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**MCB** International







Management report 2020



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# Corporate profile and key figures

## Corporate profile

MCB International BV is a holding company with operating companies in the Netherlands, Belgium, northern France and Germany. The operating companies are primarily active as wholesalers and Service Centres dealing in metals such as steel, stainless steel, aluminium, copper and brass. The holding company and the operating companies together form the MCB Group.

The MCB Group is continually looking for ways to increase added value to both customers and suppliers. Significant added value is provided by the ability to fill custom orders in the various Service Centres. MCB also carefully tailors its range of products to the customer's specific requirements and offers expert advice and creative solutions for the use and processing of products. MCB thinks along with its customers, offering quality products and a broad range of services, including logistics. The companies of the MCB Group play an intermediary role in the production and marketing chain by supplying the right materials in the right place at the right time. MCB International provides centralized facilities whereby the individual operating companies can benefit from the advantages of scale offered by the MCB Group.

## Key figures for 2020

*Amounts in thousands of euros*

Net sales	648,945
Net profit	26,166
Cashflow (net)	35,584
Capital expenditure	12,435
Group equity	146,323
Interest-bearing loan capital	11,921
Non-interest-bearing loan capital	109,606
Fixed assets	80,579
Current assets	187,272
Average number of employees	892





# Report of the Supervisory Board

## **To the shareholders**

We are pleased to present for your approval the financial statements of MCB International BV for 2020, prepared by the Board of Management and co-signed by the Supervisory Board, together with the report of the Board of Management.

## **Consultations and decisions**

The Supervisory Board held four meetings in 2020. Each meeting considered a number of fixed agenda items, including the strategy of the company and its operating companies, financial developments, the operational and policy plans of the individual operating companies and potential substantial capital expenditure. The meeting at which the financial statements were discussed was also attended by the external auditor, PricewaterhouseCoopers Accountants N.V. This meeting also considered the report of factual findings. The annual consultation meeting of the Supervisory Board with the Works Council of MCB Nederland was held on 9 December 2020.

## **Developments in 2020**

Although the COVID-19 pandemic has inevitably raised some unexpected challenges, MCB International BV and its subsidiaries continued to perform well during the reporting year. Not only were the financial results positive, further progress was also made in the planned strategic projects. While some projects have been deliberately scaled back for the time being, all are to be continued.

## **Prospects for 2021**

Given that the COVID-19 pandemic is still not under control, 2021 promises to be another challenging year. Market demand for metals is expected to recover despite the pandemic. Suppliers will have to pull out all the stops to satisfy that demand. If supply nevertheless falls short of demand, prices will inevitably rise. MCB is financially robust enough to counter the effects of any price fluctuations. Moreover, MCB knows that it can count on the support of its customers, who have expressed confidence in the future and see clear added value in their cooperation with MCB. The implementation of the various strategic projects will continue throughout 2021. As before, much attention will be devoted to ensuring optimal customer service.

## **Financial statements and discharge from liability**

PricewaterhouseCoopers Accountants N.V. has issued an unqualified auditor's report on the financial statements of MCB International BV for 2020. The financial statements were discussed at the meeting of the Supervisory Board of 15 April 2021, at which it was decided that both the financial statements and the proposed profit appropriation would be submitted for approval to the General Meeting of Shareholders. We therefore advise and request you to approve the financial statements for 2020, to discharge the Board of Management from liability for its conduct of business, and to discharge the Supervisory Board from liability for its supervision during the year.

## **Word of thanks**

The Supervisory Board wishes to thank the Board of Management and all employees of the MCB Group for their efforts and commitment in 2020. We are confident that MCB will continue to perform strongly in the years ahead.

**Valkenswaard, 15 April 2021**

## **The Supervisory Board of MCB International BV**

A.G. Fortanier (Chairman)

W.T.J. Das

G.M.J. van Kempen

G.L.P.M. Duijmeling







## Report of the Board of Management

The plan for 2020 was to focus on the further implementation of the long-term strategic plan. The objectives of this plan are clear: MCB wishes to reaffirm its position as an essential partner to all customers and suppliers in the supply chain of standard metals and specials. Rather than acting as a passive intermediary, MCB wishes to offer real added value. MCB can and will play a coordinating and directing role throughout the chain – from supplier to customer – and adopt a proactive approach when identifying the materials, services, solutions and quality with which it can best meet its customers' requirements and expectations. In addition to standard (customer-specific) materials, MCB also offers specialist products and expertise. In doing so, MCB stands for reliability, cooperation and progress. MCB is a modern organization. Through automation, digitization and the efficient use of manpower and machines, MCB is able to offer its services at competitive prices. MCB therefore makes a significant contribution to the long-term competitive strength of the manufacturing industry.

Performance during the first quarter of 2020 was good, showing an improvement on the same period of 2019. Further progress could also be made in implementing the strategic plan. Before the first quarter ended, however, the focus inevitably shifted to the COVID-19 outbreak. It was clear that the pandemic would have a major impact on global society and the world economy, and hence on the

sales and results of the MCB Group. Sure enough, the effects began to manifest themselves in April 2020. As soon as the virus reached the Netherlands, MCB assembled a crisis team and implemented measures to ensure the safety of our staff while guaranteeing continuity of supply to our customers. Various scenarios were formulated to determine the potential consequences of the crisis and its expected impact on MCB.

Following a decline in sales in April, the difference between actual and projected sales lessened in the following months. As a result, MCB could restrict its reliance on government support measures in 2020. In the Netherlands we claimed only a temporary deferment of tax obligations, while in Belgium and Germany we made use of temporary lay-off and furlough schemes.

Following the initial turbulent period, in which our priorities were personal health and continuity of supply, we established a new balance. MCB employees worked from home as far as possible. Where this was not possible, the guidelines issued by the National Institute for Public Health and the Environment (RIVM) and its foreign counterparts were followed. Good coordination with suppliers and customers, combined with smart internal logistics, enabled us to continue to deliver our products and services to our customers.

With this new balance, MCB has consciously opted for short-term security and a sound, future-proof course in the longer term. Our staff remain highly motivated and committed and our IT architecture facilitates working from home. The current situation demonstrates the prudence of the digitization process on which MCB has embarked. In a particularly challenging and uncertain year, we not only demonstrated that MCB is a financially robust organisation but with the support of our staff, customers, suppliers and other partners, we were able to exploit opportunities to emerge from the crisis even stronger than before.

MCB's strategy rests on three pillars: strengthening the basis, expanding its market leadership, and further digitization. Ten projects in pursuit of this strategy were given further shape in 2020. They have been designed in a straightforward, consistent manner and progress is subject to ongoing evaluation to ensure that all make a meaningful contribution to MCB's future success. These projects are intended not only to cement our market leadership in the Benelux countries, but above all to increase customer loyalty and help us to remain distinctive. To achieve this we intend to expand our customer services yet further, increase flexibility, optimize our network and pursue further digitization of the supply chain.

The reporting year saw the full roll-out of the SAP system at Testas and TS Métaux, whereupon work to expand Testas' logistics operations could begin. This expansion will be operational in 2021 and will support further growth in Belgium and northern France. The restructuring of the logistics operations in Valkenswaard suffered some delay due to the nitrogen pollution problem. The provincial authority issued the necessary permit in late 2020 and applications for the necessary local permits were submitted to the municipality of Valkenswaard. The necessary modifications in Valkenswaard will begin in the course of 2021 and are due to be completed in 2022. Finally, the catalogue of MCB Specials was expanded in 2020 to include titanium, in order to further strengthen the positioning of MCB Specials as a 'one-stop-shop' for specials.

There has been clear progress in the digitization process on both the sales and purchasing sides. Based on the 'omnichannel' approach, we will work towards the digitization of the entire chain, both internal and external, in the years ahead. Each of the companies was able to report further growth in online sales in 2020. We expect to continue along this growth path in 2021.

MCB's net sales decreased from 718.2 million euros in 2019 to 648.9 million euros in 2020. The sales volume in tons decreased slightly compared to 2019. MCB closed the year 2020 with a pre-tax profit of 25.2 million euros (2019: 21.8 million euros).

The market in 2020

The Netherlands Bureau for Economic Policy Analysis (CPB) reports that the Dutch economy contracted by over four per cent in 2020. This is entirely due to the COVID-19 pandemic which began in the early part of 2020 and quickly developed to become a global crisis.

According to Statistics Netherlands (CBS), the effects on the Dutch economy could be seen even in the early stages of the pandemic. The first quarter of 2020 was marked by shrinkage of 1.5 per cent. In the second quarter, the downward trend continued apace, leading to economic contraction of as much as 8.5 per cent. The third quarter showed a remarkable 7.7 per cent recovery of the Dutch economy, followed by a slight dip of 0.1 per cent in the fourth quarter. CBS notes that the relatively minor shrinkage in the first quarter, followed by the devastating blow of the second and exceptional recovery in the third, mirrors the situation in many other European Union member states, the United Kingdom and the United States.

In terms of economic recovery, the Netherlands fared somewhat better than other European countries. CBS reports that the gross domestic product (GDP) in the Netherlands in 2020 was 3.8 per cent lower than in the preceding year. This compares favourably with the 4.1 per cent shrinkage reported by France, Germany's 4.2 per cent and Sweden's 5 per cent. In Belgium, GDP at the end of 2020 was even 5.7 per cent lower than in 2019. The greatest year-on-year decline was reported by the United Kingdom, which saw GDP fall by 9.7 per cent.

The second quarter of 2020 brought worldwide concern about the availability of materials. The pandemic forced several producers to suspend or discontinue operations. Moreover, there was a decline in imports from Asia, due in part to the region's purchasing policy. The overall supply of materials fell but demand remained more or less unchanged. During the first half of 2020 this imbalance led to price increases and longer delivery times. Later in the year, supply fell yet further while demand was increasing. By the end of 2020, prices were not the issue. Rather, it was the availability of the materials needed to continue production at all. This was an unprecedented situation for all links in the supply chain.

Metal industry

The fallout of the COVID-19 pandemic is leaving deep scars on the steel industry. According to Euler Hermes, both market supply and production were approximately 16 per cent lower in 2020 than in the preceding year.

Some tentative signs of recovery could be seen in the third quarter of 2020. Given the prevailing climate, however, they were inevitably accompanied by much uncertainty. Moreover, the sector was facing a number of negative influences even before the COVID-19 crisis emerged.

Global overcapacity in the steel market caused prices to fall during the first half of 2020. Prices were also affected by ongoing high steel production in China and the trade disputes between the USA and China. The fourth quarter of 2020 saw a sharp increase in prices, fuelled by further shortages of certain steel categories.

Worldwide, we saw increasing protectionism and ever more trade barriers. There was a marked decrease in demand on the part of the automotive and mechanical engineering industries. International competition put prices under pressure. In August 2020 the price of iron ore surged by 18 per cent.

Developments in the steel market are often a harbinger of things to come in other sectors.

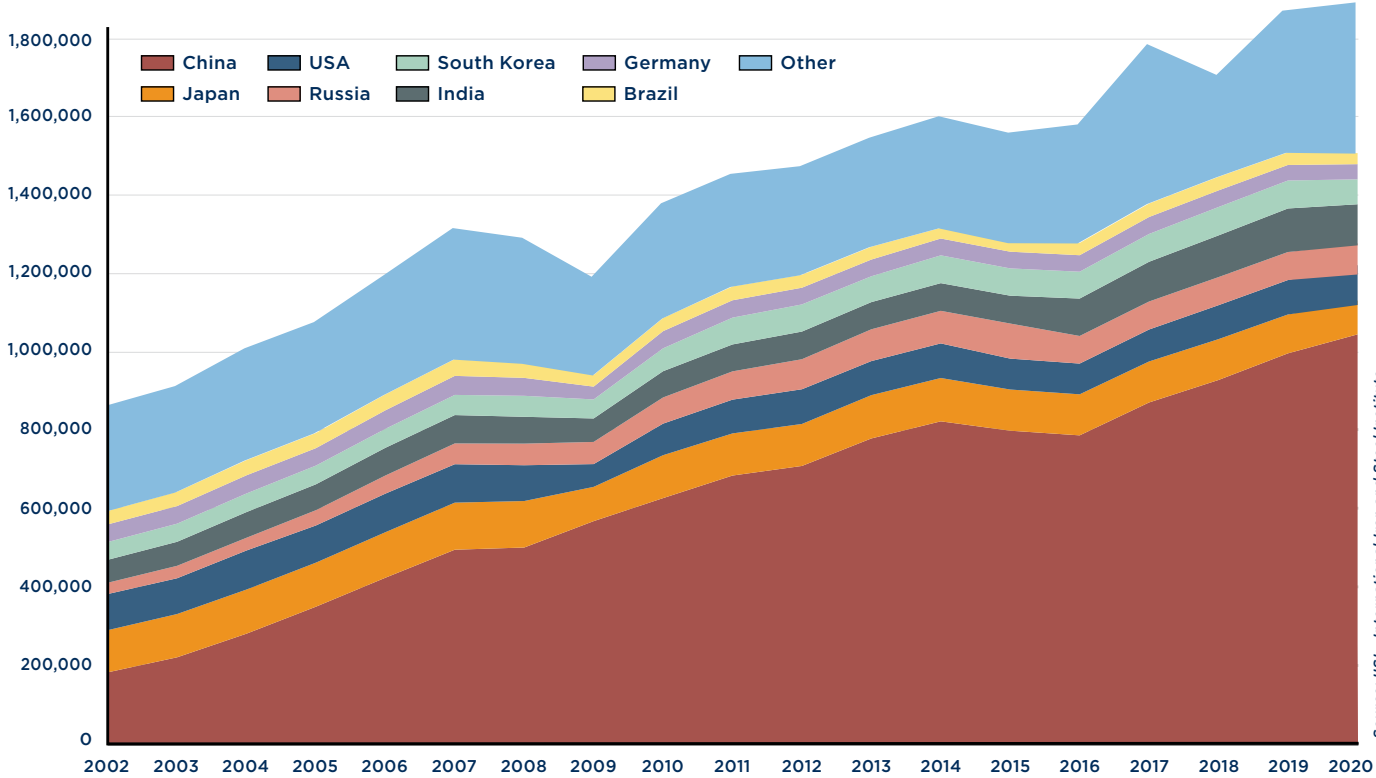
Metal production and consumption

The World Steel Association reports that global steel production fell by almost 1 per cent in 2020 compared to the 2019 level. The 64 steel-producing countries had a total output of 1,864 million tons of steel in the past year (2019: 1,880 million tons). China, the world's largest steel producer by some distance, accounted for output of 1,053 million tons in 2020, a year-on-year increase of 5.2 per cent. China was therefore responsible for 56.5 per cent of global steel production in 2020.

Other countries which increased their steel production in 2020 include Russia (+2.6 per cent), Turkey (+6.0 per cent) and Iran (+13.4 per cent).

