



DELIVERING THE DIFFERENCE

Nissens Automotive A/S

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 39 56 53 58

Annual report

1 May 2019 - 30 April 2020

The Annual Report was presented and approved at the Annual General Meeting of the Company on / 2020

Mikkel Kroghslund Andersen
Chairman

Contents

Statement by management on the annual report	1
Independent auditor's report	2
Management's review	5
Company details	5
Financial highlights	6
Management's review	7
Special risks apart from generally occurring risks in industry	9
Financial statements	10
Income statement	10
Balance sheet at 30 April 2020	11
Statement of changes in equity	13
Notes	14

Statement by management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nissens Automotive A/S for the financial year 1 May 2019 - 30 April 2020

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 Company's financial position at 30 April 2020 and of the results of the Company's operations for the financial year 1 May 2019 - 30 April 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Horsens, 25 June 2020
Executive Board:

Klavs Pedersen
CEO

Board of Directors:

Mikkel Krogslund Andersen
Chairman

Klavs Pedersen

Carl Jakob Backs

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 2019 - 30 April 2020, which comprise income statement, balance sheet, statement of changes in equity and notes including accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 April 2020 and of the results of the Company's operations for the financial year 1 May 2019 - 30 April 2020 in accordance with 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 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

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

Kolding, 25 June 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
Mne31450

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Management's review

Company details

Name	Nissens Automotive A/S
Address, postal code, city	Ormhøjgårdvej 9, 8700 Horsens, Denmark
CVR.no.	39 56 53 58
Registered office	Horsens
1. Financial year	1 May 2018 – 30 April 2019
Financial year	1 May -30 April
Board of Directors	Mikkel Kroglund Andersen / Chairman Klavs Pedersen Carl Jakob Backs
Executive board	Klavs Pedersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
Bankers	Nordea Nykredit

Management's review

Financial highlights

The development of the Company may be described by means of the following financial highlights:

In DKK millions,

2019/2020

2018/2019

Key figures

Revenue	846,580	865,546
Profit/loss before financial income and expenses	91,645	120,452
Net financials	-3,215	-2,384
Profit/loss for the year	68,866	92,135
Balance sheet total	655,594	519,950
Investment in property, plant and equipment	1,647	1,394
Equity	232,163	238,297
Average number of employees	110	112

Financial ratios

Gross margin	19.4%	23.8%
EBIT margin	11.5%	13.9%
Return on assets	15.6%	23.2%
Current ratio	185.3%	246.6%
Solvency ratio	35.4%	45.8%
Return on equity	29.3%	38.7%

Financial ratio are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios". For terms and definitions, please see the accounting policies.

Management's review

Business activities

Nissens Automotive A/S develops and markets products for the automotive spare parts industry as part of the Nissens group.

Nissens Automotive A/S strives to make a noticable 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.

Business review

The Company has had a strong year driven by continued sales growth and favorable weather conditions in specific markets.

The Company's income statement for the year ended 30 April 2020 shows a profit before tax of DKK 88 million, and the balance sheet at 30 April 2020 shows equity of DKK 232 million.

Financial review

The Company's income statement for the year ended 30 April 2020 shows a profit before tax of DKK 88 million and the balance sheet at 30 April 2020 shows equity of DKK 232 million.

The net revenue for the fiscal year 2019/2020 amounts to DKK 847 million, which is a decrease of DKK 19 million or 2% compared to last fiscal year. EBITDA in the year is negatively impacted by the transformation period into the new vacation pay scheme in Denmark with -1.8 MDKK. The net income for the year is DKK 69 million compared to net income of DKK 92 million last year.

The Company has had a year with continued sales growth up and until Covid-19 impacted the first months of the annual high season. Covid-19 shut-down across markets has caused the customers to hold back on the seasonal inventory build-up due to lower consumer car mileage.

Management regards the result of Nissens Automotive A/S for the financial year 2020/20 as satisfactory.

Knowledge resources

At Nissens Automotive A/S, we wish that all employees are able to live up to the constantly changing demands relating to our working processes. As a result, we attach great importance to the training and education of our employees in order for each of them to be able at all times to deliver a good effort and a flawless product. The training takes place in both internal and external courses, and in this way we have gained a profound know-how of all the processes concerning processing of aluminum and development of applications within thermal solutions.

Statutory report on corporate social responsibility

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. The report is reflected in the annual report for AX V Nissens ApS.

Statutory report on the underrepresented gender

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 17%.

