

**MENETA COMPOSITE MATERIALS APS**  
**STRANDHOLTVEJ 49, STIGE, 5270 ODENSE N**  
**ANNUAL REPORT**  
**31 MAY - 31 DECEMBER 2018**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 11 April 2019**

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**Georg Michael Ruhl**

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

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**COMPANY DETAILS**

<b>Company</b>	Meneta Composite Materials ApS Strandholtvej 49 Stige 5270 Odense N
	CVR No.: 39 61 22 91
	Established: 31 May 2018
	Registered Office: Odense
	Financial Year: 31 May - 31 December
<b>Board of Directors</b>	Kim Walther Østergaard Ole Magaard Johnny Haakonsson
<b>Board of Executives</b>	Ole Jensen Bang
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
<b>Bank</b>	Danske Bank

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Meneta Composite Materials ApS for the financial year 31 May - 31 December 2018.

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 financial position at 31 December 2018 and of the results of the Company's operations for the financial year 31 May - 31 December 2018.

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

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

Odense, 14 March 2019

Board of Executives

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Ole Jensen Bang

Board of Directors

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Kim Walther Østergaard

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Ole Magaard

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Johnny Haakonsson

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Meneta Composite Materials ApS

#### Opinion

We have audited the Financial Statements of Meneta Composite Materials ApS for the financial year 31 May - 31 December 2018, which comprise income statement, balance sheet, 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's at 31 December 2018 and of the results of the Company's operations for the financial year 31 May - 31 December 2018 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Management's Responsibility 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## INDEPENDENT AUDITOR'S REPORT

- 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's Review**

Management is responsible for Management's Review.

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

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

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

Copenhagen, 14 March 2019

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

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

## MANAGEMENT'S REVIEW

### Principal activities

The company was established on May 31, 2018, and the company's principal activities will be the development, the manufacture and the sale of composite materials for the automotive industry and other related industries.

### Development in activities and financial position

Activities are progressing as expected, however, cost base turned out higher than budget in the company's first year. First supplies are scheduled for 2019 and developments are following schedules and current road map.

Further investments are expected during 2019 to further mature the company for entering key markets.

### Capital resources

Since the company is new established which is developing a new machine, the company has lost the entire share capital. As of 31 December 2018 equity amounts to DKK -658K. A letter of support has been received from the parent Company Meneta Holding A/S where it is stated that they will support the Company financially until 31 December 2019.

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

EBIT ended DKK 73K behind budget for the year.

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

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

### Special risks

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.

### Environmental situation

The company is aware of the potential environmental impact of the products and of the production process. Efforts are being made on a regular basis to reduce the impact.

### Knowledge resources

The company expects to obtain full IATF16949 certification during 2019.

### Research and development activities

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

### Future expectations

The company will focus on maturing for market launch during 2019 and coming years.

**INCOME STATEMENT 31 MAY - 31 DECEMBER**

	<b>Note</b>	<b>2018 DKK</b>
<b>GROSS LOSS.....</b>		<b>-373.259</b>
Staff costs.....	1	-421.226
<b>OPERATING LOSS.....</b>		<b>-794.485</b>
Other financial expenses.....		-49.589
<b>LOSS BEFORE TAX.....</b>		<b>-844.074</b>
Tax on profit/loss for the year.....	2	185.241
<b>LOSS FOR THE YEAR.....</b>		<b>-658.833</b>
<b>PROPOSED DISTRIBUTION OF DIVIDEND</b>		
Retained earnings.....		-658.833
<b>TOTAL.....</b>		<b>-658.833</b>



# BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK
Tangible fixed assets in progress and prepayment .....		6.015.848
<b>Tangible fixed assets</b> .....	3	<b>6.015.848</b>
<b>FIXED ASSETS</b> .....		<b>6.015.848</b>
Other receivables .....		208.671
Receivables corporation tax .....		185.241
<b>Receivables</b> .....		<b>393.912</b>
Cash and cash equivalents .....		182.688
<b>CURRENT ASSETS</b> .....		<b>576.600</b>
<b>ASSETS</b> .....		<b>6.592.448</b>

# BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2018 DKK
Share capital.....		50.000
Retained profit.....		-658.833
<b>EQUITY.....</b>	<b>4</b>	<b>-608.833</b>
Short-term portion of long-term liabilities.....	5	4.920.168
Trade payables.....		77.097
Payables to group enterprises.....		1.992.884
Other liabilities.....		156.368
Accruals and deferred income.....		54.764
<b>Current liabilities.....</b>		<b>7.201.281</b>
<b>LIABILITIES.....</b>		<b>7.201.281</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>6.592.448</b>
Contingencies etc.	6	

## NOTES

	2018 DKK	Note	
<b>Staff costs</b>		<b>1</b>	
Average number of employees			
1			
Wages and salaries.....	247.430		
Pensions.....	26.747		
Other staff costs.....	147.049		
	<b>421.226</b>		
<b>Tax on profit/loss for the year</b>		<b>2</b>	
Calculated tax on taxable income of the year.....	-185.241		
	<b>-185.241</b>		
<b>Tangible fixed assets</b>		<b>3</b>	
	Tangible fixed assets in progress and prepayment		
Cost at 31 May 2018.....	6.015.848		
Cost at 31 December 2018.....	<b>6.015.848</b>		
Carrying amount at 31 December 2018.....	<b>6.015.848</b>		
<b>Equity</b>		<b>4</b>	
	Share capital	Retained profit	Total
Equity at 31 May 2018.....	50.000	0	50.000
Proposed distribution of profit.....		-658.833	-658.833
Equity at 31 December 2018.....	<b>50.000</b>	<b>-658.833</b>	<b>-608.833</b>
<b>Long-term liabilities</b>			<b>5</b>
	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years
Lease liabilities.....	4.920.168	4.920.168	0
	<b>4.920.168</b>	<b>4.920.168</b>	<b>0</b>

## NOTES

### Note

#### Contingencies etc.

6

#### Contingent liabilities

##### Joint liabilities

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

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

## ACCOUNTING POLICIES

The Annual Report of Meneta Composite Materials ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared with the following accounting principles.

### INCOME STATEMENT

#### 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.

#### Staff costs

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

#### Financial income and expenses

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

#### Tax

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

### BALANCE SHEET

#### Tangible fixed assets

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

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

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

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

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-8 years	100 %

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.

## ACCOUNTING POLICIES

### 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.

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

### Impairment of fixed assets

The carrying amount of tangible assets 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, the assets are written down to the lower value.

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

### Receivables

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

### 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 on account tax 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.

## ACCOUNTING POLICIES

### **Liabilities**

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

Amortised cost for short-term liabilities usually corresponds to the nominal value.

### **Accruals, liabilities**

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