

# Nissens®



**DELIVERING THE DIFFERENCE**

**Nissens Cooling Solutions A/S**

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 40 21 21 16

Annual Report

1 May 2020 – 30 April 2021

The Annual Report was presented and approved at the Annual General Meeting of the Company on 25 June 2021

Alan Nissen  
Chairman

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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 Nissens Cooling Solutions A/S for the financial year 1 May 2020 - 30 April 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 April 2021 and of the results of the Company's operations for the financial year 1 May 2020 - 30 April 2021.

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

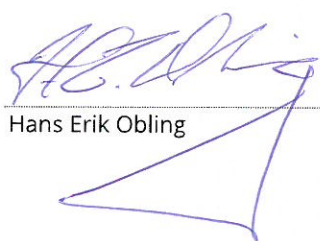
We recommend that the annual report be approved at the annual general meeting.

Horsens, 25 June 2021

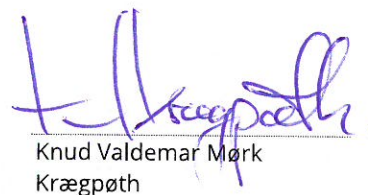
Executive Board:



Mikkel Kroglund Andersen  
CEO



Hans Erik Obling



Knud Valdemar Mørk  
Krægpøth

Board of Directors:



Alan Nissen  
Chairman



Jakob Backs



Mikkel Kroglund Andersen

## **Independent auditor's report**

### **To the shareholder of Nissens Cooling Solutions A/S**

#### **Opinion**

We have audited the financial statements of Nissens Cooling Solutions A/S for the financial year 1 May 2020 - 30 April 2021, which comprise income statement, balance sheet, statement of changes in equity and notes including accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 April 2021 and of the results of the Company's operations for the financial year 1 May 2020 - 30 April 2021 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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

#### **Management's responsibilities for the financial statements**

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

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

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

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

## **Independent auditor's report**

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

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

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

### **Statement on Management's review**

Management is responsible for the Management's review.

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

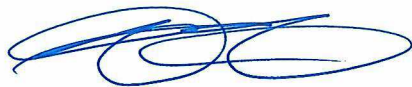
## Independent auditor's report

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

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

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

Odense, 25 June 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



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Søren Smedegaard Hvid  
State Authorised Public Accountant  
Mne31450



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Julie Boll Knudsen  
State Authorised Public Accountant  
Mne44104

## Management's review

### Company details

Name	Nissens Cooling Solutions A/S
Address, postal code, city	Ormhøjgårdvej 9, 8700 Horsens, Denmark
CVR.no.	40 21 21 16
Registered office	Horsens
Financial year	1 May -30 April
Board of Directors	Alan Nissen / Chairman Jakob Backs Mikkel Kroglund Andersen
Executive board	Mikkel Kroglund Andersen Hans Erik Obling Knud Valdemar Mørk Krægpøth
Auditors	EY Godkendt Revisionspartnerselskab
Bankers	Nordea Nykredit

## Management's review

### Financial highlights

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

In DKK millions,	2020/2021	2019/2020	2018/2019	*2017/2018	*2016/2017
<b>Key figures</b>					
Revenue	1,032,676	937,806	998,252	1,634,361	1,555,331
Profit/loss before financial income and expenses	-3,369	-27,430	29,645	111,327	137,288
Net financials	-3,426	-78	9,701	(37,912)	(2,019)
Profit/loss for the year	-4,306	-21,432	989,923	58,254	106,885
Balance sheet total	610,816	537,219	544,230	831,363	869,457
Investment in property, plant and equipment	10,184	3,970	14,395	22,234	33,883
Equity	204,485	208,791	255,223	415,073	373,176
Average number of employees	266	293	285	403	362

### Financial ratios

Gross margin	14.1%	14.2%	20.2%	21.7 %	23.1 %
EBIT margin	-0.3%	-2.9%	2.9%	6.8 %	8.8 %
Return on assets	-0.8%	-5.1%	4.3%	13.1 %	16.0 %
Current ratio	177.2%	190.5%	229.7%	242.9 %	189.8 %
Solvency ratio	33.5%	38.9%	47.0%	49.9 %	42.9 %
Return on equity	-2.1%	-10.3%	295.4%	14.8 %	32.3 %

\*Financial highlights from 2015/2016 to 2017/2018 are not adjusted for assets transferred to the group company Nissens Automotive A/S in 2018/2019.