These increases were offset by falling production elsewhere. In Europe as a whole, steel production fell by 11.8 per cent compared to 2019. Germany, Europe's largest steel producer, saw steel production decrease by 10 per cent. Steel production in the Netherlands fell by just over 9 per cent to 6.1 million tons in 2020. Belgium also produced 6.1 million tons, which represents a year-on-year decrease of over 21 per cent.

Global steel production (x 1m tons) by country and by year (2002 - 2020)



Stainless steel

The stainless steel market also experienced an eventful 2020. After the first quarter the price of nickel began an upward trend which continued to the end of the year. The overall increase was almost 30 per cent. However, the COVID-19 pandemic and the resultant fall in demand meant that manufacturers of coils and sheets were not able to pass on the necessary price increases until quite late in the year. Another unusual situation emerged. Although the nickel price was rising, our purchase prices continued to fall for some time. Not until August were the first price increases imposed by European producers, emboldened by import restrictions and an upturn in market demand. It was only during the final months of 2020 that prices started to soar.

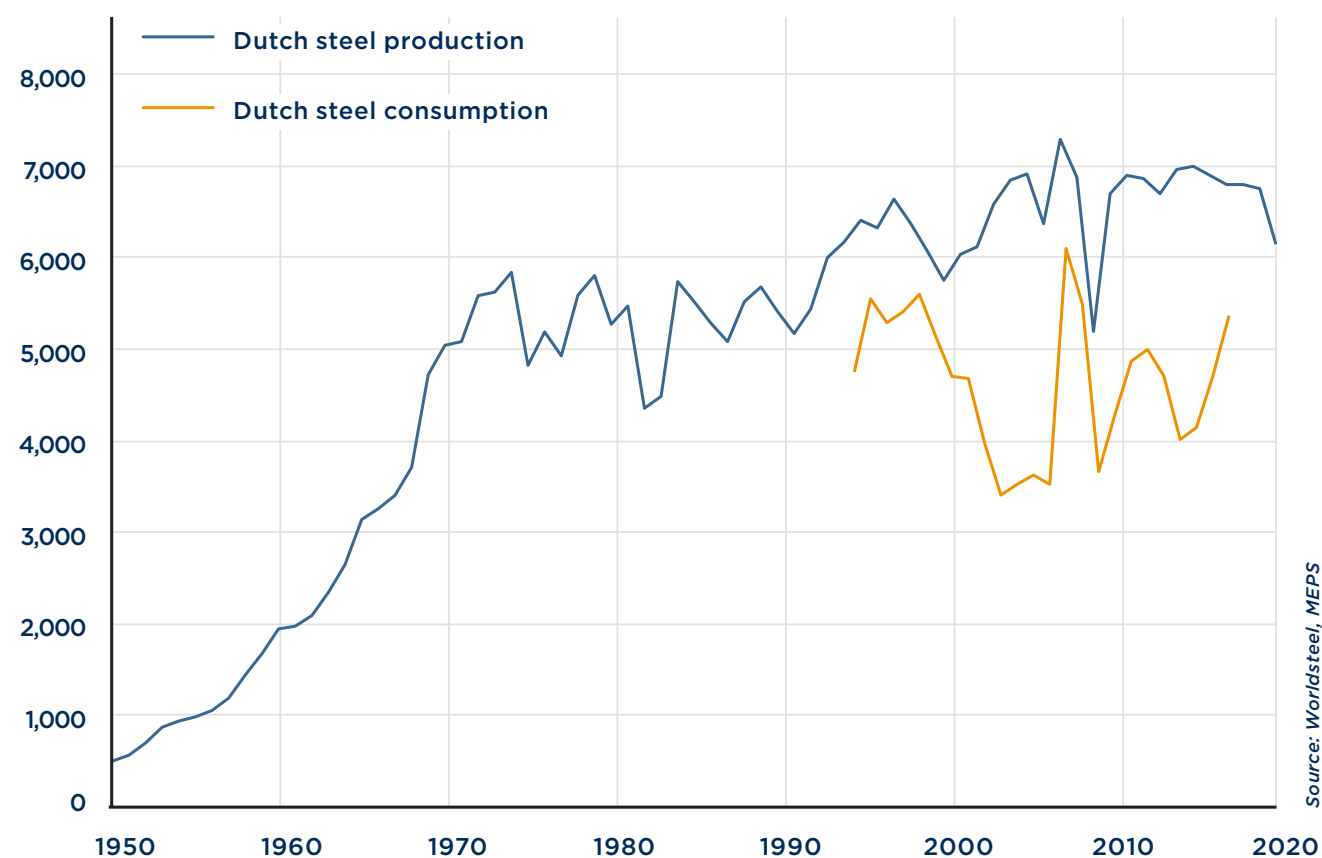
In Asia, various import restrictions (such as safeguard and anti-dumping measures) coupled with higher price levels caused the import route to become substantially less interesting. As a result, demand largely shifted to European producers.

On the sales market the uncertainty felt during the first few months of the COVID-19 crisis prompted many customers to pre-empt possible supply problems by placing additional orders with MCB. Factories in several countries had suspended production due to local lockdown measures.

In some segments, demand dwindled or dried up altogether. A case in point was the travel industry (coaches). Other sectors fared reasonably well, managing to weather the storm. Some, such as the food sector and the medical market, actually saw growth. A number of our customers showed their resilience by turning to alternative products made of stainless steel, such as soap dispensers.



Dutch steel production & consumption (x 1,000 tons) per year (1950-2020)



## The Netherlands

As for the rest of the world, 2020 was an unusual year for the Netherlands. The year began well, with the national economy showing sound growth in January and February. In March, however, the COVID-19 pandemic began to take hold. Various sectors found themselves in a precarious situation, with uncertainty surrounding prices, demand and supply. All in all, COVID-19 was responsible for various disruptions in the Netherlands. The Dutch economy as a whole shrank by almost 6 per cent in 2020, largely due to a marked dip in the second and third quarters.

During the second quarter, economic growth in all sectors was more than 6 per cent below that of the first quarter. The construction and automotive sectors were particularly hard hit. In the second and third quarters, the overall economy contracted by over 4 per cent. The metal sector, by contrast, continued to show steady growth during that period.

The turnaround came in the fourth quarter, when the Dutch economy grew by almost 6 per cent. But figures issued by Statistics Netherlands (CBS) show that the metal industry saw a decline of nearly 6 per cent during this period.

Thanks to close cooperation throughout the chain, which enabled us to forecast demand and supply with reasonable accuracy, MCB was able to preclude the inconvenience that would have been caused by supply shortages. As a result, MCB even managed to outperform the market.

## Belgium

In Belgium, COVID-19 had a very significant impact on the metal market in 2020. The Belgian government responded to the first wave of the pandemic by imposing a strict lockdown. The transport, hospitality, events and construction sectors suffered a severe blow. The metalworking sector did not escape unscathed, with many companies seeing their production plummet. Metalworking companies with a broad customer portfolio and a good spread across the various sectors were least affected. Towards the end of the year, the already volatile market situation became even more unstable as delivery times of producers lengthened and steel prices surged.

## Germany

For Germany, 2020 was a year of contrasts. In January and February, the economy was buoyant and optimism was high. This changed abruptly with the emergence of COVID-19 in March. Germany went into lockdown and companies were required to ask their staff to work from home. This caused many problems. Not all companies were adequately equipped or prepared and the infrastructure was not up to the task.

At the same time, national borders were closed and travel was banned. The export trade, which is of essential importance to the German economy, ground to a halt. Orders dried up and many companies were forced to place their staff on restricted hours, or Kurzarbeit. The problems in Germany caused consumer confidence to plummet in 2020, which in turn caused further difficulties for sectors such as white goods, traditionally very strong in Germany. Overall, the measures imposed by the German government in response to the pandemic, combined with lower export volumes, resulted in economic shrinkage of 5 per cent.

## Positioning and market approach

MCB works to create added value within the metal supply chain. We strive to offer differentiating solutions to our customers and suppliers. We once again succeeded in doing so in 2020. Despite the COVID-19 pandemic (or perhaps by virtue of this exceptional situation), contact with all links in the chain became even closer and cooperation more productive. Neither the measures imposed by government nor the marked fluctuations in supply and demand could prevent MCB from assuring continuity of supply. In other words, MCB once again proved itself to be a stable and reliable partner in 2020. This is reflected by the results of the ongoing Net Promoter Score (NPS) survey conducted among our customers. At year end 2020, MCB achieved an average NPS rating of 39 (very good).

To make the further digitization of our processes an even greater success, we once again devoted close attention in 2020 to the ways in which digitization affects MCB's corporate culture and its people. Change management programmes were implemented to guide the organisation into the digital future. The human element is always the primary consideration. In addition, MCB made significant investments in digital technologies which further integrate its processes with those of suppliers and customers. As a leading partner within the Smart Connected Supplier Network (SCSN), MCB endorses a European standard for e-commerce.

In 2020 we also invested in online shops, new functionalities, and the expansion of the online catalogue. Customers have expressed a high level of satisfaction and the number of online orders increased by some 10 per cent in 2020.

The MCB Campus and its 'Materials Application Centre' were once again brought to the attention of customers in 2020. The online e-learning course 'From ore to finished product', developed by MCB, was made available free of charge to both customers and metalworking companies that did not yet place orders with MCB. This is in keeping with MCB's desire to create added value by sharing and expanding knowledge, especially during the COVID-19 pandemic.

## Activities

Proactive, expert and with a focus on total solutions. As in previous years, the operational activities of MCB were firmly based on these three core values in 2020. MCB regards them as the key to success, emphasizing the quality and expertise of MCB and supporting the organization in the further development of (products made of) high grade carbon steel, stainless steel, aluminium and high performance alloys.

From its centre of operations in Valkenswaard, MCB offers a full logistics service to customers in the Netherlands, Belgium, northern France and large parts of Germany.

## Financial developments

2020 was a challenging year for MCB, a year in which we had to adapt to the challenges posed by the COVID-19 crisis. In addition, we continued the implementation of our strategy. The strategy pursued over the past years translates into a further increase in the return on invested capital. Raw material prices showed a further decline during the first half of 2020, but staged a strong recovery in the final months of the year. The prices of stainless steel fell slightly over the whole of 2020. Aluminium prices were flat and steel prices rose sharply by over 20 per cent from the start of the year. The scaled-down capacity of producers, the import protection measures and the recovery of demand from the automotive sector led to sharp increases in raw material prices and scarcity in the European metal market. This pushed up demand for metals at the end of 2020.



MCB's net sales decreased from 718.2 million euros in 2019 to 648.9 million euros in 2020. The sales volume in tons decreased slightly compared to 2019. MCB closed the year 2020 with a pre-tax profit of 25.2 million euros (2019: 21.8 million euros).

The underlying operating result fell slightly compared to 2019. Because of the strong recovery of prices, the impact of inventory losses on the result was limited. The effect of falling prices was much stronger in 2019. Net cash flow for the year was very strong at over 35.6 million euros in 2020 versus just over 13 million euros in 2019. The operating capital declined by some 21 million euros. This was mainly due to the lower stock levels as a result of the increased demand and the tightness in the metal market. The solvency ratio improved, climbing from 48.2 per cent at year end 2019 to 54.6 per cent at year end 2020.

The balance sheet total fell from 291.0 million euros in 2019 to 267.9 million euros in 2020. The quality of the operating capital improved compared to 2019. The level of capital expenditure was lower than planned, mainly because of the delays in acquiring the permits for the investments in our logistics infrastructure in Valkenswaard, but also because of the temporary slowdown of capital expenditure as a result of the uncertainty surrounding the COVID-19 crisis. MCB again pursued a balanced investment policy in 2020. MCB's balance sheet and profitability are a solid basis for the implementation of the strategic plan.

## Risk management

For several years MCB has operated a system of risk management and internal control designed to mitigate the effects of any uncertainties as far as possible. Within the organization, responsibility for identifying and managing business risks is devolved to various management levels.

At MCB the business risks fall into three main categories: strategic risks, operational risks and financial risks. The main strategic risks with which MCB had to contend in 2020 were caused, on the one hand, by the continuing overcapacity among metal producers and, on the other hand, by fluctuating raw material prices. MCB hedges part of the price risks of aluminium and stainless steel with financial instruments. The purchasing and sales policy already takes account of fluctuations and provides for measures to hedge part of the risk. This also applies to the main financial risks, i.e. the interest rate and exchange rate risks, which are hedged by means of appropriately tailored financial instruments.

Credit risks are controlled through strict compliance with the credit limit guidelines, coupled with appropriate use of trade credit insurance. Further details can be found in the accounting policies in the financial statements.

Although the COVID-19 outbreak brought additional risks in 2020, the consequences remained limited in the reporting year. As a result of our proactive approach to the crisis, and the fact that the impact on our customer groups was limited in 2020, the consequences are manageable. This approach will therefore be continued in 2021. Further information can be found in this report under the heading "Prospects for 2021".

## Communication

For many years, MCB has opted to interact with the market through a strategy of knowledge-sharing. Various market research surveys conclude that this strategy is much appreciated by our customers. Many companies focus entirely on their own core business and have little understanding of developments within the wider sector or market. By sharing sector and market information, and by 'keeping an open door', MCB creates transparency and confidence in the market, not only among existing customers, staff and stakeholders but also among potential customers and other companies in the metalworking sector. For many companies, the COVID-19 pandemic has created new challenges (and in some cases, opportunities). Sales processes have changed and direct personal contact is less frequent. Orders are increasingly placed online or through direct digital channels. MCB has done much to maintain continuity throughout the chain by intensifying contact with its customers and other partners and by sharing valuable knowledge, especially in the current challenging times.

In 2020 MCB was also active on various social media channels. Our knowledge-sharing attracted more followers on platforms such as LinkedIn, Facebook and Instagram. Articles written by MCB professionals were a source of inspiration for journalists, who made grateful use of relevant information. The MCB Group is, of course, equally grateful for the free PR exposure this creates.

'Putting a face to the customer' proved a success again in 2020. As part of the ongoing 'Klant in Beeld' project, we interviewed various customers about their company, products and services. In those interviews we also asked about their relationship with MCB. In addition to the publicity generated by such interviews, MCB staff find it very informative to learn how and where 'their' products are being used in the field.



In 2020 MCB again devoted considerable attention to 'employer branding'. In a cross-departmental project, the Human Resources and Marketing departments joined forces to make the various group companies even more attractive to potential employees, and to ensure that those companies continue to provide a satisfying working environment for our existing staff. Various MCB professionals were invited to take part in interviews and promotional videos which highlight the appeal of a career with MCB.

Despite – or perhaps because of – the ongoing digitization of processes, MCB is a firm believer in the importance of personal contact. In early 2020, staff were still able to make the necessary personal visits to our customers. Once the COVID-19 pandemic had taken hold, contact relied on online channels such as Teams. Although at a distance, our staff remained fully accessible and available to our customers.

### Events

In the early weeks of 2020 we conducted some guided tours and held a number of customer days. But after COVID-19 struck, personal visits were of course no longer possible. Timely and effective measures enabled us to switch seamlessly to online webinars as a means of sharing knowledge about a range of topical themes such as business continuity, digitization and future prospects. In 2020 MCB was frequently invited to take part in online events organized by customers and other partners, such as ERP software providers. Many such events were devoted to the topic of conducting business online.

