

Nissens®



DELIVERING THE DIFFERENCE

AX V Nissens ApS

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Annual report

1 May 2018 - 30 April 2019

The Annual Report was presented and approved at the Annual General Meeting of the company on / 2019

Niels Jacobsen
Chairman

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Statement by Management on the Annual Report

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of AX V Nissens Aps for the financial year 2018/19 covering the period 1 May 2018 to 30 April 2019.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act

It is our opinion that the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position on 30 April 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2018 – 30 April 2019

In our opinion, the Management's commentary includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cash flow and financial position as well as a description of the significant risks and uncertainty factors that the Parent Company and the Group face.

We recommend that the annual report be approved at the Annual General Meeting.

Horsens, 28 June 2019

Executive Board:

Mikkel Kroghslund Andersen
CEO

Jakob Backs
CFO

Board of Directors:

Niels Jacobsen
Chairman

Lars Cordt
Vice Chairman

Alan Nissen
Vice Chairman

Søren Klarskov Vilby

Povl Christian Lütken Frigast

Marc de Jong

Manfred Wolf

Independent auditor's report

To the shareholders of AX V Nissens ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of AX V Nissens ApS for the financial year 1 May 2018 – 30 April 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2018 – 30 April 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Board of Directors.

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.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

Subsequent to AX V Nissens ApS having listed its bond on OMX Nasdaq Copenhagen, we were initially appointed as auditors of AX V Nissens ApS on 6 July 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2018/19. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Independent auditor's report

Measurement of intangible assets

The Group has recognised intangible assets totalling DKK 1,603,459 thousand in the balance sheet at 30 April 2019. The useful life of goodwill is indefinite, and according to International Financial Reporting Standards as adopted by the EU (IAS 36), goodwill must be tested for impairment at least annually. Brand, know-how and customer relations are amortised over 10-15 years. No impairment of intangible assets was identified during the financial year other than the decrease in value reflected by ordinary amortisation of brand, know-how and customer relations. The annual impairment test is key to our audit, as it includes Management's assumptions and estimates relating to, for instance, future earnings.

Additional information about the goodwill recognised in the year is disclosed in note 14 to the consolidated financial statements.

In connection with our audit, we examined the impairment test prepared by Management, which was performed in accordance with the discounted cash flow model, and we assessed whether the assumptions made by Management could be substantiated. We assessed whether the calculation model is relevant and assessed the discount factor and growth rate levels. The expected net cash flows are based on budgets for the years 2019/20 to 2022/23 and a terminal value. We examined procedures for the budget preparation and compared budgets with the Group's strategic efforts in the individual areas. Additionally, we examined whether the information on goodwill disclosed in note 14 is adequate relative to applicable accounting standards.

Measurement of inventories

At 30 April 2019, the Group recognised inventories totalling DKK 534,255 thousand. Inventories are measured at the lower of cost and net realisable value. As the valuation of inventories involves significant management estimates and assessments, the area is a key audit matter.

In connection with our audit, we sample tested Management's calculation of cost plus production overheads.

Furthermore, we considered the model for inventory write-down where cost exceeds net realisable value. During our audit, we obtained and tested the Group's analyses of age distribution and write-down for obsolescence on inventories and tested the completeness of the basis for the calculation and the mathematical accuracy of the calculation. We also assessed the reasonableness of the estimates applied by Management in the model. Moreover, we examined whether the information on inventories is adequate relative to applicable accounting standards.

Measurement of investments in subsidiaries

The parent company has recognised investments in subsidiaries totalling DKK 2,193,335 thousand in the balance sheet at 30 April 2019. Investments in subsidiaries are measured at the lower of costs and recoverable amount. Investments in subsidiaries are tested for impairment in case of impairment indicators. No impairment indicators for investments in subsidiaries were identified during the financial year. The assessment of impairment indicators, and, if relevant, the impairment test, is key to our audit, as it includes Management's assumptions and estimates relating to, for instance, future earnings.

In connection with our audit, we examined Management's assessment of impairment indicators and assessed whether the assumptions made by Management could be substantiated. We examined procedures for the assessment and compared budgets with the Group's strategic efforts in the individual areas.

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.

Independent auditor's report

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.

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.

