

Nissens®

DELIVERING THE DIFFERENCE

AX V Nissens I ApS

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 39

Annual report

1 May 2021 – 30 April 2022

The Annual Report was presented and approved at the Annual General Meeting of the company on 30 September 2022


Lars Brøgger

Chairman of the Annual General Meeting

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Statement by Management on the Annual Report

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of AX V Nissens I Aps for the financial year 2021/2022 covering the period 1 May 2021 to 30 April 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position on 30 April 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2021 - 30 April 2022

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cash flow and financial position as well as a description of the significant risks and uncertainty factors that the Parent Company and the Group face.

We recommend that the annual report be approved at the Annual General Meeting.

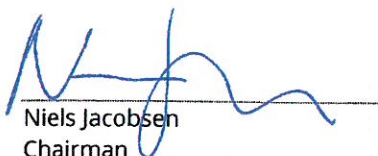
Horsens, 30 September 2022

Executive Board:



Jesper Frydensberg Rasmussen
CEO

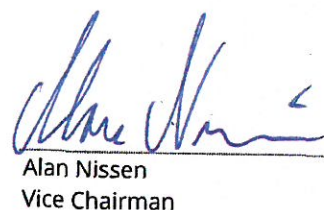
Board of Directors:



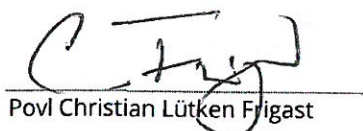
Niels Jacobsen
Chairman



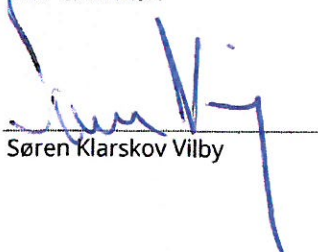
Lars Cordt
Vice Chairman



Alan Nissen
Vice Chairman



Povl Christian Lütken Frigast



Søren Klarskov Vilby

Independent auditor's report

To the shareholders of AX V Nissens I ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of AX V Nissens I ApS for the financial year 1 May 2021 – 30 April 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2021 – 30 April 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Independent auditor's report

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent 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 Group or the Parent 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Group's and the Parent Company's internal control.
- ▶ 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Odense, 30 September 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren Smedegaard Hvid
State Authorised Public Accountant
mne31450



Henrik Carstensen
State Authorised Public Accountant
mne47765

Management's review

Company details

Name	AX V Nissens I ApS
Address, postal code, city	Ormhøjgårdvej 9, 8700 Horsens, Denmark
CVR.no	38 64 75 39
Registered office	Horsens
Financial year	1 May -30 April
1. Financial year	17 May 2017 – 30 April 2018
Board of Directors	Niels Jacobsen / Chairman Lars Cordt / Vice Chairman Alan Nissen / Vice Chairman Povl Christian Lütken Frigast Søren Klarskov Vilby
Executive board	Jesper Frydensberg Rasmussen
Parent company	AX V Nissens II ApS, cvr.no. 38 64 74 58
Auditors	EY Godkendt Revisionspartnerselskab
Bankers	Nordea Danmark, filial af Nordea Bank AB (publ) Sverige Nykredit A/S
Annual shareholders meeting	The Annual Shareholders meeting on 30 September 2022, at Ormhøjgårdvej 9, 8700 Horsens

Management's review

Financial highlights for the Group

In DKK millions, except for per share data

	1 May 2021 – 30 April 2022****	1 May 2020 – 30 April 2021****	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019*	15 May 2017 – 30 April 2018** (10 months)
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Key figures

Revenue	1,584.3	1,124.0	1,943.6	1,982.8	1,319.9
EBITDA before special items	174.4	154.7	199.0	234.6	122.6
Operating profit before special items	91.5	87.5	74.1	127.3	35.4
Operating profit after special items	68.0	111.5	74.1	124.1	4.8
Net finance costs	-53.2	-58.2	-67.8	-67.9	-53.7
Result before tax	14.9	53.2	6.3	56.2	-48.9
Result for the year	0.4	34.9	-6.2	28.9	-55.1
Discontinued operations****	196.8	53.3			

Non-current assets	1,127.1	1,989.9	1,990.0	1,956.1	2,036.0
Current assets	948.5	1,455.9	1,165.5	1,152.8	856.1
Total assets	2,075.6	3,445.8	3,155.5	3,108.9	2,892.1
Equity	1,005.7	1,291.1	1,208.3	1,214.2	1,181.1
Non-current liabilities	468.6	1,362.3	1,359.0	1,292.5	1,301.6
Current liabilities	601.3	792.4	588.2	602.2	409.3

Cash flows from operating activities	53.6	152.8	153.2	173.3	40.6
Cash flow from investing activities	1,152.7	-91.4	-68.0	-28.3	-2,124.3
Cash flow from investments in fixed assets	-38.5	-43.2	-48.2	24.9	24.0
Cash flows from financing activities	-1,421.9	-95.9	-69.3	-41.9	2,160.0
Total cash flows	-215.6	-34.4	15.9	103.0	76.3

Financial ratios

Annual sales growth	41.0%	25.5%	-2.0%	18.3%***	-
EBITDA before special items margin	11.0%	13.8%	10.2%	11.8%	9.3%
Operating margin before special items	5.8%	7.8%	3.8%	6.4%	2.7%
Operating margin after special items	4.3%	9.9%	3.8%	6.3%	0.4%
Current ratio	157.7%	183.7%	198.1%	191.5%	209.2%
Equity ratio	48.5%	37.5%	38.3%	39.1%	40.8%
Return on equity	0.0%	2.8%	-0.0%	2.4%	-4.6%
Earnings per share (in DKK)	0.0	7.1	-2.0	2.3	-4.6
Dividend distributed per share (in DKK)	40.46	0.0	0.0	0.0	0.0

Average number of full-time employees	552	490	1,367	1,365	1,333
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Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios".

*On 1 May 2019 IFRS 16 'Leases' was adopted. The comparative figures have not been restated, as IFRS 16 was implemented applying the modified retrospective method.

**On May 2018 IFRS 9 and IFRS 15 were adopted. The comparative figures have not been restated.

***As revenue for prior period is only for 10 months the annual sales growth is calculated on the basis of the revenue for the full year in K. Nissen International A/S which is comparable to the revenue for the full year in AX V Nissens I ApS.

**** NCS has been classified as discontinuing operations in FY2021/22 and FY2020/21 has been restated.

Definition of Financial ratios

Annual sales growth	$\text{Revenue current period} - \text{Revenue prior period} / \text{Revenue prior period}$
EBITDA before special items* margin:	$\text{EBITDA before special items margin} / \text{Revenue} * 100$
Operating margin before special items*:	$\text{Operating margin before special items} / \text{Revenue} * 100$
Operating margin after special items*:	$\text{Operating margin after special items} / \text{Revenue} * 100$
Current ratio:	$\text{Current assets} / \text{Current liabilities} * 100$
Equity ratio:	$\text{Equity} / \text{Total assets} * 100$
Return on equity:	$\text{Net profit/loss for the year} / \text{Average equity in the year} * 100$ (Opening equity is based on equity after total contribution)
Earnings per share (in DKK):	$\text{Net profit/loss for the year} / \text{Average number of shares}$
Dividend distributed per share (in DKK):	$\text{Dividend} / \text{Number of share at distribution}$

*See note 8

Management's review

Business review

The Nissens Group develops, manufactures and markets products within the area of engine cooling, climate systems and engine efficiency for the international automotive aftermarket. The Nissens Group is considered a market-leading brand in the automotive aftermarket for thermal and engine efficiency solutions. The Nissens Group is known for a strong brand, a wide product range, consistently high service levels and good product quality.

Historically, the Nissens Group consists of two business units: The Nissens Automotive division, selling to wholesalers and distributors in the automotive aftermarket, and the Nissens Cooling Solutions division, covering development and sales to two sub-segments; the wind energy industry and the industrial sub-segment, targeting respectively global wind turbine OEMs and global heavy-duty equipment OEMs. As of 30 November 2021, the Nissens Cooling Solution division was divested to A.P. Møller Holding A/S.

The Nissens Group is headquartered in Horsens, Denmark, with most of the production being undertaken at the production facility in Slovakia and special production at the facilities in Denmark. The Nissens Group consists of 27 subsidiaries across three continents with activities within sales, production and distribution. As of 30 April 2022, the Nissens Group employs 558 FTEs, of which 190 are located in Slovakia, 164 are located in Denmark, 34 are located in China and 170 are employed in other countries.

History and recent developments

The Nissens Group celebrated its 100 years anniversary in 2021. The remarkable event has been marked across Nissens' companies and subsidiaries worldwide with various activities, including the publication of an anniversary book with highlights from Nissens' amazing journey from 1921 to 2021.

Nissens was established in 1921 by Mr. Julius Nissen and opened its first international offices in Finland and Sweden in 1977. In 2005, the Nissens Group established its first international factory in Slovakia, and another factory was established in 2010 in Tianjin, China. Since 2013, the Nissens Group has gradually expanded its manufacturing facilities across Slovakia, China, USA and the Czech Republic. Production facilities in Tianjin and Czech Republic were a part of the Nissens Cooling Solutions division. In December 2020 and February 2021, the division holding company NA International A/S acquired four European companies of the AVA group from Enterex to further strengthen the market presence of the Automotive business unit.

In June 2017, AX V Nissens Aps acquired the entire share capital of K. Nissen International A/S from Advanced Cooling A/S.

In November 2021, NCS International A/S (the Nissens Cooling Solutions division) was divested to NCS International Holding Aps - a subsidiary under A.P. Møller Holding A/S.

After the divestment of NCS International A/S, the Nissens Group was refinanced, involving a settlement of the 130mEUR bond loan. Subsequently, AX V Nissens ApS was delisted from the NASDAQ Copenhagen stock exchange.

Automotive Business Unit

The Automotive business unit is specialized in the production and supply of products within engine cooling, climate systems and engine efficiency. As an automotive aftermarket leading company of most essential thermal system components, the Automotive business unit has a broad product portfolio coverage covering above 95% of the European car park including, inter alia, radiators, condensers, compressors, intercoolers, turbos and EGR valves. The product range covers products from the common to the more special parts of the European, Asian and American vehicle aftermarkets.

Management's review

Business review (continued)

After the acquisition of the AVA Group, the Automotive division is marketed under both the Nissens and the AVA brands.

Cooling Solutions Business Unit

The Cooling Solutions business unit is specialized in the development and production of customized cooling solutions for a number of application areas. The Cooling Solutions business unit fully manufactures products for its own end-customers in two sub-segments; Wind and Industrial applications.

The Cooling Solutions division was divested in November 2021.

Products

The Automotive division offers products within three existing categories: climate cooling, engine cooling and efficiency & emissions. Condensers, compressors, blowers, receivers, dryers, evaporators, heaters and fans are products offered within the climate category; radiators, oil coolers and fan clutches are products offered within the engine cooling product category. The efficiency & emissions category covers products such as turbos, EGR valves and intercoolers.

Research & development

Research & Development (R&D) is essential in order to ensure future development and growth, and therefore the Nissens Group continues to spend considerable resources in R&D activities. The R&D activities and the test facilities drive a range of product applications for future launches and will support the ongoing product development activities.

Knowledge resources

The Nissens Group wishes for all employees to be able to live up to the constantly changing demands relating to the working processes. Therefore, Nissens Group attaches great importance to the training and education of the employees in order for each of them to be able to deliver high performance as well as flawless products and services. The training takes place as both internal and external courses, and with this approach, a profound know-how of the processes related to the processing of aluminium and the development of applications for thermal solutions is gained.

Account of the gender composition of Management

Nissens Group has a policy for diversity and equality. The Supervisory Board is thus monitoring the gender and cultural mix across management levels.

