

Company registration number 02540492 (England and Wales)

3D EUROPEAN HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3D EUROPEAN HOLDINGS LIMITED

COMPANY INFORMATION

Director	A Johnson
Secretary	H Tolmay
Company number	02540492
Registered office	2nd Floor, West & South Wing The Maylands Building 200 Maylands Avenue Hemel Hempstead Herts HP2 7TG
Auditor	Mercer & Hole LLP Silbury Court 420 Silbury Boulevard Central Milton Keynes MK9 2AF
Bankers	HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR

3D EUROPEAN HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Director's report	4 - 5
Independent auditor's report	6 - 8
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 22

3D EUROPEAN HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the strategic report for the year ended 31 December 2021.

Principal activities

The company has two principal activities:

- holding of the investments of the European subsidiaries, and
- collection and distribution of management fees between the parent and the European subsidiaries.

Review of the development, performance and position of the business

The results for the year are in line with director expectations.

With expected stability in the trading subsidiaries complemented by healthy industry growth rates, the director believes that the holding company will continue to function in the existing structure through 2022 and 2023.

Principal risks and uncertainties

We are exposed to market risk from changes in interest rates, foreign currency exchange rates and commodity prices which may adversely affect our results of operations and financial condition. We seek to minimise these risks through regular operating activities as appropriate.

Stakeholder statement

Customers

The 3D Systems group promotes our solutions globally through a direct sales force and channel partners. Our customer success organisation includes sales professionals, application engineers, vertical specialists, and other support teams. These teams provide complete service to our customers and channel partners, from a technical consultation to the sale of our software, printer, and services products. Our customers include major companies as well as small and midsize businesses in a broad range of industries, including medical, dental, automotive, aerospace, durable goods, government, defence, technology, jewellery, electronics, education, consumer goods, energy, biotechnology and others.

Workforce

Our purpose is to deliver leading additive solutions for industrial and healthcare applications. In support of this purpose, our priority is to invest in our people by focusing on bringing in top talent, providing training and development opportunities to strengthen capabilities and skills, and ensuring a safe and healthy work environment.

Through our operating history and experience with technological innovation, we appreciate the importance of retention, growth, and development of our employees. Our employees are key to achieving long-term success. Our goal is to foster a workplace culture and employee experience that drives innovation with purpose, profitable growth, and delivers 'extraordinary' to our customers. To do so, we have programmes for acquiring strategic talent, developing our teams to build key capabilities and skills, and engaging, motivating, and retaining our employees to do their best work.

We regularly survey our employees to seek their feedback in areas such as culture, career development, inclusivity, integrity, and employee success. To address the evolving needs of our business, we perform strategic workforce and succession planning as well as ongoing evaluation of our organisational design, culture, and values.

We promote diversity of thought, experiences, culture, and backgrounds that enhances our ability to deliver innovative solutions to our customers, in support of our company value to 'build great teams.'. We are committed to fostering an engaged, diverse, inclusive, safe, and purpose-driven culture where employees have equitable opportunities for success. As we execute our talent management strategy, diversity, equity, and inclusion is a key element that influences our measures of success.

We design our compensation programmes to be competitive and equitable to support employees in sharing in the success of 3D Systems. We tailor our compensation programmes to attract and retain top talent to drive success in our current business priorities and emerging strategies.

3D EUROPEAN HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Suppliers

3D Systems outsources our 3D printer assembly and refurbishment activities to selected design, engineering and manufacturing companies in the USA, Switzerland and Belgium. We purchase finished printers from these suppliers pursuant to forecasts and customer orders that we supply to them.

We also have arrangements with third parties who blend certain materials according to our specifications that we sell under our own brand names, and we purchase certain complementary materials from third parties for resale to our customers.

We work closely with its key suppliers and have forged close working relationships over many years. We also seek to build strong working relationships with all suppliers and consider them integral in our ability to support excellent customer service.

Community and environment

We believe that business has a critical role to play in taking action on environmental, social and health issues facing our world. We're part of a movement for change, and we're here to make an impact. We are committed to identifying and advocating for more sustainable options to reduce our effect on the environment, and are allies for social causes, and we give back to the communities where we live and work. We hold ourselves accountable to ethical and responsible practices and policies.

