

Nissens®

DELIVERING THE DIFFERENCE

K. Nissen International A/S

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 70 60 69 17

Annual report

1 May 2019 - 30 April 2020

The Annual Report was presented and approved at the Annual General Meeting of the company on 25/6 - 2020

Niels Jacobsen
Chairman

Contents	
Statement by Board of Directors and the Executive Board	1
Independent auditor's report	2
Management's review	5
Financial highlights for the Group	6
Management's review	7
Special risks	11
Consolidated financial statements	12
Income statements	12
Balance sheet	13
Cash flow statement	15
Statement of changes in equity	16
Overview of notes for the consolidated financial statements	17
Notes	18
Parent financial statements	33
Income statement	33
Balance sheet	34
Statement of changes in equity	36
Overview of notes for the consolidated financial statements	37
Notes	38

Statement by Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of K. Nissen International A/S for the financial year 1 May 2019 - 30 April 2020.

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

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Company at 30 April 2020 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 May 2019 - 30 April 2020.

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

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

Horsens, 25 June 2020

Executive Board:

Mikkel Krogslund Andersen
CEO

Board of Directors:

Niels Jacobsen
Chairman

Lars Cordt
Vice Chairman

Alan Nissen
Vice Chairman

Søren Jørgensen

Kasper Nissen

Independent auditor's report

To the shareholders of K. Nissen International A/S

Opinion

We have audited the consolidated financial statements and the Parent Company financial statements of K. Nissen International A/S for the financial year 1 May 2019 – 30 April 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the Parent Company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2020 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2019 – 30 April 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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 consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

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

Kolding, 25 June 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
Mne31450

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Management's review

Company details

Name	K. Nissen International A/S
Address, postal code, city	Ormhøjgårdvej 9, 8700 Horsens, Denmark
CVR.no.	70 60 69 17
Registered office	Horsens
Financial year	1 May - 30 April
Board of Directors	Niels Jacobsen / Chairman Lars Cordt / Vice Chairman Alan Nissen / Vice Chairman Søren Jørgensen Kasper Nissen
Executive board	Mikkel Kroglund Andersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
Bankers	Nordea Danmark, filial af Nordea Bank AB (publ), Sverige Nykredit A/S

Management's review

Financial highlights for the Group

In DKK millions, 2019/2020 2018/2019 2017/2018 2016/2017 2015/2016

Key figures

Revenue	1,943.8	1,982.8	1,675.7	1,603.6	1,380.1
Earnings before interest, Taxes, Depreciation and Amortisation (EBITDA)	182.0	239.8	197.2	206.6	152.9
Profit/loss before financial income and expense	152.9	209.8	169.1	181.6	130.2
Net finance costs	-9.6	-4.6	-47.8	-5.0	-9.3
Profit/loss for the period	109.1	156.9	92.7	136.2	93.1

Total assets	1,436.4	1,385.9	1,127.5	1,073.1	960.5
Equity	672.8	666.8	585.3	510.1	399.1

Cash flows from operating activities	125.8	171.2	109.6	205.7	52.3
Cash flow from investments in fixed assets	-48.2	-24.9	-32.7	-46.1	-24.0

Financial ratios

Operating margin	7.9%	10.6%	10.1%	11.3%	9.4%
Gross margin	30.5%	31.9%	34.2%	34.4%	34.0%
EBITDA-margin	9.3%	12.1%	11.8%	12.9%	11.1%
Return of assets	10.8%	16.7%	15.5%	17.9%	14.4%
Current ratio	205.7%	213.5%	245.4%	211.5%	194.4%
Solvency ratio	46.8%	48.1%	51.9%	47.5%	41.6%
Return on equity	16.3%	25.1%	17.0%	30.0%	25.6%
NWC ratio	22.7%	25.1%	25.1%	24.8%	27.1%

Average number of full-time employees	1,365	1,363	1,331	1,215	1,189
---------------------------------------	-------	-------	-------	-------	-------

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

Management's review

Management commentary

The Nissens Group develops, manufactures and markets cooling systems and engine efficiency products for the international automotive aftermarket and customized cooling systems for the renewable energy and special vehicles segments. The Nissens Group is considered a market-leading brand in the automotive aftermarket for thermal and engine efficiency solutions. In addition, the Nissens Group is a leading global company in cooling systems for on- and offshore wind turbines and a leading manufacturer of cooling solutions for special vehicles and industrial applications. The Nissens Group is known for a strong brand, a wide product range, consistently high service levels, good product quality, strong engineering capabilities as well as high-quality customization and innovation.

The Nissens Group consists of two business units: The Nissens Automotive division, selling to wholesalers and distributors in the automotive aftermarket, and the Nissens Cooling Solutions division, covering development and sales to two sub-segments; the wind energy industry and the industrial sub-segment, targeting respectively global wind turbine OEMs and global heavy-duty equipment OEMs.

