

Snap-on Investment Limited

Annual Report and Financial Statements

For the year ended

31 December 2019

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Snap-on Investment Limited

Annual Report and Financial Statements for the year ended 31 December 2019

| Contents | Page |
|--|-------------|
| Officers and professional advisers | 1 |
| Strategic report | 2 |
| Directors' report | 4 |
| Directors' responsibilities statement | 6 |
| Independent auditor's report | 7 |
| Profit and loss account | 12 |
| Balance sheet | 13 |
| Statement of changes in equity | 14 |
| Notes to the financial statements | 15 |

Snap-on Investment Limited

Officers and Professional Advisers

DIRECTORS

S K Bartels
J F Kostrzewa

COMPANY SECRETARIES

J F Kostrzewa
Abogado Nominees Limited

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA

BANKERS

Citibank, N.A.
Citigroup Centre 2
25 Canada Square
Canary Wharf
London
E14 5LB

AUDITOR

Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

Snap-on Investment Limited

Strategic Report

The directors, in preparing this Strategic Report, have complied with s414c of the Companies Act 2006.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out in the profit and loss account section. Activity year on year has varied, with nil tax charge in the current year, compared to a tax charge of £5,780,700 in the previous year following a loan note assignment. Other activity has been broadly similar, with similar minor interest on intercompany loans, and audit and tax fees.

Future developments for the company are envisaged to be broadly similar to current activity, being that of an investment holding company, and is expected to continue like this with no significant change in the scope of operations.

On 7th August 2019, Snap-on Incorporated announced that it had acquired Cognitran Limited. Based in Chelmsford, United Kingdom, Cognitran specialises in flexible, modular, and highly scalable 'Software as a Service' (SaaS) products for original equipment manufacturer customers and their dealers, and the acquisition enhances Snap-on's capabilities in providing shop efficiency solutions through integrated upstream services to OEM customers in automotive, heavy duty, agricultural and recreational applications.. The purchase of Cognitran Limited was by Snap-on Business Solutions Limited for £25,402,250, with transactions to facilitate the purchase made via various Snap-on companies, including Snap-on Investment Limited and SNA Solutions UK Limited. On 7th August 2019, Snap-on Investment Limited borrowed £25,402,250 from Snap-on Lendco Singapore Pte. Ltd to contribute to SNA Solutions UK Limited who, at the same time, contributed the same amount to Snap-on Business Solutions Limited in order to facilitate the purchase of Cognitran Limited.

On 24th December 2019, via a deed of debt assignment, Snap-on Lendco LLC assigned £28,876,877 of debt owed by Snap-on Investment Limited to Snap-on Lendco Singapore Pte. Ltd.

On 26th March 2020, the assigned debt of £28,876,877, together with the initial loan of £25,402,250, was refinanced into a new loan agreement not exceeding £60,000,000, with a principal amount loaned of £54,279,127 by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited, and with a security of a Eurobond not exceeding £60,000,000 being issued by Snap-on Investment Limited to the Bondholder Snap-on Lendco Singapore Pte. Ltd, so as to acknowledge and evidence the indebtedness arising under the loan agreement.

PRINCIPAL RISKS AND UNCERTAINTIES

The decision in June 2016 to leave the European Union will undoubtedly have implications for our business. The scale of the effect remains unknown until the terms of trade with other EU member states are known. As well as the potential increased complexity and cost of trading with our neighbour markets the fall in the foreign exchange markets is also a focus. The COVID-19 pandemic will also undoubtedly have implications for our business too, negatively impacting sales and earnings, as the economic slowdown caused by measures initiated by national governments around the world to mitigate and contain the pandemic take effect. The duration of these measures is unknown.

KEY PERFORMANCE INDICATORS

The principal activity of the company throughout the current year and prior year was that of an investment holding company, with no employees. As such, no specific KPI's are used to review business performance.

SECTION 172 STATEMENT – DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The Board of Directors of Snap-on Investment Limited have always taken decisions for the long term, and collectively and individually our aim is always to uphold the highest standards of conduct. We understand that the business can only grow and prosper over the long term if we understand and respect the views and needs of our key stakeholders. By considering Snap-on's purpose, vision and values together with the strategic priorities, we balance outcomes for our key stakeholders alongside long term sustainable growth.