### Market research

In addition to the biannual customer satisfaction survey, MCB continually monitors its 'Net Promoter Score' (NPS). At regular intervals, customers are asked how likely they are to recommend MCB to others. The results give a good indication of our performance level over time and provide valuable input for the optimization of business processes. MCB is extremely proud that its customers rate its performance so highly.

In 2020 the NPS survey was conducted at two-monthly intervals. The method used was improved, whereby the Sales department now actively contacts customers to invite feedback and discuss the survey results. MCB has a clear vision: we seek ongoing improvement, not because it is necessary but because that is what we want. Smarter business means improving yourself (and helping others to do likewise).

To raise the service level onto an even higher plane, MCB conducted a number of surveys among various customer groups in 2020. Based on the analyses of the findings, and by virtue of excellent cooperation between the relevant departments, we were able to implement various measures which provide extra added value to both MCB and our customers.

When the COVID-19 pandemic began, MCB joined forces with Link Magazine and Trumpf to launch a new sector monitor entitled 'Samen slimmer ondernemen' (Smarter business together). Its purpose is clear: to navigate this particularly difficult period together by identifying market opportunities and ensuring continuity for our customers. This initiative has strengthened ties between MCB and its customers. MCB is proud to have been involved in such a worthwhile undertaking.



## Human Resources

The customer is the focus of all MCB's activities. This calls for an appropriate corporate culture and for engaged employees. After all, they are our link with the customer. To reinforce this link, a transition project was launched some years ago with the aim of introducing even greater customer-focus to the MCB culture with even more motivated and engaged employees. The essence of MCB's Human Resources policy therefore is "to recruit, retain and reward a high-quality workforce in all categories and at all levels, to maintain and foster motivation among our staff, to enhance their active engagement with MCB, and to promote their professional development".

The corporate culture remained a dominant theme of the HRM strategy throughout 2020. MCB's key values are: **M**utual cooperation, **C**ontinuous improvement, **B**eing dependable and **S**mart.

With a view to enhancing MCB's culture and performance, the Human Resources department devoted particular attention to the following three themes in 2020:

### Future Workforce (personnel planning)

MCB's new strategy plan has an ambitious agenda. MCB strives to achieve and maintain market leadership in selected key sectors, with a clear focus on growth and digitization. This means that all support services must be of high quality, as must the staff responsible. In 2020, HR therefore took several steps to translate the strategy into practice in the form of a 'Future Workforce' plan. The first step was to identify the knowledge and skills we will need, and the degree to which they are already represented within the organization. We also examined likely developments in terms of staffing and capacity requirements. The outcome is clear: MCB will face the challenges of both an ageing workforce and the arrival of a new generation of employees.

### Change Management

The successful implementation of the MCB strategy 2019-2023 will depend on the ability to adapt. We will all be expected to work in a different way. Change Management helps to involve staff at all levels in the various planned changes, whereupon the objectives can be achieved. In 2019, MCB therefore began to coach staff in Mindset and Behaviour with a view to bringing about the required changes. MCB continued this programme in 2020.

Line managers play a key role in this change process. They must not only possess excellent professional knowledge, but must be able to translate the MCB strategy into concrete objectives for their own unit or department and communicate these effectively to their team members. Line managers lead by example, encouraging staff to adopt appropriate standards of conduct. They play a key role in instructing, motivating, coaching and inspiring their team. These are some of the reasons why line managers were actively involved in defining the future workforce in 2020. In addition, various leadership initiatives were undertaken that focused on the various aspects of change management.

### Long-term employability

The average age of MCB's staff continues to rise. At the same time, technological progress (digitization and robotization) has changed the nature of the work and the demands placed upon our employees. In 2020 MCB therefore devoted close attention to development, at both the individual and team level, to ensure that the entire organization is fully equipped for the future.

The MCB Strategy Plan 2019-2023 will have significant consequences for the MCB organization and for its employees. In 2019 MCB began work on a 'People Plan' for each department, examining the future situation and longer-term requirements. In 2020, this plan gave rise to various initiatives, including a new leadership programme for back office staff. Preparations for the roll-out of a new training and coaching programme ('Leermeesterschap') began, and plans were produced as part of the Future Workforce project. In short, MCB once again made significant investments in the long-term employability of all staff, both junior and senior, in 2020. In the years ahead, MCB will provide active guidance to employees in implementing the new strategy to ensure that everyone can make a full contribution.

### Health, vitality and job satisfaction

MCB attaches great importance to the health, vitality and job satisfaction of its employees. In 2020, the COVID-19 pandemic raised additional challenges in this regard. Throughout the year, MCB staged various interventions to ensure that staff could continue to work in a safe, healthy and pleasant environment. MCB did its utmost to keep all staff informed of the (ever changing) rules and requirements surrounding COVID-19. Extra attention was devoted to the theme of 'remote management' in order to maintain the usual high level of engagement and teamwork within the various departments.







## Corporate Social Responsibility (CSR)

MCB is ever mindful of its role and function within society and therefore paid close attention to Corporate Social Responsibility (CSR) again in 2020. Focus areas included the improvement of safety and the reduction of our environmental footprint. CSR is all about the 3 Ps: People, Planet and Profit.

### People

#### *Safety in the workplace*

As in previous years, safety was the key priority for MCB in 2020. In other words, safety is 'a way of life' at MCB, and everyone, at all levels of the organization – from the board room to the shop floor – is thoroughly aware of the importance of safe working practices. Employees are aware of their roles and responsibilities with regard to safety.

In 2020 MCB again used the SAFE registration system, a tool which allows an even more effective monitoring of safety performance. Staff can use this system to report incidents and hazardous situations in a low-threshold manner. The reports are then coordinated and processed using the same system. The SAFE system was further developed in 2020 with a view to optimizing the opportunities for investigation, supervision and control.

In 2019 MCB introduced a new Safety Policy Plan covering the period until the end of 2021. It sets out fifteen key principles which form the basis of the MCB Health & Safety System.

In 2019, several line managers attended a 'Felt Leadership' course designed to promote safety awareness. To put theory into practice, they conducted a number of 'Stop&Go' training sessions for operational staff throughout 2019 and 2020. During the third quarter of 2020, MCB introduced 'Followed Leadership' courses to build upon the 'Felt Leadership' courses held in 2019.

#### *Long-term employability*

MCB attaches great importance to the health, vitality and job satisfaction of its employees. This applies equally to young and older employees. In 2020, MCB therefore again established several spearheads intended to promote long-term employability, as described in the Human Resources section of this report.

### Planet

Environmental management is a permanent and integral component of MCB's policy. MCB's environmental management system is certified to ISO 14001 standard. Ongoing efforts are devoted to improving the environmental quality of all products and processes. Since 2019 MCB has devoted much attention to reducing its carbon footprint through more efficient use of energy and fuel. Efforts in this area are prompted in part by legislation which requires companies to account for their carbon emissions by means of an EED audit. At the same time, MCB Nederland has set its sights on winning a 'Lean & Green Star'. This will not be possible without careful emissions monitoring.



### **Lean & Green**

MCB Nederland has made the formal decision to take part in 'Lean & Green', a carbon emissions reduction programme which encourages organizations to improve their sustainability. The programme includes various measures intended to reduce environmental impact while also improving cost-efficiency. MCB hopes to have earned a Lean & Green Star during the first half of 2021. The target is a reduction in carbon emissions of at least 20 per cent by the end of 2022.

To identify ways in which to reduce our energy consumption, we rely on the list of recognized energy efficiency measures for the metal and electrical engineering industry, published in 2020. This list includes various interventions in areas such as buildings, installations, utilities and logistics. In principle, it is confined to measures with a payback period of less than five years. One of the focus areas in 2020 was the further expansion of LED lighting. Several additional facilities were 'converted' and some 70 per cent of MCB's premises is now lit entirely by low-energy LEDs. We also generate our own renewable energy. Over 3000 solar panels were installed in 2020, providing approximately 15 per cent of MCB's total energy requirement. Gas and diesel-powered forklift trucks were replaced by electric models. As in previous years, several vehicles with Euro 5 engines were upgraded to the more efficient Euro 6 standard in 2020, and further attention was devoted to promoting an economical driving style ('Eco Driving'). Last but not least, the open plan office at our head office was refurbished and refitted in 2020, with due regard for sustainability.

### **Sustainability Steering Group**

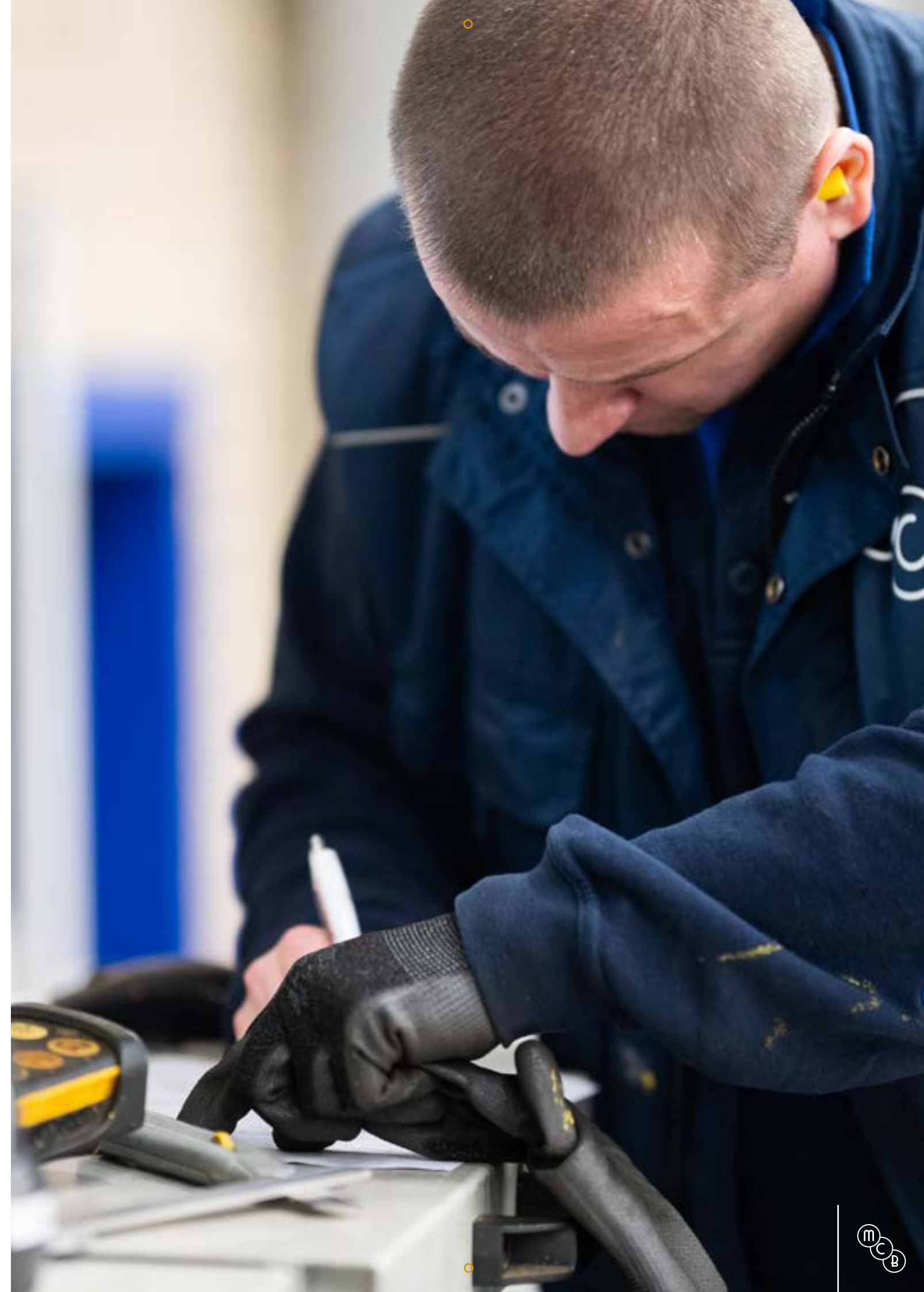
In early 2020, MCB decided to form a Sustainability Steering Group. It includes representatives of various disciplines within MCB. The Sustainability Steering Group will pursue further optimization of the current environmental policy and will explore potential sustainability initiatives for the future, doing so with a view to both the constantly evolving legislative requirements and the projects and action plans necessary to achieve MCB's ambitions and objectives.

### **Profit**

'Profit' is an important component of Corporate Social Responsibility. Business must be conducted in an ethical, transparent manner, in full compliance with laws and regulations and the requirements of good governance. MCB devotes much attention to these points. We also try to be as transparent as possible in terms of sharing our knowledge, as demonstrated by the materials knowledge courses we organize for the benefit of our customers.

MCB also regards sponsorship as an important aspect of 'Profit'. In addition to donations to local community groups and organizations, MCB supports 'metal projects' by providing free materials to artists and students. In 2020, projects in which materials provided by the MCB Group were used included the construction of an electric Formula 1 car by the Formula Student Team Delft and Eindhoven and the construction of several robots for student competitions. This is also in keeping with MCB's desire to enthuse young people for the metal industry, to increase the knowledge of metals and to prepare students for the transition from school to work.

In the field of innovation, MCB devotes its full energies to the further digitization of the supply chain from supplier to customer and aims to pursue ongoing development by devising and developing innovative concepts for its customers.







## Prospects for 2021

### Market situation

The Dutch central bank (DNB) expects the Dutch economy to show growth of almost 3 per cent in 2021. However, this forecast is subject to even greater uncertainty than usual as a result of the ongoing challenges presented by the COVID-19 pandemic. In addition to the regular forecast, DNB has therefore published a best case scenario, in which Dutch economic growth will be in the order of 4.9 per cent, and a worst case scenario, in which growth is restricted to around 0.2 per cent in 2021.

According to DNB, employment opportunity in the Netherlands is likely to suffer the heaviest blow in 2021 as the current government support programmes expire in mid-2021. Some companies will then have no choice other than to reduce staffing levels. DNB notes that many companies were reluctant to announce redundancies in 2020, even in the face of falling sales volumes. This was certainly also due in part to the tight labour market in recent years.

Many companies introduced alternative measures such as reducing working hours for permanent staff and terminating flexible contracts. DNB believes that unemployment in the Netherlands is likely to rise from 4.0 per cent in 2020 to approximately 6.5 per cent in 2021, followed by a slight fall to 6.0 per cent in 2022.

Total exports of goods and services will increase by 5.2 per cent in 2021, according to DNB. This represents a strong recovery following the decline seen in 2020. These figures assume that a trade agreement will be reached between the United Kingdom (UK) and the European Union (EU) as part of the Brexit negotiations, with trade between the EU and the UK then falling under the 'most favoured nation' rules of the World Trade Organisation (WTO). DNB forecasts a 4.8 per cent increase in consumer spending in 2021, followed by a further 4.5 per cent increase in 2022. These figures are based on the expected gradual relaxation of social distancing measures in 2021, and their complete withdrawal in 2022.