It is the Nissens Group's policy that regardless of gender, race, and religion, all employees must be treated equally in order to ensure that everyone has equal opportunities for employment.

The Board of Directors consists of five members, of which five are male, and zero are female. It is the target that at least one woman is represented in the Board of Directors by 2024. The right female candidate for the BOD was not found in 2021/2022, hence the target for female present has not been achieved in 2021/22.

The Nissens Group wants to increase the representation of women in the group management team supporting the CEO and therefore strives to have at least one of each gender among the final candidates in search processes. The share of women in the group management team supporting the CEO is 29%.

Management's review

Financial review

AX V Nissens ApS

The Parent Company was established on 17 May 2017, with the purpose of acquiring the shares in K. Nissen International A/S. This transaction was conducted on 30 June 2017 from which date K. Nissen International A/S became a 100% owned subsidiary of the company.

In November 2021, K. Nissen International sold 100% of the share in NCS International A/S which was the holding company of the Cooling Solutions division. As a consequence of the divestment, the Cooling Solutions division has been classified as discontinued operations in the income statement for 2021/22 and 2020/21 cf. note 12.

Following the sales of NCS International A/S, there has been made a refinancing of the Nissens Group. The 130mEUR bond loan has been settled and a 500 mDKK extraordinary dividend distribution has been made for settlement of debt in AX V Nissens II ApS. The debt repayment has been financed by the net proceeds from the sales of NCS International A/S, available cash and a new bank loan of 200 mDKK.

The consolidated financial statements for the continued operation for the financial year 1 May 2021 – 30 April 2022 show EBITDA before special items of 174.4 mDKK (2020/2021: 154.7 mDKK), operating profit after special items of 68.0 mDKK (2020/2021: 111.5 mDKK) and net profit before tax of 14.9 mDKK (2020/2021: 53.2 mDKK).

The consolidated balance sheet for the continued operations includes intangible assets of 892 mDKK (2020/2021: 1,518 mDKK) of which 876 mDKK (2020/2021: 1,463 mDKK) relates to intangible assets from the acquisition of K. Nissen International A/S. Amortisation of intangible assets related to the acquisition of K. Nissen International has had a negative impact on the income statement of 56 mDKK (2020/2021: 67 mDKK). By the time of the acquisition in July 2017, the goodwill of 937 mDKK was allocated with 61% to the Automotive business unit and 39% to the Cooling Solutions business unit. The goodwill allocated to the Cooling Solutions business unit, 365 mDKK, has been expensed as a part of discontinued operation cf. note 12.

Cf. note 14 the impairment test of the goodwill allocated to the Automotive business unit did not identify any need for impairment write-down.

With an equity of 1,006 mDKK (2020/2021: 1,291 mDKK), the Group has an equity ratio of 48.5% (2020/2021: 37.4%). The cash flow statement shows a negative cash flow of 216 mDKK (2020/2021: -34 mDKK) for the year. The cash flow is negatively impacted by the restructuring of the debt positions incl. debts in AX V Nissens II ApS. Further net working capital of the continuing operations is negatively impact by increased cost prices incl. transportation and LME on aluminium.

Cash flow from operations amounts to 54 mDKK (2020/2021: 153 mDKK). The reduction is driven by strategic decisions on securing inventory positions and increased cost prices.

The cash balance at the end of the year is -55 mDKK (2020/2021: 161 mDKK) and with an unused credit facility of 45 mDKK, the company considers the current credit facilities sufficient.

Management's review

Financial review (continued)

The Automotive division has had a growth in revenue of 41% which is driven by both the full year impact of the acquisition of AVA, organic growth and price increase to compensate for the increased cost base.

Despite the growth in revenue, the EBITDA before special items has only increased by 13%. Throughout 2021/22, there has been extraordinary increases in the cost base driven by costs of freight, raw materials and energy. All elements having negative impact on sourced product from China and own production in Europe.

Throughout 2021/22, there has been implemented several prices increase to compensate for the negative impact from increased production and sourcing prices. Due to delay between the communication of price increase and the actual impact on sales prices, the increases have not been able to eliminate the negative impact from increased cost base.

In February 2022, the Automotive division was further impacted negatively by the Russian invasion of Ukraine.

Since 24 February 2022, the Automotive division has stopped all sales activities in Russia and Belarus, which has had a negative impact on EBITDA from lost sales but also from fixed costs related to the market. Due to the invasion there has not been any sales to Ukraine since 24 February 2022. However, sales to Ukraine has been started up in beginning of May 2022.

The income statement is further negatively impacted from expected loss on customers in Russia, Belarus and Ukraine of 4.1 mDKK. The expected losses on customers from Russia and Belarus are driven by the payment sanctions which makes it impossible for the customers to transfer money to Nissens' accounts. Insurance from external credit insurance is reduced in the provision.

Under the given market terms, the Management considers the results as satisfactory.

Nissens Cooling Solutions

Nissens Cooling Solutions has been classified as discontinued operations cf. note 12. Nissens Cooling Solutions has been included in the financial statement with 7 months performance.

AX V Nissens I ApS (Parent)

The financial statement for the Parent Company shows a result before tax of 500 mDKK. AX V Nissens I ApS has received dividend of 500 mDKK from AX V Nissens ApS.

With an equity of 1,230 mDKK (2020/2021: 1,230 mDKK), the Parent has an equity ratio of 99.9% (2020/2021: 99.9%).

Outlook

In FY2022/2023, the Group expects a revenue around the same level as FY2021/2022 above 1,500 mDKK. The war in Ukraine and the sanctions towards Russia will have a negative impact on net sales which to some extent is compensate by the full year impact of implemented strategic projects. EBITDA is expected to be above 150 mDKK.

Events after the reporting period

After the balance sheet date, no events have occurred that may have significant influence on the assessment of the financial statements for the year 1 May 2021 – 30 April 2022.

Management's review

Corporate Social Responsibility

Corporate Social Responsibility Report

Pursuant with section 99a of the Danish Financial Statements Act the reporting on Nissens Corporate Social Responsibility Report can be found on the company's website: <https://nissens.com/Admin/Public/DWSDownload.aspx?File=%2fFiles%2fFiles%2fCSR%2f2021-22+Annual+Report+CSR+section+AX+V+III+Nissens+ApS.pdf>

Business model & Nissens' approach to sustainability

Being a global production company, the Nissens Group believes that it is responsible for contributing to limiting the Group's environmental and climate footprint, just as it is the Group's obligation to secure good conditions for the health and safety of its employees.

In 2018/2019, Nissens has enhanced its commitment to corporate social responsibility and sustainability by joining the UN Global Compact as a member. The COP report from Nissens can be found on the company's website <https://nissens.com/en-gb/policy/csr.aspx>

Data ethics

Pursuant with section 99d of the Danish Financial Statements Act, the Nissens Group reports the following.

The Nissens Group continuously has focus on improving data security, compliances and best practices related to soliciting, processing, storing and deleting again both personal data and non-personal data. It has remained the primary focus in the fiscal year 2021/2022, which was during a successful reorganization of Nissens' IT department, thus the formalization and implementation of our policy on data ethics has been planned for during the course of the fiscal year 2022/2023, as Nissens sees this in recognition of the Nissens Group's use of data - both personal data and non-personal data - may imply ethical elements for the users that applicable laws do not cover.

Special risks

Market risks

Customer and market-related risks are assessed as limited, considering the large spread of both customers and markets.

Covid-19 is still considered a potential market risk for sales activities and supply chain disturbances.

The Group is reliant on effective international trade relations between nations. This is illustrated by the consequences from the war in Ukraine and the following sanctions towards Russia, which over a very short time has stopped all sales to the region.

Currency risks

The majority of the Group's activities implies currency risks in connection with the purchase and sale of goods and services in foreign currencies. These currency risks are monitored and covered within the limitations of the financial policy approved by the Board of Directors.

Credit risks

Nissens' activities imply a credit risk in connection with sales to customers in a number of countries throughout the world. We take measures to cover these outstanding debts in the best possible way, for instance by taking out credit insurances.

Material prices and freight-related risks

Both material prices and freight rates from Asia to Europe have been subject to steep price increases over the last six months, as the global economy starts to recover from the Covid-19 pandemic.

Material prices increase, freight costs and other cost elements may impact margins on the short to medium term until the effects can be mitigated.

Covid-19 risks

In the Automotive division the largest negative impact of Covid-19 has been seen in the production in Slovakia and the supply chain-related disturbance coursed by travel restrictions, lock-downs and general undersupply of products.

Consolidated financial statements

Income statement

For the year 1 May - 30 April

Note	DKK'000	2021/2022	2020/2021
3	Revenue	1,584,274	1,124,003
	Cost of raw materials and consumables	-993,654	-656,905
	Development costs and own manufactured assets	2,260	2,170
4	Other operating income	10,369	2,728
	Other external costs	-224,147	-135,562
5	Staff costs	-204,656	-181,693
	EBITDA before special items	174,446	154,741
7	Depreciation and amortisation	-82,957	-67,216
	Operating profit before special items	91,489	87,525
8	Special items	-23,445	23,959
	Operating profit after special items	68,044	111,484
10	Finance income	2,872	5,067
10	Finance expenses	-56,041	-63,316
	Result before tax	14,875	53,235
11	Tax	-14,487	-18,323
	Result for the year	388	34,912
	Discontinued operations		
	Profit/(loss) after tax for the year from discontinued		
12	operations	196,773	53,258
	Profit for the year	197,161	88,170
	Attributed to:		
	Equity holders of AX V Nissens ApS	197,161	88,170
		197,161	88,170

Consolidated financial statements

Statement of other comprehensive income

For the year 1 May - 30 April

Note	DKK'000	2021/2022	2020/2021
	Result for the year	197,161	88,170
	Other comprehensive income		
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
	Exchange differences on translation of foreign operations	16,252	-3,217
	Unrealized change in fair value on interest rate swap	2	-123
	Value adjustment transferred to financial costs	1,356	2,704
	Adjustment to prior period	0	-4,948
		17,610	-5,584
11	Income tax effect	-299	-568
	Other comprehensive income/(loss) for the year, net of tax	17,311	-6,152
	Total comprehensive income/(loss)	214,472	82,018
	Attributed to:		
	Equity holders of AX V Nissens I ApS	214,472	82,018
		214,472	82,018

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Balance sheet

Note	DKK'000	30 April 2022	30 April 2021
ASSETS			
Non-current assets			
13	Intangible assets	892,048	1,518,308
15, 16	Property, plant and equipment	221,763	454,130
18	Investments in associates	0	1,432
19	Other financial assets	2,177	0
11	Deferred tax assets	7,747	11,901
	Deposits	3,317	4,126
	Total non-current assets	1,127,052	1,989,897
Current assets			
20	Inventory	556,418	660,927
21	Trade and other receivables	314,358	634,261
	Receivables from shareholder companies	473	0
11	Income tax receivable	1,530	0
	Cash and cash equivalents	75,452	160,759
	Total current assets	948,231	1,455,947
	TOTAL ASSETS	2,075,283	3,445,844
EQUITY AND LIABILITIES			
Equity			
23	Share capital	12,357	12,357
	Foreign currency translation reserve	14,116	-2,136
	Hedging reserve	0	-1,059
	Retained earnings	979,007	1,281,829
	Total equity	1,005,480	1,290,991
Non-current liabilities			
25	Borrowings	306,376	1,122,133
16	Lease liabilities	68,402	60,408
11	Deferred tax liabilities	83,116	142,783
24	Provisions	2,000	12,304
26	Other payables	8,657	23,403
22	Contract liabilities	0	1,248
	Total non-current liabilities	468,551	1,362,279
Current liabilities			
22	Contract liabilities	5,281	7,103
16	Lease liabilities	28,085	35,136
26	Trade and other payables	431,169	648,983
	Payable to shareholder companies	0	75,508
11	Income tax payable	4,095	21,989
24	Provisions	2,330	3,855
	Bank loan	130,292	0
	Total current liabilities	601,252	792,574
	Total liabilities	1,069,803	2,154,853
	TOTAL EQUITY AND LIABILITIES	2,075,283	3,445,844