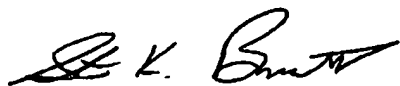
Snap-on Investment Limited

Strategic Report (continued)

SECTION 172 STATEMENT – DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)

As the principal activity of the Company is the holding of investments in group companies, decisions on receiving and making dividend payments are the main decisions taken where we ensure that the impact is considered. We review annually which are our key stakeholder relationships and examine how we engage with them. We also consider ways to ensure that we maintain open lines of communication with those stakeholder groups and whether there are ways that our engagement can be improved to help us operate more effectively.

Approved by the Board of Directors and signed on behalf of the Board



S K Bartels

Director

Date: 23rd April 2021

Snap-on Investment Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Details of future developments can be found in the Strategic report on page 2 and form part of this report by cross-reference.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the current year and prior year was that of an investment holding company. The company is expected to continue as an investment holding company, with no significant change in the scope of operations.

On 7th August 2019, Snap-on Incorporated announced that it had acquired Cognitran Limited, and Snap-on Investment Limited borrowed £25,402,250 from Snap-on Lendco Singapore Pte. Ltd to contribute to SNA Solutions UK Limited who, at the same time, contributed the same amount to Snap-on Business Solutions Limited in order to facilitate the purchase of Cognitran Limited by Snap-on Business Solutions Limited.

GOING CONCERN

The current economic conditions create uncertainty. The company had net current liabilities of £63,487,350 (2018: £36,280,836). As such the company is reliant on its ultimate parent company for support. The company participates in group cash-pooling arrangements which are managed by the treasury department of the US parent company. Through this process cash resources adequate for the ongoing operations of the company are available. A letter of support has been provided by the US parent stating its intent to continue for the foreseeable future to provide Snap-on Investment Limited with the necessary support to enable it to meet its present and future liabilities and to ensure its solvency. The letter is valid for a period of 13 months from the date of signing the financial accounts, signed by Jeffery Kostrzewa, Vice President & Treasurer of Snap-on Incorporated. The directors of this company are satisfied that, based on the most recent Snap-on Incorporated Q4 10-Q as filed with the Securities and Exchange Commission, the US parent company has the necessary liquidity and capital resources to fulfil this commitment.

Based on the operating and financing considerations referred to above, taking reasonable account of possible events and trends, and the confirmation of support from our US parent, the directors believe that the company should be able to continue to operate and manage its business risks for the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being not less than 12 months from signing the financial statements. Thus they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIVIDENDS

No dividend was paid or proposed to shareholders in the year (2018 - £nil).

DIRECTORS AND EMPLOYEES

The directors who served during the year and to the date of this report are set out on page 1.

Except for the directors, the company had no employees at 31 December 2019 or at 31 December 2018.

Snap-on Investment Limited

Directors' Report (continued)

POST BALANCE SHEET EVENTS

On 26th March 2020, the assigned debt loaned by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited of £28,876,877, together with the initial loan of £25,402,250, was refinanced into a new loan agreement not exceeding £60,000,000, with a principal amount loaned of £54,279,127 by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited, and with a security of a Eurobond not exceeding £60,000,000 being issued by Snap-on Investment Limited to the Bondholder Snap-on Lendco Singapore Pte. Ltd, so as to acknowledge and evidence the indebtedness arising under the loan agreement. The repayment date of the loan is 10 years after the first draw down of the facility. In addition, the lender, following the second anniversary of the date of draw down of the facility, may at any time in writing demand repayment of the facility. Also, the borrower may repay the loan in whole or in part at any time after two full years subsequent to the date of the loan agreement of 26th March 2020.