DNB forecasts that the recovery of consumer spending will be supported by a stable rise in households' disposable income, which DNB expects to increase by an average of 1.4 per cent between 2020 and 2022. Although lower than the average increase of 1.8 per cent per year seen between 2014 and 2019, this is nevertheless higher than noted during the financial crisis of 2009 to 2013.

### Metal production and consumption

According to Eurofer (the European Steel Association) demand for metals within the European Union will be 13.3 per cent higher in 2021 than in 2020. In 2020 demand for metals in the European Union had fallen by 13 per cent compared to 2019. Consumption is expected to increase yet further in 2022, by an estimated 3.4 per cent. Eurofer expects sales within the construction sector to increase by 4.3 per cent in 2021, following the 5.7 per cent decline recorded in 2020.

In the automotive sector, growth of 15.9 per cent is projected for 2021, followed by an increase of 4.8 per cent in 2022. Production in the European automotive sector fell by 19.5 per cent in 2020.

In 2020, the consumer goods sector saw a 3.6 per cent fall in output. The analysts at Eurofer expect this decrease to be made up in 2021, when the sector will see a 4.8 per cent increase in output. This will be followed by a further 3.5 per cent rise in 2022. According to figures published by the World Steel Association, metal production was as much as 4.8 per cent higher in January 2021 than in January 2020. This increase was largely attributable to South America (+11.4 per cent), the non-EU European countries (Bosnia and Herzegovina, Macedonia, Norway, Serbia, Turkey and the United Kingdom: +11.3 per cent), and Asia and Oceania (+6.3 per cent).



## Prices

The prices of many metals are expected to rise in 2021 until availability returns to normal levels. There are several factors at play, the most significant being recovery of market demand, higher input costs and supply restrictions.

### **Steel:**

Demand for steel-intensive consumer goods (including cars and white goods) remains strong in several markets. Economic activity is picking up more quickly than expected and many end-users are now actively replenishing their inventories. Supply is therefore barely keeping up with demand, which results in price rises. The rising cost of steel production (due to increases in the prices of iron ore and scrap metal) is another factor.

### **Aluminium:**

China is usually a net exporter of aluminium, accounting for very limited imports. In 2020, however, the situation was reversed. Due to the huge domestic demand for aluminium (bolstered by Chinese government stimulus spending), Chinese exports fell while imports rose. Europe, the USA and Japan also saw demand recover. As a result, the price of aluminium is likely to rise in 2021. A risk looms when the Chinese government ceases its stimulus spending. China will then resume its position as an exporter of aluminium, as a result of which the supply level will increase and prices will fall.

### **Copper:**

The copper price continues to break all records. Casper Burgering, senior economist at ABN AMRO Bank, cites several reasons: the weaker dollar, a shortage of copper, the global economic recovery, and ongoing growth of industrial activity in China. The price of copper is expected to rise further in 2021, albeit at a slower rate than in 2020.

### **Nickel:**

The price of nickel will remain relatively high in 2021. This is due to ongoing strong demand from the batteries sector, bolstered by the increasing market share of electric vehicles. Several governments worldwide have implemented incentive programmes to accelerate the transition to electric mobility, thus stimulating economic growth following the COVID-19 pandemic and reducing carbon emissions.

### **Zinc:**

The price of zinc will increase in 2021, although to a lesser degree than in 2020. Demand for zinc fell in 2020 due to factors such as the (temporary) closure of car factories and reduced activity in the construction sector. Both sectors will see activities increase worldwide in 2021, which will drive up demand for zinc.

## MCB Group

The implementation of the strategic plan adopted in 2018 continued in 2020. To retain and build upon the strong market position now enjoyed by MCB, we will focus specifically on the markets with growth potential. MCB will also work hard towards the further digitization of the supply chain from supplier to customer and aims to pursue ongoing development by devising and developing innovative concepts for its customers.

As in 2020, the uncertainty caused by the COVID-19 crisis will remain a key challenge in 2021. The measures taken will remain in full force in 2021. Accordingly, 2021 will be a balancing act between security in the short term and a sound, future-proof course in the long term. We will continue to pay particular attention to the well-being of our staff during the COVID-19 crisis, but also to the new reality after the crisis. MCB's financial position proved to be sufficiently robust in the challenging and uncertain year 2020. The fundamentals for 2021 are comparable to those we faced a year ago. We are therefore looking forward to 2021 with confidence. Our balance sheet, liquidity and solvency positions are strong and we further strengthened our financial position in the early part of 2021.

We will continue to pursue improvements and further optimization in 2021. The MCB Group will develop to become an organization where safety and ongoing improvement are high on the agenda. We endeavour to keep the costs as low as possible throughout the chain. This will help to further optimize the reliability of supply and the quality and efficiency of the service provision of all group companies. We believe that the strategy we have adopted will enable MCB to perfect its role within the supply chain and to achieve profitable growth. A clear concern is the current situation in the raw materials and metal markets. The main challenges are ensuring and maintaining an adequate supply of metals and contending with a potential fall in raw material prices.

Each MCB Group company has its own clear objectives, the attainment of which will help the MCB Group as a whole to reaffirm its position as a partner offering clear added value to all parties, customers and suppliers alike, within the metals and specials supply chain.

## Sales and profit projections

We expect the sales volume in tons to increase by 6 per cent in 2021. This forecast is based on the many conversations we have had with customers about their order portfolios and on the general outlook of the industries in which we operate rather than on general market expectations. We are fully aware of the uncertainties unleashed by the global pandemic and of the impact they may have on our supply chain and the economy in general.

For 2021, the MCB Group expects a positive profit performance compared to 2020. This will be due in part to the increase in our sales volume, but also to the recent optimization of our organization. We will continue to invest in specific service concepts for customers and intend to further improve the already high standard of our customer service. We have an excellent delivery performance record and enjoy a high level of customer satisfaction. Nevertheless, there remains some room for further improvement in both areas and we will continue to pursue that improvement in 2021. We will also continue to invest in the optimization of our processes and operations with a view to cementing our ability to work in an inventive, innovative and effective manner.

## Investments

MCB invests in its staff, customers, products and business setting. The market demands a high level of service and new concepts to increase efficiency at all levels of the chain. MCB adapts to this market demand and will invest accordingly. In 2021 we will invest in the purchase of new machines, trailers and further improvements to our logistics infrastructure. Investments will also be made to improve our IT systems in order to further optimize processes and to support our digitization efforts. The strategic plan has given rise to a number of larger replacement and expansion investments, which started in 2020 and will be further implemented in 2021.

## Balance sheet and cash flow

As a result of the projected growth, the increase in prices and the substantial investment programme, the balance sheet total is expected to grow to over 300 million euros in 2021. The cash flows from operating activities will be slightly positive and the net cash flow will be slightly negative. Additional funding will be raised for a number of expansion investments. The total amount of funding is amply sufficient to finance the projected growth and to absorb the price increases in 2021.

## Word of thanks

Despite the many difficulties imposed by the COVID-19 crisis, the results achieved in 2020 contributed to the further improvement of the financial position of the MCB Group. Once again, we made important steps in cementing a sound and secure future for the company. Although certain changes are necessary to contribute to enhancing the sustainable competitiveness of the manufacturing industry, we will remain mindful of the potential effect on our customers and staff. We would like to take this opportunity of thanking all customers, suppliers and other business partners for their continued confidence in MCB. The Board of Management also wishes to express its sincere gratitude to all employees of the MCB Group, whose commitment and loyalty are the key to our success. We acknowledge that 2020 was a particularly challenging year for our staff. COVID-19 had an enormous impact in many areas. We can therefore look back with great pride on the flexibility and resilience shown by all employees in these uncertain times.

### **Board of Management**

B. Schildkamp (Chairman)

E.J.G. van Bortel

Valkenswaard, 15 April 2021



# Operating companies

## MCB Nederland BV

MCB Nederland BV is based in Valkenswaard, the Netherlands. It has been a wholesale distributor of metals for nearly 80 years, dealing in a wide and deep range of steel, stainless steel, aluminium and non-ferrous products. MCB Nederland also acts as the back office for the entire MCB Group, providing internal services in purchasing and procurement, storage, machining and logistics. It has a fully equipped Steel Service Centre and a Production Machining Centre at which various metal processing machines have been brought together under one roof. These operational departments enable MCB Nederland to help its partners in terms of improvement, innovation, ambition and growth. MCB offers specific market and product knowledge at both national and international level. This engenders a sense of connection and confidence and enables MCB Nederland to get to the core of its partners' business.

## MCB Specials BV

For over 80 years, MCB Specials has demonstrated its professionalism and detailed knowledge of high-grade metals, alloys, synthetics and non-ferrous metals. Within the MCB Group, MCB Specials has become the 'one stop shop' for both standard products and specials: a unique combination. MCB Specials has a broad customer base which includes companies in the machining, interior construction, installation, yacht and shipbuilding, and offshore industries, to which it supplies not only customized materials but also advice and information. Customers acknowledge MCB Specials' standing as a specialist and a proactive partner able to help them achieve growth and ongoing success.

## MCB Direct BV

MCB Direct is a supplier of metals, mainly to the manufacturing industry. MCB Direct operates as a flexible, close-at-hand metals partner which sets out to simplify processes so that customers are able to focus on their core business. The company therefore offers just-in-time logistics, smart machining options and innovative services. MCB Direct also injects considerable knowledge, energy and creativity into all its partnerships. The company's customers are found in very varied segments of industry, business services and the public sector. Through close collaboration with other operating companies of the MCB Group, MCB Direct is able to provide the added value that customers increasingly expect and demand.

## MCB Business & Information Services BV

MCB Business & Information Services in Valkenswaard is responsible for creating and maintaining an effective ICT infrastructure to serve all MCB Group companies. This operating company is the central referral point for all matters relating to ICT policy within the Group. MCB Business & Information Services procures, develops and manages all systems and software, thus creating a stable and reliable operational environment.

## MCB België NV/MCB Belgique SA

MCB Belgique SA/MCB België NV in Awans ('MCB Belgium') is a wholesale supplier of steel, stainless steel and aluminium. MCB Belgium supplies these materials in the form of tubes, sheets, profiles, bars and strips, and sheet metal cut to size. The products can be supplied straight from stock. MCB Belgium serves Belgium, Luxembourg and France. MétalSERVICE, based on the successful MCB Direct concept applied in the Netherlands, is a regional stockholding wholesale centre for metal products, synthetics and plastics and focuses on meeting the requirements of customers within a defined geographic region. Excellent service and personal attention are the key ingredients of this formula. MétalSERVICE currently operates from one facility, which is located in Awans.

## Testas NV

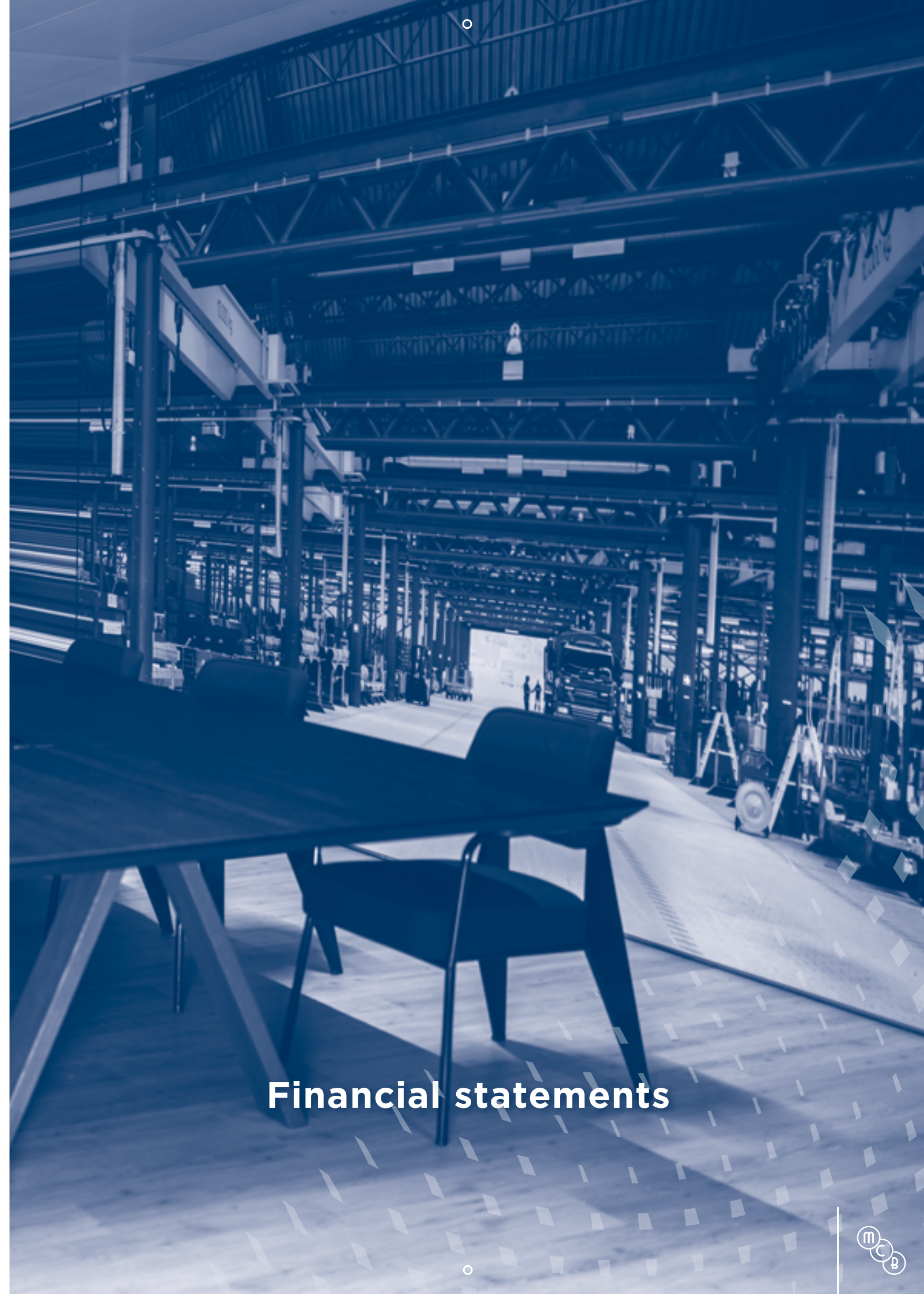
Testas, based in Wommelgem, Belgium, and its French sister company TS Métaux have been members of the MCB Group since 2008. Testas is a stockholding wholesale distributor of semi-manufactured aluminium, stainless steel, copper, brass and bronze products. The company has its own modern processing facilities. Testas strives to provide the most comprehensive and highest level of service achievable with respect to the distribution of these semi-manufactures. Continuity of supply and service, combined with a good price-quality ratio, are therefore a high priority.

