Nissens

DELIVERING THE DIFFERENCE

Nissens A/S

Ormhøjgårdvej 9
8700 Horsens

Central Business Registration No. 40 21 21 16

Annual Report for 2017/18

The Annual Report was presented and approved at the Annual General Meeting of the company on 06/07 2018

Niels Jacobsen
Chairman

Contents

Statement by management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nissens A/S for the financial year 1 May 2017 - 30 April 2018.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 April 2018 and of the results of the company's operations for the financial year 1 May 2017 - 30 April 2018.

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, 6 July 2018

Executive Board

Mikkel Krogslund Andersen

Board of Directors

Niels Jacobsen Chairman	Alan Nissen Vice Chairman	Lars Cordt Vice Chairman
Søren Klarskov Vilby	Povl Christian Lütken Frigast	Søren Jørgensen Staff Representative
Kasper Nissen Staff Representative		

Independent auditor's report

To the shareholder of Nissens A/S

Opinion

We have audited the financial statements of Nissens A/S for the financial year 1 May 2017 - 30 April 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 April 2018 and of the results of the company's operations for the financial year 1 May 2017 - 30 April 2018 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of 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 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 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, 6 July 2018

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Brian Skovhus Jakobsen
State Authorised Public Accountant
MNE no. mne27701

Morten Østergaard Koch
State Authorised Public Accountant
MNE no. mne35420

Company details

The company

Nissens A/S
Ormhøjgårdvej 9
8700 Horsens

CVR no.:	40 21 21 16
Reporting period:	1 May 2017 - 30 April 2018
Incorporated:	27 June 1972
Domicile:	Horsens

Board of Directors

Niels Jacobsen, Chairman
Alan Nissen, Vice Chairman
Lars Cordt, Vice Chairman
Søren Klarskov Vilby
Povl Christian Lütken Frigast
Søren Jørgensen, Staff Representative
Kasper Nissen, Staff Representative

Executive Board

Mikkel Krogslund Andersen

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Kolding Åpark 1, 3. sal
6000 Kolding

Bankers

Nordea

Nykredit

Financial highlights

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

	2017/18	2016/17	2015/16	2014/15	2013/14
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	1,634,361	1,555,331	1,332,359	1,088,088	892,218
Profit/loss before financial income and expenses	111,327	137,288	86,944	65,390	61,632
Net financials	(37,912)	(2,019)	(7,075)	(757)	(4,847)
Profit/loss for the year	58,254	106,885	63,229	50,066	43,857
Balance sheet total	831,363	869,457	842,363	767,946	711,048
Investment in property, plant and equipment	22,234	33,883	12,090	4,605	33,554
Equity	415,073	373,176	289,216	247,415	248,180
Average number of employees	403	362	349	327	329
Financial ratios					
Gross margin	21.7 %	23.1 %	21.9 %	23.8 %	28.1 %
EBIT margin	6.8 %	8.8 %	6.5 %	6.0 %	6.9 %
Return on assets	13.1 %	16.0 %	10.8 %	8.8 %	8.7 %
Current ratio	242.9 %	189.8 %	161.4 %	160.8 %	173.4 %
Solvency ratio	49.9 %	42.9 %	34.3 %	32.2 %	34.9 %
Return on equity	14.8 %	32.3 %	23.6 %	20.2 %	17.2 %

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

Management's review

Business activities

Nissens develops, manufactures and markets quality cooling systems for the automotive spare parts business and customized thermal solutions for the wind industry as well as for a number of manufacturers of special vehicles.

Nissens strives to make a noticable difference to our customers. Delivering the difference means that Nissens' products and services must be the optimal solution to the customers' need.

The activities are organized in two divisions, the Automotive Division and the Cooling Solutions Division.

Business review

The Company's income statement for the year ended 30 April 2018 shows a profit before tax of DKK 75 million, and the balance sheet at 30 April 2018 shows equity of DKK 415 million.

Financial review

The net revenue for the fiscal year 2017/18 amounts to DKK 1,634 million, which is an increase of DKK 79 million or 5% compared to last fiscal year. The net income for the year is DKK 58 million compared to net income of DKK 107 million last year. The decline in Net Income is explained by settlement of an interest rate swap of DKK 34 million, which in previous years was provisioned directly on equity, as well as unsatisfactory performance of the Wind segment and organizational ramp-up to support the company's strategy.

It was expected that the 2017/18 result would be realized at a higher level than 2016/17 due to a combination of strategic organizational ramp up and market development, where the Wind industry is undergoing a period of strategic changes, which has impacted the net income of that segment negatively compared to the expectations for the year.

Except for the impact from the Wind industry development the Management regards the result of Nissens A/S for the financial year 2017/18 as satisfactory.

