

# Federal Screw Works

## Statement of Operations

(unaudited, in thousands, except per share)

	First Quarter Ended September 30	
	2024	2023
Net sales	\$ 24,157	\$ 25,935
Costs and expenses:		
Cost of products sold	22,291	23,878
Selling, general and administrative	1,010	957
Interest	441	598
Other (income) expense	(12)	-
	23,730	25,433
EARNINGS BEFORE FEDERAL INCOME TAXES	427	502
Federal income tax	-	-
NET EARNINGS	\$ 427	\$ 502
Total number of common shares outstanding	1,381,594	1,381,594
Net earnings per common share	\$ 0.31	\$ 0.36

## Federal Screw Works Comparative Balance Sheets

(unaudited)

	September 30, 2024	June 30, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 189,068	\$ 213,021
Accounts receivable, net	16,955,212	17,084,374
Inventories:		
Finished products	4,195,048	4,171,503
In-process products	12,772,767	13,237,822
Raw materials and supplies	2,605,795	2,340,965
Total inventories	19,573,610	19,750,290
Prepaid expenses and other current assets	522,677	366,308
Assets held for sale	5,171	5,171
<b>TOTAL CURRENT ASSETS</b>	<b>37,245,737</b>	<b>37,419,164</b>
<b>Other Assets</b>		
Company owned life insurance	1,054,465	1,054,465
Deferred federal income taxes	-	-
Right of use lease asset	836,629	1,325,654
Other assets	505,988	501,653
	2,397,082	2,881,772
<b>Property, Plant and Equipment</b>		
Land	387,467	387,467
Buildings and improvements	12,283,544	12,208,544
Machinery and equipment	131,131,511	130,613,853
	143,802,523	143,209,864
Less accumulated depreciation	(114,729,247)	(113,619,584)
	29,073,276	29,590,280
	\$ 68,716,095	\$ 69,891,216

	September 30, 2024	June 30, 2024
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 9,999,220	\$ 9,953,685
Payroll and employee benefits	770,268	411,435
Taxes, other than income taxes	61,713	291,320
Other accrued liabilities	932,855	929,685
Current portion of lease liability	666,272	492,053
Current portion of long-term debt	2,595,000	2,630,000
Current portion of post retirement benefits	249,177	249,177
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,274,506</b>	<b>14,957,356</b>
<b>Long-Term Liabilities</b>		
Long-term debt	18,987,803	20,116,413
Long-term lease liability	170,357	833,601
Employee benefits	244,386	264,466
Postretirement benefits	1,439,735	1,481,871
Pension benefits	41,630	-
Other liabilities	989,142	978,349
	21,873,053	23,674,699
<b>Stockholders' Equity</b>		
Common stock, \$1 par value: authorized 2,000,000 shares; 1,381,594 shares outstanding	1,381,594	1,381,594
Additional capital	3,269,477	3,269,477
Retained earnings	32,646,236	32,219,126
Accumulated other comprehensive income (loss)	(5,728,771)	(5,611,035)
	31,568,536	31,259,162
	\$ 68,716,095	\$ 69,891,216

## Statements of Cash Flows

### Federal Screw Works

	Three Months Ended September 30, 2024
<b>OPERATING ACTIVITIES</b>	
Net earnings	\$ 427,110
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	1,122,724
Deferred federal income taxes	-
Employee benefits	(138,322)
Gain on sale of equipment	-
Miscellaneous and other	(17,397)
Changes in operating assets and liabilities:	
Accounts receivable	129,162
Inventories and prepaid expenses	20,312
Accounts payable and accrued expenses	188,725
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,732,315</b>
<b>INVESTING ACTIVITIES</b>	
Purchases of property, plant and equipment	(592,659)
Proceeds from sale of equipment	-
Company owned life insurance	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(592,659)</b>
<b>FINANCING ACTIVITIES</b>	
Additional borrowings (principal repayments) under bank credit agreement, net	(488,609)
Borrowings on term loans	-
Principal payments on term loans	(675,000)
Dividends paid	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,163,609)</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(23,953)</b>
Cash at beginning of year	213,021
<b>CASH AT END OF PERIOD</b>	<b>\$ 189,068</b>

# Notes to Financial Statements

**Description of Business:** Federal Screw Works was founded in 1917 and is a domestic manufacturer of industrial component parts, consisting of locknuts, bolts, piston pins, studs, bushings, shafts and other machined and/or ground metal parts, all of which constitute a single business segment. The Company's fiscal year end is June 30.