## MCB Deutschland GmbH

MCB Deutschland GmbH in Neuss, Germany, is a wholesaler of aluminium, non-ferrous metals, stainless steel and steel. MCB Deutschland offers a wide range of products which represent significant added value to the customer. In addition to the 'standard' products, a number of special products for specific customer applications are kept in stock and machined. The company profiles itself as a major supplier of all product groups, able to supply sheets, tubes, profiles and bars from stock. The company's activities are not confined to the immediate area of Neuss: it serves customers throughout Germany and in several other countries, who all benefit from a consistent one-stop shopping concept.

## SM StrukturMetall GmbH & Co. KG

SM StrukturMetall GmbH & Co. KG in Bretzfeld-Schwabbach, Germany, is a specialist wholesaler of various types of stainless steel sheets (embossed sheets, design sheets, mirror sheets and checker plates). The company's products are used in construction (interior and exterior cladding), lift building, mechanical engineering and the production of retail checkouts. The company has its own rolling facility to produce part of the embossed steel plate range in-house. In addition, StrukturMetall carries a specialist range of stainless steel handrail systems, which are widely used in lift cabins, for example. The company exports a substantial portion of its products to foreign markets, including Asia.



## Financial statements



# Consolidated balance sheet before appropriation of net income

Assets	31-12-2020	31-12-2019
<i>Amounts in thousands of euros</i>		
<b>Fixed assets</b>		
Intangible fixed assets <sup>1</sup>	5,797	5,859
Tangible fixed assets <sup>2</sup>		
Land and buildings	52,401	48,956
Machinery and equipment	4,953	5,114
Other fixed operating assets	9,478	8,823
Tangible fixed assets under construction	4,554	3,396
Unproductive assets	3,396	2,838
	74,782	69,127
<b>Current assets</b>		
Inventories <sup>3</sup>	105,574	130,120
Receivables <sup>4</sup>		
Trade receivables	72,830	77,489
Other receivables	5,542	6,336
Prepayments and accrued income	1,432	1,380
	79,804	85,205
Cash and cash equivalents <sup>5</sup>	1,894	732
	267,851	291,043

<sup>1</sup> See note on page 43  
<sup>2</sup> See note on page 43  
<sup>3</sup> See note on page 44  
<sup>4</sup> See note on page 44  
<sup>5</sup> See note on page 44

Liabilities	31-12-2020	31-12-2019
<i>Amounts in thousands of euros</i>		
<b>Group equity</b> <sup>6</sup>		
Equity	146,323	140,185
<b>Provisions</b> <sup>7</sup>		
Post-employment benefits	42	80
Deferred tax liabilities	9,657	10,635
Restructuring provision	1,800	219
Other provisions	3,175	3,115
	14,674	14,049
<b>Non-current liabilities</b> <sup>8</sup>		
Banks	6,057	-
<b>Current liabilities</b> <sup>9</sup>		
Banks	5,385	39,807
Current portion of non-current liabilities	480	-
Trade creditors	57,190	65,321
Taxes and social security contributions	24,496	19,927
Other liabilities	12,551	11,710
Accruals and deferred income	695	44
	100,797	136,809
	267,851	291,043

<sup>6</sup> See note on page 44  
<sup>7</sup> See note on page 45  
<sup>8</sup> See note on page 46  
<sup>9</sup> See note on page 46





## Consolidated income statement

Amounts in thousands of euros	2020	2019
<b>Net sales</b> <sup>10</sup>	<b>648,945</b>	718,220
Cost of sales	<u><b>582,264</b></u>	<u>653,396</u>
<b>Gross profit</b>	<b>66,681</b>	64,824
Selling expenses	<b>17,275</b>	18,905
General administrative expenses	<u><b>23,240</b></u>	<u>22,665</u>
Total expenses	<u><b>40,515</b></u>	<u>41,570</u>
<b>Net profit</b>	<b>26,166</b>	23,254
Interest income <sup>11</sup>	<b>3</b>	65
Interest expense <sup>11</sup>	<u><b>-993</b></u>	<u>-1,520</u>
	<u><b>-990</b></u>	<u>-1,455</u>
<b>Profit on ordinary activities before tax</b>	<b>25,176</b>	21,799
Taxes <sup>12</sup>	<u><b>-7,035</b></u>	<u>-7,075</u>
<b>Net income after tax</b>	<b>18,141</b>	14,724

'Cost of sales', 'selling expenses' and 'general administrative expenses' include an amortization charge of €1,548 (2019: €1,509) for intangible fixed assets and a depreciation charge of €5,032 (2019: €4,692) for tangible fixed assets, totalling €6,580 (2019: €6,201).

<sup>10</sup> See note on page 48  
<sup>11</sup> See note on page 48  
<sup>12</sup> See note on page 48

## Consolidated cash flow statement

Amounts in thousands of euros	2020	2019
<b>Cash flows from operating activities</b>		
Net profit	<b>26,166</b>	23,254
Depreciation/amortization and other changes in value <sup>1 2</sup>	<b>6,580</b>	6,201
Change in provisions <sup>7</sup>	<b>625</b>	-1,759
Other changes <sup>6</sup>	<b>-3</b>	81
Change in inventories <sup>3</sup>	<b>24,546</b>	-597
Change in receivables <sup>4</sup>	<b>5,390</b>	10,454
Change in current liabilities <sup>9 1)</sup>	<u><b>-4,747</b></u>	<u>3,740</u>
Change in net operating capital	<b>25,189</b>	13,597
Interest received <sup>11</sup>	<b>3</b>	65
Interest paid <sup>11</sup>	<b>-921</b>	-1,520
Tax on profits <sup>12</sup>	<u><b>-4,431</b></u>	<u>-7,075</u>
Cash flows from operating activities	<b>53,208</b>	32,844
<b>Cash flows from investing activities</b>		
Capital expenditure on tangible and intangible fixed assets <sup>1 2</sup>	<b>-12,435</b>	-8,837
Disposals of tangible fixed assets <sup>1 2</sup>	<b>274</b>	1,490
Cash flows from investing activities	<u><b>-12,161</b></u>	<u>-7,347</u>
<b>Cash flows from financing activities</b>		
Loans received <sup>8</sup>	<b>6,853</b>	-
Repayment of non-current liabilities <sup>8</sup>	<b>-316</b>	-
Dividends/interim dividends paid <sup>6</sup>	<u><b>-12,000</b></u>	<u>-12,000</u>
Cash flows from financing activities	<u><b>-5,463</b></u>	<u>-12,000</u>
<b>Net change in cash and cash equivalents as per the cash flow statement</b>	<b>35,584</b>	13,497
Cash and cash equivalents at year end <sup>2)</sup>	<b>-3,491</b>	-39,075
Cash and cash equivalents at year start	<u><b>-39,075</b></u>	<u>-52,572</u>
<b>Net change in cash and cash equivalents as per opening and closing balance sheets</b>	<b>35,584</b>	13,497

<sup>1)</sup> Current liabilities comprise the current liabilities shown in the balance sheet less liabilities to banks and the current portion of non-current liabilities.

<sup>2)</sup> The difference between cash and cash equivalents of €1,894 (2019: €732) and current liabilities to banks of €5,385 (2019: €39,807).

<sup>1</sup> to <sup>11</sup> See note on page 43 to 49



# Significant accounting policies

## General information

**Activities**  
The MCB Group operates as a wholesale metal distributor and service centre.

**Corporate seat and Commercial Register number**  
MCB International BV has its corporate seat and business address in Valkenswaard and is registered in the Commercial Register under number 17011393.

**Applicable regime**  
MCB International BV has statutory two-tier status.

**Group structure**  
MCB International BV is based in Valkenswaard and heads a group of legal entities. The table below lists the details that must be disclosed under Sections 379 and 414 in Book 2 of the Dutch Civil Code.

MCB International BV holds the following interests in group companies:

	town	country	interest held
MCB Nederland BV	Valkenswaard	The Netherlands	100%
MCB Belgique SA	Awans	Belgium	100%
MétalSERVICE SA	Awans	Belgium	100%
Agimob NV	Wommelgem	Belgium	100%
Testas NV	Wommelgem	Belgium	100%
TS Team NV	Wommelgem	Belgium	100%
TS Métaux SAS	Roncq	France	100%
MCB Deutsche Holding GmbH	Neuss	Germany	100%
MCB Deutschland GmbH	Neuss	Germany	100%
SM Strukturmetall GmbH & Co, KG	Bretzfeld	Germany	100%
SM Strukturmetall Verwaltung GmbH	Bretzfeld	Germany	100%
MCB Specials BV	Almere	The Netherlands	100%
MCB Direct BV	Valkenswaard	The Netherlands	100%
MCB Business & Information Services BV	Valkenswaard	The Netherlands	100%
MCB Central Europe BV	Valkenswaard	The Netherlands	100%

## Consolidation

MCB International BV's consolidated financial statements incorporate the financial statements of the group companies. Group companies are those companies belonging to MCB International BV's economic entity whose operating and financial policies are controlled by MCB International BV. The section 'Group structure' provides an overview of all group companies of MCB International BV. All group companies are fully controlled by MCB International BV. The consolidated financial statements are prepared in accordance with the accounting policies of MCB International BV. As MCB International BV's financial information is included in the consolidated financial statements, the company's individual financial statements comprise a condensed income statement as permitted by Section 402 in Book 2 of the Dutch Civil Code.

The accounts of the group companies and the other legal entities and companies included in the consolidation are fully incorporated in the consolidated financial statements. All intragroup balances and transactions are eliminated.

The results of newly acquired group companies and other legal entities and companies included in the consolidation are consolidated with effect from the date of acquisition. The assets, provisions and debts are stated at fair value as at that date. Goodwill arising on acquisition (purchased goodwill) is capitalized and amortized over its useful economic life. The results of divested companies are consolidated until the effective date of divestiture.

The accounting policies of group companies and other legal entities included in the consolidation have been adjusted where necessary to align them with the Group's accounting policies.

## Estimates

The preparation of financial statements in conformity with the relevant rules and accounting policies may require the Board of Management to make certain estimates that may affect the amounts reported in the financial statements. If necessary for the purposes of providing the view required under Section 362(1) in Book 2 of the Dutch Civil Code, the nature of those judgements and estimates, including the related assumptions, is disclosed in the notes to the financial statement items in question.

## Related parties

Related parties are those legal entities over which the company has control, joint control or significant influence. Legal entities that can exercise dominant influence, as well as the members of the Board of Management, other key management personnel of MCB International BV and close relatives are also treated as related parties.

Significant transactions with related parties are disclosed in the notes to the extent that they are not conducted at arm's length. The notes disclose the nature and extent of those transactions, as well as any other information necessary for a proper understanding.

## Notes to the cash flow statement

The cash flow statement is prepared according to the indirect method. The cash and cash equivalents included in the cash flow statement are stated net of current liabilities to banks. Tax on profits and interest received are included in the cash flows from operating activities. Interest paid and dividends paid are included in the cash flows from financing activities. The capital expenditure on tangible fixed assets includes only those investments for which cash and cash equivalents were used in 2020 (no finance leases).





# General accounting policies



### General

The consolidated financial statements have been prepared in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code and the Dutch Guidelines for Annual Reporting published by the Dutch Accounting Standards Board. The financial statements are denominated in euros (the functional currency). The valuation of assets and liabilities and the determination of profit or loss are based on historical cost. Unless the balance sheet heading in question states otherwise, assets and liabilities are measured at historical or amortized cost.

The balance sheet, the income statement and the cash flow statement include references to the relevant notes.

### Prior-year comparison

There have been no changes in the accounting policies during the year. All policies have been applied on bases consistent with those used in the previous year.

### Foreign currency

#### *Functional currency*

The items in the financial statements of the group companies are measured using the currency of the primary economic environment in which the group company operates (the functional currency). The consolidated financial statements are presented in euros; the euro is both the functional and the reporting currency of the MCB Group.

#### *Transactions, receivables and liabilities*

Transactions effected during the period under review and denominated in foreign currencies are translated at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The exchange differences arising from the settlement and translation are recognized in the income statement, unless hedge accounting is applied.

Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate ruling at the date of the transaction ('historical exchange rate').

Non-monetary assets that are measured at current value in a foreign currency are translated using the exchange rate ruling at the time when the most recent current value was determined.

### Leases

The MCB Group may have leases that do not substantially transfer all the risks and rewards incidental to ownership to the company. These leases are recognized as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease, net of any incentives received from the lessor.

### Financial instruments

The securities included under financial fixed assets and current assets are carried at fair value. All other financial instruments recognized in the balance sheet are stated at (amortized) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the fair value cannot be readily and reliably determined, the fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by using valuation models and valuation techniques. This involves using similar recent arm's length market transactions, discounted cash flow (DCF) analysis and/or option pricing models, making allowance for entity-specific inputs.

The fair value approximates the carrying amount due to the short-term nature of the financial instruments.

The valuation of derivative financial instruments (derivatives) depends on whether the underlying asset of the derivative is a listed security or not. All derivatives held by the MCB Group are stated at cost. Changes in value of derivatives are accounted for differently, depending on whether the derivative is used for hedge accounting or not.

In applying cost hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item.

Accordingly:

if the hedged item is recognized in the balance sheet at cost, the derivative is also stated at cost; as long as the hedged item in the cost hedge relationship is not yet recognized in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions; if the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative, where it has currency elements, is also stated at the spot rate at the balance sheet date.

If the derivative has currency elements, the difference between the spot rate on the date the derivative is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative. The ineffective portion of the hedge is taken directly to the income statement.

The MCB Group applies cost hedge accounting. At the inception of a hedge transaction, the company formally documents the hedge relationship. The company tests the effectiveness of the hedge relationship at regular intervals by comparing the critical terms of the hedging instrument with those of the hedged item.





# General accounting policies

- The MCB Group applies cost hedge accounting using:
- interest rate swaps that convert certain variable interest debts into fixed-rate loans;
  - forward exchange contracts to hedge future purchases in US dollars;
  - metal hedges to hedge against potential price risks.

The ineffective portion of the changes in fair value (where applicable) is recognized in the income statement as financial income and expense. The carrying amount of all primary financial instruments at balance sheet date is a reasonable approximation of fair value.

- Cost hedge accounting is no longer applied if:
- the hedging instrument expires or is sold, terminated or exercised;
  - the hedging relationship no longer meets the criteria for hedge accounting.

## Recognition and measurement of assets, equity and liabilities

### Intangible fixed assets

Intangible fixed assets are carried at historical cost less accumulated amortization and any impairment losses.

Please refer to the section on ‘Impairment of fixed assets’ for details on determining whether an intangible fixed asset is impaired.

### Research and development costs

Research costs are charged to the income statement as incurred. Development costs are capitalized as production costs if the project is likely to be commercially and technically feasible and the costs can be measured reliably. Amortization of capitalized development costs begins when commercial production has started and is calculated over the expected future useful life of the asset.

Research costs are charged to the income statement as incurred.