Knowledge resources

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

Special risks apart from generally occurring risks in industry

Operating risks

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

Management's review

Currency risks

The majority of Nissens' activities implies currency risks in connection with the purchase and sales of goods and services in foreign currencies. These currency risks are covered, when it is found appropriate and within the limitations of the policy approved by the Board of Directors.

Credit risks

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

Statutory report on corporate social responsibility

The company has not drawn up any CSR report, as the parent has done so for the entire group. The report is reflected in the annual report for AX V Nissens ApS.

Statutory report on the underrepresented gender

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

It is our policy that regardless gender, race and religion, all employees must be treated equally, in order that everyone has equal opportunities for employment. We want to increase the representation of women in the group management team supporting the CEO and we therefore strive to have at least one of each gender among the final candidates. The share of women in the group management team supporting the CEO is 17 %.

It was our aim that a minimum 20% of the supervisory board is represented by women compared to the current representation of 0%. The target has not been reached in 2017/18 due to lack of experienced female board members with specific industrial sector knowledge. It is the target that at least one woman is represented in the Board of Directors by 2021.

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.

Nissens expects to improve revenue and net income in 2018/2019 compared to 2017/2018.

Income statement 1 May 2017 - 30 April 2018

	Note	2017/18	2016/17
		DKK'000	DKK'000
Revenue		**1,634,361**	**1,555,331**
Change in inventories of finished goods and work in progress		21,701	(9,059)
Cost of sales		(1,162,046)	(1,051,859)
Other operating income		12,906	10,460
Other external expenses		(151,588)	(146,093)
Gross profit		**355,334**	**358,780**
Staff costs	2	(227,944)	(206,738)
Depreciation, amortisation and impairment of intangible fixed assets and property, plant and equipment		(16,063)	(14,754)
Profit/loss before financial income and expenses		**111,327**	**137,288**
Income from investments in group entities		1,120	1,094
Financial income	3	10,130	5,885
Financial expenses	4	(48,042)	(7,904)
Profit/loss before tax		**74,535**	**136,363**
Tax on profit/loss for the year	5	(16,281)	(29,478)
Net profit/loss for the year		**58,254**	**106,885**

Proposed distribution of profit

Proposed dividend for the year		50,000	50,000
Reserve for net revaluation under the equity method		1,120	1,094
Reserve for development projects		851	0
Retained earnings		6,283	55,791
		58,254	**106,885**

Balance sheet at 30 April 2018

	Note	2017/18	2016/17
		DKK'000	DKK'000
Assets			
Development projects		1,091	0
Acquired intangible fixed assets		3,410	4,286
Intangible assets in progress		155	275
Total intangible fixed assets	6	**4,656**	**4,561**
Land and buildings		80,994	77,664
Plant and machinery		32,741	28,489
Other fixtures and fittings, tools and equipment		1,913	1,179
Property, plant and equipment in progress		2,461	1,667
Total tangible fixed assets	6	**118,109**	**108,999**
Investments in group entities	8	5,957	5,049
Receivables from group entities	9	121,782	116,584
Other receivables	9	650	862
Fixed asset investments		**128,389**	**122,495**
Total fixed assets		**251,154**	**236,055**
Raw materials and consumables		15,815	12,377
Work in progress		50,933	41,889
Finished goods and goods for resale		192,138	170,828
Prepayments for goods		13,602	8,653
Stocks		**272,488**	**233,747**
Trade receivables		188,667	197,011
Receivables from group entities		85,542	93,945
Other receivables		13,357	13,711
Prepayments	10	5,420	6,372
Receivables		**292,986**	**311,039**
Securities and investments		40	37

Balance sheet at 30 April 2018 (Fortsat)

	Note	2017/18	2016/17
		DKK'000	DKK'000
Assets			
Current asset investments		**40**	**37**
Cash		**14,695**	**88,579**
Total current assets		**580,209**	**633,402**
Total Assets		**831,363**	**869,457**

