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CVR no. 20 22 26 70

**MENETA ADVANCED SHIMS TECHNOLOGY A/S**  
**STRANDHOLTVEJ 49, STIGE, 5270 ODENSE N**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 11 May 2023**

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**George Michael Ruhl**

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**COMPANY DETAILS**

<b>Company</b>	Meneta Advanced Shims Technology A/S Strandholtvej 49 Stige 5270 Odense N  CVR No.: 26 31 40 89 Established: 1 November 2001 Municipality: Odense Financial Year: 1 January - 31 December
<b>Board of Directors</b>	George Michael Ruhl, chairman Liam James Booth Kim Walther Østergaard Sebastian Despineux
<b>Executive Board</b>	Kim Walther Østergaard
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
<b>Bank</b>	Danske Bank Albani Torv 2-3 5000 Odense C

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Meneta Advanced Shims Technology A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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

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

Odense, 21 March 2023

Executive Board

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Kim Walther Østergaard

Board of Directors

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George Michael Ruhl  
Chairman

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Liam James Booth

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Kim Walther Østergaard

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Sebastian Despineux

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Meneta Advanced Shims Technology A/S

#### Opinion

We have audited the Financial Statements of Meneta Advanced Shims Technology A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

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

#### Management's Responsibilities for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on Management Commentary**

Management is responsible for Management Commentary.

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

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

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

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

Copenhagen, 21 March 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

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

## FINANCIAL HIGHLIGHTS

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
<b>Income statement</b>					
Net revenue.....	365,000	322,178	267,493	287,495	295,459
Gross profit/loss.....	102,090	103,269	96,413	95,785	100,377
Operating profit/loss of main activities...	12,247	12,819	17,771	19,436	21,787
Financial income and expenses, net.....	642	795	-792	-150	169
Profit/loss for the year.....	10,575	11,408	13,543	15,035	17,103
<b>Balance sheet</b>					
Total assets.....	248,916	266,499	232,444	244,291	208,140
Equity.....	179,598	169,023	157,615	144,072	130,655
Invested capital.....	185,417	189,924	163,397	148,226	131,649
Investment in property, plant and equipment.....	4,226	6,104	6,918	14,077	19,617
<b>Key ratios</b>					
Operating margin.....	3.4	4.0	6.6	6.8	7.4
Return on invested capital.....	6.5	7.3	11.4	13.9	16.3
Equity ratio.....	72.2	63.4	67.8	59.0	62.8
Return on equity.....	6.1	7.0	9.0	10.9	14.0
Index for net revenue.....	124	109	91	97	100
Net revenue per employee.....	2,517	2,065	1,858	1,904	1,957

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

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

## MANAGEMENT COMMENTARY

### Principal activities

Meneta Advanced Shims Technology A/S develops, manufactures, and sells noise-damping shims for disc brake pads used in the automotive industry.

Meneta Holding A/S holds 52% of the share capital while TMD Friction Holdings (UK) Limited holds the remaining 48%.

### Development in activities and financial position

Despite a decline in car production within the EU, the company was able to grow its business, but was unable to meet profitability targets.

The main reasons for the decline in profitability despite the revenue growth are extremely high energy costs impacting severely production costs - and - a steep incline in certain raw material prices, costs of which the company cannot pass on as price increases to its customer base without delays.

Accounts show an increase in revenue by 13% to DKK 365.0M (DKK 322.2M).

The net result after tax declined by 7% to DKK 10.6M (DKK 11.4M).

The balance sheet total shows DKK 248.9M.

Throughout the year, the company increased its CAPEX by DKK 4.2M, investing mainly in operational assets.

### Profit/loss for the year compared to expectations

Whereas the operating profit (EBIT) declined by 5% to DKK 12.2M from DKK 12.8M.

### Significant events after the end of the financial year

No significant events have occurred after the end of the financial year.

### Financial risk

A considerable part of the company's raw materials is dependent on the price of steel and oil. Raw materials, sales prices, assets, and liabilities are dependent on the development in a number of currencies. The currency exposure is continuously evaluated, and risk hedging takes place according to determined policies and rules.

### Environment

The company is aware of the potential impact of its products and production processes on the environment. It is an ongoing process, and work is continuously done to reduce the environmental impact and the CO2 footprint.

