 Machines under construction for third parties

Construction contracts for which revenue is recognized at a point in time are valued at cost, less a provision for foreseeable losses, and less progress billing in proportion to the progress of the project.

Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the companies' contract activities based on normal operating capacity. Contracts for which the balance of costs incurred and profit recognized exceeds the progress billing are presented as due from customers. Contracts which the balance of costs incurred and profit recognized is less than the progress billing are presented as due to customers. Construction contracts for which revenue is recognized over time, are valued at cost plus a pro rata profit margin, less a provision for foreseeable losses, and less progress billing in proportion to the progress of the project.

The pro rata profit margin is determined based on the total expected revenues and costs and the progress of the contract. The progress of the contract is determined based on the actual incurred cost compared to the total expected cost.

Warranty claims for machines that are sold by the Nedschroef machinery, are provided for (see note 25).

## 2.14 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services

performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment is based on an expected credit loss model taking into account forward looking information.

## 2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

## 2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

## 2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.18 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.



General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

## 2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they

arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.20 Employee benefits

The group operates various post-employment schemes. The company also has a number of commitments to pay long-service benefits and severance payments on termination of employment in countries where such payments are usual.

### Short-term employee plans

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a plan providing for the payment of post-retirement benefits under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Defined benefit plans

Defined benefit schemes are all plans providing for the payment of post-retirement benefits other than defined contribution plans. The Nedschroef companies in the Netherlands are covered by the industry pension funds for the mechanical and electrical engineering industries (Metalektro – PME) and the metal and engineering industries (Metaal en Techniek). The pension plans operated by these industry pension funds are classified as defined benefit plans according to the accountants'

body, although in the event of a deficit in the industry pension funds Nedschroef is not obliged to make any additional contributions other than higher premiums in the future. In that case, (former) employees also lose the right to indexation of their pension entitlements. The industry pension funds feel that they cannot and are not obliged to provide any information concerning the net pension commitments of their participants according to the method prescribed by IAS 19. Consequently, the plans are recognized in the financial statements as defined contribution plans. With effect from 1 January 2008, Nedschroef is only a member of PME for the basic pension scheme. For the supplementary scheme (in excess of the salary ceiling of approx. € 80k) the company has joined a defined contribution scheme. The other defined benefit pension plans involve mainly the pension obligations to employees in the Netherlands, Germany and Belgium.

The liability recognized in the balance sheet in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income.

### Long-service benefits

The long-service benefits involve commitments to employees in the Netherlands, Germany and Belgium. The provision is determined using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and past-service costs are charged or credited to the income statement in the period in which they arise.

#### Termination benefits

Severance payments are paid if an employee's employment is terminated by the group before the normal retirement date or if an employee accepts such a benefit in compensation for their resignation. The group recognizes severance payments if it has a demonstrable obligation to terminate the employment of employees as part of a formal and irrevocable plan, or if the payment of a severance payment is the result of an offer made to an employee to encourage their voluntary resignation. Payments that will be made more than twelve months after the balance sheet date are stated at face value. The group recognizes a liability in the balance sheet for bonus and profit-sharing plans which are based on a formula that takes into account the profit imputable to the company's shareholders, bearing in mind certain adjustments. The group includes a provision if there is a legally enforceable or constructive obligation to make such payments.

#### 2.21 Provisions

Provisions are recognized when: the group has a present legal or constructive obligation as a result of a past event; that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

#### 2.22 Revenue recognition

Revenues are defined as the revenue from the sale of goods and services, net of rebates, discounts and similar allowances, and net of sales tax. Revenue is recognized when the significant risks and rewards have been transferred to a third party, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and when there is no continuing management involvement with the goods. For revenues from sales of goods, these conditions are generally met at the time the product is shipped and delivered to the customer, depending on the delivery conditions.

Revenue from contracts with customers is recognized according to IFRS 15:

- Contracts are identified based on the criteria outlined in IFRS 15:9,
- Performance obligations in contracts are identified based on the criteria outlined in IFRS 15:22 / 23 / 27 / 29,
- Transaction prices are determined based on the criteria outlined in IFRS 15:47 / 50 / 51 / 56 / 63,
- Transaction prices are allocated to the performance obligations in the contracts based on the criteria outlined in IFRS 15:79 / 81 / 63,20
- Revenue is recognized when (or as) the group satisfies a performance obligation based on the criteria outlined in IFRS 15:31 / 32 / 33 / 35 / 38.

Contract costs are accounted for based on the criteria outlined in IFRS 15:91-95 / 97/99.

The vast majority of the group's revenues are consumable driven. These revenues are recognized at a point of time when the significant risks and rewards have been transferred to a third party based on the delivery conditions of each specific order. Only revenues on specific equipment for which the group has no alternative use and an enforceable right to payment are recognized over time using the percentage of completion method.

Payments are generally to be done 30 days after the date of invoice, net.

Warranty claims for machines that are sold by the Nedschroef machinery, are provided for (see note 25).

The warranty provision is recorded by recognizing the amount of expected expense payments required for future repairs. It is expected in many cases that a repair or a payment is made within a year, while repairs or payments for some items are made over a longer period of time because customers take longer to physically return defective products.

### **2.23 Interest income and dividend income**

Interest income and expense is recognized using the effective interest method. Dividend income is recognized when the right to receive payment has been established.

### **2.24 Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets.

### **2.25 Principles for preparation of the consolidated cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments. Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities. The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost. Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payments of the lease installments on account of the financial lease contract are presented as redemptions of debts for the redemption component and as paid interest for the interest component.

## **3 FINANCIAL RISK MANAGEMENT**

### **3.1 Financial risk factors**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.



## Market risk

### (a) Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound and the Chinese Yuan Renminbi. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The company has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The sales and purchases of the group are mainly invoiced in euro. A 10 cent rise of the main underlying currency US dollar would not materially impact profit for the year. All other things being equal, a 10 cent rise in the euro/dollar exchange rate as of 31 December 2021 would have had an impact on profit for the year of nil as a result of currency translation of financial instruments.

The impact of the IBOR reform has limited (direct) impact as the reform only concerns GBP and USD denominated drawdowns under the SFA, which are not used. Besides that, for all financing programs, including factoring and reverse factoring programs, the interest benchmark (mainly EURIBOR) is capped with a zero floor and with current negative interest rates. The rate paid is actually the margin and hence not impacted by a change in reference rate.

### (b) Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset

by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

### (c) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

No credit limits were exceeded during the reporting period, and the company does not expect any losses from non-performance by these counterparties.

For the biggest customers factoring and guaranteed payments are in place. Factoring results in derecognition of the financial asset trade receivables.

The expected credit loss calculation was done by an external valuator. The expected credit loss on accounts receivables was calculated making use of factor risk profiles per customer. Based on the calculation for expected credit loss, and taking the factoring that is in place in consideration, the provision for bad debt recorded is sufficient.

**(d) Liquidity risk**

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group treasury. Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements. Cash generation and debt reduction will remain on the management priority list.

**3.2 Capital management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Through the use of such current assets as cash and cash equivalents and short-term investments, as well as cash flows from operating activities and loans from financial institutions, Nedfast believes that it will be able to provide sufficient funds for the working capital necessary to expand existing businesses and develop new projects.

The Company defines equity capital as the amount of share of equity attributable to owners of the parent excluding the subscription rights to shares.

The Board of Directors closely monitors the trends in the operating results and the cash flow. Both key figures have a direct impact on the agreements that have been made with the bank syndicate. Because of the Covid-19 pandemic Nedschroef received a waiver from the banks. As per 31-12-2021 there were no covenants to met with regards to the SFA, a waiver was received from the banks until Q3-2022. New covenants are agreed as per Q4-2022 and will probably, based on the forecast, be met. The Company is not subject to external capital controls as of December 31, 2021.

Dividend payments to shareholders are subject to severe restrictions. If these restrictions are met, shareholders may choose to waive a dividend, taking into account (future) financial requirements.

A letter of support has been provided by the management of Shanghai Prime Machinery Company Limited to Nedfast Holding BV.

**4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4.1 Accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Impairment of goodwill and property, plant and equipment**

The group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policies. The recoverable amount of the cash-generating units is defined as the higher of the cash generating unit's fair value (less costs of disposal) and the value in use. These calculations require the use of estimates. In addition, the company tests property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### Useful life of machinery and related equipment

The company estimates annually the remaining useful life of the most important assets. Estimated useful lives and the method of depreciation are reviewed at the fiscal year-end. Changes in estimated useful lives or depreciation methods are accounted for on a prospective basis as a change in accounting estimate. Property, plant and equipment, excluding land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Right-of-use assets are depreciated on a systematic basis from the commencement date to the earlier of the end of the economic life of the underlying asset or the end of the lease term.

