

Nederlandse Radiatoren Fabrik B.V.
Langenboomseweg 64

NL-5451 JM Mill - The Netherlands

Tel +31 (0)485 476476

Internet: www.nrf.eu

Financial Statements for the year ending

March 2021

For identification purposes
VWG audit & assurance
May 20, 2021
Initialed:3.....

Table of content

1 Director's report

2 Financial Statements

- 2.1 Consolidated balance sheet as at March 31, 2021
- 2.2 Consolidated profit & loss account for the period ended March 31, 2021
- 2.3 Consolidated cash-flow statement for the period ended March 31, 2021
- 2.4 Notes to the consolidated financial statements for the year ended March 31, 2021
- 2.5 Company balance sheet as at March 31, 2021
- 2.6 Company profit and loss account for the year ended March 31, 2021
- 2.7 Notes to the financial statements for the period ended March 31, 2021

3 Supplementary Information

3.1 Auditors' report

1 Directors report

General

NRF has its registered office in Mill, the Netherlands and is the head of a group of international companies. Details of the group companies in which NRF B.V. holds a controlling interest are disclosed in the consolidation principles of the annual accounts.

NRF designs, manufactures and markets radiators, radiator cores, charge air coolers, oilcoolers, heaters, temperature control parts such as condensers, compressors and other heat exchange products for the automotive and truck aftermarket. In addition NRF designs, manufactures and distributes marine coolers and heat exchange products for industrial applications.

Main geographical focus for NRF is the European market with offices spread over different parts of Europe. In addition our sales managers also serve clients in North Africa, South Africa and other parts of the world.

In the period from April 2020 until March 2021 the Company was closed with a net gain of € 2,3 million. The Company remains to have a very solid solvency (ratio: 56%).

Net Turnover

The consolidated net turnover stayed stable in comparison to prior year (slightly decrease 0,6%).

Gross Profit

The gross profit percentage increased from 0,9% prior year to 2,3% current year.

Capital Expenditure

During the fiscal year 2020/21 € 1,3 million was invested in a new machinery, tooling, IT systems and other fixed assets.

In 2020/21 we moved a factory that had been making losses for years, from Netherlands to Poland, instead of just closing the factory. With this step we preserved employment, albeit at a different location.

Quality and Environment

In 2004 an agreement for an environmental remediation plan had been reached with provincial authorities and was implemented. As part of the merger in 2005 it was agreed that all remediation cost will be for the account of Modine Manufacturing Company Inc., the former parent company of NRF. Since then and during 2021 the remediation program has been continued. The reimbursement of these costs by Modine are treated as addition in Capital Contribution within Equity

Focus within NRF is on waste reduction, reduce plastic consumption and correct waste flows. When deciding on new offices, warehouse or factory, environmental aspect are taken into consideration.

Within NRF we have continuous controls on (i) product quality by validation and testing, (ii) production control by raw material check, (iii) process checks and (iv) end product testing.

Regular audits were performed to assure the company's ISO 9001 status.

Human Resources

Total employment within the NRF group was 308 FTE on March 31st, 2021. In 2020 we moved part of our production from Mill to Gdansk, Poland. This resulted in the lay-off of 34 FTEs in The Netherlands. Obviously this resulted in an increase in FTE in Poland. For 2021/22 the number of employees is expected to remain stable. We are recruiting but mainly for replacement. In our recruitment focus is on diversity.

During COVID focus was on a healthy workspace. We encouraged people to work from home as much as possible, and also financially supported the improvement of the workplace at home. We furthermore adapted flexible working hours during COVID, and supported employees with a policy and tips for a healthy home workspace.

Research and Development

NRF has capitalized for an amount of 32 K€ R&D expenses, in order to develop new markets, new products and improve existing products

Information, Marketing and Distribution

Within NRF Monthly update meetings through MS Teams are held to all employees. These meetings are recorded for employees that are unavailable to attend. We furthermore send regular updates to all employees through social networks like Yammer. External information is sent through customer service, newsletters, advertising, technical presentation, trainings and social media.

NRF's marketing plan is divided in a global and a local plan. The global plan focusses on brand image, product and additional services. The local marketing focus is more directed towards trade marketing, customer promotions and local advertising/communication.

IT is present through our entire organization. We are constantly monitoring our hardware and software requirements to make sure we are up to date with the latest technology. For 2021/22 we plan the migration of our server park to the cloud.

Distribution is a key focus within our organization. We are constantly improving our logistic services to find the right balance between number of transports, availability of our products and turnaround of our warehouses.

Outlook for the Year 2021/22

The COVID-19 virus is affecting the economy heavily. During the first quarter of FY 2020-21 we experienced a decline in revenues. Starting from quarter two in FY 2020-21 revenues were catching up. The last quarter of FY 2020-21 we performed above budget level. The outlook for upcoming FY 2021/22 is optimistic. The After Market division is expected to increase sales and market share. NRF's capital expenditures for the year 2021/22 will be around € 1,0 million. The number of employees is expected to remain stable in 2021/22.

Risk Management

The Managing Board is responsible for risk management in the company and has designed and implemented a risk management system and a risk management organization. The aim of the system is to ensure that the extent to which the company's strategic and operational objectives are being achieved is understood, that the company's reporting is reliable and that the company complies with relevant laws and regulations. Risk management is a process that we are committed to continuously improve.