From manufacturing to distribution centres to our shared service centres and new facility expansions, we identify ways to replace, optimise, and create opportunities to conserve energy and reduce waste. We recycled more than 432,000 pounds of waste in 2021, with over 18,000 of these pounds being electronic waste. We continue our efforts to reduce our carbon footprint with 25% of our materials derived from bio-sourced or renewable resources.

3D Systems Gives Back

It's important to us that we make a positive contribution to society and the communities where we work and live. We passionately and purposely encourage employees to support community programmes and share their voice in social issues that align with our company values.

Our 3D Systems Gives Back is a volunteer programme where our sites around the world choose a non-profit or community service activity of their choice to volunteer together. To further expand our commitment, employees are allotted eight hours per calendar year to volunteer.

Crisis response

The rapid spread of COVID-19 put many healthcare providers under great strain as they provided treatment and care to affected patients.

In the face of this extraordinary challenge, 3D Systems immediately stepped in to offer its services and issued a call to action to customers and partners to join us in sharing resources to help overcome the pandemic.

3D EUROPEAN HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The directors use various KPIs to monitor the results of the business on an ongoing basis. Financial measures include Turnover, Cost and Gross Margin, which are all line items disclosed on the face of the profit and loss account. Revenue has decreased by 12.7% driven by the disposal of certain businesses resulting in the reduction in cross entity cost recharges. Expenses have decreased by 13.3% in line with the corresponding revenue, countered to some extent by a less adverse effect of foreign exchange fluctuations compared to the prior year.

	Revenue	Cost	GP Margin
	£'000	£'000	
2020	9,836	(9,774)	0.6%
2021	8,582	(8,472)	1.3%
(Decrease)/Increase	(1,254)	(1,302)	
(Decrease)/Increase %	(12.7%)	(13.3%)	

Future prospects

The Holdings activity is determined by its continuation as the mechanism for management fee distribution. Its growth is therefore dependent on the growth of the wider 3D trading entities and any new acquisitions, along with an increase in the global and pan-European roles within these subsidiary companies.

On behalf of the board

A Johnson

Director

9 March 2023

3D EUROPEAN HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his annual report and financial statements for the year ended 31 December 2021.

Strategic report

A review of the business, future developments and principal risks and uncertainties of the company are included within the Strategic Report.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

A Johnson

Qualifying third party indemnity provisions

3D European Holdings Limited has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. The ultimate parent maintains and anticipates to continue maintaining directors and officers insurance for the aforementioned directors in an amount equal to \$100m. Such qualifying third party indemnity provision remains in force as at the date of approving the financial statements.

Auditor

Mercer & Hole LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

3D EUROPEAN HOLDINGS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

A Johnson
Director

9 March 2023

3D EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 3D EUROPEAN HOLDINGS LIMITED

Opinion

We have audited the financial statements of 3D European Holdings Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

3D EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF 3D EUROPEAN HOLDINGS LIMITED

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

3D EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF 3D EUROPEAN HOLDINGS LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Andrew Lawes MA MSc FCA
Senior Statutory Auditor
For and on behalf of Mercer & Hole LLP

9 March 2023

Chartered Accountants
Statutory Auditor

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

3D EUROPEAN HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000's	2020 £000's
Turnover	3	8,582	9,836
Administrative expenses		(8,472)	(9,774)
Operating profit	4	110	62
Interest receivable and similar income	6	17,955	579
Interest payable and similar expenses	7	(489)	(512)
Gain/(loss) on investments	8	994	(14,977)
Profit/(loss) before taxation		18,570	(14,848)
Tax on profit/(loss)	9	(38)	(31)
Profit/(loss) for the financial year		18,532	(14,879)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

3D EUROPEAN HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000's	2020 £000's
Profit/(loss) for the year	18,532	(14,879)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>18,532</u>	<u>(14,879)</u>

3D EUROPEAN HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021	2020
	Notes	£000's	as restated £000's
Fixed assets			
Investments	10	56,385	56,741
Current assets			
Debtors falling due after more than one year	12	2,728	31,916
Debtors falling due within one year	12	23,407	13,942
Cash at bank and in hand		153	213
		26,288	46,071
Creditors: amounts falling due within one year	13	(2,774)	(41,445)
Net current assets		23,514	4,626
Net assets		79,899	61,367
Capital and reserves			
Called up share capital	14	94,984	94,984
Profit and loss reserves	15	(15,085)	(33,617)
Total equity		79,899	61,367

The financial statements were approved and signed by the director and authorised for issue on 9 March 2023