The COVID-19 pandemic during 2020 had implications for our business too, negatively impacting Snap-on overall sales and earnings, as the economic slowdown caused by measures initiated by national governments around the world to mitigate and contain the pandemic take effect. The duration of these measures is unknown. However, the directors have a reasonable expectation that the company, even with the COVID-19 situation, (where Snap-on Incorporated's net sales in 2020 decreased 3.7% from 2019 levels, and consolidated operating earnings decreased 8.5%), still has adequate resources to continue in operational existence for the foreseeable future, being not less than 12 months from signing the financial statements. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



S K Bartels

Director

Date: 23rd April 2021

Snap-on Investment Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Snap-on Investment Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON INVESTMENT LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Snap-on Investment Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

3. Summary of our audit approach

| | |
|-------------------|--|
| Key audit matters | The key audit matter that was identified in the current year was the change in the debt structure of the company. |
| Materiality | The materiality that we used in the current year was £1.5 million which was determined on the basis of 2.8% of net assets. |
| Scoping | Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON INVESTMENT LIMITED (continued)

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit ; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Change in the debt structure of the company.

| | |
|--|---|
| Key audit matter description. | <p>Included in creditors are amounts due to group companies totalling £63 million (2018: £30 million). During 2019, the principal intercompany loan balance of £28 million, pertaining to the loan agreement with Snap-on Lendco LLC was assigned to Snap-on Lendco Singapore Pte. Ltd and a further loan agreement was entered into with Snap-on Lendco Singapore Pte. Ltd at the value of £25 million. As at 31 December 2019, the total principal debt due to Snap-on Lendco Singapore Pte. Ltd was £53 million.</p> <p>Given the change in the debt structure of the 2019 financial year we consider there to be a level of complexity involved in management's recognition and disclosure of the transactions.</p> <p>Further details on the loan balances as at 31 December 2019 are disclosed in note 7 to the financial statements.</p> |
| How the scope of our audit responded to the key audit matter | <p>In response to the key audit matter, we have completed the following procedures:</p> <ul style="list-style-type: none">- Along with our tax specialists, we obtained an understanding of the changes in the debt structure of the company for the 2019 financial year.- We agreed the outstanding loan balances to the respective loan agreements and confirmation from Snap-on Lendco Singapore Pte. Ltd.- We assessed management's disclosures of the change in debt structure for accuracy and consistency with the fact pattern identified as part of our audit. |
| Key observations | <p>Based on the work performed we concluded that the total principal debt due to Snap-on Lendco Singapore Pte. Ltd of £53 million, as well as the disclosure of the debt as at 31 December 2019 is appropriate.</p> |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON INVESTMENT LIMITED (continued)

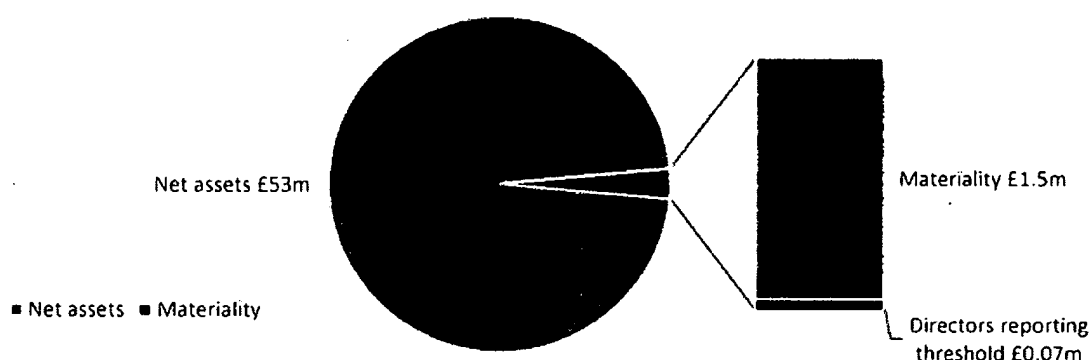
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|--|---|
| Materiality | £1.5 million |
| Basis for determining materiality | 2.8% of net assets |
| Rationale for the benchmark applied | The company is an investment holding company with internal borrowings from fellow subsidiaries within the Group. We determined materiality based on net assets as this is the key metric used by management, investors and lenders. |



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit. In determining performance materiality, we considered the following factors:

- The relative stability of the business and its operating environment is supported by a consistent number of risks identified through our detailed risk assessment compared with prior periods.
- We have identified a low number of uncorrected and corrected misstatements in prior periods.

