

MENETA DANMARK APS
STRANDHOLTVEJ 49, STIGE, 5270 ODENSE N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 9 May 2022

Kim Walther Østergaard

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 Danmark ApS Strandholtvej 49 Stige 5270 Odense N
	CVR No.: 36 05 75 05
	Established: 23 July 2014
	Municipality: Odense
	Financial Year: 1 January - 31 December
Board of Directors	Kim Walther Østergaard, chairman Christopher Watson Ole Thanning Roholdt
Executive Board	Jens Fredskov
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Albani Torv 2-3 5000 Odense C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Meneta Danmark ApS for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Odense, 25 April 2022

Executive Board

Jens Fredskov

Board of Directors

Kim Walther Østergaard
Chairman

Christopher Watson

Ole Thanning Roholdt

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Meneta Danmark ApS

Opinion

We have audited the Financial Statements of Meneta Danmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the 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 Commentary.

Copenhagen, 25 April 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

FINANCIAL HIGHLIGHTS

	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000
Income statement					
Net revenue.....	171,364	127,491	139,724	163,538	161,959
Gross profit/loss.....	55,115	45,086	42,500	54,083	59,096
Operating profit/loss of main activities...	11,352	6,433	1,789	10,867	15,959
Financial income and expenses, net.....	727	769	725	581	418
Profit/loss for the year.....	9,428	5,618	1,960	8,928	12,884
Balance sheet					
Total assets.....	179,161	138,893	136,093	142,805	129,984
Equity.....	110,987	101,559	95,941	93,981	85,057
Invested capital.....	140,116	109,603	106,336	84,431	98,000
Investment in property, plant and equipment.....	12,281	5,223	3,373	2,070	9,917
Key ratios					
profit margin.....	6.6	5.0	1.3	6.6	9.9
Return on invested capital.....	9.1	6.0	1.9	11.9	18.1
Equity ratio.....	61.9	73.1	70.5	65.8	65.4
Return on equity.....	8.9	5.7	1.9	10.0	16.4
Index for net revenue.....	106	79	86	101	100

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

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
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Return on invested capital:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities

Meneta Danmark ApS manufactures and sells mainly back plates for brake pads for use in the automotive industry. The products are primarily used for OE business (original parts for car manufacturers) and OES business (original spare parts).

Primary market is Europe.

Development in activities and financial and economic position

Turnover made up DKK 171.4M, which is 34% higher than financial year 2020. Volumes have increased with approx. 12% compared to 2020. The level of activity is around 4% higher than 2019, which was the last financial year prior to the outbreak of the Covid-19 pandemic.

The prices on steel have increased significantly during 2021 and is the main reason for the large turnover development compared to the increase in volumes.

Total balance sheet shows DKK 179.1M with an equity share of 62%.

Equity increased by approx. DKK 9 M in financial year 2021 and amounts to DKK 110.9M.

During the financial year it was decided to invest in a new fine blanking press line. Fitting of the machinery will be finished before the end of Q2-2022. The investment is approx. DKK 18M and will increase the capacity and improve the company's competitiveness.

Profit/loss for the year compared to the expected development

Result of the year shows a profit of DKK 9.4M, which is approx. DKK 3.8M higher than the result for the financial year 2020.

Significant events after the end of the financial year

No events have occurred after the end of the financial year that may have a significant impact on the financial position of the company.

Financial risk

The most important part of the product price relates to raw material. Significant fluctuations of steel prices may have a short-term impact on the company's ability to make a profit. Key competitors are located in Italy and Spain, why the company's competitiveness depends much on the steel price development in Northern Europe versus Southern Europe.

The currency exposure is not considered a risk as all sale and purchase are made in euro or Danish kroner.

Environmental situation

The company has an environmental approval and is aware of the potential environmental impact of the production process. Efforts are being made on a regular basis to reduce the impact - among other things substitution. In 2020 the company presented the first green accounts and the statements for 2021 are in preparation.

Knowledge resources

The company is capable of attracting qualified knowledge resources.

The company is still certified under the latest IATF 16949 standards. The recertification took place mid-2021.

