



NCS International A/S

Ormhøjgårdvej 11, 8700 Horsens

CVR no. 39 88 01 05

Annual Report

1 January 2022 – 31 December 2022

The Annual Report was presented and approved at the Annual General Meeting of the Company on 27 April 2023

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 January 2022 - 31 December 2022.

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 2022 and of the results of the company's operations for the financial year 1 January 2022 - 31 December 2022.

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

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

Horsens, 27 April 2023

Executive Board:

Lars Steen Rasmussen
CEO

Carl Jakob Backs
CFO

Board of Directors:

Pernille Lyngvold Erenbjerg
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 consolidated financial statements and the parent company financial statements of NCS International A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on 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.

Independent auditor's report

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

Odense, 27 April 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	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 2018 - 30 April 2019
Financial year	1 January – 31 December
Board of Directors	Pernille Lyngvold Erenbjerg / 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

Management's review

Financial highlights for the Group

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

In DKK thousand 2022 *2021

Key figures

Revenue	1,225,863	800,812
EBITDA	-76,828	-878
Profit/loss before financial income and expense	-119,291	-23,563
Net finance costs	-8,463	2,572
Profit/loss for the period	-99,614	-17,651

Total assets	906,482	833,388
Equity	347,630	448,183

Cash flows from operating activities	-107,565	135,400
Cash flow from investments in fixed assets	-44,570	-28,204

Financial ratios

Gross margin	17.3%	23.0%
EBITDA-margin	-6.3%	-0.1%
Operating margin	-9.7%	-2.9%
Return of assets	-13.7%	-2.8%
Current ratio	145.6%	207.5%
Solvency ratio	38.4%	53.8%
Return on equity	-25.0%	-4.0%

Average number of full-time employees	985	1017
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*The financial period 2021 consist of 8 months and is therefore not directly comparable with other financial years. For further comments on change of the financial year, please see the accounting policies.

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios" and definitions in Note 1.

Management's review

Business review

The Nissens Cooling Solutions Group develops, manufactures and markets customized cooling systems for renewable energy and special vehicles. Nissens Cooling Solutions Group is a leading global company in cooling systems for on- and offshore wind turbines and a leading manufacturer of cooling solutions for special vehicles and industrial applications. The Nissens Cooling Solutions Group is known for a strong brand, a wide product range, consistently high service levels, good product quality, strong engineering capabilities as well as high-quality customization and innovation.

The Nissens Cooling Solutions Group, covering development and sales to two business areas; the wind energy industry and the industrial business area, targeting respectively global wind turbine OEMs and global heavy-duty equipment OEMs.

The Nissens Cooling Solutions Group is headquartered in Horsens, Denmark, with most of the production being undertaken at two production facilities in Slovakia, three production facilities in Denmark, one production facilities in China and a production facility in the Czech Republic. The Nissens Cooling Solutions Group consists of 8 subsidiaries across three continents with activities within sales, production and distribution. As of 31 December 2022, the Nissens Cooling Solutions Group employs 983 FTEs, of which 624 are located in Slovakia and the Czech Republic, 238 are located in Denmark, 117 are located in China and 4 is employed in other countries.

History and recent developments

In November 2021, A.P. Møller Holding Invest A/S acquired the entire share capital of NCS International A/S from K. Nissen International A/S.

The underlying group of which Nissens Cooling Solutions was part of until the acquisition, was established in 1921 by Mr. Julius Nissen. In 2005, the Nissens Group established its first international factory in Slovakia, and another factory was established in 2010 in Tianjin, China. Since 2013, the Nissens Group has gradually expanded its manufacturing facilities across Slovakia, China, USA and the Czech Republic.

Products

The main product categories offered within Nissens Cooling Solutions are for wind turbine applications, including mechanical and electrical drive train cooling, converter & inverter cooling, transformer cooling and climate control as well as system and module assembly for the wind turbine industry for easy integration and final assembly by the wind turbine manufacturers. Furthermore, engine cooling, oil cooling and charge air cooling are solutions supplied to industrial manufacturers.

Research & development

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

Management's review

Business review (continued)

Knowledge resources

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

Statutory report on the underrepresented gender

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

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

The Board of Directors currently consists of seven members, of which six are male, and one is female. The target of female representation on the Board of Directors was achieved as a woman was elected for the Board of Directors in 2022. It is the target that at least one woman is represented on the Board of Directors by 2025.