## Note 1 — Significant Accounting Policies

**Inventories:** Inventories are stated at the lower of cost or market. Cost, determined by the last-in, first-out (LIFO) method, was used for certain raw material inventories, \$662,000 and \$662,000 at September 30, 2024 and June 30, 2024, respectively. The remaining inventories are costed using the first-in, first-out (FIFO) method. If inventories valued on LIFO had been valued at current cost, amounts reported for the three months ended September 30, 2024 and the fiscal year ended June 30, 2024 would have been increased by \$419,000.

**Property, Plant and Equipment:** Property, plant and equipment is stated at cost, which includes the cost of interest which is capitalized during construction of significant additions. Provisions for depreciation are based upon the estimated useful lives of the respective assets and are computed by the straight-line method for financial reporting purposes and by accelerated methods for income tax purposes. These assets are reviewed for impairment when events indicate the carrying amount may not be recoverable from undiscounted cash flows. If impaired, the assets are recorded at fair value as determined by appraisals or discounted cash flow calculations.

**Company Owned Life Insurance:** The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. Company owned life insurance is presented in the balance sheets net of policy loans of \$498,000 at September 30, 2024 and June 30, 2024.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates associated with collectability of receivables, inventory allowance for obsolescence, carrying value of property, plant and equipment, self-funded workers compensation liability, pension and postretirement benefits, environmental liability and valuation allowance on deferred tax assets are particularly susceptible to material changes in the near term.

**Revenue Recognition:** The Company recognizes revenue from contracts with customers when control of the promised goods transfers to the customer. This generally occurs when the product is shipped to the customer. Revenue is recorded at the amount of consideration the Company expects to be entitled to in exchange for the shipped goods. For more information about the Company's revenue from contracts with customers, refer to Note 9 - Revenue Recognition.

**Allowance for Uncollectible Accounts Receivable:** Accounts receivable has been reduced by an allowance for amounts that may become uncollectible in the future. This estimated allowance (\$50,000 at September 30, 2024 and June 30, 2024) is based primarily on management's evaluation of the financial condition of the customer and historical experience. Also, the Company monitors its accounts receivable and charges to expense an amount equal to its estimate of potential credit losses. The Company considers a number of factors in determining its estimates, including the length of time its trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation and the condition of the general economy and the industry as a whole. The use of different estimates could significantly affect the Company's results of operations for the period.

**Leases:** At the inception of an arrangement, the Company determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in operating lease ROU assets, current portion of lease liability and long-term lease liability on the balance sheet. At September 30, 2024, the Company does not have finance leases. Lease expense is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the balance sheet.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. ROU assets also include prepaid rent and are adjusted by the unamortized balance of lease incentives. As the implicit rate is generally not readily determinable for all of the leases, the Company uses an estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments.

**Comprehensive Income (Loss):** Comprehensive income (loss) consists of net income (loss) and other comprehensive income and losses. Other comprehensive income (loss) includes pension and postretirement liability adjustments.

**Income Taxes:** The Company records income tax expense based on the amount of taxes due on its tax return plus deferred taxes computed based on the expected future tax consequences of temporary differences between carrying amounts and tax bases of assets and liabilities, using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. A tax position is recognized as a tax benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with the tax examination being presumed to occur. The amount recognized is the largest amount of the tax benefit greater than 50% likely of being realized on examination and for tax positions not meeting the more likely than not test, no tax benefit is recorded. As of September 30, 2024, and June 30, 2024, the Company does not have any material unrecognized tax benefits and accordingly has not recorded any interest or penalties related to unrecognized tax benefits. The Company files a federal income tax return and various state returns. These returns remain subject to examination by taxing authorities for all years after 2017.

