

MOORE

Protocol No.: 034/1920

**AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR WITH REGARD TO**

**TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER
COMPANY AND
ITS SUBSIDIARIES**

AS AT 31 DECEMBER 2019

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

For the Sole Member of TEK Nia MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND ITS SUBSIDIARIES:

Opinion

We have audited the consolidated annual accounts of the company TEK Nia MANUFACTURING GROUP, S.L., Single-Member Company (the Parent Company) and its SUBSIDIARIES (the Group), which include the consolidated balance sheet as at 31 December 2019, the consolidated profit and loss account, the statement of changes in the consolidated equity, the statement of consolidated cash flow and the annual report corresponding to the financial year ended on said date.

In our opinion, the attached consolidated annual accounts express, in all significant aspects, the true image of the consolidated equity and of the consolidated financial situation of the Group on 31 December 2019, as well as of the consolidated results and consolidated cash flows corresponding to the annual period ended on said date, in accordance with the applicable regulatory framework on financial information (as specified in note 2.1 of the consolidated report) and, in particular, with the accounting principles and criteria contained therein.

Basis of the opinion

We have performed our audit in accordance with the regulatory framework for account auditing which is valid in Spain. Our responsibilities in accordance with said regulations are described below in the section *Responsibilities of the auditor for the auditing of the consolidated annual accounts* of our report.

We are independent of the Group in accordance with the ethical requirements, including those of independence, that apply to our audit of the consolidated annual accounts in Spain, as required by the regulations in respect of the activity of account audits. In this regard, we have not provided services other than those of an auditor of accounts nor have any situation or circumstances occurred which, in accordance with the terms of the said regulations would have affected the requisite independence in any way that would have compromised it.

We consider that the audit evidence that we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most important aspects of the audit are those which, in our professional judgement, have been deemed the most important material risks of inaccuracy in our audit of the consolidated annual accounts of the current period. These risks have been treated in the context of our audit of the consolidated annual accounts as a whole, and in the forming of our opinion on the same, and we express no separate opinion on those risks.

MOORE

Recoverability of the deferred tax assets

The group recorded tax assets amounting to 12,030 thousand Euro on 31 December, 2019. The recovery of these tax assets is contingent upon the obtaining by certain Group companies of sufficient positive tax bases in the future, whose estimation is based on the said companies' business plan, and is therefore subject to significant judgements and estimations of the Directors. Due to the matters stated above, we have considered this as a relevant aspect to be covered in our report.

To address this relevant aspect of the audit, we have analysed the projections of the future results of the companies that contribute the most significant amounts of these assets to the consolidated annual accounts, discussing the possibility of the recovery of the same with the Group's financial management.

The most significant information regarding these assets is stated in notes 3.7 and 14 of the Notes to the consolidated annual accounts.

Goodwill

In accordance with note 4 of the consolidated annual accounts, the Group has recorded goodwill amounting to 11,790 thousand Euros as of 31 December, 2019, in relation to certain owned companies. The impairment of these assets is subject to the fair value of the same being higher than their book value. The fair value is calculated based on future cash flows of the Group companies that contribute this goodwill. The estimation of these cash flows is based on the business plans of these companies, so it is subject to judgements and significant subjective estimates of the Directors. Due to the matters stated above, we have considered this as a relevant aspect to be covered in our report.

To address this important aspect of the audit, we have analysed the evaluation process that the Company follows, with respect to these companies that contribute goodwill, to understand the criteria used by the Company and their compliance with current regulations. Likewise, for the companies that generate this goodwill, we have discussed with the Group's financial management the key assumptions on which their estimates are based and we have carried out sensitivity analyses on possible variations of the estimates used, to verify their reasonableness, and it has been verified that the amortisation criteria of these assets are in line with those of the previous year.

Additionally, we have assessed whether the information revealed in notes 3.15 and 4 of the report on the consolidated annual accounts in relation to this question is adequate as per the requirements of the regulatory framework on financial reporting that applies to the Group.

Other information: Consolidated management report

The other information exclusively comprises the consolidated management report for the year 2019, the preparation of which is the responsibility of the Directors of the Parent Company and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report.

MOORE

Our responsibility relating to the information contained in the consolidated management report is defined in the audit regulations in force, which establish two distinct levels of review:

- a) A specific level applicable to the non-financial information statement, which consists solely of verifying that the aforementioned information has been provided in the consolidated management report or, if applicable, that the corresponding reference to the separate report on non-financial information has been provided as per the audit regulations, and, if this is not the case, reporting this fact.
- b) A general level applicable to the other information included in the consolidated management report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated annual accounts, from the knowledge obtained during the audit of said consolidated accounts, and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this part of the consolidated management report conform with the applicable regulations. If, based on the work we have carried out, we conclude that there are material misstatements, we are obliged to report them.

Based on the work performed, as described above, we have verified that the information mentioned in section a) above is provided in the separate report “Non-Financial Information Statement” which is referred to in the management report, and that the other information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for 2019, and that its content and presentation conform with the applicable regulations.

Responsibility of the Parent Company's Directors in relation to the consolidated annual accounts

The Directors of the Parent Company are responsible for the preparation of the attached consolidated annual accounts, in a way that reflects a true and faithful view of the consolidated equity, financial situation and results of the Group, in accordance with the regulatory framework on financial reporting applicable to the Group in Spain, and are also responsible for the internal control they deem necessary to prepare the annual accounts free from material misstatements due to fraud or error.

In the preparation of the consolidated annual accounts, the Parent Company's Directors are responsible for the evaluation of the Group's capacity to continue as a going concern, disclosing, as applicable, the issues related to the going concern and using the accounting principle of a going concern except if said Directors intend to liquidate the Group or cease its operations, or where no other realistic alternative exists.

Responsibilities of the auditor in relation to the auditing of the consolidated annual accounts

Our objectives are to obtain reasonable assurance that the consolidated annual accounts as a whole are free from material misstatement, due to fraud or error, and issue an audit report that contains our opinion.

Reasonable security is a high degree of security but does not guarantee that an audit conducted in accordance with the current regulations governing audits in Spain always detects material misstatement when it exists. The inaccuracies may be due to fraud or error and are considered material if, individually or in a cumulative manner, it can reasonably be expected to influence the economic decisions that users make based on the consolidated annual accounts.

As part of an audit in accordance with the regulations governing account auditing in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the consolidated annual accounts, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or evasion of internal control.
- We obtain information on the relevant internal control for the audit in order to design the audit procedures that are adequate depending on the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We assess whether the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors of the Parent Company.
- We conclude on whether the use by the Directors of the Parent Company of the accounting principle of a going concern is appropriate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that may generate significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the relevant information disclosed in the consolidated annual accounts or, if such disclosures are not adequate, that we express an amended opinion. Our conclusions are based on the audit evidence obtained to the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.
- We assess the overall presentation, structure and content of the consolidated annual accounts, including the disclosed information, and whether the consolidated annual accounts represent the underlying transactions and events in a way that succeeds in expressing a true image.
- We obtain sufficient and adequate evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the management, supervision and performance of the Group's auditing. We are solely responsible for our audit opinion.

MOORE

We communicate with the Directors of the Parent Company regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the significant risks that have been communicated to the Directors of the Parent Company, we determine those that have been most significant in the audit of the consolidated annual accounts of the current period and which risks are consequently deemed most significant.

We describe those risks in our audit report unless the legal or regulatory provisions prohibit the public disclosure of the issue.

MOORE AMS AUDITORES, S.L.

ROAC (Official Register of Accounts Auditors) No.: S0516

[Unreadable signature]

Signed: M^a Carmen Iñarra Muñoz

ROAC (Official Register of Accounts Auditors) No.: 19998

Partner

AUDITORS	
SPANISH INSTITUTE OF CHARTERED ACCOUNTANTS	
MOORE STEPHENS AMS, S.L.	
2020	No. 03/20/00797
96,00 euro	
COMPANY SEAL:	
.....	
Report subject to the Spanish or International Standards on Accounts Auditing	
.....	

Bilbao, 20 April 2020

State stamp

Class 8

0.03 EUROS
Three cents Euro

000128302

**TEKNIA MANUFACTURING GROUP, S.L.,
(Single-Member Company) and Subsidiaries**

**Consolidated Annual Accounts
for the financial year ended
31 December 2019**

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 December 2019

ASSETS	NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS	Thousands of Euros	
		2019	2018
A) NON-CURRENT ASSETS		121,888	122,186
I. Intangible fixed assets			
1. Consolidated goodwill	4	11,790	13,564
2. Other intangible fixed assets	9	3,059	3,527
		14,849	17,091
II. Tangible fixed assets			
1. Land and buildings	8	17,431	18,302
2. Technical installations and other tangible fixed assets	8	67,949	67,789
3. Fixed assets under construction and advances	8	7,809	4,409
		93,189	90,500
III. Investment property		303	301
IV. Long-term investments in group and associated companies			
3. Other financial assets		-	1,204
		-	1,204
V. Long-term financial investments	11.1.1	984	961
VI. Deferred tax assets	14.3	12,030	12,110
VIII. Non-current trade receivables	11.1.1	533	19
B) CURRENT ASSETS		136,629	143,188
I. Non-current assets held for sale		-	258
II. Inventories	12	56,790	62,193
III. Trade and other receivables			
1. Receivables for sales and services rendered	11.1.1	60,924	59,648
2. Trade receivables from group and associated companies		28	-
3. Current tax assets	14.1 and 14.6	1,235	1,417
4. Other debtors	11.1.1 and 14.1	4,805	4,297
		66,992	65,362
IV. Short-term investments in group and associated companies			
1. Loans to related parties	11.1.1 and 18.1	1,204	-
		1,204	-
V. Short-term financial investments	11.1.1	82	190
VI. Short-term accruals		1,309	1,650
VII. Cash and cash equivalents		10,252	13,535
TOTAL ASSETS (A+B)		258,517	265,374

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128304

**TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

TOTAL NET EQUITY AND LIABILITIES	NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS	Thousands of Euros	
		2019	2018
A) NET EQUITY		78,440	74,351
A-1) Equity			
I. Capital	13.1	20,000	20,000
III. Reserves	13.2	57,074	53,180
VI. Net income for the year attributable to the parent company		6,118	6,326
		83,192	79,506
A-2) Valuation adjustments			
II. Translation differences from consolidated companies	13.3	(5,052)	(5,627)
		(5,052)	(5,627)
A-3) Grants, donations and bequests received			
I. In consolidated companies	15	300	404
		300	404
A-4) External shareholders	5	-	68
B) NON-CURRENT LIABILITIES		64,843	75,146
I. Long-term provisions	16	1,682	1,548
II. Long-term debts			
1. Bonds and other marketable securities	11.1.2	19,868	19,786
2. Debts with financial institutions	11.1.2	32,079	39,118
3. Creditors due to financial leases	10.2 and 11.1.2	1,669	2,915
4. Other financial liabilities	11.1.2	5,748	7,832
		59,364	69,651
IV. Deferred tax liabilities	14.3	3,797	3,947
C) CURRENT LIABILITIES		115,234	115,877
II. Short-term provisions	16	456	468
III. Short-term debts			
1. Bonds and other marketable securities	11.1.2	542	542
2. Debts with financial institutions	11.1.2	17,352	17,415
3. Creditors due to financial leases	10.2 and 11.1.2	1,588	2,449
4. Other financial liabilities	11.1.2	19,660	19,246
		39,142	39,652
V. Trade and other payables			
1. Suppliers	11.1.2	46,814	49,539
3. Current tax liabilities	14.1 and 14.6	622	418
4. Other creditors	11.1.2 and 14.1	27,800	25,190
		75,236	75,147
VI. Short-term accruals		400	610
TOTAL NET EQUITY AND LIABILITIES (A + B + C)		258,517	265,374

Elorrio, 15 April 2020

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128305

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS	Miles de euros	
		2019	2018
A) ONGOING OPERATIONS			
1. Net amount of turnover	17.1	378,116	370,671
a) Sales		377,002	369,712
b) Services rendered		1,114	959
2. Changes in inventories of finished goods and work in progress		(3,258)	408
3. Work carried out by the group for its own assets		790	349
4. Supplies		(197,601)	(200,239)
a) Consumption of merchandise	17.2	(12,961)	(9,467)
b) Raw materials and other consumables used	17.2	(161,374)	(167,792)
c) Subcontracted work		(23,110)	(22,888)
d) Impairment of merchandise, raw materials and other supplies		(156)	(92)
5. Other operating income		2,020	1,048
a) Non-core and other income from ongoing operations		1,860	921
b) Operating grants taken to income	15	160	127
6. Staff expenses		(91,839)	(89,601)
a) Wages, salaries and similar		(69,942)	(69,251)
b) Employee benefits expense		(21,913)	(19,967)
c) Provisions		16	(383)
7. Other operating expenses		(55,866)	(51,151)
a) Losses, impairment and variation of provisions due to commercial operations		(76)	(90)
b) Other expenses from ongoing operations		(55,790)	(51,061)
8. Amortisation of fixed assets	4, 8 and 9	(18,375)	(17,489)
9. Allocation of grants for non-trade and other fixed asset investments	15	1	-
10. Provision surpluses		12	31
11. Impairment and profit/loss on divestment of fixed assets		227	2,026
a) Impairments and losses		(17)	13
b) Results due to divestment and others	8	244	2,013
14. Other balances		(621)	(144)
A.1) RESULTS FROM OPERATING ACTIVITIES (1+2+3+4+5+6+7+8+9+10+11+12+13+14)		13,606	15,909
15. Financial income		186	225
b) Marketable securities and other financial instruments		47	64
c) Allocation of grants, donations and bequests of a financial nature	15	139	161
16. Financial costs		(3,041)	(3,402)
18. Exchange rate fluctuations		(971)	(1,678)
A.2) FINANCIAL PROFIT (14+15+16+17+18)		(3,826)	(4,855)
A.3) PROFIT BEFORE TAX (A.1 + A.2 +19+20+21)		9,780	11,054
24. Income tax	14.2	(3,662)	(4,731)
A.4) PROFIT AND LOSS FROM ONGOING OPERATIONS (A.3 + 22)		6,118	6,323
B) DISCONTINUED OPERATIONS		-	-
A.5) CONSOLIDATED RESULT FOR THE FINANCIAL YEAR (A.4 + 23)		6,118	6,323

Balance attributed to the parent company

6,118

6,326

Balance attributed to external shareholders

-

(3)

Elorrio, 15 April 2020

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128306

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2019A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS	Thousands of Euros	
		2019	2018
A) Consolidated profit for the financial year		6,118	6,323
Income and expenses directly allocated to net equity			
III. Grants, donations and bequests received	15	-	-
VI. Exchange rate differences		575	(459)
VII. Tax effect	15	-	-
B) Total income and expenses directly allocated to consolidated net equity (I+II+III+IV+V+VI+VII)		575	(459)
Transfers to the consolidated profit and loss account			
X. Grants, donations and legacies received	15	(140)	(161)
XIII. Tax effect	15	36	42
C) Total amounts transferred to the consolidated profit and loss account (VIII+IX+X+XI+XII+XIII)		(104)	(119)
TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENDITURE (A+B+C)		6,589	5,745
Total income and expenses attributed to the parent company		6,589	5,742
Total income and expenses attributed to external shareholders		-	3

Elorrio, 15 April 2020

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128307

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES
B) TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED NET EQUITY FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
Thousands of Euros

	Capital	Reserves and retained earnings from prior years (*)	Result of the financial year attributed to parent company	Adjustments due to changes in value	Grants, donations and legacies received	External shareholders	Total
A. Balance at the end of 2017	20,000	46,198	11,912	(5,162)	523	65	73,536
I. Adjustments for changes in criteria 2017 and previous years	-	-	-	-	-	-	-
II. Adjustments due to errors 2017 and previous years	-	-	-	-	-	-	-
B. Adjusted balance, at the beginning of 2018	20,000	46,198	11,912	(5,162)	523	65	73,536
I. Total recognised income and expense			6,326	(465)	(119)	3	5,745
II. Transactions with shareholders or owners	-	(4,700)	-	-	-	-	(4,700)
4. (-) Distribution of dividends	-	(4,700)	-	-	-	-	(4,700)
III. Other net equity variations	-	11,682	(11,912)	-	-	-	(230)
2. Other changes	-	11,682	(11,912)	-	-	-	(230)
3. Increase in participation in affiliate companies	-	-	-	-	-	-	-
C. Balance at the end of 2018	20,000	53,180	6,326	(5,627)	404	68	74,351
I. Adjustments due to criteria changes 2018	-	-	-	-	-	-	-
II. Adjustments due to errors 2018	-	-	-	-	-	-	-
D. Adjusted balance, at the beginning of 2019	20,000	53,180	6,326	(5,627)	404	68	74,351
I. Total recognised income and expense			6,118	575	(104)		6,589
II. Transactions with shareholders or owners	-	(2,500)	-	-	-	-	(2,500)
4. (-) Distribution of dividends	-	(2,500)	-	-	-	-	(2,500)
III. Other net equity variations	-	6,394	(6,326)	-	-	(68)	-
2. Other changes	-	6,326	(6,326)	-	-	-	-
3. Increase of equity holdings in subsidiaries	-	68	-	-	-	(68)	-
E. Balance at the end of 2019	20,000	57,074	6,118	(5,052)	300	-	78,440