Management's review

Statutory report on the underrepresented gender (continued)

It was our aim that a minimum 20% of the supervisory board is represented by women compared to the current representation of 0%. The target has not been reached in 2019/20 due to lack of experienced female board members with specific industrial sector knowledge. It is the target that at least one woman is represented in the Board of Directors by 2021.

Outlook

Due to the market conditions resulting from Covid-19, the Company is currently not able to provide guidance on the Revenue and EBITDA outlook for 2020/2021. However, our long term perspective on the financial expectations has not changed significantly due to Covid-19.

As soon as reliable expectations for the financial year 2020/2021 can be established, a guidance will be announced.

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 2019 – 30 April 2020.

In the first month of the financial year 2020/2021 revenue has been impacted negatively by Covid-19 compared to the financial year 2019/2020.

Special risks apart from generally occurring risks in industry

Market risks

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

Covid-19 has increased the general market risk as seen by national restrictions limiting both driven mileage, restrictions in how companies can operate and in the industrial activity level.

The Company is reliant on effective international trade relations between nations.

Currency risks

The majority of the Group'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

The Company'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.

Covid-19 may impact customers ability maintain agreed payment schedules and delays in payments may occur as a result of this.

Covid-19 risks

We have had an immediate impact of Covid-19 due to a reduction in driven mileage in our key markets and thereby a reduction in the need for spare parts. Along the gradual opening of markets we have seen an increased need for driving and transportation and we expect to see a corresponding increase in the need for spare parts again. If Covid-19 re-escalates and driven mileage declines these issues might emerge again.

Financial statements

Income statement

For the period 1 May 2019 - 30 April 2020

Note	DKK'000	2019/2020	2018/2019
3	Revenue	846,580	865,546
	Change in inventories of finished goods and work in progress	2,135	47,860
	Cost of sales	-574,363	-613,613
2	Other operating income	7,300	2,381
	Other external costs	-117,810	-96,105
	Gross margin	163,842	206,069
4	Staff costs	-66,193	-79,808
	Depreciation, amortization and impairment of intangible fixed assets and property, plant and equipment	-6,004	-5,809
	Profit before financial income and expenses	91,645	120,452
5	Financial income	897	3,285
6	Finance expenses	-4,112	-5,669
	Profit before tax	88,430	118,068
7	Tax on loss for the year	-19,564	-25,933
	Net profit for the year	68,866	92,135

Financial statements

Balance sheet at 30 April 2020

Note	DKK'000	2019/20	2018/19
	Assets		
	Acquired intangible fixed assets	1,872	2,693
	Development project in progress	2,168	0
8	Total intangible fixed assets	4,040	2,693
	Land and buildings	39,175	42,237
	Plant and machinery	4,431	5,483
	Other fixtures and fittings, tools and equipment	207	320
	Property, plant and equipment in progress	1,135	0
9	Total tangible fixed assets	44,948	48,040
	Deposit	650	650
	Fixed asset investments	650	650
	Total fixed assets	49,638	51,383
	Raw materials and consumables	80	92
	Work in progress	1,370	1,940
	Finished goods and goods for resale	239,898	233,722
	Prepayments for goods	2,010	5,481
	Stocks	243,358	241,235
	Trade receivables	84,474	83,129
	Receivables from group entities	236,788	134,497
	Other receivables	2,596	4,827
10	Prepayments	1,036	725
	Receivables	324,894	223,178
	Securities and investments	42	42
	Current asset investments	42	42
	Cash	37,661	4,112
	Total current assets	605,956	468,567
	Total assets	655,594	519,950

Financial statements

Balance sheet at 30 April 2020

Note	DKK'000	2019/20	2018/19
	Equity and liabilities		
	Equity		
11	Share capital	10,000	10,000
12	Retained earnings	155,472	153,297
	Reserve for development projects	1,691	0
	Proposed dividend	65,000	75,000
	Total equity	232,163	238,297
	Provisions		
13	Provision for deferred tax	1,414	926
14	Other provisions	9,567	9,179
	Total provisions	10,981	10,105
	Mortgage debt	81,541	81,500
	Other payables	3,967	0
15	Long-term debt	85,508	81,500
15	Short-term portion of long-term liabilities	5	0
	Trade payables	56,452	40,265
	Payables to group entities	204,777	67,694
	Corporation tax	19,050	25,813
	Other payables	46,658	56,276
	Short-term debt	326,942	190,048
	Total liabilities	423,431	281,653
	Total equity and liabilities	655,594	519,950
16	Hedging		
17	Contingent assets, liabilities and other financial obligations		
18	Charges and securities		
19	Related parties and ownership		
20	Fee to auditors appointed at the general meeting		