**Fair Value of Financial Instruments:** At September 30, 2024 and June 30, 2024, the carrying amounts reported in the balance sheets for cash, accounts receivable, accounts payable, debt and investments approximate fair value due to their short duration and the variable rate nature of the company's debt.

**Net Earnings Per Common Share:** Net earnings per common share is based on the weighted average number of common shares outstanding of 1,381,594 and 1,381,594 at September 30, 2024 and June 30, 2024, respectively.

**Defined Benefit Pension Obligations:** The Company accounts for its defined benefit pension and postretirement liabilities under FASB ASC 715, which requires defined benefit plan assets and obligations to be measured as of the date of the employer's fiscal year-end.

## Note 2 – Long-Term Debt

Long-term debt consists of the following:

	September 30, 2024	June 30, 2024
Notes payable to bank	\$21,582,803	\$22,746,413
Less current maturities	(2,595,000)	(2,630,000)
	\$18,987,803	\$20,116,413

## Note 3 - Leases and Other Commitments

The Company has operating leases for various equipment, vehicles and facilities under agreements with contractual periods ranging from less than one year to six years. Some of the leases contain options to extend the term and some include the option to terminate the lease. All of the leases are accounted for as operating leases with the initial lease liability calculated as the present value of fixed payments not yet paid.

During the three months ended September 30, 2024, the Company recognized rent expense of approximately \$188,000, of which \$170,000 is included in cost of products sold and \$18,000 is included in selling, general and administrative.

#### **Note 4 - Employee Benefit Plans**

The Company sponsors two defined benefit pension plans. Benefits under one plan are based on negotiated rates times years of service, under the other plan, benefits are based on compensation during the years immediately preceding retirement and years of service. It is the Company's policy to make contributions to these plans sufficient to meet minimum funding requirements of the applicable laws and regulations, plus such additional amounts, if any, as the Company's actuarial consultants advise to be appropriate.

The Company has frozen all benefit accruals under the Salaried Pension Plan effective November 30, 2006.

During the fiscal year ended June 30, 2023, the Company started a process to terminate one of the defined benefit pension plans, specifically the Detroit Division and Romulus Divisions Hourly Pension Plan. This included the purchase of a buy-in annuity contract from an insurance carrier using the assets in the plan. The buy-in asset was recorded at fair value as of June 30, 2023 and the related benefit plan obligation was adjusted to equal the buy-in asset to comply with applicable accounting standards. During the fiscal year ended June 30, 2024, the Company finished the process to terminate the Detroit Division and Romulus Divisions Hourly Pension Plan. This resulted in a non-cash settlement charge of \$3,680,000 in the fourth quarter of fiscal year end 2024.

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees. Some of the Company's hourly employees may become eligible for life insurance benefits if they reach normal retirement age while working for the Company. The benefits are provided through certain insurance companies. Effective June 30, 2009, the Company terminated the postretirement health benefit for all current and future salaried retirees. Effective January 30, 2011, the Company terminated the postretirement health benefit for all future hourly employees after the age of 65.

#### **Note 5 - Industry Information**

Approximately 99% of the Company's net sales in the three months ended September 30, 2024 and fiscal 2024 were made either directly or indirectly to automotive companies.

The Company's customer base is primarily located throughout the United States, Mexico and Canada. Three customers accounted for approximately 72% of net sales in the three months ended September 30, 2024, 72% in fiscal 2024 and 70% in fiscal 2024; and 73% of accounts receivable as of the three months ended September 30, 2024 and 70% as of June 30, 2024.

#### **Note 6 - Contingencies and Uncertainties**

The Company is involved in various legal actions arising in the normal course of business. Management is of the opinion that their outcome will not have a significant effect on the Company's financial statements.

The Company is self-insured for workers' compensation claims up to \$500,000 per claim. The Company has excess liability insurance with an outside carrier to minimize its risk to catastrophic claims. Losses are accrued based on an estimate of the ultimate liability for claims incurred, using certain assumptions based on the Company's experience under the program including the nature of outstanding claims, estimated costs to settle existing claims and loss history.