Risk appetite and impact

Our willingness to assume risks and uncertainties (the risk appetite) differ for each risk category. The level of the company's risk appetite gives guidance as to whether NRF would take measures to control such uncertainties. The risk overview table shows the risk appetite and the expected impact on the group's achievement of its strategic, financial and operational objectives if one or more of the main risks and uncertainties were to materialize. The likelihood of the risk taking place is also disclosed. The risks are shown net. This means that the risks are described after taking the risk response into consideration.

RISK OVERVIEW				
Risk category	Risk	Risk appetite	Impact	Likelihood
Strategic risks	Market competition	Medium	High	Medium
Operational risks	Operational issues in technical infrastructure and IT		High	Medium
	Failure to recover from a disaster	Medium	High	
Legal and compliance risks	Non-compliance with regulation		Medium	
Financial risks	Unfavorable movements in foreign currencies	Medium	Medium	Medium

Below is an overview of the risks that we believe are most relevant to us.

Strategic Risks

Risk: Market competition

We might be unable to pursue new market opportunities and lose market share to our competitors. If we are unsuccessful in maintaining and growing in the After Market business, our financial conditions, results of operations and liquidity may be materially adversely affected.

Risk response:

We believe NRF is well positioned to address the future needs of our customers and to successfully pursue market opportunities. With our technological innovation, effective and efficient purchasing division, and agile organization and processes we believe this will allow us to remain competitive in the market.

Operational risks

Risk: Operational issues in technical infrastructure and IT

Our business depends heavily on our information technology, telecommunications and other infrastructure systems. A significant disruption to the availability of these systems could cause interruptions in our service to customers that may cause reputational damage for NRF which could have a material adverse effect on our financial condition and results of operations. We are continuously monitoring and updating our IT environment. We are taking steps to improve our internet security and protect our IT network towards potential intruders.

Risk response:

We have established a process in relation to Business Continuity for internal infrastructure including full redundancy for key services. Continuous monitoring of system availability is in place.

Risk: Failure to recover from a disaster

Unforeseen business disruptions could affect our sales to customers and cause loss of, or delays in NRF's critical business systems, our research and development work and/or product shipments. Any permanent or temporary loss of these systems would result in reputational damage, loss of revenue and liabilities to our clients. In the case of a catastrophic disaster, our company's success rests on our ability to restore our critical data and rebuild our IT business systems.

Risk response:

We have business continuity and disaster recovery planning in place for business critical systems and various eventualities. However, we are unable to plan for every possible disaster or incident. A major failure of a business critical system from which we are not able to quickly recover, could have a material adverse effect on our financial condition, results of operations and liquidity.

Legal and compliance risks

Risk: Non compliance with regulation

NRF needs to comply to law and regulations in its operations. Non compliances could have a material adverse effect on our financial condition, results of operations and liquidity. Furthermore, even if we were to prevail, any litigation could be costly and time consuming.

Risk response:

We strengthening the effectiveness of the compliance organization by:

Compliance training sessions for staff and management, proactive internal compliance investigations, surveys and culture improvement programs, improving and maintaining robust internal controls, and proactive stakeholder and reputation management including dialog with regulators.

Financial risks

Risk: unfavourable movements in foreign currencies

The group operates internationally and conducts business in multiple currencies. Revenues are earned in euro, pound sterling, the US dollar and do not necessarily match cost of sales and other costs which are largely in euro and the US dollar. Unfavourable foreign currency movements will have a negative impact on our profitability.

Risk response:

NRF tries wherever possible to match cost and revenue currencies. We do not have options and forward contracts to cover forecasted net exposures. We try to temper any negative foreign currency effect by conscious and calculated pricing of NRF products to reduce the negative impact of the exchange rate movement.

Potential impact of COVID-19 on our Business

As mentioned in the outlook for FY 2021/22 the impact of the COVID-19 virus is expected to be limited for our business. Nevertheless we address certain risks relating to the COVID-19 virus:

- * Supply chain: the risk to our supply chain is expected to be limited.
We are still able to receive our goods from our suppliers and ship our products to our customers.
- * Profitability: as mentioned the outlook for FY 2021/22 is optimistic. We expect to operate on budget level.
- * Impairments: we do not expect that the impact of COVID-19 will result in any impairment of our intangible and or tangible assets.
- * Currently we receive no government assistance.
- * Financing and liquidity: our working capital is not at risk. We have enough headroom within the current credit facility
- * The (potential) financial impact of the COVID-19 has our continuous attention.
Currently our working capital is not at stake. Our full focus is on mitigating potential working capital risks.
The measures we take show that we are in control (no increase DSO, DPO, and normal inventory levels).
- * Internal controls: The internal controls are not affected by working from home. We do not address increase to risks of errors or fraud caused by the working from home.
- * Going concern: as stated in the Notes to the consolidated financial statements Covid-19 will not have an impact on the going concern of the company, in summary no material uncertainty exists

Management

In the period of April 2020 - March 2021, there was not a change in the Supervisory Board.
Per end of February Th.H.W.M. Reintjes have left the company, F.A.E. Toebes is the sole director.