The Nissens Group is headquartered in Horsens, Denmark, with most of the production being undertaken at two production facilities in Slovakia, three production facilities in Denmark, one production site in China and a site in the Czech republic. The Nissens Group consists of 25 subsidiaries across three continents with activities within sales, production and distribution. As of 30 April 2020, the Nissens Group employs 1,338 FTEs, of which 646 are located in Slovakia, 449 are located in Denmark, 134 are located in China and 109 are employed in other countries.

History and recent developments

Nissens was established in 1921 by Mr. Julius Nissen and opened its first international offices in Finland and Sweden in 1977. In 2005, the Nissens Group established its first international factory in Slovakia, and another factory was established in 2010 in Tianjin, China. Since 2013, the Nissens Group has expanded its manufacturing facilities in Slovakia, China, USA and the Czech Republic.

In June 2017, AX V Nissens Aps acquired the entire share capital of K. Nissen International A/S from Advanced Cooling A/S.

Automotive Business Unit

The Automotive business unit is specialized in the production and supply of products within engine cooling, climate solutions and engine efficiency. As an automotive aftermarket leading company of most essential thermal system components, the Automotive business unit has a broad product portfolio coverage covering above 95% of the European car park including, *inter alia*, radiators, condensers, compressors and intercoolers, turbos and EGR valves. The product range covers products from the fast moving to the more special parts of the European, Asian and American vehicle markets.

Cooling Solutions Business Unit

The Cooling Solutions business unit 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.

Management's review

Business review (continued)

Products

The Nissens Group offers a wide range of products within its two business units. Within the Automotive business unit, the Group offers products within three existing categories: climate cooling, engine cooling and efficiency & emissions. Condensers, compressors, blowers, receivers, dryers, evaporators, heaters and fans are products offered within the climate category; radiators, oil coolers and fan clutches are products offered within the engine cooling product category. The efficiency & emissions category covers products such as turbos, EGR valves and intercoolers.

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

Research & development

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

Knowledge resources

It is Nissens Group's wish for all employees to be able to live up to the constantly changing demands relating to the working processes. As a result, Nissens Group attaches great importance to the training and education of the employees in order for each of them to be able at all times to deliver high performance and 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.

Account of the gender composition of Management

Nissens Group has a policy for diversity and equality. The supervisory board is thus monitoring the gender and cultural mix across management levels.

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

The board of directors currently consists of seven members, of which seven are male, and zero are female. It is the target that at least one woman is represented in the Board of Directors by 2021. In 2019/2020 there have been no changes to the board.

Nissens Group wants to increase the representation of women in the Group management team supporting the CEO and 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%.

Corporate Social Responsibility

Nissens Corporate Social Responsibility Report can be found on the company's website following this link: <https://nissens.com/Admin/Public/DWSDownload.aspx?File=%2fFiles%2fFiles%2fCSR%2f2019-20+Annual+Report+CSR+section.pdf>

Management's review

Financial review

Nissens Group

The net revenue in the fiscal year 2019/2020 amounts to 1,943 MDKK, which is a decrease of 39 MDKK or 2.0% compared to the last fiscal year. EBITDA for the year is 182 MDKK compared to an EBITDA of 240 MDKK on last year. EBITDA in the year is negatively impacted by the transformation period into the new vacation pay scheme in Denmark with - 7.9 MDKK. The net income for the year is 109 MDKK compared to a net income of 157 MDKK last year.

The balance sheet total amounts to 1,436 MDKK and the equity capital amounts to 673 MDKK, equal to a debt equity ratio of 46.9%.

K. Nissen International decreased the operating profit from 210 MDKK to 153 MDKK and corresponding to an operating margin of 7.9%.

Cash Flow from Operating Activities decreased from 171 MDKK to 126 MDKK mainly driven by an extensive investment program carried out in 2019/2020 and decrease in earnings.

The cash balance at the end of the year is 195 MDKK (2018/2019: 178 MDKK) and with an undrafted credit facility of 125 MDKK the company has until now not seen a requirement to establish further available liquidity.

Automotive

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

Cooling Solutions

In the Cooling Solutions division, the year has been characterized by difficult market conditions, one-time events and an extensive global factory footprint transformation and investment program.

Market conditions are characterized by several new customer product platform introductions and a continued pressure on price levels within the Wind business. The Industrial business has been impacted by a general macro-economic slow-down of activity.

One-time events in the financial year are the loss of revenue to a bankrupt Wind customer, global supply chain disturbances originating from international duty schemes and partially from Covid-19.

Internally, the year has been impacted by an extensive global footprint and investment program of adding global capacity and implementation of new manufacturing and product technologies to facilitate lower manufacturing costs long term.

Cost-outs on product platforms have been a key initiative in the financial year and will continue to be central in the coming years in Cooling Solutions.

Nissens Group

As a response to the Covid-19 insecurities, the Company has implemented cost reductions in both divisions to ensure a cost base at a lower level going forward.

The management regards the result of the Automotive division as satisfactory given the situation of Covid-19 impacting the last quarter of the financial year.