Elorrio, 15 April 2020

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	NOTES TO THE FINANCIAL STATEMENTS	Thousands of Euros	
		2019	2018
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax		9,780	11,054
2. Adjustments to profit		21,975	18,998
a) Amortisation of fixed assets (+)	4, 8 and 9	18,375	17,489
b) Valuation changes for impairment (+/-)		676	222
c) Changes in provisions (+/-)		234	284
d) Allocation of grants (-)	15	(140)	(161)
e) Profit/loss on divestment of fixed assets (+/-)		(244)	(2,013)
g) Financial income (-)		(47)	(225)
h) Financial costs (+)		3,041	3,402
k) Other income and expenses (-/+)		80	-
3. Changes in working capital		178	(4,314)
a) Inventories (+/-)	12	4,614	(5,068)
b) Trade and other receivables (+/-)		(4,408)	(1,715)
c) Other current assets (+/-)		449	115
d) Trade and other payables (+/-)		(141)	2,396
e) Other current liabilities (+/-)		(324)	136
f) Other non-current assets and liabilities (+/-)		(12)	(178)
4. Other cash flows from operating activities		(5,801)	(5,302)
a) Payment of Interest (-)		(2,763)	(3,130)
c) Interest received (+)		47	225
d) Corporate Income tax income/(expense)		(3,085)	(2,397)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		26,132	20,436
B) CASH FLOWS FROM INVESTMENT ACTIVITIES			
6. Payments for investments (-)		(20,630)	(23,513)
a) Group companies, net cash flows in consolidated companies	6	(236)	(7,677)
d) Intangible fixed assets	9	(588)	(1,112)
e) Tangible fixed assets	8	(19,806)	(14,724)
g) Other financial assets			
7. Receipts for divestitures (+)		2,638	12,323
e) Tangible fixed assets		2,638	12,323
g) Other financial assets		-	-
8. Cash flows from investment activities (6+7)		(17,992)	(11,190)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
10. Receipts and payments for financial liability instruments		(8,923)	1,810
a) Issue			
2. Debt with financial institutions (+)	11.1.2	2,643	37,130
5. Other debts (+)		438	5,799
b) Return and amortisation of			
2. Debts with financial institutions (-)	11.1.2	(10,292)	(32,753)
5. Other payables (-)		(1,712)	(8,366)
11. Payments due to dividends and compensation of other equity instruments		(2,500)	(4,700)
a) Dividends (-)		(2,500)	(4,700)
12. Cash flows from financing activities (+/-9+/-10-11)		(11,423)	(2,890)
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS			
E) NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)			
Cash or cash equivalents at the beginning of the financial year		13,535	7,179
Cash or cash equivalents at the end of the financial year		10,252	13,535

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128309

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GROUP COMPANIES

1.1 Parent company

The Parent Company TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company), was incorporated in Bilbao on 30 July 1998, before the Notary Public Andrés M^a Urrutia Badiola, who is registered at Barrio San Agustín, unnumbered, Elorrio (Vizcaya).

The activities of the Parent Company are described in Article 5 of the Company's Articles of Association. Currently, they include the promotion of companies, the acquisition, holding and use of all types of securities, and the provision of consultancy and advisory services to companies.

The activities of the different companies that make up the Group are set out in Appendix I of this consolidated report, which is an integral part of the same.

The consolidated annual accounts of Teknia Manufacturing Group, S.L., Single-Member Company, and its subsidiaries for the financial year 2018 were prepared on 29 March 2019 and are filed with the Commercial Registry of Vizcaya.

Teknia Manufacturing Group, S.L. is, in turn, a subsidiary of Siuled, S.L. with registered address at Calle María de Molina, 39 - 8^o, Madrid. The consolidated annual accounts and the consolidated management report of Siuled, S.L. and subsidiaries corresponding to financial year 2019 will be prepared in time and filed, together with the corresponding audit report, in the Commercial Registry within the legally established deadlines.

The consolidated annual accounts and consolidated management report of Siuled, S.L. and subsidiaries for the period of 2018 were prepared on 30 March 2019, and are filed in the Commercial Registry of Madrid, together with the corresponding audit report.

1.2 Consolidated subsidiaries

The companies that have been consolidated through the global integration method, of which none are listed on the Stock Exchange, are indicated in Appendix I, which forms an integral part of this report.

Subsidiaries are deemed to be all the companies in which the total direct and indirect equity interest of Teknia Manufacturing Group, S.L. (Single-Member Company) exceeds 50% of the same.

The closing date of the annual accounts of all the companies used in the consolidation is 31 December 2019.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128310

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

1.3. Variation in the composition of the Group and other operations

During financial year 2019 the most significant operations carried out were the following:

- The company Teknia San Lu s de Potos , S.A. de C.V. was acquired from external shareholders.

During financial year 2018 the most significant operations carried out were the following:

- The purchase of 100% of the shares in the company Teknia Ampuero, S.L. (Single-Member Company) (formerly Mecanizados Norte Bravo, S.L.), which, in turn, owns 100% of the share capital of Mecanor Ruman a, S.R.L and 100% of the share capital (with the exception of one share acquired by Teknia Manufacturing Group, S.L. (Single-Member Company)) of the Mexican company T cnicos en la Alta Producci n, SA. de C.V. The price consists of a fixed amount of 12,277 thousand Euros, and a variable amount of a maximum of 486 thousand Euros. Subsequently, Mecanizados Norte Bravo, S.L, now named Teknia Ampuero, S.L. (Single-Member Company), increased its share capital by 2,000 thousand Euros, subscribed in full by the Company.
- A contribution of 359 thousand Euros was made to offset losses to Teknia R&D, S.L. (Single-Member Company) through partial offsetting of the credit balance held by the Company.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. Legal framework of financial information and true and fair view

The Parent Company and all subsidiary companies have been consolidated with their Financial Statements on 31 December 2019 (on 31 December 2018 the previous year).

The Financial Statements of the Spanish companies that make up the consolidated Group have been obtained from the accounting records of the companies and are presented according to Spanish Royal Decree 1514/2007 which approves the General Chart of Accounts, and its subsequent amendments.

The framework of the financial information is also indicated in Note 2.7.

The Consolidated Annual Accounts are submitted in accordance with Royal Decree 1159/2010 of 17 September, which approves the Standards for the Formulation of Consolidated Annual Accounts (NOFCAC, for its initials in Spanish) and modifies the General Chart of Accounts approved by Royal Decree 1514/2007, dated 16 November and the General Chart of Accounts for Small and Medium-sized Enterprises, approved by Royal Decree 1515/2007 dated 16 November, and show a true and fair view of the equity, financial position and results of the Group, and the veracity of the flows incorporated in the consolidated cash flow statement.

All the Companies have applied the generally accepted accounting principles when preparing the annual accounts, and the information regarding all the Companies is comparable between them.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128311

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The attached consolidated annual accounts for financial year 2019 have been prepared by the Board of Directors of the Parent Company, Teknia Manufacturing Group, S.L., and are those that shall be submitted for approval by the Sole Shareholder. It is expected that these will be approved with no amendments.

All the figures in these consolidated annual accounts are presented in thousands of Euros, except when indicated otherwise in the notes.

2.2. Non-mandatory accounting principles applied

When preparing these consolidated annual accounts, no non-mandatory accounting principles were applied.

2.3. Critical aspects of the valuation and estimate of uncertainties

When preparing the attached consolidated annual accounts, estimates were used made by the Directors of the Parent Company to value some of the assets, liabilities, income, expenses and commitments recorded therein. They basically refer to:

- Valuation of the tangible and intangible fixed assets and their useful life.
- Valuation of financial instruments.
- Evaluation of the impairment of assets, including goodwill.
- Calculation of provisions
- Recoverability of tax credits

Despite the fact that these estimates have been made on the basis of the best information available at the end of financial year 2019, it is possible that events that may occur in the future could oblige adjustment (upward or downward) in future financial years, which would be conducted in a prospective manner where applicable.

2.4. Comparison of information

The information related to 2018 contained in the consolidated annual accounts of financial year 2019 is presented for comparison purposes.

2.5. Grouping of items

Certain items in the consolidated balance sheet, the income statement, the statement of changes in equity and the cash flow statement may be presented together in order to facilitate comprehension, although, if the item is significant, the separated information has been presented in the relevant report notes. In particular, the receipts and payments from financial assets, as well as those payments and receipts relating to financial liabilities with a high-turnover rate, are reflected as net figures. The turnover rate is considered to be high when the period between the date of acquisition and the maturity date does not exceed six months.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128312

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

2.6. Correction of errors

No significant errors have been found in the preparation of the consolidated annual accounts that would have entailed the restatement of the amounts included in the consolidated annual accounts for financial year 2018.

2.7. Principles of consolidation

The Directors of the Parent Company have prepared these consolidated annual accounts following all of the mandatory accounting principles. To do so, the following have been applied:

- The Commercial Code.
- The General Chart of Accounts, considering the Group as the accounting entity to which the accounts refer.
- The Royal Decree 1159/2010 of 17 September, which approves the Regulations for the Preparation of Consolidated Annual Accounts and modifies the General Chart of Accounts
- The Subsidiaries stated in Appendix I, which forms an integral part of this report, have been consolidated using the full consolidation method, adding the respective amount for each heading of the Subsidiaries to the balance sheet and income statement of the Parent Company.
- The annual accounts of the foreign companies have been converted to Euros applying the closing exchange rate.

Global integration

- All the annual accounts of the companies cover one financial year, with closure of the accounting period on 31 December 2019. (In the previous financial year, all the companies' annual accounts include a full financial year, with the fiscal year-end being 31 December, 2018, with the exception of Mecanizados Norte Bravo, S.L.U. and its subsidiaries that were incorporated into the Group in mid-march 2018. Therefore, the income statement for these companies reflects the period between the date of their incorporation into the Group and 31 December, 2018).
- All of the balances, transactions made, profits and losses due to operations between Group Companies that were not carried out outside of the same have been removed.
- The item external shareholders is included in the equity of the consolidated balance sheet, except for the amount to be classified as a liability (if agreements have been reached to deliver cash or other assets, which shall be presented in the balance sheet as financial liabilities).
- Whenever applicable, the part of the "reserves", "valuation adjustments" and "grants, donations and bequests received" that correspond to them shall be attributed to the external shareholders according to their equity holdings. Whenever applicable, the pending disbursements not required on the stock of external shareholders have been deducted.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128313

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

3. RECOGNITION AND VALUATION STANDARDS

The principal recognition and valuation standards used by the Group when preparing these consolidated annual accounts, in accordance with those established by the General Chart of Accounts, were the following:

3.1. Standardisation of items

Temporary standardisation:

All the Group companies have been consolidated with their financial statements as at 31 December 2019.

When a company becomes a Group company or is no longer a Group company, the individual income statement, the statement of changes in net equity and the cash flow statement included in the consolidation only refers to the period of the financial year when said company formed part of the Group.

In financial year 2018, this is the case of the companies Mecanizados Norte Bravo, S.L.U., Técnicos en la Alta Producción, S.A. de C.V. and Mecanor Rumanía, S.R.L.

Valuation standardisation

The elements of the consolidated annual accounts have been valued following uniform methods, according to the Commerce Code, the General Chart of Accounts and other applicable laws and regulations, performing the necessary adjustments for standardisation in the cases that any consolidated company has valued an element according to methods that are not the same as those applied in the consolidation and provided that the effect of applying this method is significant.

Standardisation due to internal operations:

When the amounts of the items derived from internal transactions do not coincide, or a transaction has not been recorded, the Group makes the relevant adjustments to then carry out the eliminations required.

Standardisation for aggregation:

The Group has made the necessary reclassifications to adapt the structure of the financial position of the subsidiary companies that did not match with the structure of the consolidated annual accounts.

3.2. Intangible assets, except for goodwill

The intangible assets were initially valued at acquisition price or production cost. They have subsequently been valued at cost reduced according to the respective amortisation reserve. These assets are amortised depending on their estimated useful life.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128314

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

IT applications:

In this account the Group records the costs incurred in the acquisition and development of computer software. This amount is depreciated, on a straight-line basis, considering a period of no longer than five years. The maintenance costs of computer applications are registered in the income statement of the financial period in which they are incurred.

Research and development expenses:

The Group follows the criteria of recording research expenses incurred during the financial year in the consolidated income statement. Regarding development expenses, these are recognised in assets when the following conditions are met:

- They are specifically broken down by project and their cost can be established clearly
- There are sound reasons to believe in the technical success and economic and commercial profitability of the project

The assets generated in that way are amortised on a straight-line basis throughout their useful life (a period of no longer than 5 years).

If there are any doubts about technical success or economic profitability of the project, then the amounts recorded in the asset are directly attributed to the consolidated income statement for the financial year.

Industrial property:

Under this account the amounts paid for the acquisition of ownership or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Group are recorded.

3.3. Tangible fixed assets

The Group initially values tangible fixed assets at their acquisition or production cost and this is then reduced by the corresponding amortisation reserve and impairment losses, if any.

The maintenance and conservation expenses for the various elements that comprise the tangible fixed assets are recorded in the income statement of the financial year in which they are incurred. Conversely, the amounts invested in improvements that contribute to increasing the capacity or efficiency or to extend the useful life of these goods are recorded as an increase in their cost.

The Group amortises tangible fixed assets on a straight-line basis, applying annual amortisation percentages calculated depending on the estimated years of useful life of the respective goods, according to the following breakdown:

	<u>Factors</u>
Buildings	2.5% - 4%
Technical installations and machinery	6% - 33%
Tooling	10% - 30%
Other fixtures, tools and furniture	10% - 20%
Computer hardware	20% - 30%
Transport equipment	8% - 25%

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128315

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The calculation of property depreciation takes into account the work shifts of the different assets, as well as whether they are new or used, therefore for some installations and machinery the percentage may reach 30%, although these are not material figures.

The Group will register the value adjustment for impairment of intangible fixed assets and materials provided that there are signs of lost value that reduce the recoverable value of said assets to an amount inferior to its book value.

3.4. Leases

Operating leases

The expenses derived from the operating lease agreements are attributed to the income statement in the financial year in which they are accrued.

Financial leasing

In financial leasing operations in which the Group acts as the lessee, the cost of the assets leased is shown in the consolidated balance sheet according to the nature of the goods featured in the contract and, simultaneously, as a liability for the same amount. This amount shall be the lower of the fair value of the goods leased and their current value upon starting the lease of the minimum quantities agreed, including the option to buy, when there is no reasonable doubt that the option will be exercised. This calculation does not include any contingent lease payments, costs for services and taxes to be paid by and reimbursed to the lessor. The total financial burden of the contract is recorded in the income statement of the financial year in which it was accrued, applying the effective interest rate method. These contingent lease payments are acknowledged as expenditures for the financial year in which they were incurred.

The assets recorded for this type of operation are depreciated according to criteria similar to those applied to tangible assets as a whole, in view of their nature.

3.5. Financial instruments

3.5.1 Financial assets

The financial assets held by the Group are classified by the following categories:

- Loans and items receivable

Financial assets originating from the sale of goods or services rendered in the course of the company's business, or those that are not of commercial origin, are neither equity instruments nor derivatives and whose collection is a fixed or determined amount and are not negotiated in an active market.

Initial valuation

Financial assets are initially recorded at the fair value of the cost paid plus the transaction costs that are directly attributable.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128316

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Subsequent valuation

They are subsequently valued at their amortised cost if the term exceeds one year and the relevant adjustment is material.

Calculation of the impairment

At least at year-end the Group performs an impairment test for the financial assets that are not recorded at fair value if there is objective evidence of impairment. It is deemed that there is objective evidence of impairment if the recoverable value of the financial asset is lower than its book value. When this occurs, this impairment is recorded in the consolidated income statement.