The Nissens Cooling Solutions Group wants to increase the representation of women in the group management team supporting the CEO and therefore strives to have at least one of each gender among the final candidates in search processes. The share of women in the group management team supporting the CEO is 17%.

Financial review

NCS International A/S

The consolidated financial statements for the company for the financial year 1 January 2022 – 31 December 2022 show EBITDA of -76.8 MDKK (2021: -0.9 MDKK) and net loss before tax of -127.3 MDKK (2021: -21.0 MDKK), due to a number of reasons: Externally the company is impacted by the geopolitical instability affecting order timing and supply chains, energy crisis and high inflation. Internally the company is impacted by transformation of the operations footprint and one time quality costs on newly introduced product platforms to the Wind Industry.

The consolidated balance sheet for the company includes intangible assets of 25.3 MDKK (2021: 26.6 MDKK). With an equity of 347.6 MDKK (2021: 448.2 MDKK), the Group has an equity ratio of 38.4% (2021: 53.8 %). The cash flow statement shows a cash flow of -22.3 MDKK (2021: 77.5 MDKK) for the year. The cash flow is primarily impacted by the negative result for the year.

Cash flow from operations amounts to -107.6 MDKK (2021: 135.4 MDKK) as a result of a loss in result before financial items offset by proceeds from group borrowings.

Management's review

Financial review (continued)

The cash balance at the end of the year is 50.1 MDKK (2021: 72.4 MDKK) and with an unused credit facility of 0 MDKK (2021: 28.9 MDKK).

Market conditions in the wind industry continue to be challenging. Introduction of new product platforms from the global wind turbine manufacturers and the geopolitical instability impacts timing of orders. The industrial business segments see continuously increasing market activity following Covid-19.

Operationally the company is impacted by inflationary pressure on materials, energy and freight rates.

Material costs and energy have seen unprecedented fluctuations in 2022. There are present indications of stabilisation, but it is not fully clear what the impact will be. To the extent possible, fluctuations in material prices will continue to be reflected in future commercial agreements.

The financial year is impacted by one-time costs related to transformation of and optimization of the operations footprint as well as quality costs related to newly introduced wind product platforms.

Management considers the results of Nissens Cooling Solutions Group as unsatisfactory.

Outlook

The global business environment for the groups products sold to the Wind industry is expected to continue to be volatile in the short term driven by the global supply chain challenges, inflation and the geopolitical circumstances. While we expect these effects to impact negatively in the short-term, it is also expected that the situation will stabilize and that higher demand will have positive impacts in the medium to long-term.

In FY 2023, the Group expects an increase in revenue to a range between 1,250 MDKK and 1,350 MDKK.

In FY 2023, the Group expects an improved EBITDA.

Events after the reporting period

After the balance sheet date, no events have occurred that may have significant influence on the assessment of the financial statements for the year 1 January 2022 – 31 December 2022.

Management's review

Statutory report on corporate social responsibility

In pursuance of Section 99a (6) of the Danish Financial Statements Act, the Company has omitted information on the statutory report as part of the parent company NCS International Holding ApS report on corporate social responsibility. The report can be found on the company's website:

<https://nissenscoolingsolutions.dk/Admin/Public/DWSDownload.aspx?File=%2fFiles%2fFiles%2fCSR%2fCSR+2022.pdf>

Business model & Nissens' approach to sustainability

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

Nissens Cooling solutions is a member of UN Global Compact. The COP Report from Nissens Cooling Solutions can be found on the company's website.

Data ethics

At Nissens Cooling Solutions Group we recognize the significant responsibility that comes with handling data. Our approach to data is based on the integral understanding that any responsible company regardless of legislative requirements must ensure quality in all data related aspects, comply with principles of fair use and transparency.

In 2022, we implemented our Data Ethics Policy to ensure that everybody in the Nissens Cooling Solutions Group understand the importance of handling data with the utmost care and respect, and that they follow our guiding principles on data use and ethics. The policy serves as a supplement to the Data Privacy Policy, which all employees receive and sign as part of their onboarding process, to further enhance our privacy and security measures.

Our commitment to data ethics is driven by our belief that ethical data use is integral to our mission of contributing to a sustainable future.

To uphold our commitment, we have implemented several measures, including training sessions, data access controls, and ongoing monitoring of our data practices.

We report on our data ethics efforts and policy in accordance with section 99d of the Danish Financial Statements Act.

Special risks apart from generally occurring risks in industry

Market risks

Customer and market-related risks are short-term deemed, present but are deemed lower long-term as the perspectives of the industries the company operates in are expected to play a central role for the establishment of critical infrastructure in the coming years.

