

MENETA HOLDING A/S
STRANDHOLTVEJ 49, STIGE, 5270 ODENSE N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 6 May 2020

Georg Michael Ruhl

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

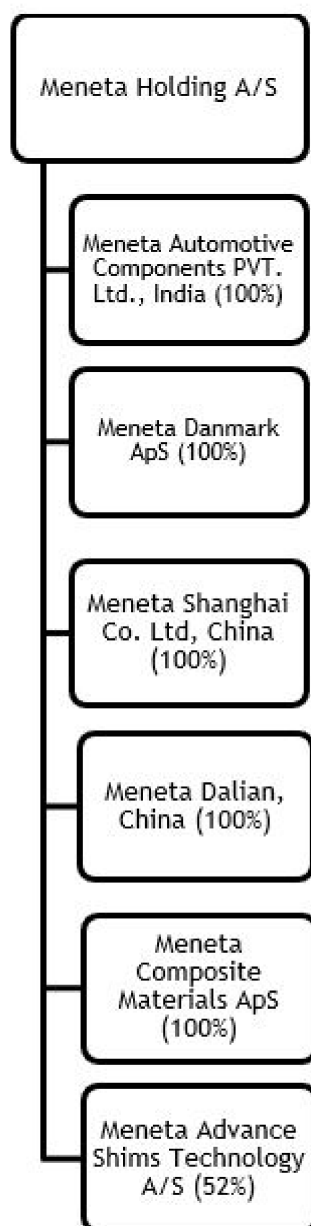
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COMPANY DETAILS

Company	Meneta Holding A/S Strandholtvej 49 Stige 5270 Odense N CVR No.: 25 67 39 48 Established: 15 October 2000 Registered Office: Odense Financial Year: 1 January - 31 December
Board of Directors	George Michael Ruhl, chairman Christopher Watson Ole Thanning Roholdt Jessica Wang Olsson Kim Walther Østergaard
Board of Executives	Kim Walther Østergaard
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Albani Torv 2-3 5000 Odense C

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Meneta Holding A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, 22 April 2020

Board of Executives

Kim Walther Østergaard

Board of Directors

George Michael Ruhl
Chairman

Christopher Watson

Ole Thanning Roholdt

Jessica Wang Olsson

Kim Walther Østergaard

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Meneta Holding A/S

Opinion

We have audited the Consolidated Financial Statements and Parent Company Financial Statements of Meneta Holding A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 in preparing the Consolidated Financial Statements and Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and Parent Company 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 and the additional requirements applicable in Denmark 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 Consolidated Financial Statements and Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 22 April 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

FINANCIAL HIGHLIGHTS OF THE GROUP

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
Income statement					
Net revenue.....	720.638	738.713	679.206	631.706	620.094
Gross profit/loss.....	263.911	281.946	265.687	266.548	238.961
Operating profit/loss.....	65.210	88.810	87.689	91.825	78.186
Financial income and expenses, net.....	1.229	-6.414	-1.302	-3.607	-131
Profit/loss for the year before tax.....	66.439	82.396	86.387	88.218	78.055
Profit/loss for the year.....	50.691	59.927	63.421	68.572	57.494
Balance sheet					
Balance sheet total.....	742.363	647.262	611.190	566.091	529.709
Equity.....	471.985	424.451	378.093	280.931	217.901
Invested capital.....	448.327	407.395	346.071	304.525	247.039
Cash flows					
Investment in tangible fixed assets.....	-127.178	-48.101	-73.130	-52.040	-33.219
Average number of full-time employees	1.563	1.439	1.487	1.615	1.360
Ratios					
Gross margin.....	36,6	38,2	39,1	42,2	38,5
Profit margin.....	9,0	12,0	12,9	14,5	12,6
Rate of return.....	11,3	14,7	18,3	22,5	23,3
Solvency ratio.....	63,9	65,6	62,0	49,6	41,1
Return on equity.....	11,3	14,9	19,2	27,5	30,3
Index for net revenue.....	116	119	110	102	100
Net revenue per employee.....	461	513	457	391	456

FINANCIAL HIGHLIGHTS OF THE GROUP

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Net revenue per employee DKK ('000)	$\frac{\text{Net revenue DKK('000)}}{\text{Average number of full-time employees}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

Meneta Holding A/S is the parent company of Meneta Danmark ApS, Meneta Advanced Shims Technology A/S, and Meneta Composite Materials ApS in Denmark, Meneta Automotive Components Private Limited in India, and Meneta Shanghai and Meneta Dalian, both in China.