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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kolding, 28 June 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Brian Skovhus Jakobsen
State Authorised
Public Accountant
mne27701

Morten Østergaard Koch
State Authorised
Public Accountant
mne35420

Management's review

Company details

Name	AX V Nissens ApS
Address, postal code, city	Ormhøjgårdvej 9, 8700 Horsens, Denmark
CVR.no	38 64 75 71
Registered office	Horsens
Financial year	1 May -30 April
1. Financial year	17 May 2017 – 30 April 2018
Board of Directors	Niels Jacobsen / Chairman Lars Cordt / Vice Chairman Alan Nissen / Vice Chairman Søren Klarskov Vilby Povl Christian Lütken Frigast Marc de Jong Manfred Wolf
Executive board	Mikkel Kroghslund Andersen Carl Jakob Backs
Parent company	AX V Nissens I ApS, cvr.no. 38 64 75 39
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1. 3. sal, 6000 Kolding, Danmark
Bankers	Nordea Danmark, filial af Nordea Bank AB (publ) Sverige Nykredit A/S
Annual shareholders meeting	The Annual Shareholders meeting on 28 June 2019, at Ormhøjgårdvej 9, 8700 Horsens

Management's review

Financial highlights for the Group

	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
In DKK millions, except for per share data		

Key figures

Revenue	1,982.8	1,319.9
EBITDA before special items	234.6	122.6
Operating profit before special items	127.3	35.4
Operating profit after special items	124.2	4.8
Net finance costs	-67.8	-53.7
Result before tax	56.3	-48.9
Result for the year	28.9	-55.1

Non-current assets	1,956.1	2,036.0
Current assets	1,152.8	856.1
Total assets	3,108.9	2,892.1
Equity	1,214.3	1,181.1
Non-current liabilities	1,292.6	1,301.6
Current liabilities	602.1	409.3

Cash flows from operating activities	170.7	40.6
Cash flow from investing activities	-28.3	-2,124.3
Cash flow from investments in fixed assets	24.9	24.0
Cash flows from financing activities	-39.4	2,160.0
Total cash flows	103.0	76.3

Financial ratios

EBITDA before special items margin	11.8%	9.3%
Operating margin before special items	6.4%	2.7%
Operating margin after special items	6.3%	0.4%
Current ratio	191.5%	209.2%
Equity ratio	39.1%	40.8%
Return on equity	2.4%	-4.6%
Earnings per share (in DKK)	2.3	-4.6
Dividend distributed per share (in DKK)	0.0	0.0

Average number of full-time employees	1,365	1,333
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Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios".

Due to adoption of IFRS 9 and IFRS 15 the 2017/2018 highlights and ratios are not modified to the implementation.

Definition of Financial ratios

EBITDA before special items margin:	$EBITDA \text{ before special items margin} / \text{Revenue} * 100$
Operating margin before special items:	$Operating \text{ margin before special items} / \text{Revenue} * 100$
Operating margin after special items:	$Operating \text{ margin after special items} / \text{Revenue} * 100$
Current ratio:	$Current \text{ assets} / Current \text{ liabilities} * 100$
Equity ratio:	$Equity / Total \text{ assets} * 100$
Return on equity:	$Net \text{ profit/loss for the year} / Average \text{ equity in the year} * 100$ (Opening equity is based on equity after total contribution)
Earnings per share (in DKK):	$Net \text{ profit/loss for the year} / Average \text{ number of shares}$
Dividend distributed per share (in DKK):	$Dividend / Number \text{ of share at distribution}$

Management's review

Business review

The Nissens Group develops, manufactures and markets cooling systems 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 solutions. In addition, the Group is a leading global company in cooling systems for on- and offshore wind turbines and a leading niche manufacturer of cooling solutions for off-road 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: Nissens Automotive, selling to wholesalers and distributors in the aftermarket, and Nissens Cooling Solutions, covering development and sales to two segments; the wind energy industry and the industrial 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 and one production site in China. The Nissens Group consists of 24 subsidiaries across three continents with activities within sales, production and distribution. As of 30 April 2019, the Nissens Group employs 1,395 FTEs, of which 694 are located in Slovakia, 492 are located in Denmark, 123 are located in China and 86 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 established an assembly setup in North Carolina, USA and expanded its manufacturing facilities in Slovakia with an expansion of the original site as well as the establishment of a new site.

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 and climate solutions. As an independent aftermarket leading company of most essential thermal system components, the Nissens Group has a broad product portfolio coverage covering above 95% of the European car park including, *inter alia*, radiators, condensers, compressors and intercoolers. The product range of the Nissens Group covers products from the fast moving to the more special parts of the European, Asian and American vehicle brands.

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.

Management's review

Business review (continued)

The wind segment delivers cooling systems and modules to the wind industry, whereas the industry segment is focused on heavy-duty cooling solutions for special machinery such as construction equipment, mining machinery and agricultural machines.

Products

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

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.

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

At Nissens, we wish for all employees to be able to live up to the constantly changing demands relating to our working processes. As a result, we attach great importance to the training and education of our employees in order for each of them to be able at all times to deliver high performance and flaw-less products and services. The training takes place in both internal and external courses, and with this approach, we have gained a profound know-how of the processes related to the processing of aluminium and the development of applications for thermal solutions.

Account of the gender composition of Management

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

It is our 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.

Our 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 2018/19 there have been no changes to the board.

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%.

Management's review

Financial review

AX V Nissens ApS

The parent company was established on 17 May 2017 with the purpose of acquiring the shares in K. Nissen International A/S. This transaction was conducted on 30 June 2017 from which date K. Nissen International A/S became a 100% owned subsidiary of the company.