The management regards the result of the Cooling Solutions division as unsatisfactory due to the above mentioned circumstances.

Management's review

K. Nissen International –parent company

The Parent Company has changed accounting policy for investments in subsidiaries from equity method to cost price. For further detailed see Note 1 for the Parent Company on page 38.

Outlook

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

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

Events after the balance sheet date

After the balance sheet date, no events have occurred that may have significant influence on the assessment of the financial statement for the year 1 May 2019 – 30 April 2020.

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

Special risks

Market risks

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

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

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

Currency risks

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

Credit risks

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 insurances.

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

Covid-19 risks

In the Automotive division, an immediate impact of Covid-19 has been seen due to a reduction in driven mileage in the key markets and thereby a reduction in the need for spare parts. Along the gradual opening of markets, an increased need for driving and transportation has been seen and it is expected to see a corresponding increase in the need for spare parts again. If Covid-19 re-escalates and driven mileage declines these issues might emerge again.

In the Cooling Solutions division, a number of supply chain related disturbances both on the supplier side and on the customer side relating to Covid-19 has been seen. These risk elements may arise again if Covid-19 re-escalates and suppliers and customers are impacted by this.

Consolidated financial statements

Income statements

For the period 1 May 2019 - 30 April 2020

Note	DKK'000	2019/2020	2018/2019
3	Revenue	1,943,203	1,982,859
	Cost of raw materials and consumables	-1,072,018	-1,043,328
2	Other operating income	10,658	8,142
	Other external costs	-289,985	-314,834
	Gross margin	591,858	632,839
4	Staff costs	-409,827	-393,026
	Depreciation and amortisation	-29,159	-30,057
	Profit/loss before net financials	152,872	209,756
	Income from investments in associates	-5	0
5	Finance income	6,471	1,195
5	Finance costs	-16,092	-5,777
	Profit before tax	143,246	205,174
6	Tax for the year	-34,130	-48,227
	Profit for the year	109,116	156,947

Consolidated financial statements

Balance sheet

Note	DKK'000	30 April 2020	30 April 2019
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Development projects	3,908	2,670
	Acquired intangible assets	9,076	3,350
	Development projects in progress	11,115	0
		24,099	6,020
8	Property, plant and equipment		
	Land and buildings	136,517	144,661
	Plant and machinery	79,936	62,397
	Other fixtures and fittings, tools and equipment	9,576	7,113
	Property, plant and equipment in progress	17,706	9,463
		243,735	223,634
9	Investments		
	Investments in associates	7	11
	Deposits	1,748	1,572
		1,755	1,583
	Total fixed assets	269,589	231,237
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	102,393	94,043
	Work in progress	137,185	108,231
	Finished goods and goods for resale	318,209	320,192
	Prepayments for goods	3,734	11,789
		561,521	534,255
	Receivables		
	Trade receivables	366,018	388,583
11	Deferred tax assets	1,681	6,246
	Other receivables	33,810	42,041
10	Prepayments	9,199	5,369
		410,708	442,239
	Cash and cash equivalents	194,558	178,156
	Total non-fixed assets	1,166,787	1,154,650
	TOTAL ASSETS	1,436,376	1,385,887

Consolidated financial statements

Balance sheet

Note	DKK'000	30 April 2020	30 April 2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	700	700
	Retained earnings	672,103	566,124
	Proposed dividend	0	100,000
	Total equity	672,803	666,824
	Provisions		
11	Deferred tax liabilities	4,711	4,880
12	Other provisions	14,571	10,426
	Total provisions	19,282	15,306
	Non-current liabilities		
13	Mortgage debt	162,914	163,027
	Other payables	15,797	0
	Deferred income	792	0
	Lease liability	580	0
	Total non-current liabilities	180,083	163,027
	Current liabilities		
13	Short-term portion of long-term liabilities	15	0
	Prepayments from customers	466	45,086
	Trade payables	325,932	303,032
	Payable to Group entities	80,760	21,990
	Income tax payable	12,185	35,664
	Other payables	143,646	134,958
	Deferred income	207	0
	Lease liability	997	0
	Total current liabilities	564,208	540,730
	Total liabilities	763,573	719,063
	TOTAL EQUITY AND LIABILITIES	1,436,376	1,385,887

Consolidated financial statements

Cash flow statement

For the period 1 May 2019 - 30 April 2020

Note	DKK'000	30 April 2020	30 April 2019
	Profit for the year	109,121	156,947
20	Adjustments	65,450	88,262
	Cash generated from operations (operating activities)	174,571	245,209
21	Changes in working capital	8,465	-33,596
	Cash generated after operations	183,036	211,613
	Finance received	1,073	1,195
	Finance paid	-5,064	-5,901
	Income tax paid	-53,227	-35,681
	Cash flows from operating activities	125,818	171,226
	Investing activities		
	Purchase of intangible assets	-19,832	-3,539
	Purchase of property, plant and equipment	-48,222	-24,933
	Proceeds from sale of property, plant and equipment	287	248
	Change in deposits	-183	-87
	Net cash flows used in investing activities	-67,950	-28,311
	Financing activities		
	Dividends distributed	-100,000	-80,000
	Repayment of borrowings	-235	0
	Proceeds from related parties	58,770	54,508
	Other cash flows from financing activities	0	-63
	Net cash flows from financing activities	-41,465	-25,554
	Cash flow for the period	16,402	117,361
	Cash and cash equivalents at 1 May	178,156	60,795
	Cash and cash equivalents at 30 April	194,558	178,156

The Group has unused credit facilities amounting to DKK 125,000 thousands.