In 2020 a global disruption in the supply chain began due to a shortage of semiconductor microchips as a result of the COVID-19 global pandemic. The Company does not utilize semiconductors in their manufacturing process, but certain customers have been impacted and might continue to be impacted resulting in customers shutting down plants for various lengths of time. The operations and business results of the Company could be materially adversely affected by the semiconductor shortage in the event of prolonged customer plant shutdowns due to supply shortages of semiconductors. The extent to which the semiconductor shortage impacts business activity will depend on future developments in the semiconductor production process, which are highly uncertain and cannot be predicted.

## Note 7 – Comprehensive Income

The components of comprehensive income are as follows:

	September 30, 2024	June 30, 2024
Net income	\$ 427,000	\$ (906,000)
Change in pension and postretirement liabilities	(118,000)	4,168,000
Total comprehensive income	\$ 309,000	\$ 3,262,000

## Note 8 – Other Liabilities

The Company along with several other manufacturing companies has been designated by the federal Environmental Protection Agency (“EPA”) as a Potentially Responsible Party (“PRP”) with respect to two dump sites. The primary PRP who had the greatest share of liability and was performing the remedial activities at both sites filed bankruptcy. The Company had previously resolved its liability with the primary PRP in 1988. In accordance with Consent Decrees with the EPA, the remaining PRPs are liable for continuing the remedial activities. At September 30, 2024 and June 30, 2024, the Company had accrued \$1,090,000 and \$1,079,000 respectively. Amounts include \$101,000 classified as current in other accrued liabilities at September 30, 2024 and June 30, 2024 respectively.

## Note 9 - Revenue Recognition

Revenues are recognized when or as control of the promised goods transfers to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods.

**Disaggregation of Revenue:** In the following table, revenue from contracts with customers, is disaggregated by geography:

Country	Three Months Ended September 30, 2024	Fiscal 2024
United States	\$ 19,966,000	\$ 85,264,000
Mexico	2,689,000	11,718,000
Canada	1,101,000	5,480,000
Other	401,000	726,000
Total revenue	\$ 24,157,000	\$ 103,188,000

**Description of Products and Services:** The Company is a major manufacturer of industrial component parts, consisting of locknuts, bolts, piston pins, studs, bushings, shafts, and other machined, cold formed, hardened and/or ground metal parts. All revenue is considered one segment. See Note 1 for more detailed information about the Company's operations.

Revenue is recognized when control of the products transfers to the customer which is the point when the customer gains the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, which is generally upon shipment of goods. The Company uses this measure of progress because it best depicts the transfer of value to the customer and correlates with the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods to the customer.

The Company typically invoices the customer after shipment of the promised goods, at which time it has an unconditional right to payment. Accounts receivable, net on the balance sheet represents trade receivables for invoiced goods. At September 30, 2024 and June 30, 2024, the balance sheet does not include any contract asset or contract liabilities.

**Significant Judgments and Practical Expedients Applied:** Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. Incidental items that are immaterial in the context of the contract are not recognized as separate performance obligations to which a portion of revenue would otherwise be allocated.

The Company records freight billed to customers in net sales. The corresponding costs incurred for shipping and handling related to these customer billed freight costs are recorded as costs to fulfill the contract and are included in cost of products sold on the statement of operations.

The Company's contracts typically do not result in situations where there is a time period greater than one year between performance under the contract and collection of the related consideration. The Company elected a practical expedient related to significant financing components, where the Company expects, at contract inception, that the period between the entity's transfer of a promised good to a customer and the customer's payment for that good will be one year or less.

The Company applies a practical expedient for costs to obtain a contract and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the incurred costs that the Company otherwise would have capitalized is one year or less. These costs are included in selling, general and administrative expenses on the statement of operations.

**Transaction Price Allocated to the Remaining Performance Obligation:** The Company applies a practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The Company does not have material contracts with product releases that have expected durations of more than one year.