6.3 Error reporting threshold

We agreed with the Directors that we would report to them all audit differences in excess of £73 thousand as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON INVESTMENT LIMITED (continued)

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters:

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON INVESTMENT LIMITED (continued)

Report on other legal and regulatory requirements

11. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

12.2. Directors Remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Heather Bygrave

Heather Bygrave FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans, United Kingdom

23 April 2021

Snap-on Investment Limited

Profit and Loss Account For the year ended 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|-------------|---------------------------|---------------------------|
| Administrative expenses | | <u>(10,434)</u> | <u>(23,872)</u> |
| Operating loss | | (10,434) | (23,872) |
| Exchange gains | | 419 | 55 |
| Net interest costs | 3 | <u>(1,794,249)</u> | <u>(1,575,040)</u> |
| (Loss) for the financial year attributable to the equity holders of the company before taxation | 4 | (1,804,264) | (1,598,857) |
| Tax charge on (loss) on ordinary activities | 5 | <u>-</u> | <u>(5,780,700)</u> |
| (Loss) for the financial year attributable to the equity holders of the company after taxation | | <u>(1,804,264)</u> | <u>(7,379,557)</u> |

All results have been derived from continuing operations.

There are no comprehensive income or expenses other than the loss for the financial year and the profit for the preceding financial year. Accordingly, no statement of comprehensive income is given.

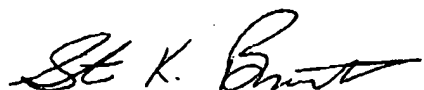
Snap-on Investment Limited

Balance Sheet As at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 6 | <u>116,843,018</u> | <u>91,440,768</u> |
| Current assets | | | |
| Cash at bank and in hand | | <u>154</u> | <u>427</u> |
| | | 154 | 427 |
| Creditors: amounts falling due within one year | 7 | <u>(63,487,504)</u> | <u>(36,281,263)</u> |
| Net current liabilities | | <u>(63,487,350)</u> | <u>(36,280,836)</u> |
| Total assets less current liabilities, being net assets | | <u>53,355,668</u> | <u>55,159,932</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 200 | 200 |
| Capital contribution | 8 | 10,365,004 | 10,365,004 |
| Merger reserve | | 40,767,937 | 40,767,937 |
| Revaluation reserve | | 1,842,098 | 1,842,098 |
| Profit and loss account | | <u>380,429</u> | <u>2,184,693</u> |
| Shareholder's funds | | <u>53,355,668</u> | <u>55,159,932</u> |

These financial statements of Snap-on Investment Limited, company registration number 05989449, were approved by the Board of Directors and authorised for issue on 23rd April 2021.

Signed on behalf of the Board of Directors



S K Bartels

Director

Snap-on Investment Limited

Statement of changes in equity For the year ended 31 December 2019

| | Share capital £ | Capital contribu- tion £ | Merger reserve £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|--|-----------------------|-----------------------------------|------------------------|-----------------------------|------------------------------------|-------------|
| At 1 January 2018 | 200 | 10,365,004 | 40,767,937 | 1,842,098 | 9,564,250 | 62,539,489 |
| Loss for the financial year and total comprehensive expense | - | - | - | - | (7,379,557) | (7,379,557) |
| At 31 December 2018 | 200 | 10,365,004 | 40,767,937 | 1,842,098 | 2,184,693 | 55,159,932 |
| Loss for the financial year and total comprehensive expense | - | - | - | - | (1,804,264) | (1,804,264) |
| At 31 December 2019 | 200 | 10,365,004 | 40,767,937 | 1,842,098 | 380,429 | 53,355,668 |

Snap-on Investment Limited

Notes to the Financial Statements For the year ended 31 December 2019

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Snap-on Incorporated, a company incorporated in the United States, that itself prepares consolidated financial statements which includes the results of the company; copies can be obtained from 2801 80th Street, Kenosha, Wisconsin, USA. Accordingly these financial statements are for the company only and do not reflect the group as a whole.