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Cash flow statement

For the year 1 May - 30 April

Note	DKK'000	30 April 2022	30 April 2021
	Operating activities		
	Profit before income tax from		
	Continuing operation	14,875	53,235
12	Discontinuing activities	190,637	68,624
	Profit before tax including discontinuing activities	205,512	121,859
10	Finance income	-2,872	-11,649
10	Finance expenses	56,041	80,636
6	Share-based payment expense	82	718
27	Changes in working capital	-44,543	-111,387
28	Non-cash operating items	111,342	113,524
12	Gain on sales of NCS division	-230,249	0
		95,313	193,708
10	Finance income, received	0	1,267
11	Income tax paid	-41,729	-42,179
	Net cash flows from operating activities	53,584	152,796
	Investing activities		
13	Purchase of intangible assets	-7,357	-11,969
13	Development expenditures capitalized	-7,391	-11,326
15	Purchase of property, plant and equipment	-38,476	-43,201
15	Proceeds from the sale of property, plant and equipment	1,500	1,398
	Change in deposits	809	-323
29	Investments in subsidiaries	0	-34,113
18	Investments in associates	0	-891
19	Investments in other financial assets	-2,179	0
29	Acquisition of a subsidiary, net of cash acquired	0	9,044
12	Divestment of subsidiaries	1,205,832	0
	Net cash flows used in investing activities	1,152,738	-91,380
	Financing activities		
	Dividend payment	-500,000	0
32	Repayment of borrowings	-1,042,583	-9,735
32	Proceeds from new loan	196,776	0
10	Net interest paid, borrowings	-38,495	-59,425
16	Payment of principal portion of lease liabilities	-38,008	-29,020
	Proceeds from loan with Group companies	389	2,317
	Net cash flows from financing activities	-1,421,921	-95,863
	Cash flow for the year	-215,599	-34,448
	Cash and cash equivalents at 1 May	160,759	195,207
	Cash and cash equivalents at 30 April	-54,840	160,759

The Group has unused credit facilities amounting to 45 MDKK (2020/2021: 125 mDKK).

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Statement of changes in equity

For the year 1 May - 30 April 2022

DKK'000	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity 1 May 2021	12,357	-2,136	-1,059	1,281,829	1,290,991
Comprehensive income 30 April 2021					
Result for the year	0	0	0	197,161	197,161
Other comprehensive income					
Unrealized loss on interest rate swap	0	0	1,358	0	1,358
Exchange differences on translation of foreign operations	0	16,252	0	0	16,252
Tax on other comprehensive in- come	0	0	-299	0	-299
Total other comprehensive in- come	0	16,252	1,059	0	17,311
Total comprehensive income for the year	0	16,252	1,059	197,161	214,472
Transactions with owners					
Dividend	0	0	0	-500,000	-500,000
Equity-settled share-based pay- ments	0	0	0	17	17
Total transactions with owners	0	0	0	-499,983	-499,983
Equity 30 April 2022	12,347	14,116	0	979,007	1,005,480

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Statement of changes in equity

For the year 1 May - 30 April 2021

DKK'000	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity 1 May 2020	12,357	1,081	-3,072	1,197,889	1,208,255
Comprehensive income 30 April 2021					
Result for the year	0	0	0	88,170	88,170
Other comprehensive income					
Unrealized loss on interest rate swap	0	0	2,581	0	2,581
Exchange differences on translation of foreign operations	0	-3,217	0	0	-3,217
Tax on other comprehensive in- come	0	0	-568	0	-568
	0	0	0	-4,948	-4,948
Total other comprehensive in- come	0	-3,217	2,013	-4,948	-6,152
Total comprehensive income for the year	0	-3,217	2,013	83,222	82,018
Transactions with owners					
Equity-settled share-based pay- ments	0	0	0	718	718
Total transactions with owners	0	0	0	718	718
Equity 30 April 2021	12,357	-2,136	-1,059	1,281,829	1,290,991

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1 Accounting policies

AX V Nissens I ApS is a private limited company registered in Denmark. The financial statements section of the Annual Report for the year 1 May 2021 - 30 April 2022 comprises both the consolidated financial statements of AX V Nissens I ApS and its subsidiaries (the Group) and the separate parent company financial statements.

The consolidated financial statements of AX V Nissens I ApS for the year 1 May 2021 - 30 April 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statement Act applying to reporting class large C entities.

On 30 September 2022, the Board of Directors and the Executive Board discussed and approved the Annual Report of AX V Nissens I ApS for the year 1 May 2021 - 30 April 2022.

Basis of preparation

The consolidated financial statements and the separate financial statements have been presented in Danish kroner, rounded to the nearest DKK thousand.

The accounting policies have been applied consistently in the financial year and for the comparative figures.

Impact of new accounting standards

With effect from 1 May 2021, the Group has implemented the following new or amended standards and interpretations:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

None of the new standards have had a significant effect on recognition and measurement in the Annual Report.

Consolidated financial statements

The consolidated financial statements comprise of AX V Nissens I ApS (the parent) and the subsidiaries controlled by the parent. The Group controls an entity if the Group directly or indirectly owns more than 50% of the voting rights, or when the Group in one way or another has the ability to have a controlling influence. Companies wherein the Group directly or indirectly holds between 20% and 50% of the voting rights and has significant but not controlling influence are treated as associates. Please refer to the overview of the Nissens Group in Notes 17 and 18.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains on intra-group transactions are eliminated. Unrealized gains on transactions with associates are eliminated in proportion to the Group's interest in the entity.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Business combinations and goodwill

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated profit or loss until the date of disposal and settlement date.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets, including goodwill at the date of disposal and costs of disposal.

The purchase method is applied to acquisitions of new businesses over which AX V Nissens I ApS obtains control. The acquired businesses' identifiable assets and liabilities are measured at fair value at the acquisition date. In connection with the acquisition, provision is made for the costs associated with the decided and published restructurings in the acquired business. Deferred tax related to the fair value adjustments that have been identified are recognised.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred (a bargain purchase), then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Negative goodwill is recognised in the profit or loss on the day of acquisition.

Gains and losses at disposal of subsidiaries

Gains and losses at disposal or settlement of a subsidiary are calculated as the difference between the selling price or the disposal value and the carrying amount of the net assets, respectively, at the disposal or settlement date, including goodwill and the expected costs of sale or disposal.

Foreign currency translation

On initial recognition, foreign currency transactions are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the date of the statement of financial position. The difference between the exchange rates at the end of the year and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

Foreign subsidiaries are seen as independent units. The profit or loss is translated at an average exchange rate for the month, and the statement of financial position are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of such entities at closing rates and on translation of profit or loss at average exchange rates to the closing rates are recognised in other comprehensive income.

Foreign exchange adjustments of balances with the independent foreign subsidiaries considered a part of the total net investment in foreign operations are recognised under a separate translation reserve in equity.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 12. All other notes to the income statements for FY2021/2022 include amounts for continuing operations, unless indicated otherwise.

For FY2020/2021 discontinuing activities has been excluded from the Income statement and balance sheet for FY2020/2021 has not been restated

Revenue

Revenue is measured at fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

The fair value corresponds to the agreed price discounted at present value where payment terms exceed 12 months.

The variable part of the total consideration is not recognised in revenue until it is highly probable that it will not be reversed in subsequent periods.

Sale of finished goods is recognised when control over the individual identifiable performance obligation in the sales agreement is transferred to the customer. In general, this is considered to occur at the time of physical delivery. The only exception to this is bill and hold arrangements, cf. below.

The buyer has, in some cases, a right to return. The Group recognises revenue for this at the time of the physical delivery to the buyer to the extent that it can be reliably measured how much of the delivery, after the balance sheet date, cannot be returned.

Payment terms in the Group's sales agreements

The payment terms in the Group's sales agreements with customers are dependent partly on the underlying customer relationship and partly on the segment.

The Group's terms of payments are between 30-120 days.

The Group receives prepayments for some sales agreements. The prepayments do not necessarily reflect the work performed and do not affect the time of the recognition of revenue.

The Group's revenue comprises sale of standard and customised cooling systems.

The Group's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales agreement comprises several performance obligations, the total selling price of the sales agreement is allocated proportionately to the individual performance obligations of the agreement.

Revenue is recognised when control over the individual identifiable performance obligation is transferred to the customer.

Bill and hold arrangements

In some cases, the customers request that the delivery is postponed. In addition to the usual recognition criteria, all of the following criteria are required to be met for the Group to recognise revenue upon the time of planned delivery:

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Notes

1 Accounting policies (continued)

- a) The reason for the bill and hold arrangement must be substantive (for example, the arrangement might be requested by the customer because of a lack of physical space to store the goods);
- b) The product must be identified separately as belonging to the customer (that is, it cannot be used by the Group to satisfy other orders);
- c) The product must currently be ready for physical transfer to the customer; and
- d) The Group cannot have the ability to use the product or to direct it to another customer.

Other operating income

Other operating income comprises income that is not product-related. This includes income from sales of raw materials and consumables, government grants, sale of assets and other income of a secondary nature in relation to the main activities of the Group.

Government grant

Government grant income is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The grant will be recognised in profit and loss under other operating income or special items, as the eligible costs are incurred.

Other external expenses

Other external expenses include expenses in regards to the Company's principal activities arising during the year. This includes expenses for sales, advertisement, administration, office buildings, debit losses, etc.

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions, as well as other expenses for social security, etc. for the Group's employees. In the staff costs, compensation received from public authorities has been subtracted.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised in employee benefits expense together with a corresponding increase in equity (other capital reserves) over the year in which the service, and, where applicable, the performance conditions, are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a year represents the movement in cumulative expense recognised at the beginning and end of that year.

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Notes

1 Accounting policies (continued)

Special items

Special items include significant income and expenses of a special nature in terms of the Group's revenue-generating operating activities that cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses include negative goodwill, transaction costs and transformation cost in a business combination.

Finance income and expenses

Finance income and expenses are recognised in the income statement for the amounts that correspond to the transactions of the current financial year. Finance income and expenses comprise interest income and expenses, exchange gains and losses on transactions denominated in foreign currencies etc., as well as surcharges, gain/loss on foreign exchange instruments and allowances under the on-account tax scheme, etc.

Income tax

Current income tax

AX V Nissens I ApS is jointly taxed with all its Danish parent companies and subsidiaries. The subsidiaries are included in the joint taxation from the date which they are included in the consolidation and until the date which they are excluded from the consolidation.

The Company's ultimate Parent Company, AX V Nissens III ApS, is the administrative company for the joint taxation and settles the payments of the joint taxation with the taxation authorities.

The actual corporation tax is distributed by settling joint taxation contributions between the jointly taxed companies relatively to their income. The companies with a tax deficit receive a joint tax contribution from the companies which have been able to apply the deficit for reducing their own taxable surplus.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Tax for the year, which comprises the year's current tax charge, the year's joint taxation contribution and deferred tax adjustments – including the adjustment of the tax rate – is recognised in the income statement for the share which is attributable to the profit for the year, and in other comprehensive income, with the share attributable to entries recognised in other comprehensive income.

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to assets and liabilities without affecting either the profit or loss for the year or the taxable income.