The consolidated financial statements for the company for the financial year 1 May 2018 – 30 April 2019 show a net profit before tax of 56.3 MDKK (2017/2018: -48.9 MDKK). Attention should be brought to the fact that the figures of the last financial year only consists of 10 months of the financial year; leaving out 2 months of the high season. Furthermore last year was significantly impacted by special items of 30.6 MDKK and purchase price allocation of 20.5 MDKK relating to expensing of fair value adjustment relating to finished goods and the order book.

The consolidated balance sheet for the company includes intangible assets of 1,603 MDKK (2017/2018: 1,670 MDKK) of which 1,597 MDKK (2017/2018: 1,665 MDKK) are intangible assets relating to the acquisition of K. Nissen International A/S. Amortisation of intangible assets related to the acquisition of K. Nissen International has had a negative impact on the profit and loss accounts of 67 MDKK (2017/2018: 56 MDKK). Goodwill of 937 MDKK has been allocated with 61% to the Automotive business unit and 39% to the Cooling Solution business unit. Both divisions of the company have been impairment tested. Cf. note 14 the impairment test did not identify any need for impairment write down.

With an equity of 1,214 MDKK (2017/2018: 1,181 MDKK), the Group has an equity ratio of 39.1% (2017/2018: 40.8%). The cash flow statement shows a positive cash flow of 103 MDKK (2017/2018: 76 MDKK) for the year. Cash flow from operations amounts to 171 MDKK (2017/2018: 41 MDKK).

The Automotive division has had a strong year driven by continued sales growth and favourable weather conditions in specific markets.

In Nissens Cooling Solutions the financial year has been characterized by high net sales growth, however with challenged earnings, where we unfortunately have had to include provision for losses on a customer in the wind segment currently going through insolvency.

Considerable changes in the supply chain of wind industry, relating to service requirements and continued price pressure, are conditions that we expect will remain in the coming years.

The management regards the result of the group as satisfactory given the challenging situation in the wind industry.

Management's review

Outlook

The Nissens Group expects an improved result in the financial year 2019/2020 compared to 2018/2019 with growth in revenue to above 2,000 and an EBITDA above 235 MDKK.

K. Nissen International A/S

K. Nissen International A/S, the acquired company, realized according to Danish GAAP in 2018/2019 a consolidated Group Revenue of 1,983 MDKK (1,676 MDKK in 2017/2018), EBITDA of 240 MDKK (197 MDKK in 2017/2018), Profit before tax of 205 MDKK (121 MDKK in 2017/2018) and a Profit for the year of 157 MDKK (93 MDKK in 2017/2018). Cash flow from operating activities amounts to 175 MDKK (110 MDKK).

Bond

AX V Nissens ApS EUR 130,000,000 Senior Secured Floating Rate Bonds due 29 June 2022 listed on Nasdaq Copenhagen (Nissens, ISIN DK0030400890).

Events after the reporting period

After the balance sheet date, no events have occurred that may have significant influence on the assessment of the financial statement for the year 1 May 2018 – 30 April 2019.

Corporate Social Responsibility

Business model & Nissens' approach to sustainability

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

In 2018/2019, Nissens has enhanced its commitment to social responsibility and sustainability by joining UN Global Compact as a member. The first COP Report from Nissens is available from July, 2019.

Human rights

Nissens is committed to supporting and respecting the internationally proclaimed human rights.

Area	Risk	Actions in 2018/2019	Results 2018/2019
Supply chain management	Adverse human rights, negative environmental impact, and corruption issues in supply chain.	We continue to specify our expectations to our suppliers in our Code of Conduct.	A large number of our suppliers has received our Code of Conduct.
Data privacy	Not handling personal and sensitive personal data and information in compliance with legal regulations and internal guidelines.	We have initiated a number of new initiatives and procedures to further strengthen our processes on managing personal and sensitive personal data and information.	Our target for 2018/2019 was to secure that all managerial staff at top three tier levels at Nissens receives and sign our Data Privacy Policy and procedures to secure compliance. This target is reached. The same applies to a selection of employees with duties requiring access to personal data. All other employees are made acquainted with our Data Privacy Policy in 2018/2019.

Corporate Social Responsibility

Social & Labor Conditions

Nissens employees represent the fundamental platform for our success, and the group are committed to supporting a safe and healthy work environment, where we reduce the risk of work-related accidents and injuries.