A Johnson
Director

Company Registration No. 02540492

3D EUROPEAN HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£000's	£000's	£000's
As restated for the period ended 31 December 2020:			
Balance at 1 January 2020	94,984	(8,058)	86,926
Effect of prior period adjustment	-	(10,680)	(10,680)
As restated	94,984	(18,738)	76,246
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(14,879)	(14,879)
Balance at 31 December 2020	94,984	(33,617)	61,367
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	18,532	18,532
Balance at 31 December 2021	94,984	(15,085)	79,899

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

3D European Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, West & South Wing, The Maylands Building, 200 Maylands Avenue, Hemel Hempstead, Herts, HP2 7TG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000's.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of 3D Systems Corporation.

Consolidation

The company has taken the exemption conferred by Section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly-owned indirect subsidiary of 3D Systems Corporation. Copies of the consolidated financial statements of 3D Systems Corporation are publicly available from 333 Three D Systems Circle, Rock Hill, SC 29730, USA or from the United States Securities and Exchange Commission website at www.sec.gov. These financial statements therefore present the results of the company only.

1.2 Going concern

The financial statements have been prepared on a going concern basis. In making the assessment, the director has prepared detailed trading and cashflow forecasts for the next twelve months from the date of signing the financial statements and believes that the company can continue to trade for the foreseeable future. The director has also reviewed the financial status of the wider group and is satisfied it has the resources available to continue to supply products to the company's trading subsidiaries.

1.3 Turnover

Turnover consists of management charges received from subsidiary companies, and is included on an accruals basis.

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In determining the carrying amounts of investments and intercompany debtors, the company makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The companies estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgments in respect of measuring financial instruments.

3 Turnover and other revenue

	2021 £000's	2020 £000's
Turnover analysed by geographical market		
UK	237	465
Europe	6,302	7,101
USA	2,043	2,270
	<u>8,582</u>	<u>9,836</u>
	2021	2020
	£000's	£000's
Group management fees receivable	8,582	9,836
Interest income	578	579
Dividends received	17,378	-
	<u></u>	<u></u>

4 Operating profit

	2021 £000's	2020 £000's
Operating profit for the year is stated after charging:		
Exchange losses	233	301
Fees payable to the company's auditor for the audit of the company's financial statements	10	10
	<u></u>	<u></u>

5 Employees

The company had no employees in the current or prior year.

No director received any emoluments from the company in the current or prior year.

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Interest receivable and similar income

	2021 £000's	2020 £000's
Interest income		
Interest receivable from group companies	578	579
Income from fixed asset investments		
Income from shares in group undertakings	17,377	-
Total income	17,955	579

7 Interest payable and similar expenses

	2021 £000's	2020 £000's
Interest payable to group undertakings	489	512

8 Gain/loss on investments

	Notes	2021 £000's	2020 £000's
Gain on disposal of subsidiary undertaking	10	994	-
Impairment of investment in subsidiary undertaking	10	-	(14,977)
		994	(14,977)

9 Taxation

	2021 £000's	2020 £000's
Current tax		
UK corporation tax on profits for the current period	38	25
Adjustments in respect of prior periods	-	6
Total current tax	38	31

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £000's	2020 £000's
Profit/(loss) before taxation	18,571	(14,848)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	3,528	(2,821)
Tax effect of expenses that are not deductible in determining taxable profit	-	2,846
Tax effect of income not taxable in determining taxable profit	(3,302)	-
Gains not taxable	(188)	-
Under/(over) provided in prior years	-	6
Taxation charge for the year	38	31

10 Fixed asset investments

	Notes	2021 £000's	2020 £000's
Investments in subsidiaries	11	56,385	56,741

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10	Fixed asset investments	(Continued)
	Movements in fixed asset investments	
		Shares in subsidiaries £000's
	Cost or valuation	
	At 1 January 2021	89,081
	Disposals	(356)
		<hr/>
	At 31 December 2021	88,725
		<hr/>
	Impairment	
	At 1 January 2021 & 31 December 2021	32,340
		<hr/>
	Carrying amount	
	At 31 December 2021	56,385
		<hr/>
	At 31 December 2020	56,741
		<hr/>

An impairment of £nil was recorded in 2021 (2020: £14,977k) driven by management's best estimate of the carrying value of subsidiary investments.

Impairments are calculated based on the difference between the subsidiary's net assets plus the net present value of future cashflows and the investment holding value. The net present value of the subsidiary cashflows was determined through discounting expected future cash flows at a discount rate of 9%.