## **Federal Screw Works**

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Romulus, MI 48174

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www.federalscrewworks.com  
fsw@federalscrewworks.com

# Quarterly Report

For the period ending 09-30-2024 (the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

1,381,594 as of 09-30-2024 (Current Reporting Period Date or More Recent Date)

1,381,594 as of 06-30-2024 (Most Recent Completed Fiscal Year End)

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred during this reporting period:

Yes:  No:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Federal Screw Works

Current State and Date of Incorporation or Registration: Michigan, 06-19-1919

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

N/A

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

Address of the issuer's principal executive office:

34846 Goddard Rd  
Romulus, MI 48174

Address of the issuer's principal place of business:

*Check if principal executive office and principal place of business are the same address:*

\_\_\_\_\_

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No:  Yes:  If Yes, provide additional details below:

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Computershare

Phone: 800-426-5523

Email: June.Lutes@computershare.com

Address: P.O. Box 43006  
Providence, RI 02940-3006

**Publicly Quoted or Traded Securities:**

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>FSCR</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>3138819104</u>	
Par or stated value:	<u>\$1.00</u>	
Total shares authorized:	<u>2,000,000</u>	as of date: <u>09-30-2024</u>
Total shares outstanding:	<u>1,381,594</u>	as of date: <u>09-30-2024</u>
Total number of shareholders of record:	<u>117</u>	as of date: <u>09-30-2024</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

N/A

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

N/A

**Security Description:**

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

\_\_\_\_\_

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

\_\_\_\_\_

3. Describe any other material rights of common or preferred stockholders.

\_\_\_\_\_

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

\_\_\_\_\_

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:  Yes:  (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance:</u> Date <u>06-30-2023</u> Common: <u>1,381,595</u> Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>Sep-23</u>	Shares returned to treasury	<u>1</u>	<u>Common</u>	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report:  <u>Ending Balance:</u> Date <u>09-30-2024</u> Common: <u>1,381,594</u> Preferred: _____									

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

**B. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities :

No:  Yes:  (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder.  *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

**4) Issuer’s Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer’s current operations. Ensure that these descriptions are updated on the Company’s Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

Federal Screw Works is a domestic manufacturer of industrial component parts, consisting of locknuts, bolts, piston pins, studs, bushings, shafts and other machined, cold formed, hardened and/or ground metal parts, all of which constitute a single business segment.

B. List any subsidiaries, parent company, or affiliated companies.

N/A

C. Describe the issuers’ principal products or services.

The Company’s products are manufactured at several plants and are fabricated from metal rod and bar, which are generally available at competitive prices from multiple sources. Production is in high-volume job lots to the specification of original equipment manufacturers and sold to them for incorporation into their assemblies. The

majority of these sales are to manufacturers of automobiles and trucks, with the balance being mainly to manufacturers of nonautomotive durable goods.

## 5) Issuer's Facilities

*The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Big Rapids Division in Big Rapids, Michigan, manufactures special high-strength bolts and other cold formed products using boltmakers and headers as primary equipment. Among the items manufactured to both inch and metric specifications are hex head bolts, connecting rod bolts, studs and flange bolts. The 200,000 square foot plant is situated on 25 acres of land, and contains heat treat facilities for hardening in-process parts.

The Romulus Division operates out of a 100,000 square foot facility. The division heat treats products shipped from Traverse City and also serves as a distribution center of these products to our customers. The division also provides finish processing to those products that we purchase and prepares them for shipment to our customers.

The Traverse City Division manufactures a wide variety of special cold formed products for automotive customers out of a 47,000 square foot plant. The majority of these products are prevailing torque nuts which are intended for use in automotive suspension and drivetrain applications. These products are formed utilizing partsformers and nutformers and finished on various types of secondary equipment that are designed to tap threads, apply locking features or assemble nut blanks to washers.

The parts produced at the above divisions are sold principally to the automotive market. These parts are mass produced, and most are shipped directly to car assembly plants.

The Novex Tool Division occupies a 19,000 square foot leased facility in Brighton, Michigan. The lease expired on August 31, 2021 and the rent is month to month until a new lease is negotiated. The division manufactures perishable tooling, primarily for the cold heading industry. Approximately 29% of its output is consumed by the Company's Big Rapids, Romulus and Traverse City Divisions.

The Company's corporate offices are located at 34846 Goddard Road, Romulus, Michigan, a western suburb of Detroit. The offices are part of the Romulus Division stated above.