Future expectations

The level of activity for 2022 is expected to be the same as for 2021.

The result for 2022 is expected to be slightly lower than realized in 2021.

MANAGEMENT COMMENTARY

Other circumstances

The company has taken necessary initiatives and implemented different procedures to be GDPR compliant.

Through Meneta Holding A/S the company has confirmed its support to the UN Global Compact on the following sustainable development goals, human rights, labour, environment and anti-corruption. Each year the company reports the communication on progress.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK '000	2020 DKK '000
NET REVENUE		171,364	127,491
Cost of sales.....		-92,003	-64,968
Other operating income.....		4	2,438
Other external expenses.....		-24,250	-19,875
GROSS PROFIT		55,115	45,086
Staff costs.....	1	-40,150	-35,085
Depreciation, amortisation and impairment.....		-3,613	-3,568
OPERATING PROFIT		11,352	6,433
Other financial income.....	2	995	941
Other financial expenses.....	3	-268	-172
PROFIT BEFORE TAX		12,079	7,202
Tax on profit/loss for the year.....	4	-2,651	-1,584
PROFIT FOR THE YEAR	5	9,428	5,618

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK '000	2020 DKK '000
Production plants and machinery.....		12,436	15,582
Other plants, machinery, tools and equipment.....		58	34
Leasehold improvements.....		265	237
Tangible fixed assets in progress and prepayment.....		11,478	201
Property, plant and equipment.....	6	24,237	16,054
NON-CURRENT ASSETS.....		24,237	16,054
Raw materials and consumables.....		10,115	4,543
Work in progress.....		2,011	1,476
Finished goods and goods for resale.....		27,243	14,395
Inventories.....		39,369	20,414
Trade receivables.....		49,552	43,433
Receivables from group enterprises.....		59,010	54,182
Other receivables.....		6,787	4,465
Prepayments and accrued income.....	7	206	345
Receivables.....		115,555	102,425
CURRENT ASSETS.....		154,924	122,839
ASSETS.....		179,161	138,893

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK '000	2020 DKK '000
Share capital.....	8	50	50
Retained profit.....		110,937	101,509
EQUITY.....		110,987	101,559
Provision for deferred tax.....	9	419	471
PROVISIONS.....		419	471
Other liabilities.....		0	3,167
Non-current liabilities.....	10	0	3,167
Bank debt.....		21,018	6,543
Trade payables.....		33,009	18,036
Payables to group enterprises.....		7,355	0
Corporation tax.....		543	1,375
Other liabilities.....		5,830	7,742
Current liabilities.....		67,755	33,696
LIABILITIES.....		67,755	36,863
EQUITY AND LIABILITIES.....		179,161	138,893
 Contingencies etc.	11		
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2021.....	50	101,509	101,559
Proposed profit allocation, note 5.....		9,428	9,428
Equity at 31 December 2021.....	50	110,937	110,987

NOTES

	2021 DKK '000	2020 DKK '000	Note
Staff costs			1
Average number of employees	84	82	
Wages and salaries.....	36,488	31,747	
Pensions.....	2,914	2,639	
Social security costs.....	748	699	
	40,150	35,085	
Information about remuneration of Management is not included, see the exemption clause in the Danish Financial Statements Act, section 98b(3) no. 2.			
Remuneration is not paid to the Board of Directors. Remuneration of the Management is not disclosed because it consists of only one person.			
Other financial income			2
Group enterprises.....	995	941	
	995	941	
Other financial expenses			3
Group enterprises.....	58	6	
Other interest expenses.....	210	166	
	268	172	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	2,704	1,375	
Adjustment of tax for previous years.....	-3	0	
Adjustment of deferred tax.....	-50	209	
	2,651	1,584	
Proposed distribution of profit			5
Retained earnings.....	9,428	5,618	
	9,428	5,618	