We have taken note of the law proportional representation. The Management Board and Supervisory Board consist of 100% men. For the appointment of statutory directors and Supervisory Board members, the company is using functional profiles, for which no distinction is made between men and women.

Management and Supervisory Board attach to her composition of diversity and complementarity.

In a future replacement in management or Supervisory Board, both men and women are invited to apply.

At the final selection, the quality of any candidate are paramount.

Mill,

May 14th, 2021

F.A.E. Toebes

2 Financial statements

2.1 Consolidated balance sheet as at March 31, 2021
(after appropriation of result)

(Amounts x €1.000)

		31.03.2021	31.03.2020
ASSETS			
	<i>Reference</i>		
FIXED ASSETS			
Intangible fixed assets	2.4.4	1.435	1.580
Tangible fixed assets	2.4.5	4.253	4.200
Financial fixed assets	2.4.6	<u>2.556</u>	<u>1.643</u>
		8.244	7.424
CURRENT ASSETS			
Inventories	2.4.7	44.214	42.257
Receivables	2.4.8	19.959	22.136
Short term investments	2.4.9	<u>95</u>	<u>95</u>
		64.268	64.488
Total assets		<u><u>72.512</u></u>	<u><u>71.911</u></u>
SHAREHOLDER'S EQUITY & LIABILITIES			
SHAREHOLDER'S EQUITY			
	2.4.10	40.547	38.318
PROVISIONS			
	2.4.11	1.004	1.073
LONG TERM LIABILITIES			
	2.4.12	755	813
CURRENT LIABILITIES			
Other current liabilities	2.4.13	30.158	23.246
Cash and bank balances	2.4.14	<u>48</u>	<u>8.461</u>
		30.206	31.707
Total liabilities		<u><u>72.512</u></u>	<u><u>71.911</u></u>

2.2 Consolidated profit & loss account for the period ended March 31, 2021

(Amounts x €1.000)		Apr 2020 / Mar 2021	Apr 2019 / Mar 2020
		12 months	12 months
	Reference		
Net turnover	2.4.16	98.050	98.670
Cost of raw materials and auxiliary materials		62.752	63.365
Costs of work contracted out and other external expenses		640	840
Salaries & wages	2.4.17	16.967	17.984
Social security charges and pensions		3.614	4.056
Depreciation in-/tangible fixed assets		1.186	1.166
Other operating costs	2.4.18	8.999	9.928
Operating costs		94.158	97.339
Operating result		3.892	1.331
Interest expense	2.4.19	203	113
Net financial income/(expense)		203	113
Result from ordinary activities before tax		3.689	1.218
Taxation on result from ordinary activities	2.4.20	-1.402	-266
Net result		2.287	952
Total result:			
Net result		2.287	952
Other income		152	104
		2.439	1.056

2.3 Consolidated cash-flow statement

(Amounts x €1.000)

	Apr 2020 / Mar 2021	Apr 2019 / Mar 2020
<u>Cash-flow from operating activities</u>		
Operating result	3.892	1.331
Adjustments for :		
Depreciation	1.186	1.166
Change in working capital :		
Increase/Decrease receivables	2.177	-2.289
Increase/Decrease inventories	-1.957	-1.236
Increase/Decrease current liabilities	6.693	-1.596
Increase/Decrease long term liabilities	-58	-58
Increase/Decrease provisions	-69	15
	<u>6.786</u>	<u>-5.164</u>
	11.864	-2.667
Interest expense	-203	-113
Income tax expense	<u>-1.183</u>	<u>-266</u>
	-1.386	-379
Cash-flow from operating activities	10.478	-3.046
<u>Cash-flow from investment activities</u>		
Investment in tangible & intangible fixed assets	-1.324	-1.348
Disposals tangible & intangible fixed assets	226	0
Other long term receivables/investments	-913	-415
Exch. rate diff. in investments (tangible)	<u>4</u>	<u>10</u>
Cash-flow from investment activities	-2.007	-1.753
<u>Cash-flow from financial activities</u>		
Premium reserve	152	104
Adj. for movement translation	<u>-210</u>	<u>-412</u>
Cash-flow from financial activities	-58	-308
Increase/(Decrease) cash and banks	8.413	-5.107
<u>Movement in cash and cash equivalents</u>		
Opening balance of cash and cash equivalents	-8.461	-3.354
Increase /(decrease) cash and banks	<u>8.413</u>	<u>-5.107</u>
Closing balance of cash and cash equivalents	-48	-8.461

2.4 Notes to the consolidated financial statements for the year ended March 31, 2021

2.4.1 General

Reporting entity

Reporting entity Nederlandse Radiateurs Fabriek B.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Langenboomseweg 64, 5451 JM Mill. The consolidated financial statements of the Company as at and for the year ended March 31, 2019 comprise the Company and its subsidiaries (together referred to as 'NRF' and individually as 'NRF' entities). The Company is registered in the Trade Register of Eindhoven No. 16020946.

Group structure

On February 23rd, 2010 Banco Products (India) Ltd., domiciled at Vadodara in India, purchased 100% of the Nederlandse Radiateurs Fabriek B.V. shares.

Activities

The principal activities of the company are the production and sale of radiator cores and complete radiators as well as heatexchange devices for shipbuilding and industry.