The activities of the company range from production and sales of a broad portfolio of automotive components to multi-layer sealing materials for both automotive and other application.

Meneta Holding A/S also obtains revenues and profits from paid testing from a branch office in Koblenz, Germany, mainly targeting external customers.

Aside from the Management and secretary, the company employs staff within the areas of new technology, finance, and IT as well as employees to support the various subsidiaries on a global basis within business development, marketing, production and R&D/product design.

Development in activities and financial position

The Chinese companies obtained revenues of DKK 100 m and an EBITDA of DKK 18 m.

The Indian companies obtained revenues of DKK 273 m and an EBITDA of DKK 32 m.

The Danish companies obtained revenues of DKK 459 m and an EBITDA of DKK 54 m.

The consolidated revenue ended at DKK 721 m and an EBITDA of DKK 104 m.

Revenue decreased by 2.4 %. EBITDA decreased by 16 %.

The result of the year ended at DKK 51 m against DKK 60 m in 2018.

Throughout the year, we have invested DKK 127 m in fixed assets in the various group companies.

Profit/loss for the year compared to future expectations

For 2020, we expect a minor increase in revenue and continued, improved profit levels exceeding 2019, despite the COVID19 outbreak.

Events after the end of the financial year

To the best of our knowledge, no events have occurred after the end of the financial year of material importance for the financial position of the company in 2019.

However, the rapid spreading of the Coronavirus in Denmark and the rest of the world since March 2020 has made it necessary for the Danish authorities to introduce several restrictions which will have financial and economic consequences for some or all of the Meneta companies.

Meneta Holding A/S is at the moment only marginally affected financially by the implemented restrictions, but Management expects the situation to further deteriorate in the coming months.

MANAGEMENT'S REVIEW

Special risks

A considerable part of the Group's raw materials depends on commodities such as steel and oil, prices of which may vary.

Raw materials, sales prices, and assets and liabilities depend on the development in a line of currencies. The currency exposure is continuously evaluated, and risk hedging takes place according to determined policies and rules.

Environmental situation

Meneta Holding A/S is aware of the potential impact of its products and production processes. It is an ongoing process, and work is continuously being done to reduce it. Meneta has recently entered into a partnership with the island's leading utility provider 'Energy Fyn' to reduce CO2 emissions.

The subsidiary, Meneta Advanced Shims Technology A/S, has launched a project, whereby surplus rubber from the production that used to be discarded is now being recycled and reused.

The subsidiary, Meneta Composite Materials ApS, has introduced recycling of heating generated in the production area to be reused in the administration office.

Other initiatives under the umbrella of the United Nations Global Compact programme continued to be part of the Holding company's activities.

Development activities

The Group's utilized means on development activities have been taken to the profit and loss account.

Expected development

For 2020, we expect a minor reduction in the environmental impact of our products, including the elimination of heavy metals.

It is expected that the COVID19 virus will have an impact on the company's revenue and profit levels. However, Management's current assessment is that there will be a financial effect but that it will not material for the full year.

MANAGEMENT'S REVIEW

Corporate social responsibility

Product development is focused on reducing the environmental impact of our products, including the elimination of heavy metals.

The company is following its CSR policy, including but not limited to its Code of Conduct scheme outlining, e.g. ethical business standards for its employees.

In their Codes of Conduct, Meneta Holding A/S' operating companies Meneta Danmark ApS and Meneta Advanced Shims Technology A/S have already fully integrated the ten principles of the largest international corporate sustainability initiative, the UN Global Compact. Meneta Holding A/S has now proceeded to become a full member of the UN Global Compact as mentioned in last year's management review.

The Indian subsidiary company, Meneta Automotive Components Ltd., continues to collaborate with the NGO Manavta Drishti to offer educational support for underprivileged children and will continue to arrange a New Year's Eve celebration for an orphanage, where free lunch is served to the orphans on different occasions.