Following a general decision in 2019, the company works diligently to work towards a 70% reduction in CO2 emissions, focusing on both scope 1, 2, and 3.

Since January 2022, the company's production is powered by sustainable and renewable energy sources, supplied by local Danish windmill turbines.

Following a location-based carbon accounting method, this allows a net zero emission calculation for all electricity consumption since January 1, 2022.

The company charges most of its car fleet by own charging stations installed in 2021.

Since 2021, the company issues a carbon accounting report as part of our overall group sustainability strategy.

The company now focuses on obtaining more in-bedded data validation processes with the goal to automate data collection within the daily operations of the organizations, with increased credibility from scope 1 to 3 emission-variables.



## MANAGEMENT COMMENTARY

### Environment (continued)

Many initiatives are underway in all three scopes - as e.g. the signature in early 2023 with the company's steel supplier for the supply of 70% CO<sub>2</sub> emission reduced steel from year 2024 and complete net zero CO<sub>2</sub> emission steel from year 2026.

The company - under the wings of the group as a whole - continues to be a dedicated partner of the United Nations Global Compact programme with an annual COP report (Communication on Progress).

For 2023, we therefore expect a continued reduction in the environmental impact of our products, including the elimination of heavy metals and the introduction of more environmentally-friendly components.

### Knowledge resources

The company has full IATF16949 certification.

### Research and development activities

The means used for development activities have been recognised and booked as expenses.

### Future expectations

The company has been successful in growing its market position and overall market share.

For the year 2023, the company continues to focus on new product development and on cost base reductions to prepare the company for future industry challenges and trends such as transition to global e-mobility.

The Russian invasion of the Ukraine has had only minor impact on the company's revenues and profitability in 2022.

### Development Activities

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

### Business Model

The company designs, develops and sells noise-damping materials and finished parts to primarily the automotive industry, focusing always on new product development and first-to-market approach as one of the global leaders with the field.

Since 2019 it has been a part of the company's long-term strategy and business model to focus its NPD efforts on sustainable solutions and a more sustainable production.

### The Company's foreign branches

The company has a branch in Koblenz, Germany.

### Corporate Social Responsibility

Part of the company's CSR policy is to act in a responsible manner towards the environment, which was described in the previous section.

The company continues to support a multitude of other CSR initiatives ranging from sponsorships of local schools and sport activities, mainly focused on children, to general charity work and support to local environment initiatives.

All such measures are part of the company's 'Code of Conduct and Staff Handbook'.

### Target Figures and Policies for Gender Equality

The company has adopted a policy for gender equality and the promotion of female leaders. Equally, the company has a clear policy on equal pay. Even though the automotive industry is dominated by men and therefore male applicants, whenever the company has job openings, the company actively tries to change the gender mix, however, always focusing first and foremost on competencies and skills.

## MANAGEMENT COMMENTARY

### Target Figures and Policies for Gender Equality (continued)

Whereas, there are currently no female top-managers in the company (ie. executive board and board of directors), the operational leadership layer counts 3 out of 9, equal to 33% with a goal to reach 40% by 2026.

The company has adopted a policy to see what can be done when it comes to top management and leadership with the target to reach 20% by 2025, 30% by 2027, and 40% by 2029.

### Data Ethics

Meneta adheres to current GDPR regulations and as a consequence, all staff members receive adequate training in GDPR regulations and data handling.

Personal computers are set up in such a fashion that no data can be saved to or stored upon external sources, such as USB sticks, without authorization by the IT manager or the CEO. This is to protect IP and data and to ensure that data cannot be copied without the knowledge of management.

All employees receive a handbook with all relevant IT and data instructions.

In 2023 the company will be adhering to the so-called TISAX - abbreviation for 'Trusted Information Security Assessment Exchange', designed by the German Automobile Association, VDA.

The process is ongoing and the company is expected to be TISAX certified during Q4, 2023 as it is an industry requirement.

### Labor

The company adheres to the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The company promotes all employees' rights. These include the rights to uphold the freedom of association, collective bargaining, and other basic rights.

We consider forced labor, child labor, and discrimination unacceptable practices within the Group and its suppliers.