2.4.2 Principles of consolidation

The consolidated financial statements include the financial figures of Nederlandse Radiateurs Fabriek B.V. and its subsidiary group companies. The consolidation takes place according to the full consolidation method on the basis of uniform accounting principles.

Companies included in consolidation

The group comprises Nederlandse Radiateurs Fabriek B.V. and its subsidiary companies. A Company is considered a group company if that belongs to the economic unit of Nederlandse Radiateurs Fabriek B.V. and in which Nederlandse Radiateurs Fabriek B.V. exercises decisive control of the business and financial policies.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment.

In fiscal year 2020-21 the company NRF United Kingdom Ltd. is liquidated and not longer part of the consolidation. In fiscal year 2020-21 the company NRF Thermal Engineering Poland sp z.o.o. is founded and part of the consolidation.

Consequently, the consolidated financial statements include the financial figures of Nederlandse Radiateurs Fabriek B.V. and the following group companies:

Name	Statutory seat	Percentage of shareholding
NRF Thermal Engineering BV	Uden	100 %
NRF France SARL	Valenciennes (France)	100 %
NRF Deutschland GmbH	Emmerich (Germany)	100 %
NRF España S.A.	Granada (Spain)	100 %
NRF Poland sp.z.o.o.	Gdansk (Poland)	100 %
NRF Italia S.r.l.	Prato (Italy)	100 %
NRF Switzerland AG	Urdorf (Switzerland)	100 %
NRF US Inc.	Pennsylvania (USA)	100 %
NRF Thermal Engineering Poland sp.z.o.o.	Pruszcz Gdansk (Poland)	100 %

Application of condensed corporate profit and loss account

In respect of the profit and loss account of Nederlandse Radiatoren Fabrik B.V., use is made of article 402 Book 2 Title 9 Dutch Civil Code. Therefore, this profit and loss account is presented in condensed format.

Cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and in hand and the bank overdraft forming part of the current liabilities. Cash flows in foreign currencies have been translated at closing rate method. Income and expenses in respect of interest, dividends received and taxation on profits are included in the cash flow from operating activities.

2.4.3 Accounting principles

Comparison with previous year

The basic accounting principles remained unchanged compared to the previous year.

Principles of valuation

General

The financial statements are drawn up in accordance with the provision of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ("Raad voor de Jaarverslaggeving"). The annual accounts are prepared in Euro. Assets and liabilities are basically valued at amortized cost price, which mostly concerns the nominal value.

The entity shall apply the regime for large companies, as referred to article 2:396 of the Dutch Civil Code.

Financial fixed assets

Deferred tax assets are stated under the financial fixed assets if, and to the extent it is probable, that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

The other receivables are valued at face value after deduction of any provisions.

Intangible fixed assets

Intangible fixed assets are related to expenditure for Software (ERP System) and research activities. This expenditure is recognized as an expense in the period in which it is incurred. Dutch Gaap requires capitalization of development expenditures provided if, and only if, certain criteria can be demonstrated. An internally-generated intangible fixed asset arising from the Company's development is recognized only if the Company can demonstrate all of the following conditions:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the probability that the asset created will generate future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The Internally-generated intangible fixed assets are amortized on a straight-line basis over their estimated useful lives years. The estimated useful lives and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The amortization is based on the duration of 5-10 years.

Tangible fixed assets

Tangible fixed assets are valued at cost or, in case of own work capitalised, at manufacturing expenses, less accumulated depreciation. Impairment of assets as at the balance sheet date is taken into account. Depreciation is provided by the straight-line method over the estimated economic useful life.

The annual depreciation rates are as follows :

Buildings	2.5 %
Plant and machinery	10 - 20 %
Other operating fixed assets	20 - 33 1/3 %

Impairment of fixed assets

On the balance sheet date, the group estimates whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the higher of the realisable value and the value to the business.

Inventories

Inventories are valued at weighted average price, whereby the cost for raw material and auxiliary materials are based on the first in first out principle. Cost consists of all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Indirect cost components are included in the cost. Provisions are set up for slow moving and obsolete inventories.

Receivables

Receivables are stated at nominal value, less allowance for doubtful accounts where deemed necessary.

Short term investments

Short term investments are valued at nominal value.

Cash at banks and in hand

Cash at banks and in hand includes deposits with a maturity of less than twelve months. Current account liabilities at banks, if any, are recognised bank overdrafts forming part of current liabilities

Provisions

Provisions are set up in respect of actual or specific risks and commitments existing at balance sheet date, of which the size is uncertain but can be estimated using a reliable method. The provisions are in principle valued at the present value. Given the current interest rate, this approximates the nominal value.

Current liabilities

Current liabilities are valued at nominal value.

Pension liabilities

The company has a pension plan in place that qualifies as a defined contribution plan. The companies sole obligation is payment of the annual contribution to the insurance company of branch pension fund. The coverage ratio end of March 2021 amounts 101,7%. The company does not form a provision for any future increases in the contributions.

Deferred tax liabilities

The provision for deferred tax liabilities, relating to future taxation resulting from differences in valuation of assets and liabilities for financial statement purposes and for tax purposes, is stated at nominal value, based on the prevailing national tax rates.

Warranty liabilities

The provision for guarantee liabilities, relating to expected claims of customers, is stated at nominal value.