The geopolitical conflict following Russia's aggression on Ukraine is considered a risk factor.

The Group is overall reliant on effective international trade relations between nations.

Currency risks

The majority of the Nissens Cooling Solutions Group's activities implies currency risks in connection with the purchase and sale of goods and services in foreign currencies. Except towards EUR the company's net exposures are limited. Currency risks are monitored and covered within the limitations of the financial policy approved by the Board of Directors.

Credit risks

The Group's activities imply a credit risk in connection with sales to customers throughout the world. Measures are taken to cover these outstanding debts in the best possible way, for instance by taking out credit insurances.

Inflation of Material prices, freight rates and energy cost related risks

Continued inflationary pressure on material prices, freight costs, energy costs and other cost elements may impact margins on the short to medium term until the effects can be mitigated.

Geopolitical risks

The Group does not have any direct sales to or purchasing from the impacted countries, Russia, Ukraine and Belarus.

The company is exposed to inflationary risks as well as supply chain-related risks as a result of the situation.

Consolidated financial statements

Income statement

For the year 1 January - 31 December

Note	DKK'000	2022 (12 months)	2021 (8 months)
2	Revenue	1,225,863	800,812
	Change in inventories of finished goods and work in progress	13,192	-4,182
	Cost of sales	-796,943	-490,305
	Other operating income	20,264	27,155
3	Other external costs	-250,736	-154,730
	Gross margin	211,640	178,750
4	Staff costs	-288,468	-179,628
	Depreciation, amortisation and impairment of intangible fixed assets and property, plant and equipment	-42,463	-22,685
	Loss before financial income and expenses	-119,291	-23,563
	Income from investments in capital interests	458	0
5	Financial income	1,489	10,102
6	Finance expenses	-9,952	-7,530
	Loss before tax	-127,296	-20,991
7	Tax on profit/loss for the year	27,682	3,340
	Net loss for the year	-99,614	-17,651

Consolidated financial statements

Balance sheet

As at 31 December

Note	DKK'000	2022	2021
	Assets		
	Acquired intangible assets	2,210	5,937
	Development projects	8,791	17,354
	Development projects in progress	14,296	3,325
8	Total intangible fixed assets	25,297	26,616
	Land and buildings	79,651	68,813
	Plant and machinery	105,568	97,071
	Other fixtures and fittings, tools and equipment	16,949	11,088
	Property, plant and equipment in progress	9,927	22,577
9	Total tangible fixed assets	212,095	199,549
11	Investments in capital interests	1,661	1,432
	Deposits	1,338	1,529
12	Deferred tax asset	21,104	709
	Fixed asset investments	24,103	3,670
	Total fixed assets	261,495	229,835
	Raw materials and consumables	163,615	131,595
	Work in progress	127,982	118,369
	Finished goods and goods for resale	55,510	52,633
	Prepayments for goods	1,283	581
	Inventories	348,390	303,178
	Trade receivables	201,688	190,685
	Receivables from group entities	3,701	1,481
	Other receivables	13,562	14,033
	Corporation tax	24,545	18,819
13	Prepayments	3,018	2,986
	Total Receivables	246,514	228,004
	Cash	50,083	72,371
	Total current assets	644,987	603,553
	Total assets	906,482	833,388

Consolidated financial statements

Balance sheet

As at 31 December

Note	DKK'000	2022	2021
	Equity and liabilities		
	Equity		
	Share capital	3,000	3,000
	Foreign currency translation reserve	5,614	6,553
14	Retained earnings	339,016	438,630
	Total equity	347,630	448,183
	Provisions		
12	Deferred tax liabilities	1,821	5,782
15	Other provisions	19,773	14,715
	Total provisions	21,594	20,497
	Mortgage debt	78,691	51,085
	Other payables	14,977	21,755
	Deferred income	492	946
16	Long-term liabilities	94,160	73,786
16	Short-term portion of long-term liabilities	7,132	13,550
	Prepayment from customers	2,240	0
	Trade payables	213,055	181,781
	Payables to group entities	165,710	49,909
	Other payables	47,265	40,978
	Deferred income	2,223	770
	Corporation tax	5,473	3,934
	Current liabilities	443,098	290,922
	Total liabilities	560,852	385,205
	Total equity and liabilities	906,482	833,388
17	Hedging		
18	Contingent assets, liabilities and other financial obligations		
19	Pledges and collateral		
20	Related parties and ownership		
21	Non-cash operating items		
22	Change in working capital		