Consolidated financial statements

Statement of changes in equity

For the period 1 May 2019 - 30 April 2020

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total equity
Equity at 1 May 2018	700	534,556	50,000	585,256
Transfer through appropriation of profit	0	56,947	100,000	156,947
Exchange rate adjustment	0	4,621	0	4,621
Dividend distributed	0	0	-50,000	-50,000
Extra ordinary dividend distrib- uted	0	-30,000	0	-30,000
Equity 30 April 2019	700	566,124	100,000	666,824
Equity at 1 May 2019	700	566,124	100,000	666,824
Transfer through appropriation of profit	0	109,116	0	109,116
Exchange rate adjustment	0	-3,137	0	-3,137
Dividend distributed	0	0	-100,000	-100,000
Equity 30 April 2020	700	672,103	0	672,803

Consolidated financial statements

Overview of notes for the consolidated financial statements

Note

- 1 Accounting policies
- 2 Special items
- 3 Segment information
- 4 Staff costs
- 5 Net finance costs
- 6 Tax for the year
- 7 Intangible assets
- 8 Property, plant and equipment
- 9 Investment in subsidiaries
- 10 Prepayments
- 11 Deferred tax
- 12 Provisions
- 13 Non-current liabilities other than provisions
- 14 Hedging
- 15 Contractual obligations and contingencies, etc.
- 16 Pledges, collateral and commitments
- 17 Related party disclosures
- 18 Fees paid to auditors appointed at the annual general meeting
- 19 Appropriation of profit
- 20 Adjustments
- 21 Change in working capital

Consolidated financial statements

Notes

1 Accounting policies

The annual report of K. Nissen International A/S for 2019/2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of the last year for other financial accounts. Comparative figures have been restated to reflect policy changes.

Reporting currency

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

Consolidated financial statements

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

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

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

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

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

Foreign currency translation

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

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

Foreign group entities

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.

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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

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

Leases

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

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 recognised in finance costs in the statement of profit or loss.

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

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

Income statement

Revenue

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

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

Other operating income

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

Government grant

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

Consolidated financial statements

Notes

1 Accounting policies (continued)

Cost of sales

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

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 pension to the Company's employees, as well as other social security contributions etc. The item is net of refunds from public authorities.

Depreciations

The item comprises depreciation of property, plant and equipment.

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

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

The residual value is determined at the time of acquisition and is 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.

Income from investments in subsidiaries and associates

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.

Result after tax for the year related to associated are presented in a separate line in the income statement for the Company's proportionate share of the profit/loss for the year.

Finance 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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

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

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

Property, plant and equipment

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

The cost of self-constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Investments in subsidiaries and associates

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

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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

Consolidated financial statements

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

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

Production overheads comprise the indirect cost of material and labour as well as maintenance and amortisation/depreciation of intangible assets and property, plant and equipment used in the production process.

Receivables

Receivables are measured at amortised cost. 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 has been impaired, an impairment loss is recognised on an individual basis.

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. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Cash

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

Equity

Proposed dividends

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

Consolidated financial statements

Notes

1 Accounting policies (continued)

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 anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event 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 taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

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

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

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

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

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

Financial ratios

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

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

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

Consolidated financial statements

Notes

2 Special items

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

Special items are specified below:

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Government grants	2,218	0
Special items are incorporate in the income statement in:		
Other operating income	2,218	0
Result of special item, net	2,218	0

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

3 Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable business units, as follows:

- ▶ Nissens Automotive
- ▶ Nissens Cooling Solutions

No operating segments have been aggregated to form the above reportable operating business units.