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 Cooling Solutions A/S is specialized in the development and production of customized cooling solutions for a number of application areas. The Cooling Solutions business unit fully manufactures products for its own end customers in two sub-segments; Wind and Industrial applications.

The wind business delivers cooling systems and modules to the wind industry, whereas the industrial business is focused on cooling solutions for special vehicles and industrial applications such as construction equipment, mining machinery, agricultural machines and special equipment.

### **Business and Financial review**

The Company's income statement for the year ended 30 April 2021 shows a loss before tax of DKK 7 million and the balance sheet at 30 April 2021 shows equity of DKK 204 million.

The net revenue for the fiscal year 2020/2021 amounts to DKK 1,033 million, which is an increase of DKK 95 million or 10% compared to last fiscal year. The net income for the year is DKK -4 million compared to net income of DKK -21 million last year. The increase in net income is mainly explained by the increase in Revenue.

The growth in the result over the last year is explained by growth in the wind division, where the execution of a large order book for the wind turbine industry in the last six months of the year has been a driver for the growth. Furthermore, the continued execution of a significant and ongoing transformation project as well as reductions in the overhead cost base explain the development in the result over the last year.

Market conditions are characterized by several new product platform introductions from the global wind turbine manufacturers and a continued pressure on price and cost levels within the wind energy industry. The industrial business segments have been impacted by a general macro-economic slowdown of activity starting with the break-out of Covid-19.

One-time events in the financial year are global supply chain disturbances mainly relating to Covid-19 impacts.

Cost-out projects on product platforms have been a key initiative in the financial year and will continue to play a leading role in securing the competitiveness of the Cooling Solutions business as well as the wind energy segment in the coming years.

Material costs have seen significant fluctuations in the last quarter of the year, and the full impact and duration are at the current stage not fully clear. To the extent possible, increases in material prices will be reflected in sales prices and commercial agreements with customers.

Management regards the result of Nissens Cooling Solutions A/S for the financial year 2020/2021 as satisfactory.

### **Knowledge resources**

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

## **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 corporate social responsibility. The parent has done so for the entire group. The report is reflected in the annual report for AX V Nissens ApS.

### **Statutory report on the underrepresented gender**

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

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

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 2020/2021 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 2024.

### **Events after the balance sheet date**

After the balance sheet date, no events have occurred that may have significant influence on the assessment of the financial statement for the year 1 May 2020 – 30 April 2021.

## **Special risks apart from generally occurring risks in industry**

### **Market risks**

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

Covid-19 is still considered a potential market risk as national restrictions may how companies can operate and in the industrial activity level.

Nissens Cooling Solutions A/S is reliant on effective international trade relations between nations.

### **Currency risks**

The majority of the Nissens Cooling Solutions A/S' activities implies currency risks in connection with the purchase and sales of goods and services in foreign currencies. These currency risks are monitored and covered within the limitations of the financial policy approved by the Board of Directors.

### **Credit risks**

Nissens Cooling Solutions A/S' activities imply a credit risk in connection with sales to customers in a number of countries throughout the world. We take measures to cover these outstanding debts in the best possible way, for instance by taking out credit insurances.

### **Material price risks**

Material prices have been subject to steep price increases over the last six months, as the global economy starts to recover from the Covid-19 pandemic.

Material price increase and other cost elements may impact margins on the short to medium term until the effects can be mitigated.

### **Covid-19 risks**

A number of supply chain related disturbances relating to Covid-19 has been seen and the ongoing transformation program has been delayed due to Covid-19.

These risk elements may arise again if Covid-19 re-escalates.

## Financial statements

### Income statement

For the period 1 May - 30 April

Note	DKK'000	2020/2021	2019/2020
2	Revenue	1,032,676	937,806
	Change in inventories of finished goods and work in progress	-19,249	18,951
	Cost of sales	-812,194	-741,164
	Other operating income	39,622	15,433
	Other external costs	-94,907	-98,090
	<b>Gross margin</b>	<b>145,948</b>	<b>132,936</b>
3	Staff costs	-137,512	-151,439
	Depreciation, amortization and impairment of intangible fixed assets and property, plant and equipment	-11,805	-8,927
	<b>Profit/loss before financial income and expenses</b>	<b>-3,369</b>	<b>-27,430</b>
4	Financial income	4,824	6,376
5	Finance expenses	-8,250	-6,454
	<b>Profit/loss before tax</b>	<b>-6,795</b>	<b>-27,508</b>
6	Tax on profit/loss for the year	2,489	6,076
	<b>Net profit/loss for the year</b>	<b>-4,306</b>	<b>-21,432</b>