### Software

Costs that are directly associated with the production of identifiable and unique software products controlled by the group are capitalized. Such internally produced intangible fixed assets are capitalized if they are likely to produce future economic benefits and the costs can be measured reliably. Costs associated with maintenance of software programs and expenditure on research are recognized in the income statement.

Software licences acquired are capitalized at acquisition cost and amortized over the estimated future useful life.

### Goodwill

Goodwill is capitalized under intangible fixed assets if the cost of acquisition at the time of contribution is higher than the net fair value of the assets and liabilities acquired. Goodwill is amortized on a straight-line basis over the estimated future useful life. If the cost of acquisition is less than the net fair value of the identifiable assets and liabilities, the difference (negative goodwill) is recognized as a deferred liability.

### Tangible fixed assets

Tangible fixed assets are carried at historical cost plus additional expenses or production cost, less straight-line depreciation over the expected future useful life. Where applicable, account is taken of impairment and permanent impairment. Land is not depreciated.

Please refer to the section on ‘Impairment of fixed assets’ for details on determining whether a tangible fixed asset is impaired.

Other fixed assets are measured at historical or production cost including directly attributable costs, less straight-line depreciation over the expected future useful life and impairment losses.

The costs of major maintenance are measured at production cost and depreciated on a straight-line basis over the expected future useful life.

### Financial fixed assets

Investees over which the company exercises significant influence are valued using the net asset value method. Significant influence is presumed to exist when the company holds 20 per cent or more of the voting power of the investee.

Net asset value is calculated using the accounting policies applied in these financial statements. Investees whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

Investees with a negative net asset value are carried at nil. A provision is formed if and to the extent that, in such a situation, MCB International BV accepts full or partial liability for the debts of the investee or has the firm intention of enabling the investee to pay its debts.

Investees acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

If an asset qualifies as impaired, it is measured at its recoverable amount. The impairment loss is charged to the income statement. Please refer to the section on ‘Impairment of fixed assets’ for details on determining whether an asset is impaired.

Receivables from group companies are stated at amortized cost less any impairment. Goodwill arising on acquisition is capitalized and amortized through the income statement.

### Impairment of fixed assets

The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its net selling price and its value in use. An impairment loss is charged directly to the income statement, whereby the carrying amount of the asset in question is reduced at the same time.

The best evidence of an asset’s net selling price is a price in a binding sale agreement. If there is no binding sale agreement, the net selling price is the asset’s market price in an active market, which is usually the current bid price. The costs to be deducted in determining the net selling price are based on the estimated costs that are directly attributable to the sale and that are necessary to make the sale. Value in use is determined by estimating future net cash flows to be derived from the continued use of the asset/the cash-generating unit, and applying a suitable discount rate in order to calculate the present value of those cash flows. The discount rate does not reflect risks for which future cash flow estimates have been adjusted.

If it is established that a previously recognized impairment loss no longer exists or has decreased, the increased carrying amount of the asset in question is not set at a higher amount than the carrying amount that would have been determined if no impairment loss had been recognized for the asset. Impairment losses recognized for goodwill are not reversed.



# General accounting policies

## Inventories

Inventories are recognized at the lower of (i) historical cost on the basis of weighted average prices and (ii) the market value at balance sheet date.

The lower market value of the inventories of finished products and goods for resale is the estimated selling price less directly attributable selling expenses. This lower market value is determined on the basis of an individual assessment of inventories. The valuation allows for the risk of obsolescence. At 31 December 2020, the write-offs for obsolescence and the write-downs to a lower market value represented 1.3% (2019: 2.2%) of the nominal amount of inventories.

## Receivables

Receivables are initially measured at the fair value of the consideration given. After initial recognition, trade receivables are measured at amortized cost less any provisions deemed necessary to cover the risk of irrecoverable debts. These provisions are determined on the basis of an individual assessment of receivables. At 31 December 2020, the provision for doubtful debts amounted to 0.6% (2019: 0.6%) of the nominal accounts receivable balance. All receivables fall due within one year.

## Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks and call deposits with maturities of less than twelve months. Current account balances owed to banks are shown under current liabilities. Cash and cash equivalents are stated at nominal value.

## Provisions

Provisions are recognized when the company has present legal or constructive obligations at the balance sheet date, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligations at the balance sheet date. Provisions are stated at the nominal value of the expenditures expected to be required to settle the obligation, except as otherwise stated.

When the expenditure required to settle an obligation is expected to be reimbursed by another party and when it is virtually certain that the company will receive the reimbursement on settlement of the obligation, the reimbursement is recognized as a separate asset in the balance sheet.

The provision for deferred tax liabilities has been set up to cover taxes which will become due and payable at a future date in respect of timing differences between the valuation of assets and liabilities as shown in the financial statements and their valuation for tax purposes. The provision is stated, in principle, at present value, calculated on the basis of the net interest rate for long-term loans. The net interest rate used for discounting is 4.13%. If a reliable estimate of outflow cannot be made or if the outflow is expected in 1 year or less, the provision is stated at nominal value, with the exception of the provision for deferred tax liabilities in connection with the revaluation and depreciation of tangible fixed assets.

The provision for post-employment benefits is stated in accordance with Guideline for Annual Reporting RJ 271 (Employee Benefits). The MCB Group has several pension plans. The Dutch pension plan is funded by contributions paid to the insurance company. The foreign pension plans are structured and operated in ways that are comparable to the workings of the Dutch pension system. The retirement benefit obligations under both the Dutch and the foreign plans are measured on the basis of the 'obligations to the pension plan administrator' approach, which means that the contributions payable to the pension plan administrator are recorded as an expense in the income statement. A provision is made for any obligations to the pension plan administrator.

The provision for restructuring costs covers costs relating directly to initiated reorganizations. A provision for restructuring costs is recognized when a detailed formal plan for the restructuring has been developed and communicated to those concerned or affected.

The other provisions relate to long-service benefits and obligations on account of claims, disputes and legal proceedings. Actuarial calculations of long-service benefits are made each year by an external actuary on the basis of the projected unit credit method. Actuarial gains and losses are recognized in the income statement each year. The provision for long-service benefits is stated at the present value of the benefits expected to be paid during the employment. Factors taken into account in calculating the provision include expected salary increases and the likelihood of employees staying with the company. The provision is discounted using a discount rate of 0.55%.

## Liabilities

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial liabilities are added to the fair value on initial recognition. After initial recognition, financial liabilities are measured at amortized cost, being the amount received including any premium or discount and after deduction of transaction costs.

## Recognition and measurement of income and expenses

### General

Profit/loss is determined as the difference between the net realizable value of the goods/services provided and the costs and other charges during the year. Profits and losses on transactions are recognized in the year of occurrence.

Profit/loss is also determined taking into account unrealized changes in fair value of:

- investment properties;
- securities included in current assets;
- derivative financial instruments not designated as hedging instruments.

### Net sales

Net sales represent the proceeds generated by goods delivered to customers during the financial year, less discounts and sales tax. Proceeds from the sale of goods are recognized when all significant risks and rewards of ownership have passed to the buyer. The cost of acquisition of those goods is allocated to the same period.

## Cost of sales

Cost of sales represents the direct and indirect costs attributable to sales, including the costs of raw materials and consumables used, the costs of subcontracted work and other external costs, staff costs, depreciation/amortization charges and other operating costs to the extent that these are directly attributable to the cost of sales. The cost of sales is determined on a historical cost basis (weighted average purchase prices).

## Selling expenses and general administrative expenses

Selling expenses and general administrative expenses are those expenses incurred during the year that are not directly attributable to the cost of goods supplied.

## Amortization of intangible fixed assets and depreciation of tangible fixed assets

Intangible fixed assets, including goodwill, are amortized and tangible fixed assets are depreciated over their expected future useful lives from the date they are put into use. Land is not depreciated. Any change in the expected future useful life of an asset will be reflected in the future amortization or depreciation charges. Book profits and losses from one-time sales of tangible fixed assets are included in the depreciation charges.

## Employee benefits

### General

Wages, salaries and social security contributions under the terms and conditions of employment are recognized in the income statement to the extent that they are owed to employees.

### Post-employment benefits

The MCB Group recognizes all pension plans according to the liability approach. The pension contribution due for the reporting year is recorded as an expense. Changes in the provision for post-employment benefits are also recognized in the income statement. For more information about this and about the accounting for pension plans of foreign subsidiaries, please refer to the section on the provision for post-employment benefits under 'Recognition and measurement of assets, equity and liabilities'.



# General accounting policies

## Financial income and expense

### Interest income and interest expense

Interest income and interest expense are recognized on an accrual basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognizing interest expense, allowance is made for transaction costs on loans received.

### Exchange differences

Exchange differences arising upon the settlement or translation of monetary items are recognized in the income statement in the period in which they arise, unless hedge accounting is applied.

## Taxes

Taxes on profit are based on the tax rate applicable for the financial year, account being taken of timing and permanent differences between the profit shown in the financial statements and the profit calculated for tax purposes.

## Income from investees

Income from an investee is the amount by which the carrying amount of the investee has changed compared to the previous financial statements as a result of the results achieved by the investee to the extent that these are allocated to MCB International BV.

## Financial risk management

### Price risk

#### Foreign exchange risk

The MCB Group operates primarily in the European Union. The foreign exchange risk to which the MCB Group is exposed relates mainly to positions and future transactions in US dollars. On the basis of a risk analysis, the Board of Management of the MCB Group has decided to hedge a portion of this foreign exchange risk exposure by means of forward exchange contracts which are primarily used to hedge outstanding purchase commitments denominated in US dollars.

### Interest rate risk and cash flow risk

The MCB Group is exposed to interest rate fluctuations on interest-bearing receivables and interest-bearing current and non-current liabilities (including liabilities to banks). As regards receivables and liabilities bearing variable interest rates, the MCB Group is exposed to variability in future cash flows, and as regards fixed-rate receivables and liabilities it is exposed to fair value fluctuations as a result of changes in the market interest rate. The exposure to the interest rate risk on receivables is not hedged by financial derivative instruments. To hedge certain fixed-rate liabilities, the MCB Group has entered into interest rate swaps as a result of which it pays a fixed rate and receives a variable rate.

### Metal prices

In a situation where metal prices fluctuate strongly, the MCB Group is exposed to price risks. These risks are carefully assessed as part of the purchasing strategy and actual purchases are made on the basis of this assessment. It is the MCB Group's policy to hedge 40% of the price risk of aluminium and nickel.

## Credit risk

The MCB Group has no significant concentrations of credit risk. Sales are made to customers that meet the MCB Group's creditworthiness criteria. In principle, the credit periods given to customers range from 8 to 90 days, although longer credit periods can be granted in case of larger orders, in which case additional security is requested, for example in the form of suretyships or guarantees.

Cash and cash equivalents are held with 'A' or better rated banks.

### Liquidity risk

The MCB Group maintains credit lines with several banks. Where necessary, additional security is provided to the bank for the available credit facilities.

# Notes to the consolidated balance sheet and income statement

## Intangible fixed assets

1

Amounts in thousands of euros

Summary of changes during the year:

Historical or production cost  
Accumulated impairment losses and amortization

**Carrying amount at 1 January 2020**

Reclassification  
Capital expenditure  
Disposals  
Amortization  
Amortization of disposals

Historical or production cost  
Accumulated impairment losses and amortization

**Carrying amount at 31 December 2020**

Amortization to 31 December 2020  
Annual amortization rate

Intangible fixed assets under construction	software	goodwill	total
626	37,212	3,474	41,312
-	-33,383	-2,070	-35,453
626	3,829	1,404	5,859
-626	626	-	-
480	1,006	-	1,486
-	-502	-	-502
-	-1,363	-185	-1,548
-	502	-	502
480	38,342	3,474	42,296
-	-34,244	-2,255	-36,499
480	4,098	1,219	5,797
-	34,243	2,255	36,498
-	20%-33%	5%-10%	

In connection with expected economic benefits over a period of more than 5 years, a longer amortization period is used for capitalized goodwill. The costs of intangible fixed assets under construction relate to the development of software applications for internal use.

## Tangible fixed assets

2

Amounts in thousands of euros

Summary of changes during the year:

Historical or production cost  
Accumulated impairment losses and depreciation

**Carrying amount at 1 January 2020**

Reclassification  
Capital expenditure  
Disposals  
Depreciation  
Depreciation of disposals  
Historical or production cost  
Accumulated impairment losses and depreciation  
Carrying amount at 31 December 2020  
Depreciation to 31 December 2020  
Annual depreciation rate

land and buildings	machinery and equipment	other fixed operating assets	tangible fixed assets under construction	unproductive assets	total
93,801	29,426	39,002	2,838	6,231	171,298
-44,845	-24,312	-30,179	-	-2,835	-102,171
48,956	5,114	8,823	2,838	3,396	69,127
1,112	367	661	2,128	-	12
4,624	258	2,223	3,844	-	10,949
-2,177	-1,263	-3,362	-	-	-6,802
-2,038	-786	-2,208	-	-	-5,032
1,924	1,263	3,341	-	-	6,528
97,360	28,788	38,524	4,554	6,231	175,457
-44,959	-23,835	-29,046	-	-2,835	-100,675
52,401	4,953	9,478	4,554	3,396	74,782
44,961	23,835	29,032	-	2,835	100,663
0%-20%	4%-33%	4%-50%	-	0%	

Notes to the consolidated balance sheet and income statement

The commercial properties leased out, consisting of buildings with grounds, are to be regarded as investment properties that are held to earn rent and capital gains and are therefore ‘unproductive assets’ (i.e. not used in the MCB Group's operations). The lease for the commercial property in Valkenswaard runs until 31 December 2023.

The property investments are valued at historical cost less annual straight-line depreciation over the estimated useful life of the buildings. The rental income (including service charges) earned in 2020 was €268.

The land and building of Agimob NV is encumbered with a mortgage as security for the loan agreement.

Inventories	3	Amounts in thousands of euros	
		31-12-2020	31-12-2019
Finished products and goods for resale		103,296	124,139
Prepaid inventories		2,278	5,981
		105,574	130,120

The carrying amount of the inventories of finished products and goods for resale valued at lower market value was €2,202 (2019: €38,549) at the balance sheet date.

Receivables	4	Amounts in thousands of euros
The amount of €5,542 (2019: €6,336) recognized as other receivables consists primarily of tax receivables (€234), prepayments (€645) and supplier bonuses receivable (€3,990). The corresponding figures for 2019 were €1,394, €0 and €4,014 respectively. Most receivables fall due within one year.		

Cash and cash equivalents	5
Cash and cash equivalents are readily available.	

Group equity	6
Legal entity’s share of group equity	
Please refer to the note on equity in the company financial statements for information on the legal entity's share of group equity.	