In particular, with respect to the value adjustments related to trade and other receivables, the criteria used by the Group to calculate the corresponding value adjustments is estimated based on a individual analysis of the age of the debt and the financial position of the debtor.

Derecognition of financial assets

The Group derecognises financial assets when they expire or when the rights to the cash flow of the corresponding financial asset have been transferred and the risks and benefits inherent to the property have been substantially transferred, such as in the sale of assets, transfer of commercial credits in "factoring" operations where the company does not retain any credit or interest risk, sale of financial assets with a repurchase pact for its fair value or securitisation of financial assets where the transferring company does not retain subordinate financing or transfer any type of guarantee or assume any other type of risk.

Conversely, the Group does not write off financial assets, and recognises a financial liability in an amount that is equal to the amount of the consideration received, where the Group substantially retains all the risks and rewards of ownership of the asset, as in the case of draft discounting facilities, recourse factoring, the sale of financial assets in relation to which a repurchase agreement is entered into at a fixed price or at the sale price plus interest, and the securitisation of financial assets in which the transferring company retains subordinated financing or other kinds of guarantees that substantially cover all of the projected losses.

3.5.2 Financial liabilities

The financial liabilities held by the Group are classified by the following category:

- Debts and payables

Financial liabilities from the purchase of goods and services in the normal course of the company's business, and also those with a non-commercial origin, that cannot be regarded as derivative financial instruments.

Initial valuation

Their initial valuation is performed at the fair value of the payment received, adjusted by the transaction costs that are directly attributable.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128317

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Subsequent valuation

It is subsequently valued at its amortised cost. Notwithstanding the foregoing, debits for commercial transactions with a maturity of no more than one year, or payments required by third parties for shares, where the amounts are expected to be received in the short-term, will be valued at their nominal value when the effect of not updating the cash flows is not significant.

Derecognition of financial liabilities

The Group writes off financial liabilities when the obligations generated are terminated.

3.6. Transactions in foreign currency

The functional currency used by the Group is the Euro. In consequence, the operations in currencies other than the Euro are considered to be in foreign currency.

In this regard, the Spanish companies that at year-end have monetary assets and liabilities in foreign currency are converted by application of the exchange rate in force as at the date of the balance sheet. The profits or losses demonstrated are directly attributed to the income statement for the financial year in which they occur.

On the other hand, the financial statements of the foreign companies whose functional currency is not the Euro, as previously indicated, have been converted to the Euro by application of the exchange rate in force at year-end.

3.7. Income tax

Expense or income due to profit tax includes the portion related to expense or income due to current tax and the portion corresponding to the expense or income due to deferred tax.

Current tax is the amount that the Group's companies pay in concept of profit taxes related to a financial year. Tax deductions and other tax benefits, excluding taxes withheld and advance payments, and tax losses that can be offset from previous financial years and effectively applied during this year, lead to a lower amount for current taxes.

Deferred taxes income or expenses correspond to the recognition and cancellation of the deferred tax assets and liabilities. These include temporary differences that are identified as the amounts that are expected to be paid or recoverable derived from the differences between the book amounts of the assets and liabilities and their tax value, as well as the negative taxable base pending payment and the credits for tax deductions that have not been applied.

These amounts are recorded applying to the relevant temporary difference or credit the tax rates that are expected to apply when the asset is to be recovered or liquidated.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128318

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Deferred tax liabilities are recognised for all taxable temporary differences, except those resulting from an initial recognition of goodwill or other assets and liabilities in a transaction that does not affect either the tax or accounting results.

Deferred tax assets are only recognised if it is considered likely that each Group company shall have sufficient taxable profits in the future against which the deferred tax assets can be utilised in a period no longer than 10 years.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits in a period no longer than 10 years.

3.8. Income and expenses

Income and expenditure are recorded on an accrual basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than when the resulting monetary or financial flow takes place. This income is valued at the fair value of the consideration received, after deduction of discounts and taxes.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction on the date of the consolidated balance sheet, provided that the outcome of the transaction can be estimated reliably.

3.9. Assets and liabilities of an environmental nature

Environmental assets are considered to be goods used on a lasting basis in the Group's operations, whose main purpose is to minimise the impact on the environment and to protect and improve the environment, including the reduction or eradication of future contamination.

3.10. Severance payments

In accordance with the current legislation, the Group is compelled to pay compensation to its employees with whom, under certain conditions, its labour relations are to be terminated. Therefore, the severance payments subject to reasonable quantification are recorded as an expense in the financial year in which the decision to implement the dismissal is adopted.

3.11. Subsidies

For the accounting of subsidies, donations and legacies received, the Group follows these criteria:

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128319

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Non-refundable capital grants, donations and bequests:

These are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in equity and do not give rise to the recognition of any income.

Refundable subsidies:

While they are refundable, they are recognised as a liability.

Operating subsidies:

They are credited to results at the time they are granted except if they are used to fund operational losses in future financial years, in which case they are to be recorded in these financial years. If they are granted to fund specific expenses, they shall be recorded as the expenses are accrued.

3.12. Transactions with related parties

Group companies are understood to be companies that are linked by a direct or indirect controlling relationship according to the provisions of article 42 of the Commercial Code for groups of companies, or when the companies are controlled in any way by one or more natural or legal persons that act jointly or are under the same management as per resolutions or clauses of company articles of association. Related parties are understood to be those defined in rule 15 for reporting annual accounts of the General Chart of Accounts of 2007 and in article 83 of RD 1159/2010 dated 17 September, which approves consolidation regulations.

The Group performs all its transactions with related parties at market prices.

3.13. Provisions and contingencies

Provisions are credit balances that cover current liabilities arising from past events, whose cancellation shall probably cause a loss of resources, but that shall be uncertain in terms of their amount and/or moment of cancellation. Contingent liabilities are possible liabilities that arise from past events and whose existence is conditioned to the occurrence or non-occurrence of one or more future events beyond the control of the each company.

The consolidated annual accounts include all the provisions for which it is considered that it is more likely than not that the liability shall have to be settled. Contingent liabilities are not recognised in the consolidated annual accounts, but are mentioned in the report notes, up to the extent to which they are not considered to be remote.

Provisions are valued at their current value of the best possible estimate of the amount needed to cancel or transfer the liability, taking into account the information available on the event and its consequences, and registering the adjustments that may arise due to the update of these provisions as financial expenses as they are accrued.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128320

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

3.14. Pension liabilities

Defined benefit plans

Plans that are not defined contribution schemes are treated as defined benefit plans. Generally, these defined benefit plans establish the amount employees shall receive when they retire, normally depending on one or more factors such as age, years of service and salary.

The Group recognises a provision in the consolidated balance sheet with respect to the defined benefit plans for the difference between the current value of the contracted remuneration and the fair value of the possible assets subject to the commitments with which the liabilities shall be settled, reduced, whenever applicable, by the amount of the costs due to past services not yet recognised.

If an asset arises from the above difference, its value cannot exceed the current value of the benefits that may be returned to the Group in the form of direct reimbursement or smaller future contributions, plus, whenever applicable, the part still to be attributed to the results of costs due to past services. Any adjustment that the Group has to make due to this limit in the valuation of the asset is directly attributed to net equity, and recognised as reserves.

The total current value of the obligation has been calculated using actuarial methods and actuarial and financial hypotheses.

Certain foreign companies, based on their national legislation, are obliged to make certain payments to their staff once they stop providing their services (Note 16.1)

Any variation in the calculation of the current value of the contracted remuneration or, whenever applicable, of the affected assets, arising from post-employment plans, at year-end, due to actuarial profits and losses are recognised in the financial year in which they arise, directly in the net equity as reserves. The variations produced in the long term employee benefit plans are recognised in the financial year in which they arise, directly in the consolidated income statement. To this end, the profits and losses are exclusively the variations that arise due to changes in the actuarial hypotheses or adjustments due to the practice.

The costs due to past services are immediately recognised in the consolidated income statement, except when the rights can be revoked, in which case they are recognised in the consolidated income statement on a straight-line basis for the remainder of the period until they can no longer be revoked. Nevertheless, if an asset arises, the revocable rights are recognised in the consolidated income statement immediately, except when a decrease may occur in the current value of the benefits that may be returned to the Group in the form of direct reimbursement or smaller future contributions, in which case the excess above this reduction is immediately attributed to the consolidated income statement.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128321

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

3.15. Goodwill and negative consolidation difference

In compliance with rule 2 of Article 46 of the Code of Commerce, the difference between the book value of the equity interest in the subsidiary and the value attributable to this equity interest in the fair value of the assets acquired and liabilities undertaken, according to Accounting and Measurement Rule 19, is recognised, if positive, as consolidated goodwill. In the unlikely event that it is negative, it is recorded as revenue of the financial year in the consolidated income statement.

The assets and liabilities of the companies acquired in the business combinations that were already in the Group are valued at the amount for which they appear in the consolidated annual accounts and those acquired from third parties independent of the Group for their fair value, valuing the assets and liabilities acquired within a one year period as from their acquisition.

In accordance with Royal Decree 602/2016, of 2 December, whereby the General Chart of Accounts is modified, the General Chart of Accounts for SMEs and the Rules for the Preparation of the consolidated annual accounts, the Goodwill shall be valued at the purchase cost minus accumulated amortisation, and, as the case may be, the aggregated amount of the value adjustments due to impairment recognised in accordance with the criteria set forth in the rule of registration and valuation no. 6 Specific Rules for Intangible Fixed Assets of the General Chart of Accounts.

The Group considers that the Goodwill has a useful life of 10 years, and its recovery occurs on a straight-line basis.

3.16. Information by sectors

Operating sectors are the sectors of the Group that perform activities from which income is obtained and where costs are incurred, whose result is the subject of regular revision, discussion and evaluation, by the maximum authority in the process of decision-making in the entity. For this purpose, the Board of Directors of the Group's Parent Company is considered the maximum authority.

Up to financial year 2018, the sectors used by the Directors of the Parent Company for studies, analyses and decision-making performed for the Group were:

- The automotive sector in general (industrial division), Teknia Automotive.
- Research and development, activities begun in financial year 2010, Teknia Technologies.

However, in financial year 2019, the Group decided that each company would carry out its own projects, as a further function within its own management and not consider research and development as an independent sector. Therefore, information on this activity has not been included for the study, analysis or decision-making within the Group and only the automation sector has been taken into account.

3.17. Inventories

Inventories are measured at the lower of the acquisition price, production cost or net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128322

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Production cost includes the costs of direct materials and, where applicable, direct workforce and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company recognises the relevant value adjustments as an expense in the income statement when the net realisable value of the inventories is lower than the acquisition price or production cost.

3.18 Business combinations

In financial year 2019 no business combinations have been carried out.

The business combinations carried out in financial year 2018 were the merger by absorption of two Group companies (Teknia Bilbao XXI, S.L. (Single-Member Company) and Teknia Montmeló, S.L. (Single-Member Company)), accounted for in the first (acquiring company) consolidated value, which did not affect the consolidated group, and the acquisition of shares in Mecanizados Norte Bravo, S.L. by Teknia Manufacturing Group, S.L. (Single-Member Company).

In their individual annual accounts corresponding to financial year 2018, Teknia Manufacturing Group, S.L. (Single-Company) valued the inversion in shares of Mecanizados Norte Bravo, S.L. in accordance with section 2.5 of rule 9 of the General Chart of Accounts, relating to financial instruments.

Note 6 of this consolidated report includes the valuation of the assets acquired and the liabilities assumed in this business combination to which the acquisition method set out in the 19th Valuation Standard for business combinations of the General Chart of Accounts has been applied in the consolidated income statement for financial year 2018.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128323

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**4. CONSOLIDATED GOODWILL**

The breakdown of this section in the financial year is as follows, expressed in thousands of Euros:

	<u>Initial balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Depreciation, exchange rate effect and others</u>	<u>31.12.2019</u>
COST					
Teknia Bilbao XXI, S.L.U.	818	-	-	(117)	701
Teknia USA Inc (and subsidiary Teknia Nashville, L.L.C.)	4,009	-	-	(480)	3,529
Teknia Polska Sp. z o.o. and its subsidiaries	256	-	-	(34)	222
Mexico City, S.A. de C.V.	672	-	-	(62)	610
Teknia Gebze Makine Sanayi VE Ticaret A.S.	2,347	-	-	(485)	1,862
Teknia Ampuero, S.L.U. (formerly Mecanizados Norte Bravo, S.L.)	5,462	-	-	(596)	4,866
	<u>13,564</u>	<u>-</u>	<u>-</u>	<u>(1,774)</u>	<u>11,790</u>

The breakdown of this section in financial year 2018 is as follows, expressed in thousands of Euros:

	<u>Initial balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Depreciation, exchange rate effect and others</u>	<u>31.12.18</u>
COST					
Teknia Bilbao XXI, S.L.U.	935	-	-	(117)	818
Teknia USA Inc (and subsidiary Teknia Nashville, L.L.C.)	3,466	-	-	543	4,009
Teknia Polska Sp. z o.o. and its subsidiaries	292	-	-	(36)	256
Mexico City, S.A. de C.V.	768	-	-	(96)	672
Teknia Gebze Makine Sanayi VE Ticaret A.S.	2,640	-	-	(293)	2,347
Teknia Ampuero, S.L.U. (formerly Mecanizados Norte Bravo, S.L.)	-	5,959	-	(497)	5,462
	<u>8,101</u>	<u>5,959</u>	<u>-</u>	<u>(496)</u>	<u>13,564</u>

The Parent Company performs an impairment test on the goodwill account, through the valuation of the company that generated it, based on the expected future cash flow. The annual updating rate applied is between 8.8% and 9.8% (between 8% and 11.6% in 2018). This amount is compared to the net equity of the company and if the difference is greater, it is considered that the goodwill account is not depreciated.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128324

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

In financial year 2018, the purchase price of Mecanizados Norte Bravo S.L. (now named Teknia Ampuero, S.L. (Single-Member Company)) and its subsidiaries was set by independent appraisers, with the values allocated to the recognised assets and liabilities additional to those registered by the acquired company and its subsidiaries amounting to 3,017 thousand Euros. Goodwill amounted to 5,959 thousand Euros. The only recognised intangible asset other than the goodwill was IT applications of 10 thousand Euros.

In financial year 2018 Teknia Hashville, LLC recorded the correction of the accounting of deferred tax liabilities derived from their purchase by Teknia USA, Inc. This meant an increase of 1,111 thousand Euros in goodwill and deferred tax liabilities in that financial year. This adjustment does not significantly impact the Group's consolidated financial statements.

5. EXTERNAL SHAREHOLDERS

The transactions in this section in financial years 2019 and 2018 are as follows:

(thousands of Euros)	2019	2018
Initial balance	68	65
Due to capital percentage variations and exchange rate differences	-	6
Profit and loss of the financial year attributed to external shareholders	-	(3)
Purchase of shares from external shareholders	(68)	
Closing balance	-	68

The breakdown of financial year 2018 by company is as follows, in thousands of Euros:

Financial year 2018

	Capital, Reserves and Valuation Adjustments	Result	Total
Teknia San Luis Potosí, S.A. de C.V.	71	(3)	68
	71	(3)	68

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128325

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**6. BUSINESS COMBINATIONS**

In financial year 2019 no business combinations were carried out.

During financial year 2018 100% of the shares in the Spanish company Mecanizados Norte Bravo, S.L. were purchased, which, as previously mentioned, owns the companies Técnicos en la Alta Producción, SA. de C.V. and Mecanor Romanía, S.R.L., now named Teknia Tepejí, S.A. de C.V and Teknia Oradea, S.R.L., respectively, so that Teknia Group owns, from that moment, 100% of the share capital of these three companies. The price consists of a fixed amount of 12,277 thousand Euros, and a variable amount of a maximum of 486 thousand Euros. In 2019, 179 thousand Euros were paid under this concept and no further amount is expected to be paid in the future.

The most relevant data regarding this acquisition are the following:

Date of acquisition: 22 March 2018

The amount of the assets and liabilities identified in the combination of business is as follows:

	Amounts expressed in thousands of Euros
ASSETS	
Cash and bank balances	2,277
Accounts receivable	4,953
Inventories	8,603
Accrual adjustments	779
Financial investments	332
Deferred tax assets	2,205
Net fixed assets	18,250
LIABILITIES	
Debts with credit institutions	(7,674)
Financial leasing	(1,277)
Other financial liabilities	(7,927)
Accounts payable	(12,056)
Deferred taxes	(1,367)
Provisions	(780)
NET TOTAL [ASSETS] AND LIABILITIES	6,318
Price paid	(12,277)
Goodwill	5,959

The main reason for this acquisition was the incorporation of injection and machining technology for aluminium parts, which opens new opportunities for growth for Teknia, both in markets where it already operates and potential new markets.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128326

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

During financial year 2018, since its acquisition, this incorporation has generated income for the Group of 40,682 thousand Euros through sales and 1,779 thousand Euros through results. If the transaction had been carried out at the beginning of financial year 2018, the income would have amounted to 48,535 thousand Euros and the results would have amounted to 2,496 thousand Euros.