Principles of determination of result

General

The result represents the difference between the realisable value of the goods delivered and services rendered and the costs and other charges for the year.

The results on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

Revenue recognition

Income from the supply of goods is recognised as soon as all significant risks and rewards relating to the title of the goods are transferred to the customer.

Net turnover

Net turnover represents the amounts charged to third parties for goods delivered and services rendered in the financial year less discounts and exclusive of VAT.

Costs

Costs are recognised at the historical cost convention and are allocated to the reporting year to which they relate. Subsidies obtained from the government regarding the effects of COVID-19 have been deducted from labour costs.

Depreciation

Depreciation on buildings and other intangible and tangible assets is based on the purchase price or production cost. Land is not depreciated. Depreciation is provided by the straight-line method over the estimated useful economic life.

Taxation

Taxation on result is computed by applying the current rate to the result of the financial year, taking into account permanent differences between profit calculations for financial purposes and those for tax purposes. These differences are incorporated in taxation on the result from ordinary activities.

Principles of conversion of foreign currencies

The company's primary activities are denominated in euros. Accordingly the company uses the euro as its functional currency. Transactions in foreign currencies are recorded in euros using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are translated using the rate of exchange prevailing at the balance sheet date. Relating translation results are included in the income statement.

For consolidation purposes, the company classifies its subsidiaries as foreign entities. Assets and liabilities are translated at the closing exchange rates, whereas the income statement information is translated at the annual average exchange rate. Translation differences arising thereon are taken to shareholders equity.

Measures taken to warrant going concern

Measures taken by various governments to contain the Covid- 19 virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such safety and health measures for our people (like social distancing and working from home) and securing the supply of materials that are essential to our production and supply chain process. At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Measures taken:

Governmental assistance:

During FY 2020-21 we receive for several countries (Spain, Italy, Poland, France, Germany and The Netherland) government assistances. We complied to the terms and conditions and all funds were granted. Currently we do not receive any governmental assistance.

Profitability

For the first quarter of FY 2020-21 we had a significant drop in our sales volume and profitability, starting from quarter two in FY 2020-21, we perform on budget level. Currently Covid-19 is not affecting our business heavily; we are able to perform on budget level.

Working capital

The (potential) financial impact of the COVID-19 has our continuous attention. Currently our working capital is not at stake. Our full focus is on mitigating potential working capital risks. The measures we take show that we are in control (no increase DSO, DPO, and normal inventory levels).

Conclusion

Whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity

Valuation Financial Instruments

The first valuation of a financial instrument shall be at fair value. After that, the valuation depends on the instrument present and valuation takes place at cost price, amortised cost or fair value.

2.4.4 Intangible fixed assets

(Amounts x €1.000)

	Software	R&D costs	Total
Balance as at March 31, 2020	1.461	119	1.580
Additions	331	32	363
Depreciation	-389	-119	-508
Balance as at March 31, 2021	1.403	32	1.435

The intangible fixed assets are related to expenditure for Software (ERP System) and research and development. The research and development cost are related to developing new products, new markets or to improving current products.
For the total amount of capitalized R&D expenses, the company has created a legal reserve within equity.

2.4.5 Tangible fixed assets

(Amounts x €1.000)

	Land and buildings	Plant and machinery	Other operating fixed assets	fixed assets under construction	Total
Cost :					
Balance as at March 31, 2020	10.232	25.426	3.978	134	39.770
Additions	41	602	318	0	961
Put into operation/Transfers	0	15	0	-15	0
Disposals	0	-2.492	-388	0	-2.880
Exchange differences	0	-8	-2	0	-10
Balance as at March 31, 2021	10.273	23.543	3.906	119	37.841
Depreciation :					
Balance as at March 31, 2020	7.751	24.125	3.694	0	35.570
Charge for the year	135	432	111	0	678
Disposals	0	-2.269	-385	0	-2.654
Exchange differences	0	-4	-2	0	-6
Balance as at March 31, 2021	7.886	22.284	3.418	0	33.588
Book value :					
Balance as at March 31, 2021	2.387	1.259	488	119	4.253
Balance as at March 31, 2020	2.481	1.301	284	134	4.200

2.4.6 Financial fixed assets

(Amounts x €1.000)

	Deferred Tax Receivables
Balance as at March 31, 2020	
Additions	1.643
Utilisations	1.135
Balance as at March 31, 2021	<u>-222</u>
	2.556

The above tax receivable represents a long term fiscal valuation difference per March 31, 2021.

2.4.7 Inventories

Inventories can be broken down as follows:

(Amounts x €1.000)

	31.03.21	31.03.20
Raw materials and auxiliary materials	3.445	5.650
Finished goods	<u>40.769</u>	<u>36.607</u>
	44.214	42.257

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.683 k€ (31 march 2020, 1.733 k€).

2.4.8 Receivables

Receivables can be broken down as follows:

(Amounts x €1.000)

	31.03.21	31.03.20
Trade accounts receivable	18.272	19.767
Income tax	0	375
Prepayments and accrued income	1.506	1.698
Other receivables	<u>181</u>	<u>296</u>
	19.959	22.136

Note: Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 905 k€ (31 march 2020, 1.039 k€).

