



NCS International A/S

Ormhøjgårdvej 11, 8700 Horsens

CVR no. 39 88 01 05

Annual Report

1 May 2021 – 31 December 2021

The Annual Report was presented and approved at the Annual General Meeting of the Company on 29 April 2022

Stefan Jon Thorsteinsson
Chairman of Annual General Meeting

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Statement by management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of NCS International A/S for the financial year 1 May 2021 - 31 December 2021.

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 31 December 2021 and of the results of the Company's operations for the financial year 1 May 2021 - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report be approved at the annual general meeting.

Horsens, 29 April 2022

Executive Board:

Lars Steen Rasmussen
CEO

Carl Jakob Backs
CFO

Board of Directors:

Jan Thorsgaard Nielsen
Chairman

Simon Krogsgaard Ibsen

Lars Gade Hansen

Morten Mosegaard Christensen

Chlinton Arendahl Nielsen

Enda Peter Shevlin

Michael Kolbæk Hansen

Independent auditor's report

To the shareholders of NCS International A/S

Opinion

We have audited the financial statements of NCS International A/S for the financial year 1 May 2021 - 31 December 2021, 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 Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 May 2021 - 31 December 2021 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' 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 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 these 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 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 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, 29 April 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
Mne31450

Julie Boll Knudsen
State Authorised Public Accountant
Mne44104

Management's review

Company details

Name	NCS International A/S
Address, postal code, city	Ormhøjgårdvej 11, 8700 Horsens, Denmark
CVR.no.	39 88 01 05
Registered office	Horsens
1. Financial year	21 September - 30 April
Financial year	1 January – 31 December
Board of Directors	Jan Thorsgaard Nielsen / Chairman Simon Krogsgaard Ibsen Lars Gade Hansen Morten Mosegaard Christensen Chlinton Arendahl Nielsen Enda Peter Shevlin, employee elected Michael Kolbæk Hansen, employee elected
Executive board	Lars Steen Rasmussen Carl Jakob Backs
Auditors	EY Godkendt Revisionspartnerselskab
Bankers	Nordea

Management's review

Business activities

The Company's main activities are to own shares in subsidiaries within the Nissens Cooling Solutions group and to provide management services to the subsidiaries.

Business and Financial review

The Company's income statement for the year ended 31 December 2021 shows a profit before tax of DKK -254 thousand, and the balance sheet at 31 December 2021 shows equity of DKK 313 million.

Management regards the result of NCS International A/S for the financial year 1 May 2021 – 31 December 2021 as satisfactory.

Outlook

In FY2022, the Company expects a result of DKK 0.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Financial statements

Income statement

For the period 1 May - 31 December

Note	DKK'000	2021 (8 months)	2020/2021 (12 months)
	Gross margin	5,967	3,644
2	Staff costs	-6,074	-3,918
	Loss before financial income and expenses	-107	-274
3	Financial income	4,554	1,943
4	Finance expenses	-4,701	-2,160
	Loss before tax	-254	-491
5	Tax on profit/loss for the year	56	72
	Net loss for the year	-198	-419
	Proposed distribution of profit		
	Retained earnings	-198	-419
		-198	-419

Financial statements

Balance sheet at 31 December

Note	DKK'000	31 Dec. 2021	30 Apr. 2021
	Assets		
6	Investments in group entities	297,236	297,236
7	Investments in capital interests	1,432	1,432
	Fixed asset investments	298,668	298,668
	Total fixed assets	298,668	298,668
	Receivables from group entities	164,234	113,960
	Corporate tax receivables	56	72
	Other receivables	0	54
8	Prepayments	83	0
	Receivables	164,373	114,086
	Cash	486	342
	Total current assets	164,859	114,428
	Total assets	463,527	413,096
	Equity and liabilities		
	Equity		
9	Share capital	3,000	3,000
	Retained earnings	309,985	290,184
	Total equity	312,985	293,184
	Payables to group entities	149,366	119,354
	Trade payables	55	19
	Other payables	1,121	539
	Short-term debt	150,542	119,912
	Total liabilities	150,542	119,912
	Total equity and liabilities	463,527	413,096
10	Contingent assets, liabilities and other financial obligations		
11	Related parties and ownership		

Financial statements

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 May 2021	3,000	290,184	293,184
Shareholder contribution	0	20,000	20,000
Net loss for the year	0	-198	-198
Equity at 31 December 2021	3,000	309,985	312,985

DKK'000	Share capital	Share premium	Retained earnings	Total
Equity at 1 May 2020	1,000	0	262,428	263,428
Increase share capital	2,000	28,175	0	30,175
Transfer of share premium	0	-28,175	28,175	0
Net loss for the year	0	0	-419	-419
Equity at 30 April 2021	3,000	0	290,184	293,184

Financial statements

Notes

1 Accounting policies

The annual report of NCS International A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B and elective choice of certain provisions applying to reporting class C entities.

The annual report is presented in DKK'000.