Adjustments are made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

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Notes

1 Accounting policies (continued)

Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Balance sheet

Goodwill

Goodwill is measured in the balance sheet at cost in connection with initial recognition. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to the cash flow generating units as defined by Management. The determination of cash generating units complies with the managerial structure and the internal control and reporting in the Group.

Other intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Rights and development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are demonstrated, and where the Group intends to complete and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised under research and development costs in the income statement as incurred. Rights and development projects are measured at cost less accumulated amortisation and impairment.

Cost comprises external expenses as well as internal directly related wages and salaries attributable to the development project. Other development costs are recognised in the income statement as they arise.

Rights and development expenses, which are recognised in the balance sheet, are initially measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Following the completion of development work, development costs are amortized on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is:

Development projects	3-5 years
Brand	15 years
Acquired intangible assets	10 years

Gains and losses from sale of rights and development projects are calculated as the difference between the sales prices less sales expenses and the carrying amount at the date of sale. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The cost for a total asset is split in separate components, which are depreciated separately, if the useful life of each of the components differ.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Buildings	20-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	2-7 years
Right-of-use assets	Over the term of the lease contract

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses at sale of property, plant and equipment is calculated as the difference between the sales price less the sales expenses and the carrying amount at the date of sale. Gains or losses are recognised in the income statement as the item other operating income and other operating expenses, respectively.

Land is not depreciated.

Leases

The right-of-use asset and corresponding lease liability will be recognised at the commencement date, i.e. the date the underlying asset is ready for use and when the Group obtains the right to obtain the economic benefits from the use of it. Right-of-use assets are measured at cost corresponding to the lease liability recognised.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred.

Consolidated financial statements

Notes

1 Accounting policies (continued)

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments from commencement date
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- The exercise price of a purchase option if it is reasonably certain to exercise the options
- Amount expected to be payable under residual value guarantees

The lease liabilities are subsequently measured at amortised cost using the effective interest method. The lease liabilities are adjusted when there is a change in future lease payments, typically due to a change in index or rate on property leases, or if there is a reassessment of whether an extension or termination option will be exercised.

When the lease liabilities are adjusted in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of the lease term and useful life of the underlying asset. When it is reasonably certain that the Group will obtain ownership of the leased asset after the lease period, the asset is depreciated over the useful life.

Depreciation is provided on a straight-line basis over the expected lease period.

The Group has chosen not to recognize low value lease assets and short-term leasing contracts in the balance sheet. Lease payments on short-term leases and low-value assets are recognised as expenses on a straight-line basis according to the lease contract.

The right-of-use assets are presented in property, plant and equipment and the lease liabilities in borrowings.

Investments in associates

The Group's investments in associates are accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results from operations of the associate. Any change in OCI of those investees is presented as part of the OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Other financial assets

Other financial assets, which comprise non-listed equity investments, are classified upon initial recognition as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of non-current assets

If there is an indication of impairment, the carrying amount of intangible assets and property, plant and equipment as well as investments in associates is tested for evidence of impairment.

When there is evidence that assets may be impaired, an impairment test is performed for each of the assets/group of assets. An impairment is recognised at the recoverable amount, if this is lower than the carrying amount.

The recoverable amount is the higher of the value in use or fair value less costs of disposal.

During the period of development, development costs are tested annually for impairment.

Inventory

Inventory is measured at cost according to the FIFO method. If the net realisable value is lower than the cost, then they are impaired to the lower value.

Cost of goods for resale as well as raw materials and consumables include the purchase price plus the delivery cost, as well as indirect production expenses in terms of leaflets, packaging for goods for resale. Expenses in terms of external storage fees are added as well.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effectuate the sale, and taking into account marketability, obsolescence and developments in the expected selling price.

Trade receivables

Receivables

Receivables are measured at amortised cost. Write-down for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet based on the expected loss in the useful life of the receivable.

Trade receivables are monitored continuously according to the Group's risk management until realisation. Write-downs are calculated based on the expected loss ratio, which estimated based on historical data adjusted for estimates over the effect of expected changes in relevant parameters such as financial development, political risks, etc., in the relevant market.

Prepayments, assets

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial periods.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Other provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or a service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

In Automotive, the standard terms is a 12-month warranty period. In Cooling Solutions, warranty conditions are in general negotiated on a customer level.

Trade and other payables

The Group's financial liabilities include trade and other payables. Trade payables are non-interest bearing and are settled on normal market terms. Other payables are non-interest bearing.

Contractual liabilities

Contractual liabilities include prepayments from customers and other liabilities where the Group has a future commitment to deliver goods or service items. Contractual liabilities are reduced when the related goods or service items are invoiced, either fully or partially.

Liabilities

Financial liabilities are recognised at the date of borrowing at fair value less directly attributable transaction costs paid. On subsequent recognition, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Non-financial liabilities are measured at net realisable value.

Derivatives

The Group uses derivative financial instruments in the form of forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Subsequently, fair value adjustments are accounted for as follows:

Currency forward contracts: Not accounted for as effective hedging. Any gains or losses arising from changes in the fair value of forward currency contracts are recognised in the profit or loss statement.

Interest rate swaps: Accounted for as effective hedging. Any gains or losses arising from changes in the fair value of interest rate swaps are recognised directly in other comprehensive income.

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1 Accounting policies (continued)

Fair value

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1 Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information)

Alternative performance measures

The Group presents the measure of EBITDA before special items in the income statement which has not been defined in IFRS. The Group assesses that the measure gives valuable insight for investors and management of the Group to evaluate the result. As other companies may not calculate EBITDA before special items, it may not be comparable to other companies.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, interest received, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, paid interest on interest-bearing debts, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

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2 Significant accounting judgements, estimates and assumptions

Impairment tests for goodwill

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired, for example due to a changed business climate. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data.

This is further described in note 14. As can be deduced from this description, changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Receivables

Estimates are used in determining the level of receivables that cannot be collected according to Management. When evaluating the adequacy of the allowance for doubtful receivables, Management analyses trade receivables and examines changes in customer creditworthiness, reports from credit insurance companies, customer payment patterns and current economic trends. Provision for loss on open balances with insured customers in Russia is based on the assumption that the credit insurance company will honour in accordance with the policy for political disturbances.

Inventory

Inventories are measured at the lower of cost and net realisable value. Uncertainty estimates for the inventory relate to write-down to net realisable value.

The valuation of inventory is according to the Group principal including assessment of provision for slow moving and/or obsolete inventory.

For a specification of inventory, see note 20.

Estimating the incremental borrowing rate of leases

The Group cannot readily determine the interest rate implicit in the leases, therefore, the Group uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest which the Group would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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2 Significant accounting judgements, estimates and assumptions (continued)

The Group included the renewal period for buildings as part of the lease term for leases of right-of-use assets with shorter non-cancellable period unless there are specific plans to terminate the lease. The renewal periods for leases of right-of-use assets with longer non-cancellable periods are not included as part of the lease term as these are not assessed as reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. Refer to note 16 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3 Revenue

Type of goods

For management purposes, the Group is organised into business units based on its products and services. After having sold NCS there are now only one reportable segment which is Automotive.

Geographical Markets

DKK'000	1 May 2021 – 30 April 2022	1 May 2020 – 30 April 2021
Revenue from external customers		
Europe	1,400,813	995,694
America	93,469	65,749
Asia & Pacific	75,520	52,810
Other	14,472	9,750
Total	1,584,274	1,124,003

4 Other operating income

DKK'000	1 May 2021 – 30 April 2022	1 May 2020 – 30 April 2021
Government grants	425	265
Net gain on disposals of property, plant and equipment	1,711	400
Other operating income	8,233	2,063
Total	10,369	2,728

Government grants have been received as Covid-19 compensation. There are no unfulfilled conditions or contingencies attached to these grants.

Other operating income includes sales of raw materials.

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5 Staff costs

DKK'000	1 May 2021 – 30 April 2022	1 May 2020 – 30 April 2021
Wages and salaries	194,642	173,305
Pensions	6,152	4,755
Employee benefits/other remunerations	3,845	2,915
Share-based payments	17	718
Total employee benefit expense	204,656	181,693
Average number of full-time employee	552	490

Remuneration to the board of directors

DKK'000	1 May 2021 – 30 April 2022	1 May 2020 – 30 April 2021
Wages and salaries	775	760
Share-based payments	2	74
Total employee benefit expense	777	834

Remuneration to board of directors is paid out in AX V Nissens ApS.

6 Share-based payments

No warrants have been granted in the financial years 2020/2021 and 2021/2022,

The Board of Directors and other executive employees were granted warrants to purchase shares in AX V Nissens II ApS at a given exercise price. The warrants will vest on 30 June 2022 or at an earlier date if the activities of the Group are disposed of in an exit situation. The warrant programs are contingent on continued employment in the Group.

The fair value of the granted warrants is estimated using the Black-Scholes Model. The value is calculated applying the following assumptions:

Estimated volatility (based on a selected peer-group)	30%
Risk free interest rate	-0.43%
Market value per share	DKK 10

Every warrant grants the right to buy one share in AX V Nissens II ApS at a nominal value of DKK 0.01 at a price of DKK 10 + 8% p.a.

The fair value per warrant at grant dates was estimated to be DKK 1.10 – 1.19.

Estimating fair value for share-based payment transactions requires a determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires a determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

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6 Share-based payments (continued)

The fair values of awards granted were determined using the Black-Scholes Model that takes into account factors specific to the share incentive plans, such as the vesting period.

The inputs used for the valuation model include, among others, the exercise price of the award, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

Specification of outstanding share options

	Board of directors of the parent company	Other executive employees	Total number
Outstanding at 1 May 2020	1,320,000	8,848,950	10,168,950
Disposals during the year	0	-49,500	-49,500
Outstanding at 30 April 2021	1,320,000	8,799,450	10,119,450
Outstanding at 1 May 2021	1,320,000	8,799,450	10,119,450
Outstanding at 30 April 2022	1,320,000	8,799,450	10,119,450

No warrants were exercised as at 30 April 2022.

In the financial year, the expense in regard to share-based payments recognised in the income statement amounts to 82 DKK'000 (2020/2021 718 DKK'000.)