NOTES

			Note
Property, plant and equipment			6
	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 1 January 2021.....	52,006	1,715	
Additions.....	832	66	
Disposals.....	-9,271	-800	
Cost at 31 December 2021.....	43,567	981	
Depreciation and impairment losses at 1 January 2021.....	36,424	1,681	
Reversal of depreciation of assets disposed of.....	-8,348	-800	
Depreciation for the year.....	3,055	42	
Depreciation and impairment losses at 31 December 2021...	31,131	923	
Carrying amount at 31 December 2021.....	12,436	58	
	Leasehold improvements	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2021.....	364	201	
Additions.....	106	11,277	
Cost at 31 December 2021.....	470	11,478	
Depreciation and impairment losses at 1 January 2021.....	127		
Depreciation for the year.....	78		
Depreciation and impairment losses at 31 December 2021...	205		
Carrying amount at 31 December 2021.....	265	11,478	
	2021 DKK '000	2020 DKK '000	
Prepayments and accrued income			7
Costs.....	206	345	
	206	345	
Share capital			8
Allocation of share capital:			
Share, 1 unit in the denomination of 50,000 DKK.....	50	50	
	50	50	

NOTES

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.

	2021 DKK '000	2020 DKK '000
The amount breaks down as follows:		
Production plant and machinery.....	184	147
Inventory.....	274	329
Trade receivables.....	-39	-5
	419	471
Deferred tax, beginning of year.....	471	262
Deferred tax of the year, income statement.....	-52	209
Provision for deferred tax 31 December 2021.....	419	471

Long-term liabilities

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	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other liabilities.....	0	0	0	3,167
	0	0	0	3,167

NOTES**Note****Contingencies etc.****11****Contingent liabilities**

The company has issued an unlimited guarantee concerning the engagement of Group's bank with the company's parent company, Meneta Holding A/S, and the company's sister company, Meneta Advanced Shims Technology A/S and Meneta Composite Materials ApS. The bank's credit limit with the Group is maximized to DKK ('000) 50,000.

Lease agreement

The company has an annual lease agreement with Meneta Holding A/S. The annual lease is DKK ('000) 3,000 for 2022.

Operating leases

The company has in addition to finance lease contracts entered into operating rent and lease agreements with an average annual lease payment of DKK ('000) 200.

The lease contracts have a residual term of 12 months, on average, and a total residual lease payment of DKK ('000) 113.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Meneta Holding A/S, which serves as management company for the joint taxation.

Charges and securities**12**

As security for bank debt of DKK ('000) 21,018, the company has issued a business charge of a nominal amount of DKK ('000) 25,000 on inventory and trade receivables of a total carrying amount of DKK ('000) 88,921 at 31 December 2021.

NOTES**Note****Related parties****13**

The Company's related parties include:

Meneta Holding A/S
Meneta Advanced Shims Technology A/S
Meneta Composite Materials ApS
Meneta Automotive Component Pvt. Ltd.
Formar CV Brakes India Private Ltd.
Meneta (Shanghai) Co. Ltd.
Meneta Dalian Co.Ltd.

Controlling interest

Meneta Holding A/S.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

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.

Consolidated Financial Statements**14**

The company is included in the consolidated financial statements of Meneta Holding A/S, Strandholtvej 49, 5270 Odense N, CVR number 25673948.

ACCOUNTING POLICIES

The Annual Report of Meneta Danmark ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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

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 and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

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.

Other external expenses

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

Payments related to operating lease expenses and other lease agreements are recognised in the income statement during the continuance of the contract. The company's total liability concerning operating and other lease agreements are stated under contingencies, 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.

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

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

ACCOUNTING POLICIES

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
Production plant and machinery.....	5-10 years	0 %
Other plants, machinery, tools and equipment.....	3-8 years	0-30 %
Leasehold improvements.....	3-10 years	0-30 %

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.

Lease contracts

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued 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 net realisable value is lower than the carrying amount, this is 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.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost based on weighted average prices. If the net realisable value is lower than cost, write-down is provided 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.

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.

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 cCompany 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

Other liabilities are measured at amortised cost equal to nominal value.

ACCOUNTING POLICIES

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.

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.

CASH FLOW STATEMENT

In accordance with section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement because these cash flows are included in the cash flow statement of the group, see the consolidated financial statements of Meneta Holding A/S.