### Provision for obsolete inventories

Assumptions and estimates are made in determining the provision for obsolete inventories. The estimates are based on the likelihood that inventories may be sold on the basis of call-off arrangements or the order book.

### Inventory of tools

The economic life, price and complexity of tools that are required for the cold-formed production process vary significantly. The commercial value depends on the wear and tear and marketability (order book) of the ultimate cold-formed end product. Estimates based on consumption figures are used to value inventory of tools.

### Provision for impairment of trade receivables

To determine the depreciation in the value of trade receivables the company makes an assessment based on age and developments specific to a customer.

### Provision for redundancy

If measures are taken to reduce costs a provision is made for liabilities arising from redundancies. Liabilities for redundancies also include expected severance payments.

### Provision for claims

Provision for claims includes estimates and assumed suppositions with regard to the likelihood and scale of claims. Claims from customers or suppliers are only recognized if the probability of a negative outcome is more like than not. Based upon assessment and estimate of our legal advisors a provision is recognized.

Environmental provisions include estimates and assumed suppositions with regard to the likelihood and scale of pollution and the cost of environmental remediation.

### Deferred taxes

Estimates are required in determining total deferred tax assets and liabilities. For some transactions and risks it is uncertain, in the ordinary course of business, what the tax liability will be. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### Defined benefit pension plans

Defined benefit pension obligations relate to future liabilities for which the group is required to make assumptions about future salary increases, returns on pension assets, life expectancy and mortality rates and discount rates.

## Notes to the consolidated profit and loss account

(x € million unless stated otherwise)

### 5 TOTAL REVENUES FROM SALES

Total revenues from sales increased with 13.5% (2020: decrease of 20.8% due to the Covid-19 pandemic).

The geographic distribution of total revenues from sales is as follows:	2021	In %	2020	In %
Netherlands	33.4	6	25.1	5
Rest of European Union	435.9	73	385.6	74
Rest of Europe	49.4	8	48.9	9
North America	21.7	3	16.0	3
China	39.5	7	34.2	6
Other countries	15.3	3	14.5	3
<b>Total</b>	<b>595.2</b>	<b>100</b>	<b>524.3</b>	<b>100</b>

The segment distribution of total revenues from sales is as follows:	2021	In %	2020	In %
Fasteners	570.3	96	499.0	95
Machinery	24.9	4	25.3	5
<b>Total</b>	<b>595.2</b>	<b>100</b>	<b>524.3</b>	<b>100</b>

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2021 are as set out below.

	2021	2020
Construction of machines (accrued revenue)	5.5	0.8
<b>Total</b>	<b>5.5</b>	<b>0.8</b>

Management expects that 64% (2020: 84%) of the transaction price allocated to the unsatisfied contracts as of the year ended 2021 will be recognized as revenue during the next reporting period for an amount of 5.8 (2020: 12.0) which is deferred revenue.

### 6 OTHER OPERATING INCOME

The composition was as follows:	2021	2020
Income from sales of scrap	3.1	1.6
Book profits on sale of property, plant and equipment	0.2	1.1
Insurance benefits, grants & subsidies	3.4	0.4
Other (commissions, rent, miscellaneous)	1.0	1.5
<b>Total</b>	<b>7.7</b>	<b>4.6</b>



## 7 WORK SUBCONTRACTED AND OTHER EXTERNAL COSTS

The composition was as follows:	2021	2020
Rent buildings	2.0	1.4
Water, gas and electricity	12.6	11.6
Rent and lease of equipment	1.9	1.9
Repair and maintenance	16.2	14.7
Outsourced work	85.0	69.5
Temporary employees	10.2	6.1
Transport costs	8.4	9.2
<b>Total</b>	<b>136.3</b>	<b>114.4</b>

## 8 EMPLOYEE COSTS

The composition was as follows:	2021	2020
Wages and salaries	123.9	117.9
Defined contribution plans	4.1	4.3
Defined benefit plans ( <a href="#">see note 26</a> )	0.0	0.0
Other social insurance contributions	22.6	21.6
<b>Total</b>	<b>150.6</b>	<b>143.8</b>

The wages, salaries and social insurance contributions include a sum of € 1.7 million (2020: 3.1) for the costs of research and development. No other costs are classified as costs of research and development.

The wages, salaries and social insurance contributions include a sum of € 0 million (2020: 5.2) for NOW government grants. No unfulfilled conditions and other contingencies related to government assistance that has been recognised.

The geographic distribution of average number of employees, expressed in full-time equivalents, is as follows:

	2021 number	2020 number
Netherlands	409	410
Rest of European Union	1,605	1,676
North America	9	6
Other countries	125	123
<b>Total</b>	<b>2,148</b>	<b>2,215</b>

Key management consists of the Board of Directors. Key management compensation is as follows:

x € 1.000	2021	2020
Gross Salary	1,270	910
Bonus	0	0
Pension Costs	29	25
<b>Total</b>	<b>1,299</b>	<b>935</b>

## 9 FINANCIAL EXPENSE

	2021	2020
Net interest charges of credit institutions	3.9	3.6
Other interest charges	1.5	1.5
Interest expense leases	0.5	0.5
Interest effect of discounted value calculations ( <a href="#">see note 26</a> )	0.1	0.0
Exchange rate differences	(0.1)	0.7
<b>Total</b>	<b>5.9</b>	<b>6.3</b>

## 10 INCOME TAX (EXPENSE)/CREDIT

Income tax (expense)/credit amounted to (1.4) (2020: 0.3). The deferred tax asset that is recognized was based on the fiscal result that will be realized within the foreseeable future. The total amount of the deferred tax asset amounts to 8.2. The effective tax rate amounted to -14.7% (2020: -0.9%). The nominal tax rate in the Netherlands was 25% (2020: 25%).

Calculation of effective tax amount	2021	2020
Income/(Loss) before income tax	9.5	(34.3)
At nominal tax rate in The Netherlands of 25.0% (2020: 25.0%)	(2.4)	8.6
Effect of different nominal tax rates in other countries	0.9	1.4
Effect of (non-)recognition of taxable losses	(1.5)	(0.9)
Effect of nontaxable result associates	2.8	0.0
Impairment deferred tax asset	(1.1)	(8.3)
Effect of other	(0.1)	(0.5)
<b>Total</b>	<b>(1.4)</b>	<b>0.3</b>

Impairments on deferred tax assets in 2020 were booked for € 2.3 Belgium level and for € 6.0 on German level.

Income tax (expense)/credit	2021	2020
Current tax (expense)/credit	(0.2)	(3.5)
Change in deferred tax ( <a href="#">see note 14</a> )	(1.2)	3.8
<b>Total</b>	<b>(1.4)</b>	<b>0.3</b>

The company and its wholly owned subsidiaries in the Netherlands constitute a fiscal entity.

Taxable losses that are not capitalized:	2021	2020
Spain	10.4	10.9
China	3.4	6.1
The Netherlands	29.0	9.3
South Africa	4.7	4.7
Germany	18.1	0.0
<b>Total</b>	<b>65.6</b>	<b>31.0</b>

\*Due to German tax law. Relates to interest charges that could not be settled because of insufficient Ebitda.

## Notes to the consolidated balance sheet

(x € million unless stated otherwise)

### 11 INTANGIBLE ASSETS

The composition and changes were as follows:

	Goodwill	Development costs	Other intangible assets	Total
<b>At 1 January 2020</b>				
Cost	106.6	1.3	8.7	116.6
Accumulated amortization and impairment	0.0	(0.2)	(1.0)	(1.2)
<b>Carrying amount</b>	<b>106.6</b>	<b>1.1</b>	<b>7.7</b>	<b>115.4</b>
<b>Changes in 2020</b>				
Additions	0.0	0.7	2.9	3.6
Amortization and impairment	0.0	(0.5)	(0.6)	(1.1)
Closing carrying amount	<b>106.6</b>	<b>1.3</b>	<b>10.0</b>	<b>117.9</b>
<b>At 31 December 2020</b>				
Cost	106.6	2.0	11.6	120.2
Accumulated amortization and impairment	0.0	(0.7)	(1.6)	(2.3)
<b>Carrying amount</b>	<b>106.6</b>	<b>1.3</b>	<b>10.0</b>	<b>117.9</b>
<b>Changes in 2021</b>				
Additions	0.0	0.6	5.5	6.1
Amortization and impairment	0.0	(0.4)	(3.7)	(4.1)
Impairment disposal subsidiary Kunshan*	(6.5)	0.0	0.0	(6.5)
Reclassification to prepaid LT	0.0	0.0	(2.2)	(2.2)
<b>Closing carrying amount</b>	<b>100.1</b>	<b>1.5</b>	<b>9.6</b>	<b>111.2</b>
<b>At 31 December 2021</b>				
Cost	100.1	2.6	14.9	117.6
Accumulated amortization and impairment	0.0	(1.1)	(5.3)	(6.4)
<b>Carrying amount</b>	<b>100.1</b>	<b>1.5</b>	<b>9.6</b>	<b>111.2</b>

\* As per 31.12.2021 Nedschroef disposed 50% equity interest in Nedschroef Fasteners (Kunshan) Co., Ltd. to Shanghai Prime Machinery Company Limited. After this transaction, Nedschroef retained 50% equity interest in Nedschroef Fasteners (Kunshan) Co., Ltd.