Area	Risk	Actions in 2018/2019	Results 2018/2019
Employee development & satisfaction	High employee turnover	To ensure organizational stability in our main production site, we have introduced a variety of initiatives, which have positively influenced the retention of existing employees.	Improvement of retention rate and improvement of the work environment in our main production site.
Employee safety, health and well-being	Employees getting injured at work	Our health and safety focus is supported by regular, ongoing measurement and follow-up on e.g. the development of injury rates.	In 2018/2019, our LTIR (Lost Time Injury Rate) on blue-collar employees in Slovakia and Denmark combined is 3.5. In comparison, the LTIR in 2017/18 was 4.1.
	High sickness absence impacting negatively on daily operations and planned outputs	We measure and follow up on our sickness absence on both blue-collar and white collar employees on a monthly basis and take necessary actions to support our employees and limit as well as prevent absence due to sickness.	Short-term sickness absence rates for blue-collar and white-collar employees measured across Denmark, Slovakia and China are in 2018/2019: Denmark: 2.59 % Slovakia: 4.30 % China: 0.54 %
Diversity in other managerial positions	Risk of discriminating based on gender, race, religion, ethnicity when hiring new employees	In our policy on gender and cultural diversity, we have defined a target of a minimum share of female managers in all management levels.	In 2018/2019, a share of 17 % of Nissens' Group Management are female, and on the following management level the share of female managers amount to 19.05 %.
Gender distribution at BoD and Management	Our board of directors currently consists of seven members, of which seven are male, and zero are female. It is outlined in Nissens' Policy on Gender and Cultural Diversity that we work to ensure that regardless of gender, race, and religion, all employees must be treated equally, in order to ensure that everyone has equal opportunities for employment. We have a wish to increase the representation of women in the Group Management Team supporting the CEO and the Board of Directors, and we therefore strive to have at least one of each gender among the final candidates for open positions.		

Corporate Social Responsibility

Climate

Nissens strives to minimize the risk of having an unnecessary detrimental impact on the climate through the optimization of our energy consumption and a reduction of the Group's CO₂ emissions. The Group's ambition and approach are outlined in its environmental and energy policies, which apply to all of Nissens' locations and define the work within environment and climate in Nissens' production sites.

Area	Risk	Actions in 2018/2019	Results 2018/2019
Energy consumption	Unnecessary high energy consumption	In 2018/2019 we have continued our work with optimizing production processes to reduce our energy consumption and we are working with external energy consultant to identify potential savings.	During 2018/2019, we optimize the usage of the furnaces and subsequently reduce the time that the furnaces are idle. Application of traditional furnace equipment is thus avoided.
CO ₂ emissions – scope 1	Unnecessary high climate impact through production	In 2018/2019 we have continued our work with optimizing production processes to reduce our scope 1 CO ₂ emissions. We are working with external energy consultant to identify potential reductions in emissions.	Investment in new and more energy efficient furnaces is initiated for final installation and implementation in 2019.
CO ₂ emissions – scope 2	Unnecessary high climate impact through operations	In 2018/2019 we have continued our work with optimizing energy usage across production processes and buildings and are using external energy consultants for advisory	In the previous year, we have put focus into identification of a range of actions. In 2019, we plan to continue the replacement of traditional lightning sources with LED lights.

Environment

Nissens strives to minimize the environmental footprint of our production through a continuous focus on resource optimization throughout the Group's production facilities. The environmental management system is certified according to ISO14001 standards, and the Group is working in a structured manner with our environmental awareness and sustainability for years

Area	Risk	Actions in 2018/2019	Results 2018/2019
Waste	Excessive waste through production	We continuously work with optimizing our process waste. I.e. we have invested in a press for aluminium-chips at some of the CNC machines to reduce use of cooling lubricants,	In 2018/2019, the use of flux application is subject to further refinement thanks to a flux type providing less waste and improvements in the working environment at the same time.

Anti-corruption

The Nissens Group is committed to upholding a high degree of business ethics in all the markets in which the Group operates, and Nissens works against corruption in all of its forms. The Group's expectations regarding anti-corruption are specified in a Code of Conduct, which all of Nissens' employees must comply with.

Area	Risk	Actions in 2018/2019	Results 2018/2019
Corruption	Employees engaging in activities of corruption	Our Code of Conduct is distributed to our employees during their onboarding in the company. A whistleblower access is available for named or anonymous reporting of breaches of laws and regulations as well as non-compliances with Nissens' policies.	We have not identified any non-compliance or breaches with our Code of Conduct in the reporting year. No reports on incidents nor confirmed incidents are registered in our whistleblower system in the past year.

Special risks

Market risks:

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

The Group is, however, 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.

Main Elements of the Group's Internal Control and Risk Management Systems in Connection with Financial Reporting

Financial Reporting Process

The Board of Directors and the Executive Board have the overall responsibility for the Group's control and risk management including financial reporting and compliance with relevant legislation and regulations.

Control Environment

The Board of Directors and the Executive Board determine and approve the overall policies, procedures and controls in key areas of the accounting process, including business procedures and internal controls.

The Board of Directors and the Executive Board receive monthly reports with detailed financial follow-up.

The Board meets at least five times annually.

Audit Committee

The Audit Committee function is carried out by the entire Board of Directors.

