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MENETA ADVANCED SHIMS TECHNOLOGY A/S
STRANDHOLTVEJ 49, STIGE, 5270 ODENSE N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 23 April 2024**

Joseph J Maliekel

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COMPANY DETAILS

Company	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
Board of Directors	Joseph J Maliekel, chairman Liam James Booth Kim Walther Østergaard Sebastian Despineux
Executive Board	Kim Walther Østergaard
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Albani Torv 2-3 5000 Odense C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Meneta Advanced Shims Technology A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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, 15 April 2024

Executive Board

Kim Walther Østergaard

Board of Directors

Joseph J Maliekel
Chairman

Liam James Booth

Kim Walther Østergaard

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 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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, 15 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

FINANCIAL HIGHLIGHTS

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Net revenue.....	372,594	365,000	322,178	267,493	287,495
Gross profit/loss.....	108,638	102,090	103,269	96,413	95,785
Operating profit/loss of main activities...	18,453	12,247	12,819	17,771	19,436
Financial income and expenses, net.....	342	642	795	-792	-150
Profit/loss for the year.....	14,594	10,575	11,408	13,543	15,035
Balance sheet					
Total assets.....	266,706	248,916	266,499	232,444	244,291
Equity.....	194,192	179,598	169,023	157,615	144,072
Invested capital.....	203,627	185,417	189,924	163,397	148,226
Investment in property, plant and equipment.....	3,078	4,226	6,104	6,918	14,077
Key ratios					
Operating margin.....	5.0	3.4	4.0	6.6	6.8
Return on invested capital.....	9.5	6.5	7.3	11.4	13.9
Equity ratio.....	72.8	72.2	63.4	67.8	59.0
Return on equity.....	7.8	6.1	7.0	9.0	10.9
Index for net revenue.....	130	127	112	93	100
Net revenue per employee.....	2,681	2,517	2,065	1,858	1,904

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 Shim 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 GmbH holds the remaining 48%.

Development in activities and financial position

More stable energy and raw material prices combined with higher net sales of mainly coil materials contributed to a better financial result than the year before.

Compared to the previous financial year, accounts show a year-on-year revenue increase of 2% to DKK 372,6M from DKK 365,0M.

The net result after tax increased by 38% to DKK 14,6M from DKK 10,6M the year before.

The balance sheet total shows DKK 266,7M.

Throughout the year, the company increased its CAPEX by DKK 3,1M, investing mainly in operational assets.

Profit/loss for the year compared to the expected development

Operating profit (EBIT) increased by 51% to DKK 18,5M from DKK 12,2M the year before.

The company has been successful in growing its global market position driven by coil sales in Asia and in the United States through Meneta's other sites and companies, whereas revenue levels within the European Union did not meet expectations - partly driven by the Russian invasion of the Ukraine. Management expects market demands within the European Union to continue to be on the soft side.

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.

Knowledge resources

The company has full IATF16949 certification, which is the International Standard for Automotive Quality Management Systems. IATF16949 emphasizes the development of a process oriented quality management system that provides for continual improvement, defect prevention and reduction of variation and waste in the supply chain.

Research and development activities

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

Future expectations

For the year 2024, 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 did have a negative impact on the company's revenues within Europe in 2023 by an estimated 5-6%.

The company expects a growth rate of close to 4% in 2024 based upon coil sales and entry into new markets primarily in South America. Management does expect a higher profitability in 2024 compared

MANAGEMENT COMMENTARY

Future expectations (continued)

to 2023, but stagnation or slight decline in both revenue and profitability levels in coming years. The company expects a profit between DKK 16M and 18M.

Business model

As mentioned above, 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 within 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, Meneta Advanced Shim Technology A/S.

Corporate social responsibility and human rights

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.

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.

Further, reference is here made to the overall code of conduct and CSR initiatives outlined by the parent company, Meneta Holding A/S

Environment

The company does not have a separate environment policy as such, but adheres strictly to all relevant legislation, rules, and regulations en vigueur in the countries where the company has activities. Also, the company is in the process of obtaining the environmental certification ISO9001 in its Danish production sites during 2024 and 2025.

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.

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

As announced in last year's management report, the company did sign an agreement with the company's main steel supplier for the supply of 70% CO2 emission reduced steel from year 2024 and complete net zero CO2 emission steel from year 2026, should the market demand require so.

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).

The company expects a continued reduction in the environmental impact of its products, including the elimination of heavy metals and the introduction of more environmentally-friendly components.

Anti-Corruption

The company does not have a separate anti-corruption policy as such, but adheres strictly to anti-corruption legislation, rules, and regulations en vigueur in the countries where the company has activities.