Consolidated financial statements

Cash flow statement

For the period 1 January - 31 December

Note	DKK'000	2022 12 months	2021 8 months
	Operating activities		
	Loss before financial income and expenses	-119,291	-23,563
21	Non-cash operating items	40,811	26,153
	Cash generated from operations (operating activities)	-78,480	2,590
22	Changes in working capital	-27,590	141,786
	Cash generated after operations	-106,070	144,376
	Finance income, received	395	107
	Finance expense, paid	-1,039	-1,007
	Income tax paid	-851	-8,076
	Net cash flows from operating activities	-107,565	135,400
	Investing activities		
8	Purchase of intangible assets	-887	-4,332
8	Development expenditures capitalized	-9,086	-4,893
9	Purchase of property, plant and equipment	-44,570	-28,204
	Proceeds from sale of property, plant and equipment	1,544	1,290
	Change in deposits	189	-799
11	Dividend from investments in associates entities	229	0
	Divestment of a subsidiary	0	3,568
	Net cash flows used in investing activities	-52,581	-33,370
	Financing activities		
	Shareholding contribution	0	20,000
16	Proceeds from borrowings	79,084	0
16	Repayment of borrowings	-54,661	-31
	Net interest paid, borrowings	-2,367	-3,495
	Proceed from group entities	115,802	-41,031
	Net cash flows from financing activities	137,858	-24,557
	Cash flow for the period	-22,288	77,473
	Cash and cash equivalents at 1 January/1May	72,371	-5,102
	Cash and cash equivalents at 31 December	50,083	72,371

The Group has unused credit facilities amounting to 0 MDKK (2021: 28.9 MDKK).

Consolidated financial statements

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Foreign currency translation reserve	Total
Equity at 1 January 2022	3,000	438,630	6,553	448,183
Net profit/loss for the year	0	-99,614	-939	-100,553
Equity at 31 December 2022	3,000	339,016	5,614	347,630

DKK'000	Share capital	Retained earnings	Foreign currency translation reserve	Total
Equity at 1 May 2021	3,000	436,281	-2,999	436,282
Shareholder contribution	0	20,000	0	20,000
Net profit/loss for the year	0	-17,651	9,552	-8,099
Equity at 31 December 2021	3,000	438,630	6,553	448,183

Consolidated financial statements

Overview of notes to the consolidated financial statements

Note

- 1 Accounting policies
- 2 Revenue
- 3 Fees paid to auditors appointed at the annual general meeting
- 4 Staff costs
- 5 Financial income
- 6 Financial expenses
- 7 Tax on profit/loss for the year
- 8 Intangible fixed assets
- 9 Tangible fixed assets
- 10 Investments in subsidiaries
- 11 Investments in capital interests
- 12 Deferred tax
- 13 Prepayments
- 14 Proposed distribution of profit
- 15 Other provisions
- 16 Long-term debt
- 17 Hedging
- 18 Contingent assets, liabilities and other financial obligations
- 19 Pledges and collateral
- 20 Related parties and ownership
- 21 Non-cash operating items
- 22 Change in working capital

Consolidated 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 large enterprises of reporting class C.

The annual report for 2022 is presented in DKK'000.

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

Reporting currency

The consolidated financial statements is presented in Danish kroner, rounded to the nearest DKK thousand.

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 comparative figures only cover a period of 8 month whereas this financial years figures covers 12 months.

Basis of recognition and measurement

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

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.

Consolidated financial statements

The consolidated financial statements comprise NCS International A/S (the Parent Company) and enterprises (subsidiaries) in which the Parent - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest. Enterprises in which the Parent - directly or indirectly - holds between 20% and 50% of the voting rights or otherwise exercises significant influence are considered capital interests.

Capital interests are recognised in the consolidated financial statements at their net asset value.

Consolidated financial statements

Notes

1 Accounting policies (continued)

The financial statements of the Group enterprises are prepared in accordance with the accounting policies applied by the Parent. The consolidated financial statements are prepared on the basis of the financial statements of the Parent and the Group enterprises by aggregating items of a similar nature.

Intra-group income, expenses, losses, profits and balances are eliminated.

Investments in Group enterprises are eliminated with the proportionate share of the net asset value of the Group enterprise concerned.

Foreign currency translation

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

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

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

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

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.

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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

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.