The estimated finite useful life of intangible assets is as follows:

- Development costs (internally generated): 5 to 20 years
- Other intangibles (internally generated): 10 years

#### Impairment testing on goodwill

Goodwill is allocated entirely to the cash-generating units of the fasteners business. The recoverable amount of the cash-generating units is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budget 2021 and the business plans for a period of five years that have been approved by the Board of Directors. The basis use to determine the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, adjusted for any expected market developments. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The discount rates applied are after income tax and reflect specific risks relating to the relevant segments. There are no changes in the applied key assumptions on which management has based its determination of the cash generating units recoverable amount. Those values reflect past experience and/or are consistent with external sources of information if appropriate.

The company reviews goodwill for impairment every year by discounting the cash flows of the cash-generating units, as determined by the Board of Directors in the budget for the next year, on the basis of the following assumptions:

	2021	2020
Growth rate (CAGR) business plan years	3.5%	3.5%
WACC	8.7%	8.7%
Terminal value growth rate	1.0%	1.0%
Goodwill	100.1	106.6





## 12 PROPERTY, PLANT AND EQUIPMENT

	Property	Plant	Equipment	Under construction	PPE not conducive to operations	Total
<b>At 1 January 2020</b>						
Cost or valuation	77.4	214.4	69.5	14.4	0.2	375.9
Accumulated depreciation	(31.8)	(139.0)	(47.1)	(0.0)	0	(217.9)
<b>Carrying amount</b>	<b>45.6</b>	<b>75.4</b>	<b>22.4</b>	<b>14.4</b>	<b>0.2</b>	<b>158.0</b>
<b>Changes in 2020</b>						
Opening carrying amount	45.6	75.4	22.4	14.4	0.2	158.0
Additions	2.8	5.4	1.7	8.1	0	18.0
Additions Acquisition	0	0	0	0	0	0
Transfer to RoU from opening balance	0	(5.0)	(13.5)	0	0	(18.5)
IFRS16 lease impact – RoU	0	0	0	0	0	0
Disposals	(0.6)	(1.7)	(0.2)	(1.2)	(0.2)	(3.9)
Transfers	6.0	6.1	0.5	(12.6)	0	0
Depreciation charge	(3.3)	(9.1)	(3.3)	(0.1)	0	(15.8)
IFRS16 lease impact - depreciation	0	0	0	0	0	0
Exchange rate differences	0	(0.4)	0	0	0	(0.4)
Closing carrying amount	<b>50.5</b>	<b>70.7</b>	<b>22.4</b>	<b>8.6</b>	<b>0.2</b>	<b>137.4</b>
<b>At 31 December 2020</b>						
Cost or valuation	82.8	211.5	54.2	8.7	0	357.2
Accumulated depreciation	(32.3)	(140.8)	(46.6)	(0.1)	0	(219.8)
<b>Carrying amount</b>	<b>50.5</b>	<b>70.7</b>	<b>7.6</b>	<b>8.6</b>	<b>0</b>	<b>137.4</b>

	Property	Plant	Equipment	Under construction	PPE not conducive to operations	Total
<b>Changes in 2021</b>						
Opening carrying amount	50.5	70.7	7.6	8.6	0	137.4
Additions	0.7	9.7	1.1	8.7	0	20.2
Additions Acquisition	0	0	0	0	0	0
Disposals Cost or valuation	0	(3.9)	(0.1)	0	0	(4.0)
Disposals accum. depreciation	0	3.2	0.1	0	0	3.3
Disposal subsidiary Kunshan Cost or valuation	0	(17.8)	(1.8)	0	0	(19.6)
Disposal subsidiary Kunshan accum. depreciation	0	5.3	1.6	0	0	6.9
Transfers	0.4	4.8	0.2	(5.5)	0.1	0
Depreciation charge	(2.8)	(9.5)	(2.8)	0	0	(15.1)
Exchange rate differences	0	1.3	0	0.1	0	1.4
Closing carrying amount	<b>48.8</b>	<b>63.8</b>	<b>5.9</b>	<b>11.9</b>	<b>0.1</b>	<b>130.5</b>
<b>At 31 December 2021</b>						
Cost or valuation	83.9	205.5	53.5	11.9	0.1	354.9
Accumulated depreciation	(35.1)	(141.7)	(47.6)	0	0	(224.4)
<b>Carrying amount</b>	<b>48.8</b>	<b>63.8</b>	<b>5.9</b>	<b>11.9</b>	<b>0.1</b>	<b>130.5</b>

Land is not depreciated. The estimated useful life of other property, plant and equipment is as follows:

- Buildings: 20 to 33 1/3 years
- Plant: approximately 10 years
- Equipment: 3 to 5 years

The carrying amount of the assets acquired under financial lease amounted to € 17 million (2020: 18.2) at the end of the financial year. As at 31 December 2021 the company was committed to an investment of € 10.1 million (2020: 11.3).

On assets under construction no borrowing costs are capitalized.

There is a pledge from the Sparkasse bank, on property from CP in Bueren, Germany. Bookvalue of the pledged target is 6.5 million. The carrying amount of assets pledged as security for current and non-current borrowings is 1.7 million.

IFRS16 (also refer to lease-liability [note \[24\]](#)):

Right-of-Use assets	2021	2020
The changes were as follows		
Balance at 1 January	18.2	21.8
Transfer to RoU from opening balance 2019 PPE	0	(3.3)
Addition - Initial recognition	6.7	6.7
Disposal subsidiary Kunshan	(2.1)	0
Exchange difference on opening balance	0.3	0
Depreciation	(6.1)	(7.0)
<b>Balance at 31 December</b>	<b>17.0</b>	<b>18.2</b>



	Property	Plant	Equipment	Vehicles	PPE not conducive to operations	Total
<b>At 1 January 2021</b>						
<b>Carrying amount</b>	<b>5.7</b>	<b>9.1</b>	<b>0.9</b>	<b>2.5</b>	<b>0.0</b>	<b>18.2</b>
<b>Changes in 2021</b>						
Additions – Initial recognition	1.2	2.4	1.0	1.9	0.2	6.7
Depreciation	(1.6)	(2.2)	(0.6)	(1.5)	(0.2)	(6.1)
Disposals subsidiary Kunshan	(2.0)	(0.1)	0.0	0.0	0.0	(2.1)
Exchange rate differences on opening balance	0.3	0.0	0.0	0.0	0.0	0.3
Closing carrying amount	<b>(2.1)</b>	<b>0.1</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>	<b>(1.2)</b>
<b>At 31 December 2021</b>						
<b>Carrying amount</b>	<b>3.6</b>	<b>9.2</b>	<b>1.3</b>	<b>2.9</b>	<b>0.0</b>	<b>17.0</b>

For both years, the Group leases buildings, machinery and equipment, motor vehicles and office and other equipment for its operations. Lease contracts are entered into for a fixed term of 12 months to 8 years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.



Right-of-Use assets, split per asset category	31-12-2021	31-12-2020
Property	3.4	5.7
Plant	9.3	9.1
Equipment	4.3	3.4
<b>Balance at 31 December</b>	<b>17.0</b>	<b>18.2</b>

Right-of-Use assets	2021	2020
Interest expense on lease liabilities	0.5	0.5
The expense relating to leases of low-value assets accounted for applying paragraph 6 IFRS16	0.0	0.0
The expense relating to variable lease payments not included in the measurement of lease liabilities	0.0	0.0
The expense related to short term leases accounted for applying paragraph 6 IFRS 16	0.0	0.0
Total cash outflow for leases	6.7	10.3
Additions to right of use assets	6.7	6.7
Gains or losses arising from sale and lease back transaction	0.0	0.0

### Extension and termination options

The Group has extension and termination options in a number of leases for office buildings and plants. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential

exposures to these future lease payments for (i) extension options in which the Group is not reasonably certain to exercise and (ii) termination options in which the Group is not reasonably certain not to exercise is summarised below:

	Lease Liabilities recognized as at 31-12-2021	Potential future lease payments not included in lease liabilities (undiscounted)
<b>Item of Lease</b>		
Warehouse	0.2	0.3

The following table summarised the additional lease liabilities recognized during the year ended 31 December 2021 as a result of (i) exercising extension option that the Group was not reasonably certain to exercise and (ii) not exercising termination option that the Group was not reasonably certain not to exercise:

	Extension options exercisable during year ended 31 December 2021 No. of Leases	Extension option exercised No. of Leases
<b>Item of Lease</b>		
Plant	0	1

	31-12-2021	31-12-2020
Additional lease liabilities recognized during the year	0	1.3

### 13 OTHER LONG-TERM FINANCIAL ASSETS

The changes were as follows:	2021	2020
Balance at 1 January	23.6	23.2
(Payables)/Receivables on related parties	(0.4)	0.4
Prepaid expenses	2.3	0.0
<b>Balance at 31 December</b>	<b>25.5</b>	<b>23.6</b>

As per 31-12-2021 the long-term financial assets consist of a loan to Nedfast Investment of 14.8, a loan to Shanghai Prime Netherlands BV of 8.4. with and interest of 2,8% and maturity 60 months after funding date 1-6-2019, and prepaid expenses relating to configuration and customisation costs in a Cloud Computing Arrangement (reclassified from intangibles according March 2021 IFRIC).