### Anti-Corruption

Under the wings of group anti-corruption practices, the company has established and maintains a policy of high ethical standards based on integrity in everything the company does on all levels and in all departments.

In 2021, the company introduced a so-called 'whistleblower scheme', which was fully digitalized in 2022. The scheme is open for all company stakeholders and accessible through the company's official website. All incidents reported will be handled by a 'whistleblower unit', which has been appointed by the company.

Should the incident concern members of the 'whistleblower unit' the report can be automatically directed to a third party lawyer firm, ensuring full discretion to reportees.

The scheme is also available internally through our quality management system.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK '000	2021 DKK '000
<b>NET REVENUE</b> .....	1	<b>365,000</b>	<b>322,178</b>
Cost of sales.....		-220,647	-181,462
Other operating income.....		0	50
Other external expenses.....	2	-42,263	-37,497
<b>GROSS PROFIT/LOSS</b> .....		<b>102,090</b>	<b>103,269</b>
Staff costs.....	3	-80,722	-81,263
Depreciation, amortisation and impairment.....		-9,103	-9,187
Other operating expenses.....		-18	0
<b>OPERATING PROFIT</b> .....		<b>12,247</b>	<b>12,819</b>
Other financial income.....	4	1,755	1,045
Other financial expenses.....	5	-1,113	-250
<b>PROFIT BEFORE TAX</b> .....		<b>12,889</b>	<b>13,614</b>
Tax on profit/loss for the year.....	6	-2,314	-2,206
<b>PROFIT FOR THE YEAR</b> .....	7	<b>10,575</b>	<b>11,408</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK '000	2021 DKK '000
Production plants and machinery.....		34,968	35,846
Other plants, machinery, tools and equipment.....		1,760	2,229
Leasehold improvements.....		1,043	552
Tangible fixed assets in progress and prepayment.....		1,009	5,030
<b>Property, plant and equipment.....</b>	<b>8</b>	<b>38,780</b>	<b>43,657</b>
Rent deposit and other receivables.....		231	231
<b>Financial non-current assets.....</b>	<b>9</b>	<b>231</b>	<b>231</b>
<b>NON-CURRENT ASSETS.....</b>		<b>39,011</b>	<b>43,888</b>
Raw materials and consumables.....		26,971	17,526
Work in progress.....		1,511	2,658
Finished goods and goods for resale.....		60,871	42,282
<b>Inventories.....</b>		<b>89,353</b>	<b>62,466</b>
Trade receivables.....		47,884	35,898
Receivables from group enterprises.....		64,221	114,786
Other receivables.....		6,940	8,695
Prepayments and accrued income.....	10	1,460	729
<b>Receivables.....</b>		<b>120,505</b>	<b>160,108</b>
<b>Cash and cash equivalents.....</b>		<b>47</b>	<b>37</b>
<b>CURRENT ASSETS.....</b>		<b>209,905</b>	<b>222,611</b>
<b>ASSETS.....</b>		<b>248,916</b>	<b>266,499</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK '000	2021 DKK '000
Share capital.....	11	525	525
Retained profit.....		179,073	168,498
<b>EQUITY.....</b>		<b>179,598</b>	<b>169,023</b>
Provision for deferred tax.....	12	2,052	2,098
<b>PROVISIONS.....</b>		<b>2,052</b>	<b>2,098</b>
Lease liabilities.....		2,885	3,821
<b>Non-current liabilities.....</b>	13	<b>2,885</b>	<b>3,821</b>
Bank debt.....		13,036	29,756
Lease liabilities.....		936	956
Prepayments received from customers.....		0	108
Trade payables.....		38,141	42,788
Payables to group enterprises.....		1,349	4,106
Corporation tax.....		1,472	38
Other liabilities.....		9,447	13,805
<b>Current liabilities.....</b>		<b>64,381</b>	<b>91,557</b>
<b>LIABILITIES.....</b>		<b>67,266</b>	<b>95,378</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>248,916</b>	<b>266,499</b>
 Contingencies etc.	 14		
Charges and securities	15		
Related parties	16		
Fee to statutory auditor	2		
Consolidated Financial Statements	17		

## EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2022.....	525	168,498	169,023
Proposed profit allocation, Note 7.....		10,575	10,575
<b>Equity at 31 December 2022.....</b>	<b>525</b>	<b>179,073</b>	<b>179,598</b>