General information and basis of accounting

Snap-on Investment Limited is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and it is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 4.

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain assets, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Snap-on Investment Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Snap-on Investment Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern

The current economic conditions create uncertainty. The company had net current liabilities of £63,487,350 (2018: £36,280,836). As such the company is reliant on its ultimate parent company for support. The company participates in group cash-pooling arrangements which are managed by the treasury department of the US parent company. Through this process cash resources adequate for the ongoing operations of the company are available. A letter of support has been provided by the US parent stating its intent to continue for the foreseeable future to provide Snap-on Investment Limited with the necessary support to enable it to meet its present and future liabilities and to ensure its solvency. The letter is valid for a period of 13 months from the date of signing the financial accounts, signed by Jeffery Kosrzewa, Vice President and Treasurer of Snap-on Incorporated. The directors of this company are satisfied that, based on the most recent Snap-on Incorporated Q4 10-Q as filed with the Securities and Exchange Commission, the US parent company has the necessary liquidity and capital resources to fulfil this commitment.

Based on the operating and financing considerations referred to above, taking reasonable account of possible events and trends, and the confirmation of support from our US parent, the directors believe that the company should be able to continue to operate and manage its business risks for the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being not less than 12 months from signing the financial statements. Thus they continue to adopt the going concern basis in preparing the annual report and financial statements.

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in subsidiaries are held at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that periods, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, apart from those involving estimates (which are dealt with separately below), that the directors have made in the process of applying the accounting policies.

Key source of estimation uncertainty – recoverability of investments and intercompany receivables

Regarding consideration of impairment, investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Investments in subsidiaries are considered for recoverability with reference to the financial position and performance of the entities in which the investments are held, based on historic turnover and retained earnings trends, although past performance is no guarantee of future results. No impairment is considered necessary.

3. INTEREST COSTS (NET)

| | 2019 £ | 2018 £ |
|--|--------------------|--------------------|
| Intercompany interest receivable on loan account | - | 1 |
| Intercompany interest payable on loan account | (1,787,045) | (1,575,041) |
| Interest payable on corporation tax | (7,204) | - |
| | <u>(1,794,249)</u> | <u>(1,575,040)</u> |

4. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

| | | |
|--|--------------|--------------|
| This is shown after charging: | 2019 £ | 2018 £ |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | 6,000 | 5,887 |
| Tax services - Tax compliance | <u>4,086</u> | <u>4,086</u> |

Directors are remunerated by another group company and the amount allocated to Snap-on Investment Limited is £nil (2018: £nil).

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

5. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES

Analysis for the tax charge for the year

| | 2019 £ | 2018 £ |
|---|--------------------|--------------------|
| The tax charge is made up as follows: | | |
| Current tax: | | |
| UK corporation tax on loss for the year | - | 5,780,700 |
| Deferred tax: | | |
| Origination of timing differences | - | - |
| Reversal of timing differences | - | - |
| Total tax charge on loss on ordinary activities | <u>-</u> | <u>5,780,700</u> |
| | 2019 £ | 2018 £ |
| (Loss) on ordinary activities before tax | <u>(1,804,264)</u> | <u>(1,598,857)</u> |
| Tax on (loss) on ordinary activities at blended UK corporation tax rate of 19% (2018: 19%) | <u>(342,810)</u> | <u>(303,783)</u> |
| Effects of: | | |
| Tax on loan note assignment | - | 5,780,700 |
| Dividend received | - | - |
| Interest expense not deductible for tax purposes | 340,907 | 299,258 |
| Current year tax losses to be surrendered to other group companies at nil value | <u>1,903</u> | <u>4,525</u> |
| Current tax charge for the year | <u>-</u> | <u>5,780,700</u> |

At the balance sheet date, Finance Act 2016 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 17% from 1 April 2020. Therefore, at 31 December 2019, deferred tax assets and liabilities have been calculated based on rates of 19% and 17% where the temporary differences are expected to reverse before and after 1 April 2020 respectively. On 3 March 2020 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes / It is not expected that this will have a material effect on the Company.