Further, reference is here made to the overall anti-corruption compliance initiatives outlined by the

MANAGEMENT COMMENTARY

Corporate social responsibility and human rights (continued)
parent company, Meneta Holding A/S

Labor

The company does not have a separate labor policy as such, but adheres to all relevant legislation, rules, and regulations en vigueur in the countries where the company has activities.

Further, reference is here made to the overall compliance initiatives outlined by the parent company, Meneta Holding A/S

Target figures and policies for gender equality

Gender distribution within Management:

2023

Number of members of the supreme management body.....	4
Under-represented gender, share in % of the supreme management body.....	0%
Number of people at other management levels.....	9
Under-represented gender, share in % at other management levels.....	33%

Target figures for the supreme management body

2023

Target figures in % for the supreme management body.....	20%
Year, in which the target figures are expected to be met.....	2025

Status of meeting the target figures set for the supreme management body

The company does not have a separate, own policy on equal pay as such, but of course adheres to relevant legislation, rules, and regulations en vigueur within the field. The company does, however, pledge to ensure that equal pay for equal work is part of the company’s salary and remuneration schemes.

Even though the automotive industry is dominated by men and therefore male applicants, whenever there are job openings, the company actively tries to change the gender mix, however, always focusing first and foremost on competencies and skill-sets.

Target figures for other management levels

2023

Target figures in % for the other management levels.....	40%
Year, in which the target figures are expected to be met.....	2026

Policy for other management levels

The company does not have a separate gender equality policy as such, but of course follows and adheres to legislation, rules, and regulations en vigueur in the countries where the company has activities. Furthermore, the company has defined a series of initiatives for the promotion of female leaders.

Data Ethics

The company does not have a separate GDPR policy as such, but adheres to all relevant legislation, rules, and regulations en vigueur in the countries where the company has activities.

Further, reference is here made to the overall compliance initiatives outlined by the parent company, Meneta Holding A/S.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK '000	2022 DKK '000
NET REVENUE	1	372,594	365,000
Other operating income.....		33	0
Cost of sales.....		-223,730	-220,647
Other external expenses.....	2	-40,259	-42,263
GROSS PROFIT/LOSS		108,638	102,090
Staff costs.....	3	-81,677	-80,722
Depreciation, amortisation and impairment.....		-8,508	-9,103
Other operating expenses.....		0	-18
OPERATING PROFIT		18,453	12,247
Other financial income.....	4	1,112	1,755
Other financial expenses.....	5	-770	-1,113
PROFIT BEFORE TAX		18,795	12,889
Tax on profit/loss for the year.....	6	-4,201	-2,314
PROFIT FOR THE YEAR	7	14,594	10,575

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Production plants and machinery.....		27,152	34,968
Other plants, machinery, tools and equipment.....		1,023	1,760
Leasehold improvements.....		1,046	1,043
Tangible fixed assets in progress and prepayment.....		1,181	1,009
Property, plant and equipment.....	8	30,402	38,780
Rent deposit and other receivables.....		231	231
Financial non-current assets.....	9	231	231
NON-CURRENT ASSETS.....		30,633	39,011
Raw materials and consumables.....		26,224	26,971
Work in progress.....		2,361	1,511
Finished goods and goods for resale.....		54,680	60,871
Inventories.....		83,265	89,353
Trade receivables.....		48,837	47,884
Receivables from group enterprises.....		97,243	64,221
Other receivables.....		5,215	6,940
Prepayments and accrued income.....		1,448	1,460
Receivables.....	10	152,743	120,505
Cash and cash equivalents.....		65	47
CURRENT ASSETS.....		236,073	209,905
ASSETS.....		266,706	248,916

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital.....	11	525	525
Retained profit.....		193,667	179,073
EQUITY.....		194,192	179,598
Provision for deferred tax.....	12	1,093	2,052
PROVISIONS.....		1,093	2,052
Lease liabilities.....		1,933	2,885
Non-current liabilities.....	13	1,933	2,885
Bank debt.....		15,624	13,036
Lease liabilities.....		952	936
Trade payables.....		30,741	38,141
Payables to group enterprises.....		7,774	1,349
Corporation tax.....		3,701	1,472
Other liabilities.....		10,696	9,447
Current liabilities.....		69,488	64,381
LIABILITIES.....		71,421	67,266
EQUITY AND LIABILITIES.....		266,706	248,916
Contingencies etc.	14		
Charges and securities	15		
Related parties	16		
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2023.....	525	179,073	179,598
Proposed profit allocation, Note 7.....		14,594	14,594
Equity at 31 December 2023.....	525	193,667	194,192