2.4.9 Short term investments

(Amounts x €1.000)

Short term investments

31.03.21

31.03.20

95

95

2.4.10 Shareholder's equity

For a specification of the components and the movements of those components, reference is made to the corporate financial statements.

2.4.11 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)

	Deferred tax liabilities	Warranty provision	Total
Balance as at March 31, 2020	846	227	1.073
Additions	107	0	107
Utilisations	-30	-146	-176
Balance as at March 31, 2021	923	81	1.004

Of which the following amounts can be considered short term

81 81

2.4.12 Long Term liabilities

(Amounts x €1.000)

	Loan
Balance as at March 31, 2020	813
Additions	0
Utilisations	-58
Balance as at March 31, 2021	755

NRF has taken a financial loan for an amount of 900k€ (FY 2017-18), for the construction of a warehouse in France. The loan is interest bearing (1,75%) and will be repaid within 15 years. As security a bankmortgage amounting to € 1,0 million has been established on the company building.

2.4.13 Other Current liabilities

Other Current liabilities are stated as follows:

(Amounts x €1.000)

	31.03.21	31.03.20
Trade accounts payable	17.049	10.689
Liability to Shareholder	2.416	4.064
Taxes and social security charges	1.259	594
Income tax	671	0
Other liabilities and accruals	8.763	7.899
	30.158	23.246

2.4.14 Cash and bank balances

(Amounts x €1.000)

Cash and bank balances

31.03.21 31.03.20

48 8.461

Note: All cash is freely available to the company

2.4.15 Contingencies and commitments not included in the balance sheet

Contingencies

The company takes responsibility for liabilities, arising from legal acts of NRF Thermal Engineering B.V. according to article 403 BW 2 Title 9.

Nederlandse Radiatoren Fabriek B.V., NRF Thermal engineering B.V., and 'NRF Poland Sp. Z.o.o. are jointly and severally liable to the credit institution.

Lease commitments

(Amounts x €1.000)	(total)	(<1 year)	(1-5 year)	(>5 year)
Lease commitments including Rent (The term of the lease commitments is 3 to 10 years.)	6.050	1.851	2.577	1.622
Lease expenses including Rent during fiscal year	1.968			

Credit Agreement

Nederlandse Radiatoren Fabriek B.V., NRF Thermal Engineering B.V. and NRF Poland Sp. Z.o.o. maintain a credit agreement with a bank in the Netherlands, that serves for financing of the working capital.

The credit agreement has been renewed per 18 November 2019.

During the year the credit limit varies in line with the seasonal pattern of the company.

The following securities have been issued for the credit limit:

- A bank mortgage amounting to € 8,4 million has been established on the company building; Langenboomseweg 64, 5451 JM Mill as security to the bank.
- A right of pledge has been established on the stock, accounts receivables and machinery and equipment of NRF B.V.
- A right of pledge has been established on the accounts receivables of NRF Poland Sp.z.o.o.

2.4.16 Net turnover

(Amounts x €1,000)

	Apr 2020/ Mar 2021	Apr 2019/ Mar 2020
The Netherlands	6.282	5.768
Other EU countries	77.933	75.865
Other European countries	10.999	10.807
Other countries	2.836	6.230
Total Net turnover	98.050	98.670

Net turnover per Segment

(Amounts x €1,000)

	Apr 2020/ Mar 2021	Apr 2019/ Mar 2020
Automotive	90.805	90.805
Industrial	7.245	7.865
Total Net turnover	98.050	98.670

2.4.17 Salaries, wages and social security charges

(Amounts x €1,000)

	Apr 2020/ Mar 2021	Apr 2019/ Mar 2020
Salaries and wages	16.967	17.984
Pension charges	1.100	1.451
Other social security charges	2.514	2.606
	20.581	22.041

During 2020/21 an average of 317,5 FTE were employed by the company, divided by location as follows :

	31.03.21	31.03.20
Nederlandse Radiateurs Fabriek B.V.	112	156
NRF France SARL	19	25
NRF US Inc.	0	5
NRF Deutschland GmbH	8	7
NRF España S.A.	81	80
NRF Poland sp.z.o.o.	58	45
NRF Thermal Engineering Poland sp z.o.o.	21	0
NRF Italia S.r.l.	9	9
	308	327

2.4.18 Other operating costs

These costs refer mainly to selling, general, and administration expenses.

The total costs for research and development, including depreciation intangible fixed assets, amounted to 211 k€ (2019/20: 97 k€).

The total loss related to exchange rate differences amounted to k€ 931 (2019/20: 1.035 k€).

2.4.19 Interest charges

(Amounts x €1.000)

	Apr 2020/ Mar 2021	Apr 2019/ Mar 2020
Interest paid	203	113

2.4.20 Tax on result on ordinary activities

(Amounts x €1.000)

	Apr. 2020/ Mar 2021	Apr 2019/ Mar 2020
Result before taxation in the consolidated annual accounts	3.689	1.218
Tax charges	1.402	266
Effective tax rate	38%	22%

In the European countries where NRF has operations the tax rates vary between 19% and 40%.

The increase compared with prior year is mainly caused by doubt of compensable losses and the mix in tax rates within the Group.