6. INVESTMENTS

| | 2019 £ | 2018 £ |
|--|--------------------|-------------------|
| Cost and net book value at 1 January | 91,440,768 | 91,352,382 |
| Transfer Working Capital Adjustment | - | 88,386 |
| Capital Contribution | 25,402,250 | - |
| Valuation and net book value at 31 December | <u>116,843,018</u> | <u>91,440,768</u> |

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

6. INVESTMENTS (CONTINUED)

All investments are subject to an annual review for indicators of impairment and at 31 December 2019 no provision is required. On 7 August 2019, Snap-on Investment Limited borrowed £25,402,250 from Snap-on Lendco Singapore Pte. Ltd to contribute to SNA Solutions UK Limited who, at the same time, contributed the same amount to Snap-on Business Solutions Limited in order to facilitate the purchase of Cognitran Limited.

| Subsidiary name | Principal Activity | Country of incorporation | Proportion of ordinary shares held |
|--------------------------|-----------------------------|--------------------------|------------------------------------|
| SNA Solutions UK Limited | Non trading holding company | England and Wales | 100% |

Registered address:-
Imperium, Imperial Way,
Reading, Berkshire
RG2 0TD

| | | | |
|---|-----------------------------|-------------------|------|
| Norbar Torque Tools Holdings Limited | Non trading holding company | England and Wales | 100% |
| Registered address:- Wildmere Road, Banbury Oxfordshire, OX16 3JU | | | |

Other indirect investments are as follows:-

| | |
|--|-------------------|
| Snap-on Equipment Limited | 100% (indirectly) |
| (17 Denney Road, Hardwick Industrial Estate, King's Lynn, Norfolk, PE30 4HG) | |
| Snap-on Business Solutions Limited | 100% (indirectly) |
| (Imperium, Imperial Way, Reading, Berkshire, RG2 0TD) | |
| Snap-on U.K. Holdings Limited | 100% (indirectly) |
| (Telford Way, Telford Way Industrial Estate, Kettering, Northamptonshire, NN16 8SN) | |
| Snap-on Finance UK Limited | 100% (indirectly) |
| (Telford Way, Telford Way Industrial Estate, Kettering, Northamptonshire, NN16 8SN) | |
| SN Securecorp Sales Limited | 100% (indirectly) |
| (Telford Way, Telford Way Industrial Estate, Kettering, Northamptonshire, NN16 8SN) | |
| Snap-on Asia Manufacturing (Zhejiang) Co. Ltd | 100% (indirectly) |
| (1879 Yatai Road, Wenyan Town, Xiaoshan District, Hangzhou, 311258, China) | |
| Snap-On Business Solutions GmbH Germany | 100% (indirectly) |
| (Strabheimer Strasse 33 D-61169 Friedberg Germany) | |
| Snap-On Business Solutions SL Spain | 100% (indirectly) |
| (Sagasta 20 bajo dcha 28004 Madrid Spain) | |
| Snap-On Business Solutions SARL France | 100% (indirectly) |
| (54 Route de Sartrouville, Parc du Saint Laurent Immeuble le Toronto 78232 LE Pecq France) | |
| Snap-On Business Solutions SRL Italy | 95% (indirectly) |
| (Corso Francesco Ferrucci, 77/9 - 10138 Torino, Italy) | |
| Norbar Torque Tools Limited | 100% (indirectly) |
| (Wildmere Road, Banbury, Oxfordshire, OX16 3JU) | |
| Norbar Torque Tools Pte Limited | 100% (indirectly) |
| (194 Pandan Loop, #07-20 Pantech Business Hub, Singapore 128 383) | |