Audit

A state-authorized audit company is selected to carry out the audit at the discretion of the Board of Directors. The auditor shall submit a long-form audit to the entire Board of Directors, and in addition, immediately after the finding of any fact that the Board should relate to. The Board of Directors and the Executive Management will assess the auditor's independence, competencies, etc.

Code of Corporate Governance

The DVCA guidelines for Corporate Governance was implemented in the financial year 2018/19. Please see the company's homepage for further information.

DVCA's guidelines are available at www.dvca.dk.

Board of Directors

Niels Jacobsen

Elected in September 2017.

Chief Executive Officer, William Demant Invest A/S, Deputy Chairman, Demant A/S, Deputy Chairman, KIRKBI A/S, Chairman, Thomas B. Thriges Fond, Chairman, Jeudan A/S, Member of the board, Sennheiser Communications A/S, Chairman, HIMPP A/S, Chairman, Founders A/S, Member of the board, Boston Holding A/S, Chief Executive Officer and Board member, Skovholmene ApS, Chief Executive Officer, Langelandsgården Invest ApS, Chairman, K. Nissen International A/S, Chairman, AX V Nissens I ApS, AX V Nissens II ApS.

Alan Nissen

Elected in September 2017.

Chief Executive Officer and member of the board, Advanced Cooling A/S, Chief Executive Officer and member of the board, Advanced Cooling Investment A/S, Chief Executive Officer, ANTB Holding ApS, Chief Executive Officer, AFVJ Holding ApS, Executive board, Tamdrup Bisgård Landbrug ApS, Deputy Chairman, K. Nissen International A/S, Deputy Chairman, Nissens Cooling Solutions A/S, Chairman NCS International A/S, Deputy Chairman, AX V Nissens I ApS, AX V Nissens II ApS.

Lars Cordt

Elected in September 2017.

Partner, Axcel Management A/S, Member of board, GUBI A/S, Member of board, GUBI Group ApS, Member of board, AX V GUBI Holding I ApS, Member of board, AX V GUBI Holding II ApS, Chairman, AX V GUBI Holding III ApS, Chief Executive Officer, MNGT3 LC ApS, Chairman, AX Mita Invest ApS, Chief Executive Officer and Member of board, AX IV HoldCo P/S, Member of board, Mountain Top Group ApS, Member of board, Mountain Top Holding I ApS, Member of board, Mountain Top Holding II ApS, Member of board, Mountain Top Holding III ApS, Chairman, AX V INV4 Holding III ApS, Chairman, AX V INV5 Holding ApS, Chairman, AX V INV5 Holding III ApS, Deputy Chairman, K. Nissen International A/S, Deputy Chairman, AX V Nissens I ApS, Deputy Chairman, AX V Nissens II ApS, Chairman, AX V Nissens III ApS.

Søren Klarskov Vilby

Elected in September 2017.

Chief Executive Officer, Micro Matic A/S, Chairman, Epoke A/S, Chairman, Epoke Investment II A/S, Chairman, Gertsen & Olufsen A/S, Chairman, G&O Investment A/S, Chairman, Heco Internaitonal A/S, Chairman, Heco China A/S, Chairman, Pres- Vac Engineering A/S, Chairman, Atlas Incinerators ApS, Chairman, Ejendomsselskabet Skibelund ApS, Chairman, Elogic Systems A/S, Chairman, Mountain Top Group ApS, Member of the board, Marius Pedersen A/S, Chairmen, Marius Pedersen Holding A/S, Member of the board, Entreprenør Marius Pedersens Fond, Member of the board, Kildehøj ApS, Chief Executive Officer, Vilby Capital ApS, Member of board, AX V Nissens I ApS and AX V Nissens II ApS.

Povl Christian Lütken Frigast

Elected in September 2017.

Chairman, Axcel Management A/S. Chairman, AX IV HoldCo P/S, Chairman, Axcel Management Holding ApS, Deputy Chairman, PANDORA A/S, Chairman, Danmarks Skibskredit Holding A/S, Deputy Chairman, Eksport Kredit Finansiering A/S, Chairman, EKF Danmarks Eksportkredit, Member of the board, Danmark Skibskredit A/S, Executive board and member of the board, Frigast A/S, Chairman, MNGT2 ApS, Member of board, AX V Nissens I ApS, Member of board, AX V Nissens II ApS. Chairman, Danish Venture Capital and Private Equity Association (DVCA).

Board of Directors (continued)

Marc De Jong (Marcus Johannes Cornelis de Jong)

Elected in January 2018.

Member of the Supervisory Boards, First Sensor AG, Chairman of the Supervisory Boards, Sioux BV, Member of the Supervisory Board of ASM International NV.

Manfred Wolf

Elected in January 2018.

Up to 31 August 2018 Shareholder Representative and member of the Supervisory Board, MANN+HUMMEL, during his active time in MANN+HUMMEL he was member, chairman and deputy chairman of the VDA Aftermarket Committee and member of the VDA Working Group for Trade, German Association of the Automotive Industry (VDA).