## Financial statements

### Balance sheet at 30 April

Note	DKK'000	2020/2021	2019/2020
	<b>Assets</b>		
	Development projects	7,351	3,908
	Acquired intangible assets	1,340	1,865
	Development projects in progress	12,602	8,841
7	<b>Total intangible fixed assets</b>	<b>21,293</b>	<b>14,614</b>
	Land and buildings	30,048	31,902
	Plant and machinery	22,162	26,137
	Other fixtures and fittings, tools and equipment	353	76
	Property, plant and equipment in progress	9,800	4,633
8	<b>Total tangible fixed assets</b>	<b>62,363</b>	<b>62,748</b>
9	Receivables from group entities	6,296	6,318
	<b>Fixed asset investments</b>	<b>6,296</b>	<b>6,318</b>
	<b>Total fixed assets</b>	<b>89,952</b>	<b>83,680</b>
	Raw materials and consumables	5,796	14,488
	Work in progress	61,781	71,781
	Finished goods and goods for resale	2,035	9,929
	Prepayments for goods	368	1,724
	<b>Stocks</b>	<b>69,980</b>	<b>97,922</b>
	Trade receivables	136,307	145,903
	Receivables from group entities	303,839	194,624
	Other receivables	5,347	4,480
	Corporation tax	4,515	9,025
10	Prepayments	54	96
	<b>Receivables</b>	<b>450,062</b>	<b>354,128</b>
	Cash	822	1,489
	<b>Total current assets</b>	<b>520,864</b>	<b>453,539</b>
	<b>Total assets</b>	<b>610,816</b>	<b>537,219</b>

## Financial statements

### Balance sheet at 30 April

Note	DKK'000	2020/2021	2019/2020
	<b>Equity and liabilities</b>		
	<b>Equity</b>		
11	Share capital	1,000	1,000
	Reserve for development projects	15,563	9,944
12	Retained earnings	187,922	197,847
	<b>Total equity</b>	<b>204,485</b>	<b>208,791</b>
	<b>Provisions</b>		
13	Provision for deferred tax	5,091	5,713
14	Other provisions	11,375	5,008
	<b>Total provisions</b>	<b>16,466</b>	<b>10,721</b>
	Mortgage debt	81,322	81,320
	Other payables	14,594	10,707
15	<b>Long-term debt</b>	<b>95,916</b>	<b>92,027</b>
15	Short-term portion of long-term liabilities	46	10
	Trade payables	77,576	79,236
	Prepayments	0	449
	Payables to group entities	182,276	104,233
	Other payables	32,230	41,752
	Deferred income	1,821	0
	<b>Short-term debt</b>	<b>293,949</b>	<b>225,680</b>
	<b>Total liabilities</b>	<b>406,331</b>	<b>328,428</b>
	<b>Total equity and liabilities</b>	<b>610,816</b>	<b>537,219</b>
16	Contingent assets, liabilities and other financial obligations		
17	Charges and securities		
18	Related parties and ownership		
19	Fee to auditors appointed at the general meeting		

## Financial statements

### Statement of changes in equity

DKK'000	Share capital	Reserve for development projects	Retained earnings	Total
<b>Equity 1 May 2020</b>	1,000	9,944	197,847	208,791
Net profit/loss for the year	0	5,619	-9,925	-4,306
<b>Equity at 30 April 2021</b>	<b>1,000</b>	<b>15,563</b>	<b>187,922</b>	<b>204,485</b>

DKK'000	Share capital	Reserve for development projects	Retained earnings	Proposed dividend for the year	Total
<b>Equity 1 May 2019</b>	1,000	2,039	227,184	25,000	255,223
Ordinary dividend paid	0	0	0	-25.000	-25.000
Net profit/loss for the year	0	7,905	-29,337	0	-21,432
<b>Equity at 30 April 2020</b>	<b>1,000</b>	<b>9,944</b>	<b>197,847</b>	<b>0</b>	<b>208,791</b>

## Financial statements

### Notes

#### 1 Accounting policies

The annual report of Nissens Cooling Solutions A/S for 2020/2021 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 2020/2021 is presented in DKK'000.