Throughout recent financial years, several merger operations between Group companies have been carried out aimed at the re-organisation of the Group. The most important information regarding these operations, beginning mainly in 2010, can be found in the consolidated Financial Statements of the financial years in which these operations took place.

- Merger by take-over of the company Industrial J. Gispert S.A.U. by Teknia Manresa, S.L.U.
- Merger by takeover of the company Construcciones Mecánicas Croli, S.A. by Teknia Barcelona, S.L.U.
- Merger by takeover of the company Teknia Dej, S.L.U. by Teknia Elorrio, S.L.U.
- Merger by takeover of the company Acabados Plásticos, S.L. by Teknia Martos, S.L.U.
- Merger by takeover of the company Sociedad Fegomi, S.L. by Teknia Martos, S.L.U.
- Merger by takeover of the company Segove Cataluña, S.L.U. by the company Teknia Barcelona, S.L.U.
- De-merger of Teknia Manufacturing Group, S.L.U. in favour of Teknia Entidad de Gestión, S.L.U.
- Merger by takeover of the company Teknia Montmeló, S.L.U. by the company Teknia Bilbao XXI, S.L.U.

7. MERGER AND DE-MERGER PROCESSES WITHIN THE GROUP

In financial year 2019, this type of operation did not take place.

In financial year 2018, the Sole Member of Teknia Bilbao XXI, S.L. (Single-Member Company) approved the merger by takeover of the companies Teknia Bilbao XXI, S.L. (Single-Member Company) (acquiring company) and Teknia Montmeló S.L., (Single-Member Company) (acquired company), with dissolution and termination, without liquidation of the acquired company and contribution of all its assets to the acquiring company, thereby taking on ownership of all rights and obligations. The acquiring company does not proceed with any share swap transactions given that both companies are wholly owned by the same common shareholder. The merger takes effect on 1 January 2018, in accordance with accounting regulations, since the companies belong to the same Group.

The deed of merger states that the special tax regime provided for in Chapter VII of Title VI of the Regional Law 11/2013 of 5 December on Corporate Income Tax is included within the same. The acceptance of this tax regime was agreed by Sole Shareholder decision, agreements which were notarised.

All of the information required by tax regulations is detailed in the relevant Reports in respect of the annual accounts posted on 31 December, 2018 of the company Teknia Bilbao XXI, S.L. (Single-Member Company).

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128327

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**8. TANGIBLE FIXED ASSETS**

The transactions of the tangible fixed assets in financial year 2019 are the following, in thousands of Euros:

	Land and buildings	Technical installations and other tangible fixed assets	Fixed assets in process and advances made	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2019	26,102	238,884	4,409	269,395
(+) Acquisitions	77	14,284	5,185	19,546
(+) Entries in the consolidation scope	-	-	-	-
(-) Disposals, derecognitions or reductions	(45)	(8,064)	-	(8,109)
(-/+ Exchange rate differences	219	1,671	50	1,940
(- / +) Transfers to/from other items	(137)	2,419	(1,835)	447
(+) Other transactions	-	-	-	-
GROSS CLOSING BALANCE, FINANCIAL YEAR 2019	26,216	249,194	7,809	283,219
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2019	(7,800)	(170,999)	-	(178,799)
(+) Allocations to amortisation in the financial year	(978)	(14,756)	-	(15,734)
(+) Entries in the consolidation scope	-	-	-	-
(+) Disposals, derecognitions or reductions	34	5,704	-	5,738
(-/+ Exchange rate differences	(41)	(1,079)	-	(1,120)
(- / +) Transfers to/from other items	-	(19)	-	(19)
(+) Other transactions	-	-	-	-
ACCUMULATED AMORTISATION, CLOSING BALANCE FINANCIAL YEAR 2019	(8,785)	(181,149)	-	(189,934)
IMPAIRMENT, OPENING BALANCE, FINANCIAL YEAR 2019	-	(96)	-	(96)
(+) Allocations in the financial year	-	-	-	-
(+) Disposals, derecognitions or reductions	-	-	-	-
IMPAIRMENT, CLOSING BALANCE, FY 2019	-	(96)	-	(96)
NET 2019	17,431	67,949	7,809	93,189

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128328

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The movement of tangible fixed assets in the financial year 2018 was the following, in thousands of Euros:

	Land and buildings	Technical installations and other tangible fixed assets	Fixed assets in process and advances made	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2018	31,515	175,543	4,791	211,849
(+) Acquisitions	232	16,359	3,778	20,369
(+) Entries in the consolidation scope	5,045	49,986	75	55,106
(-) Disposals, derecognitions or reductions	(11,913)	(4,383)	(127)	(16,423)
(-/+) Exchange rate differences	(240)	(1,058)	76	(1,222)
(- / +) Transfers to/from other items	1,463	2,437	(4,184)	(284)
(+) Other transactions	-	-	-	-
GROSS CLOSING BALANCE, FINANCIAL YEAR 2018	26,102	238,884	4,409	269,395
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2018	(6,504)	(126,253)	-	(132,757)
(+) Allocations to amortisation in the financial year	(929)	(12,942)	-	(13,871)
(+) Entries in the consolidation scope	(1,872)	(35,972)	-	(37,844)
(+) Disposals, derecognitions or reductions	1,459	3,510	-	4,969
(-/+) Exchange rate differences	46	635	-	681
(- / +) Transfers to/from other items	-	23	-	23
(+) Other transactions	-	-	-	-
ACCUMULATED AMORTISATION, CLOSING BALANCE FINANCIAL YEAR 2018	(7,800)	(170,999)	-	(178,799)
IMPAIRMENT, OPENING BALANCE, FINANCIAL YEAR 2018	-	(109)	-	(109)
(+) Allocations in the financial year	-	-	-	-
(+) Disposals, derecognitions or reductions	-	13	-	13
IMPAIRMENT, CLOSING BALANCE, FY 2018	-	(96)	-	(96)
NET 2018	18,302	67,789	4,409	90,500

Properties

All Group companies carry out their activities in leased properties with the exception of Teknia Epila, S.L.U., Teknia Uhersky Brod, AS, Componentes de Automoción Marroquies S.A.R.L., Teknia USA Inc., Teknia Germany GmbH, Teknia Ampuero, S.L.U. and Teknia Oradea, SRL

Guarantees provided

Various Group companies have provided mortgages and other guarantees that have been described in note 19.1 of this Report.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128329

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIESOther information regarding tangible fixed assets

(thousands of Euros)	2019	2018
Amortised elements in use (cost)	125,595	115,970
Land and buildings, separation of values		
- Land	3,545	3,505
- Buildings costs	22,450	22,389
- Buildings/Amortisation	(8,564)	(7,592)
Net totals	17,431	18,302
Fixed assets outside Spanish territory (net amount)	63,716	59,373
Results from divestment of fixed assets	244	2,255

Fixed assets located outside Spanish territory correspond to those held by foreign companies and their composition is as follows:

	2019		2018	
	Land and buildings	Other fixed assets	Land and buildings	Other fixed assets
Cost	19,647	106,029	19,550	94,152
Amortization	(5,310)	(56,554)	(4,515)	(49,718)
Impairments	-	(96)	-	(96)
	14,337	49,379	15,035	44,338

At year-end, there were firm commitments to purchase tangible fixed assets for an approximate amount of 1,837 thousand Euros (1,044 thousand Euros at 2018 year-end). At 2019 and 2018 year-end, there were no firm commitments on sales of tangible fixed assets.

The Group's policy is to contract insurance policies that cover all Group companies against any potential risks to which their different tangible fixed assets are exposed.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128330

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**9. RESEARCH EXPENDITURES AND OTHER INTANGIBLE ASSETS**

The movements in this section in financial year 2019 were the following, in thousands of Euros:

	R&D costs	Patents, licenses, brands and similar	IT applications	Other intangible assets	Advances and intangible fixed assets in progress	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2019	10,733	416	6,657	1,724	74	19,604
(+) Additions	-	190	555	33	-	778
(+/-) Transfers	-	-	144	(78)	(61)	5
(-) Disposals, derecognitions or reductions	(213)	-	-	-	-	(213)
(+) Entries in the scope	-	-	-	-	-	-
(-) Exchange rate differences	-	2	7	29	-	38
GROSS CLOSING BALANCE, FINANCIAL YEAR 2019	10,520	608	7,363	1,708	13	20,212
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2019	(10,520)	(416)	(4,147)	(994)	-	(16,077)
(+) Allocations to amortisation in the FY	-	-	(853)	(193)	-	(1,046)
(+/-) Transfers	-	-	(13)	-	-	(13)
(+) Disposals, derecognitions or reductions	-	-	-	-	-	-
(+) Entries in the scope	-	-	-	-	-	-
(-) Exchange rate differences	-	(2)	(7)	(8)	-	(17)
ACCUMULATED AMORTISATION, CLOSING BALANCE FINANCIAL YEAR 2019	(10,520)	(418)	(5,020)	(1,195)	-	(17,153)
NET 2019	-	190	2,343	513	13	3,059

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128331

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The movements in this section in financial year 2018 were the following, in thousands of Euros:

	R&D costs	Patents, licenses, brands and similar	IT applications	Other intangible assets	Advances and intangible fixed assets in progress	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2018	4,410	423	5,345	1,381	14	11,573
(+) Additions	166	-	806	105	35	1,112
(+/-) Transfers	-	-	(27)	269	25	267
(-) Disposals, derecognitions or reductions	(1,246)	(6)	(4)	-	-	(1,256)
(+) Entries in the scope	7,403	6	600	-	-	8,009
(-) Exchange rate differences	-	(7)	(63)	(31)	-	(101)
GROSS CLOSING BALANCE, FINANCIAL YEAR 2018	10,733	416	6,657	1,724	74	19,604
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2018	(4,123)	(418)	(2,857)	(818)	-	(8,216)
(+) Allocations to amortisation in the financial year	(878)	-	(799)	(170)	-	(1,847)
(+/-) Transfers	-	-	-	(23)	-	(23)
(+) Disposals, derecognitions or reductions	1,005	-	1	-	-	1,006
(+) Entries in the scope	(6,524)	-	(498)	-	-	(7,022)
(-) Exchange rate differences	-	2	6	17	-	25
ACCUMULATED AMORTISATION, CLOSING BALANCE FINANCIAL YEAR 2018	(10,520)	(416)	(4,147)	(994)	-	(16,077)
NET 2018	213	-	2,510	730	74	3,527

Fully amortised elements

The Group has intangible fixed assets that were fully depreciated, including R&D expenditure, as at 31 December 2019, amounting to 14,434 thousand Euros (13,356 thousand Euros in 2018).

Investments abroad

The intangible fixed assets that at 2019 year-end belonged to foreign companies amount to 2,059 thousand Euros (1,694 thousand Euros in the previous year).

State stamp

0.03 EUROS

Class 8

Three cents Euros

000128332

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**10. LEASES****10.1. Operating leases**

In the position of lessee, the income statement records expenses due to the leasing of property and machinery, where the main contracts are the following:

Company	Lessor	Annual amount		Term	
		2019	2018	2019	2018
Teknia Entidad de Gestión S.L.U.	Third parties in 2018	(48)	(63)	-	2021
Teknia Elorrio, S.L.U.	Clomi, S.L.	(181)	(179)	2022	2022
Teknia Pedrola, S.L.U.	Clomi, S.L.	(201)	(198)	2026	2026
Teknia Barcelona, S.L.U.	Third parties	(286)	(278)	2026	2026
Teknia Martos, S.L.U.	Third parties	(272)	(274)	Extendible annually	Extendible annually
Teknia Azuqueca, S.L.U.	Clomi, S.L.U. and Third parties	(618)	(469)	2020, extendible for terms of 5 years/ 2033	2020, extendible for terms of 5 years/ 2033
Teknia Brasil Ltda.	Veradale, S.L.U.	(720)	(283)	2028	2020
Teknia Brasil Ltda.	Third parties	-	(662)	-	2018
Teknia R&D, S.L.U.	Third parties	-	(32)	-	2021
Teknia Mexico City S.A. de C.V.	Third parties	(112)	(113)	Extendible annually	Extendible annually
Teknia Manresa, S.L.U.	Third parties	(309)	(268)	Extendible annually /2027	Extendible annually /2027
Teknia San Luis Potosí, S.A. de C.V.	Third parties	(104)	(148)	2025	2025
Teknia Bilbao XXI, S.L.U.	Veradale, S.L.U.	(471)	(465)	2025	2025
Teknia Ampuero, S.L.U.	Third parties	(174)	(142)	2028	2028
Teknia Rzeszow Sp. Z.o.o.	Veradale Polska, Sp. z.o.o	(361)	(183)	2027	2027
Teknia Kalisz Sp. Z.o.o.	Veradale Polska, Sp. z.o.o	(551)	(244)	2027	2027
Teknia Gebze Makine Sanayi ve Ticaret A.S	Third parties	(120)	(90)	2032	2032
Teknia Tepejí del Río, S.A. de C.V.	Third parties	(33)	(27)	2022	2022

Transactions with companies related to the Group, amount to:

	Operating expenses	
	2019	2018
Clomi, S.L.	783	774
Veradale, S.L.U.	1,191	767
Veradale Polska, Sp. z.o.o	1,100	441

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128333

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The pending balances relating to leases are:

	2019			2018	
	Customers	Short-term creditors and suppliers	Long term guarantees	Short-term creditors and suppliers	Long term guarantees
Veradale, S.L.U.	28	-	195	-	120
Veradale Polska, Sp. z.o.o	-	-	91	-	91
Clomi, S.L.	-	-	163	-	166

It is estimated that the future payments in 2019 and beyond, will be similar to those of this financial year, with amendments based on the annual IPC and considering the whole financial year in the companies acquired in each financial year.