NOTES

	2023 DKK '000	2022 DKK '000	Note
Net revenue			1
Revenue, Denmark.....	-15,108	915	
Revenue, Europe.....	236,362	189,436	
Revenue, countries outside Europe.....	151,340	174,649	
	372,594	365,000	
Segment details (geography)			
Revenue, Denmark.....	-15,108	915	
Revenue, Europe.....	236,362	189,436	
Revenue, countries outside Europe.....	151,340	174,649	
	372,594	365,000	
Segment details (activities)			
Production.....	372,594	365,000	
	372,594	365,000	
Fee to statutory auditor			2
Total fee:			
BDO.....	270	273	
	270	273	
Specification of fee:			
Statutory audit.....	163	163	
Other services.....	107	110	
	270	273	
Staff costs			3
Average number of full time employees	139	145	
Wages and salaries.....	73,368	73,084	
Pensions.....	6,698	5,758	
Social security costs.....	1,611	1,880	
	81,677	80,722	

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

	2023 DKK '000	2022 DKK '000	Note
Other financial income			4
Other interest income.....	1,112	1,755	
	1,112	1,755	
Other financial expenses			5
Group enterprises.....	79	424	
Other interest expenses.....	691	689	
	770	1,113	
Tax on profit/loss for the year			6
Calculated tax on taxable income of the year.....	4,701	2,360	
Adjustment of deferred tax.....	-500	-46	
	4,201	2,314	
Proposed distribution of profit			7
Retained earnings.....	14,594	10,575	
	14,594	10,575	
Property, plant and equipment			8
	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 1 January 2023.....	103,035	8,463	
Additions.....	2,592	50	
Disposals.....	-4,197	0	
Cost at 31 December 2023.....	101,430	8,513	
Depreciation and impairment losses at 1 January 2023.....	68,067	6,703	
Reversal of depreciation of assets disposed of.....	-1,249	0	
Depreciation for the year.....	7,460	787	
Depreciation and impairment losses at 31 December 2023...	74,278	7,490	
Carrying amount at 31 December 2023.....	27,152	1,023	
Finance lease assets.....	5,684,606		

NOTES

			Note
Tangible fixed assets (continued)			8
	Leasehold improvements	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2023.....	2,992	1,009	
Additions.....	262	172	
Cost at 31 December 2023.....	3,254	1,181	
Depreciation and impairment losses at 1 January 2023.....	1,949		
Depreciation for the year.....	259		
Depreciation and impairment losses at 31 December 2023...	2,208		
Carrying amount at 31 December 2023.....	1,046	1,181	
Financial non-current assets		Rent deposit and other receivables	9
Cost at 1 January 2023.....		231	
Cost at 31 December 2023.....		231	
Carrying amount at 31 December 2023.....		231	
	2023 DKK '000	2022 DKK '000	
Prepayments and accrued income			10
Costs.....	1,448	1,460	
	1,448	1,460	
Share Capital			11
Allocation of share capital:			
Share, 525 unit in the denomination of 1,000 DKK.....	525	525	
	525	525	

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 and tangible fixed assets, including recognised finance lease contracts.

	2023 DKK '000	2022 DKK '000
The amount breaks down as follows:		
Production plant and machinery.....	1,109	2,038
Leasehold improvements.....	-135	-94
Inventory.....	771	985
Trade receivables.....	-18	-36
Lease liabilities.....	-634	-841
	1,093	2,052
Deferred tax, beginning of year.....	2,052	2,098
Deferred tax of the year, income statement.....	-500	-46
Correction of errors in previous years.....	-459	0
Provision of the year.....	1,093	2,052

Long-term liabilities

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	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Lease liabilities.....	2,885	952	0	3,821
	2,885	952	0	3,821

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) 922.

The lease contracts have a residual term of 19 months, on average, and a total residual lease payment of DKK ('000) 1,078.

Lease agreement

The company has an annual lease agreement with Meneta Holding A/S. The annual lease is DKK ('000) 7,148 for 2023. The company has entered into a lease agreement with a notice of termination of 6 months corresponding to a liability of DKK ('000) 3,574.

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) 5,685 at 31 December 2023 is financed by a finance lease. The lease liabilities are stated at DKK ('000) 2,885 at 31 December 2023.

As security for bank debt of DKK ('000) 15,624 the company has issued a business charge of a nominal amount of DKK ('000) 15,000 on inventory and trade receivables of a total carrying amount of DKK ('000) 201,758 at 31 December 2023.

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 no. 25 67 39 48.

ACCOUNTING POLICIES

The Annual Report of Meneta Advanced Shims Technology A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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.

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 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 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.

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.

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.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

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

Tax payable and deferred tax

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

ACCOUNTING POLICIES

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.