Income statement

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

Government grant

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

Other external expenses

Other external expenses include 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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Depreciation, amortisation 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:

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

Land is not depreciated.

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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

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

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

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

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.

Investments in subsidiaries and capital interests

Investments in subsidiaries are measured at cost in the balance sheet. Dividends from subsidiaries are recognised in the Parent Company's income statement for the year in which the dividends are declared. The cost of investments in subsidiaries are written down to the extent that the dividends are considered repayment to the investment.

The Company's investments in capital interests are accounted for using the equity method.

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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

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 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.

Receivables

The Company has chosen IAS 39 as interpretation for impairment of financial 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.

Cash

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

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.

Consolidated 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and paid corporate income tax.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

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

Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{EBITDA}}{\text{Revenue} \times 100}$
Operating margin	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Consolidated financial statements

Notes

2 Revenue

Geographical information

DKK'000	2022 (12 months)	2021 (8 months)
Revenue from external customers		
Scandinavian	325,072	201,445
Rest of Europe	639,045	325,289
Asia and Pacific	209,847	218,899
Other	51,899	55,179
Total	1,225,863	800,812

3 Fees paid to auditors appointed at the annual general meeting

DKK'000	2022 (12 months)	2021 (8 months)
Statutory audit	667	530
Tax and VAT advisory services	40	133
Other services	4	0
	711	663

4 Staff costs

DKK'000	2022 (12 months)	2021 (8 months)
Wages and salaries	247,472	154,112
Pensions	19,132	11,932
Employee benefits/other remunerations	21,864	13,584
Total employee benefit expense	288,468	179,628
Average number of full-time employee	985	1,017

Remuneration to the Board of Directors and the Executive Board.

DKK'000	Remuneration for year ended 31 December 2022		
	Board of Directors	Executive Board	Total
Wages and salaries	645	0	645
Pensions	0	0	0
Share-based payments	0	0	0
	645	0	645

Management fee paid related to the Company's management amounts to DKK 6,187 thousand.

Consolidated financial statements

Notes

5 Financial income

DKK'000	2022 (12 months)	2021 (8 months)
Interests – bank deposits etc.	115	107
Interests – intercompany	0	1,835
Foreign exchange gains	1,094	8,160
Other finance income	280	0
	1,489	10,102

6 Financial expenses

DKK'000	2022 (12 months)	2021 (8 months)
Interests – borrowings	927	668
Interests - other	807	945
Interests – intercompany	1,626	4,700
Foreign exchange losses	5,628	812
Amortisation borrowings	550	53
Other finance costs	414	352
	9,952	7,530

7 Tax on profit/loss for the year

DKK'000	2022 (12 months)	2021 (8 months)
Estimated tax charge for the year	-9,177	-4,087
Deferred tax adjustments in the year	-18,880	811
Tax adjustments, prior year	375	-64
	-27,682	-3,340

Consolidated financial statements

Notes

8 Intangible fixed assets

DKK'000	Acquired intangible assets	Development projects and patents	Development projects in progress	Total
Cost 1 January 2022	7,495	24,685	3,325	35,505
Currency translation	27	0	2	29
Additions	21	0	9,951	9,972
Transfer	-1,318	300	1,018	0
Cost 31 December 2022	6,225	24,985	14,296	45,506
Amortisation and impairment at 1 January 2022	1,558	7,331	0	8,889
Currency translation	12	0	0	12
Amortisation	2,445	8,863	0	11,308
Amortisation and impairment at 31 December 2022	4,015	16,194	0	20,209
Carrying amount 31 Decem- ber 2022	2,210	8,791	14,296	25,297

DKK'000	Acquired intangible assets	Development projects and patents	Development projects in progress	Total
Cost 1 May 2021	3,114	10,440	12,658	26,212
Currency translation	68	0	0	68
Additions	4,028	2,916	2,281	9,225
Transfer	285	11,329	-11,614	0
Cost 31 December 2021	7,495	24,685	3,325	35,505
Amortisation and impairment 1 May 2021	1,125	3,090	0	4,215
Currency translation	38	0	0	38
Amortisation	395	4,241	0	4,636
Amortisation and impairment 31 December 2021	1,558	7,331	0	8,889
Carrying amount 31 Decem- ber 2021	5,937	17,354	3,325	26,616