### 14 DEFERRED TAX ASSETS AND LIABILITIES

The composition was as follows:	31-12-2021	31-12-2020
Deferred tax assets	8.2	9.7
Deferred tax liabilities	(6.0)	(6.0)
<b>Net deferred tax assets/(liabilities)</b>	<b>2.2</b>	<b>3.7</b>

Net deferred tax (assets)/liabilities	2021	2020
The changes were as follows:		
Balance at 1 January	(3.7)	0.9
Transfer to equity	0.3	(0.8)
Transfer to income tax charge (gain if negative)	1.2	(3.8)
<b>Balance at 31 December</b>	<b>(2.2)</b>	<b>(3.7)</b>

Deferred tax assets	01-01-2020	Changes in 2020	31-12-2020	Changes in 2021	31-12-2021
The composition and changes were as follows:					
Unrealized gain/(loss) for intra-group transactions	0.3	(0.2)	0.1	0.2	0.3
Loss carry-forward	2.8	3.0	5.8	2.9	8.7
Gain carry-forward	1.7	2.0	3.7	(3.5)	0.2
Financial fixed assets	0	0	0	(1.9)	(1.9)
Property, plant and equipment	(3.2)	(1.0)	(4.2)	(0.6)	(4.8)
Inventories	1.4	(1.6)	(0.2)	0.4	0.2
Receivables	2.3	5.7	8.0	1.2	(9.2)
Employee benefits	2.8	0.3	3.1	(0.2)	2.9
Intangibles	(0.4)	(0.1)	(0.5)	0	(0.5)
Other	(2.9)	(3.2)	(6.1)	0.0	6.1
<b>Total</b>	<b>4.8</b>	<b>4.9</b>	<b>9.7</b>	<b>(1.5)</b>	<b>8.2</b>

Every year an estimate is made of the deferred tax receivables that should be set off against future taxable profits. The estimates are based on the management-approved budgets for a projection period of one year. After the one-year period an estimate is made of the taxable profits to the extent that it is likely that they shall be available. It is expected that the off-settable losses will be realized in three to four years. From this amount 0.0 is expected to be realized within one year. Exchange rate differences are not material.

Carry-forward losses amounting to 65.6 at the end of 2021 (2020: 31.0) have not been recognized. These losses refer to the activities in Spain, The Netherlands, China and the future liquidation loss Johannesburg, South Africa. [See under note \[10\]](#).

Deferred tax liabilities	01-01-2020	Changes in 2020	31-12-2020	Changes in 2021	31-12-2021
The composition and changes were as follows:					
Loss carry-forward*	5.6	(0.2)	5.4	0.0	5.4
Interest carry-forward	0.0	0.0	0.0	0.0	0.0
Intangibles	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	(0.6)	1.1	0.5	0.0	0.5
Inventories	0.5	(0.4)	0.1	0.0	0.1
Receivables	0.0	0.0	0.0	(0.1)	(0.1)
Employee benefits	0.0	0.0	0.0	0.0	0.0
Fair value adjustment acquisitions	0.2	(0.2)	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.1	0.1
<b>Total</b>	<b>5.7</b>	<b>0.3</b>	<b>6.0</b>	<b>0.0</b>	<b>6.0</b>

\* The deferred tax asset under Loss carry-forward is an intercompany receivable, it will be settled with total results of the Dutch fiscal unit.

The maturity of the deferred tax assets with respect to inventories and receivables is generally shorter than one year. The temporary differences with respect to intangible and tangible fixed assets and employee benefits generally have a maturity of longer than one year. There are no deferred tax assets related to undistributed profits of subsidiaries. Exchange rate differences are negligible. Deferred taxes are offset per fiscal entity. The main changes come from depreciation of revaluated amounts of property, plant and equipment.



## 15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associate movement	2021	2020
The changes were as follows:		
Balance at 1 January	0.1	0.2
Acquisition-Sale	0.0	(0.1)
Share in result	0.0	0.0
<b>Balance at 31 December</b>	<b>0.1</b>	<b>0.1</b>

As per 31-12-2021 associates were enexus Holding GmbH, 100%, and Bilsterberg Race Track 1%.

In 2021 100% of the shares of enexus Holding GmbH were acquired (was 50%), as per 2022 enexus Holding GmbH will be consolidated.

Joint Venture movement	2021	2020
The changes were as follows:		
Balance at 1 January	0.0	0.0
Acquisition-Sale	5.6	0.0
Share in result	0.0	0.0
<b>Balance at 31 December</b>	<b>5.6</b>	<b>0.0</b>

As per 31-12-2021 the Joint Venture was Nedschroef Fasteners (Kunshan) Co., Ltd. 50%.

As China's economy continues to grow and becomes more open to foreign companies, the company is looking for ways to gain more presence in the Chinese market. Notwithstanding that the company has a Chinese shareholder, market research shows that the company is sometimes still considered to be 'too European' by Chinese customers and/or business partners. That makes it more challenging for the company to increase its market share in China.

To avoid eventually being pushed out of the market, the company is therefore keen on involving their Chinese shareholder more intensively when doing business in China. That way, the company is expected to achieve its targets, in terms of gaining more market share, more easily.

As part of this strategy, the company has sold 50% of the shares of (the 100% investment) Nedschroef Fasteners (Kunshan) Co., Ltd. As per 31.12.2021 to its shareholder, Shanghai Prime Machinery Company Limited. Shanghai Prime Machinery Company Limited is a related party. The company continues the operations of Nedschroef Fasteners (Kunshan) Co. Ltd. as a joint venture between Nedschroef Hong Kong Ltd. and Shanghai Prime Machinery Co., Ltd.

To further substantiate the company's strategy, Nedschroef Fasteners (Kunshan) Co. Ltd. will continue with its operation as a Fasteners manufacturer but will also act as holding company for future activities in the Chinese market.

The joint venture Nedschroef Fasteners (Kunshan) Co., Ltd. To Shanghai Prime Machinery Company Limited. will be accounted for using the equity method.

The price is based on an at arm's length fair value valuation.

The sale of the 50% shares led to a share in result of associate of 11.2 million in 2021, a joint venture of 5.6 million and a receivable on Shanghai Prime Machinery Company Limited of 5.6 million.

No significant adjustments were applied, besides for the goodwill. Based on a value in use model we determined which part of the goodwill was allocated to Nedschroef Fasteners (Kunshan) Co. Based on this model, goodwill was impaired for 6.5 million.

## 16 INVENTORIES

	31-12-2021	31-12-2020
The composition was as follows:		
Raw materials and consumables	66.8	50.6
Work in progress	32.7	39.9
Finished products	51.9	42.0
Total	151.4	132.5
Provision for obsolescence	(13.7)	(14.4)
Provision for net realizable value	(0.3)	(0.5)
	<b>137.4</b>	<b>117.6</b>
Inventories valued at historical cost	135.6	115.2
Inventories valued at lower net realizable value	1.8	2.4
<b>Total</b>	<b>137.4</b>	<b>117.6</b>

The amount of write-down of inventories recognized as expense in 2021 was 0 million (2020: 0.2).

The amount of reversal of the write-downs in 2021 was 0 million (2020: 0.1).

## 17 MACHINES UNDER CONSTRUCTION FOR THIRD PARTIES

The composition was as follows:	31-12-2021	31-12-2020
Cost	9.6	9.7
Recognized profits	3.6	0.8
Progress billings	(6.4)	(2.7)
<b>Total</b>	<b>6.8</b>	<b>7.8</b>

## 18 TRADE RECEIVABLES

The composition was as follows:	31-12-2021	31-12-2020
Trade receivables	34.2	47.4
Provision for impairment	(4.3)	(7.7)
<b>Total</b>	<b>29.9</b>	<b>39.7</b>

Aging	31-12-2021	31-12-2020
The composition was as follows:		
Impaired items		
Not past due	14.5	27.0
Overdue less than 1 month`	11.2	10.3
Overdue 1 to 2 months	1.8	1.7
Overdue 2 to 3 months	0.7	0.3
Overdue 3 to 6 months	1.7	0.4
Overdue more than 6 months	0.0	0.0
<b>Total</b>	<b>29.9</b>	<b>39.7</b>

Provision for impairment	2021	2020
The composition was as follows:		
Balance at 1 January	7.7	6.0
Charge to the income statement	1.4	5.3
Release from the income statement	(4.5)	(3.6)
Disposal Subsidiary Kunshan	(0.3)	
Trade receivables written off during the year as uncollectible	0.0	0.0
<b>Balance at 31 December</b>	<b>4.3</b>	<b>7.7</b>

Information about the impairment of trade receivables and the group's exposure to credit risk and foreign currency risk can be found in note 3(c).