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

6. INVESTMENTS (CONTINUED)

| | |
|--|-------------------|
| Norbar Torque Tools (India) Pvt Limited | 94% (indirectly) |
| (Plot No A – 168, Khairne Industrial Area, Thane Belapur Road, Mahape, Navi Mumbai – 400 709, India) | |
| Norbar Limited | 100% (indirectly) |
| (Wildmere Road, Banbury, Oxfordshire, OX16 3JU) | |
| Norbar Torque Tools (China) Limited | 100% (indirectly) |
| (Wildmere Road, Banbury, Oxfordshire, OX16 3JU) | |
| Norbar Torque Tools (Shanghai) Limited | 100% (indirectly) |
| (E Place, 3F, No 317, Mei Gui North Road, Free Trade Area, Shanghai, China) | |
| BTC Global Limited | 100% (indirectly) |
| (Imperium, Imperial Way, Reading, Berkshire, RG2 0TD) | |
| BTC Solutions Limited | 100% (indirectly) |
| (Imperium, Imperial Way, Reading, Berkshire, RG2 0TD) | |
| Cognitran Limited | 100% (indirectly) |
| (Cognitran House, The Street, Hatfield Peverel, Essex, CM3 2EA) | |
| Cognitran Sp z.o.o. | 100% (indirectly) |
| (Al.Jerozolimskie 56c, 00-803 Warszawa, Poland) | |

7. CREDITORS

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Intercompany interest payable | 551,941 | 114,925 |
| Amounts due to group companies | 62,912,705 | 30,362,136 |
| Corporation tax | - | 5,780,700 |
| Accruals | 22,858 | 23,502 |
| | <u>63,487,504</u> | <u>36,281,263</u> |

The loan agreement with Snap-on Incorporated was effective from 1 March 2014 for an amount of \$7,959,940 (£4,761,812) for an indefinite period, with the Borrower being Snap-on Incorporated, and the Lender being the company. The company may at any time demand repayment of the loan and all sums (including interest) due and payable under the loan agreement. The Borrower may repay the loan in whole or in part at any time. Interest is payable at LIBOR minus 25 basis points per annum or a rate of 0.05%, whichever is higher. During 2014 and 2015 various repayments were received from Snap-on Incorporated, and also during 2016. These funds were mainly used to pay down interest payable on the loan balance owed by the company to Snap-on Global Holdings Incorporated.

The loan agreement with Snap-on Global Holdings Incorporated was amended on 21 December 2018, whereby Snap-on Global Holdings Incorporated assigned its rights in the term facility loan agreement effective 27 November 2006, as amended 27 November 2016, with Snap-on Investment Limited, including all amounts receivable, to SNA Investment Holding LP. Subsequently, on 21 December 2018, SNA Investment Holding LP assigned its rights in the term facility loan agreement to Snap-on Lendco LLC. On 27 November 2016, the loan agreement was amended to reflect a repayment date of 5 years after the amendment date of 27 November 2016 (i.e. 27 November 2021), and with a revised interest payable at 5.25% per annum, based on a 360 day year. All other terms and conditions remain the same, including the Lender may at any time in writing demand repayment of the facility and all sums (including interest) due and payable under the loan agreement. The Borrower may repay the loan in whole or in part at any time. On 24th December 2019, via a deed of debt assignment, Snap-on Lendco LLC assigned £28,876,877 of debt owed by Snap-on Investment Limited to Snap-on Lendco Singapore Pte. Ltd.

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

7. CREDITORS (CONTINUED)

The loan agreement with Snap-on Lendco Singapore Pte. Ltd was effective from 6 August 2019 for an amount not exceeding £30,000,000, with an initial amount loaned of £25,402,250 for an indefinite period, with the Borrower being Snap-on Investment Limited, and the Lender being Snap-on Lendco Singapore Pte. Ltd. The lender may at any time demand repayment of the loan and all sums (including interest) due and payable under the loan agreement. The Borrower may repay the loan in whole or in part at any time. Interest is payable at LIBOR plus 50 basis points per annum.

On 26th March 2020, the assigned debt loaned by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited of £28,876,877, together with the initial loan of £25,402,250, was refinanced into a new loan agreement not exceeding £60,000,000, with a principal amount loaned of £54,279,127 by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited, and with a security of a Eurobond not exceeding £60,000,000 being issued by Snap-on Investment Limited to the Bondholder Snap-on Lendco Singapore Pte. Ltd, so as to acknowledge and evidence the indebtedness arising under the loan agreement. Interest is payable annually in December at 4.25% per annum and the first interest payment is due in December 2021.