The investment in 3D Systems France SARL with a carrying value of £356k was sold for €1,607k in December 2021 to a group undertaking and prior to the sale a dividend of €20,700k was paid.

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
3D Systems GmbH	Germany	Ordinary shares	100.00	-
3D Systems Italia SRL	Italy	Ordinary shares	100.00	-
3D Systems Europe Limited	UK	Ordinary shares	100.00	-
3D Systems Benelux B.V.	Netherlands	Ordinary shares	100.00	-
LayerWise NV	Belgium	Ordinary shares	100.00	-
Kumovis GmbH	Germany	Ordinary shares	0	100.00
Kumovis Inc.	USA	Ordinary shares	0	100.00
Phenix Systems	France	Ordinary shares	0	100.00
Sint Tech SARL	France	Ordinary shares	0	100.00
Additive Manufacturing Technologies Inc	USA	Ordinary shares	0	100.00
3D Systems France SARL	France	Ordinary shares	0	100.00
Vertex-Global Holding B.V.	Netherlands	Ordinary shares	0	100.00
Vertex International B.V.	Netherlands	Ordinary shares	0	100.00
Layerwise, Inc.	USA	Ordinary shares	0	100.00
NextDent B.V.	Netherlands	Ordinary shares	0	100.00
Vertex-Dental B.V.	Netherlands	Ordinary shares	0	100.00
Vertex-Dental Asia PTE Ltd	Singapore	Ordinary shares	0	100.00

12 Debtors

	2021 £000's	2020 £000's
Amounts falling due within one year:		
Amounts owed by group undertakings	23,404	13,936
Other debtors	3	6
	<u>23,407</u>	<u>13,942</u>
	2021 £000's	2020 £000's
Amounts falling due after more than one year:		
Amounts owed by group undertakings	2,728	31,916
	<u>2,728</u>	<u>31,916</u>
Total debtors	<u>26,135</u>	<u>45,858</u>

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Creditors: amounts falling due within one year

	2021 £000's	2020 £000's
Trade creditors	18	-
Amounts owed to group undertakings	2,669	41,409
Corporation tax	63	28
Accruals and deferred income	24	8
	<u>2,774</u>	<u>41,445</u>

14 Share capital

	2021 Number	2020 Number	2021 £000's	2020 £000's
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	94,984,201	94,984,201	94,984	94,984

15 Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

16 Related party transactions

The company has taken advantage of the exemption available under FRS 102 'Related party disclosures' whereby it has not disclosed transactions with ultimate parent company or any wholly owned subsidiary undertaking or group.

17 Ultimate controlling party

The company's immediate parent undertaking is 3D Systems Inc., a company incorporated in California, United States of America.

The ultimate parent and controlling party is 3D Systems Corporation, a public company incorporated in Delaware, United States of America. Copies of the 3D Systems Corporation consolidated financial statements may be obtained from 333 Three D Systems Circle, Rock Hill, SC 29730, USA or from the United States Securities and Exchange Commission website at www.sec.gov.

3D Systems Corporation and 3D Systems Inc. are the respective parent undertakings of the largest and smallest groups to consolidate these financial statements.

18 Prior period adjustment

Changes to the balance sheet

	As previously reported £000's	Adjustment at 1 Jan 2020 £000's	Adjustment at 1 Dec 2020 £000's	As restated at 31 Dec 2020 £000's
Fixed assets				
Investments	67,421	(10,680)	-	56,741

3D EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Prior period adjustment

(Continued)

	As previously reported £000's	Adjustment at 1 Jan 2020 £000's	Adjustment at 31 Dec 2020 £000's	As restated at 31 Dec 2020 £000's
Capital and reserves				
Profit and loss reserves	(22,937)	(10,680)	-	(33,617)

Changes to the profit and loss account

	As previously reported £000's	Adjustment £000's	As restated £000's
Period ended 31 December 2020			
Loss for the financial period	(14,879)	-	(14,879)

Notes to reconciliation

Impairment of investment in subsidiaries

A prior year adjustment amounting to £10,680,000 has been recognised in respect of the carrying value of subsidiary undertakings. During the year, the directors noted certain historic impairment provisions made by subsidiaries in prior years against investments they held had not been reflected in the corresponding carrying values of those subsidiaries in 3D European Holdings Limited and a prior year adjustment has been recorded accordingly.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.