Provisions

7

Amounts in thousands of euros

Summary of changes during the year:

	post-employment benefits	deferred tax liabilities	restructuring provision	other provisions	total
Balance at 1 January 2020	80	10,635	219	3,115	14,049
Change in corporation tax rate	-	832	-	-	832
Addition	-	342	1,800	146	2,288
Unwinding of the discount	-	-239	-	42	-197
Withdrawals	-38	-1,913	-71	-33	-2,055
Release	-	-	-	-95	-95
Reclassification	-	-	-148	-	-148
<b>Balance at 31 December 2020</b>	<b>42</b>	<b>9,657</b>	<b>1,800</b>	<b>3,175</b>	<b>14,674</b>

Expected timing of outflow of provisions		Amounts in thousands of euros				
The expected timing of outflow of provisions is as follows:						
		post-employment benefits	deferred tax liabilities	restructuring provision	other provisions	total
Settlement within 1 year		-	6,151	-	244	6,395
Settlement after 1 to 5 years		42	1,358	1,800	2,245	5,445
Settlement after more than 5 years		-	2,148	-	686	2,834
<b>Balance at 31 December 2020</b>		42	9,657	1,800	3,175	14,674

The other provisions at 31 December 2020 relate to long-service benefits and obligations on account of claims, disputes and legal proceedings.

The expected timing of outflow of the provisions for post-employment benefits and the provisions for claims, disputes and legal proceedings is more than one year. The provisions are stated at nominal value rather than present value because of the non-material amount of the provisions.





Notes to the consolidated balance sheet and income statement

Non-current liabilities



Amounts in thousands of euros

Summary of changes during the year:

Balance at 1 January 2020
New financing arrangement
Repayments
Interest accrual/amortization
Translation gains/losses
<b>Balance at 31 December 2020</b>

Long-term loan

-
<b>6,853</b>
<b>-316</b>
-
-
<b>6,537</b>

Remaining terms of non-current liabilities

Amounts in thousands of euros

The remaining terms of non-current liabilities are as follows:

Repayment within 1 year
Repayment after 1 to 5 years
Repayment after more than 5 years
<b>Balance at 31 December 2020</b>

Long-term loan

<b>480</b>
<b>2,000</b>
<b>4,057</b>
<b>6,537</b>

The current portion of non-current liabilities (maturing within 12 months of the end of the financial year) as explained above are classified under current liabilities.

All loans are denominated in euros.

Current liabilities



Amounts in thousands of euros

The amount of €24,496 (2019: €19,927) recognized as taxes and social security contributions consists primarily of VAT payable (€18,782), wage tax and national insurance contributions payable (€2,204) and corporation tax payable (€2,937). The corresponding figures for 2019 were €16,581, €2,207 and €646 respectively. All current liabilities fall due within one year.

MCB arranged an operating capital facility of €110,000 with a consortium of three banks. The underlying covenant provides for a minimum net worth (equity less intangible fixed assets) of €90,000.

The interest rate payable on the operating capital facility is equal to Euribor plus a margin of 0.8%.

Assets and liabilities not included in the balance sheet

Amounts in thousands of euros

In order to achieve the best possible financial structure and profitability, a new group structure (MCB Group) was created in 2003 with retroactive effect to 1 January 2003, which involved the transfer of MCB Nederland to a silent partnership. The structure change was agreed with all shareholders involved and recorded in the shareholder agreement. This agreement ensures that the control interests and profit entitlement remain unchanged compared to the situation before 1 January 2003. The Dutch Tax and Customs Administration was consulted about the structure change. The intention is to terminate the structure in due course and to revert to the situation as it existed prior to 2003.

The MCB Group has leased out an immovable property. The annual rent payable by third parties totals €271. The remaining term of the underlying lease is 3 years. Lease commitments of third parties expiring between 2022 and 2025 total €542. Lease commitments after 2025 total €0.

The annual rent payable to third parties for immovable property leases amounts to €1,909. The remaining terms of the underlying leases range from 3 months to 9 years. Lease commitments to third parties expiring between 2022 and 2025 total €3,934. Lease commitments after 2025 total €665.

Commitments entered into with third parties for software support & maintenance represent an annual amount of €1,618. €1,567 of the total commitments is due to be settled in less than one year and €3,260 is due to be settled within one to five years. There are no commitments to be settled after more than five years.

The MCB Group has entered into commitments for the purchase/maintenance of machinery and warehouse fixtures and fittings for a total amount of €533.

Operating lease liabilities amounted to €9,518 at the end of the financial year. €1,936 of this amount falls due in less than one year, €5,557 within one to five years, and the balance of €2,024 after more than five years. A total amount of €2,210 of leasing costs was charged to the income statement in 2020.

A finance lease was taken out for the lease of an automated warehouse for Testas. The term of the lease is 10 years. The total leasing fee is €2,263. €203 of this leasing fee falls due in less than one year, €852 within one to five years, and the balance of €1,208 after more than five years.

Letters of credit for a total of €3,658 were outstanding at year end 2020 (2019: €8,366).

The MCB Group has entered into interest rate swaps for an aggregate notional principal amount of €12,000. These swaps are used to convert the variable interest rates charged on loans to fixed interest rates. The contracts have maturities ending in 2023. At 31 December 2020, interest was payable at rates ranging from 0.47% to 0.49%. A variable rate applies to the interest receivable. The fair value of interest rate derivatives as at 31 December 2020 was a negative amount of €150.

At the end of the financial year, invoices for a total amount of €4,635 had been received for goods for resale that had not yet been received. These invoices remained unpaid at the balance sheet date.

As security for the repayment of the debts to banks, an undisclosed pledge has been created on trade receivables, inventories, bank accounts and movable property.



# Notes to the consolidated balance sheet and income statement

## Net sales

10

Amounts in thousands of euros

Net sales consist almost entirely of goods sold within Europe. Net sales in the Netherlands amounted to €396,236 (2019: €437,026) and net sales in other countries to €252,709 (2019: €281,194). Approximately 44% of net sales were accounted for by flat carbon steel products (2019: 44%), 35% by stainless steel products (2019: 35%) and the remaining 21% by other (metal) products.

## Staff

Amounts in thousands of euros

	2020	2019
Comparative totals of wages, salaries and social security contributions:		
Wages and salaries	46,316	44,654
Social security contributions	7,890	7,919
Pension costs	3,821	3,615
Other staff costs	5,376	6,016
	<b>63,403</b>	<b>62,204</b>

The total amount of staff costs of €63,403 (2019: €62,204) is recognized in the income statement as follows: €32,413 (2019: €30,326) has been included in cost of sales, €16,902 (2019: €18,056) in selling expenses and €14,088 (2019: €13,822) in general administrative expenses. The average number of employees was 892 in 2020 (2019: 885). Staff numbers can be broken down by activity as follows: sales 210 (2019: 230), warehousing and transport 397 (2019: 399), production 129 (2019: 131) and other 156 (2019: 125). The average number of employees outside the Netherlands was 154 (2019: 147).

## Financial income and expense

11

Amounts in thousands of euros

	2020	2019
Interest income and similar income	3	65
Interest expense and similar charges	-357	-454
Exchange differences	-636	-1,066
	<b>-990</b>	<b>-1,455</b>

## Taxes

12

Amounts in thousands of euros

The amount of €25,176 in taxes on profit can be broken down as follows:			
	2020	2019	
Profit before tax	25,176	21,799	
Deferred corporation tax liabilities	-981	-2,059	
Immediate corporation tax liabilities for the current financial year	8,019	9,129	
Corporation tax payable/receivable for previous financial years	-3	5	
<b>Taxes on profit</b>	<b>7,035</b>	<b>7,075</b>	
Effective tax rate	27,9%	32,5%	
Applicable tax rate	25,4%	27,4%	

The applicable tax rate is based on the relative proportion of the group companies' contribution to the result and the tax rates ruling in the countries concerned.

The effective tax rate differs from the applicable tax rate due to the following:

## Taxes

11

Amounts in thousands of euros

	2020	2019	
Profit before tax	25,176	-	21,799
<b>Applicable tax burden</b>	<b>6,294</b>	<b>25,0%</b>	5,450 25,0%
Tax rate differences for foreign investees	84	0,3%	613 2,8%
Tax rate adjustment for deferred taxes	832	3,3%	548 2,58%
<b>Deferred tax adjustments relating to previous years</b>	<b>-12</b>	<b>0,0%</b>	-507 -2,3%
Discounting deferred tax balances	-240	-1,0%	551 2,5%
Non-deductible costs	1	0,0%	1 0,0%
Partly deductible costs	36	0,1%	37 0,2%
Amortization of goodwill	40	0,2%	40 0,2%
Adjustments for previous years	-	0,0%	342 1,6%
	<b>741</b>	<b>2,9%</b>	1,625 7,5%
<b>Effective tax burden</b>	<b>7,035</b>	<b>27,9%</b>	7,075 32,5%

The effective tax rate differs from the previous year's rate mainly due to changes in deferred tax balances, tax rate differences and adjustments for previous years.

## Auditor fees

The fees payable to the independent external auditor and the audit firm charged to the income statement in the year under review totalled €574 (2019: €314). These fees relate to the audit of the financial statements for the 2020 financial year, regardless of whether the work was undertaken during the financial year. This amount can be broken down as follows:

	2020	2019
Audit of the financial statements	265	249
Other audit procedures	-	-
Tax consultancy services	10	10
Other non-audit services	299	55
	<b>574</b>	<b>314</b>



# Company balance sheet before appropriation of net income

Assets	31-12-2020	31-12-2019
Amounts in thousands of euros		
<b>Fixed assets</b>		
Intangible fixed assets <sup>1</sup>	1,214	1,375
Financial fixed assets <sup>2</sup>		
Investees	175,161	173,469
<b>Current assets</b>		
Receivables <sup>3</sup>		
Group companies	-	8,194
Other receivables	449	727
	449	8,921
Cash and cash equivalents <sup>4</sup>	805	238
	177,629	184,003

<sup>1</sup> See note on page 53  
<sup>2</sup> See note on page 54  
<sup>3</sup> See note on page 54  
<sup>4</sup> See note on page 54

Liabilities	31-12-2020	31-12-2019
Amounts in thousands of euros		
<b>Equity <sup>5</sup></b>		
Paid-up capital	3,587	3,587
Share premium	1,685	1,685
Revaluation surplus	25,045	26,149
Other statutory reserves	34	-
Other reserves	97,831	94,040
Unappropriated net income after tax	18,141	14,724
	146,323	140,185
<b>Provisions</b>		
Deferred tax liabilities	51	74
Restructuring provision	1,800	-
Other provisions	53	47
	1,904	121
<b>Non-current liabilities</b>		
Banks	-	-
<b>Current liabilities</b>		
Banks	5,386	39,807
Group companies	18,371	-
Taxes and social security contributions	988	155
Other liabilities	4,657	3,735
	29,402	43,697
	177,629	184,003

<sup>5</sup> See note on page 54



# Company income statement



	Amounts in thousands of euros	
	2020	2019
Net income after tax	-2,592	-2,244
Income from investees after tax	20,733	16,968
Net income after tax	18,141	14,724

# Notes to the company balance sheet and income statement

## General

The company financial statements have been prepared in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code and the authoritative statements included in the Dutch Guidelines for Annual Reporting published by the Dutch Accounting Standards Board. The accounting policies for the company financial statements are the same as those for the consolidated financial statements. Investments in group companies are carried at underlying net asset value, calculated in accordance with the accounting policies applied in the consolidated financial statements. For details of the accounting policies used, please refer to the notes to the consolidated balance sheet and income statement on pages 37 to 42.

MCB International BV heads a single tax entity for corporation tax purposes which consists of all the Dutch group companies. Accordingly, the company and the other Dutch group companies are jointly and severally liable for the tax debt of the single tax entity as a whole. The corporation tax liability is allocated among the group companies within the single tax entity.

## Intangible fixed assets

	Amounts in thousands of euros	
Summary of changes during the year:	goodwill	
Carrying amount at 1 January 2020	1,375	
Amortization	-161	
Carrying amount at 31 December 2020	1,214	
Amortization to 31 December 2020	2,023	
Annual amortization rate	5%	

In connection with expected economic benefits over a period of more than 5 years, a longer amortization period is used for capitalized goodwill.





# Notes to the company balance sheet and income statement

Financial fixed assets	2	Amounts in thousands of euros
Summary of changes in investees:	2020	2019
Value at 1 January	173,469	166,964
Income for the financial year	20,733	16,968
Dividends	-19,394	-10,492
Direct changes in equity of investees	-3	81
Credited/debited to intercompany account	356	-52
Value at 31 December	175,161	173,469

The statement of accounting policies contains a listing of the investees of MCB International BV at 31 December 2020.

Receivables	3	Amounts in thousands of euros
Related parties		
Interest was charged on outstanding balances between group companies at a rate equal to the one-month Euribor rate plus a margin. The amount of interest paid was €803 (2019: €410), the amount of interest received was €1,393 (2019: €1,693) and the management fee received was €3,338 (2019: €2,925).		

Other receivables	
The amount of €449 (2019: €727) recognized as other receivables consists primarily of tax receivables (€0) and capitalized financing costs (€223). The corresponding figures for 2019 were €251 and €192 respectively. Most receivables fall due within one year.	

Cash and cash equivalents	4	Amounts in thousands of euros
Cash and cash equivalents are readily available.		

Remuneration and emoluments	Amounts in thousands of euros
The remuneration of the members of the Board of Management, both current and past, totalled €1,461 in the 2020 financial year (2019: €1,730). The remuneration consists of periodic payments, such as salaries, social security contributions, expense allowances and reimbursements, and the provision of a car. Other benefits included in this amount are bonuses and payments that will become payable in the future, such as pensions and other post-employment benefits. Emoluments paid to members of the Supervisory Board totalled €138 in 2020 (2019: €144). MCB International BV aims to achieve a balanced division of seats on the Board of Management and the Supervisory Board while also ensuring the high quality of its governing bodies.	

Equity	5	Amounts in thousands of euros
The authorized capital stands at €8,354: €6,992 is represented by ordinary shares, €1,317 by convertible ordinary shares (class B shares) and €45 by priority shares. €2,225 of the paid-up capital is represented by ordinary shares, €1,317 by convertible ordinary shares (class B shares) and €45 by priority shares. All shares have a par value of €1. The convertible ordinary shares (class B shares) can be converted into ordinary shares on a 1-for-1 basis.		

Equity	5	Amounts in thousands of euros
Paid-up capital	2020	2019
Capital paid up at 1 January	3,587	3,587
Capital paid up at 31 December	3,587	3,587
Share premium		
Balance at 1 January	1,685	1,685
Balance at 31 December <sup>1)</sup>	1,685	1,685
Revaluation surplus		
Balance at 1 January	26,149	26,516
Change in corporation tax rate	-392	-326
Realized revaluation <sup>2)</sup>	-712	-556
Adjustments for previous years	-	515
Balance at 31 December	25,045	26,149
Other statutory reserves		
Balance at 1 January	-	-
Changes in the reserve for capitalized research and development costs	34	-
Balance at 31 December	34	-
Other reserves		
Balance at 1 January	94,040	89,198
Change in corporation tax rate	392	326
Previous financial year's net income after tax	14,724	16,394
Changes in statutory reserves	-34	-
Dividend payment	-12,000	-12,000
Realized revaluation	712	556
Miscellaneous	-3	-434
Balance at 31 December	97,831	94,040
Unappropriated net income		
Balance at 1 January	14,724	16,394
Unappropriated net income from the previous financial year	-14,724	-16,394
Net income after tax for the financial year	18,141	14,724
Balance at 31 December	18,141	14,724

<sup>1)</sup> For tax purposes, share premium is treated as paid-up capital  
<sup>2)</sup> Realized revaluations are taken directly to the other reserves

**Assets and liabilities not included in the balance sheet**  
For information on assets and liabilities not included in the balance sheet, please refer to the notes to the consolidated financial statements on page 47.