2.4.21 Remuneration for Supervisory Board and Board of Directors

In 2020/21 the total remunerations to the Supervisory Board and Board of Directors of NRF B.V. amounted to € 38.000 (2019-20: 34.589 K€) respectively € 643.829 (2019-20: 426.077).

2.4.22 Related party transactions

NRF B.V. conducts business with other Banco Products (India) Ltd. companies. Transactions have been completed for purchases of goods.

Pricing is established on the basis at arms-length principles,

(Amounts x €1.000)

	Apr 2020/ Mar 2021
Banco Products (India) Ltd. group companies goods sales	104
Banco Products (India) Ltd. group companies goods purchases	9.710

2.5 Company balance sheet as at March 31, 2021
(after appropriation of results)

Amounts x €1.000

		31.03.21	31.03.20
ASSETS	<i>Reference</i>		
FIXED ASSETS			
Intangible fixed assets	2.7.1	1.690	2.055
Tangible fixed assets	2.7.2	1.879	2.402
Financial fixed assets	2.7.3	<u>13.874</u>	<u>16.209</u>
		17.443	20.666
CURRENT ASSETS			
Inventories	2.7.4	18.367	18.290
Receivables	2.7.5	<u>21.950</u>	<u>18.988</u>
		40.317	37.278
Total assets		<u><u>57.760</u></u>	<u><u>57.944</u></u>
SHAREHOLDER'S EQUITY & LIABILITIES			
SHAREHOLDER'S EQUITY	2.7.6		
Issued capital		114	114
Premium reserve		10.664	10.512
Legal reserve		32	119
Translation adjustment		-598	-1.120
Retained earnings		<u>30.335</u>	<u>28.693</u>
		40.547	38.318
PROVISIONS	2.7.7	719	895
CURRENT LIABILITIES			
Cash and bank balances	2.7.8	5.236	9.841
Other current liabilities	2.7.9	<u>11.258</u>	<u>8.890</u>
		16.494	18.731
Total liabilities		<u><u>57.760</u></u>	<u><u>57.944</u></u>

2.6 Company Profit and loss account for the year ended March 31, 2021

Amounts x €1.000	<u>31.03.21</u>	<u>31.03.20</u>
Income from investments in group companies after taxation	4.229	3.139
Other income and expense after tax	-1.942	-2.187
Result after taxation	<u>2.287</u>	<u>952</u>

2.7 Notes to the financial statements for the year ended March 31, 2021

The accounting principles for the corporate financial statements are in line with those applied for the consolidated financial statements.

Financial fixed assets are valued at their net asset value as NRF B.V. holds 100% participations only. In case were the participation's net asset value is negative it is valued at nil. If the company is wholly or partially liable for the debts of such participations or it has the firm intention to enable the participation to settle its debts, a provision is formed.

2.7.1 Intangible fixed assets

(Amounts x €1.000)	Software	Goodwill	R&D Costs	Total
Balance as at March 31, 2020	1.461	475	119	2.055
Additions	331	0	32	363
Depreciation	-389	-220	-119	-728
Balance as at March 31, 2021	1.403	255	32	1.690

The Software relates to the expenditure for ERP System. The Software is amortized on a straight-line basis over an estimated useful economic life of 5 years.

The Goodwill relates to the acquisition of the Customer file of NRF Deutschland GmbH (not a part of the fiscal unity) in 2017 and NRF United Kingdom Ltd in 2018. The Goodwill is amortized on a straight-line basis over an estimated useful economic life of 5 years.

The R&D costs are related to expenditure for research and development, with the goal to develop new products or to improve current products.

2.7.2 Tangible fixed assets

The movement in tangible fixed assets is as follows:

(Amounts x €1.000)	Land and buildings	Plant and machinery	Other fixed assets	Fixed assets under construction	Total
Cost :					
Balance as at March 31, 2020	8.169	19.801	3.008	131	31.109
Additions	38	21	49	0	108
Put into operation	0	91	0	-91	0
Disposals	0	-1.219	0	0	-1.219
Balance as at March 31, 2021	8.207	18.694	3.057	40	29.998
Depreciation :					
Balance as at March 31, 2020	6.918	18.965	2.824	0	28.707
Charge for the year	76	295	55	0	426
Disposals	0	-1.014	0	0	-1.014
Balance as at March 31, 2021	6.994	18.246	2.879	0	28.119
Book value :					
Balance as at March 31, 2021	1.213	448	178	40	1.879
Balance as at March 31, 2020	1.251	836	184	131	2.402

For identification purposes
 VWG audit & assurance
 May 20, 2021
 Initialed:

2.7.3 Financial fixed assets

Financial fixed assets relate to the following:

(Amounts x €1.000)	Loan NRF Thermal Eng. Poland	Investments in group Companies	Deferred Tax	Total
Book value as of March 31, 2020	0	15.590	619	16.209
Additions	1.300	14	62	1.376
Result of group companies	0	4.229	0	4.229
Dividend received from group companies	0	-4.498	0	-4.498
Exchange rate differences	0	-210	0	-210
Utilisation	-62	-1.132	0	-1.194
Other	0	-2.038	0	-2.038
Book value as of March 31, 2021	1.238	11.955	681	13.874

Loan NRF Thermal Engineering Poland Sp. Z.o.o.

In December 2020 NRF BV has provided a financial loan for an amount of 1,300 k€.

