

# Nissens Automotive A/S

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 39 56 53 58

## Annual report 2022/23

Approved at the Company's annual general meeting on 7 July 2023

Chair of the meeting:

.....  
Mikkel Krogslund Andersen

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nissens Automotive A/S for the financial year 1 May 2022 - 30 April 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2023 and of the results of the Company's operations for the financial year 1 May 2022 - 30 April 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Horsens, 7 July 2023

Executive Board:

.....  
Klavs Pedersen

.....  
Thomas Brandt Pasgaard

Board of Directors:

.....  
Mikkel Kroghslund Andersen  
Chairman

.....  
Klavs Pedersen

.....  
Morten Bøgetoft Thomsen

## Independent auditor's report

To the shareholders of Nissens Automotive A/S

### Opinion

We have audited the financial statements of Nissens Automotive A/S for the financial year 1 May 2022 - 30 April 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2023 and of the results of the Company's operations for the financial year 1 May 2022 - 30 April 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 Company 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.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the 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.

## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on 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 Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 7 July 2023  
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	Nissens Automotive A/S
Address, Postal code, City	Ormhøjgårdvej 9, 8700 Horsens
CVR no.	39 56 53 58
Established	1 May 2018
Financial year	1 May 2022 - 30 April 2023
Board of Directors	Mikkel Kroghslund Andersen, Chairman Klavs Pedersen Morten Bøgetoft Thomsen
Executive Board	Klavs Pedersen Thomas Brandt Pasgaard
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark

## Management's review

### Financial highlights

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
Key figures					
Revenue	1,227,952	1,094,157	914,214	846,580	865,546
Profit before interest and tax (EBIT)	12,016	68,585	133,689	91,645	120,452
Net financials	-933	-3,501	1,221	-3,215	-2,384
Profit for the year	8,315	51,315	105,571	68,866	92,135
Total assets	729,425	630,273	847,136	655,594	519,950
Investments in property, plant and equipment	2,076	3,239	1,458	1,647	1,394
Equity	182,364	174,049	272,734	232,163	238,297
Financial ratios					
Operating margin	1.0%	6.3%	14.6%	10.8 %	13.9 %
Gross margin	8.2%	13.7%	22.2%	19.4%	23.8%
Current ratio	148.7%	157.4%	166.0%	185.3%	246.6%
Equity ratio	25.0%	27.6%	32.2%	35.4%	45.8%
Return on equity	4.7%	23.0%	41.8%	29.3%	38.7%
Return on assets	1.8%	9.3%	17.8%	15.6%	23.2%
Average number of full-time employees	115	110	103	110	112

For terms and definitions, please see the accounting policies.

## Management's review

### Data ethics

In pursuance of Section 99d of the Danish Financial Statements Act, the Company has omitted information on data ethics. The parent has done so for the entire group. The report is reflected in the annual report for AX V Nissens ApS CVR no. 38 64 75 71.

### Business review

Nissens Automotive A/S is specialized in the production and supply of products within engine cooling, climate solutions and 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 and 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.

Nissens Automotive A/S strives to make a noticeable difference to our customers. Delivering the difference means that Nissens Automotive A/S' products and services must be the optimal solution to the customers' need.

### Financial review

The Company's income statement for the year ended 30 April 2023 shows a profit before tax of DKK 11 million and the balance sheet at 30 April 2023 shows equity of DKK 182 million.

The net revenue for the fiscal year 2022/2023 amounts to DKK 1,228 million, which is an increase of DKK 134 million or 12% compared to last fiscal year. The net income for the year is DKK 8 million compared to net income of DKK 51 million last year.

The significant political and economic turmoil caused by the war in Ukraine, turbulence in global supply chain and rapidly increasing cost levels on products, freight and energy have had an unfavourable impact on Nissens' result. Despite the fact that Nissens delivered revenue growth, and although Nissens raised sales prices to customers by passing on part of the cost increases, this did not fully compensate for the increased operating costs. In addition, the closing of activities in Russia and Belarus has had a negative impact on earnings.

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

### Knowledge resources

At Nissens Automotive A/S, we wish for all employees to be able to live up to the constantly changing demands relating to the working processes. As a result, Nissens Automotive A/S 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 in 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.