7 Amortisation and depreciation

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Amortisation, intangible assets	43,860	41,643
Depreciation, property, plant and equipment	39,097	25,573
	82,957	67,216

8 Special items

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Transaction costs directly related to acquisition of AVA entities	127	4,233
Transformation cost directly related to acquisition of AVA entities	1,380	8,295
Negative goodwill cf. note 29	0	-36,487
Divestment and reorganisation	17,899	0
Provision for loss on receivables ect. related to the war in Ukraine	4,039	0
	23,445	-23,959

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9 Fees paid to auditors appointed at the annual general meeting

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Statutory audit	1,011	935
Other assurance services	252	46
Tax and VAT advisory services	180	298
Other services	126	75
	1,569	1,354

10 Net finance costs

Finance income DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Interests – bank deposits etc.	733	1,137
Interest income, Group entities	624	3,572
Foreign exchange gains	786	341
Change in fair value of foreign exchange contracts	729	0
Gain from the sale of shares	0	17
Total finance income	2,872	5,067
Interest on financial assets measured at amortized cost	1,357	4,709

Finance expenses DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Interests – borrowings	32,790	52,826
Interests – other	2,521	1,596
Interest on lease liabilities	1,653	795
Foreign exchange losses	10,953	0
Amortisation borrowings	8,115	6,614
Other finance costs	9	360
Change in fair value of foreign exchange contracts	0	1,125
Total finance expenses	56,041	63,316
Interest on financial liabilities measured at amortized cost	47,917	55,217

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11 Income tax

Income statement

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Tax for the current year can be specified as follows:		
Tax of the result of the year	14,487	18,323
Tax on other comprehensive income	299	568
	14,786	18,891

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Tax for the current year can be specified as follows:		
Current income tax charge	12,637	32,216
Change in provision for deferred tax	2,480	-12,971
Adjustments to prior year	-630	-922
	14,487	18,323

Tax on profit for the year can be explained as follows:

	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Accounting profit before income tax		
Calculated 22 % tax on profit for the year	3,276	11,713
Difference in the tax rate in foreign subsidiaries relative to 22%	-1,061	4,090
<i>Tax effect of:</i>		
Non-deductible acquisition costs	0	1,454
Negative goodwill	0	-8,027
Interest limitation according to § 11 B of the Danish Corporation Tax Act	11,802	9,427
Enhanced tax deduction on development projects according to § 8 B of the Danish Tax Assessment Act	-144	-149
Other non-deductible expenses	1,244	737
Tax adjustments to prior year	-630	-922
	14,487	18,323
Effective tax (%)	97.4%	34.4%

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11 Income tax (continued)

Tax on other comprehensive income

DKK'000	1 May 2021 - 30 April 2022		
	Before tax	Tax	After tax
Fair value adjustment of interest rate swap	1,358	-299	1,059
Exchange differences on the translation of foreign operations	16,252	0	16,252
	17,610	-299	17,311

DKK'000	1 May 2020 - 30 April 2021		
	Before tax	Tax	After tax
Fair value adjustment of interest rate swap	2,581	-568	2,013
Exchange differences on the translation of foreign operations	-3,217	0	-3,217
Adjustment to prior year	-4,948	0	-4,948
	-5,584	-568	6,152

Deferred tax

DKK'000	30 April 2022	30 April 2021
Deferred tax 1 May	130,882	154,286
Acquisition of subsidiary	0	-3,303
Divestment of subsidiary	-57,665	0
Deferred tax for the year recognised in profit for the year	2,480	-20,670
Deferred tax regarding previous year	-630	0
Deferred tax currency translation	3	1
Deferred tax related to financial instruments	299	568
Deferred tax 30 April	75,369	130,882

Reflected in the statement of financial position as follows:

Deferred tax assets	7,747	11,901
Deferred tax liabilities	83,116	142,783
Deferred tax 30 April, net	75,369	130,882

DKK'000	30 April 2022	30 April 2021
Deferred tax relates to:		
Intangible assets	71,068	127,841
Property, plant and equipment	11,037	25,332
Trade and other receivables	1,038	1,252
Inventory	-3,026	-9,399
Borrowings	120	-5,345
Provisions and other liabilities	-1,580	-5,525
Tax loss	-3,288	-3,274
	75,369	130,882

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11 Income tax (continued)

In addition to the tax loss recognised in the balance sheet, the Group has total unrecognised tax losses of 9.8 mDKK which, due to the uncertainty of the future utilization, has not been recognised in the balance sheet. The tax losses can be carried forward as follow:

DKK'000	30 April 2022	30 April 2021
Financial year 2022/2023	0	0
Unlimited	6,487	9,760
Unrecognised tax loss to be carried forward 30 April	6,487	9,760

The Group has a subsidiary in China for which future dividend payments will be subject to withholding tax in the range of 5 – 10%. The potential withholding tax amounts to 1.9 – 3.8 mDKK.

The withholding tax has not been recognised in the balance sheet as there are no current plans for dividend payments from the subsidiary in China.

Income tax payable

DKK'000	30 April 2022	30 April 2021
Income tax payable 1 May	21,989	9,706
Acquisition / divestment of subsidiary	10,297	45
Current tax for the year	12,638	55,770
Corporation tax paid during the year	-41,729	-42,179
Adjustment to prior year	-630	-1,353
Income tax payable 30 April	2,565	21,989

12 Discontinued operations

On 19 July 2021, the Group publicly announced that AX V Nissens ApS and its subsidiary K. Nissen International A/S has entered into an agreement concerning the sale of the Nissens Cooling Solutions division to a newly established company owned by A. P. Møller Holding A/S (the "NCS Sale").

The accounting profit from the sale amounts to 230.2 mDKK including costs directly related to the sale of 48.3 mDKK

Completion of the NCS Sale occurred 30 November 2021.

Result for the period from discontinued operations are presented below:

DKK'000	2021/2022 (7 months)	2020/2021 (12 months)
Revenue	699,381	1,332,678
Expenses	-747,278	-1,261,498
Other operating income	7,289	8,197
Net finance cost	996	-10,753
Gain on sales of business	230,249	0
Result before tax	190,637	68,624
Tax	6,136	-15,366
Result for the period from discontinued operations	196,773	53,258

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12 Discontinued operations (continued)

Balance sheet items comprise:

DKK'000	30 November 2021
ASSETS	
Intangible assets	573,013
Property, plant and equipment	290,635
Other assets	2,957
Total non-current assets	866,605
Inventory	279,478
Trade and other receivables	209,988
Income tax receivable	16,916
Cash	51,648
Total current assets	558,030
Total assets held for sale	1,424,635
LIABILITIES	
Borrowings	73,977
Deferred tax liabilities	55,265
Provisions	8,992
Contract liabilities	4,253
Lease liabilities	56,393
Trade and other payables	241,390
Payable to group enterprises	5,119
Income tax payable	3,619
Total liabilities related to assets held for sale	449,008
NET ASSETS DIRECTLY RELATED TO ASSETS HELD FOR SALE	975,627

Net cash flow incurred for Nissens Cooling Solutions are, as follows:

DKK'000	2021/2022
Operating cash flow for discontinuing operations	122,945
Investing cash flow for discontinuing operations	9,431
Financing cash flow for discontinuing operations	-56,612
Net cash impact from discontinuing operations	75,764

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13 Intangible assets

DKK'000	Goodwill	Brand	Acquired intangible assets	Rights	Development projects	Development in progress	Total
Cost 1 May 2021	936,501	346,603	453,090	22,791	11,325	19,199	1,789,508
Divestment	-364,496	-58,246	-252,113	-7,553	-24,685	-3,168	-710,261
Currency translation	0	0	0	171	0	0	171
Additions	0	816	0	6,541	3,531	3,860	14,748
Disposals	0	0	0	-5,485	0	0	-5,485
Transfer	0	0	0	3,173	10,713	-13,886	0
Cost 30 April 2022	572,005	289,173	200,977	19,638	884	6,005	1,088,682
Amortisation and impairment 1 May 2021	0	84,856	173,669	9,497	3,179	0	271,200
Divestment	0	-17,150	-111,350	-2,211	-6,537	0	-137,248
Currency translation	0	0	0	46	0	0	46
Amortisation	0	21,460	34,820	4,575	3,623	0	64,478
Disposals	0	0	0	-1,842	0	0	-1,842
Amortisation and impairment 30 April 2022	0	89,166	97,139	10,064	265	0	196,634
Carrying amount 30 April 2022	572,005	200,007	103,838	9,574	619	6,005	892,048

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13 Intangible assets (continued)

DKK'000	Goodwill	Brand	Acquired intangible assets	Rights	Development projects	Development in progress	Total
Cost 1 May 2020	936,501	331,721	453,045	15,228	3,964	11,115	1,751,573
Acquisition of subsidiary	0	14,882	48	0	0	0	14,930
Currency translation	0	0	-3	-69	0	-18	-90
Additions	0	0	0	8,613	1,594	13,087	23,294
Disposals	0	0	0	-199	0	0	-199
Transfer	0	0	0	-782	5,767	-4,985	0
Cost 30 April 2021	936,501	346,603	453,090	22,791	11,325	19,199	1,789,508
Amortisation and impairment 1 May 2020	0	62,659	128,364	6,377	56	0	197,455
Currency translation	0	0	-4	-138	0	0	-143
Amortisation	0	22,197	45,309	3,309	3,123	0	73,939
Disposals	0	0	0	-51	0	0	-51
Amortisation and impairment 30 April 2021	0	84,856	173,669	9,497	3,179	0	271,200
Carrying amount 30 April 2021	936,501	261,747	279,421	13,294	8,146	19,199	1,518,308

Acquired intangible assets consist primarily of customers and technology with carrying amounts of 71.0 MDKK (30 April 2021: 163.3 MDKK) and 32.8 MDKK (30 April 2021: 116.1 MDKK) respectively and with remaining lives of 7 years.

Total costs related to R&D activities amount to 25.9 MDKK for the year 1 May 2021 – 30 April 2022 (2020/2021: 40.2 MDKK) of which 7.5 MDKK (2020/2021: 11.8 MDKK) has been capitalized as development in progress (2020/2021: 9.7 MDKK), 7.3 MDKK has been capitalized as development projects and 0.3 MDKK has been capitalized as rights.

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14 Impairment test

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. By the time of the acquisition of K. Nissen International A/S the goodwill was allocated to the two segments – Automotive and Cooling Solutions. As a consequent of divestment of the Cooling Solution division as of 30 November 2022 the remaining part of goodwill has been included in the profit and loss account.

All individual assets or cash-generating units are tested for impairment in circumstances in which indicators of impairment are identified and therefore, the carrying amount may not be recoverable.

The carrying amount of goodwill relates to the two segments as follows:

DKK'000	2021/2022	2020/2021
Automotive	572,005	572,309
Cooling Solutions	0	364,192
Total	572,005	936,501

Goodwill is tested for impairment once a year and in the case of impairment indicators. Impairment test in 2021/2022 is made as of 31 October 2021 that indicates headroom of 393 mDKK. Despite the negative impact from the war in Ukraine no indication of impairment was identified based on the long term forecast.

The recoverable amount is based on the value in use, which is calculated by means of expected net cash-flows on the basis of forecasts for 2021/2022 – 2025/2026 agreed by the Executive Board.

The forecasts are based on the expected market developments, including growth in market and expected price levels. The revenue forecasts was adjusted for the expected short-term COVID-19, conflict in Ukraines and supply chain disturbances and a reduced long-term outlook has been incalculated. The duration and depth of the before mentioned may impact the revenue and earnings outlook further.

Amongst other things, the Automotive sales volume is driven by increased product offering, markets shares and the overall development in the car park in markets where Nissens is present.

The key assumptions underlying the calculation of recoverable amounts and the tolerable sensitivities hereon are:

<u>2021/2022</u>	Automotive		Cooling Solutions	
	Used	Sensitivity	Used	Sensitivity
Growth rates	4.5%	7.8%	N/A	N/A
Growth rate in terminal period	2.0%	3.8%	N/A	N/A
Discount rate (WACC)	9.5%	2.1%	N/A	N/A

<u>2020/2021</u>	Automotive		Cooling Solutions	
	Used	Sensitivity	Used	Sensitivity
Growth rates	6.5%	10.4%	4.7%	2.6%
Growth rate in terminal period	2.0%	7.0%	2.0%	1.4%
Discount rate (WACC)	8.9%	3.6%	10.0%	0.8%

Going forward, the discount rates applied are expected to be in the range of 8% - 10%.