## 19 OTHER RECEIVABLES

The composition was as follows:	31-12-2021	31-12-2020
Value added tax	7.1	2.4
Receivables on related parties*	11.2	2.7
Prepaid expenses and accrued income	7.0	7.5
<b>Total</b>	<b>25.3</b>	<b>12.6</b>

\* The receivables on related parties consist of:

Nedfast Investment B.V.	1.0
Shanghai Prime Netherlands B.V.	1.6
Shanghai Prime Machinery Company Limited	5.6
Nedschroef Fasteners (Kunshan) Co.	2.5
Shanghai Prime (HK) Inv. Man. Comp. Ltd (PMC Hong Kong).	0.5
	11.2

## 20 CASH AND CASH EQUIVALENTS

The composition was as follows:	31-12-2021	31-12-2020
Cash at bank and in hand	13.3	23.7
<b>Total</b>	<b>13.3</b>	<b>23.7</b>

## 21 CASH AND CASH EQUIVALENTS S&P RATING

Cash and cash equivalents are all held by financial institutions with a Standard & Poor's rating of single A- or higher. Cash and cash equivalents for an amount of 1.5 are encumbered by a pledge (2020: 5.9).

## 22 EQUITY

The movement schedule of equity is presented in the consolidated statement of changes in equity on [page 70](#).

### Share capital

The authorized capital consists of 10 ordinary shares of € 10k each. As at year-end 2021 and 2020 two shares have been issued and paid up.

### Legal and statutory reserves

Legal and statutory reserves comprise for 0.5 a legal reserve for participating interests mainly to the Belgian and French group companies, which are legally required to add 5% of the net profit to the reserve up to a maximum of 10% of the issued capital. For 9.8 legal and statutory reserves comprise a legal reserve for research & development costs under intangible assets.

### Currency translation differences reserve

The currency translation differences reserve comprises all foreign currency differences

arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the company's net investment in a foreign operation.

#### Actuarial results

Actuarial results comprise actuarial gains and losses on defined benefit plans.

#### Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges.

#### Unappropriated result

To the General Meeting will be proposed to transfer the income for the year 2021 of 8.3 to retained earnings

### 23 NON-CONTROLLING INTERESTS

The changes were as follows:	2021	2020
At 1 January	(0.4)	(0.3)
Share in profit/(loss) for the year	0.2	(0.1)
At 31 December	(0.2)	(0.4)

### 24 BORROWINGS

Borrowings classified as non-current liabilities consist of:

Total liability	31-12-2020	31-12-2019
Term loan A	80.0	88.9
Term loan A SPN	8.4	8.4
Go-C	8.0	10.0
SP (HK) Inv. Man.Comp.	30.0	10.0
Mortgage loan	5.7	6.2
PMC loan	0	22.9
Lease liability	16.3	18.7
Current account overdraft in cashpool	31.5	4.0
<b>Total borrowings</b>	<b>179.9</b>	<b>169.1</b>
Minus: deduction of closing fee	(0.6)	(0.9)
<b>Total borrowings</b>	<b>179.3</b>	<b>168.2</b>
Current liability		
Due within 1 year	53.8	25.0
Non-current liabilities		
Due later than 1 year and before 5 years	121.3	138.5
Due after 5 years	4.2	4.7
	125.5	143.2
<b>Total borrowings</b>	<b>179.3</b>	<b>168.2</b>

A new Senior Facility Agreement was closed in 2019, consisting of a term loan of EUR 100 million with a duration of 5 years and a Revolving Credit Facility (current account overdraft) of EUR 50 million, also with a duration of 5 years, with the possibility to extend for 2 more years. The consortium of banks is 4 banks and the SFA is unsecured.



The interest rate is based upon the Net Debt to EBITDA margin as follows:

Leverage ratio	Facility A Margin % p.a.	Revolving Facility Margin % p.a.
More than 4.00	2.15	1.90
Less than or equal to 4.00 but more than 3.50	2.00	1.75
Less than or equal to 3.50 but more than 3.00	1.75	1.50
Less than or equal to 3.00 but more than 2.50	1.30	1.05
Less than or equal to 2.50 but more than 2.00	1.20	0.95
Less than or equal to 2.00 but more than 1.50	1.10	0.85
Less than or equal to 1.50 but more than 1.00	1.05	0.80
Less than or equal to 1.00	1.00	0.75

	31-12-2021	31-12-2020
<b>Condition</b>		
Net debt/ EBITDA		< 3.0
Relevant Period expiring 31 December 2022	<3.75	
Relevant Period expiring 31 March 2023	<3.25	
Relevant Period expiring 30 June 2023	<3.15	
Relevant Period expiring 30 September 2023	<3.05	
Relevant Period expiring 31 December 2023	<3.00	
Interest cover	> 4.0	> 4.0

<b>Actual</b>		
Net debt/ EBITDA	N.A.	N.A.
Interest cover	N.A.	N.A.

Because of the Covid-19 pandemic Nedschroef received a waiver from the banks. As per 31-12-2021 there were no covenants to meet with regards to the SFA, a waiver was received from the banks until Q3-2022. New covenants are agreed as per Q4-2022 and will probably, based on the forecast, be met.

Borrowings classified as current liabilities consist of:	31-12-2021	31-12-2020
Current account overdraft in cash pool (see note 20)	31.5	4.0
Loans falling due in < 1 year	22.3	21.0
<b>Total</b>	<b>53.8</b>	<b>25.0</b>

Movement schedules per loan:

<b>Term loan A, Interest rate 2.0% fixed until end of GO period.</b>	
<b>Positive pledge on various targets:</b>	
1-1-2021	88.9
Repayment for the current year	(8.9)
<b>31-12-2021</b>	<b>80.0</b>
Of which repayable in 1 year	8.9
Of which repayable between 1 and 5 years	71.1
Of which repayable after 5 years	0.0

<b>Term loan A SPN:</b>	
1-1-2021	8.4
Repayment for the current year	0.0
<b>31-12-2021</b>	<b>8.4</b>

Of which repayable in 1 year	0.0
Of which repayable between 1 and 5 years	8.4
Of which repayable after 5 years	0.0

<b>Go-C loan, Interest rate 2.25% 6 month rolling. Positive pledge on various targets:</b>	
1-1-2021	10.0
Repayment for the current year	(2.0)
<b>31-12-2021</b>	<b>8.0</b>

Of which repayable in 1 year	8.0
Of which repayable between 1 and 5 years	0.0
Of which repayable after 5 years	0.0

<b>Loan Shanghai Prime (HK) Inv. Man. Comp., Interest 3,3%. This loan is subordinated to the SFA:</b>	
1-1-2021	10.0
Addition in the current year	20.0
<b>31-12-2021</b>	<b>30.0</b>

Of which repayable in 1 year	0.0
Of which repayable between 1 and 5 years	30.0
Of which repayable after 5 years	0.0

<b>Mortgage loan, interest 2,7%:</b>	
1-1-2021	6.2
Repayment for the current year	(0.5)
<b>31-12-2021</b>	<b>5.7</b>

Of which repayable in 1 year	0.5
Of which repayable between 1 and 5 years	2.1
Of which repayable after 5 years	3.1

There is a pledge from the Sparkasse bank, on property from CP in Bueren, Germany. Bookvalue of the pledged target is 6.5 million

<b>PMC loan, interest 5%. This loan is subordinated to the SFA:</b>	
1-1-2021	22.9
Additions in the current year	3.9
Disposal of subsidiary Kunshan	(26.8)
<b>31-12-2021</b>	<b>0.0</b>

Of which repayable in 1 year	0.0
Of which repayable between 1 and 5 years	0.0
Of which repayable after 5 years	0.0

<b>Lease liability (refer to note [12] PPE and RoU):</b>	
1-1-2021	18.7
Repayment for the current year	(7.2)
Additions during the year	6.6
Accrued interest	0.5
Disposal Subsidiary	(2.3)
<b>31-12-2021</b>	<b>16.3</b>
Of which repayable in 1 year	5.2
Of which repayable between 1 and 5 years	10.0
Of which repayable after 5 years	1.1

<b>Capitalized fee:</b>	
1-1-2021	(0.9)
Paid upfront fee	0.0
Amortized for the year	0.3
<b>31-12-2021</b>	<b>(0.6)</b>
Of which repayable in 1 year	(0.3)
Of which repayable between 1 and 5 years	(0.3)
Of which repayable after 5 years	0.0

#### Credit facilities

At the end of 2021 the outstanding credit facilities available to Nedschroef amounted to 10.3 (2020: 2.2).