Financial statements

Statement of changes in equity

DKK'000	Share capital	Reserve for development projects	Retained earnings	Proposed dividend for the year	Total
Equity 1 May 2019	10,000	0	153,297	75,000	238,297
Ordinary dividend paid	0	0	0	-75,000	-75,000
Exchange adjustment, foreign	0	0	0	0	0
Net profit for the year	0	1,691	2,175	65,000	68,866
Equity at 30 April 2020	10,000	1,691	155,472	65,000	232,163

DKK'000	Share capital	Share premium	Retained earnings	Proposed dividend for the year	Total
Equity 1 May 2018	500		0	0	500
Increase share capital	9,500	136,162	0	0	145,662
Transfer	0	-136,162	136,162	0	0
Transfer through appropriation of profit	0	0	17,135	75,000	92,135
Equity at 30 April 2019	10,000	0	153,297	75,000	238,297

Financial statements

Notes

1 Accounting policies

The annual report of Nissens Automotive A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The annual report for 2019/20 is presented in DKK'000.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Leases

The Group has chosen IAS 17 as interpretation for classification and recognition of leases. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date's fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Financial statements

Notes

1 Accounting policies (continued)

Income statement

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 included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition. Income from the sale of 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.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Costs of sales

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

Other operating income

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

Government grant

Government grant income are 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 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 pensions as well as other social security contributions, etc. made to the Company's employees. The item is net of refunds made by public authorities.

Financial statements

Notes

1 Accounting policies (continued)

Amortisation, depreciation and impairment losses

The item comprises depreciation of property, plant and equipment.

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

Acquired intangible assets	2-5 years
Development projects	5 years
Buildings	20-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	2-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

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, financing costs from factoring agreements, dividends declared 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 on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The Company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Financial statements

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets comprise software licences and other acquired rights and development projects.

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

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, production equipment, machinery and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

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.

Impairment of fixed assets

The carrying amount of intangible fixed assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

Land is not depreciated.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

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

Production overheads include the indirect cost of materials, wages and salaries 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 cost.

Financial statements

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

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, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments, recognised in current assets, comprise costs incurred concerning subsequent financial years.

Securities and investments

Investments not admitted to trading on an active market are measured at fair value.

Cash

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

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".

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 no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions etc. Provisions are recognised when as a result of a past event the Company has a legal or constructive obligation 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.

Financial statements

Notes

1 Accounting policies (continued)

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.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. 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.

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, 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 subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Financial statements

Notes

1 Accounting policies (continued)

Omission of a cash flow statement

With reference to §86, subsection 4 of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flow is part of the consolidated cash flow statement for the parent company.

Financial highlights

Definitions of financial ratios

Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
EBIT-margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Current ratio	$\frac{\text{Current assets total} \times 100}{\text{Short-term liabilities}}$

Financial statements

Notes

2 Special items

Special items consist of significant income or expenses outside of normal business for the Company.

Special items are specified below:

	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Government grants	1,000	0
Special items are incorporate in the income statement in:		
Other operating income	1,000	0
Result of special item, net	1,000	0

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

3 Segment information

Activities - primary segment

The Company has one operating segment only and therefore solely provides information on geographical segment.

Geographic – secondary segment

	1 May 2019– 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Revenue from external customer		
Denmark	37,290	40,863
Europe excluding Denmark	676,891	739,703
Rest of the World	132,399	84,980
	846,580	865,546

4 Staff costs

	1 May 2019– 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Wages and salaries	63,143	76,765
Pensions	2,171	2,293
Other social security costs	879	750
Total employee benefit expense	66,193	79,808
Average number of full time employee	110	112

Financial statements

Notes

5 Financial income

	1 May 2019– 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Interest receivable, group entities	897	3,284
Other financial income	0	1
	897	3,285

6 Financial expenses

	1 May 2019– 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Interest expenses, group entities	1,704	12
Other finance expenses	1,257	1,384
Foreign exchange rate loss	1,151	4,272
	4,112	5,669

7 Tax on profit/loss for the year

	1 May 2019– 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Estimated tax charge for the year	19,050	25,813
Adjustments in respect of current income tax of previous year	26	0
Deferred tax for the year	443	120
Adjustments in respect of deferred income tax of previous year	45	0
	19,564	25,933