Further, Meneta Automotive Components Ltd. Continues to help a local school with several initiatives:

- * the provision of electricity for lighting during evening hours
- * the distribution of school uniforms, books and stationeries to children and blackboards for the teachers
- * the creation of a healthy and harmonious educational environment by providing human resources and equipment for the maintenance of the garden surrounding the school
- * the provision of clean drinking water and snacks twice a week to all students and teachers to encourage the children to attend class.

Generally, the Group endeavours to show corporate social responsibility for the local community through charity work, minor sponsorships and temps hired for a seasonal job from local high schools and sports clubs.

The company continues to collaborate with clusters that help impaired people obtain work temporarily. All companies within the Group are encouraged to take in students from local schools and universities to collaborate on specific projects, offer internships or help them complete their bachelor's or master's thesis.

Moreover, the company recently launched a project to evaluate which of the seventeen SDGs (Sustainable Development Goals) under the United Nations could be relevant to pursue by the Group. Group Management expects to receive a full report on the in that regard early summer 2020.

Target figures and policies for the underrepresented gender

The focus on increasing the number of female managers is an ongoing process, and the company hence continues to strive to ensure the right composition of gender in management functions.

The target as to how many of the under-represented gender should have a seat on the board of directors has been implemented. The company continues to meet its target that at least 20% of the board members elected at the Annual General Meeting of shareholders in the company should be female by 2020, and the board of Meneta Holding A/S now meets the first target.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
	Note	2019	2018	2019	2018
		DKK '000	DKK '000	DKK '000	DKK '000
NET REVENUE	1	720.638	738.713	32.090	34.393
Cost of sales.....		-359.395	-362.612	-109	-197
Other operating income/cost.....		10.016	-930	9.901	0
Other external expenses.....	2	-107.348	-93.225	-5.067	3.765
GROSS PROFIT/LOSS		263.911	281.946	36.815	37.961
Staff costs.....	3	-159.954	-157.539	-9.305	-8.642
Depreciation, amortisation and impairment.....		-38.747	-35.597	-7.437	-6.847
OPERATING PROFIT		65.210	88.810	20.073	22.472
Result of equity investments in group and associates.....		0	0	29.333	35.634
Other financial income.....	4	3.588	83	20	2
Other financial expenses.....	5	-2.359	-6.497	-1.598	-1.679
PROFIT BEFORE TAX.....		66.439	82.396	47.828	56.429
Tax on profit/loss for the year.....	6	-15.748	-22.469	-4.370	-5.145
PROFIT FOR THE YEAR.....	7	50.691	59.927	43.458	51.284

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Land and buildings.....		119.475	123.402	70.041	73.508
Production plant and machinery...		112.264	107.142	6.288	7.434
Other plant, machinery, tools and equipment.....		10.663	9.946	1.424	741
Tangible fixed assets in progress and prepayment.....		112.078	25.692	45.462	2.012
Tangible fixed assets.....	8	354.480	266.182	123.215	83.695
Participating interests in affiliated undertakings.....		0	0	372.960	342.827
Other long-term receivables from affiliated undertakings.....		4.944	0	0	0
Rent deposit and other receivables.....		485	0	47	0
Fixed asset investments.....	9	5.429	0	373.007	342.827
FIXED ASSETS.....		359.909	266.182	496.222	426.522
Raw materials and consumables...		60.711	63.860	0	0
Goods in progress.....		19.639	17.350	0	0
Finished goods and goods for resale.....		94.834	81.954	0	0
Inventories.....		175.184	163.164	0	0
Trade receivables.....		159.983	174.717	2.616	5.051
Amounts owed by affiliated undertakings.....		0	0	7.521	7.197
Provision for deferred tax.....	10	0	1.115	0	0
Other receivables.....		17.443	25.028	865	7.599
Receivables corporation tax.....		3.498	0	1.956	0
Prepayments and accrued income.		1.780	0	470	0
Receivables.....		182.704	200.860	13.428	19.847
Other securities and equity investments.....		908	0	0	0
Current investments.....		908	0	0	0
Cash and cash equivalents.....		23.658	17.056	1	263
CURRENT ASSETS.....		382.454	381.080	13.429	20.110
ASSETS.....		742.363	647.262	509.651	446.632