## 25 PROVISIONS

The composition of the provisions is as follows:

The composition was as follows:	Environ-mental	Claims	Warranty	Other	Total
At 1 January 2021	0.1	2.5	0.7	0.0	3.3
Additions/(releases)	0.0	(2.5)	1.8	0.1	(0.6)
<b>At 31 December 2021</b>	<b>0.1</b>	<b>2.5</b>	<b>2.5</b>	<b>0.1</b>	<b>2.7</b>

### Claims

The provision relates to possible claims from customers. The provision has a predominantly long-term character.

### Warranty

The provision relates to possible warranty claims for the machines that are sold by the Nedschroef machinery division. The provision has a predominantly long-term character.

## 26 POST-EMPLOYMENT BENEFITS

Nedfast Holding has a number of defined benefit pension plans covering a limited number of employees, former employees and retirees in the Netherlands, Germany, Belgium and France. Generally, the plans are career average or final pay defined benefit plans.

The composition was as follows:	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017
Defined pension benefits	14.7	16.1	15.5	13.4	13.3
Long-service benefits	3.1	3.1	3.1	2.8	2.5
Early retirement benefits	1.3	1.5	1.5	1.2	1.2
<b>Total employee benefits</b>	<b>19.1</b>	<b>20.7</b>	<b>20.1</b>	<b>17.4</b>	<b>17.0</b>

Non-current liability	18.3	19.9	19.3	16.6	16.3
Current liability ( <a href="#">see note 27</a> )	0.8	0.8	0.8	0.8	0.7
<b>Total employee benefits</b>	<b>19.1</b>	<b>20.7</b>	<b>20.1</b>	<b>17.4</b>	<b>17.0</b>

Defined pension benefits	2021	2020
The changes were as follows:		
At 1 January	16.1	15.5
Charged to the profit and loss account	0.7	0.7
Actuarial results	(1.1)	0.8
Withdrawals	(1.0)	(0.9)
<b>At 31 December</b>	<b>14.7</b>	<b>16.1</b>

	31-12-2021	31-12-2020
Liabilities for pension plans managed by insurance companies	1.8	2.8
Pension plan assets to cover pension liabilities	(0.9)	(1.4)
Net liabilities for pension plans managed by insurance companies	0.9	1.4
Pension liabilities managed by the company	13.8	14.7
<b>Total</b>	<b>14.7</b>	<b>16.1</b>

Pension plan assets to cover pension liabilities encompass funds invested by insurance companies. Excess of net pension assets more than pension liabilities, follow strict pension assets ceiling rules.

Net pension liabilities	31-12-2021	31-12-2020
The composition was as follows:		
Present value of defined benefit obligation	15.6	17.6
Fair value of plan assets	(0.9)	(1.5)
Withdrawals	0.0	0.0
<b>Net pension liabilities</b>	<b>14.7</b>	<b>16.1</b>

Present value of defined benefit obligations	2021	2020
The changes were as follows:		
At 1 January	17.6	17.0
Charged to the profit and loss account	0.7	0.7
Actuarial results	(1.1)	0.7
Withdrawals	(1.6)	(0.8)
<b>At 31 December</b>	<b>15.6</b>	<b>17.6</b>

Fair value of plan assets	2021	2020
The changes were as follows:		
At 1 January	(1.5)	(1.5)
Deposits	0.6	0.0
<b>At 31 December</b>	<b>(0.9)</b>	<b>(1.5)</b>

Long-service benefits	2021	2020
The changes were as follows:		
At 1 January	3.1	3.1
Charged to the profit and loss account	0.3	0.3
Withdrawals	(0.3)	(0.3)
<b>At 31 December</b>	<b>3.1</b>	<b>3.1</b>



The following costs of pension and long-service commitments are recognized in the income statement under wages and salaries (long service costs), under social security and pension costs (pension service cost) and net financial result (net financial expenses):

	2021	2020
Pension costs	0.1	0.1
Long-service costs	0.9	0.9
	<b>1.0</b>	<b>1.0</b>
Pension service costs ( <a href="#">see note 8</a> )	0.0	0.1
Long-service costs	0.9	0.9
Interest charges ( <a href="#">see note 9</a> )	0.1	0.0
	<b>1.0</b>	<b>1.0</b>

The actual interest income from assets to cover pension liabilities in 2021 totalled 0.0 (2020: 0.0).

Early retirement benefits	2021	2020
The changes were as follows:		
At 1 January	1.5	1.5
Credited to the profit and loss account	(0.2)	0.0
<b>At 31 December</b>	<b>1.3</b>	<b>1.5</b>

The plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

#### Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

#### Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

#### Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary risk:

The present value of the defined benefit plan is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would increase by € 0.5 (decrease by € 1.4)
- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by € 0.4 (decrease by € 0.5).

The sensitivity analysis presented above may not be representative of the actual change in the benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applies in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

#### Actuarial assumptions

The following actuarial assumptions were used in the valuation of long-term employee-related liabilities:

	31-12-2021	31-12-2020
Discount rates	1.00%	1.00%
Expected income from assets	1.00%	1.00%
Future salary increases	2.25%	2.00%
Future pension increases	1.75%	1.75%

At the end of 2021 the Dutch Metalektro and Metaal en Techniek industrial pension funds had coverage ratios (based on market interest rates) of 100,8% (2020: 97,2%) and 103,8% (2020: 95,4%) respectively. These concern the defined contribution arrangements.

## 27 EMPLOYEE BENEFITS

The composition was as follows:	2021	2020
Wages and salaries	1.8	1.4
Holiday allowance	5.7	6.7
Profit sharing and bonuses	1.6	1.1
Social security contributions	16.4	14.4
Restructuring provision	0.0	3.3
Pension and long-service liabilities ( <a href="#">see note 26</a> )	0.8	0.8
Other	0.6	1.6
<b>Total</b>	<b>26.9</b>	<b>29.3</b>

## 28 OTHER CURRENT LIABILITIES

The composition was as follows:	31-12-2021	31-12-2020
Value added tax	4.8	5.7
Payable on related parties	0.8	0.6
Other liabilities	1.9	1.0
Interest	0.0	0.0
Other accrued expenses	13.4	11.9
<b>Total</b>	<b>20.9</b>	<b>19.2</b>

## 29 RELATED PARTIES

Related party transactions were made on terms equivalent to those that prevail at arms 'length transactions.

- The company has a payable of -20 (2020: -22.7) to Shanghai Prime (HK) Inv. Man. Comp. Ltd (PMC Hong Kong).
- The company has a receivable of 5.6 from Shanghai Prime Machinery Company Limited resulting from the Kunshan transaction (see note 15).
- The company has a receivable of 1.6 (2020: 1.4) from Shanghai Prime NL BV.
- The company has a receivable of 15.8 (2020: 15.4) from Nedfast Investment B.V.
- The company has a receivable of 2.5 (2020: 0.0) from Nedschroef Fasteners Kunshan Co. Ltd.
- The company has a receivable of 0.0 (2020: 0.2) from PT Indonesian Tooling Technology.
- The company has a payable of -10.2 (2020: -10.3) to Shanghai Prime NL Investment B.V.

Transactions with related parties relate mainly to interest charges and concern charges and sale of subsidiary Kunshan.

## 30 COMMITMENTS

### Bank guarantees

Bank guarantees have been provided on behalf of clients for a total amount of 1.4 (2020: 3.7). On behalf of suppliers' letters of credit have been issued for an amount of nil (2020: nil).

### Operational lease

The future minimum lease payments for operational leases are as follows:

	1-12-2021	31-12-2020
Not later than one year	0.0	0.1
Later than one year and not later than five years	0.0	0.1
Later than five years	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.2</b>

### Legal proceedings

The group does not expect on-going legal actions to have a material effect on the financial statements. A provision is recognized in the financial statements if it is probable that a legal action will have a negative outcome for the group and the liability can be reliably estimated.

### Contractual commitments

As per 31.12.2021 the contractual commitments for the acquisition of PPE are 10.1.