The annuity loan is interest bearing and will be repaid within 5 years.

Deferred Tax

The above tax receivable represents a long term fiscal valuation difference per March 31, 2021.

2.7.4 Inventories

Inventories are stated as follows:

(Amounts x €1000)

	31.03.21	31.03.20
Raw materials and auxiliary materials	2.543	4.252
Finished goods	15.824	14.038
	<u>18.367</u>	<u>18.290</u>

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.316 k€ (31 march 2020, 1.424 k€).

2.7.5 Receivables

Receivables are stated as follows:

(Amounts x €1000)

	31.03.21	31.03.20
Trade accounts receivable	3.813	3.971
Amounts due from group companies	16.114	13.225
Taxes and social security	1.120	836
Prepayments and accrued income	903	956
	<u>21.950</u>	<u>18.988</u>

Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 431 k€ (31 march 2020, 492 k€).

The amounts due from group companies includes a payable related to Banco Products (India) Ltd. for an amount of 633 k€ (31 march 2020, 1.021 k€).

2.7.6 Shareholder's equity

Share Capital

The authorised share capital of the company as at March 31, 2021 amounts to EUR 567.225 and consists of 125.000 ordinary shares of EUR 4,54 each. Issued share capital amounts to EUR 113.500 and consists of 25.000 ordinary shares with a nominal value of EUR 4,54 each. The issued capital is fully paid-in.

Legal reserves, statutory reserves and other reserves

(Amounts x €1.000)	Issued capital	Premium reserve	Legal reserve	Cumulative translation adjust.	Retained earnings
Balance as at March 31, 2019	114	10.408	86	-708	27.774
Additions		104	33		-33
Utilisations					0
Movement translation adjustment				-412	
Distribution of dividend					0
Result for financial year					952
Balance as at March 31, 2020	114	10.512	119	-1.120	28.693
Additions		152			0
Utilisations			-87		87
Movement translation adjustment				522	-732
Distribution of dividend					0
Result for financial year					2.287
Balance as at March 31, 2021	114	10.664	32	-598	30.335

2.7.7 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)	Deferred tax liabilities	Warranty liabilities	Total
Balance as at March 31, 2020	668	227	895
Additions		-146	-146
Utilisations	-30		-30
Balance as at March 31, 2021	638	81	719

The provisions have mainly a long term term character. The majority of the warranty liability will be utilized within 12 month.

2.7.8 Cash and bank balances

The item cash and cash equivalent in the cash flow statement comprise the following :

(Amounts x €1000)	31.03.21	31.03.20
Cash and bank balances	5.236	9.841

2.7.9 Other current liabilities

Other current liabilities are stated as follows:

(Amounts x €1.000)	31.03.21	31.03.20
Trade accounts payables	7.375	4.954
Taxes and social security charges	615	327
Other liabilities and accruals	3.268	3.609
	11.258	8.890

2.7.10 Audit Cost

Per November 1st, 2015 the financial statements are audited by VWG Audit & Assurance.
The total costs incurred against the income for 2020/21 are € 67.765 of which € 28.521 audit costs,
€ 15.253 other assurance and € 23.991 other.

2.7.11 Contingencies and commitments not included in the balance sheet

Contingencies

The company takes responsibility for liabilities, arising from legal acts of NRF Thermal Engineering B.V. according to article 403 BW 2 Title 9.

Nederlandse Radiateurs Fabriek B.V., NRF Thermal engineering B.V., and 'NRF Poland Sp. Z.o.o. are jointly and severally liable to the credit institution.

Commitments

(Amounts x €1.000)

	(total)	(<1 year)	(1-5 year)
Lease commitments: (The term of the lease commitments is 3 to 5 years.)	729	370	359
Lease expenses during fiscal year	421		

Credit Agreement

Nederlandse Radiateurs Fabriek B.V., NRF Thermal engineering B.V. and NRF Poland Sp. Z.o.o. maintain a credit agreement with a bank in the Netherlands, that serves for financing of the working capital.

The credit agreement has been renewed per 18 November 2019.

During the year the credit limit varies in line with the seasonal pattern of the company.

The following securities have been issued for the credit limit:

- A bank mortgage amounting to € 8,4 million has been established on the company building; Langenboomseweg 64, 5451 JM Mill as security to the bank.
- A right of pledge has been established on the stock, accounts receivables and machinery and equipment of NRF B.V.
- A right of pledge has been established on the accounts receivables of NRF Poland Sp.z.o.o.

Fiscal unit

Nederlandse Radiateurs Fabriek B.V. and NRF Thermal Engineering B.V. are a fiscal unit under Dutch tax law.

Therefore every individual entity is liable for the total fiscal debt regarding this fiscal unit.

2.7.12 Proposed treatment of the net result

It is proposed to pay out 91,4 Euro dividend per issued share, amounting up to 2.285.000 Euro.
The remaining net profit will be added to the retained earnings.
The result appropriation has not been included in the financial statements.

2.7.13 Post balance sheet event

Mill,

May 20th, 2021

Board of Directors:

F.A.E. Toebes

Supervisory Board:

M. Patel

R.P. van der Wal

R.H. van het Kaar

U. Patel

S. Thakker

3 Supplementary information

3.1 Auditors' report