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

Consolidated financial statements

Notes

9 Tangible fixed assets

DKK'000	Land and buildings	Plant and machinery	Other fix- tures and fittings	Construc- tion in pro- gress	Total
Cost 1 January 2022	186,378	251,801	24,561	22,577	485,317
Currency translation	16	-163	-11	-429	-587
Additions	15,907	14,049	4,147	10,467	44,570
Transferred	168	15,629	7,059	-22,688	0
Disposals	0	-7,715	-2,210	0	-9,926
Cost 31 December 2022	202,469	273,601	33,546	9,927	519,543
Depreciations and impair- ments 1 January 2022	117,565	154,730	13,473	0	285,768
Currency translation	2	-361	-55	0	-414
Depreciation	5,263	21,077	4,815	0	31,155
Disposal	-12	-7,413	-1,636	0	-9,061
Depreciations and impair- ments 31 December 2022	122,818	168,033	16,597	0	307,448
Carrying amount 31 De- cember 2022	79,651	105,568	16,949	9,927	212,095
DKK'000	Land and buildings	Plant and machinery	Other fix- tures and fittings	Construc- tion in pro- gress	Total
Cost 1 May 2021	238,145	208,751	19,798	42,564	509,258
Currency translation	10	2,084	619	544	3,257
Additions	0	1,153	4,642	22,409	28,204
Transferred	413	41,966	561	-42,940	0
Disposals	-52,190	-2,153	-1,059	0	-55,402
Cost 31 December 2021	186,378	251,801	24,561	22,577	485,317
Depreciations and impair- ments 1 May 2021	148,019	142,114	12,646	0	302,779
Currency translation	5	1,288	289	0	1,582
Depreciation	3,795	12,819	1,435	0	18,049
Disposal	-34,254	-1,491	-897	0	-36,642
Depreciations and impair- ments 31 December 2021	117,565	154,730	13,473	0	285,768
Carrying amount 31 De- cember 2021	68,813	97,071	11,088	22,577	199,549

Consolidated financial statements

Notes

10 Investments in subsidiaries

Name	Legal form	Registered office	Ownership 31 December 2022
Nissens Cooling Solutions A/S	A/S	Horsens, Denmark	100%
Nissens Cooling Solutions Inc.	Inc.	USA	100%
Nissens Cooling Solutions Czech S.R.O.	S.r.o.	Czech Republic	100%
Nissens Cooling Solutions SK S.R.O.	S.r.o.	Slovakia	100%
Nissens Cooling Solutions North SK S.R.O.	S.r.o.	Slovakia	100%
Nissens Cooling Systems (Tianjin) Co Ltd.	Ltd.	China	100%

11 Investments in capital interests

DKK'000	2022	2021
Cost 1 January/1 May	1,432	1,432
Cost 31 December	1,432	1,432
Value adjustment 1 January/1 May	0	0
Profit for the year	458	0
Depreciation	-229	0
Value adjustment 31 December	229	0
Carrying amount 31 December	1,661	1,432

The Group has a 20% interest in MDS Stainless ApS, which is a supplier to the Group. MDS Stainless ApS is registered in Denmark and is a private entity that is not listed on any public exchange. The Group's interest in MDS Stainless ApS is accounted for using the equity method in the consolidated financial statements.

12 Deferred tax

DKK'000	2022	2021
Provision for deferred tax at 1 January/1 May	5,073	4,264
Deferred tax for the period recognised in profit for the period	-18,880	811
Deferred tax adjustments, prior year	-5,467	0
Currency translation	-9	-2
Deferred tax at 31 December	-19,283	5,073
Reflected in the statement of financial position as follows:		
Deferred tax assets	21,104	709
Deferred tax liabilities	1,821	5,782
Deferred tax, net	-19,283	5,073

There is an unrecognised deferred tax asset arising from tax loss of sales of property of 6,605 DKK'000 and from tax loss of 3,351 DKK'000 which, due to the uncertainty of the future utilization, has not been recognised in the balance sheet.

13 Prepayments

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

Consolidated financial statements

Notes

14 Proposed distribution of profit

DKK'000	2022 (12 months)	2021 (8 months)
Retained earnings	-99,614	-17,651
	-99,614	-17,651

15 Other provisions

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

DKK'000	2022	2021
Balance at beginning of year at 1 January/1 May	14,715	12,479
Provision in the year	13,398	12,287
Utilized in the year	-3,913	-10,051
Reversed in the year	-4,427	0
Balance at 31 December	19,773	14,715

16 Long-term debt

DKK'000	Debt at 1 January 2022	Debt at 31 December 2022	Payment within 1 year	Payment between 1 - 5 years	Debt after 5 years
Mortgage debt	53,975	78,809	118	5,846	72,845
Other payables	32,415	21,991	7,014	0	14,977
	86,390	100,800	7,132	5,846	87,822

17 Hedging

The company has entered into LME hedging agreements covering purchase of LME. The hedging agreements will expire within twelve months after the balance sheet date.