8 Intangible fixed assets

	Acquired intangible fixed assets	Intangible assets in progress	Total
DKK'000			
Cost at 1 May 2019	3,536	0	3,536
Additions for the year	444	2,168	2,612
Disposals during the year	0	0	0
Cost 30 April 2020	3,980	2,168	6,148
Impairment losses and amortisation at 1 May 2019	843	0	843
Amortisation for the year	1,265	0	1,265
Impairment losses and amortisation at 30 April 2020	2,108	0	2,108
Carrying amount 30 April 2020	1,872	2,168	4,040

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

Notes

9 Tangible fixed assets

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost 1 May 2019	45,298	7,207	486	0	52,991
Additions for the year	0	144	0	1,503	1,647
Disposals during the year	0	0	0	0	0
Transfers for the year	0	368	0	-368	0
Cost 30 April 2020	45,298	7,719	486	1,135	54,638
Impairment losses and depreciation at 1 May 2019	3,061	1,724	166	0	4,951
Depreciation for the year	3,061	1,564	114	0	4,739
Impairment losses and depreciations at 30 April 2020	6,123	3,288	279	0	9,690
Carrying amount 30 April 2020	39,175	4,431	207	1,135	44,948

10 Prepayments

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

11 Equity

The share capital consists of:

	Nominal value
1 shares of DKK 10,000 thousand nominal value each	10,000
	10,000

There have been no changes in the share capital since the establishment in 2018/19.

12 Proposed distribution of profit DKK'000

	2019/20	2018/19
Proposed dividend for the year	65,000	75,000
Reserve for development projects	1,691	0
Retained earnings	2,175	17,135
	68,866	92,135

Financial statements

Notes

13 Provisions for deferred tax

DKK'000	2019/20	2018/19
Provision for deferred tax at 1 May	926	0
Liabilities transferred from Nissens Cooling Solutions A/S	0	805
Tax related to the income statement	488	121
Tax on shareholders' equity items	0	0
Provision for deferred tax at 30 April	1,414	926
Intangible assets	889	592
Property, plant and equipment	2,438	2,512
Other taxable temporary differences	-1,913	-2,178
	1,414	926

14 Other provisions

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

DKK'000	2019/20	2018/19
Balance at beginning of year at 1 May	9,179	0
Transfer of liabilities from Nissens Cooling Solutions A/S	0	9,322
Provision in year	388	327
Reversal during the year	0	-470
Balance at 30 April	9,567	9,179

15 Long-term debt

DKK'000	Debt at 1 May 2019	Debt at 30 April 2020	Payment within 1 year	Payment between 1 - 5 years	Debt after 5 years
Mortgage debt	81,500	81,546	5	27,313	54,228
Other payables	0	3,967	0	0	3,967
	81,500	85,513	5	27,313	58,195

16 Hedging

The Company has entered into currency hedging agreements covering purchase in foreign currency. The fair value of hedging agreements as of 30 April 2020 amounts to DKK 1,428 thousand and will expire within eight months after the balance sheet date.

Financial statements

Notes

17 Contingent assets, liabilities and other financial obligations

Contingent liabilities to the parent company and group entities

Recourse and non-recourse guarantee commitments

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

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 5,981 thousand (30 April 2019 DKK 4,472 thousand).

The remaining terms are 0-6 years.

The Company has other contractual commitments, which amount to DKK 31,266 thousand (30 April 2019 DKK 31,963 thousand), which terms are 0-5 years.

Nissens Automotive A/S guarantees for the mortgage loans of DKK 81,330 thousand (30 April 2019 DKK 81,399 thousand) held by Nissens Cooling Solutions A/S as debtor.

18 Charges and securities

As security for mortgage debt totaling DKK 81,541 thousand, the Company has granted charges on land and buildings, carried at DKK 38,978 thousand at 30 April 2020 (30 April 2019 DKK 42,003 thousand).

19 Related parties and ownership

Controlling interest

NA International A/S, Horsens, Denmark

K. Nissen International A/S, Horsens, Denmark

AX V Nissens ApS, Horsens, Denmark

AX V Nissens I ApS, Horsens, Denmark

AX V Nissens II ApS, Horsens, Denmark

AX V Nissens III ApS, Horsens, Denmark

Transactions

All intercompany transactions have been carried out through normal market terms.

Financial statements

Notes

18 Related parties and ownership (continued)

Consolidated financial statements

The Company is included in the group annual report of

Ultimate:

AX V Nissens III ApS, CVR no. 38 64 73 50

Immediate:

K. Nissen International A/S, Horsens, CVR no. 70 60 69 17

19 Fee to auditors appointed at the general meeting

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