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15 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings	Construction in progress	Right-of-use assets	Total
Cost 1 May 2021	279,887	140,325	20,834	42,926	138,600	622,573
Divestment	-138,910	-107,744	-12,226	-18,713	-86,659	-364,252
Currency translation	6	-26	31	-5	1,990	1,996
Additions	3,026	15,795	9,276	10,379	97,695	136,171
Transferred	0	28,566	388	-28,954	0	0
Disposals	-256	-1,644	-7,638	0	-13,415	-22,953
Cost 30 April 2022	143,753	75,272	10,665	5,633	138,211	373,534
Depreciation and impairment 1 May 2021	56,162	57,252	8,937	0	46,091	168,443
Divestment	-28,411	-11,852	-1,124	0	-32,230	-73,617
Currency translation	24	-32	6	0	741	739
Depreciation	11,918	17,192	2,662	0	38,124	69,896
Disposal	-46	-1,644	-3,253	0	-8,746	-13,689
Depreciation and impairment 30 April 2022	39,647	60,916	7,228	0	43,980	151,771
Carrying amount 30 April 2022	104,106	14,356	3,437	5,633	94,231	221,763

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15 Property, plant and equipment (continued)

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings	Construction in progress	Right-of-use assets	Total
Cost 1 May 2020	280,343	122,518	15,466	17,706	93,877	529,911
Acquisition of subsidiary	0	7,861	240	0	30,132	38,233
Currency translation	-320	-799	-31	-32	-870	-2,052
Additions	326	2,526	5,603	34,746	19,909	63,110
Transferred	0	9,494	0	-9,494	0	0
Disposals	-462	-1,275	-444	0	-4,448	-6,629
Cost 30 April 2021	279,887	140,325	20,834	42,926	138,600	622,573
Depreciation and impairment 1 May 2020	42,725	35,867	5,890	0	17,703	102,186
Currency translation	-134	-383	-120	0	-273	-910
Depreciation	13,571	21,768	3,478	0	30,527	69,344
Disposal	0	0	-311	0	-1,866	-2,177
Depreciation and impairment 30 April 2021	56,162	57,252	8,937	0	46,091	168,443
Carrying amount 30 April 2021	223,725	83,073	11,897	42,926	92,509	454,130

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16 Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

DKK'000	30 April 2022	30 April 2021
Buildings	85,964	74,359
Plant and machinery	3,278	11,223
Other fixtures and fittings	4,989	6,927
	94,231	92,509

Further specification of right-of-use assets is disclosed in note 15.

Lease liabilities

DKK'000	30 April 2022	30 April 2021
Current	28,085	35,136
Non-current	68,402	60,408
	96,487	95,544

Further information about maturity is disclosed in note 31.

Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

DKK'000	30 April 2022	30 April 2021
Buildings	21,393	22,197
Plant and machinery	1,404	3,674
Other fixtures and fittings	3,573	4,656
Total depreciation charge of right-of-use assets	26,370	30,527

Interest expense (included in finance expenses)	1,653	757
Expense related to short-term leases (included in other external cost)	890	580
Expense related to low-value leases (included in other external cost)	250	200
The total cash outflow for leases in the year	26,601	13,741

Estimates and assumptions related to leases are described in note 2.

The Group's leasing activities

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 6 years, but may have extension options as described below.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lease's incremental borrowing rate is used. The incremental borrowing rates used are 2% for buildings and 3.5% for plant and machinery other fixtures and fittings.

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16 Leases (continued)

A not insignificant proportion of the Company's building leases contains options to extend the lease period between 1-3 years. To the extent Management found it reasonably certain that these leases will be exercised, the period of the option is recognised as part of the lease. Extension options are recognised based on a specific contract-to-contract assessment. As of 30 April 2021, extension options are recognised with a value of 12.5 MDKK (2020/2021: 16.8 MDKK) as they are exercised with reasonable certainty. No extension options extended exceed 5 years. As of 30 April 2022, extension options that with reasonable certainty are not exercised amount to 0 MDKK (2020/2021: 20.9 MDKK). Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised, see note 2.

17 Investments in subsidiaries

Name	Legal form	Registered office	Ownership 30 April 2022
Subsidiaries			
AX V Nissens ApS	ApS	Horsens, Denmark	100%
Subsidiaries of AX V Nissens ApS			
K. Nissen International A/S	A/S	Horsens, Denmark	100%
Subsidiaries of K. Nissen International A/S			
Nissens (Shanghai) Auto Parts Trading Ltd.	Ltd.	China	100%
NA International A/S	A/S	Denmark	100%
Subsidiaries of NA International A/S			
Nissens Automotive A/S	A/S	Horsens, Denmark	100%
Nissens UK Ltd	Ltd	England	100%
Nissen France EURL	EURL	France	100%
Radiadores Nissen S.A.	S.A	Spain	100%
Nissens Sverige A.B.	A.B	Sweden	100%
Nissens Schweiz A.G.	A.G	Switzerland	100%
Nissens Portugal LDA	Lda.	Portugal	100%
Chlodnice Nissens Polska Sp. z o.o.	Sp. z o.o	Poland	100%
Nissens Belgium S.A.	S.A	Belgium	100%
Nissens Hungaria Jarmuhuto Kft.	Kft.	Hungary	100%
Nissens Italia S.R.L.	S.r.l	Italy	100%
Nissens Finland OY	OY	Finland	100%
Nissens North America Inc.	Inc.	USA	100%
Nissens Ukraine Ltd	Ltd.	Ukraine	100%
Nissens Deutschland GmbH	GmbH	Germany	100%
Nissens Automotive SK S.R.O.	S.r.o.	Slovakia	100%
AVA Benelux BV	BV	Netherland	100%
AVA CEE Sp. z o.o.	Sp. z o.o	Poland	100%
AVA Cooling UK Ltd	Ltd	England	100%
AVA Cooling France	SAS	France	100%
Selskabet af 29. April 2021 A/S	A/S	Danmark	100%
Nissens Automotive Service A/S	A/S	Danmark	100%
Anpartsselskabet af 10. maj 2021 ApS	ApS	Denmark	100%
NA Properties ApS	ApS	Denmark	100%

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18 Investments in associates

	30 April 2022	30 April 2021
MDS Stainless ApS	0	1,432
	0	1,432

19 Other financial assets

	30 April 2022	30 April 2021
Mobilion Ventures	2,177	0
	2,177	0

20 Inventory

DKK'000	30 April 2022	30 April 2021
Raw materials and consumables	42,066	143,360
Work in progress	18,684	143,840
Finished goods	495,668	373,727
	556,418	660,927

Inventory is reported net of allowances for obsolescence, analyses of which is as follows:

DKK'000	30 April 2022	30 April 2021
1 May	20,141	17,083
Addition in year	8,336	11,307
Utilised	-4,941	-8,249
Write-downs related to divested operations	-5,392	0
30 April	18,144	20,141

The net realisable value of inventories is calculated as selling price less costs of completion and costs necessary to make the sale. The Group and Management have a strong focus on inventory turnover and are continuously working with procedures to reduce risk of obsolescence. The Group has implemented fixed procedures to calculate obsolescence on stock.

21 Trade and other receivables

DKK'000	30 April 2022	30 April 2021
Receivables from sales	271,965	574,239
Market value of FX contracts	1,132	403
Other receivables	31,637	50,182
Prepayments	9,624	9,437
	314,358	634,261

DKK'000	30 April 2022	30 April 2021
Automotive	271,965	225,795
Cooling Solutions	0	348,444
	271,965	574,239

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21 Trade and other receivables (continued)

Ageing of trade receivables is specified as following

DKK'000	30 April 2022	30 April 2021
Not due	234,783	538,244
Trade receivable overdue by 0 – 30 days	34,652	33,313
Trade receivable overdue by 31 - 90 days	1,658	1,512
Trade receivable overdue more than 90 days	872	1,170
	271,965	574,239

Provision for bad debts is specified as following

DKK'000	30 April 2022	30 April 2021
1 May	9,091	9,176
Currency translation	112	-98
Addition in year	4,474	711
Reversed during the year	-629	-698
Utilised	-89	0
Provisions related to divested operations	-5,520	0
	7,439	9,091

The Group's terms of payments are between 30 – 120 days, depending on customer and segment.

22 Contract assets and liabilities

DKK'000	30 April 2022	30 April 2021
Contractual assets:		
Receivables from revenue according note 21	271,965	574,239
	271,965	574,239
DKK'000	30 April 2022	30 April 2021
Contractual liabilities:		
Return obligations	3,120	3,150
Prepayments	2,161	3,499
Other	0	1,702
	5,281	8,351
Current	5,281	7,103
Non-current	0	1,248

Prepayments from customers as per 30 April 2022 amount to 2.2 MDKK (30 April 2021: 3.5 MDKK). Delivered goods related to prepayments are expected in Q2 of 2022. Revenue recognised as prepayment from customer in the income statements is in line with revenue recognition under accounting policies. Return obligations depend on the customer's contracts and are in general within 12 months.

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23 Equity

Capital management

On a regular basis, the Executive Board assesses whether the Group has an adequate capital structure, just as the Board of Directors regularly evaluates whether the Group's capital structure is in line with the best interests of the Group and its stakeholders.

The current capital structure was implemented to support the acquisition of K. Nissen International A/S in June 2017, and Management assesses that the current capital structure is sufficient to support the Group's strategy plans. According to the current policy, the Group does not distribute dividend. Due to the refinancing of the AX V Nissens Group there has been made a dividend distribution of 500 mMDKK to AX V Nissens II ApS in current financial year.

	Issued shares			
	Number	Number	Nominal value	Nominal value
	30 April 2022	30 April 2021	30 April 2022	30 April 2021
1 May	12,356,875	12,356,875	12,356,875	12,356,875
30 April – fully paid	12,356,875	12,356,875	12,356,875	12,356,875

The share capital consists of 12,356,875 shares with a nominal value of 1 DKK each. None of the shares carry special rights.

24 Provisions

DKK'000	Warranties and claims	Other
At 1 May 2021	14,159	2,000
Arising during the year	650	0
Utilised	-3,487	0
Provisions related to divested operations	-8,992	0
At 30 April 2022	2,330	2,000
Current	2,330	0
Non-current	0	2,000
At 1 May 2020	6,667	5,214
Acquisition of subsidiary	609	0
Arising during the year	10,212	0
Utilised	-3,000	0
Reversed during the year	-329	-3,214
At 30 April 2021	14,159	2,000
Current	3,855	0
Non-current	10,304	2,000

Provisions comprise anticipated expenses relating to warranty commitments, pending disputes etc.

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25 Borrowings

Long-term debt is due as follows:

DKK'000	30 April 2022	30 April 2021
0-1 years	28,084	35,370
1-3 years	244,004	1,033,533
3-5 years	37,140	51,875
>5 years	93,634	96,899
	402,862	1,217,677

Debt included in the balance sheet includes borrowing expenses, amortized over the maturity of the loan by 4.6 MDKK (2020/2021: 9.2 MDKK). Total borrowing expenses capitalized during the financial year amount to 0.0 DKK (2020/2021: 0 MDKK).

30 April 2022

DKK'000	Average interest	Currency	Interest Period	Balance
Mortgage	1.0%	DKK	4 years	108,966
Bank loan	1.8%	DKK	3 months	197,409
Leasing debt	2.4%	Various	Depend on each contract	96,487

30 April 2021

DKK'000	Average interest	Currency	Interest Period	Balance
Mortgage	1.6%	DKK	3 months	163,016
Bond loan	5.0%	EUR	3 months	959,117
Leasing debt	2.6%	Various	Depend on each contract	95,544

26 Trade and other payables

DKK'000	30 April 2022	30 April 2021
Trade payables	364,657	515,890
VAT payables	21,408	19,104
Holiday pay payable and other employee related costs	43,386	106,423
Market value of interest rate swap	0	1,358
Other payable expenses	10,375	29,611
	439,826	672,386
Current	431,169	648,983
Non-current	8,657	23,403

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27 Change in working capital

DKK'000	30 April 2022	30 April 2021
Change in inventory	-174,971	-50,756
Change in receivables	109,922	-176,247
Change in trade payables, etc.	23,576	112,673
Change in contract liabilities	-3,070	2,943
	-44,543	-111,387

28 Non-cash operating items

DKK'000	30 April 2022	30 April 2021
Depreciation and amortisation	134,374	143,283
Negative goodwill	0	-36,487
Net foreign exchange differences	-9,702	-4,546
Movements in provisions	-7,779	3,669
Movements in other payables	-5,551	7,605
	111,342	113,524

29 Business combinations

Financial year 2021/2022

Nissens Group has not acquired any subsidiaries or activities during 2021/2022.