10.2. Financial leasing

The Group maintains certain financial leasing contracts. The most important data in this regard is:

Concept	Net book value of the asset (thousands of Euros)	
	2019	2018
Installations, machinery and other fixed assets	5,630	8,262

The schedule for the future payments of these contracts at the closure of the financial year 2019 is the following:

Years	Thousands of Euros
Short-term:	
2020	(1,588)
Long-term:	
2021	(1,207)
2022	(373)
2023	(60)
2024	(29)
	(1,669)

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128334

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The schedule for the future payments of these contracts at the closure of financial year 2018 was the following:

Years	Thousands of Euros
Short-term:	
2019	(2,449)
Long-term:	
2020	(1,487)
2021	(1,111)
2022	(295)
2023	(22)
	(2,915)

11. FINANCIAL INSTRUMENTS**11.1. Offsetting of financial assets and liabilities****11.1.1. Financial assets**

Details are provided below on the entries for financial assets. Their breakdown, in thousands of Euros, is the following:

(thousands of Euros)	Long-term		Short-term	
	Credits, derivatives, and others		Credits, derivatives, and others	
	2019	2018	2019	2018
Loans and items receivable	1,517	2,184	62,880	60,106
Total	1,517	2,184	62,880	60,106

Long-term financial assets

The main items recorded in this section, amounting to 1,517 thousand Euros (2,184 thousand Euros in the previous financial year) are:

- Guarantees amounting to 930 thousand Euros (895 thousand Euros in the previous financial year), of which 163 thousand Euros correspond to the company Clomi, S.L.U. (163 thousand Euros in financial year 2018) and 195 thousand Euros correspond to Veradale, S.L.U. (121 thousand Euros in the previous financial year) and 91 thousand Euros correspond to Veradale Polska Sp. z.o.o. (91 thousand Euros in financial year 2018) (Note 10.1).
- In financial year 2018, the outstanding balance for the sale of buildings in Poland to Veradale Polska, Sp. z.o.o., amounting to 1,204 thousand Euros with maturity in financial year 2020 was recorded. This amount is recorded under loans to related parties of the current assets of the balance sheet at 2019 year-end.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128335

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The terms by year of the most significant long-term financial assets are the following:

Financial year 2019

	2021	2022	2023	2024 and beyond	No fixed term	Total
Loans and items receivable					533	533
Guarantees	131	139	-	462	198	930
						<u>1,463</u>

Financial year 2018

	2020	2021	2022	2023 and beyond	No fixed term	Total
Loans and items receivable	1,204					1,204
Guarantees	176	10	35	414	260	895
						<u>2,099</u>

Non-current financial assets

The breakdown of the short-term credits, derivatives and others is as follows:

(thousands of Euros)	2019	2018
Customers	60,924	59,648
Trade receivables from Group companies	28	-
Staff	147	98
Other financial assets	82	190
Sundry debtors	495	170
	<u>61,676</u>	<u>60,106</u>
Loans to related parties	1,204	-
	<u>62,880</u>	<u>60,106</u>

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128336

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The movement in the adjustments due to value impairment caused by the credit risk during the financial year was the following:

	Thousands of Euros
Impairment losses at the beginning of the financial year 2019	(838)
(+) Value adjustment due to impairment	(76)
(-) Applied provisions	22
(+) Exchange rate differences and others	(3)
Impairment losses at the end of the financial year 2019	(895)

The movement in the adjustments due to value impairment caused by the credit risk during the previous financial year was the following:

	Thousands of Euros
Impairment losses at the beginning of the financial year 2018	(673)
(+) Value adjustment due to impairment	(90)
(+) Entries in the scope	(88)
(+) Exchange rate differences and others	13
Impairment losses at the end of the financial year 2018	(838)

11.1.2. Financial liabilities

The breakdown of the financial liabilities by class and category is as follows in 2019:

Class	Long-term financial liabilities			Short-term financial liabilities		
	Bonds and other marketable securities	Debts with credit institutions	Derivatives and others	Bonds and other marketable securities	Debts with credit institutions	Derivatives and others
Categories						
Debts and payables	(19,868)	(33,748)	(5,748)	(542)	(18,940)	(88,804)
TOTAL	(19,868)	(33,748)	(5,748)	(542)	(18,940)	(88,804)

The breakdown of the financial liabilities by class and category is as follows in 2018:

Class	Long-term financial liabilities			Short-term financial liabilities		
	Bonds and other marketable securities	Debts with credit institutions	Derivatives and others	Bonds and other marketable securities	Debts with credit institutions	Derivatives and others
Categories						
Debts and payables	(19,786)	(42,033)	(7,832)	(542)	(19,864)	(88,742)
TOTAL	(19,786)	(42,033)	(7,832)	(542)	(19,864)	(88,742)

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128337

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Bonds issuance

On 20 June 2016, Teknia Manufacturing Group, SLU, as the holding company in the Group, proceeded to bring to the Alternative Fixed Income Securities Market (MARF), the Base Document for Information to Investors (DBII) in mid and long term securities named "EUR 40,000,000 Senior Unsecured Notes Programme", for an amount up to €40,000,000 and expiring on 20 June 2017. This document was included in the MARF pursuant to the agreement adopted by the Board of Directors of the AIAF Mercado de Renta Fija on the same date. It is available to the general public on both the BME website (www.bmerf.es) and the Company's website (www.tekniagroup.com/investor).

On 5 July 2016, pursuant to an agreement adopted by the Board of Directors of AIAF Mercado de Renta Fija, the securities issued under the bonds program above explained, whose details are listed below, were included in the Alternative Fixed Income Securities Market (MARF):

ISIN CODE	CODE AIAF	NUMBER OF SECURITIES	AMOUNT (Euros)	DISBURSEMENT DATE	MATURITY DATE
ES0305105001	14869	200	20,000,000	05-07-2016	05-07-2021

The net amount after the deduction of the issuance cost amounts to €19,600,000. Short-term interest accrued amounts to 542,465.79 Euros (542,465.78 Euros in the previous year) and long-term interest accrued amounts to 267,630.94 Euros (185,550.53 in the previous year).

Pursuant to the content in the DBII, the securities issued must always be backed, through an abstract guarantee and at first request, by affiliated companies representing at least 95% of the Groups total EBITDA. This group of affiliated companies shall be collectively known as "scope of grantors" of the bond. The companies included in the scope of grantors, at year-end, are the following: Teknia Elorrio, S.L.U., Teknia Bilbao XXI, S.L.U, Teknia Pedrola, S.L.U. Teknia Martos, S.L.U. Teknia Azuqueca, S.L.U., Teknia Barcelona, S.L.U., Teknia Épila S.L.U, Teknia Manresa, S.L.U., Teknia R&D, S.L.U., Teknia Kálisz Sp. z.o.o., Teknia Rzeszow, Sp. z.o.o, Teknia Uhersky Brod a.s, Teknia Brasil Ltda. and Teknia Nashville, LLC. However, other Group companies could be incorporated into the aforementioned scope of grantors to meet the requirement described, if necessary.

Likewise, the Parent Company is subject to compliance with certain commitments, and any breach thereof would imply the advanced payment of the relevant outstanding debt. One of the commitments consists of abstaining from carrying out any operations if the indebtedness ratio (Net Financial Debt/Consolidated EBIDA) is more than 3.50. Amongst such operations are the following: not incurring additional indebtedness, not distributing dividends if the said limit was exceeded in the previous year ended on 31 December; and the distribution is subject to restrictions even if the limit was not exceeded.

There are other commitments that both the Issuer (the Company) and the subsidiary Grantors (scope of grantors) must honour. These relate to several matters, such as the restrictions on the sale of assets, imposing the form of receipt of the sale proceeds if these are sold; the setting out of conditions in transactions with related parties; the prohibition to create liens or encumbrances on the companies, assets or income as a guarantee without having insured, whether previously or simultaneously, the Bonds (or provide any other kind of guarantee thereof); and restrictions on structural alterations in the company (mergers, winding-up, dissolution, etc.).

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128338

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Likewise, should a change in the control of the Company occur, each holder of bonds shall have the right to choose whether to require the early cancellation or the total or partial purchase of the bonds at a rate of 101% of its principal plus the accrued interest not yet past due.

Debts with credit institutions

This section includes debts for financial leasing and debts with credit institutions for loans and other items.

- Creditors due to financial leasing

These correspond to the debt due to financial leasing operations indicated in note 10.2.

- Debts with credit institutions due to loans and other concepts

The maturity of the debts with credit institutions at year-end in 2019 and 2018 is broken down as follows, in thousands of Euros:

<u>Term</u>	<u>2019</u>
Short-term:	
2020	<u>(17,352)</u>
Long-term:	
2021	(6,847)
2022	(7,115)
2023	(7,441)
2024	(5,094)
2025 and subsequent years	<u>(5,582)</u>
	<u>(32,079)</u>

<u>Term</u>	<u>2018</u>
Short-term:	
2019	<u>(17,415)</u>
Long-term:	
2020	(7,867)
2021	(6,760)
2022	(6,893)
2023	(7,198)
2024 and subsequent years	<u>(10,400)</u>
	<u>(39,118)</u>

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128339

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Within the section of short-term credit institutions there are discounted bills that have not yet matured, for an amount of 1,249 thousand Euros (2,982 thousand Euros in the previous financial year). The limit of the credit accounts of the Parent Company together with the subsidiaries amounts to 11,100 thousand Euros (18,482 thousand Euros in 2018) and the draft discounting limit, advances for invoices and factoring entries amount to 18,499 thousand Euros and 7,300 thousand USD (24,889 thousand Euros and 7,800 thousand USD, respectively, in financial year 2018).

Derivatives and others

The breakdown of this section is as follows, expressed in thousands of Euros:

(thousands of Euros)	2019		2018	
	Long-term	Short-term	Long-term	Short-term
Advances and loans repayable	(3,922)	(943)	(5,094)	(1,071)
Fixed assets suppliers	(151)	(989)	(245)	(1,429)
Other debts	(1,236)	(1,237)	(2,473)	(57)
Promissory notes	-	(16,491)	-	(16,689)
Trade and other accounts payable:				
Suppliers	-	(46,814)	-	(49,539)
Other payables:				
Staff	-	(5,651)	-	(5,970)
Customer advances	-	(11,952)	-	(12,204)
Others	(439)	(4,727)	(20)	(1,783)
	(5,748)	(88,804)	(7,832)	(88,742)

The Group has no contracted financial assets held for trading or hedging instruments (speculative derivatives and hedging derivatives, respectively) during financial years 2018 and 2019.

- Fixed assets suppliers

The maturity of the suppliers of fixed assets at 2019 year-end are the following:

Year	Euros
Short-term:	
2020	(989)
Total	(989)
Long-term:	
2021	(25)
2022	(10)
2023	(10)
2024	(11)
Rest	(95)
	(151)

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128340

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The maturities of the suppliers of fixed assets at the closure of the financial year 2018 were the following:

<u>Year</u>	<u>Euros</u>
Short-term:	
2019	(1,429)
Total	(1,429)
Long-term:	
2020	(95)
2021	(25)
2022	(10)
2023	(10)
Rest	(105)
	(245)

- Advances and loans repayables (CDTI, Ministry of Education and Science, Ministry of Industry and Technology and Competitiveness Plan):

The nominal amount of the loans without interest amounted to 5,407 thousand Euros (6,384 thousand Euros in the previous year). The interest rate of the repayable advance with interest is 3.06% per annum (3.06% in 2018).

The terms at 2019 year-end were the following:

<u>Year</u>	<u>Total</u>
Short-term:	
2020	(943)
	(943)
Long-term:	
2021	(858)
2022	(843)
2023	(829)
2024	(814)
Rest	(578)
	(3,922)
Total	(4,865)

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128341

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The terms at 2018 year-end were the following:

<u>Year</u>	<u>Total</u>
Short-term:	
2019	(1,071)
	<u>(1,071)</u>
Long-term:	
2020	(952)
2021	(929)
2022	(877)
2023	(856)
Rest	<u>(1,480)</u>
	<u>(5,094)</u>
Total	<u><u>(6,165)</u></u>

- Other debts

At 31 December 2019, this sections includes 1,236 thousand Euros pending payment in the long term for the purchase of the Mecanor group (now Teknia Ampuero, SL and subsidiaries) as well as 1,237 thousand Euros in the short term for the same concept.

At 2018 year-end, this section includes 2,473 thousand Euros pending payment in the long term for the purchase of the Mecanor group (now Teknia Ampuero, SL and subsidiaries), as well as 57 thousand Euros in the short term for the purchase in the previous year of the company Teknia Gebzre Makine Sanayi VE Ticaret A.S. The maturity of the long-term debt is as follows:

Year 2020:	1,237 thousand Euros
Year 2021:	1,236 thousand Euros

- Issuance of promissory notes

As at February 2019, as in the previous financial year, the Company proceeded to bring to the Alternative Fixed Income Securities Market (MARF), the Base Document for Information to Investors (DBII) in short-term securities named “€25,000,000 Commercial Paper Programme Teknia 2019”, for an amount up to €25,000,000. Subsequently, the Base Document for Information to Investors, named “Commercial Paper Programme Teknia 2020”, was incorporated into the MARF, for a maximum amount of 25,000,000 euros.

At the end of 2018, the nominal value of the debt for promissory notes amounted to 16,700,000 Euros and they all matured in the first quarter of 2019, with their interest rate being between 0.457% and 0.537%.

At 2019 year-end, the nominal value of the debt for promissory notes amounted to 16,500,000 Euros and they all matured in the first quarter of 2020, with their interest rate being between 0.341% and 0.473%.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128342

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

11.2. Information on the nature and the level of risk due to financial instruments

11.2.1. Qualitative

The management of the Group's financial risks is centralised in the Financial Management of the Group, which has established the mechanisms needed to control the exposure to interest rate and exchange rate variations, and to credit and liquidity risks. The main financial risks that affect the Group are indicated below:

a) Credit risks:

Overall, the Group maintains its cash and bank balances and cash equivalents in financial entities with high levels of solvency.

The credit risk is determined by the sales of the Group's companies to their customers. At this time, given the current economic situation and some of the economic sectors in which the Group operates, each of the company's clients have been studied individually in order to minimise the impact of this type of risks.

b) Liquidity risks:

In order to fulfil all of the payment commitments deriving from its activities, the Group has sufficient cash and bank balances, cash equivalents and assets with significant liquidity, as set out in the consolidated balance sheet. The dividends policy followed is prudent and takes into account those investments needed in order to maintain the competitiveness of the Group. Similarly, the credit limits indicated in note 11.1.2 are maintained.

c) Market risks (interest rate, exchange rate, etc.):

The Group is not significantly exposed to these risks, as the significant liabilities with interest rates are linked to the EURIBOR and large rises are not expected in the short-term or they were signed at a fixed rate in order to minimise the impact of any variations in the interest rate.

With respect to exchange rate risks, the Group does not consider the need for coverage in this respect, as it has been demonstrated in the past that the automotive sector is a long-term business in which interest rate variations shall have both positive and negative effects, but this effect shall be practically neutral over time.

The company focuses on the automotive sector, so the risk of a drop in the market is the same as that of the sector in which it operates. The Group is present in various countries to minimise the possible impact the differing evolution in manufacturing costs and vehicle purchases has in each country.

11.2.2. Quantitative information

As previously indicated, the main risks relate to exchange rate variations of the companies whose operating currency is not the Euro. A natural coverage policy is applied for the companies that operate in more than one currency. Quantitative information in this regard is provided in note 20.3 (Foreign currency).

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128343

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**12. INVENTORIES**

The breakdown of this section is as follows, in thousands of Euros:

	2019	2018
Merchandise, auxiliary raw materials and others	18,772	19,137
Product in progress	15,288	14,256
Finished products	17,157	20,727
By-products and waste	7	12
Advances to suppliers	7,155	9,031
Impairments	(1,589)	(970)
	56,790	62,193

13. CAPITAL AND RESERVES**13.1. Share capital**

The share capital of the Parent Company is represented by 332,779 shares (332,779 shares in the previous financial year) with a nominal value of 60.10 Euros each. The sole shareholder is the company Siuled, S.L.

The share capital of the Parent Company has been fully subscribed and disbursed, through the following contributions, in thousands of Euros:

	Thousands of Euros
Contribution in kind of company stock	23,547
Monetary contribution upon constitution	1,030
Monetary contribution upon capital increase	5,053
Translation into Euros	(1)
Capital reduction in 2013	(9,629)
	20,000

13.2. Reserves

The breakdown of this section at the end of the financial year is as follows:

(miles de euros)	2019	2018
Reserva legal de la Sociedad Dominante	4.000	4.000
Reservas voluntarias de la Sociedad Dominante	26.187	12.730
Reservas de consolidación	26.886	36.450
	57.073	53.180

According to article 214 of the Capital Companies Act, in all cases, a figure equal to 10 percent of the profit of the financial year shall be allocated to the legal reserve until it reaches at least 20 percent of the share capital.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128344

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

As long as this limit has not been reached, the legal reserve may only be used to compensate losses whenever there are no other reserves available to such purposes.

The movement of the reserves is included in the Consolidated Statement of Changes in Net Equity.