## NOTES

	2022 DKK '000	2021 DKK '000	Note
<b>Net revenue</b>			<b>1</b>
Revenue, Denmark.....	915	2,115	
Revenue, Europe.....	189,436	164,875	
Revenue, countries outside Europe.....	174,649	155,188	
	<b>365,000</b>	<b>322,178</b>	
<b>Segment details (geography)</b>			
Revenue, Denmark.....	915	2,115	
Revenue, Other countries.....	364,085	320,063	
	<b>365,000</b>	<b>322,178</b>	
<b>Segment details (activities)</b>			
Production.....	365,000	322,178	
	<b>365,000</b>	<b>322,178</b>	
<b>Fee to statutory auditor</b>			<b>2</b>
Total fee:			
BDO.....	273	318	
	<b>273</b>	<b>318</b>	
Specification of fee:			
Statutory audit.....	163	163	
Other services.....	110	155	
	<b>273</b>	<b>318</b>	
	<b>2022</b>	<b>2021</b>	
	DKK '000	DKK '000	
<b>Staff costs</b>			<b>3</b>
Average number of employees	145	156	
Wages and salaries.....	73,084	74,042	
Pensions.....	5,758	5,585	
Social security costs.....	1,880	1,636	
	<b>80,722</b>	<b>81,263</b>	

Information about remuneration of Management is not included, see the exemption clause in the Danish Financial Statements Act, section 98b(3) no. 2.

Remuneration is not paid to the Board of Directors. Remuneration of the Management is not disclosed because it consists of only one person.

## NOTES

	2022 DKK '000	2021 DKK '000	Note
<b>Other financial income</b>			<b>4</b>
Group enterprises.....	0	382	
Other interest income.....	1,755	663	
	<b>1,755</b>	<b>1,045</b>	
<b>Other financial expenses</b>			<b>5</b>
Group enterprises.....	424	14	
Other interest expenses.....	689	236	
	<b>1,113</b>	<b>250</b>	
<b>Tax on profit/loss for the year</b>			<b>6</b>
Calculated tax on taxable income of the year.....	2,360	2,038	
Adjustment of tax for previous years.....	0	41	
Adjustment of deferred tax.....	-46	127	
	<b>2,314</b>	<b>2,206</b>	
<b>Proposed distribution of profit</b>			<b>7</b>
Retained earnings.....	10,575	11,408	
	<b>10,575</b>	<b>11,408</b>	
<b>Property, plant and equipment</b>			<b>8</b>
	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 1 January 2022.....	96,157	7,810	
Additions.....	6,878	989	
Disposals.....	0	-336	
<b>Cost at 31 December 2022.....</b>	<b>103,035</b>	<b>8,463</b>	
Depreciation and impairment losses at 1 January 2022.....	60,311	5,581	
Reversal of depreciation of assets disposed of.....	0	-34	
Depreciation for the year.....	7,756	1,156	
<b>Depreciation and impairment losses at 31 December 2022...</b>	<b>68,067</b>	<b>6,703</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>34,968</b>	<b>1,760</b>	
Finance lease assets.....	6,253		



## NOTES

			Note
<b>Tangible fixed assets (continued)</b>			<b>8</b>
	Leasehold improvements	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2022.....	2,310	5,030	
Additions.....	682	0	
Disposals.....	0	-4,021	
<b>Cost at 31 December 2022.....</b>	<b>2,992</b>	<b>1,009</b>	
Depreciation and impairment losses at 1 January 2022.....	1,758		
Depreciation for the year.....	191		
<b>Depreciation and impairment losses at 31 December 2022...</b>	<b>1,949</b>		
<b>Carrying amount at 31 December 2022.....</b>	<b>1,043</b>	<b>1,009</b>	
<b>Financial non-current assets</b>			<b>9</b>
		Rent deposit and other receivables	
Cost at 1 January 2022.....		231	
<b>Cost at 31 December 2022.....</b>		<b>231</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>231</b>	
	<b>2022</b> DKK '000	<b>2021</b> DKK '000	
<b>Prepayments and accrued income</b>			<b>10</b>
Costs.....	1,460	729	
	<b>1,460</b>	<b>729</b>	
	<b>2022</b> DKK '000	<b>2021</b> DKK '000	
<b>Share capital</b>			<b>11</b>
Allocation of share capital:			
Share, 525 unit in the denomination of 1,000 DKK.....	525	525	
	<b>525</b>	<b>525</b>	