Financial year 2020/2021

Acquisition of the AVA Group

As of 1 December, 2020, the Automotive division company NA International A/S acquired 100% of the share capital in the following three companies AVA CEE S.P. z o.o., AVA Benelux B.V. and AVA Cooling UK Ltd. In addition, NA International A/S acquired 100% of the share capital in the company AVA Cooling France as of 23 February 2021.

The AVA companies' business activities are within sales and distribution of automotive cooling and climate products and will further strengthen the market position of the Automotive division. The AVA brand has a strong acknowledgement in the European market, and together, the combined companies will benefit from synergies in supply chain and other back-office functions.

The total acquisition price is agreed to 34.1 mDKK of which 26.7 mDKK has been paid in cash in December 2020 and 7.4 mDKK in February 2021. The total acquisition price was adjusted with 3.5 mDKK in May 2021.

The Group has incurred transaction costs of approximately 4.2 mDKK in connection with the acquisition for legal, financial and commercial advisors. The costs have been recognized as special items, cf. note 8.

AVA CEE S.P. z o.o., AVA Benelux B.V. and AVA Cooling UK Ltd have been included in the consolidated financial statements from the date of acquisition, 1 December, 2020 and AVA Cooling France has been included in the consolidated financial statements from the date of acquisition, 23 February 2021.

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29 Business combinations (continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as of the acquisition date have been presented jointly for the four companies as valuation of the AVA companies has been made at group level and not at the single legal unit as the Group is one cash generating unit.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

DKK'000

	Fair value recognised on acquisition
Assets	
Intangible assets	14,930
Property, plant and equipment	38,233
Deferred tax assets	3,303
Deposits	2,054
Inventory	48,650
Trade and other receivables	49,261
Cash and cash equivalents	9,044
	<u>165,475</u>
Liabilities	
Borrowings	-9,686
Provisions	-609
Trade and other payables	-57,575
Contract liability	-326
Lease liability	-30,132
Income tax payable	-45
	<u>-98,373</u>
Total identifiable net assets at fair value	67,102
Negative goodwill	-36,487
Purchase consideration	30,615

The purchase price reflects that the acquired companies have not been profitable in their previous structure and ownership. To obtain the synergies from the business combination there will be substantial transformation costs in both FY 2020/2021 and FY 2021/22, which are reflected as a negative goodwill on the acquisition. The negative goodwill has been recognized as special items, cf. note 8.

Acquired receivables include trade receivables of a fair value of 39.2 mDKK. The contractually receivable gross amount is 42,7 mDKK and hence 3.5 mDKK has been assessed as irrecoverable at the date of acquisition.

From the date of acquisition, AVA entities contributed 100.4 mDKK to revenue and -5.1 mDKK to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been 267.1 mDKK and profit before tax from continuing operations for the Group would have been -21.3 mDKK.

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29 Business combinations (continued)

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The total cost price has been settled in cash.

30 Pledges, collateral, contingencies and commitments

Danish Group entities are jointly taxed with AX V III Nissens ApS, which acts as a management company, and are jointly and severally liable with several other jointly taxed group entities for the payment of income taxes as well as withholding taxes on interest, royalties and dividends. The liabilities have been estimated at 0 MDKK at 30 April 2022 (30 April 2021: 18.7 MDKK).

The Group is party to a minor number of pending disputes. The outcome of these cases is not expected to have any material impact on the financial position of the Group, neither individually nor in the aggregate.

Commitments

The Group has entered into lease agreements related to cars, plant and computers, with lease terms between 0 and 6 years. Detailed information related to other contractual commitments in note 33 and leases in note 16.

Collateral

Land and buildings with a carrying amount of 103.8 MDKK have been pledged as security for mortgage debt of 109.0 MDKK.

Shares in AX V Nissens ApS, held by the parent company A V Nissens I ApS and share in the following subsidiaries K. Nissen International A/S, carrying amount 30.7 MDKK, NA International A/S carrying amount 54.7 and Nissens Automotive A/S, carrying amount 174.0 MDKK, have been pledged as security for RCF facility of total 375 MDKK.

Goodwill and other purchase price allocations have not been allocated to legal unit. Therefore, the listed carrying amounts for the shares pledged are based on the booked equity and do not include allocation of goodwill etc., if any.

31 Financial risk and financial instruments

Risk management policy

The Group's principal financial liabilities, other than trade payables, are mortgage and RFC facilities. The main purpose of these financial liabilities is to finance the Group's operations and acquisitions of assets. The Group's principal financial assets include accounts receivable. The Group also enters into derivative transactions. Financial instruments applied by the Group include forward contracts on exchange rate exposures and interest hedging.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees on policies for managing each of these risks, which are described below.

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31 Financial risk and financial instruments (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risks such as equity price risk and commodity price risk. The Group applies the following derivative financial instruments to mitigate market risks, interest rate swaps and forward contracts.

Currency risk

The majority of Nissens' activities implies currency risks in connection with the purchase and sale of goods and services in foreign currencies. The largest exposure for purchases relates to CNY, EUR and USD whereas largest invoicing currencies are EUR, PLN, USD and GBP. Currency risks are handled within the limitations of the policy approved by the Board of Directors. The policy recommends the use of layered hedging, but it does not set a minimum share of the expected future cash-flow which should be secured by financial instruments.

All changes in financial instruments related to foreign currency risk are recognised as financial income or financial expenses in the income statement.

At the balance sheet date, the Group has the following exposures towards net-monetary positions on current receivables and total liabilities.

	Change in rate	2021/2022 P/L effect (MDKK)	2020/2021 P/L effect (MDKK)
EUR – current receivables and current liabilities	0.1%	0.2	0.3
PLN	5.0%	1.4	4.8
GBP	5.0%	0.8	0.9
USD	5.0%	1.3	2.9
CNY	5.0%	4.1	6.1

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's mortgage and RCF loan. The interest applied to the RCF loans is variable on 3-months terms whereas mortgage is fixed until March 2025.

An increase in the interest rate by 1 percentage point in comparison to the interest rate at the balance sheet date would, all other things being equal, affect the Group's profit or loss by -3.3 MDKK (2020/21: -1.9 MDKK) and equity after tax by DKK -2.6 MDKK (2020/2021: -1.4 MDKK).

Financial instruments

As of 30 April 2022 there are not been made any agreements on cap on the interest.

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31 Financial risk and financial instruments (continued)

Pricing risk

The Group is affected by the volatility of primarily aluminium prices. The outlook for aluminium prices is continuously monitored and decisions on securing expected consumption are made in accordance with policies hereon. The annual direct consumption of aluminium is approx. 1,800 ton. A change in the LME reference price of 5% will affect the Group's profit or loss by 1.90 MDKK (2020/2021: 3.5 MDKK).

The Group is also affected by the volatility of other raw material prices directly and indirectly.

The Group is also exposed to the development in the global freight rates.

Short to medium term the development in material prices and freight rates may impact earnings until mitigations can be implemented.

Liquidity risk

The purpose of the Group's cash management procedures is to ensure that the Group at all times has sufficient and flexible financial resources at its disposal and is able to honour its obligations when due. The Group's liquidity reserves consist of credit balances and fixed overdraft facilities.

Loan facilities

Besides net cash of DKK -54.8 MDKK (2020/2021: 160 MDKK), the Group had undrawn credit facilities of 45 MDKK (2020/2021: 125 MDKK) at 30 April 2022.

In addition to the credit facilities, the Group has the following loans:

Maturity analysis

DKK'000	Contractual cash flow	< 1 year	1 - 3 years	3 to 5 years	>5 years
RFC Loan (200 mDKK)	209,041	3,500	205,541	0	0
Mortgage loan	231,846	1,099	2,189	34,472	194,086
Leasing debt	100,411	29,808	48,823	21,780	0
Trade payables	364,657	364,657	0	0	0
Non derivatives	905,955	399,064	256,553	56,252	194,086
Interest swap	0	0	0	0	0
30 April 2022	905,955	399,064	256,553	56,252	194,086

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31 Financial risk and financial instruments (continued)

DKK'000	Contractual	< 1 year	1 - 3 years	3 to 5 years	>5 years
	cash flow				
Bond loan (130 MEUR)	1,029,059	48,426	980,633	0	0
Mortgage loan	251,606	3,555	38,307	42,165	167,579
Leasing debt	99,125	36,881	45,057	16,777	410
Trade payables	515,856	515,856	0	0	0
Non derivatives	1,895,646	604,718	1,063,997	58,942	167,989
Interest swap	1,358	64	1,294	0	0
Derivatives	1,358	64	1,294	0	0
30 April 2021	1,897,004	604,782	1,065,291	58,942	167,989

The contractual cash flows are based on the non-discounted cash flows, including down-payments and calculated interests based on current interest rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables and from its financing activities, including deposits with banks and financial institutions (to the extent the balance is in surplus of the Group), foreign exchange transactions and other financial instruments. The credit risk incurred from trade receivables is generally managed by continuous credit evaluation of the customers and trading partners. In addition, credit risks on counterparties other than banks are minimized through the use of prepayments and credit insurance. From a historical perspective, losses on receivables are at a low level.

The maximum credit risk related to trade receivables equals the carrying amount of the trade receivables.

The allowance for expected credit losses for trade receivables is calculated at individual level when there is an indication of impairment. For receivables with no indication of impairment, the expected credit losses are based on the historical credit loss. The expected loss excludes the extraordinary negative impact from Russia, Belarus and Ukraine. In 2021/2022, credit losses recognised in the income statement are less than 0.3% of total revenue, corresponding to historic level. In 2020/2021, credit losses recognised in the income statement accounted for less than 0.1% of total revenue.

Selected customers offers supply chain financing programs, which the Group utilized to sell certain receivables. The Groups involvement in receivables sold under these programs is limited to administration and financial costs related to delayed payments. Thus, the Group only carries an immaterial risk on these receivables. The profit and loss impact from these programs is limited to an interest payment on the payments. The balance sheet does not include any receivables or payables related to receivables sold under these programs. At the balance sheet date, the nominal value of receivables sold amounts to 59.8 MDKK (2020/2021: 136.7 MDKK). Receivables sold are due within 4 months.