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

Pursuant to section §112 of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements for NCS International A/S and its group entities are part of the consolidated financial statements for NCS International Holding ApS.

Non-comparability

As the Company has entered into a new group structure, the Company's financial year has been changed to the Group's financial period, which means that the financial year figures only cover a period of 8 month whereas the comparative figures cover 12 months.

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.

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.

Financial statements

Notes

1 Accounting policies (continued)

Income statement

Other operating income

Other operating income comprises items of a secondary nature relative to the company's core activities including management fees.

Other external expenses

Other external expenses include the year's expenses relating to the company's core activities, including administration.

Gross margin

In the income statement other operating income and other external expenses are presented as gross margin, disclosure according to §32 of the Danish Financial Statements Act.

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 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, exchange gains and losses of financial assets and liabilities.

Income from investments in group entities and capital interests

Dividend from subsidiaries and capital interests are recognised as income in the income statement when adopted at the general meeting of the subsidiaries. However, dividends relating to earnings in the subsidiary before it was acquired by the parent company are set off against the cost of the subsidiaries and capital interests.

Tax on profit/loss for the year

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 Company and its Danish group entities are jointly taxed. 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.

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Notes

1 Accounting policies (continued)

Balance sheet

Investments in subsidiaries and capital interests

Investments in subsidiaries and capital interests are measured at cost price. Where cost exceeds the recoverable amount, write down is made to this lower value.

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 year.

Cash

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

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

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1 Accounting policies (continued)

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

Other liabilities are measured at net realisable value.

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2 Staff costs

	2021	2020/2021
	(8 months)	(12 months)
DKK'000		
Wages and salaries	3,693	2,551
Pensions	2,372	1,356
Other social security costs	9	11
Total employee benefit expense	6,074	3,918
Average number of full-time employees	3	2

3 Financial income

	2021	2020/2021
	(8 months)	(12 months)
DKK'000		
Interest receivable, group entities	4,554	1,923
Other financial income	0	20
	4,554	1,943

4 Financial expenses

	2021	2020/2021
	(8 months)	(12 months)
DKK'000		
Interest expenses, group entities	4,601	2,132
Foreign exchange rate loss	100	28
	4,701	2,160

5 Tax on profit/loss for the year

	2021	2020/2021
	(8 months)	(12 months)
DKK'000		
Estimated tax charge for the year	56	72
	56	72

Financial statements

Notes

6 Investments in group entities

DKK'000	31 Dec. 2021	30 Apr. 2021
Cost at 1 May	297,236	267,054
Additions	0	30,182
Cost at 31 December	297,236	297,236

Investments in subsidiaries are specified as follows:

Name	Legal form	Registered of- fice	Owner- ship	Equity DKK '000	Profit/loss DKK '000
Subsidiaries					
Nissens Cooling Solutions A/S	A/S	Denmark	100%	162,157	-42,328
Nissens Cooling Solutions Inc.	Inc.	USA	100%	4,985	989
Nissens Cooling Solutions Czech S.R.O.	S.r.o	Czech	100%	13,756	5,938
Nissens Cooling System (Tianjin) Co Ltd	Ltd.	China	100%	104,072	4,577
Nissens Slovakia S.R.O.	S.r.o	Slovakia	100%	143,871	9,833
Nissens Slovakia North S.R.O.	S.r.o	Slovakia	100%	2,267	356

7 Investments in capital interests

DKK'000	31 Dec. 2021	30 Apr. 2021
Cost 1 May	1,432	0
Additions	0	1,432
Cost 31 December	1,432	1,432
Carrying amount 31 December	1,432	1,432

Investments in associates are specified as follows:

Name	Legal form	Registered office	Ownership
Capital interests			
MDS Stainless ApS	ApS	Denmark	20%

8 Prepayments

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

9 Equity

The share capital consists of:

	Nominal value
1 share of DKK 3,000 thousand nominal value each	3,000
	3,000

Financial statements

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10 Contingent assets, liabilities and other financial obligations

Recourse and non-recourse guarantee commitments

Until 30 November 2021, 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.

From 30 November 2021, the Company is jointly taxed with its new parent company, A. P. Møller Holding A/S (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.

The Company is jointly VAT registered with its subsidiary, Nissens Cooling Solutions A/S, and is jointly and severally liable for joint VAT registration.

11 Related parties and ownership

Controlling interest

After 30 November 2021:

NCS International Holding ApS, Horsens, Denmark

APMH Invest XXI ApS, Copenhagen K, Denmark

APMH Invest A/S, Copenhagen K, Denmark

A.P. Møller Holding A/S, Copenhagen K, Denmark

A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal, Copenhagen K, Denmark

Until 29 November 2021:

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 on normal market terms.

Consolidated financial statements

The Company is included in the group annual report of

Ultimate:

A.P. Møller Holding A/S, Copenhagen K, CVR no. 25 67 92 88

Immediate:

NCS International Holding ApS, Horsens, CVR no. 42 23 88 72