The Company owns outright all of the above, described buildings, land and production facilities except as specifically noted to the contrary. The Company utilizes all of the floor space of these structures. Present facilities are adequate to meet the needs of each respective division.

## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.*

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Thomas ZurSchmiede</u>	<u>Officer</u>	<u>Big Rapids, MI</u>	<u>153,285</u>	<u>Common</u>	<u>11.1%</u>	_____
<u>Robert F. ZurSchmiede</u>	<u>Director</u>	<u>Elk Rapids, MI</u>	<u>77,443</u>	<u>Common</u>	<u>5.6%</u>	_____
<u>Aaron J. ZurSchmiede</u>	<u>Officer</u>	<u>East Grand Rapids, MI</u>	<u>92,370</u>	<u>Common</u>	<u>6.7%</u>	_____
<u>Jeffrey M. Harness</u>	<u>Officer</u>	<u>Grosse Pointe Farms, MI</u>	<u>54,958</u>	<u>Common</u>	<u>4.0%</u>	_____
<u>William G. Harness</u>	<u>Officer</u>	<u>Grosse Pointe Farms, MI</u>	<u>25,118</u>	<u>Common</u>	<u>1.8%</u>	_____
<u>Wade C. Plaskey</u>	<u>Director</u>	<u>Scottsdale, AZ</u>	<u>1,875</u>	<u>Common</u>	<u>Less than 1%</u>	_____
<u>Frank S. Galgan</u>	<u>Director</u>	<u>Troy, MI</u>	<u>1,450</u>	<u>Common</u>	<u>Less than 1%</u>	_____
<u>Hugh G. Harness</u>	<u>Director</u>	<u>Grosse Pointe Farms, MI</u>	<u>108,209</u>	<u>Common</u>	<u>7.8%</u>	_____
<u>Delle Jean ZurSchmiede</u>	<u>Director</u>	<u>Grosse Pointe Farms, MI</u>	<u>14,118</u>	<u>Common</u>	<u>1.0%</u>	_____
<u>Scott Rozema</u>	<u>Officer</u>	<u>Commerce Township, MI</u>	<u>260</u>	<u>Common</u>	<u>Less than 1%</u>	_____
<u>Matthew Misiak</u>	<u>Officer</u>	<u>Berkely, MI</u>	<u>102</u>	<u>Common</u>	<u>Less than 1%</u>	_____
<u>Carson Burkett</u>	<u>Officer</u>	<u>Rockford, MI</u>	<u>61,999</u>	<u>Common</u>	<u>4.5%</u>	_____

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

N/A

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

N/A

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

N/A

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

N/A

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

## 8) **Third Party Service Providers**



Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Frank Galgan  
Firm: Lambert Leser  
Address 1: 755 W Big Beaver Rd Suite 410  
Address 2: Troy, MI 48084  
Phone: 248-251-1001  
Email: [fgalgan@lambertleser.com](mailto:fgalgan@lambertleser.com)

#### Accountant or Auditor

Name: Joseph Tomaszewski  
Firm: Crowe LLP  
Address 1: 55 Campau Ave. N.W. Suite 300  
Address 2: Grand Rapids, MI 49503  
Phone: 616-752-4220  
Email: [joe.tomaszewski@crowe.com](mailto:joe.tomaszewski@crowe.com)

#### Investor Relations

N/A

*All other means of Investor Communication:*

N/A

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

N/A

## **9) Disclosure & Financial Information**

A. This Disclosure Statement was prepared by (name of individual):

Name: Scott Rozema  
Title: Treasurer  
Relationship to Issuer: Employee

B. The following financial statements were prepared in accordance with:

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Scott Rozema**

Title: **Treasurer**

Relationship to Issuer: **Employee**

Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup> **Accounting Degree with over 20 years' experience**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

**Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

## **10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Thomas ZurSchmiede certify that:

1. I have reviewed this Disclosure Statement for Federal ScrewWorks;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

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<sup>5</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11-7-2024 [Date]

/s/ Thomas ZurSchmiede [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")



*Principal Financial Officer:*

I, Scott Rozema certify that:

1. I have reviewed this Disclosure Statement for Federal Screw Works;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11-7-2024 [Date]

/s/ Scott Rozema [Treasurer's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