Effective from the financial year 2020/2021, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

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

#### Basis of recognition and measurement

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

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

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

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

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

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

#### Leases

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

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

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



## **Financial statements**

### **Notes**

#### **1 Accounting policies (continued)**

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**

#### **Derivative financial instruments**

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

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

#### **Revenue**

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition. Income from the sale of finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

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

#### **Costs of sales**

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

#### **Other operating income**

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

#### **Other external expenses**

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

#### **Staff costs**

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

## Financial statements

### Notes

#### 1 Accounting policies (continued)

##### Amortisation, depreciation and impairment losses

The item comprises depreciation of property, plant and equipment.

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

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

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

Land is not depreciated.

##### Financial income and expenses

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

##### Tax on profit/loss for the year

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

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

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

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

## Financial statements

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

###### Intangible assets

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

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.

###### Impairment of fixed assets

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

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

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

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

Land is not depreciated.

## **Financial statements**

### **Notes**

#### **1 Accounting policies (continued)**

##### **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.

##### **Cash**

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

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

## Financial statements

### Notes

#### 1 Accounting policies (continued)

##### Equity

###### *Proposed dividends*

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

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

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

##### Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions etc. Provisions are recognised when as a result of a past event the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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

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.

## Financial statements

### Notes

#### 1 Accounting policies (continued)

##### 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 of a cash flow statement

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

##### Financial highlights

Definitions of financial ratios

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

## Financial statements

### Notes

#### 2 Segment information

##### Activities - primary segment

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

##### Geographic – secondary segment

Revenue from external customer

	<u>1 May 2020 – 30 April 2021</u>	<u>1 May 2019 – 30 April 2020</u>
<b>DKK'000</b>		
Denmark	213,874	153,371
Europe	580,551	572,523
Rest of the world	238,251	211,912
	<u><b>1,032,676</b></u>	<u><b>937,806</b></u>

#### 3 Staff costs

	<u>1 May 2020 – 30 April 2021</u>	<u>1 May 2019 – 30 April 2020</u>
<b>DKK'000</b>		
Wages and salaries	129,428	142,644
Pensions	6,022	6,647
Other social security costs	2,061	2,148
<b>Total employee benefit expense</b>	<u><b>137,512</b></u>	<u><b>151,439</b></u>
Average number of full time employee	<u>266</u>	<u>293</u>

#### 4 Financial income

	<u>1 May 2020 – 30 April 2021</u>	<u>1 May 2019 – 30 April 2020</u>
<b>DKK'000</b>		
Interest income, group entities	4,814	6,165
Other financial income	10	211
	<u><b>4,824</b></u>	<u><b>6,376</b></u>

#### 5 Financial expenses

	<u>1 May 2020 – 30 April 2021</u>	<u>1 May 2019 – 30 April 2020</u>
<b>DKK'000</b>		
Interest expenses, group entities	450	2,318
Other finance expenses	3,022	2,559
Foreign exchange rate loss	4,779	1,577
	<u><b>8,250</b></u>	<u><b>6,454</b></u>

## Financial statements

### Notes

#### 6 Tax on profit/loss for the year

DKK'000	1 May 2020 – 30 April 2021	1 May 2019 – 30 April 2020
Estimated tax charge for the year	-1,975	-8,986
Adjustments in respect of current income tax of previous year	108	71
Deferred tax for the year	-10	2,928
Adjustments in respect of deferred income tax of previous year	-612	-89
	<b>-2,489</b>	<b>-6,076</b>

#### 7 Intangible fixed assets

DKK'000	Develop- ment projects	Acquired in- tangible as- sets	Develop- ment projects in progress	Total
Cost 1 May 2020	3,963	1,865	8,841	14,669
Additions for the year	1,594	529	7,591	9,429
Transfers for the year	4,883	-1,053	-3,830	0
Cost 30 April 2021	10,441	1,340	12,602	24,098
Impairment losses and depreciation at 1 May 2020	55	0	0	55
Depreciation for the year	3,035	0	0	3,035
Impairment losses and depreciations at 30 April 2021	3,090	0	0	3,090
<b>Carrying amount 30 April 2021</b>	<b>7,351</b>	<b>1,340</b>	<b>12,602</b>	<b>21,293</b>

