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MENETA COMPOSITE MATERIALS APS
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 Composite Materials ApS Strandholtvej 49 Stige 5270 Odense N CVR No.: 39 61 22 91 Established: 31 May 2018 Municipality: Odense Financial Year: 1 January - 31 December
Board of Directors	Kim Walther Østergaard Ole Magaard Jessica Wang Olsson Joseph J Maliekel, chairman
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 Composite Materials ApS 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, 9 April 2024

Executive Board

Kim Walther Østergaard

Board of Directors

Kim Walther Østergaard

Ole Magaard

Jessica Wang Olsson

Joseph J Maliekel
Chairman

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 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, 9 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

MANAGEMENT COMMENTARY

Principal activities

Meneta Composite Materials ApS develops, manufactures, and sells composite materials for the automotive industry and other related industries.

Development in activities and financial position

The company was unable to meet expected revenue and profitability targets, which can mainly be attributed to delays in product maturation and entry into its targeted market segments.

Income statement for 2023 contains further costs related to start-up, product maturation and market entry, so net result for the year shows a loss of DKK 18.7M.

Capital resources

The company was capitalized during 2023 with an amount of DKK 20.0M. As of 31 December 2023, equity amounts to DKK 33.0M.

Profit/loss for the year compared to expectations

Result of the year shows a negative result of DKK -18.7M (DKK -19.1M).

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 highly depend on commodity pricing as e.g. 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

During 2023 the company successfully obtained IATF-16949 re-certification.

Research and development activities

The means used for development activities have been recognized and fully expensed in the company books.

Future expectations

Despite challenges related to the Russian invasion of the Ukraine, management does consider the 2023 financial result as unsatisfactory. Management expects the company to perform considerably better in 2024 and in particular in 2025.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK '000	2022 DKK '000
GROSS LOSS		-3.266	-7.555
Staff costs.....	1	-12.963	-9.965
Depreciation, amortisation and impairment.....		-5.762	-5.641
OPERATING LOSS		-21.991	-23.161
Other financial income.....	2	16	126
Other financial expenses.....	3	-2.134	-1.077
LOSS BEFORE TAX		-24.109	-24.112
Tax on profit/loss for the year.....	4	5.417	4.982
LOSS FOR THE YEAR		-18.692	-19.130
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-18.692	-19.130
TOTAL		-18.692	-19.130

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Production plants and machinery.....		52.367	55.666
Other plants, machinery, tools and equipment.....		1.471	1.797
Tangible fixed assets in progress and prepayment.....		85	999
Property, plant and equipment.....	5	53.923	58.462
NON-CURRENT ASSETS.....		53.923	58.462
Raw materials and consumables.....		13.887	15.445
Finished goods and goods for resale.....		6.714	1.511
Inventories.....		20.601	16.956
Trade receivables.....		1.082	19
Receivables from group enterprises.....		16.250	2.463
Other receivables.....		1.625	157
Receivables corporation tax.....		6.172	5.727
Prepayments and accrued income.....		147	181
Receivables.....		25.276	8.547
Cash and cash equivalents.....		1	413
CURRENT ASSETS.....		45.878	25.916
ASSETS.....		99.801	84.378

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital.....		250	200
Retained profit.....		32.992	31.734
EQUITY.....		33.242	31.934
Provision for deferred tax.....		2.771	2.017
PROVISIONS.....		2.771	2.017
Lease liabilities.....		29.425	34.880
Non-current liabilities.....	6	29.425	34.880
Bank debt.....		2.582	2.548
Leasing liabilities.....		5.416	5.296
Trade payables.....		2.579	3.709
Payables to group enterprises.....		22.632	458
Other liabilities.....		1.154	3.536
Current liabilities.....		34.363	15.547
LIABILITIES.....		63.788	50.427
EQUITY AND LIABILITIES.....		99.801	84.378
 Contingencies etc.	 7		
Related parties	8		

EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2023.....	200	31.734	31.934
Proposed profit allocation.....		-18.692	-18.692
Transactions with owners			
Capital increase.....	50	19.950	20.000
Equity at 31 December 2023.....	250	32.992	33.242

NOTES

	2023 DKK '000	2022 DKK '000	Note
Staff costs			1
Average number of full time employees	13	13	
Wages and salaries.....	12.122	9.188	
Pensions.....	608	461	
Social security costs.....	1	2	
Other staff costs.....	232	314	
	12.963	9.965	
Information about remuneration of Management is not included, see the exemption clause in the Danish Financial Statements Act, section 98b(3) no. 2.			
Other financial income			2
Group enterprises.....	16	40	
Other interest income.....	0	86	
	16	126	
Other financial expenses			3
Group enterprises.....	655	471	
Other interest expenses.....	1.479	606	
	2.134	1.077	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-6.172	-5.726	
Adjustment of deferred tax.....	755	744	
	-5.417	-4.982	
Property, plant and equipment			5
	Production plants and machinery	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023.....	61.262	2.483	999
Additions.....	2.100	0	0
Disposals.....	0	0	-914
Cost at 31 December 2023.....	63.362	2.483	85
Depreciation and impairment losses at 1 January 2023.....	5.596	686	
Depreciation for the year.....	5.399	326	
Depreciation and impairment losses at 31 December 2023.....	10.995	1.012	
Carrying amount at 31 December 2023.....	52.367	1.471	85
Finance lease assets.....	41.608		

NOTES

					Note
Long-term liabilities					6
	31/12 2023	Repayment	Debt	31/12 2022	
	total liabilities	next year	outstanding	total liabilities	
			after 5 years		
Lease liabilities.....	34.841	5.416	6.589	40.176	
	34.841	5.416	6.589	40.176	

Contingencies etc. **7**

Contingent liabilities

The company has issued an unlimited guarantee concerning the engagement of Group's bank with the company's parentcompany, Meneta Holding. The bank's credit limit with the companies is maximized to DKK ('000) 80,000.

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) 121.

The lease contracts have a residual term of 23 months, on average, and a total residual lease payment of DKK ('000) 231.

Lease agreement

The company has an annual lease agreement with Meneta Holding A/S. The annual lease is DKK ('000) 2,004 for 2023. The company has entered into a lease agreement with a notice of termination of 6 months corresponding to an liability of DKK ('000) 1,002.

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.

NOTES**Note****Related parties****8**

The Company's related parties include:

Meneta Holding A/S
Meneta Danmark ApS
Meneta Advanced Shims Technology 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.

ACCOUNTING POLICIES

The Annual Report of Meneta Composite Materials ApS for 2023 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 consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

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

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.

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.

ACCOUNTING POLICIES

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

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

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

	Useful life	Residual value
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.

Lease contracts

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

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

Impairment of fixed assets

The carrying amount of 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.

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 indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

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.

ACCOUNTING POLICIES

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.

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.

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.