Balance sheet at 30 April 2018

	Note	2017/18	2016/17
		DKK'000	DKK'000
Equity and liabilities			
Share capital		1,000	1,000
Reserve for net revaluation under the equity method		4,729	3,821
Reserve for development projects		851	0
Retained earnings		358,493	318,355
Proposed dividend for the year		50,000	50,000
Total equity	11	**415,073**	**373,176**
Provision for deferred tax	12	4,517	2,714
Other provisions	13	10,213	10,789
Total provisions		**14,730**	**13,503**
Mortgage debt		162,699	149,083
Long-term debt	14	**162,699**	**149,083**
Short-term portion of long-term liabilities	14	0	10,600
Trade payables		92,558	91,120
Payables to group entities		39,505	80,486
Corporation tax		23,939	28,038
Other payables		82,859	123,451
Short-term debt		**238,861**	**333,695**
Total liabilities		**401,560**	**482,778**
Total equity and liabilities		**831,363**	**869,457**
Hedging	15		
Contingent assets, liabilities and other financial obligations	16		
Charges and securities	17		
Related parties and ownership	18		
Fee to auditors appointed at the general meeting	19		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development projects	Retained earnings	Proposed dividend for the year	Total
Equity at 1 May 2017	1,000	3,821	0	318,355	50,000	373,176
Ordinary dividend paid	0	0	0	0	(50,000)	(50,000)
Exchange adjustment, foreign	0	(212)	0	0	0	(212)
Fair value adjustment of hedging instruments	0	0	0	43,414	0	43,414
Net profit/loss for the year	0	1,120	851	6,283	50,000	58,254
Changes in equity of tax	0	0	0	(9,559)	0	(9,559)
Equity at 30 April 2018	**1,000**	**4,729**	**851**	**358,493**	**50,000**	**415,073**

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity 1 May 2016	1,000	3,052	260,164	25,000	289,216
Ordinary dividend paid	0	0	0	(25,000)	(25,000)
Exchange adjustment, foreign	0	(325)	0	0	(325)
Fair value adjustment of hedging instruments	0	0	3,077	0	3,077
Net profit/loss for the year	0	1,094	55,791	50,000	106,885
Changes in equity of tax	0	0	(677)	0	(677)
Equity 30 April 2017	**1,000**	**3,821**	**318,355**	**50,000**	**373,176**

Accounting policies

The annual report of Nissens A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2017/18 is presented in DKK'000.

Pursuant to section §112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The financial statements for Nissens A/S and its group entities are part of the consolidated financial statements for AX V Nissens III ApS.

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.

Income statement

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Accounting policies

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

Revenue

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.

Cost of sales

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

Other operating income

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

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation, impairment and profit/loss from dispatch of intangible fixed assets and property, plant and equipment.

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.

Accounting policies

Profit/loss from investments in group entities

The item includes the company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

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.

Balance sheet

Intangible fixed assets

Intangible fixed assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Intangible fixed assets are measured at cost less accumulated amortisation and impairment losses.

Tangible fixed assets

Items of land and buildings,plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	
Acquired intangible assets	3	years
Development projects	5	years
Buildings	20-25	years
Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	2-5	years

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as amortisation/depreciation and impairment of intangible fixed assets and property, plant and equipment.

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Nissens A/S is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the description of the statement of goodwill above.

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).

Accounting policies

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

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

Land is not depreciated.

Stocks

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

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

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

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

Receivables

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

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

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

Securities and investments

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

Accounting policies

Cash

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

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

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.

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.

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.

Accounting policies

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Foreign currency translation

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

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

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

Omission af 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.

Accounting policies

Financial highlights

Definitions of financial ratios

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

Notes to the annual report

1 Segment information

Activities - primary segment

t.kr. DKK'000	Automotive	Cooling Solutions	Total
Revenue	803,430	830,930	1,634,360

Geographical - secundary segment

DKK'000	Denmark	Germany	Other	Total
Revenue	265,170	202,727	1,166,463	1,634,360

	2017/18 DKK'000	2016/17 DKK'000
2 Staff costs		
Wages and salaries	217,183	196,049
Pensions	8,247	7,814
Other social security costs	2,514	2,875
	227,944	**206,738**
Average number of employees	403	362

3 Financial income

Interest receivable, group entities	9,664	3,617
Other financial income	466	2,268
	10,130	**5,885**

Notes to the annual report

	2017/18	2016/17
	DKK'000	DKK'000
4 Financial expenses		
Interest expenses, group entities	114	116
Other financial expenses	47,928	7,788
	48,042	**7,904**

5 Tax on profit/loss for the year

	2017/18	2016/17
Estimated tax charge for the year	23,939	30,488
Deferred tax for the year	(7,658)	(686)
Adjustment of tax concerning previous years	0	(324)
	16,281	**29,478**

Notes to the annual report

6 Intangible fixed assets

	Development projects	Acquired intangible fixed assets	Intangible assets in progress	Total
Cost at 1 May 2017	0	10,398	275	10,673
Additions for the year	1,091	1,787	155	3,033
Transfers for the year	0	275	(275)	0
Cost at 30 April 2018	1,091	12,460	155	13,706
Impairment losses and amortisation at 1 May 2017	0	6,112	0	6,112
Amortisation for the year	0	2,938	0	2,938
Impairment losses and amortisation at 30 April 2018	0	9,050	0	9,050
Carrying amount at 30 April 2018	**1,091**	**3,410**	**155**	**4,656**