Revenue	Automotive	Cooling Solution	Total segments
	MDKK	MDKK	MDKK
1 May 2019 – 30 April 2020	983.3	960.5	1,943.8
1 May 2018 – 30 April 2019	961.7	1,021.2	1,982.9

Geographic information

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Revenue from external customer		
Denmark	197.0	267.6
Germany	400.3	381.9
Other	1,346.5	1,333.4
	1,943.8	1,982.9

Consolidated financial statements

Notes

4 Staff costs

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Wages and salaries	374,547	358,852
Pensions	19,545	18,656
Other Social security costs	16,269	15,518
Total employee benefit expense	410,361	393,026
Average number of full time employee	1,365	1,363

5 Net finance costs

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Finance income		
Other financial income	1,166	1,195
Foreign exchange rate gains	5,305	0
Total finance income	6,471	1,195

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Finance costs		
Interests - borrowings	2,599	4,950
Interest – To Group companies	4,071	100
Other finance expenses	2,571	727
Foreign exchange rate loss	6,851	0
Total finance costs	16,092	5,777

6 Tax for the year

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Estimated tax charge for the year	31,102	49,363
Deferred tax adjustments in the year	4,382	-1,453
Tax adjustments, prior year	-1,354	317
	34,130	48,227

Consolidated financial statements

Notes

7 Intangible assets

DKK'000	Development projects	Acquired intangible assets	Intangible assets in progress	Total
Cost 1 May 2019	2,669	17,383	0	20,052
Currency translation	0	7	0	7
Addition	1,295	7,423	11,115	19,833
Transferred	0	0	0	0
Disposals	0	0	0	0
Cost 30 April 2020	3,964	24,813	11,115	39,892
Amortisation and impairment 1				
May 2019	0	14,032	0	14,032
Currency translation	0	1	0	1
Amortisation	56	1,704	0	1,760
Disposal	0	0	0	0
Amortisation and impairment 30 April 2020	56	15,737	0	15,793
Carrying amount 30 April 2020	3,908	9,076	11,115	24,099

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

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings	Construction in progress	Total
Cost 1 May 2019	327,831	286,205	41,045	9,463	664,544
Currency translation	-94	-363	-108	0	-565
Additions	0	1,226	5,967	41,029	48,222
Transferred	1,555	31,231	0	-32,786	0
Disposals	0	-10,603	-1,746	0	-12,349
Cost 30 April 2020	329,292	307,696	45,158	17,706	699,852
Depreciation and impairment 1					
May 2019	183,170	223,808	33,932	0	440,910
Currency translation	-38	-347	-59	0	-444
Depreciation	9,643	14,902	2,854	0	27,399
Disposals	0	-10,603	-1,145	0	-11,748
Depreciation and impairment 30 April 2020	192,775	227,760	35,582	0	456,117
Carrying amount 30 April 2020	136,517	79,936	9,576	17,706	243,735
Of which are finance lease assets	3,645		55	0	3,700

Consolidated financial statements

Notes

9 Investments

DKK'000	Investments in associated, net asset value	Deposits, investment	Total
Cost at 1 May 2019	11	1,572	1,583
Additions in the year	0	190	190
Disposal in the year	-4	-7	-11
Currency translation	0	-7	-7
Cost at 30 April 2020	7	1,748	1,755
Carrying amount at 30 April 2020	7	1,748	1,755

Name	Legal form	Registered office	Owner- ship	Equity DKK '000	Profit/loss DKK '000
Subsidiaries					
Nissens Slovakia S.R.O.	S.r.o	Slovakia	100%	111,507	20,942
Nissens Slovakia North S.R.O.	S.r.o	Slovakia	100%	1,545	358
Nissens (Shanghai) Auto Parts Trading Ltd.	Ltd.	China	100%	35,057	6,203
Nissens Cooling System (Tianjin) Co Ltd	Ltd.	China	100%	44,853	20,147
NCS International A/S	A/S	Denmark	100%	263,428	24,653
NA International A/S	A/S	Denmark	100%	1,167,459	76,941
Associates					
Nissens Japan		Japan	20%	30	-25
K. Nissens International A/S shares of Nissens Japan				6	-5

Name	Legal form	Registered of- fice	Indirect ownership	Equity DKK '000	Profit/loss DKK '000
Subsidiaries of NCS International A/S:					
Nissens Cooling Solutions A/S	A/S	Denmark	100%	208,791	-21,432
Nissens Cooling Solutions Inc.	Inc.	USA	100%	3,323	300
Nissens Cooling Solutions Czech S.r.o.	S.r.o.	Czech Republic	100%	1,119	-2,422
Subsidiaries of NA International A/S:					
Nissens Automotive A/S	A/S	Denmark	100%	232,163	68,866
Nissens UK Ltd	Ltd	England	100%	4,372	762
Nissen France EURL	EURL	France	100%	7,904	762
Radiadores Nissen S.A.	S.A	Spain	100%	15,512	1,517
Nissens Sverige A.B.	A.B	Sweden	100%	2,256	170
Nissens Schweiz A.G.	A.G	Switzerland	100%	2,723	113
Nissens Portugal LDA	Lda.	Portugal	100%	1,135	48
Chlodnice Nissens Polska Sp.zo.o.	Sp. Zo.o	Poland	100%	3,307	257
Nissens Belgium S.A.	S.A	Belgium	100%	4,617	306
Nissens Hungaria Jarmuhuto Kft	Ktf.	Hungary	100%	2,950	432
Nissens Italia S.R.L.	S.r.l	Italy	100%	3,075	350
Nissens Finland OY	OY	Finland	100%	8,206	255
Nissens North America Inc.	Inc.	USA	100%	21,118	400
Nissens Ukraine Ltd	Ltd.	Ukraine	100%	-4,409	-195
Nissens Deutschland GmbH	GmbH	Germany	100%	5,856	1,962