Relating to the corporation tax creditor, on 21 December 2018, Snap-on Global Holdings Incorporated assigned its rights in the term facility loan agreement effective 27 November 2006, as amended 27 November 2016, with Snap-on Investment Limited, including all amounts receivable, to SNA Investment Holding LP. Subsequently, on 21 December 2018, SNA Investment Holding LP assigned its rights in the term facility loan agreement effective 27 November 2006, as amended 27 November 2016, with Snap-on Investment Limited, including all amounts receivable, to Snap-on Lendco LLC. The corporation tax creditor has been reallocated to Amounts due to group companies, as it has been paid by Snap-on UK Holdings Limited via a Corporation tax Group Payment Arrangement.

8. CALLED UP SHARE CAPITAL AND RESERVES

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Authorised | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| 200 ordinary shares of £1 each | 200 | 200 |

The company's other reserves are as follows:

The capital contribution reserve represents the transaction on 22 November 2007, where Snap-on Global Holdings Incorporated transferred its interest in SNA Europe (UK) Limited to Snap-on Investment Limited as a contribution to capital, with a deemed value of £10,365,004. No additional shares of Snap-on Investment Limited were issued.

The merger reserve was created on 24 November 2006 as the company decided to take merger relief under section 131 of the Companies Act 1985 upon acquisition of the shares in Snap-on UK Holdings Limited. Where relief under section 131 is available the investment may be recorded at fair value, with the additional premium above the nominal value being classified as a merger reserve.

The revaluation reserve represents the transaction on 17 August 2007, where Snap-on Investment Limited transferred its interest in Snap-on Business Solutions Limited to SNA Solutions UK Limited by way of a share for share exchange. SNA Solutions UK Limited, incorporated on 12 July 2007, is a wholly owned subsidiary of Snap-on Investment Limited. In performing this share for share exchange, the company opted to revalue the investment to fair value prior to disposal.

The profit and loss reserve represents cumulative profits or losses.

Snap-on Investment Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2019

9. RELATED PARTY DISCLOSURES

Under the provisions of Section 33 of FRS 102, the company is not required to disclose details of related party transactions with other group companies as it is a wholly owned subsidiary, and the consolidated financial statements in which the company's results are included are available to the public.

10. POST BALANCE SHEET EVENTS

On 26th March 2020, the assigned debt loaned by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited of £28,876,877, together with the initial loan of £25,402,250, was refinanced into a new loan agreement not exceeding £60,000,000, with a principal amount loaned of £54,279,127 by Snap-on Lendco Singapore Pte. Ltd to Snap-on Investment Limited, and with a security of a Eurobond not exceeding £60,000,000 being issued by Snap-on Investment Limited to the Bondholder Snap-on Lendco Singapore Pte. Ltd, so as to acknowledge and evidence the indebtedness arising under the loan agreement.

The COVID-19 pandemic during 2020 had implications for our business too, negatively impacting Snap-on overall sales and earnings, as the economic slowdown caused by measures initiated by national governments around the world to mitigate and contain the pandemic take effect. The duration of these measures is unknown. However, the directors have a reasonable expectation that the company, even with the COVID-19 situation, (where Snap-on Incorporated's net sales in 2020 decreased 3.7% from 2019 levels, and consolidated operating earnings decreased 8.5%), still has adequate resources to continue in operational existence for the foreseeable future, being not less than 12 months from signing the financial statements. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's ultimate parent company and controlling party is Snap-on Incorporated, a company incorporated in the USA. This is the smallest and largest group into which the results of the company are consolidated. Copies of the financial statements of the ultimate parent company can be obtained from Snap-on Incorporated, 2801 80th Street, Kenosha, Wisconsin, 53143, USA.

The company's immediate parent and controlling company is Snap-on Global Holdings Incorporated, a company incorporated in the USA, with registered office of 1209 Orange Street, Wilmington, Delaware, 19801, USA.