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

Notes to the annual report

7 Tangible fixed assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 May 2017	210,290	245,178	28,419	1,667	485,554
Additions for the year	8,707	10,066	1,000	2,461	22,234
Disposals for the year	0	0	(123)	0	(123)
Transfers for the year	32	1,251	384	(1,667)	0
Cost at 30 April 2018	219,029	256,495	29,680	2,461	507,665
Impairment losses and depreciation at 1 May 2017	132,626	216,689	27,240	0	376,555
Depreciation for the year	5,409	7,065	650	0	13,124
Impairment and depreciation of sold assets for the year	0	0	(123)	0	(123)
Impairment losses and depreciation at 30 April 2018	138,035	223,754	27,767	0	389,556
Carrying amount at 30 April 2018	**80,994**	**32,741**	**1,913**	**2,461**	**118,109**

8 Investments in group entities

	2017/18 DKK'000	2016/17 DKK'000
Cost at 1 May 2017	1,228	1,228
Cost at 30 April 2018	1,228	1,228

Notes to the annual report

	2017/18	2016/17
	DKK'000	DKK'000
8 Investments in group entities (Fortsat)		
Revaluations at 1 May 2017	3,821	3,052
Exchange rate adjustments	(212)	(325)
Share of profit/loss for the year	1,120	1,094
Revaluations at 30 April 2018	4,729	3,821
Carrying amount at 30 April 2018	**5,957**	**5,049**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
Nissens UK, Ltd.	England	100 %	5,957	1,120

9 Fixed asset investments

	Receivables from group entities	Other receivables
Cost at 1 May 2017	116,584	862
Exchange adjustment	10	0
Additions for the year	5,188	0
Disposals for the year	0	(212)
Cost at 30 April 2018	121,782	650
Carrying amount at 30 April 2018	**121,782**	**650**

Notes to the annual report

10 Prepayments

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

11 Equity

The share capital consists of:

	Nominal value
1 shares of DKK 100.0 thousand nominal value each	100
52 shares of DKK 10.0 thousand nominal value each	520
5 shares of DKK 5.0 thousand nominal value each	25
1 share of DKK 4.0 thousand nominal value each	4
4 shares of DKK 3.4 thousand nominal value each	14
5 shares of DKK 2.6 thousand nominal value each	13
5 shares of DKK 2.3 thousand nominal value each	11
4 shares of DKK 1.7 thousand nominal value each	7
306 shares of DKK 1.0 thousand nominal value each	306
	1,000

There have been no changes in the share capital during the last 5 years.

Notes to the annual report

12 Provision for deferred tax

	2017/18 DKK'000	2016/17 DKK'000
Provision for deferred tax at 1 May 2017	2,714	3,412
Provision in year	1,803	(686)
Tax on items recognised directly in equity	0	(12)
Provision for deferred tax at 30 April 2018	**4,517**	**2,714**

Intangible assets	990	943
Property, plant and equipment	4,138	2,194
Inventories	803	942
Intercompany profit on inventories	0	(11)
Amortization	(2,395)	(1,592)
Other taxable temporary differences	980	238
Tax loss carry-forward	1	0
	4,517	**2,714**

13 Other provisions

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

Balance at beginning of year at 1 May 2017	10,789	4,490
Provision in year	(576)	6,299
Balance at 30 April 2018	**10,213**	**10,789**

Notes to the annual report

14 Long-term debt

	Debt at 1 May 2017	Debt at 30 April 2018	Payment within 1 year	Debt after 5 years
Mortgage debt	159,683	162,699	0	146,448
	159,683	**162,699**	**0**	**146,448**

15 Hedging

The company has entered into currency hedging agreements covering purchase in foreign currency. The fair value of hedging agreements as of 30 April 2018 amounts to DKK 1,010 thousand and will expire within three months after the balance sheet date.

16 Contingent assets, liabilities and other financial obligations

Contingent liabilities to the parent company and group entities

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

Untill 30 June 2017 Nissens A/S was jointly taxed with ANTB Holding ApS. Tax liabilities from the period until 30 June 2017 has been estimated to DKK 6,7 million.

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

Rent liabilities and payments under operating leases concerning cars, gas, plant and computer equipment amount to DKK 7,078 thousand (DKK 7,373 thousand in 2016/17).

The remaining terms are 0-4 years.

Notes to the annual report

17 Charges and securities

As security for mortgage debt totalling DKK 160,200 thousand, the company has granted charges on land and buildings, carried at DKK 75,096 thousand at 30 April 2018.

18 Related parties and ownership

Controlling interest

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

Disclosure according to §98 of the Danish Financial Statements Act amounts to DKK 13,613 thousand (DKK 6,790 thousand in 2016/17).

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

Consolidated financial statements

The Company is included in the group annual report of

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

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

19 Fee to auditors appointed at the general meeting

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