Executive Management

Mikkel Kroglund Andersen became the Chief Executive Officer of the Company in June 2017 and the Chief Executive Officer of former Nissens A/S, now Nissens Cooling Solutions A/S and K. Nissen International A/S in 2016. Mr. Kroglund Andersen is employed with Nissens A/S since 2010 and has held several positions with Nissens A/S prior to being appointed Chief Executive Officer. In addition, he is a member of the Board of Directors of Optipeople ApS, Executive board of Kroglund Management ApS, Chairman of Nissens Automotive A/S, Chairman of NA International A/S, Chief Executive Officer of NCS International A/S, Member of board in Nissens Cooling Solutions A/S, Chief Executive Officer of AX V Nissens ApS. Mr. Kroglund Andersen has a M.Sc. in E-Business from the IT University of Copenhagen and a B.Sc. in Economics from The Royal Veterinary and Agricultural High School of Denmark.

Jakob Backs (Carl Jakob Backs) became the Chief Financial Officer of the Company in June 2017 and the Group Chief Financial Officer of Nissens A/S upon joining Nissens A/S in August 2016. Prior to joining Nissens A/S, Mr. Backs has held senior management positions in Terma Aerostructures and in Tvilum. In addition, he is member of the board of Nissens Automotive A/S, member of board of NA International A/S, member of board of NCS International A/S, member of board of Nissens Cooling Solutions A/S. Mr. Backs holds a Master in Business Economics from Aarhus University and a Master of Business Administration from Alborg University.

Consolidated financial statements

Income statement

For the year 1 May - 30 April

Note	DKK'000	2018/2019	2017/2018 (10 months)
3	Revenue	1,982,796	1,319,866
	Cost of raw materials and consumables	-1,043,328	-692,968
	Development costs and own manufactured assets	1,220	884
	Other operating income	8,142	7,892
	Other external costs	-309,005	-202,706
4	Staff costs	-405,169	-310,354
	EBITDA before special items	234,655	122,614
6	Depreciation and amortisation	-107,308	-87,247
	Operating profit before special items	127,347	35,367
7	Special items	-3,192	-30,565
	Operating profit after special items	124,155	4,802
11	Finance income	7,906	2,445
11	Finance costs	-75,758	-56,180
	Result before tax	56,297	-48,933
12	Tax	-27,348	-6,195
	Result for the year	28,949	-55,128
Attributed to:			
Equity holders of AX V Nissens ApS		28,949	-55,128
		28,949	-55,128

Consolidated financial statements

Statement of other comprehensive income

For the year 1 May - 30 April

Note	2018/2019	2017/2018 (10 months)
DKK'000		
Result for the year	28,949	-55,128
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	3,880	1,570
Unrealized change in fair value on interest rate swap	-4,313	-1,611
	-433	-41
12 Income tax effect	949	83
Other comprehensive income/(loss) for the year, net of tax	516	42
Total comprehensive income/(loss)	29,465	-55,086
Attributed to:		
Equity holders of AX V Nissens ApS	29,465	-55,086
	29,465	-55,086

Consolidated financial statements

Balance sheet

Note	DKK'000	30 April 2019	30 April 2018 (10 months)
ASSETS			
Non-current assets			
13	Intangible assets	1,603,459	1,669,867
15	Property, plant and equipment	344,780	359,777
10	Investments in associates	13	18
12	Deferred tax assets	6,246	4,792
	Deposits	1,572	1,485
	Total non-current assets	1,956,070	2,035,939
Current assets			
16	Inventory	534,255	441,559
17	Trade and other receivables	439,262	338,299
	Cash and cash equivalents	179,311	76,269
	Total current assets	1,152,828	856,127
	TOTAL ASSETS	3,108,898	2,892,066
EQUITY AND LIABILITIES			
Equity			
19	Share capital	12,357	12,357
	Foreign currency translation reserve	4,218	338
	Reserve for financial instruments	-4,621	-1,257
	Retained earnings	1,202,331	1,169,659
	Total equity	1,214,285	1,181,097
Non-current liabilities			
21	Borrowings	1,112,795	1,104,677
12	Deferred tax liabilities	174,500	191,754
20	Provisions	5,214	5,214
	Total non-current liabilities	1,292,509	1,301,645
Current liabilities			
18	Contract liabilities	46,856	1,670
22	Trade and other payables	456,857	337,179
	Payable to shareholder companies	63,325	44,880
12	Income tax payable	31,624	22,266
20	Provisions	3,442	3,329
	Total current liabilities	602,104	409,324
	Total liabilities	1,894,613	1,710,969
	TOTAL EQUITY AND LIABILITIES	3,108,898	2,892,066