Consolidated financial statements

Notes

10 Prepayments

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

11 Deferred tax

DKK'000	30 April 2020	30 April 2019
Deferred tax 1 May	-1,366	81
Currency translation	14	6
Deferred tax for the period recognised in profit for the period	4,382	-1,453
Deferred tax 30 April	3,030	-1,366

Reflected in the statement of financial position as follows:

Deferred tax assets	1,681	6,246
Deferred tax liabilities	4,711	4,880
Deferred tax, net	3,030	-1,366

12 Provisions

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

DKK'000	30 April 2020	30 April 2019
Balance at beginning of year at 1 May	10,426	10,213
Currency translation	41	0
Provision in year	5,035	697
Reversal during the year	-931	-484
Deferred tax, net	14,571	10,426

13 Non-current liabilities other than provisions

DKK'000

	Total debt at 30/4 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 year
Mortgage debt	162,929	15	162,914	113,310
Lease liability	1,577	997	580	0
Other payables	15,797	0	15,797	15,797
	180,303	1,012	179,291	129,107

Consolidated financial statements

Notes

14 Hedging

The Company has entered into currency hedging agreements covering purchase in foreign currency. The fair value of hedging agreements as of 30 April 2020 amounts to 1,428 DKK'000 and will expire within eight months after the balance sheet date.

15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

30 April 2020

DKK'000	Operational leases	Other contractual commitments
0-1 year	17,896	14,278
1-5 year	44,503	24,427
>5 years	1,333	0
	63,732	38,705

30 April 2019

DKK'000	Operational leases	Other contractual commitments
0-1 year	12,306	10,820
1-5 year	15,088	27,981
>5 years	966	0
	28,360	38,801

Rent liabilities and payments under operating leases concerning cars, gas plant and computer equipment.

Other contingent liabilities

The Group is party to a minor numbers 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.

The Group has provided payment guarantees through a credit institution. The guarantees amount to 4,468 DKK'000 at 30 April 2020.

Consolidated financial statements

Notes

16 Pledges, collateral and commitments

Collateral

Land and buildings with a carrying amount of 63.1 MDKK have been pledged as security for mortgage debt of 162.9 MDKK.

Shares in K. Nissen International A/S, carrying amount 672,803 DKK'000 and shares in the following subsidiaries of K. Nissen International A/S, Nissens Slovakia S.r.o, carrying amount 117,507 DKK'000, Nissens Slovakia North S.r.o, carrying amount 1,545 DKK'000, Nissens North America Inc. carrying amount 21,118 DKK'000 Nissens Cooling Solutions A/S , carrying amount 208,791 DKK'000, Nissens Automotive A/S , carrying amount 232,163 DKK'000, Nissens Deutschland GmbH, carrying amount 5,856 DKK'000 and the subsidiary of Nissens A/S, Nissens UK Ltd, carrying amount 7,904 DKK'000 have been pledged as security for bond debts of 130 MEUR in the Parent Company AX V Nissens ApS.

KNI International A/S has issued a guarantee in respect of 100% of Nissens Cooling Solutions A/S' debt to credit institutions. The debt amounts to DKK 0 at 30 April 2020.

17 Related party disclosures

K. Nissens International A/S' related parties include the following:

Name	CVR no.	Registered office	Basis for controlling influence	Indirect share of votes	Consolidated annual report
AX V Nissens III ApS	38 64 73 50	Horsens	Ultimate	73.3%	Included
AX V Nissens II ApS	38 64 74 58	Horsens	Participating interest	100.0%	
AX V Nissens I ApS	38 64 75 39	Horsens	Participating interest	100.0%	
AX V Nissens ApS	38 64 75 71	Horsens	Immediate	100.0%	Included

30 June 2017, AX V Nissens ApS bought all shares in K. Nissen International A/S from Advanced Cooling A/S. Except from this, there has not been any significant transaction between the Group and above related parties in the period.

K. Nissen International A/S holds a payable of 80,760 DKK'000 with AX V Nissens ApS. Interests are charged at market terms.

Transactions

Disclosure according to §98b of the Danish Financial Statements Act amounts to 80 DKK'000, for remunerations to the board of directors (2018/19: 20 DKK'000).