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Share capital.....	11	40.600	40.600	40.600	40.600
Reserve for net revaluation under the equity method.....		0	0	235.234	208.421
Retained earnings.....		362.230	320.703	126.997	112.282
Minority shareholders.....		69.155	63.148	0	0
EQUITY.....		471.985	424.451	402.831	361.303
Deferred tax liability.....	10	1.069	0	1.358	100
PROVISION FOR LIABILITIES.....		1.069	0	1.358	100
Bank loan.....		28.735	35.796	28.735	35.796
Other liabilities.....		3.967	58	472	58
Lease liabilities.....		22.867	1.281	0	0
Long-term liabilities.....	12	55.569	37.135	29.207	35.854
Short-term portion of long-term liabilities.....	12	12.966	14.938	7.686	14.290
Bank debt.....		77.430	37.797	30.656	0
Trade payables.....		86.472	92.610	2.606	1.603
Payables to group enterprises.....		0	0	29.306	27.393
Other liabilities.....		36.780	40.331	6.001	6.089
Accruals and deferred income.....		92	0	0	0
Current liabilities.....		213.740	185.676	76.255	49.375
LIABILITIES.....		269.309	222.811	105.462	85.229
EQUITY AND LIABILITIES.....		742.363	647.262	509.651	446.632
 Contingencies etc.	13				
Charges and securities	14				
Related parties	15				

EQUITY

	Group				
	Share capital	Reserve for net revaluation according to equity value method	Retained earnings	Minority shareholders	Total
Equity at 1 January 2019.....	40.600	0	320.703	63.148	424.451
Change of equity due to correction of errors.....			-2.521	-1.210	-3.731
Adjusted equity at 1 January 2019.....	40.600	0	318.182	61.938	420.720
Foreign exchange adjustments.....			2.114		2.114
Other value adjustments relating to equity.....			-1.540		-1.540
Proposed distribution of profit.....			43.474	7.217	50.691
Equity at 31 December 2019.....	40.600	0	362.230	69.155	471.985

	Parent company			
	Share capital	Reserve for net revaluation according to equity value method	Retained earnings	Total
Equity at 1 January 2019.....	40.600	208.421	112.282	361.303
Change of equity due to correction of errors.....		-2.521		-2.521
Adjusted equity at 1 January 2019.....	40.600	205.900	112.282	358.782
Foreign exchange adjustments.....			2.114	2.114
Other value adjustments relating to equity.....			-1.524	-1.524
Proposed distribution of profit.....		29.334	14.125	43.459
Equity at 31 December 2019.....	40.600	235.234	126.997	402.831

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2019 DKK '000	2018 DKK '000
Profit/loss for the year.....	50.691	59.927
Reversed depreciation of the year.....	38.746	35.597
Reversed tax on profit for the year.....	15.750	22.469
Other adjustments.....	-3.142	-5.777
Change in inventory.....	-12.018	-11.458
Change in receivables.....	17.238	-34.908
Change in current liabilities (ex bank, tax and dividend).....	-27.315	6.892
CASH FLOWS FROM OPERATING ACTIVITY.....	79.950	72.742
Purchase of tangible fixed assets.....	-127.178	-48.101
Sale of tangible fixed assets.....	135	40
Purchase of fixed assets investments.....	-5.429	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-132.472	-48.061
Other changes in long-term debt.....	19.488	7.065
CASH FLOWS FROM FINANCING ACTIVITY.....	19.488	7.065
CHANGE IN CASH AND CASH EQUIVALENTS.....	-33.034	31.746
Cash and cash equivalents at 1 January.....	-20.741	-52.487
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	-53.775	-20.741

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Net revenue					1
Revenue, Denmark.....	644	723	9.440	0	
Revenue, other countries.....	719.994	737.990	22.650	34.393	
	720.638	738.713	32.090	34.393	
Segment details (geography)					
Revenue, Denmark.....	644	723	9.440	0	
Revenue, other countries.....	719.994	737.990	22.650	34.393	
	720.638	738.713	32.090	34.393	
Segment details (activities)					
Production.....	720.638	738.713	32.090	34.393	
	720.638	738.713	32.090	34.393	
Fee to statutory auditors					2
Total fee:					
BDO.....	1.161	1.106	220	195	
	1.161	1.106	220	195	
Specification of fee:					
Statutory audit.....	801	664	120	120	
Other services.....	360	442	100	75	
	1.161	1.106	220	195	
Staff costs					3
Average number of employees					
Group: 1.563 (2018: 1.439)					
Parent company: 13 (2018: 13)					
Wages and salaries.....	142.275	140.762	8.020	7.473	
Pensions.....	9.466	9.264	1.190	1.082	
Social security costs.....	8.213	7.513	95	87	
	159.954	157.539	9.305	8.642	
Remuneration of Management is not disclosed according to the exemption provision of section 98 b(3)(2) of the Danish Financial Statements Act.					
Other financial income					4
Affiliated undertakings.....	0	0	18	0	
Other interest income.....	3.588	82	2	2	
	3.588	82	20	2	