DKK'000	Derivative financial instruments
Fair value at year end	1,381
Unrealised fair value adjustments for the year, recognised in the income statement	1,381
Unrealised fair value adjustments for the year, recognised in hedging reserve	0
Fair value level	2

The derivative financial instruments are categorised i level 2 in the fair value hierarchy, and no significant unobservable input is included in the valuation.

Consolidated financial statements

Notes

18 Contingent assets, liabilities and other financial obligations

Other contingent liabilities

Danish Group entities are jointly taxed with A.P. Møller Holding A/S, which acts as a management company, and are jointly and severally liable with several other jointly taxed group entities for the payment of income taxes as well as withholding taxes on interest, royalties and dividends.

The 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 collectively.

The group has provided payment guarantees through a credit institution. The guarantees amounts to 4.0 MDKK thousand at 31 December 2022.

Other financial obligations

31 December 2022

DKK'000	Operational leases	Other contractual commitments
0-1 year	19,111	139
1-5 year	56,075	0
>5 years	26,799	0
	101,985	139

31 December 2021

DKK'000	Operational leases	Other contractual commitments
0-1 year	20,693	0
1-5 year	51,458	0
>5 years	36,991	0
	109,142	0

Rent liabilities and payments under operating leases concerning office and warehouse, trucks, cars and other production equipment.

19 Pledges and collateral

As security for mortgage debt totaling DKK 78,560 thousand, the Company has granted charges on land and buildings, carried at DKK 18,895 thousand at 31 December 2022 (31 December 2021 DKK 6,468 thousand).

Consolidated financial statements

Notes

20 Related parties and ownership

Related parties includes:

Name	Registered office	Indirect ownership shares	Indirect share of votes
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal	Copenhagen	100.0%	100.0%
A.P. Møller Holding A/S	Copenhagen	100.0%	100.0%
APMH Invest A/S	Horsens	100.0%	100.0%
APMH Invest XXI ApS	Horsens	100.0%	100.0%
NCS International Holding ApS	Horsens	100.0%	100.0%
KK Wind Solutions A/S (part of A. P. Møller Holding A/S)	Ikast	n.a.	n.a.

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

As of 31 December 2022 NCS International A/S is included in the consolidated financial statements of NCS International Holding ApS, CVR. no 42 23 88 72 and A.P. Møller Holding A/S, CVR. no. 25 67 92 88.

Transactions

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

21 Non-cash operating items

DKK'000	2022 (12 months)	2021 (8 months)
Depreciation and amortisation	42,463	22,685
Loss and gain on sales of assets	-392	-13,544
Net foreign exchange differences	-5,788	15,221
Movements in provisions, long-term	4,746	1,947
Movements in other payables, long-term	236	147
Movements in deferred income, long-term	-454	-303
	40,811	26,153

22 Change in working capital

DKK'000	2022	2021
Change in inventory	-45,212	-7,359
Change in trade receivable, etc.	-12,783	197,919
Change in trade payables, etc.	30,405	-48,774
	-27,590	141,786

Parent company financial statements

Income statement

For the period 1 January - 31 December

Note	DKK'000	2022 (12 months)	2021 (8 months)
	Gross margin	712	5,967
2	Staff costs	-6,754	-6,074
	Loss before financial income and expenses	-6,042	-107
3	Financial income	9,726	4,554
4	Finance expenses	-1,830	-4,701
	Profit/loss before tax	1,854	-254
5	Tax on profit/loss for the year	-380	56
	Net profit/loss for the year	1,474	-198
	Proposed distribution of profit/loss		
	Retained earnings	1,474	-198
		1,474	-198