Consolidated financial statements

Cash flow statement

For the year 1 May - 30 April

Note	DKK'000	30 April 2019	30 April 2018 (10 months)
Operating activities			
	Result before tax for the year	56,297	-48,933
6	Depreciation and amortisation	107,308	87,247
	Net foreign exchange differences	6,013	817
	Gain/loss on disposal of property, plant and equipment	0	74
	Movements in provisions	-213	-653
11	Finance income	-7,906	-2,443
11	Finance expenses	75,764	56,180
5	Share-based payment expense	3,723	5,445
23	Changes in working capital	-33,210	-19,803
		207,776	77,931
	Finance income, received	1,195	0
	Finance expenses, paid	-2,564	0
12	Income tax paid/received	-35,681	-37,347
	Net cash flows from operating activities	170,725	40,584
Investing activities			
13	Purchase of intangible assets	-1,961	-2,138
	Development expenditures capitalized	-1,578	-1,090
15	Purchase of property, plant and equipment	-24,933	-23,999
15	Proceeds from sale of property, plant and equipment	248	254
	Change in deposits	-77	217
24	Investments in subsidiaries	0	-2,097,571
	Net cash flows used in investing activities	-28,301	-2,124,327
Financing activities			
	Shareholders contribution	0	1,230,738
21	Proceeds from borrowings	0	934,899
21	Repayment of borrowings	0	-2,693
11	Net interest paid, borrowings	-57,828	-47,812
	Proceeds from loan with Group companies	18,445	44,880
	Net cash flows from financing activities	-39,383	2,160,012
	Cash flow for the year	103,042	76,269
	Cash and cash equivalents at 1 May	76,269	0
	Cash and cash equivalents at 30 April	179,311	76,269

The Group has unused credit facilities amounting to 125 MDKK.

Consolidated financial statements

Statement of changes in equity

For the year 1 May - 30 April

DKK'000	Share capital	Foreign currency translation reserve	Reserve for financial instruments	Retained earnings	Total equity
Equity 1 May 2018	12,357	338	-1,257	1,169,659	1,181,097
Total comprehensive income 30 April 2019					
Result for the year	0	0	0	28,949	28,949
Other comprehensive income					
Unrealized loss on interest rate swap	0	0	-4,314	0	-4,314
Exchange differences on translation of foreign operations	0	3,880	0	0	3,880
Tax on other comprehensive income	0	0	950	0	950
Total other comprehensive income	0	3,880	-3,364	0	516
Total comprehensive income for the year	0	3,880	-3,364	28,949	29,465
Transactions with owners					
Equity-settled share-based payments	0	0	0	3,723	3,723
Total transactions with owners	0	0	0	3,723	3,723
Equity 30 April 2019	12,357	4,218	-4,621	1,202,331	1,214,285

Consolidated financial statements

Statement of changes in equity

For the year 17 May - 30 April

DKK'000	Share capital	Share premium	Foreign currency translation reserve	Reserve for financial instruments	Retained earnings	Total equity
Equity 17 May 2017	0	0	0	0	0	0
Total comprehensive income 30 April 2018						
Result for the year	0	0	0	0	-55,128	-55,128
Other comprehensive income						
Unrealized loss on interest rate swap	0	0	0	-1,611	0	-1,611
Exchange differences on translation of foreign operations	0	0	338		1,232	1,570
Tax on other comprehensive income	0	0	0	354	-271	83
Total other comprehensive income	0	0	338	-1,257	961	42
Total comprehensive income for the year	0	0	338	-1,257	-54,167	-55,086
Transactions with owners						
Capital injection	50	0	0	0	0	50
Increase share capital	12,307	1,218,381	0	0	0	1,230,688
Transfer	0	-1,218,381	0	0	1,218,381	0
Equity-settled share-based payments	0	0	0	0	5,445	5,445
Total transactions with owners	12,357	0	0	0	1,223,826	1,236,183
Equity 30 April 2018	12,357	0	338	-1,257	1,169,659	1,181,097

Consolidated financial statements

Overview of notes for the consolidated financial statements

Note

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Consolidated financial statements

Notes

1 Accounting policies

AX V Nissens ApS is a private limited company registered in Denmark. The company holds a bond listed on Nasdaq OMX Copenhagen. The financial statements section of the Annual Report for the year 1 May 2018 - 30 April 2019 comprises both the consolidated financial statements of AX V Nissens ApS and its subsidiaries (the Group) and the separate parent company financial statements. The Company was established on 17 May 2017, and hence, last year was the first year where the financial statements were prepared. The subsidiary K. Nissen International A/S has been included in the income statement for the year 1 July 2017 – 30 April 2018, as the subsidiary was acquired on 30 June 2017.

The consolidated financial statements for AX V Nissens ApS for the year 1 May 2018 - 30 April 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statement Act reporting class D.

The Board of Directors and the Executive Board have on 28 June 2019 discussed and approved the Annual report for AX V Nissens ApS for the year 1 May 2018 - 30 April 2019.