## Company-only balance sheet

(x € million before profit appropriation) As at 31 December

ASSETS	Note	2021	2020
		x € million)	x € million)
<b>NON-CURRENT ASSETS</b>			
Intangible assets	[33]	99.6	106.1
Financial assets	[34]	158.5	169.8
Deferred tax assets	[35]	17.5	17.9
<b>Total non-current assets</b>		<b>275.6</b>	<b>293.8</b>
<b>CURRENT ASSETS</b>			
Receivables from subsidiaries		30.8	7.7
Income tax receivable		5.2	5.2
Other receivables	[36]	0.6	0.5
Cash and cash equivalents		0.3	0.0
<b>Total current assets</b>		<b>36.9</b>	<b>13.4</b>
<b>TOTAL ASSETS</b>		<b>312.5</b>	<b>307.2</b>

EQUITY AND LIABILITIES	Note	2021	2020
		x € million)	x € million)
<b>EQUITY</b>			
Issued capital		0.0	0.0
Share premium reserve		80.0	80.0
Legal and statutory reserves		7.1	7.1
Currency translation differences reserve		(2.8)	(2.6)
Actuarial results		(4.2)	(4.5)
Hedging reserve		0.1	0.1
Retained earnings		73.9	107.5
Net income attributable to shareholders		8.3	(33.8)
	[37]	<b>162.4</b>	<b>153.8</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision subsidiaries	[34]	0.0	50.7
Loans from subsidiaries		20.0	0.0
Loans from Third parties	[38]	70.8	83.4
<b>Total non-current liabilities</b>		<b>90.8</b>	<b>134.1</b>
<b>CURRENT LIABILITIES</b>			
Interest bearing borrowings from Third parties	[38]	41.6	14.6
Payables to subsidiaries		17.1	4.2
Employee benefits		0.2	0.1
Other liabilities		0.4	0.4
<b>Total current liabilities</b>		<b>59.3</b>	<b>19.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>312.5</b>	<b>307.2</b>

The accompanying notes are an integral part of these company financial statements.

## Company-only profit and loss account

(x € million)

Year ended 31 December

	2021	2020
Net income/(expense) from participating interests after taxation	7.4	(37.1)
Other net income after taxation	0.9	3.3
Net income/(expense) attributable to shareholders	8.3	(33.8)

The accompanying notes are an integral part of these company financial statements.

## Notes to company-only financial statements

(x € million unless stated otherwise)

### 31 GENERAL INFORMATION

The company-only financial statements are prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In preparing the company financial statements, use is made of the facility under section 362 subsection 8, Book 2 of the Netherlands Civil Code for applying the same accounting policies for valuation and the calculation of result (including the policies for the presentation of financial instruments as equity or debt) as in the consolidated financial statements. The company is registered with the Chamber of Commerce under number 30224669 and with its seat in Helmond.

### 32 ACCOUNTING POLICIES

The accounting policies for the company financial statements are the same as those for the consolidated financial statements. Unless stated otherwise, reference is made to the accounting policies specified in the consolidated financial statements.

### 33 INTANGIBLE ASSETS

Intangible assets relate to goodwill	2021	2020
At 1 January	106.1	106.1
Impairment disposal Subsidiary Kunshan	(6.5)	0.0
At 31 December	99.6	106.1

[See also note 11.](#)



### 34 FINANCIAL ASSETS

Financial assets relate to the net asset value of subsidiaries and intercompany loans. Subsidiaries are recognized at net asset value on an individual basis. The net asset value is established by valuing assets, provisions and liabilities and calculating the result in accordance with the accounting policies applied in the consolidated financial statements. In establishing the net asset value, account is taken of the transitional provisions for valuation and the first-time adoption of the accounting policies followed in the consolidated financial statements. If the net asset value is negative, the participating interest is valued at nil. This likewise considers other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company considered.

Subsidiaries/Provision Subsidiaries: The changes were as follows:	2021	2020
At 1 January	(50.7)	(13.0)
Capital contribution ("Domination Agreement")	49.1	0.0
Currency translation differences	0.2	0.0
Net income of the year of participating interests	7.4	(37.1)
Actuarial results	0.8	0.6
Hedging results	0.0	0.1
Other results	(0.2)	(0.1)
Disposal Subsidiary Kunshan	6.6	0.0
PY IFRS16 impact	(0.1)	0.0
<b>At 31 December</b>	<b>13.1</b>	<b>(50.7)</b>

For associated companies having a negative equity that has not been provided for, the losses in 2021 amounted to EUR (18) (2020: EUR (34.5)) and as at balance sheet date the cumulative losses amounted to EUR (24.5) (2020: EUR (28.0)).

Intercompany loans:	31-12-2021	31-12-2020
Nedfast GmbH	59.0	59.0
Nedschroef Altena GmbH	27.7	27.7
Nedschroef Fraulautern	0.8	0.8
Nedschroef Plettenberg	1.5	1.5
Nedfast Investment BV	4.9	4.9
Koninklijke Nedschroef Holding BV	43.1	67.5
Shanghai Prime Netherlands BV	8.4	8.4
<b>At 31 December</b>	<b>145.4</b>	<b>169.8</b>

Funding date of the intercompany loans is 13/02/2019, with an interest of 2.8% and maturity date 60 months after funding date.

### 35 DEFERRED TAX ASSETS

Deferred tax assets relate to:	01-01- 2020	Changes in 2020	31-12- 2020	Changes in 2021	31-12- 2021
Loss carry-forward	23.4	(5.5)	17.9	(0.4)	17.5
<b>Total</b>	<b>23.4</b>	<b>(5.5)</b>	<b>17.9</b>	<b>(0.4)</b>	<b>17.5</b>

Every year an estimate is made of the deferred tax receivables that should be set off against future taxable profits. The estimates are based on approved budgets for a projection period of one year and business plans with a horizon of 5 years. After the one-year period an estimate is made of the taxable profits to the extent that it is likely

that they shall be available. It is expected that the loss carry-forward will be realized within five years. From this amount EUR 0.0 is expected to be realized within one year. Deferred assets amounting to EUR 0.0 (2020: EUR 0.0) were written down during the financial year.

The deferred tax assets are an intercompany receivable, it will be settled with total results of the Dutch fiscal unit.

### 36 OTHER RECEIVABLES

Other receivables relate to receivables from the parent company PMC Hong Kong.

### 37 TOTAL EQUITY

The movement schedule of equity is presented in the consolidated statement of changes in equity on [page 70](#).

### 38 LOANS FROM THIRD PARTIES

Borrowings consist of:

Total liability	31-12-2021	31-12-2020
Term loan A	80.0	88.9
Revolving facility	25.0	0.0
Go-C	8.0	10.0
SP (HK) Inv. Man. Comp.	20.0	0.0
<b>Total borrowings</b>	<b>133.0</b>	<b>98.9</b>
Minus: deduction of closing fee	(0.6)	(0.9)
<b>Total borrowings</b>	<b>132.4</b>	<b>98.0</b>
<b>Current liability</b>		
Due within 1 year	41.6	14.6
<b>Non-current liabilities</b>		
Due later than 1 year	90.8	83.4

A new Senior Facility Agreement was closed in 2019, consisting of a term loan of EUR 100 million with a duration of 5 years.

### 39 EMPLOYEES

The average number of employees in the financial year was 2 (2020: 1).

#### 40 REMUNERATION OF THE KEY MANAGEMENT AND THE SUPERVISORY BOARD

The annual remuneration of the Board of Directors amounted to:

X € 1.000	2021	2020
Gross Salary	1.270	910
Bonus	0	0
Pension Costs	29	25
<b>Total</b>	<b>1.299</b>	<b>935</b>

The remuneration of the members of the Board of Directors is determined by the Supervisory Board and consists of a fixed and a variable bonus component. The fixed component is reviewed annually by the Supervisory Board in accordance with the remuneration policy. The variable component is reviewed annually and is based on the financial results generated in relation to the forecast of the financial results which is set out in the Strategic Plan annually and approved by the Supervisory Board. A bonus scheme up to 70% of the fixed component of the gross salary is paid if the targets are outperformed. The company does not have a stock option scheme, nor does it offer loans or advances or issue guarantees on behalf of its directors.

The annual remuneration of the members of the Supervisory Board amounted to € 180k (2020: € 180k).

#### 41 AUDIT AND ADVISORY COSTS

Audit and advisory costs of PWC were as follows:

	2021	2020
Audit of the financial statements	0.7	0.7
Other audit procedures	0.1	0.0
Tax services	0.0	0.0
Other non-audit services	0.0	0.0
Other assurance services	0.0	0.0
<b>Total</b>	<b>0.8</b>	<b>0.7</b>

The fees included in this for PricewaterhouseCoopers Accountants N.V. in the Netherlands amount to 0.6 (2020: 0.6).