13.3 Exchange rate differences

This amount is from certain Group companies, according to the following details, in thousands of Euros:

	2019	2018
Teknia Brasil, Ltda.	(4,309)	(4,091)
Teknia Polska Spolka z o.o. and subsidiaries	(587)	(758)
Teknia Uhersky Brod, AS	530	383
Teknia USA Inc, and subsidiary	7	(192)
Componentes de Automoción Marroquíes, SARL	(16)	(25)
Teknia San Luis de Potosí, S.A. de C.V.	(415)	(585)
Teknia Mexico City, S.A. de C.V.	(71)	(214)
Teknia KG doo, Kragujeva	39	29
Teknia Gebze Makine Sanayi VE Ticaret A.S.	(531)	(255)
Teknia Japan GK	2	-
Teknia Tepejí, S.A. de C.V.	335	81
Teknia Oradea, S.R.L.	(34)	-
	(5,052)	(5,627)

The foreign exchange rates with respect to the Euro, applied in the conversion of the financial statements of the foreign companies were the following on 31 December 2019 and 2018:

	2019	2018	2017	% var. 2019/2018	% var. 2018/2017
Brazilian Real	4.5157	4.444	3.9729	1.61%	11.86%
Polish Zloty	4.2568	4.3014	4.1770	-1.04%	2.98%
Czech Koruna	25.408	25.724	25.5350	-1.23%	0.74%
American Dollar	1.1234	1.145	1.1993	-1.89%	-4.53%
Mexican Peso	21.2202	22.492	23.6612	-5.65%	-4.94%
Moroccan Dirham	10.7465	10.9532	11.2236	-1.89%	-2.41%
Serbian Dinar	117.5928	118.1946	118.4727	-0.51%	-0.23%
Turkish Lira	6.6843	6.0588	4.5464	10.32%	33.27%
Romanian Leu	4.783	4.6639	-	2.55%	-
Japanese Yen	121.94	125.85	-	-3.11%	-

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128345

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**14. TAX SITUATION****14.1. Public administrations**

The breakdown of this section is as follows, in thousands of Euros:

	2019		2018	
	Payable	Receivable	Payable	Receivable
Current tax	1,235	(622)	1,417	(418)
Tax on personal income I.R.P.F	102	(1,239)	-	(1,310)
Value Added Tax, V.A.T.	3,966	(1,380)	3,772	(1,407)
Others	38	(508)	199	(210)
Social security costs	57	(2,343)	58	(2,306)
	<u>4,163</u>	<u>(5,470)</u>	<u>4,029</u>	<u>(5,233)</u>

14.2. Conciliation of the net amount of income and expenses with the taxable base of the profit taxes

The information corresponding to the financial year 2019 was the following:

	Consolidated income statement Amount for financial year 2019			Income and expenses directly recognised as net equity Amount for financial year 2019		
	Increase	Reduction	Net effect	Increase	Reduction	Net effect
Balance of income and expenses of the financial year			6,118			575
Corporate income taxes	3,662	-	3,662			
Permanent differences:						
-from consolidation adjustments	9,923	(7,412)	2,511	-	(575)	(575)
-of individual companies	908	(8,092)	(7,184)		-	-
Temporary differences from consolidation adjustments	296	(785)	(489)			-
Temporary differences from individual companies	4,289	(3,944)	345			-
Compensation of negative taxable bases from previous financial years			(1,787)			-
Tax base (taxable income)			<u>3,176</u>			<u>-</u>

State stamp

Class 8

0.03 EUROS

Three cents Euro

000128346

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The information corresponding to the financial year 2018 was the following:

	Consolidated income statement Amount for financial year 2018			Income and expenses directly recognised as net equity Amount for financial year 2018		
	Increase	Reduction	Net effect	Increase	Reduction	Net effect
Balance of income and expenses of the financial year			6,323			(459)
Corporate income taxes	4,731	-	4,731			
Permanent differences:						
-from consolidation adjustments	16,993	-	16,993	459		459
-of individual companies	3,929	(15,395)	(11,466)		-	-
Temporary differences from consolidation adjustments	630	(561)	69			-
Temporary differences from individual companies	1,162	(1,029)	133			-
Compensation of negative taxable bases from previous financial years			(4,896)			-
Tax base (taxable income)			<u>11,887</u>			<u>-</u>

Regarding the permanent differences that have arisen from the consolidation entries, in both 2018 and 2019, the most significant refer to the dividends and impairments of the shares in subsidiaries.

The most significant permanent differences, in both 2019 and 2018, of individual companies recognise dividends from exempt investees.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128347

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**14.3. Conciliation of deferred tax assets and liabilities**

The conciliation of deferred taxes is as follows, in thousands of Euros:

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Opening balance	12,110	3,947	12,118	2,063
Increases				
* Entries in the scope	-	-	2,205	1,367
* Negative taxable bases and deductions pending compensation	704	-	364	-
* Grants allocated directly to equity (Note 15)	-	-	-	-
* Consolidation adjustments	-	-	-	-
* Goodwill	-	-	-	827
* Others	655	240	2	112
Decreases				
* Negative taxable bases and deductions	(1,084)	-	(2,089)	-
* Grants transferred to the income statement (Note 15)	-	(36)	-	(42)
* Adjustments in consolidation	(75)	(272)	(133)	(134)
* Others	(310)	(109)	(84)	(246)
* Individual company adjustments	-	-	(229)	-
* Exchange rate differences	30	27	(44)	-
Closing balance	12,030	3,797	12,110	3,947

The negative taxable bases applied in the financial year totalled 139 thousand Euros (4,896 thousand Euros in the previous financial year).

The Spanish companies have deductions from previous and current years for investments, research and other expenses, pending allocation amounting to 11,649 thousand Euros (11,852 thousand Euros in the previous year) and negative tax bases from previous years pending offsetting amounting to 6,494 thousand Euros (8,280 thousand Euros in the previous year). The foreign companies have negative tax bases amounting to 27,709 thousand Euros. (25,193 thousand Euros in the previous financial year).

Regarding the Group companies with registered addresses in Bizkaia, the applicable law for the assessment of corporation taxes for financial year 2019, as in the previous financial year, is the Provincial Law of Bizkaia.

14.4. Years open to inspection

Under current law, no tax returns may be deemed to be final until they have been inspected by the tax authorities or the statute of limitations period has elapsed.

The Group's companies have the financial years for which the statute of limitations period has not yet elapsed open to inspection for all taxes.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128348

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The Directors of the Parent Company and consolidated subsidiary companies consider that these taxes were calculated correctly and, accordingly, that even if discrepancies arise in the interpretation of the current regulations applicable to the tax treatment of transactions, the resulting liabilities, if any, would not have material effect on the accompanying consolidated annual accounts.

14.5 Consolidated tax group

The Parent Company is part of a consolidated Tax Group that is taxed in the provincial territory of Bizkaia.

In accordance with the approval of the Legislative Provincial Decree 2/2015 of 10 February, which modifies the Provincial Regulation 12/2013 of 5 December, of the Non-Resident Income Tax and Regional Regulation 11/2013, of 5 December, of the Corporation Tax (NFIS) and more specifically, of article 2 section 2 that modifies article 85 of the NFIS, the holding entity Siuled, S.L., sole shareholder of Teknia Manufacturing Group, SL (Single-Member Company), is not part of the Tax Group that is taxed under the Regional Regulations.

In accordance with the provisions of Articles 83.2 and 88.6 of the NFIS, Siuled, S.L., non-resident in the provincial and dominant territory of the Tax Group in accordance with the regulations applicable from 1 January 2015, agreed that Teknia Manufacturing Group, S.L. (Single-Member Company) would act as representative of the Tax Group.

In addition to Teknia Manufacturing Group, S.L. (Single-Member Company), the consolidated Tax Group is formed by: Teknia Elorrio, S.L. (Single-Member Company), Teknia Bilbao XXI, S.L. (Single-Member Company) and Teknia R&D, S.L. (Single-Member Company) which entered into the Tax Group in 2018.

14.6 Current tax assets and liabilities

The breakdown for corporate income tax due to the different public administrations is as follows:

	Payable		Receivable	
	2019	2018	2019	2018
Basque Country Regional Treasury	135	115	-	-
State Treasury	962	932	(45)	(48)
Foreign Treasury	138	370	(577)	(370)
	<u>1,235</u>	<u>1,417</u>	<u>(622)</u>	<u>(418)</u>

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128349

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**15. GRANTS**

Details are provided below regarding the transactions of the financial year under the heading of grants:

Grants, donations and bequests included in the consolidated balance sheet, granted by third parties other than the shareholders:

	Thousands of Euros	
	2019	2018
Balance at the start of the financial year	404	523
Increases	-	-
Tax effects (note 14.3)	-	-
Allocation to results	(140)	(161)
Tax effects (note 14.3)	36	42
Cancellation		
Balance at the closure of the financial year	300	404

The capital grants basically include those granted by the CDTI for investments made, and an update of the loan for the competitiveness plans granted to the Group companies.

All the grants originate in the subsidiaries, and the Group and the Group considers that the conditions related thereto are complied with.

Grants allocated to the consolidated income statement.

The breakdown of this section is as follows, in thousands of Euros:

	2019	2018
Operating grants incorporated in the annual balance	160	127
Allocation of non-financial assets grants	1	-
Allocation of financial grants	139	161
	300	288

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128350

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**16. PROVISIONS**

The breakdown in this heading is as follows:

	2019		2018	
	Short-term	Long-term	Short-term	Long-term
Staff remuneration	-	(1,135)	(321)	(1,043)
Other provisions	(456)	(547)	(147)	(505)
	(456)	(1,682)	(468)	(1,548)

Other long-term provisions include an amount of 102 thousand Euros (197 thousand Euros in 2018) provided by the company Teknia Ampuero, S.L.U. in previous years to cover possible commercial and labour litigation and 445 thousand Euros (308 thousand Euros in 2018) from the Brazilian company for tax litigation.

16.1. Staff remuneration

This section contains provisions made by Polish and Mexican companies, in accordance with the legislations of their countries. The current value of commitments has been determined, applying to quantify it the updating interest rates and life tables, and other generally accepted actuarial hypotheses, according to the legal regulations applicable to each country.

The transactions during the financial years 2019 and 2018 was as follows:

(thousands of Euros)	2019	2018
Opening balance of the financial year	(1,364)	(794)
Entries in the scope	-	(213)
Allocation variations	16	(383)
Payments	19	22
Transfers	226	-
Exchange rate differences	(32)	4
Closing balance	(1,135)	(1,364)

17. INCOME AND EXPENDITURE**17.1. Net turnover**

The details of the net turnover, according to the destination in the geographical markets, are the following:

	%	
	2019	2018
National	24	26
Rest of the European Union	42	41
Rest of the world	34	33
	100	100

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128351

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The Group has 1 client (1 in 2018) who has individually been invoiced a percentage higher than 10% of the net amount of the Group's net turnover. In 2019 and 2018 this client has been invoiced the following percentages:

%	
2019	2018
19%	21%

For the purposes of this note, a company or group of companies is considered a client.

17.2. Purchases

The details of the purchases of goods and raw materials and other supplies according to their respective geographical market are the following:

%	
2019	2018
National	35
Rest of the European Union	39
Rest of the world	26
100	100

17.3. Staff

The breakdown of both the Group's average and end-of-year personnel according to category and gender is as follows:

	Personnel on 31 December 2019				Average workforce with a disability
	Average workforce 2019	Total	Men	Women	
Company Directors	3.33	3	3	-	-
Senior Management	17.08	17	16	1	-
Structure	285.68	272	147	125	2.00
Indirect workforce	985.21	967	812	155	13.00
Direct workforce	2,195.57	2,199	1,337	862	35.00
Totals	3,483.54	3,455	2,312	1,143	50.00

One of the Directors of the Parent Company in 2019 was, in turn, an employee of the Group (two in financial year 2018).

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128352

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The breakdown of both the Group's average and end-of-year workforce and personnel according to category and gender is as follows:

	Average workforce 2018	Personnel on 31 December 2018			Average workforce with a disability
		Total	Men	Women	
Company Directors	4.00	4	4	-	-
Senior Management	10.00	10	10	-	-
Structure	297.16	303	173	130	30.50
Indirect workforce	943.72	980	777	203	12.00
Direct workforce	2,281.89	2,325	1,483	842	2.00
Totals	3,532.77	3,618	2,443	1,175	44.50

Two of the Parent Company Directors are also employees of the Group.

18. OPERATIONS AND BALANCES WITH RELATED PARTIES**18.1. Balance and transactions with the Sole Shareholder**

In addition to the operations with related companies indicated in Note 10, the Group has maintained the following operations with the Sole Shareholder of Teknia Manufacturing Group, S.L. (Single-Member Company) in thousands of Euros:

	Operating Income		Operating expenses	
	2019	2018	2019	2018
Siuled, S.L.	3	-	58	88

At 31 December 2019, as at 2018 year-end, the Group does not have any balances with this company.

18.2 Remuneration of directors and key personnel

The amount received in financial year 2019 by all of the Parent Company Directors amounted to 338 thousand Euros (514 thousand Euros in financial year 2018), of which 258 thousand Euros was received as salaries (434 thousand Euros in financial year 2018) and 80 thousand Euros for services rendered (81 thousand Euros in financial year 2018).

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128353

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The Company's Sole Shareholder, Siuled, S.L., which is in turn Administrator, has balances and transactions that are stated in the relevant notes of this report.

The salaries received in financial year 2019 by the personnel considered to be of key importance by the Group amount to 2,177 thousand Euros (1,480 thousand Euros in 2018).

In addition, the Parent Company has a civil liability insurance policy for Directors and Officers whose premium is 5 thousand Euros (including tax) (in the previous financial year, 5 thousand Euros).

19. FINANCIAL STRUCTURE

The Financial Management of the Group is responsible for arbitrating the global financial policy, but grants the individual companies autonomy of management. Although each company generates its own cash and cash equivalents and manages its collection and payment schedules, as well as preparing its cash and cash equivalents budgets, the parent company has centralised the financial management of the Group's subsidiaries, obtaining financing through bank loans and issuing bonds and promissory notes, which is subsequently transferred to the subsidiaries and maintains a current account with each subsidiary.

All foreign companies manage their cash and cash equivalents independently based on the guidelines established by the Group's Management.

19.1. Sureties and guarantees

In this financial year, as in the previous financial year, the Parent Company has issued three generic Comfort Letters to customers of Teknia Pedrola, S.L. (Single-Member Company), Teknia Kalisz Sp. zoo and Teknia Rzeszow Sp.zoo. In addition, in financial year 2019, the Parent Company was a guarantor and joint and several guarantor of loans whose holders are the subsidiaries Teknia San Luís de Potosí, S.A. de C.V., Teknia Oradea, S.R.L., Teknia Tepejí del Rio, S.A. de C.V., Teknia Mexico City S.A. de C.V., Teknia Ampuero, S.L., Teknia Bilbao, S.L. and Teknia Nashville, LLC whose total balance at year-end amounted to 8,790 thousand euros (1,645 thousand euros in the previous year)

In 2018, the company Teknia Bilbao, S.L.U., has pledged deposits of 74 thousand Euro for debt guarantee before the Ministry of Industry, Energy and Tourism. This debt was cancelled in financial year 2019.

The subgroup Teknia Polska Sp. Z.o.o. and its subsidiaries had at 31 December 2019 signed guarantee contracts with financial entities to guarantee the payment of the loans, credits, lines of discount and other funding obtained, amounting to 6,554 thousand PLN. (5,970 thousand PLN at 31 December 2018).

The Czech company, Teknia Uhersky Brod, a.s., was granted a mortgage guarantee for an amount totalling 18,367 thousand Czech Koruna (22,730 thousand Czech Koruna (CZK) in 2018).

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128354

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The company Teknia Brasil Ltda. secured a loan of 1,594 thousand BRL (1,912,000 BRL, in the previous financial year) with machinery and facilities. This loan is guaranteed by the Parent Company.

The company Teknia Oradea, S.R.L. has a mortgage loan of 448 thousand euros, with the cost of the mortgaged property being 1,418 thousand euros.

Moreover, financial entities have provided guarantees on behalf of Group Companies for an approximate total amount of 824 thousand Euros. (553 thousand Euros in 2018).

20. OTHER INFORMATION

20.1. Information on the acquisition price of the stock provided

The values at which the stock provided to the Parent Company at the time of its incorporation are included in the Consolidated Annual Accounts of financial year 2007 and previous years.

In the event that these shares are sold, the capital gains to declare would be the difference between the sale price and the value of the tax cost mentioned above.

20.2. Auditors' fees

The fees accrued by the auditors of the Parent Company for carrying out the Audit of the Consolidated Annual Accounts and the Annual Accounts of Group Companies amounted to 130 thousand Euros (130 thousand Euros in the previous year). The amount for other work amounts to 30 thousand Euros, (30 thousand Euros in the previous year).

Similarly, the fees for the audits of the foreign and Spanish companies conducted by other auditors from the Moore Global network (previously Moore Stephens) amounted to 133 thousand Euros (126 thousand Euros in 2018) and 47 thousand Euros for other work performed for the group (an amount similar to that of 2018).

20.3. Foreign currency

The overall amount of the most important asset and liabilities elements in foreign currencies is the following:

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128355

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

ASSETS	Thousands of Euros																	
	Brazilian Reals		PLN		Dirham		Czech Koruna		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Tangible fixed assets	7,182	6,555	11,902	11,223	3,783	2,875	11,499	12,743	10,725	8,903	10,868	10,972	3,220	1,614	649	802	3,053	3,240
Inventories	4,267	5,541	8,285	9,335	452	574	3,297	3,324	6,706	6,340	1,973	2,247	1,023	648	668	638	464	704
Trade and other accounts receivable	5,961	6,296	742	5,997	7	6	197	424	1,129	578	10,307	7,533	166	151	624	807	94	53
Cash and other equivalent liquid assets	32	32	312	268	-	13	53	25	114	41	991	616	118	134	40	7	28	39

LIABILITIES	Thousands of Euros															
	Brazilian Reals		PLN		Dirham		Czech Koruna		Mexican Peso		USD		Serbian Dinar		Turkish Lira	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Long-term debt with credit institutions	(311)	(387)	-	(332)	-	-	-	-	-	-	(2,614)	(3,804)	-	-	-	-
Short-term debt with credit institutions	(-71)	(113)	(1,196)	(1,056)	-	-	-	-	-	(175)	(7,866)	(6,346)	-	-	-	(1)
Trade and other accounts payable	(5,605)	(4,735)	(4,874)	(7,168)	(23)	(380)	(843)	(1,640)	2,101	(2,406)	(5,330)	(3,490)	(168)	(198)	(377)	(571)

PROFIT AND LOSS	Thousands of Euros																	
	Brazilian Reals		PLN		Dirham		Czech Koruna		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Supplies	(16,082)	(13,895)	(16,710)	(14,024)	-	(29)	(235)	(965)	(3,485)	(2,622)	(26,844)	(29,379)	(512)	(1,141)	(1,375)	(638)	(1,522)	(1,265)
Net turnover	27,006	24,542	3,965	4,001	-	-	261	41	266	2,187	62,113	57,176	1,984	1,757	2,613	2,419	41	39

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128356

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

20.5. Article 229 of the rewritten text of the Capital Companies Act

The Administrators, both natural and legal persons, in addition to the legal person representing the latter, declare that neither themselves nor the persons related thereto, as defined in Art. 231 of the Capital Companies Act [LSC, initials in Spanish], are affected by any of the situations of conflicts of interest as listed in Art. 229 of the Capital Companies Act. Although it is indicated that they have shares and hold positions in related companies.