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31 Financial risk and financial instruments (continued)

Categories of financial instruments

DKK'000	Carrying amount	Fair value
	30 April 2022	30 April 2022
Financial assets at amortized cost		
Trade receivables	271,965	271,965
Receivable from group companies	473	473
Cash and cash equivalent	75,452	75,452
	347,890	347,890
Financial liabilities at amortized cost		
Borrowings	-311,022	-311,022
Bank loan	-130,292	-130,292
Lease obligations	-96,487	-96,487
Trade payables	-364,657	-364,657
	-902,458	-902,458
Financial asset at fair value recognised through profit and loss (hedging)	-1,132	-1,132
Derivative financial instruments, net	-1,132	-1,132
	-555,700	-555,700
DKK'000	Carrying amount	Fair value
	30 April 2021	30 April 2021
Financial assets at amortized cost		
Trade receivables	574,239	574,239
Cash and cash equivalent	160,759	160,759
	734,998	734,998
Financial liabilities at amortized cost		
Borrowings	-1,131,380	-1,131,380
Payables to group companies	-75,357	-75,357
Lease obligations	-95,544	-95,544
Trade payables	-515,856	-515,856
	-1,818,137	-1,818,137
Financial liabilities at fair value recognised through other comprehensive income (interest swap)	1,358	1,358
Financial asset at fair value recognised through profit and loss (hedging)	-403	-403
Derivative financial instruments, net	-955	-955
	-1,084,094	-1,084,094

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31 Financial risk and financial instruments (continued)

Fair value hierarchy of financial instruments measured at fair value

30 April 2022

DKK'000	Quoted prices (Level 1)	Observable in- put (Level 2)	Other financial assets (Level 3)	Total
Forward contracts	0	-1,132	0	-1,132
Interest swap	0	0	0	0
Shares in venture fund	0	0	-2,177	-2,177
Financial liabilities, net	0	-1,132	-2,177	-3,309

30 April 2021

DKK'000	Quoted prices (Level 1)	Observable in- put (Level 2)	Other financial assets (Level 3)	Total
Forward contracts	0	-403	0	-403
Interest swap	0	1,358	0	1,358
Shares in venture fund	0	0	0	0
Financial liabilities, net	0	955	0	955

Methods and assumptions for calculating fair value

The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

Other financial assets, measured at level 3, include shares in venture capital fund. For this fund, fair value is based on information of valuation from the fund themselves based on quarterly reports. The fair value of the underlying assets in the fund, which comprise non-listed investments, is calculated based on non-observable inputs, including independent capital activity, operating performance and financial conditions around the portfolio

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32 Changes in liabilities arising from financing activities

Reconciliation of movements in cash flows to changes in financing liabilities:

2021/2022	<i>Cash changes</i>			<i>Non-cash changes</i>		Discontin- ued opera- tions	30 April
	1 May	Cash flows	Additions	Foreign exchange movement	Fair value changes and amortisation		
DKK'000							
RFC	0	197,563	0	0	-154	0	197,409
Bond loan	959,117	-966,823	0	579	7,127	0	0
Mortgage debts	163,016	-787	0	0	714	-53,977	108,966
Leasing debt	95,544	-38,008	97,695	0	-2,352	-56,392	96,487
Loan with group companies	75,508	-76,084	103	0	0	0	-473
Total liabilities from financing activities	1,293,185	-884,139	97,798	579	5,335	-110,369	402,389
2020/2021	<i>Cash changes</i>			<i>Non-cash changes</i>		30 April	
DKK'000	1 May	Cash flows	Additions	Foreign exchange movement	Fair value changes and amortisation		
Bond loan	955,546	0	0	-2,912	6,483	959,117	
Mortgage debts	162,877	-74	0	0	213	163,016	
Leasing debt	76,592	-29,020	46,338	-597	2,231	95,544	
Loan with group companies	69,697	2,317	0	0	3,494	75,508	
Total liabilities from financing activities	1,264,712	-26,777	46,338	-3,509	12,420	1,293,185	

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33 Other contingent liabilities

Other contractual commitments

DKK'000	30 April 2022	30 April 2021
0-1 years	7,339	14,451
1-5 years	0	19,559
> 5 years	0	0
	7,339	34,010

At 30 April 2022 21.6 MDKK (30 April 2021: 18.2 MDKK) was recognised as an expense regarding other contractual commitments.

34 Related party disclosures

AX V Nissens I ApS' related parties include the following:

Name	Registered office	Basis for controlling influence	Indirect ownership shares	Indirect share of votes
Axcel V K/S	Copenhagen	Participating interest	37.6%	39.6%
AFVJ Holding ApS	Horsens	Participating interest	25.4%	21.6%
AX V Nissens III ApS	Horsens	Participating interest	69.4%	69.4%
AX V Nissens II ApS	Horsens	Participating interest	100.0%	100.0%

AX V Nissens A/S holds a loan of 0 MDKK (30 April 2021: 75.8 MDKK) with AX V Nissens II ApS. Interest is charged at market terms. Except from this, there have been no significant transactions between companies in the Group and above related parties in the year.

Wages and salaries have been paid to the Board of Directors and the Executive Board as listed in note 5.

Transactions between Group entities including sales, purchase and credit facilities are made at market terms and have been eliminated in the consolidated report.

AX V Nissens I ApS is included in the consolidated financial statement of AX V Nissens III ApS, CVR.nr. 38 64 73 50. The consolidated financial statement of AX V Nissens III ApS can be received by contacting the company.

35 Events after the reporting period

After the balance sheet date, no events have occurred that may have influence the assessment of the financial statements for the year 1 May 2021 – 30 April 2022.

Consolidated financial statements

Notes

36 Standards issued but not yet effective

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2021/2022 consolidated financial statements.

- IAS 1 Presentation of Financial Statements — Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

None of the new standards are endorsed by EU.

The endorsed adopted, not yet effective standards and interpretations will be implemented as they become mandatory for AX V Nissens I ApS.

None of the new standards and interpretations are expected to have a significant impact on recognition and measurements in AX V Nissens I ApS.

Parent financial statements

Income statement

For the year 1 May - 30 April

Note	DKK'000	2021/2022	2020/2021
	Other external costs	-84	-56
	Operating loss	-84	-56
	Dividend distributed from subsidiaries	500,000	0
4	Net finance costs	-13	-7
	Result before tax	499,903	-63
5	Tax	19	13
	Result for the year	499,922	-50

Statement of other comprehensive income

For the year 1 May - 30 April

Note	DKK'000	2021/2022	2020/2021
	Result for the year	499,922	-50
	Other comprehensive income regarding market value of interest rate swap		
5	Income tax effect	0	0
	Other comprehensive income for the year, net of tax	0	0
	Total comprehensive income	499,922	-50

Parent financial statements

Balance sheet

Note	DKK'000	30 April 2022	30 April 2021
	ASSETS		
	Non-current assets		
6	Investments in subsidiaries and associates	1,230,738	1,230,738
	Total non-current assets	1,230,738	1,230,738
	Current assets		
5	Income tax receivable	19	13
	Cash	4	0
	Total current assets	23	13
	TOTAL ASSETS	1,230,761	1,230,751
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	12,357	12,357
	Retained earnings	1,218,132	1,218,209
	Total equity	1,230,488	1,230,567
	Current liabilities		
	Trade and other payables	20	34
	Payable to group companies	253	151
	Total current liabilities	273	184
	Total liabilities	273	184
	TOTAL EQUITY AND LIABILITIES	1,230,761	1,230,751

Parent financial statements

Cash flow statement

For the year 1 May - 30 April

Note	DKK'000	2021/2022	2020/2021
	Operating activities		
	Result before tax	499,903	-63
4	Finance expenses	13	7
	Dividend distributed from subsidiaries	-500,000	0
8	Changes in working capital	-14	-5
5	Income tax received	13	8
	Net cash flows from operating activities	-85	-53
	Investing activities		
	Dividend received during the year	500,000	0
	Net cash flows used in investing activities	500,000	0
	Financing activities		
	Dividend payment	-500,000	0
	Net interest paid, borrowings	-13	-7
	Change in borrowings, group companies	102	60
	Net cash flows from financing activities	-499,911	53
	Cash flow for the year	4	0
	Cash and cash equivalents at 1 May	0	0
	Cash and cash equivalents at 30 April	4	0

Parent financial statements

Statement of changes in equity

For the year ended 30 April 2022

DKK'000	Share capital	Retained earnings	Total
Equity 1 May 2021	12,357	1,218,209	1,230,566
Total comprehensive income 30 April 2021			
Profit for the year	0	499,922	499,922
Total comprehensive income for the year	0	499,922	499,922
Transactions with owners			
Dividend	0	-500,000	-500,000
Total transactions with owners	0	-500,000	-500,000
Equity 30 April 2022	12,357	1,218,131	1,230,488

For the year ended 30 April 2021

DKK'000	Share capital	Retained earnings	Total
Equity 1 May 2020	12,357	1,218,259	1,230,616
Total comprehensive income 30 April 2021			
Profit for the year	0	-50	-50
Total comprehensive income for the year	0	-50	-50
Equity 30 April 2021	12,357	1,218,209	1,230,566

Parent financial statements

Overview of notes for the consolidated financial statements

Note

- 1 Accounting policies
- 2 Significant accounting judgements, estimates and assumptions
- 3 Fees paid to auditors appointed at the annual general meeting
- 4 Net finance cost
- 5 Income tax
- 6 Investments in subsidiaries and associates
- 7 Equity
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- 9 Pledges, collateral and contingencies etc.
- 10 Related party disclosures
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Parent financial statements

Notes

1 Accounting policies

For the accounting policies, please refer to the consolidated financial statement's accounting policies on page 20.

Investments in subsidiaries

Dividends on investments in subsidiaries are recognised in the income statement of the Parent Company in the financial year in which the dividend is declared.

Investments in subsidiaries are measured at cost, including transaction costs.

If there is an indication of impairment, the carrying amount of investments in subsidiaries is tested for evidence of impairment.

When there is evidence that investments may be impaired, an impairment test is performed. Impairment is recognised at the recoverable amount, if this is lower than the carrying amount. The recoverable amount is the higher of the value in use or fair value less costs of disposal.

Receivables

For receivables from group entities, the expected credit loss-model (ECLs) is used.

For the credit loss-model is an expectation-based model, where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).

If a significant increase in the credit risk has occurred compared to original expectations, expected loss related to the assets is presumed, lifetime expected losses (stage 2).

The assets are written off, when there is no reasonable expectation to recover outstanding amounts based on the expected loss of the assets, lifetime expected losses (stage 3). Interest income is recognised in the income statement based on effective interest method according to the remaining asset.

Expected loss is estimated based on considered PD (probability of default), EAD (exposure value in default) and LGD (losses by default), incorporated in Management's expectation for the future development and information available.

2 Significant accounting judgements, estimates and assumptions

For the significant accounting judgements, estimates and assumptions, please refer to the consolidated financial statement's accounting policies in note 2.

3 Fees paid to auditors appointed at the annual general meeting

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Statutory audit	37	44
Other assurance services	26	0
Tax and VAT advisory services	19	12
	82	56

Parent financial statements

Notes

4 Net finance costs

Finance costs

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Interest expense, Group entities	13	7
Total finance expense	13	7

5 Income tax

Income statement

DKK'000	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Current income tax		
Tax for the current year can be specified as follows:		
Tax of the result of the year	-19	-13
	-19	-13

Tax on profit for the year can be explained as follows:

	1 May 2021 - 30 April 2022	1 May 2020 - 30 April 2021
Accounting profit before income tax		
Calculated 22 % tax on profit for the year	109,981	-13
Tax effect of:		
Dividend distributed from subsidiaries	-110,000	0
	-19	-13
Effective tax (%)	0%	22%

Income tax receivable

	30 April 2022	30 April 2021
Income tax receivable 1 May	13	8
Joint taxation contribution	-13	-8
Current tax for the year	19	13
Income tax receivable 30 April	19	13

Parent financial statements

Notes

6 Investments in subsidiaries and associates

DKK'000	30 April 2022	30 April 2021
Cost 1 May	1,230,738	1,230,738
Cost 30 April	1,230,738	1,230,738
Carrying amount 30 April	1,230,738	1,230,738

Name	Legal form	Registered office	Ownership 30 April 2022	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
AX V Nissens Aps	Aps	Horsens, Denmark	100%	1,413,392	656,285

7 Equity

The share capital consists of 12,356,875 shares with a nominal value of 1 DKK each. None of the shares are assigned with special rights.

8 Change in working capital

DKK'000	30 April 2022	30 April 2021
Change in other payables	-14	-5
	-14	-5

9 Pledges, collateral, contingencies and commitments

For information on the pledges, collateral contingencies and commitments please refer to note 30 in the consolidated financial statements.

10 Related party disclosures

Besides the information on related parties, cf. note 34 in the consolidated financial statements, there have been intercompany balances between AX V Nissens I ApS and the subsidiary AX V Nissens ApS.

11 Events after the reporting period

For information on events after the reporting period, please refer to note 35 in the consolidated financial statements.

12 Standards issued but not yet effective

For the note on standards issued, but not yet effective, please refer to note 36 in the consolidated financial statements.