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Other financial expenses					5
Group enterprises.....	0	0	505	406	
Other interest expenses.....	2.359	6.497	1.093	1.273	
	2.359	6.497	1.598	1.679	
Tax on profit/loss for the year					6
Calculated tax on taxable income of the year.....	13.485	22.379	2.910	4.452	
Adjustment of tax for previous years.....	-62	6	-62	6	
Adjustment of deferred tax.....	2.325	84	1.522	687	
	15.748	22.469	4.370	5.145	
Proposed distribution of profit					7
Allocation to reserve for net revaluation according to equity value method.....	0	0	29.333	35.634	
Retained earnings.....	50.691	59.927	14.125	15.650	
	50.691	59.927	43.458	51.284	
Tangible fixed assets					8
			Group		
			Land and buildings	Production plants and machinery	
Cost at 1 January 2019.....			163.790	336.546	
Exchange adjustment.....			954	2.066	
Additions.....			2.243	31.176	
Disposals.....			0	-35	
Cost at 31 December 2019.....			166.987	369.753	
Depreciation and impairment losses at 1 January 2019.....			40.388	229.404	
Exchange adjustment.....			227	1.360	
Reversal of depreciation of assets disposed of.....			0	-26	
Depreciation for the year.....			6.897	26.751	
Depreciation and impairment losses at 31 December 2019....			47.512	257.489	
Carrying amount at 31 December 2019.....			119.475	112.264	
Finance lease assets.....				32.500	

NOTES

Note

Tangible fixed assets (continued)

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	Group	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019.....	30.201	25.692
Exchange adjustment.....	247	88
Additions.....	4.816	86.364
Disposals.....	-853	-66
Cost at 31 December 2019.....	34.411	112.078
Depreciation and impairment losses at 1 January 2019.....	20.255	
Exchange adjustment.....	167	
Reversal of depreciation of assets disposed of.....	-619	
Depreciation for the year.....	3.945	
Depreciation and impairment losses at 31 December 2019....	23.748	
Carrying amount at 31 December 2019.....	10.663	112.078
	Parent company	
	Land and buildings	Production plants and machinery
Cost at 1 January 2019.....	97.737	14.758
Additions.....	884	1.401
Cost at 31 December 2019.....	98.621	16.159
Depreciation and impairment losses at 1 January 2019.....	24.228	7.323
Depreciation for the year.....	4.352	2.548
Depreciation and impairment losses at 31 December 2019....	28.580	9.871
Carrying amount at 31 December 2019.....	70.041	6.288
	Parent company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019.....	1.990	2.012
Additions.....	1.221	43.450
Disposals.....	-381	0
Cost at 31 December 2019.....	2.830	45.462
Depreciation and impairment losses at 1 January 2019.....	1.250	
Reversal of depreciation of assets disposed of.....	-381	
Depreciation for the year.....	537	
Depreciation and impairment losses at 31 December 2019....	1.406	
Carrying amount at 31 December 2019.....	1.424	45.462

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Fixed asset investments

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	Group	
	Other securities	Rent deposit and other receivables
Correction to cost	1.255	344
Additions.....	3.689	141
Cost at 31 December 2019.....	4.944	485
Carrying amount at 31 December 2019.....	4.944	485
	Parent company	
	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2019.....	122.365	0
Exchange adjustment.....	12.040	0
Correction to cost.....	0	47
Cost at 31 December 2019.....	134.405	47
Revaluation at 1 January 2019.....	208.420	0
Exchange adjustment.....	2.114	0
Profit/loss for the year.....	29.333	0
Other adjustments.....	-1.312	0
Revaluation at 31 December 2019.....	238.555	0
Carrying amount at 31 December 2019.....	372.960	47

Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
Meneta Danmark ApS, Odense.....	95.941	1.957	100 %
Meneta Advance Shims Technology A/S, Odense.....	144.072	15.035	52 %
Meneta Automotive Components Pvt. Ltd., India.....	130.451	15.731	100 %
Meneta Shanghai Co. Ltd, China.....	49.987	5.782	100 %
Meneta Dalian Co. Ltd., China.....	27.907	3.403	100 %
Meneta Composite Materials ApS, Odense.....	-6.087	-5.478	100 %

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Note

Provision for deferred tax

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Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Deferred tax assets, 1 January 2019.	1.115	1.292	-100	0
Added in the year 2019.....	-2.184	-177	-1.258	-100
Provision for deferred tax at 31 December 2019.....	-1.069	1.115	-1.358	-100

Share capital

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Specification of the share capital:

	2019	2018
	DKK '000	DKK '000
Shares, 100 in the denomination of 406.000 DKK.....	40.600	40.600
	40.600	40.600

Long-term liabilities

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	Group				
	31/12 2019	Repayment	Debt	31/12 2018	Current
	total liabilities	next year	outstanding	total liabilities	portion at the
			after 5 years		beginning
					of the year
Bank loan.....	36.421	7.686	0	50.086	14.290
Other liabilities.....	3.967	0	0	58	0
Lease liabilities.....	28.147	5.280	0	1.929	648
	68.535	12.966	0	52.073	14.938

	Parent company				
	31/12 2019	Repayment	Debt	31/12 2018	Current
	total liabilities	next year	outstanding	total liabilities	portion at the
			after 5 years		beginning
					of the year
Bank loan.....	36.421	7.686	0	50.086	14.290
Other liabilities.....	472	0	0	58	0
	36.893	7.686	0	50.144	14.290

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Note

Contingencies etc.

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Contingent liabilities

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Guarantee for subsidiaries.....	17.941	0	17.941	37.797

Joint liabilities

The Danish companies of the Group are jointly and severally liable for tax on the Group's joint taxable income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable on the Group's joint taxable income amounts to DKK ('000) 0 at the balance sheet date.

Charges and securities

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	Group		Parent company	
	Carrying amount of assets DKK '000	Nominal value of mortgage or outstanding debt DKK '000	Carrying amount of assets DKK '000	Nominal value of mortgage or outstanding debt DKK '000
Property, plant and machinery, estimated value.....	88.000	19.000	70.000	19.000
Chattel mortgage on inventory and receivables.....	165.291	40.000	0	0

NOTES**Note****Related parties****15**

Meneta Holding A/S' related parties include:

Meneta Danmark ApS
Meneta Advanced Shims Technology A/S
Meneta Composite Materials ApS
Meneta Automotive Component Pvt. Ltd., India
Meneta (Shanghai) Co. Ltd., China
Meneta Dalian Co. Ltd., China

Controlling interest

Steve Wang, USA

Other related parties having performed transactions with the company

The company's related parties with significant influence comprise subsidiaries and associates, the board of directors, board of executives and leading employees of such companies as well as closely related family members of these. Related parties also comprise companies in which members of the above Group hold significant interest.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The Annual Report of Meneta Holding A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

Correction of errors in previous years

An error has been corrected for 2018 as recognition of revenue was made too early in relation to terms of delivery. The change in revenue is DKK ('000) 13,324, the change in cost of sales is DKK ('000) 8,893, and the net effect is a correction of DKK ('000) 4,431 before tax. Deferred tax at beginning of the year has been adjusted by DKK ('000) 700. The net amount has been adjusted over equity at beginning of the year 2018 by DKK ('000) 3,731. Similarly, the effect has been adjusted in trade receivables and inventory. The error extends beyond 2018, but only equity at beginning of the year and comparative figures are adjusted. Thus, Financial Highlights for 2015-2017 are not corrected.

Consolidated financial statements

The consolidated financial statements include the parent company Meneta Holding A/S and its subsidiaries in which Meneta Holding A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

ACCOUNTING POLICIES

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	5-30 years	0 %
Production plant and machinery.....	4-10 years	0 %
Other plant, fixtures and equipment.....	3-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

ACCOUNTING POLICIES

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, is assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Securities and investments

Securities and investments, recognised as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price. Non-quoted securities are measured at sales value based on computed net present value.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Group's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.