## NOTES

## Note

**Provision for deferred tax**

12

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	2022 DKK '000	2021 DKK '000
The amount breaks down as follows:		
Production plant and machinery.....	2,038	2,181
Leasehold improvements.....	-94	-67
Inventory.....	985	1,071
Trade receivables.....	-36	-36
Lease liabilities.....	-841	-1,051
	<b>2,052</b>	<b>2,098</b>
Deferred tax, beginning of year.....	2,098	1,975
Deferred tax of the year, income statement.....	-46	123
<b>Provision of the year.....</b>	<b>2,052</b>	<b>2,098</b>

**Long-term liabilities**

13

	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Lease liabilities.....	3,821	936	0	4,777
	<b>3,821</b>	<b>936</b>	<b>0</b>	<b>4,777</b>

**NOTES****Note****Contingencies etc.****14****Contingent liabilities**

The company has issued an unlimited guarantee concerning the engagement of Group's bank with the company's parent company, Meneta Holding A/S, and the company's sister company, Meneta Danmark ApS. The bank's credit limit with the Group is maximized to DKK ('000) 20,000.

**Operating lease**

The company has in addition to finance lease contracts entered into operating rent and lease agreements with an average annual lease payment of DKK ('000) 868.

The lease contracts have a residual term of 23 months, on average, and a total residual lease payment of DKK ('000) 1,343.

**Lease agreement**

The company has an annual lease agreement with Meneta Holding A/S. The annual lease is DKK ('000) 6,670 for 2022. The company has entered into a lease agreement with a notice of termination of 6 months corresponding to an liability of DKK ('000) 3,335.

**Joint liabilities**

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

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

**Charges and securities****15**

Production plant and machinery of a carrying amount of DKK ('000) 6,253 at 31 December 2022 is financed by a finance lease. The lease liabilities are stated at DKK ('000) 3,821 at 31 December 2022.

As security for bank debt of DKK ('000) 13,036 the company has issued a business charge of a nominal amount of DKK ('000) 25,000 on inventory and trade receivables of a total carrying amount of DKK ('000) 132,449 at 31 December 2022.

**NOTES****Note****Related parties****16**

The Company's related parties include:

TMD Friction Holdings GmbH  
Meneta Danmark ApS  
Meneta Holding A/S  
Meneta Composite Materials ApS  
Meneta Automotive Component Pvt. Ltd.  
Formar CV Brakes India Private Ltd.  
Meneta (Shanghai) Co.Ltd.  
Meneta Dalian Co.Ltd.  
Meneta Precision Manufacturing (Dalian) Co., Ltd.

**Controlling interest**

Meneta Holding A/S.

**Other related parties having performed transactions with the company**

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

**Transactions with related parties**

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

**Consolidated Financial Statements****17**

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

## ACCOUNTING POLICIES

The Annual Report of Meneta Advanced Shims Technology A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

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

## INCOME STATEMENT

### Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

### Other operating income

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

### Other operating expenses

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

### Cost of sales

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

### Other external expenses

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

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

### Staff costs

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

### Financial income and expenses

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

### Tax

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

**ACCOUNTING POLICIES**

**BALANCE SHEET**

**Tangible fixed assets**

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

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

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

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

	Useful life	Residual value
Production plant and machinery.....	4-10 years	0 %
Other plants, machinery, tools and equipment.....	3-7 years	0-30 %
Leasehold improvements.....	3-8 years	0-30 %

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

**Lease contracts**

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

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

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

**Financial non-current assets**

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

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

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

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

### **Inventories**

Inventories are measured at cost based on weighted average prices. If the net realisable value is lower than cost, the inventories are written down to the lower value.

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

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

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

### **Receivables**

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

### **Accruals, assets**

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

## ACCOUNTING POLICIES

### Tax payable and deferred tax

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

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

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

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

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

### Liabilities

Liabilities are measured at amortised cost equal to nominal value.

### Foreign currency translation

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

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

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

## CASH FLOW STATEMENT

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