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



## Financial statements

### Notes

#### 8 Tangible fixed assets

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost 1 May 2020	132,687	151,188	6,638	4,633	295,146
Additions for the year	0	3,183	292	6,709	10,184
Disposals for the year	-468	-52,841	-2,123	0	-55,432
Transfers for the year	0	1,508	34	-1,542	0
Cost 30 April 2021	132,219	103,038	4,841	9,800	249,898
Impairment losses and depreciation at 1 May 2020	100,785	125,051	6,562	0	232,398
Depreciation for the year	1,854	6,867	49	0	8,770
Disposals	-468	-51,042	-2,123	0	-53,633
Impairment losses and depreciations at 30 April 2021	102,171	80,876	4,488	0	187,535
<b>Carrying amount 30 April 2021</b>	<b>30,048</b>	<b>22,162</b>	<b>353</b>	<b>9,800</b>	<b>62,363</b>

#### 9 Fixed asset investments

DKK'000	Receivables from group entities
Cost at 1 May 2020	6,318
Exchange adjustment	-19
Additions for the year	224
Disposals for the year	-227
Cost at 30 April 2021	6,296
<b>Carrying amount at 30 April 2021</b>	<b>6,296</b>

#### 10 Prepayments

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

## Financial statements

### Notes

#### 11 Equity

The share capital consists of:

	<b>Nominal value</b>
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
	<u>1,000</u>

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

#### 12 Proposed distribution of profit DKK'000

	<b>2020/2021</b>	<b>2019/2020</b>
Reserve for development projects	5,619	7,905
Retained earnings	-9,925	-29,337
	<u><b>-4,306</b></u>	<u><b>-21,432</b></u>

#### 13 Provisions for deferred tax DKK'000

	<b>2020/2021</b>	<b>2019/2020</b>
Provision for deferred tax at 1 May	5,713	2,874
Tax related to the income statement	-622	2,839
Tax on shareholders' equity items	0	0
<b>Provision for deferred tax at 30 April</b>	<u><b>5,091</b></u>	<u><b>5,713</b></u>
Intangible assets	4,684	3,214
Property, plant and equipment	1,906	1,775
Inventories	703	923
Other taxable temporary differences	-2,202	-199
	<u><b>5,091</b></u>	<u><b>5,713</b></u>

## Financial statements

### Notes

#### 14 Other provisions

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

DKK'000	2020/2021	2019/2020
Balance at beginning of year at 1 May	5,008	1,247
Provision in the year	9,367	3,761
Utilized in the year	-3,000	0
<b>Balance at 30 April</b>	<b>11,375</b>	<b>5,008</b>

#### 15 Long-term debt

DKK'000	Debt at 1 May 2020	Debt at 30 April 2021	Payment within 1 year	Payment between 1 - 5 years	Debt after 5 years
Mortgage debt	81,330	81,368	46	30,425	50,897
Other payables	10,707	14,594	0	0	14,594
	<b>92,037</b>	<b>96,962</b>	<b>46</b>	<b>30,425</b>	<b>65,491</b>

#### 16 Contingent assets, liabilities and other financial obligations

##### 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.

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

##### Other contingent liabilities

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

Rent liabilities and payments under operating leases concerning cars, gas, plant and computer equipment amount to DKK 5,424 thousand (30 April 2020 DKK 6,516 thousand).

The remaining terms are 0-6 years.

Nissens Cooling Solutions A/S has issued a guarantee in respect of 100% of KNI International A/S' debt to credit institutions. The debt amounts to DKK 0 at 30 April 2021.

The Nissens Group has a cash pool agreement, under which the parent company, K. Nissens International A/S, is the holder of the agreement, while other group companies are sub-account holders. The bank can settle drafts and deposits with each other, so the net amount constitutes a balance between the bank and K. Nissens International A/S. For Nissens Cooling Solutions A/S intercompany balances, DKK -61.821 thousand are included in the joint cash pool agreement.

## **Financial statements**

### **Notes**

#### **17 Charges and securities**

As security for mortgage debt totaling DKK 81,368 thousand, the Company has granted charges on land and buildings, carried at DKK 28.819 thousand at 30 April 2021 (30 April 2020 DKK 24,167 thousand).

#### **18 Related parties and ownership**

##### **Controlling interest**

NCS International A/S, Horsens, Denmark

K. Nissen International A/S, Horsens, Denmark

AX V Nissens ApS, Horsens, Denmark

AX V Nissens I ApS, Horsens, Denmark

AX V Nissens II ApS, Horsens, Denmark

AX V Nissens III ApS, Horsens, Denmark

##### **Transactions**

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

##### **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.