Parent company financial statements

Balance sheet

As at 31 December

Note	DKK'000	2022	2021
	Assets		
6	Investments in group entities	297,236	297,236
7	Investments in capital interests	1,432	1,432
	Deferred tax asset	921	0
	Fixed asset investments	299,589	298,668
	Total fixed assets	299,589	298,668
	Receivables from group entities	187,182	164,234
	Corporate tax receivables	0	56
8	Prepayments	56	83
	Receivables	187,238	164,373
	Cash	38	486
	Total current assets	187,276	164,859
	Total assets	486,865	463,527
	Equity and liabilities		
	Equity		
9	Share capital	3,000	3,000
	Retained earnings	311,459	309,985
	Total equity	314,459	312,985
	Payables to group entities	165,710	149,366
	Trade payables	4,223	55
	Corporate tax payable	1,668	0
	Other payables	805	1,121
	Short-term debt	172,406	150,542
	Total liabilities	172,406	150,542
	Total equity and liabilities	486,865	463,527
10	Contingent assets, liabilities and other financial obligations		
12	Related parties and ownership		

Parent company financial statements

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2022	3,000	309,985	312,985
Net profit for the year	0	1,474	1,474
Equity at 31 December 2022	3,000	311,459	314,459

DKK'000	Share capital	Retained earnings	Total
Equity at 1 May 2021	3,000	290,184	293,183
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

Parent company financial statements

Overview of notes to the consolidated financial statements

Note

- 1 Accounting policies
- 2 Staff costs
- 3 Financial income
- 4 Financial expenses
- 5 Tax on profit/loss for the year
- 6 Investments in group entities
- 7 Investments in capital interests
- 8 Prepayments
- 9 Equity
- 10 Contingent assets, liabilities and other financial obligations
- 11 Pledges and collateral
- 12 Related parties and ownership
- 13 Fee to auditors appointed at the general meeting

Parent company financial statements

Notes

1 Accounting policies

For the accounting policies, please refer to the consolidated financial statement's accounting policies on page 18, Note 1.

Investments in capital interests

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

Investments in capital interests are measured at cost, including transaction costs.

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

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.

2 Staff costs

	2022 (12 months)	2021 (8 months)
DKK'000		
Wages and salaries	5,934	3,693
Pensions	793	2,372
Other social security costs	27	9
Total employee benefit expense	6,754	6,074
Average number of full time employee	4	3

3 Financial income

	2022 (12 months)	2021 (8 months)
DKK'000		
Interest receivable, group entities	9,475	4,554
Foreign exchange rate gains	22	0
Dividend from capital interests	229	0
	9,726	4,554

4 Financial expenses

	2022 (12 months)	2021 (8 months)
DKK'000		
Interest expenses, group entities	1,779	4,601
Foreign exchange rate loss	0	100
Other finance expenses	51	0
	1,830	4,701

Parent company financial statements

Notes

5 Tax on profit/loss for the year

	2022 (12 months)	2021 (8 months)
DKK'000		
Estimated tax charge for the year	1,187	-56
Adjustments in respect of current income tax of previous year	114	0
Deferred tax for the year	-816	0
Adjustments in respect of deferred income tax of previous year	-105	0
	380	-56

6 Investments in group entities

	2022	2021
DKK'000		
Cost at 1 January/1 May	297,236	297,236
Additions	0	0
Cost at 31 December	297,236	297,236

Investments in subsidiaries are specified as follows:

Name	Legal form	Registered office	Ownership	Equity DKK '000	Profit/loss DKK '000
Subsidiaries					
Nissens Cooling Solutions A/S	A/S	Denmark	100%	27,471	-134,575
Nissens Cooling Solutions Inc.	Inc.	USA	100%	4,894	-408
Nissens Cooling Solutions Czech S.R.O.	S.r.o	Czech	100%	25,748	39,007
Nissens Cooling System (Tianjin) Co Ltd	Ltd.	China	100%	-5,076	102,676
Nissens Slovakia S.R.O.	S.r.o	Slovakia	100%	19,850	163,715
Nissens Slovakia North S.R.O.	S.r.o	Slovakia	100%	10	2,277

7 Investments in capital interests

	2022	2021
DKK'000		
Cost 1 January/1 May	1,432	1,432
Additions	0	0
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%

Parent company financial statements

Notes

8 Prepayments

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

9 Equity

The share capital consists of:

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

10 Contingent assets, liabilities and other financial obligations

Recourse and non-recourse guarantee commitments

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

11 Pledges and collateral

Pledges and collateral are for the Parent Company included in the consolidated financial statement on page 32.

12 Related parties and ownership

Related parties and ownership are for the Parent Company included in the consolidated financial statement on page 33.

Transactions

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

13 Fee to auditors appointed at the general meeting

Fee to auditors appointed at the general meeting Audit fees are disclosed with reference to § 96, subsection 3 of Danish Financial Statements Act. The fee is specified for the Group in the consolidated financial statement on page 26.