### Financial risks and use of financial instruments

#### Market risks

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

Nissens Automotive A/S 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 very short time has stopped all sales to a region.

Besides the above, Nissens has no specific risks besides what is common to the industry.



## Management's review

### Currency risks

The majority of the Nissens Automotive A/S' activities implies currency risks in connection with the purchase and sales 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 Automotive A/S' 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

The continue price increases of both material and freight rates have had negative impact on the financial year. Materials price increases, freight costs and other cost elements have negative margin impacts on the short to medium term until the effects can be mitigated.

### Covid-19 risks

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

### Statutory CSR report

In pursuance of Section 99a (6) of the Danish Financial Statements Act, the Company has omitted information on corporate social responsibility. The parent has done so for the entire group, and the report can be found on the company's website:

<https://nissens.com/Admin/Public/DWSDownload.aspx?File=%2fFiles%2fFiles%2fCSR%2f2022-23+Annual+Report+CSR+section+AX+V+Nissens+ApS.pdf>.

### Account of the gender composition of Management

The Company has a policy for diversity and equality. The supervisory board is thus monitoring the gender and cultural combination in as well the supervisory board as in other management levels.

It is our policy that regardless gender, race and religion, all employees must be treated equally, in order that everyone has equal opportunities for employment. We want to increase the representation of women in the group management team supporting the CEO and we therefore strive to have at least one of each gender among the final candidates. The share of women in the group management team supporting the CEO is 20%.

The Board of Directors consists of three members, of which three are male, and zero are female. It was our aim that a minimum 20% of the Board of Directors is represented by women compared to the current representation of 0%. The target has not been reached in 2022/2023 as there has not been any business reasons for changes to the current the Board of Directors. It is, however, still the target that at least one woman is represented in the Board of Directors by 2024.

### Events after the balance sheet date

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

### Outlook

In fiscal year 2023/2024, the Group expects net sales on par with fiscal year 2022/2023 and EBITDA above 100 MDKK driven by execution of strategic initiatives as well as more stable market conditions.

## Financial statements 1 May 2022 - 30 April 2023

### Income statement

Note	DKK'000	2022/23	2021/22
2	Revenue	1,227,952	1,094,157
	Cost of sales	-1,064,490	-927,721
	Change in inventories of finished goods and work in progress	93,578	115,480
	Other operating income	16,699	11,666
3	Other external expenses	-172,851	-143,159
	Gross profit	100,888	150,423
4	Staff costs	-78,025	-72,163
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-10,848	-9,676
	Profit before net financials	12,015	68,584
5	Financial income	2,184	2,914
6	Financial expenses	-3,117	-6,415
	Profit before tax	11,082	65,083
7	Tax for the year	-2,767	-13,768
	Profit for the year	8,315	51,315

## Financial statements 1 May 2022 - 30 April 2023

### Balance sheet

Note	DKK'000	2022/23	2021/22
	ASSETS		
	Fixed assets		
8	Intangible assets		
	Completed development projects	4,908	619
	Acquired intangible assets	18,349	23,731
	Development projects in progress and prepayments for intangible assets	5,660	6,005
		28,917	30,355
9	Property, plant and equipment		
	Land and buildings	30,048	33,095
	Plant and machinery	4,237	5,331
	Fixtures and fittings, other plant and equipment	712	346
	Property, plant and equipment under construction	1,094	343
		36,091	39,115
	Investments		
	Deposits, investments	650	650
		650	650
	Total fixed assets	65,658	70,120
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	19	39
	Work in progress	1,475	1,091
	Finished goods and goods for resale	400,600	310,977
	Prepayments for goods	34,000	30,429
		436,094	342,536
	Receivables		
	Trade receivables	91,088	74,255
	Receivables from group enterprises	103,188	104,303
	Corporation tax receivable	3,092	0
	Other receivables	11,459	15,861
10	Prepayments	3,924	4,957
		212,751	199,376
	Securities and investments	42	42
	Cash	14,880	18,199
	Total non-fixed assets	663,767	560,153
	TOTAL ASSETS	729,425	630,273