Group enterprise transactions not carried through on normal market terms

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

Consolidated financial statements

Notes

18 Fee to auditors appointed by the Company in general meeting

DKK'000	2019/2020	2018/2019
Statutory audit	813	731
Assurance engagements	4	470
Tax assistance	401	135
Other assistance	233	167
	1,451	1,503

19 Appropriation of profit

Recommended appropriation of profit

DKK'000	2019/2020	2018/2019
Proposed dividend for the year	0	100,000
Retained earnings	109,121	56,947
	109,121	156,947

20 Adjustments

DKK'000	2019/2020	2018/2019
Amortisation/depreciation and impairment losses	29,159	30,057
Gain/loss on the sale of non-current assets	295	656
Provisions	-3,145	-213
Financial income	-6,471	-1,195
Financial expenses	16,092	5,788
Exchange rate adjustments	-3,610	4,942
Tax for the year	34,130	48,227
	65,450	88,262

21 Change in working capital

DKK'000	2019/2020	2018/2019
Change in inventory	-27,266	-79,094
Change in receivables	26,966	-96,972
Change in trade payables and other payables	53,385	97,384
Change in prepayments from customer	-44,620	45,086
	8,465	-33,596

Parent financial statements

Income statement

For the period 1 May 2019 - 30 April 2020

Note	DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
2	Other operating income	63,887	46,730
	Other operating costs	-515	0
	Other external costs	-39,120	-28,874
	Gross margin	24,252	17,856
3	Staff costs	-18,072	-17,947
	Depreciation, amortization and impairment of intangible fixed assets and property, plant and equipment	-1,940	-3,178
	Profit/loss before financial income and expenses	4,240	-3,269
	Dividend distributed from subsidiaries	100,000	50,000
	Income from investments in associates	-5	-5
4	Financial income	16,581	6,543
5	Financial costs	-10,755	-6,469
	Profit before tax	110,061	46,800
6	Tax on profit for the year	-968	-692
	Profit for the period	109,093	46,108

Parent financial statements

Balance sheet

Note	DKK'000	30 April 2020	30 April 2019
	ASSETS		
	Acquired intangible fixed assets	4,808	339
7	Total intangible fixed assets	4,808	339
	Land and buildings	134	145
	Plant and machinery	0	0
	Other fixtures and fittings, tools and equipment	2,961	2,746
8	Total tangible fixed assets	3,094	2,891
	Investments in Group entities	74,464	74,464
	Receivables from Group entities	208,392	112,066
	Investments in associates	6	11
9	Fixed asset investment	282,862	186,541
	Total fixed assets	290,764	189,771
	Receivables from Group entities	68,198	41,055
	Other receivables	5,567	4,412
	Prepayments	873	741
	Corporate tax	0	263
	Receivables	74,638	46,471
	Cash	101,019	98,231
	Total current assets	175,657	144,702
	TOTAL ASSETS	466,421	334,473

Parent financial statements

Balance sheet

Note	DKK'000	30 April 2020	30 April 2019
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	700	700
	Retained earnings	69,634	-39,460
	Proposed dividend for the year	0	100,000
	Total equity	70,334	61,241
	Provisions		
	Provision for deferred tax	2,199	967
	Other payables	1,079	0
	Total provisions	3,278	967
	Income tax payable	996	0
	Trade payables	11,567	2,580
	Payables to Group entities	369,680	245,598
	Other payables	10,566	24,087
	Short-term debt	392,809	272,265
	Total debt	396,087	273,232
	TOTAL EQUITY AND LIABILITIES	466,421	334,473

Parent financial statements

Statement of changes in equity

For the period ended 30 April 2020

DKK'000	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity 1 May 2018	700	440,142	94,414	50,000	585,256
Change in accounting policy, sub- sidiaries equity to cost	0	-440,142	-51,177	0	-491,319
Equity 1 May 2018	700	0	43,237	50,000	93,937
Ordinary dividend paid	0	0	0	-50,000	-50,000
Extraordinary dividend	0	0	-30,000	0	-30,000
Other equity movements	0	0	1,196	0	1,196
Net profit for the year	0	0	-53,892	100,000	46,108
Equity 1 May 2019	700	0	-39,461	100,000	61,241
Ordinary dividend paid	0	0	0	-100,000	-100,000
Exchange rate adjustment foreign	0	0	0	0	0
Net profit for the year	0	0	109,093	0	109,093
Equity 30 April 2020	700	0	69,634	0	70,334

Parent financial statements

Overview of notes for the consolidated financial statements

Note

- 1 Accounting policies
- 2 Special items
- 3 Staff costs
- 4 Net finance income
- 5 Net finance costs
- 6 Income tax for the year
- 7 Intangible assets
- 8 Tangible assets
- 9 Investments in financial fixed assets
- 10 Equity
- 11 Contingencies assets, liabilities and other financial obligations
- 12 Charges and securities
- 13 Related party disclosures
- 14 Fee to auditors appointed at the general meeting

Parent financial statements

Notes

1 Accounting policies

Changes in accounting policies (Parent Company)

Investment in subsidiaries are recognised at cost price. So far, investment in subsidiaries has been measured in according to the equity method. In the opinion of the management, that change leads to a fair and better presentation of the Parent Company's activities and financial position.