**Proposed appropriation of net income for the 2020 financial year**

The Board of Management, with the approval of the Supervisory Board, proposes that the General Meeting of Shareholders resolve to pay a dividend of €3,000 to the shareholders in addition to the interim dividend already paid and to add the balance of €15,141 to the other reserves. This proposal is not yet reflected in the financial statements.

An amount of €12,000 in dividend was paid from the other reserves in the 2020 financial year. This represented the balance of the dividend for 2019 (initially recognized as a liability) and the interim dividend paid for 2020.

**Staff**

The average number of employees was 14 in 2020 (2019: 13). The average number of employees outside the Netherlands was 0 (2019: 0).

**Supervisory Board**

A.G. Fortanier (Chairman)  
W.T.J. Das  
G.M.J. van Kempen  
G.L.P.M. Duijmelings

**Board of Management**

B. Schildkamp (Chairman)  
E.J.G. van Boxtel

Valkenswaard, 15 April 2021

**Auditor’s report**

The auditor’s report is set out below.

**Appropriation of net income as per the Articles of Association**

Article 13 of the company’s Articles of Association provides as follows with regard to the appropriation of net income: The Supervisory Board and the Board of Management are jointly authorized to determine which part of the net income is to be allocated to reserves and how such reserves are to be used. The General Meeting of Shareholders decides about the appropriation of any profit or loss remaining after this authority has been exercised.

**Appropriation of net income for the 2019 financial year**

The financial statements for 2019 were adopted and a resolution approving the proposed appropriation of net income was passed at the General Meeting of Shareholders held on 14 May 2020.





# Independent auditor's report

To the General Meeting and the Supervisory Board of MCB International BV

## Report on the financial statements 2020

### Our opinion

In our opinion, the financial statements of MCB International BV ('the company') give a true and fair view of the financial position of the company and the group (the company and its subsidiaries) at 31 December 2020, and of its result for the year then ended, in accordance with Title 9 of Book 2 of the Dutch Civil Code.

### What we have audited

We have audited the accompanying financial statements 2020 of MCB International B.V. in Valkenswaard. The financial statements include the consolidated financial statements of the group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheets at 31 December 2020;
- the consolidated and company income statements for 2020; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Title 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. Our responsibilities under those provisions and standards are described under the heading 'Our responsibilities for the audit of the financial statements'. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of MCB International BV as required by the Audit Firms (Supervision) Act (Wet toezicht accountantsorganisaties or Wta), the Assurance Engagements (Independence of Accountants) Regulation (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten or ViO) and other relevant independence

requirements in the Netherlands. We have also complied with the Regulation on Rules of Professional Conduct and Practice of Accountants (Verordening gedrags- en beroepsregels accountants or VGBA).

## Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the corporate profile and key figures;
- the report of the Supervisory Board;
- the report of the Board of Management;
- the operating companies;
- the other information;
- the five-year summary.

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 the information that is required by Title 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and 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 Title 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of these procedures is substantially less than the scope of those performed in our audit of the financial statements.

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Title 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the Board of Management 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 Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned above, the Board of Management should prepare the financial statements using the going concern basis of accounting, unless the Board of Management intends to liquidate the company or to cease operations, or has no realistic alternative but to cease operations. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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 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 means that our audit may not detect all material misstatements.

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 economic decisions made by users on the basis of the financial statements. The 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 auditor's report.

Eindhoven, 15 April 2021  
PricewaterhouseCoopers Accountants N.V.

Original copy signed by:  
drs. J.J.T. van Kessel RA



# Appendix to our auditor's report on the financial statements 2020 of MCB International BV

In addition to the information provided in our auditor's report, this appendix describes in greater detail our responsibilities for the audit of the financial statements and explains 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 included, inter alia:

- 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 omission of transactions from records or documents, intentional misrepresentation, or the 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 the accounting policies used and evaluating the reasonableness of estimates by the Board of Management and the related disclosures in the financial statements.
- Concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether there are events 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 relevant related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- Evaluating the 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, 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 the group entities or the activities, the accounting processes and internal controls, and the industry in which the company operates. On this basis, we selected group entities for which an audit or review of financial information or specific account balances was considered necessary.

We communicate with the Supervisory Board about, inter alia, 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.



# Five-year summary

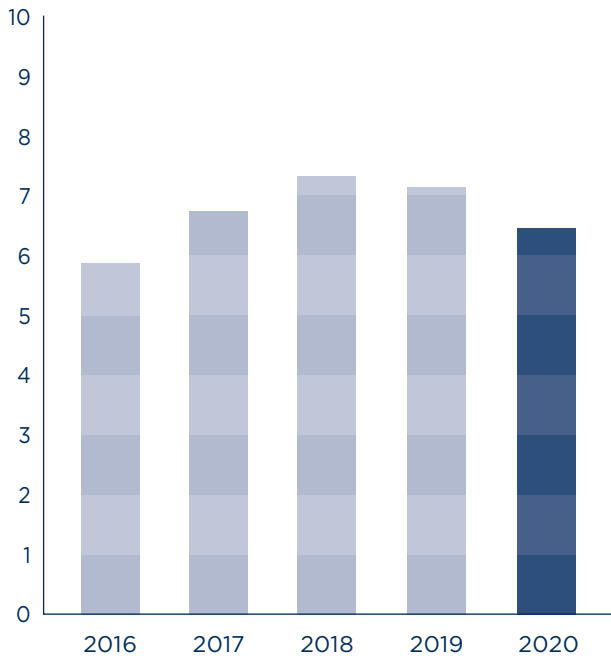
Five-year summary

Amounts in thousands of euros

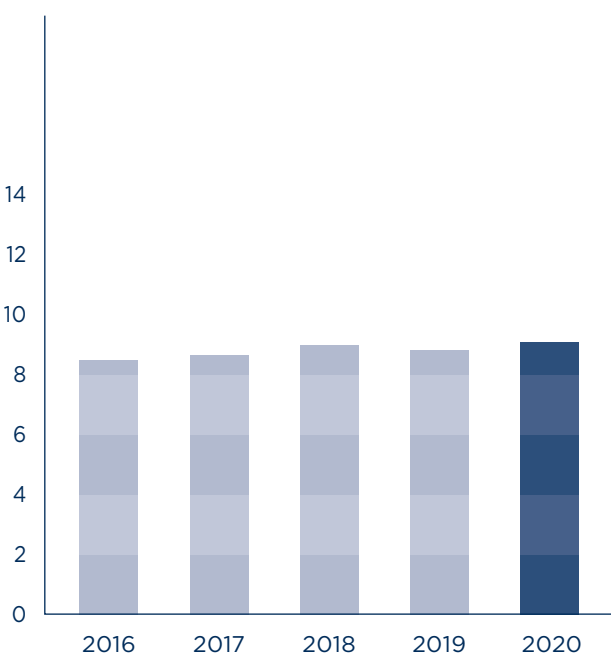
	2020	2019	2018	2017	2016
<strong>General</strong>					
Net sales	<strong>648,945</strong>	718,220	739,247	685,283	585,157
Net profit	<strong>26,166</strong>	23,254	24,766	30,977	23,975
Net income after tax	<strong>18,141</strong>	14,724	16,394	20,460	14,938
Depreciation/amortization	<strong>6,580</strong>	6,201	5,473	5,875	9,532
Average number of employees	<strong>892</strong>	885	888	838	822
Sales per employee	<strong>728</strong>	812	832	818	712
Net income after tax per employee	<strong>20</strong>	17	19	24	18
Capital expenditure	<strong>12,435</strong>	8,837	6,915	6,835	10,539
Tangible fixed assets at year end	<strong>74,782</strong>	69,127	67,674	66,374	70,402
Group equity <sup>1)</sup>	<strong>146,323</strong>	140,185	137,380	137,136	127,385
Total assets	<strong>267,851</strong>	291,043	300,863	299,709	259,703
<strong>Solvency ratio</strong>					
Group equity as a percentage of total assets at year end	<strong>54,6%</strong>	48,2%	45,7%	45,8%	49,1%
<strong>Liquidity</strong>					
Current ratio	<strong>1,9</strong>	1,6	1,5	1,5	1,5
<strong>Profitability</strong>					
Net income after tax as a percentage of group equity	<strong>12,4%</strong>	10,5%	11,9%	14,9%	11,7%
Net income after tax as a percentage of net sales	<strong>2,8%</strong>	2,1%	2,2%	3,0%	2,6%

<sup>1)</sup> Before deduction of the proposed dividend distribution

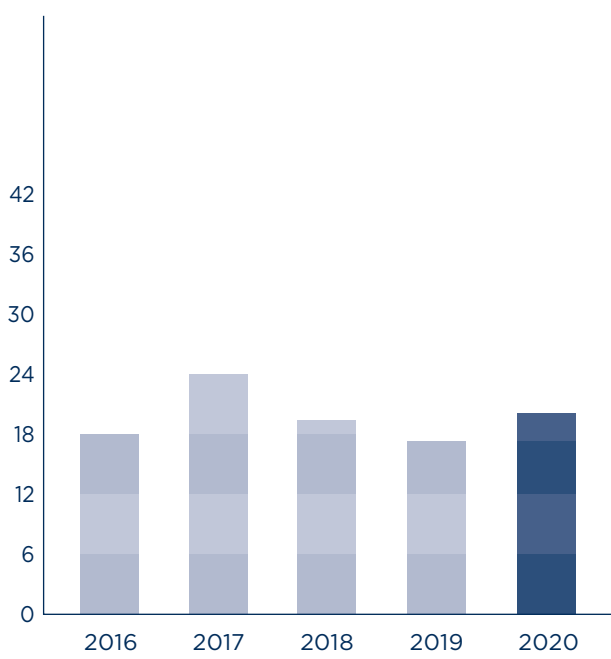
Net sales x € 100,000,000



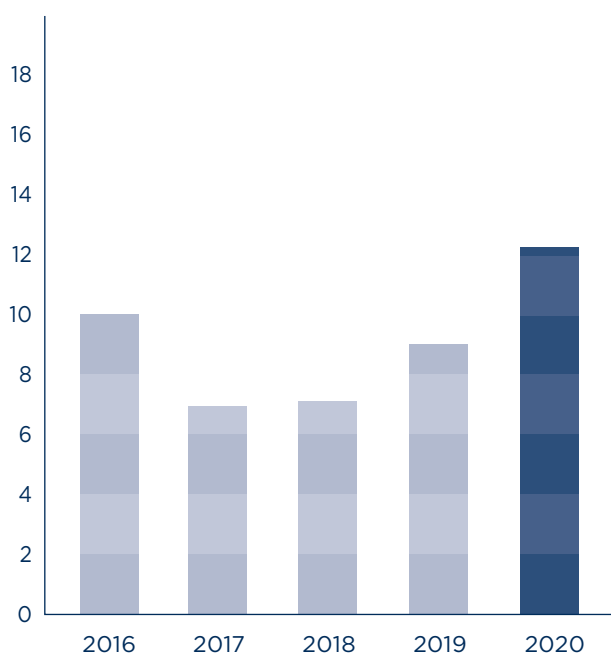
Average number of employees x 100



Net income after tax per employee x € 1,000



Capital expenditure x € 1,000,000



# List of operating companies

## The Netherlands

### MCB Nederland BV

Board of Management  
Address J.F. Kennedylaan 59, Valkenswaard  
Postbus 2, 5550 AA Valkenswaard  
Telephone +31 (0)40 2088333  
Email info@mcb.nl  
Website www.mcb.eu

### MCB Specials BV

Board of Management  
Address Damsluisweg 60, Almere  
Postbus 30255, 1303 AG Almere  
Telephone +31 (0)36 5495151  
Email info@mcbspecials.eu  
Website www.mcbspecials.eu

### MCB Direct BV

Board of Management  
Address J.F. Kennedylaan 59, Valkenswaard  
Postbus 2, 5550 AA Valkenswaard  
Telephone +31 (0)40 2088400  
Email info@mcbdirect.eu  
Website www.mcbdirect.eu

### MCB Business & Information Services BV

Board of Management  
Address J.F. Kennedylaan 59, Valkenswaard  
Postbus 194, 5550 AD Valkenswaard  
Telephone +31 (0)40 2088900  
Email informationservices@mcb.nl  
Website www.mcb.eu

### MCB Central Europe BV

Board of Management  
Address J.F. Kennedylaan 59, Valkenswaard  
Postbus 2, 5550 AA Valkenswaard  
Telephone +31 (0)40 2088333  
Email centraleurope@mcb.nl  
Website www.mcb.eu

## Belgium

### MCB Belgique SA/MCB België NV

Directors B. Wouters and E.J.G. van Bortel  
Address Rue J.L. Defrêne 107, 4340 Awans  
Telephone +32 (0)4 2396611  
Email info@mcb.be  
Website www.mcb.eu

### MétalSERVICE SA

Director I. Verheyden  
Address Rue J.L. Defrêne 107, 4340 Awans  
Telephone +32 (0)4 2396623  
Email awans@metalservice.be  
Website www.metalservice.be

### Testas NV

Directors I. Verheyden, A. Heirstrate, M. Le Grelle en E.J.G. van Bortel  
Address Jacobsveldweg 12, 2160 Wommelgem  
Telephone +32 (0)3 3552060  
Email info@testas.be  
Website www.testas.be

## France

### TS Métaux SAS

Director I. Verheyden  
Address 45, avenue de L'Europe  
Bâtiment 11, 59223 Roncq  
Telephone +33 (0)320463040  
Email info@tsmetaux.fr  
Website www.tsmetaux.fr

## Germany

### MCB Deutschland GmbH

Board of Management  
Address J.F.M. Boonen and E.J.G. van Bortel  
Bussardweg 18 Neuss  
Postfach 210353, 41429 Neuss  
Telephone +49 (0)2131 31310  
Email verkauf@mcbdeutschland.de  
Website www.mcb.eu

### SM StrukturMetall GmbH & Co. KG

Board of Management  
Address Strukturmetall Verwaltung GmbH  
Moosbachstraße 22, 74626 Bretzfeld-Schwabbach  
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Email info@strukturmetall.de  
Website www.strukturmetall.de



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Email	<b><a href="mailto:international@mcb.nl">international@mcb.nl</a></b>
Website	<b><a href="http://www.mcbgroup.eu">www.mcbgroup.eu</a></b>