21. ENVIRONMENTAL INFORMATION INCLUDING GREENHOUSE GAS EMISSION RIGHTS

21.1. Environmental Information

In the performance of its productive activities, the Group is committed to the elimination or, in its absence, the minimisation of environmental impact.

In this regard, most of the Group's production plants have an environmental management system certified according to international standards (ISO 14001 or ISO/TS 16949). As a Tier 2 agent in the automotive sector, TEKNIA Group companies are committed to continuous investment in R&D in order to improve the energy efficiency of their production processes and develop new products or lighter parts in order to collaborate in the development of new generation vehicles (vehicles with reduced CO2 emissions).

The expenses allocated by the Spanish companies to the protection and improvement of the environment charged directly to the consolidated income statement for 2019 amounted to 206 thousand Euros (241 thousand Euros in 2018) and basically correspond to the expenses incurred for waste treatment.

21.2. Information on greenhouse gas emission rights

The Group's companies do not engage in any activities in facilities that need trading greenhouse gas emission allowances and, consequently, no entries of this nature are posted.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128357

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**22. INFORMATION ON THE AVERAGE PERIOD OF PAYMENT TO SUPPLIERS. THIRD ADDITIONAL PROVISION. DUTY OF INFORMATION IMPOSED BY THE LAW 15/2010, OF 5 JULY.**

The information on the average payment period to suppliers for financial years 2019 and 2018 is as follows:

	Payments made and pending payment at the closure of the consolidated balance sheet	
	2019	2018
	Days	
Average period of payment to suppliers	63.50	68.41
Ratio of transactions settled	66.97	69.25
Ratio of transactions not yet settled	44.7	69.20
	Amount	
Total payments made (thousands of Euros)	148,241	149,815
Total payments pending (thousands of Euros)	26,788	28,158

23. SUBSEQUENT EVENTS

During financial year 2020, at the date of preparation of these consolidated annual accounts, the Parent Company has distributed dividends from voluntary reserves amounting to 2,000,000 Euros.

The outbreak of the coronavirus, COVID-19, declared an international pandemic by the WHO on 11 March 2020, has put governments and the world economy on alert. In an unprecedented effort to reduce the spread and mitigate the impact of the virus, various national governments around the world, including the Spanish Government, are declaring States of Emergency and adopting, at the end of the first quarter of 2020, severe measures to restrict the movements of the population.

In this context of a global health emergency, TEKNIA Group's Management has initially been working to develop and implement continuity plans for its activities to ensure the supply chain, while imposing exceptional safety and hygiene measures on employees aimed at reducing the transmission of the virus. In particular, on 13 March, 2020, all TEKNIA Group's employees were notified of the COVID-19 PROTOCOL, guidelines for action in the face of this health alert, establishing appropriate conduct for employees, ordering production plants to carry out essential preparations to restrict physical contact, limiting travel and implementing measures such as remote working where possible.

Subsequently, from the second half of March 2020, the major automotive manufacturers in Europe (OEMs) announced the temporary progressive closure of their production plants to prevent both the spread of the epidemic and supply problems. During this paralysis of activity in the European automotive industry (initially planned for 15 days, but extendible), TEKNIA Group's Management studied the application, in its Spanish production plants, of measures to regulate staff for the next months of the 2020 financial year, prioritising, as far as possible, flexible working measures and, secondly, the possibility of initiating Temporary Employment Regulation Files (ERTE).

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128358

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

TEKNIA Group's Management is monitoring and evaluating on a daily basis this exceptional situation of the temporary closure of the automotive sector, seeking to anticipate possible new developments that may affect the supply chain, and does not expect this period of inactivity to be further extended beyond the six weeks since its implementation, within the framework of current situation of uncertainty.

Likewise, TEKNIA Group's Management anticipates that the commercial activity of car sales, and the economy in general, will gradually reactivate during the second half of the 2020 financial year, which, although not reaching growth levels initially planned, will conclude with a balance sheet similar to that of 2019.

TEKNIA Group companies have sound balance sheets characterised by low external financial leverage and the generation of positive cash flows. Given the foreseeable contraction in the European economy, exacerbated by the effect of COVID-19, TEKNIA Group is confident that the liquidity measures implemented by Brussels for European companies will be effective and seconded by national governments which, as in the case of Spain, published on 18 March "Extraordinary urgent measures to address the economic and social impact of COVID-19." As a result, at present, the Group's Management expects the impact of COVID-19 to be situational and, therefore, its effect on the Company's budgets and activity for 2020 and future financial years, to be limited.

Consequently, the Group's Directors consider that this subsequent fact does not significantly affect the information and valuations reflected in the consolidated annual accounts.

There are no subsequent events worth mentioning that could have a significant effect on the attached Consolidated Financial Statements.

24. SECTORED INFORMATION

24.1. Criteria of allowance and allocation used to determine and offer the information regarding each of the sectors

As indicated above (Note 3.16), in 2019 the Parent Company's Board of Directors identified a single sector (Automotive), so it is not necessary to collect sectored information relating to this financial year.

During financial year 2018, the Board of Directors of the Parent Company identified the sectors of its activities to be the following:

- Automotive
- Research and development.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128359

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

The data for these sectors during financial year 2018 were as follows:

	Sectors		Total 2018
	Automotive	Research and developm ent	
Net turnover			
- External customers	370,659	12	370,671
- Inter-sectoral (A)	184	614	798
Supplies			
- External suppliers	(200,175)	(64)	(200,239)
- Inter-sectoral (A)	(614)	(184)	(798)
Staff expenses	(88,739)	(862)	(89,601)
Amortisation of fixed assets	(17,480)	(9)	(17,489)
PROFIT AND LOSS FROM OPERATING ACTIVITIES	17,235	(1,326)	15,909
PROFIT AND LOSS BEFORE TAX	12,392	(1,338)	11,054
Sector assets	264,907	467	265,374
Sector liabilities	190,917	106	191,023
Net cash flows resulting from the following activities			
- Operations	21,210	(774)	20,436
- Investment	(11,018)	(172)	(11,190)
- <i>Financing</i>	<i>(2,891)</i>	<i>1</i>	<i>(2,890)</i>

(A): Transactions that have been removed upon the consolidation.

As can be seen, practically all of the operating, financial and investment flows of the financial year 2018 are from the automotive sector.

Elorrio, 15 April 2020

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES****APPENDIX I****(thousands of Euros)**

	Teknia Elorrio, S.L.U.		Teknia Bilbao XXI, S.L.U.		Teknia Martos, S.L.U.		Teknia Brasil, Ltda.		Teknia Epila, S.L.U.	
Registered address	Barrio San Agustín nº11 Elorrio – (Bizkaia)		Abanto y Ciervana (Bizkaia)		Martos (Jaén)		Jacareí (São Paulo) BRASIL		Epila (Zaragoza)	
Business activity	Manufacture of pipe assemblies		Bar turning		Injection of plastic		Manufacture of tubes, stamping and injection of plastic		Stamping of metal parts	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Percentage of ownership										
- Direct	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
- Indirect	-	-	-	-	-	-	-	-	-	-
Holder of the indirect share	-	-	-	-	-	-	-	-	-	-
Dividends received during the year	456	881	174	266	1,908	2,418	-	-	-	-
Net equity:										
- Share Capital	60	60	174	174	139	139	30,562	15,750	1,200	1,200
- Issuance premium, reserves and results from previous years.	4,591	4,591	3,463	3,463	4,296	4,296	(16,808)	(10,515)	(4)	(177)
- Other items in own equity	3	4	29	36	-	-				
- Results from the year	199	456	(1,288)	174	1,527	1,908	(5,245)	(4,006)	92	173
Recorded value of the equity interest	9,443	9,443	2,377	3,844	6,841	6,343	8,509	1,229	1,288	1,196
Auditor of the company	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	Moore Stephens Lima Lucchesi	Moore Stephens Lima Lucchesi	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES****APPENDIX I
(thousands of Euros)**

	Teknia Barcelona, S.L.U.		Teknia Pedrola, S.L.U.		Teknia Polska Sp. z o.o.		Teknia Kalisz Sp. z o.o.		Teknia Rzeszów, Sp. z o.o.	
Registered address	Cl Comte de Montemolin 39, Pol. Ind. Leixample (Parets del Valles)		Pol. Ind. El Pradillo Pedrola - Zaragoza		Nowogrodza, 12 (Warsaw)		Przemysłowa, 3-5, Popówek		Przemysłowa, 4 (Rzeszów)	
Business activity	Bar turning		Manufacture of pipe assemblies		Holding		Stamping and pipes		Injection of plastics	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Percentage of ownership										
- Direct	100%	100%	100%	100%	100%	100%	-	-	-	-
- Indirect	-	-	-	-	-	-	100%	100%	100%	100%
Holder of the indirect share	-	-	-	-	-	-	Teknia Polska Sp. z o.o.		Teknia Polska Sp. z o.o.	
Dividends received during the year	1,207	1,005	-	-	-	-	-	-	-	-
Net equity:										
- Share Capital	240	240	500	500	2,326	2,302	317	314	137	136
- Issuance premium, reserves and results from previous years.	2,382	1,752	886	551	4,775	2,805	6,920	6,957	9,681	7,012
- Other items in own equity	38	49	74	97	-	-	-	-	-	-
- Results from the year	1,758	1,837	186	335	439	1,921	(31)	(109)	2,618	3,070
Recorded value of the equity interest	11,289	11,289	26	26	2,395	2,395	-	-	-	-
Auditor of the company	Moore Stephens Addveris Auditores y Consultores S.L.P	Moore Stephens Addveris Auditores y Consultores S.L.P	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	TPA Sp. Z.o.o Spk. Auditor of Teknia Polska Sp z.o.o. and subsidiaries	Moore Stephens Central Audit Sp. z.o.o. auditor of Teknia Polska Sp z.o.o. and subsidiaries	TPA Sp. Z.o.o Spk.	Moore Stephens Central Audit Sp. z o.o.	TPA Sp. Z.o.o Spk.	Moore Stephens Central Audit Sp. z o.o.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128362

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES****APPENDIX I****(thousands of Euros)**

	Teknia Azuqueca, S.L.U.		Teknia Uhersky Brod a.s.		Teknia San Luis de Potosi, S.A. de C.V.		Teknia Germany GmbH		Teknia R&D, S.L.U.	
Registered address	Pol. Ind. Miralcampo de Arriba – Azuqueca de Henares (Guadalajara)		Rybářská 2330 Uherský Brod, PSC 688 01 (Czech Republic)		Parque Industrial San Luis Potosí (Mexico)		Stuttgart (Germany)		Barrio San Agustín s/n, Elorrio	
Business activity	Manufacture of parts in plastics and other materials		Manufacture of parts in plastics and other materials		Manufacture of parts in plastics and other materials		Design and engineering of automotive parts		Research, creation and development of research and development projects	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Percentage of ownership										
- Direct	100%	100%	100%	100%	97.6%	97.6%	100%	100%	100%	100%
- Indirect	-	-	-	-	-	-	-	-	-	-
Holder of the indirect share	-	-	-	-	-	-	-	-	-	-
Dividends received during the year	-	2,436	717	983	-	-	-	-	-	-
Net equity:										
- Share Capital	3,500	3,500	4,793	4,734	6,255	5,901	25	25	300	300
- Issuance premium, reserves and results from previous years.	695	700	6,498	6,127	(3,252)	(2,941)	762	731	6	(264)
- Other items in own equity	157	218	-	-	-	-	-	-	360	-
- Results from the year	187	(5)	819	1,000	1,227	(127)	17	31	(351)	(980)
Recorded value of the equity interest	-	-	3,636	3,636	3,569	2,764	620	620	315	180
Auditor of the company	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	BDO Czech Republic s.r.o.	Moore Stephens, S.R.O.	Moore Stephens Orozco Medina, S.C.	Moore Stephens Orozco Medina, S.C.	Not audited	Not audited	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128363

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES****APPENDIX I****(thousands of Euros)**

	Componentes de Automoción Marroquíes, SARL		Teknia Manresa, S.L.U.		Teknia USA Inc.		Teknia Mexico City, S.A. de C.V.		Teknia KG doo, Kragujevac	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Registered address	TFZ D'Exportation Ilot 30- Lot n02 Mod.1 - Tangier		Pg Ind. Bufalvent, C/ Doctor Esteve Terrades 3 (Manresa)		601 Abbot Road, East Lansing, Michigan 48823 (USA)		Calle Avena nº 218, Colonia Granjas Mexico. Distrito Federal		Kragujevac, 56 Dragoslav Srejavic street.	
Business activity	Creation, manufacturing and marketing of individual automotive parts		Stamping of metal parts		Management of technical and commercial activities.		Purchase-sale, distribution and manufacture of die-cuts or tourneys, among others.		The production of other parts and additional equipment for vehicles	
Percentage of ownership										
- Direct	99.99%	99.99%	100%	100%	100%	100%	100%	100%	100%	100%
- Indirect	-	-	-	-	-	-	-	-	-	-
Holder of the indirect share	-	-	-	-	-	-	-	-	-	-
Dividends received during the year	-	-	2,027	2,116	-	-	-	-	-	-
Net equity:										
- Share Capital	1,490	1,462	60	60	11,674	11,454	787	742	1,823	1,814
- Issuance premium, reserves and results from previous years.	(833)	(976)	4,754	4,754	425	(67)	825	631	56	(201)
- Other items in own equity	-	-	-	-	-	-	-	-	-	-
- Results from the year	(240)	6	2,075	2,027	228	484	202	148	241	257
Recorded value of the equity interest	417	493	3,825	3,825	9,729	10,338	2,506	2,395	1,680	1,680
Auditor of the company	Moore Stephens Bernossi, SARL	Not audited	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	Moore Stephens (Elliot Davis Decosimo) is auditor of the consolidation of Teknia USA Inc. and its subsidiary	Moore Stephens (Elliot Davis Decosimo) is auditor of the consolidation of Teknia USA Inc. and its subsidiary	Moore Stephens Orozco Medina, S.C.	Moore Stephens Orozco Medina, S.C.	Moore Stephens Revizija i Racunovodstvo d.o.o. Beograd	Moore Stephens Revizija i Racunovodstvo d.o.o. Beograd

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128364

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES****APPENDIX I****(thousands of Euros)**

	Teknia Nashville, LLC		Teknia Gebze Makine Sanayi VE Ticaret A.S.		Teknia Entidad de Gestión S.L.U.		Teknia Japan GK	
Registered address	94 Belinda Parkway, Mt Juliet, 37122 Tennessee, USA.		Dilovasi/Kocaeli, Turkey		Pol. Ind. Miralcampo – Azuqueca de Henares (Guadalajara)		1-1+-7 Sakuragi-cho Naka-ku, Yokohama-shi, Kanagawa, Japan	
Business activity	Stamping		Manufacturing and marketing of industrial machinery and automotive parts		Provision of management services and technical, economic and financial advice		Engineering services for automotive, solar, domestic and electronic applications	
	2019	2018	2019	2018	2019	2018	2019	2018
Percentage of ownership								
- Direct	-	-	100%	100%	100%	100%	100%	100%
- Indirect	100%	100%	-	-	-	-	-	-
Holder of the indirect share	Teknia USA Inc.		-	-	-	-	-	-
Dividends received during the year	-	-	-	-	-	-	-	-
Net equity:								
- Share Capital	8,781	8,616	117	129	153	153	25	24
- Issuance premium, reserves and results from previous years.	(1,503)	(590)	336	329	107	9	31	11
- Other items in own equity	-	-	-	-	-	-	-	-
- Results from the year	(1,096)	(885)	(149)	(100)	169	98	7	18
Recorded value of the equity interest	-	-	2,619	3,011	153	153	36	36
Auditor of the company	Moore Stephens (Elliot Davis Decosimo)	Moore Stephens (Elliot Davis Decosimo)	Moore Stephens Turkey MBK Independent Auditing and CPA Co	Moore Stephens Turkey MBK Independent Auditing and CPA Co	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	Not audited	Not audited