## 42 PARTICIPATING INTERESTS

The list of participating interests as of 31 December 2021 in accordance with section 379, Book 2 of the Netherlands Civil Code is as follows (100% unless stated otherwise):

- Koninklijke Nedschroef Holding B.V., Helmond, the Netherlands
- Nedschroef Nederland B.V., Helmond, the Netherlands
- Nedschroef Helmond B.V., Helmond, the Netherlands
- Nedschroef Weert B.V., Helmond, the Netherlands
- Nedschroef Fasteners B.V., Helmond, the Netherlands
- SMF Tools B.V., Helmond, the Netherlands
- Nedschroef Altena GmbH, Altena, Germany
- Nedschroef Fraulautern GmbH, Saarlouis-Fraulautern, Germany
- Nedschroef Beckingen GmbH, Beckingen, Germany
- Nedschroef Schrozberg GmbH, Schrozberg, Germany
- Nedschroef Plettenberg GmbH, Plettenberg, Germany
- Nedschroef Fasteners GmbH, Altena, Germany
- Nedschroef Aviation Fasteners GmbH, Altena, Germany
- Koninklijke Nedschroef Holding SRL, Madrid, Spain
- Nedschroef Barcelona SAU, Sant Joan Despi, Spain
- Nedschroef Fasteners Spain S.A., Rivas Vaciamadrid, Spain
- Senegato S.L., Madrid, Spain
- Nedschroef Herentals N.V., Herentals, Belgium
- Nedschroef Langeskov ApS, Langeskov, Denmark
- Nedschroef Fasteners S.A.S., Meudon-la-Forêt, France
- Nedschroef Fasteners Poland Sp. z o.o., Rzeszów, Poland
- Nedschroef Fasteners AB, Billdal, Sweden
- Nedschroef Fasteners Ltd., Oxford, United Kingdom
- Nedschroef Hong Kong Ltd., Hong Kong, China
- Nedschroef Fasteners Kunshan Co., Ltd., Kunshan, China
- Nedschroef Holdings, U.S., Inc., Detroit, United States of America
- Nedschroef Fasteners North America, Inc., Detroit, United States of America
- Nedschroef Detroit Corporation, Sterling Heights, United States of America
- CP Holding GmbH, Büren, Germany, 90%
- CP Immobilien GmbH, Büren, Germany, 90%
- CP Tech GmbH, Büren, Germany, 90%
- Nedschroef-MacLean International (Nederland) B.V., Amsterdam, the Netherlands (dormant)
- enexus Holding GmbH, Büren, Germany, 100%

#### 43 COMMITMENTS

For the Dutch subsidiaries, the company has issued declarations of assumption of liability as referred to in section 403, Book 2 of the Netherlands Civil Code. The legal entity is therefore jointly and severally liable for the liabilities arising from the legal acts of these group companies. The company is also head of the fiscal entity for corporation tax and VAT, in which all Dutch subsidiaries are included and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The company is obliged to repay any losses of the German subsidiaries until 1 January 2021. Under the terms of credit agreements, the company is severally liable for subsidiaries' debts to financial institutions.

#### 44 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Russia-Ukraine war has an impact on the company. There will be a (limited) direct effect on sales. The March Fasteners sales were 3% below budget (main issue is lack of harnesses produced for our customers in the Ukraine).

The war is putting more pressure on our commodity pricing due to the mainly further increased energy costs.

The company complies with EU sanctions towards Russia. Company will lose some sales at Machinery and Tools business because of the sanctions and the war will have an effect on the worldwide economy, impact is still unclear but expected to be limited.

#### 45 APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2020

The annual report 2020 was adopted in the General Meeting. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

#### 46 PROPOSAL FOR PROFIT APPROPRIATION

The General Meeting will be asked to approve the appropriation of the 2021 net income attributable to shareholders amounting to € 8.3 million to retained earnings.

*Helmond, 29 April 2022*

#### The Supervisory Board

.....  
*Z. Zhou (Chairman)*

.....  
*P. Pleus*

.....  
*J. Gou*

.....  
*H. van Everdingen*

.....  
*X. Chen*

.....  
*A. Ng*

#### The Board of Directors

.....  
*P.J.J.W. Raedts*

.....  
*R. Janssen*

.....  
*J.A.C. Verheij*

.....  
*T. Niggemann*



## Other information

### APPROPRIATION OF PROFIT ACCORDING TO THE ARTICLES OF ASSOCIATION

Under article 18 of the company's articles of association, the profit is at the disposal of the General Meeting, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the statutory reserves and exceeds the amounts resulting from the distribution test, performed by management at the date of each dividend payment.





Independent auditor’s report

To: the general meeting and the Supervisory Board of Nedfast Holding B.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of Nedfast Holding B.V. (‘the Company’) give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (‘EU-IFRS’) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Nedfast Holding B.V., Helmond. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated and company profit and loss account, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NVY5NYT373HT-1029259551-418

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Independence

We are independent of Nedfast Holding B.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor’s report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the report of the Board of Directors and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the report of the Board of Directors and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going-concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of Directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern.

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The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Eindhoven, 29 April 2022  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.J.T. van Kessel RA



Appendix to our auditor's report on the financial statements 2021 of Nedfast Holding B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error; designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company'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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board 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.



Assurance report of the independent auditor

To: the Board of Directors and the Supervisory Board of Nedfast Holding B.V.

Assurance report on the selected non-financial indicators in the Sustainability Report 2021 in the Annual Report 2021

Our conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected non-financial indicators marked with symbol √ in the Sustainability Report 2021 in the Annual Report 2021 of Nedfast Holding B.V. are not prepared, in all material respects, in accordance with the Nedfast's reporting criteria.

What we have examined

The object of our assurance engagement concerns the selected non-financial indicators marked with symbol √ included in the Sustainability Report 2021 in the Annual Report 2021 for the year ended December 31, 2021 (hereafter: the indicators). The indicators examined are as follows:

- 1. CO2-eq intensity (Scope 1+2) in tCO2-eq/M€
- 2. Electricity from renewable sources in %
- 3. Work-related injuries in #/1.000 FTE
- 4. Near-miss injuries in #/1.000 FTE
- 5. Training and education in h/1.000 FTE
- 6. Gender diversity of females in %

We have examined the indicators in the Sustainability Report 2021 in the Annual Report of Nedfast Holding B.V., Helmond for the year ended December 31, 2021. Other information included in the Annual Report 2021 is not in scope of this limited assurance sustainability engagement, including comparatives. We were not engaged to report on or conclude on other information presented within the Annual Report 2021 which is outside our scope.

The basis for our conclusion

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the examination' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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Independence and quality control

We are independent of Nedfast Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Applicable criteria

The indicators need to be read and understood together with the reporting criteria. The reporting criteria used for the preparation of the indicators are the Nedfast's reporting criteria, as included in the sections 'Introduction' and 'Glossary' in the Sustainability Report 2021 in the Annual Report 2021. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Responsibilities for the indicators and the examination thereof  
Responsibilities of the Board of Directors and the Supervisory Board

The Board of Directors of Nedfast Holding B.V. is responsible for selecting the criteria, taking into account applicable law and regulations related to reporting, and the preparation of the indicators in accordance with the Nedfast's reporting criteria, including the identification of the intended users and the criteria being applicable for the purpose of these users.

Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the indicators that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the company's reporting process on the indicators.

Our responsibilities for the examination

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Our conclusion aims to provide limited assurance. The procedures performed in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information included in the indicators. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Nedfast Holding B.V. - NVY5NYT373HT-1029259551-433





*Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the indicators. Materiality affects the nature, timing and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our conclusion.*

*Procedures performed*

*We have exercised professional judgement and have maintained professional scepticism throughout the examination in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.*

*Our examination consisted, among other things of the following:*

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the indicators.*
- Obtaining an understanding of the reporting processes for the indicators, including obtaining a general understanding of internal control relevant to our review.*
- Identifying areas of the indicators with a higher risk of material misstatement, whether due to fraud or error. Designing and performing assurance procedures aimed at determining the plausibility of the indicators, responsive to this risk analysis. These procedures consisted amongst others of:*
  - interviewing management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results;*
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data of the indicators;*
  - determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Our procedures were performed centrally;*
  - obtaining assurance evidence that the indicators reconcile with underlying records of the company;*
  - reviewing, on a limited test basis, relevant internal and external documentation;*
  - performing an analytical review of the data and trends of the indicators submitted for consolidation at corporate level.*
- Reconciling the relevant financial information with the financial statements.*
- Evaluating the consistency of the indicators with the other information in the Annual Report 2021, which is not included in the scope of our review.*

*We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.*

*Eindhoven, 29 April 2022  
PricewaterhouseCoopers Accountants N.V.*

*Original has been signed by J.J.T. van Kessel RA*



## Addresses and particulars

As per the date of this report

### Nedfast Holding B.V.

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Website : www.nedschroef.com

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A. Verheij (CFO)

R. Janssen\*

T. Niggemann\*\*

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### COC (CHINA) BOLTS M5-M20 AND SCREWS ≤ 8 MM

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\* VP BU Automotive segment Growth

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# Nedschroef...

## More than fasteners...



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