The change in accounting policy has led to that result that profit before tax has been impact negatively with 100,023 tDKK (2018/2019: negatively with 110,821 tDKK). Profit for the year 100,023 (2018/2019: negatively with 110,821 tDKK). Carrying value of investments in subsidiaries are impact negatively with 606,878 (2018/2019: negatively 609,659 tDKK). Equity is reduced with 602,469 tDKK (2018/2019: reduced by 605,584 tDKK) and provisions with 4,409 tDKK (2018/2019: reduced by 4,075 tDKK). Total assets are reduced with 606,878 tDKK (2018/2019: reduced with 609,659 tDKK).

The accounting policies used in the preparation of the financial statements are consistent with those of the last year for other financial accounts. Comparative figures have been restated to reflect policy changes.

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

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.

Parent financial statements

Notes

2 Special items

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

Special items are specified below:

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Government grants	228	0
Special items are incorporate in the income statement in:		
Other operating income	228	0
Result of special item, net	228	0

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

3 Staff costs

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Wages and salaries	17,613	17,703
Pensions	265	174
Other social security costs	194	70
Total employee benefit expense	18,072	17,947
Average number of full time employee	30	30

4 Financial income

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Interest income, Group entities	13,320	5,398
Other financial income	835	923
Foreign exchange rate gains	2,426	222
	16,581	6,543

5 Financial costs

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Financial costs, Group entities	9,530	5,008
Other financial costs	1,235	1,461
	10,755	6,469

Parent financial statements

Notes

6 Income tax for the year

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Estimated tax charge for the year	996	-263
Deferred tax for the year	1,232	967
Adjustment of tax concerning previous years	-1,260	-12
	968	692

7 Investments in subsidiaries

DKK'000	30 April 2020	30 April 2019
Cost of 1 May	74,464	74,843
Additions for the year	0	800
Disposals for the year	0	-1,179
Cost at 30 April	74,464	74,464
Revaluations of 1 May	0	608,480
Change in accounting policy, subsidiaries equity to cost		-608,480
Revaluation at 30 April	0	0
Carrying amount at 30 April	74,464	74,464

Investments in subsidiaries are specified in the consolidated financial statement for the Group on page 28.

DKK'000	Receivables from group entities	Investments in associates
Cost at 1 May 2019	112,066	11
Exchange rate adjustments	-204	0
Additions for the year	99,431	0
Disposals for the year	-2,901	-5
Cost at 30 April 2020	208,392	6
Carrying amount at 30 April 2020	208,392	6

Parent financial statements

Notes

8 Intangible fixed assets

DKK'000	Acquired in- tangible fixed assets	Total
Cost at 1 May 2019	1,857	1,857
Additions for the year	4,856	4,856
Cost 30 April 2020	6,712	6,712
Impairment losses and amortisation at 1 May 2019	1,518	1,518
Amortisation for the year	387	387
Impairment losses and amortisation at 30 April 2020	1,904	1,904
Carrying amount 30 April 2020	4,808	4,808

9 Tangible fixed assets

DKK'000	Land and build- ings	Plant and ma- chinery	Other fixtures and fittings, tools and equipment	Total
Cost 1 May 2019	157	1	4,338	4,496
Additions for the year	0	0	2,351	2,351
Disposals for the year	0	0	-1,347	-1,347
Cost 30 April 2020	157	1	5,342	5,500
Impairment losses and depreci- ation at 1 May 2019	12	1	1,592	1,605
Depreciation for the year	12	0	1,541	1,553
Disposals	0	0	-752	-752
Impairment and depreciation of sold assets for the year	0	0	0	0
Impairment losses and depreci- ations at 30 April 2020	24	1	2,381	2,406
Carrying amount 30 April 2020	133	0	2,961	3,094

10 Equity

The share capital consists of:

DKK'000	Nominal value
70,000 A shares of 1 DKK'000	70,000
630,000 B shares of 1 DKK'000	630,000
	700,000

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

Parent financial statements

Notes

11 Proposed distribution of profit

DKK'000

Proposed dividend for the year
Retained earnings

	<u>2019/20</u>	<u>2018/19</u>
	0	100,000
	109,093	-53,892
	<u>109,093</u>	<u>46,108</u>

12 Contingencies assets, liabilities and other financial obligations

Contingent liabilities to the parent company and group entities

K. Nissen International A/S is jointly taxed with its Parent, AX V Nissens III ApS (Management Company), and is jointly and severally liable with the other joint taxed entities for the payment of income taxes as well as withholding taxes on interest, royalties and dividends. The liabilities have been estimated at 5.5 MDKK at 30 April 2020 (30 April 2019 27.9 MDKK).

13 Charges and securities

K. Nissen International A/S for the Parent Company is included in the consolidated financial statement on page 12.

14 Related parties and ownership

Related parties and ownership are for the Parent Company included in the consolidated financial statement on page 31.

15 Fee to auditors appointed at the general meeting

Audit fees are disclosed with reference to § 96, subsection 3 of Danish Financial Statements Act. The fee is specified for the Group in the consolidated financial statement on page 32.