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128365

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES****APPENDIX I****(thousands of Euros)**

	Teknia Ampuero, S.L.U.		TEKNIA TEPEJI, S.A. DE C.V.		Teknia Oradea, S.R.L.	
Registered address	Polígono Industrial barrio Marrón, Nº 1, Ampuero - Cantabria		Tapejé del Río (Hidalgo - Mexico)		Oradea - Bihor (Romania)	
Business activity	Manufacture and sale of metallic parts.		Purchase-sale, import and export, distribution, marketing, manufacturing, die cutting, assembly of all kinds of spare parts and machinery for industry and metal casting		Mechanical operations in general	
	2019	2018	2019	2018	2019	2018
Percentage of ownership						
- Direct	100%	100%	-	-	-	-
- Indirect	-	-	100%	100%	100%	100%
Holder of the indirect share	-	-	Teknia Ampuero, S.L.U.		Teknia Ampuero, S.L.U.	
Dividends received during the year	-	-	-	-	-	-
Net equity:						
- Share Capital	2,889	2,889	4,137	3,903	1,126	1,156
- Issuance premium, reserves and results from previous years.	4,540	4,668	442	22	260	208
- Other items in own equity	33	50	-	-	-	-
- Results from the year	2,601	1,873	1,033	396	144	44
Recorded value of the equity interest	14,456	14,277	-	-	-	-
Auditor of the company	Moore AMS Auditores, S.L.	Moore Stephens AMS, S.L.	Moore Stephens Orozco Medina, S.C.	Moore Stephens Orozco Medina, S.C.	Ms Renate Popescu	Moore Stephens, KSC

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128366

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES**MANAGEMENT REPORT 2019****1. SITUATION OF TEKNIA GROUP AND PROJECTED EVOLUTION****Evolution of turnover**

The Group's net turnover was 378 million Euros, 2% higher than in 2018, with this growth being purely organic. This growth includes Bravo Group's first full year following its acquisition in March 2018. During 2019, Teknia did not carry out any acquisitions.

During 2019, the decline initiated during the second half of 2018 has continued to be consolidated, after strong growth during the first half of the previous year. This decline in global demand has been mainly due to the uncertainty of a market facing unprecedented technological change, affecting consumers' purchasing decisions regarding the type of car to be purchased (electric, hybrid, diesel, gasoline), also not helped by government regulations. A clear example that reflects this fall in demand is that China, central to the automotive sector (with approximately 25% of global share), for the first time in 20 years has seen a reduction in its sales volume of cars.

Despite the sector's unfavourable evolution, the Group has been able to adapt to these decreases, maintaining 2018 levels, while much of the competition has suffered considerably.

One of the main reasons for this favourable closing balance was the intelligent and synchronised integration of the Bravo Group to the Teknia Group, which has provided synergies in terms of customer portfolio and markets, in addition to learning the technology of aluminium injection and machining, something in high demand in a sector where the low weight of components is a priority.

In terms of sales by technology, both metal and aluminium are more or less on par with the previous year, falling by about 4% in plastic and experiencing a sharp increase of about 11%, in bar turning technology.

On the other hand, if we look at the trends in sales by market with respect to last year, there has been a fall of 2% in Spain, while remaining similar in Europe (excluding Spain), while in NAFTA and Brazil there has been growth of around 1%.

Turnover figures and their evolution over recent years are as follows:

	2019		2019		2018		2018		2017		2017	
	Euros		vs		Euros		vs		Euros		vs	
	'000	%	2018		'000	%	2017		'000	%	2016	
Net amount of turnover	378,116	100%	2.01%		370,671	100%	14.03%		325,054	100%	9.20%	
Operating margin	13,606	3.60%	-14.48%		15,909	4.29%	-15.91%		18,919	5.82%	5.87%	
EBITDA ¹	31,968	8.45%	-4.19%		33,367	9.00%	8.27%		30,818	9.48%	11.45%	

¹ EBITDA is calculated as the operating result deducted in the provision for amortisation, the allocation of subsidies to non-financial fixed assets, surplus of provisions, and the result from the loss of control of consolidated shares and the difference in a business combination.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128367

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Since 2010, the annual sales growth rate from consolidated group sales has been 9.3%.

At a commercial level, taking into account the difficulties due to the fall in demand during 2019, Teknia Group has recorded a slightly lower figure in 2019 than in 2018 but which allows for, in stable market conditions, the assurance of similar, or even higher, sales levels.

Projects of strategic products within the area of car safety, with above-average durations in the automotive sector (5 years), are of particular note.

Plastic technology takes 50% of new business for the year, followed by 26% for metal.

'000	2019	2018	2017
New business ²	95,055	101,182	86,644

Consolidation of the EBITDA levels

The Group's EBITDA amounted to 31,968 thousand Euros, representing a drop of 4% compared to 2018. This decrease is mainly due to situational circumstances that occurred during the 2019 financial year, such as the change in the Group's internal organisational structure and operational management, and the provision of measures to cover possible future contingencies in Teknia Brasil.

If these non-recurring events had not taken place, although this year the market has declined following the trend of the second half of 2018, the Group would have closed 2019 with a slightly higher EBITDA than last year.

Being aware of the trend and evolution of the automotive market, Teknia Group has focused its strategic plan on achieving greater profitability in its operations as its main objective, followed by a growth in turnover, which was the main objective in previous years. We believe that, with the current portfolio of new business and the proven specialisation and competence in each and every one of our current technologies, we can face the future with a substantial improvement in the profitability of our operations.

Non-operating results (financial)

In this sector, mention must be made of two issues:

- The Group has made a great effort to control debt, achieving a decrease in total debt of more than 10 million Euros, by adjusting its investments and managing to reduce the NFD/EBITDA ratio from 2.87x to 2.76x even with a EBITDA lower than 2018.
- Maintenance of the company's recurring cost of financing with a net cost of financing of 3.1% in respect of Debt.

	2019	2018	2017	2016	2015
Cost of Debt ³	3,041	3,402	2,978	2,550	1,688
Debt	98,506	109,304	82,354	81,547	52,826
Debt Cost/Debt	3.1%	3.1%	3.6%	3.1%	3.2%

² New business refers to projects for the manufacturing of parts in terms of projected annual sales.

³ The heading Cost of Debt includes all financial expenses and Debt calculated as the result of the sum of the long-term and short-term debt.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128368

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIESExchange differences (financial)

The following chart shows the annual changes of the most significant currencies with which the Teknia Group has been operating in recent years.⁴

	% var. 2019 vs 2018	2019	% var. 2018 vs 2017	2018	% var. 2017 vs 2016	2017
Brazilian Real	1.61%	4.516	11.86%	4.444	15.81%	3.973
Polish Zloty	-1.04%	4.257	2.98%	4.3014	-5.29%	4.177
Czech Koruna	-1.23%	25.408	0.74%	25.724	-5.50%	25.535
American Dollar	-1.89%	1.123	-4.53%	1.145	13.77%	1.199
Moroccan Dirham	-1.89%	10.747	-2.41%	10.953	5.30%	11.224
Mexican Peso	-5.65%	21.220	-4.94%	22.492	8.68%	23.661
Serbian Dinar	-0.51%	117.593	-0.23%	118.195	-4.05%	118.473
Turkish Lira	10.32%	6.684	33.27%	6.0588	--	4.546
Romanian RON	2.56%	4.783	--	4.6635	--	--

Source: www.ecb.europa.eu, data on 31 December of each year.

A State of Emergency has been declared by the Spanish Government since 14 March 2020, due to the COVID-19 pandemic. The consequences of this for the evolution of the Group's results are not quantifiable at the date of this Report, however we estimate that business already gained for financial year 2020, although somewhat weakened in volume or by delays, will end up being successfully carried out.

2. SITUATION OF THE GROUP'S FINANCE POLICY AND FINANCIAL RATIOS

The management of the Group's financial risks is centralised in the Corporate Finance Management, which has established the mechanisms needed to control the exposure to interest rate and exchange rate variations, and to credit and liquidity risks.

The Group's current Strategic Plan clearly sets out the objective of diversifying the financial sourcing. This diversification plan fixes for 2021 a composition of the Group's debt distributed at 60% in alternative financing and 40% in bank financing.

To achieve this, the Group continues to opt for financing in alternative debt markets other than the "traditional" banking sector, launching in February 2017 a programme of promissory notes in the MARF (initials in Spanish for the Fixed Income Alternative Securities Market) of up to 25 million Euros, with a live average balance during the year of 17 million Euros. This short-term financing alternative was consolidated during 2019.

⁴ In the table, variation (-) means appreciation, while variation (+) means depreciation

State stamp

Class 8

0.03 EUROS

Three cents Euros

000128369

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

This promissory notes programme has brought Teknia Group new investors, in addition to those already present in the 2016 bonds issue. It is estimated that Teknia now has 30 investors, these being insurance companies, mutual insurers, fund and estate managers, investment brokers and investment banks and agencies.

As part of this programme, in 2019 11 issues were made, consolidating the trend initiated in the previous year, with the yield trending downwards and demand usually exceeding the supply of the issues, which reflects investors' growing confidence in the project.

Both MARF programmes, promissory notes and bonds are a structural and stable part of Teknia Group's future financing.

Management of real estate assets

Since 2013 Teknia Group has created a team to manage all of its real estate assets, both owned and rented, to improve the profitability on the one hand and greater liquidity for Teknia on the other, thus decreasing the Group's debt.

RATIOS⁵

	2019	2018	2017	2016	2015
DEBT AND CASH					
CURRENT ASSETS / CURRENT LIABILITIES	1.19	1.24	1.28	1.37	1.33
CURR + NON-CURR LIAB / EQUITY	2.30	2.57	1.99	2.13	1.78
NET FIN. DEBT / EQUITY	1.13	1.29	1.02	1.00	0.83
NET FIN. DEBT / EBITDA	2.76x	2.87x	2.44x	2.47x	2.18x
RETURN					
RETURN ON SALES (ROS)	1.62%	1.71%	3.66%	3.69%	3.90%
RETURN ON ASSETS (ROA)	5.26%	5.99%	8.60%	8.37%	9.03%
RETURN ON EQUITY (ROE)	7.80%	8.50%	16.16%	16.08%	16.3%
RETURN ON CAPITAL EMPLOYED (ROCE)	9.50%	10.60%	14.68%	13.77%	15.43%

When reading the ratios for 2018, it should be taken into account that due to the incorporation of the Spanish business Group Bravo in the first quarter of the year, the data is not comparable with that of the previous years, since it was preferred to maintain the data published in previous reports for greater transparency.

⁵ In financial year 2017 the headings comprising the definition of net financial debt and EBITDA have changed. Thus, the ratios from previous years differ slightly from those included in the management report for the previous year.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128370

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

3. IMPORTANT EVENTS FOR THE GROUP OCCURRING AFTER FINANCIAL YEAR-END

In February 2020, the promissory note program in the MARF (Alternative Fixed Income Market) was renewed, maintaining the volume of the previous programs of up to 25 million Euros.

Since the end of the year, there have been no events that, due to their importance, have a special effect on the Group's financial statements and overall situation and that have not been included in the consolidated annual accounts.

4. RESEARCH AND DEVELOPMENT ACTIVITIES

Since 2010 the Group is committed to the research and development of both products and processes. The result is the creation of a company wholly dedicated to this activity. Teknia R&D, S.L. (Single-Member Company), whose main mission is to concentrate all efforts in the area of R&D+i, to coordinate all the initiatives and lead the change and technological progress of Teknia. However, to better achieve this objective, since the second quarter of 2019, Teknia R&D, S.L. (Single-Member Company) has been converted into a centralised support area, led by the Group's technical management, with each of the Group companies carrying out its own projects.

5. SHARES IN TREASURY STOCK

During financial year 2019, no transactions were carried out for the acquisition of own shares (or stock) by any of the companies that make up Teknia Group.

6. GROUP EXPOSURE TO PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK.

The management of the Group's financial risks is centralised in the Financial Management of the Group, which has established the mechanisms needed to control the exposure to interest rate and exchange rate variations, and to credit and liquidity risks. The main financial risks that affect the Group are indicated below:

- Credit risks:

Overall, the Group maintains its cash and bank balances and cash equivalents in financial entities with high levels of solvency.

The credit risk is determined by the sales of the Group's companies to their customers. At this time, given the current economic situation and some of the economic sectors in which the Group operates, each of the company's clients have been studied individually in order to minimise the impact of this type of risks.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128371

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

Liquidity risks:

In order to fulfil all of the payment commitments deriving from its activities, the Group has sufficient cash and bank balances, cash equivalents and assets with significant liquidity, as set out in the consolidated balance sheet. The dividends policy followed is prudent and takes into account those investments needed in order to maintain the competitiveness of the Group. Similarly, the credit limits indicated in note 11.1.2 of the Consolidated Report are maintained.

- Market risks (interest rate, exchange rate, etc.):

The Group is not significantly exposed to these risks, as the significant liabilities with interest rates are linked to the EURIBOR and large rises are not expected in the short-term or they were signed at a fixed rate in order to minimise the impact of any variations in the interest rate.

With respect to exchange rate risks, the Group does not consider the need for coverage in this respect, as it has been demonstrated in the past that the automotive sector is a long-term business in which interest rate variations shall have both positive and negative effects, but this effect shall be practically neutral over time.

The company focuses on the automotive sector, so the risk of a drop in the market is the same as that of the sector in which it operates. The Group is present in various countries to minimise the possible impact the differing evolution in manufacturing costs and vehicle purchases has in each country.

- Insurance

i. Material Losses

The Group's policy is to contract insurance policies that cover all Group companies against any potential risks to which their different tangible fixed assets are exposed.

The criterion for calculating the insured capital is the replacement as new at their market value, so we believe that with Teknia's current policies and future updates, the company's assets are 100% insured against potential and unforeseen losses.

At the same time, in collaboration with our insurance companies, loss rate studies have been carried out in the installations to obtain a detailed report of any possible needs in order to avoid the same.

ii. Civil liability

The company insures the risks of its activities by means of a general civil liability insurance policy with the aim of providing maximum insurance for any losses that may arise due to the activities of the Group.

In relation to operational and product coverage, the limits per claim are as follows:

Operating civil liability	€8,000,000	Per claim
Civil Liability of Products /Post-working	€8,000,000	Per claim and year
Export Extensions USA/Canada	€8,000,000	Per claim and year

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128372

TEKNIA MANUFACTURING GROUP, S.L., (Single-Member Company) AND SUBSIDIARIES

7. AVERAGE PERIOD OF PAYMENT TO SUPPLIERS

The average period of payment to suppliers amounts to 63.50 (68.41 in financial year 2018).

8. NON-FINANCIAL INFORMATION STATEMENT

In accordance with the provisions of Law 11/2018 of 28 December, which will modify the Commercial Code, the revised text of the Capital Companies Law and Law 22/2015 of 20 July, audit of accounts In terms of non-financial information and diversity, the group has prepared a non-financial information statement, which forms an integral part of this management report and is presented in a separate report.

Elorrio, 15 April 2020.

State stamp

Class 8

0.03 EUROS
Three cents Euros

000128374

These Consolidated Annual Accounts (Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Consolidated Notes to the Annual Accounts) and the consolidated Management Report for the financial year 2019 of Teknia Manufacturing Group, S.L. (Single-Member Company) and subsidiaries are drawn up on officially stamped paper numbered 000128303 through to 000128372 inclusive.

The Board of Directors signs this page number 000128374, in recognition of the preparation of the Consolidated Annual Accounts and Consolidated Management Report of Teknia Manufacturing Group, S.L. (Single-Member Company) and subsidiaries:

	Signature
<u>Chairman</u> SIULED, S.L. (represented by MR JAVIER QUESADA SUESCUN)	[Unreadable signature]
Chief Executive Officer JAVIER LAZPITA SARRIUGARTE	[Unreadable signature]
Board Member: IGNACIO MARCO-GARDOQUI IBAÑEZ	[Unreadable signature]