## Financial statements 1 May 2022 - 30 April 2023

### Balance sheet

Note	DKK'000	2022/23	2021/22
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	10,000	10,000
	Reserve for development costs	7,853	4,889
	Retained earnings	164,511	159,160
	Dividend proposed	0	0
	Total equity	182,364	174,049
	Provisions		
12	Deferred tax	5,853	6,379
14	Other provisions	6,495	6,595
	Total provisions	12,348	12,974
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
	Mortgage debt	82,543	81,614
	Other payables	5,648	5,663
		88,191	87,277
	Current liabilities other than provisions		
	Trade payables	144,070	136,156
	Payables to group enterprises	274,541	187,354
	Corporation tax payable	0	8,574
	Other payables	25,165	22,972
	Deferred income	2,746	917
		446,522	355,973
	Total liabilities other than provisions	534,713	443,250
	TOTAL EQUITY AND LIABILITIES	729,425	630,273

- 1 Accounting policies
- 15 Disclosure of fair values
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Appropriation of profit

## Financial statements 1 May 2022 - 30 April 2023

### Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Dividend proposed	Total
	Equity at 1 May 2021	10,000	3,293	209,441	50,000	272,734
19	Transfer, see "Appropriation of profit"	0	1,596	49,719	0	51,315
	Dividend distributed	0	0	0	-50,000	-50,000
	Proposed extraordinary dividend recognised under equity	0	0	-100,000	0	-100,000
	Equity at 1 May 2022	10,000	4,889	159,160	0	174,049
19	Transfer, see "Appropriation of profit"	0	2,964	5,351	0	8,315
	Equity at 30 April 2023	10,000	7,853	164,511	0	182,364

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Nissens Automotive A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### *Foreign group entities*

On recognition of foreign group entities which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

#### Public grants

Public grants to cover expenses are recognised in the income statement when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised only where they are not expected to be repaid.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

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

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets and government grant.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3-5 years
Acquired intangible assets	2-5 years
Brand	15 years
Buildings	20-25 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	2-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The cost of self constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.



## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

##### Equity

###### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date 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.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realisable value.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

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

Deferred tax is measured according to the 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 goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised 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.

Other liabilities are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$

DKK'000	<u>2022/23</u>	<u>2021/22</u>
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#### 2 Segment information

Breakdown of revenue by geographical segment:

Europe	1,084,745	945,435
America	80,822	65,064
Asia & Pacific	49,325	69,678
Other	13,060	13,980
	<u>1,227,952</u>	<u>1,094,157</u>

#### 3 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for the parent company.

DKK'000	<u>2022/23</u>	<u>2021/22</u>
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#### 4 Staff costs

Wages/salaries	74,702	69,218
Pensions	2,279	1,999
Other social security costs	1,044	946
	<u>78,025</u>	<u>72,163</u>
Average number of full-time employees	<u>115</u>	<u>110</u>

Management fee paid related to the Company's management amounts to DKK 2,712 thousand.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

DKK'000		2022/23	2021/22
5	Financial income		
	Interest receivable, group entities	0	2,914
	Foreign exchange gains	2,184	0
		<u>2,184</u>	<u>2,914</u>
6	Financial expenses		
	Interest expenses, group entities	941	11
	Foreign exchange rate loss	0	5,151
	Other financial expenses	2,176	1,253
		<u>3,117</u>	<u>6,415</u>
7	Tax for the year		
	Estimated tax charge for the year	2,914	12,084
	Deferred tax adjustments in the year	-417	1,700
	Tax adjustments, prior years	270	-16
		<u>2,767</u>	<u>13,768</u>
8	Intangible assets		
		Development projects in progress and prepayments for intangible assets	
DKK'000	Completed development projects	Acquired intangible assets	Total
Cost at 1 May 2022	884	32,177	39,066
Additions	0	0	4,415
Transferred	4,760	0	0
Cost at 30 April 2023	5,644	32,177	43,481
Impairment losses and amortisation at 1 May 2022	265	8,446	8,711
Amortisation for the year	471	5,382	5,853
Impairment losses and amortisation at 30 April 2023	736	13,828	14,564
Carrying amount at 30 April 2023	4,908	18,349	28,917

Development projects comprise of development cost for new technology and products. New technology and products are expected to strengthen the Company's market position.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 May 2022	45,251	11,478	634	343	57,706
Additions	0	441	779	751	1,971
Cost at 30 April 2023	45,251	11,919	1,413	1,094	59,677
Impairment losses and depreciation at 1 May 2022	12,156	6,147	288	0	18,591
Depreciation	3,047	1,535	413	0	4,995
Impairment losses and depreciation at 30 April 2023	15,203	7,682	701	0	23,586
Carrying amount at 30 April 2023	30,048	4,237	712	1,094	36,091

#### 10 Prepayments

Prepayments recognized under assets comprise prepaid expenses regarding subsequent financial reporting years.

#### 11 Share capital

The Company's share capital has remained DKK 10,000 thousand over the past 5 years.

DKK'000	2022/23	2021/22
12 Deferred tax		
Deferred tax at 1 May	6,379	4,186
Tax related to the income statement	-416	2,193
Tax on shareholders' equity items	0	0
Other deferred tax	-111	0
Deferred tax at 30 April	5,852	6,379
Deferred tax relates to:		
Intangible assets	4,278	4,211
Property, plant and equipment	2,212	2,369
Other taxable temporary differences	-638	-201
	5,852	6,379

#### 13 Non-current liabilities other than provisions

DKK'000	Total debt at 30/4 2023	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	82,543	0	82,543	65,651
Other payables	5,648	0	5,648	5,648
	88,191	0	88,191	71,299

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

DKK'000	2022/23	2021/22
14 Other provisions		
Opening balance at 1 May	6,595	6,130
Adjustment in the year	-100	465
Other provisions at 30 April	6,495	6,595

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

### 15 Disclosure of fair values

The Company has the following assets and liabilities measured at fair value:

DKK'000	Derivatives
Fair value at year end	1,807
Unrealised fair value adjustments for the year, recognised in the income statement	1,807
Fair value level	2

The derivative financial instruments are categorised in level 2 of the fair value hierarchy and do not include significant unobservable inputs in the valuation.

### 16 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The Company 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 Company, neither individually nor in the aggregate.

Rent liabilities and payments under operating leases concerning cars, gas, plant and computer equipment amount to DKK 83,432 thousand (30 April 2022 DKK 92,786 thousand).

The remaining terms are 0-5 years.

The Nissens Group has a cash pool agreement, under which the parent company, K. Nissens International A/S, is the holder of the agreement, while other group companies are sub-account holders. The bank can settle drafts and deposits with each other, so the net amount constitutes a balance between the bank and K. Nissens International A/S. For Nissens Automotive A/S intercompany balances, DKK 68,573 thousand are included in the joint cash pool agreement.

Selected customers offer supply chain financing programs, which the Company utilized to sell certain receivables. The Company's involvement in receivables sold under these programs is limited to administration and financial costs related to delayed payments. Thus, the Company 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 38,8 MDKK (2021/2022: 53,7 MDKK). Payment terms on receivables sold are up to 360 days.

The Company is jointly taxed with its parent, AX V Nissens III ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

The Company is jointly VAT registered with its parent company, NA International A/S, and is jointly and severally liable for joint VAT registration.

## Financial statements 1 May 2022 - 30 April 2023

### Notes to the financial statements

#### 17 Collateral

As security for mortgage debt totaling DKK 82,543 thousand, the Company has granted charges on land and buildings, carried at DKK 29,943 thousand at 30 April 2023 (30 April 2022 DKK 33,095 thousand).

#### 18 Related parties

Nissens Automotive A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
NA International A/S	Horsens, Denmark	Shareholdings (direct)
K. Nissen International A/S	Horsens, Denmark	Shareholdings (indirect)
AX V Nissens ApS	Horsens, Denmark	Shareholdings (indirect)
AX V Nissens I ApS	Horsens, Denmark	Shareholdings (indirect)
AX V Nissens II ApS	Horsens, Denmark	Shareholdings (indirect)
AX V Nissens III ApS	Horsens, Denmark	Shareholdings (indirect)

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Ultimate: AX V Nissens III ApS	Horsens, Denmark	<a href="http://www.cvr.dk">www.cvr.dk</a>
Immediate: K. Nissen International A/S	Horsens, Denmark	<a href="http://www.cvr.dk">www.cvr.dk</a>

##### Related party transactions

All transactions have been carried out on an arm's length basis.

DKK'000	2022/23	2021/22
19 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	0	100,000
Other reserves	2,964	1,596
Retained earnings/accumulated loss	5,351	-50,281
	<u>8,315</u>	<u>51,315</u>