Basis of preparation

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

Impact of new accounting standards

With effect from 1 May 2018, the Group has implemented the following new or amended standards and interpretations:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2 regarding classification and measurement of share-based payment
- Amendments to IFRS 4 regarding the implementation of IFRS 9 with IFRS 4
- Amendments to IAS 40 regarding transfers to or from investment properties
- IFRIC 22 regarding foreign currency transactions and advance considerations
- Parts of Annual Improvements to IFRSs 2014-2016

In Annual Improvements to IFRSs 2014-2016, the remaining provisions regarding IFRS 1 and IAS 28 come into force as from 1 January 2018.

Only IFRS 9 and IFRS 15 have affected recognition and measurement in the annual report.

The effect of IFRS 9 and IFRS 15 on recognition and measurement is shown later. The effect on results is only immaterial, and the cash flow statement is not affected. Moreover, the effect on the balance sheet is immaterial, and consequently, no third balance sheet (opening balance sheet in the comparative year) is presented in the primary statements.

Effect of IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, which replaces IAS 39, introduces a new approach to the classification of financial assets driven by the entity's business model and underlying cash-flow characteristics. At the same time, a new impairment model is introduced for all financial assets.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Classification and measurement of financial assets and liabilities

The implementation of IFRS 9 has not had significant effect on the classification and measurement of the Group's financial assets and liabilities.

The Group's receivables relate primarily to trade receivables. The Group's business model is to hold these assets for purposes of receiving contractual cash flows, and these financial assets are therefore classified as lending and receivables measured at amortised cost. The classification change has not given rise to changes in the recognised gross receivables.

Impairment of financial assets

Based on the Group's business model and types of financial assets and liabilities, the implementation of IFRS 9 has only affected the Group's impairment of financial assets measured at amortised cost. For trade receivables from the sale of services, IFRS 9's simplified expected credit loss model is used, according to which the total expected loss is recognised immediately.

The change from the previous impairment model under which impairment was only recognised when there was indication of loss (incurred loss model) to IFRS 9's expected credit loss model has not resulted in any change in the Group's provision for bad debts in 2018/19 or 2017/18.

Effect of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The most significant changes in IFRS 15 compared to current practice are:

- A sales transaction must be recognised as revenue in the income statement in line with the transfer of control (which can take place either at a given date or over time) over the goods or services to the customer. The current "risk and rewards" concept is thus replaced by a control concept.
- New and more detailed guidelines on how to identify partial transactions under a sales contract and how to recognise and measure the individual components.

IFRS 15 was implemented on 1 May 2018 using the modified retrospective method without restatement of prior financial years. The implementation of IFRS 15 has not had any effect on the Group's classification or measurement of revenue.

Consolidated financial statements

The consolidated financial statements comprises of AX V Nissens ApS (the parent) and the subsidiaries controlled by the parent. The Group controls an entity if the Group directly or indirectly owns more than 50% of the voting rights, or when the Group in one way or another has the ability to have a controlling influence. Companies wherein the Group directly or indirectly holds between 20% and 50% of the voting rights and has significant but not controlling influence are treated as associates. Please refer to the overview of the Nissens Group in note 9.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains on intra-group transactions are eliminated. Unrealized gains on transactions with associates are eliminated in proportion to the Group's interest in the entity.

Consolidated financial statements

Notes

2 Accounting policies (continued)

Business combinations and goodwill

Enterprises acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated profit or loss until the date of disposal and settlement date.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets, including goodwill at the date of disposal and costs of disposal.

The purchase method is applied to acquisitions of new businesses over which AXV Nissens ApS obtains control. The acquired businesses' identifiable assets and liabilities are measured at fair value at the acquisition date. In connection with the acquisition, provision is made for the costs associated with the decided and published restructurings in the acquired business. Deferred tax related to the fair value adjustments that have been identified are recognized.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred (a bargain purchase), then the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Gains and losses at disposal of subsidiaries

Gains and losses at disposal or settlement of a subsidiary are calculated as the difference between the selling price or the disposal value and the carrying amount of the net assets, respectively, at the disposal or settlement date, including goodwill and the expected costs of sale or disposal.

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 recognized in profit or loss as financial income or financial expenses.

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

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

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

Consolidated financial statements

Notes

1 Accounting policies (continued)

Revenue

Revenue is measured at fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

The fair value corresponds to the agreed price discounted at present value where payment terms exceed 12 months.

The variable part of the total consideration is not recognised in revenue until it is fairly probable that it will not be reversed in subsequent periods.

Sale of finished goods is recognised when control over the individual identifiable performance obligation in the sales agreement is transferred to the customer. In general, this is considered to occur at the time of physical delivery. The only exception to this is bill and hold arrangements, cf. below.

The buyer has, in some cases, a right to return. The Group recognises revenue for this at the time of the physical delivery to the buyer to the extent that it can be reliably measured how much of the delivery, after the balance sheet date, cannot be returned.

Payment terms in the Group's sales agreements

The payment terms in the Group's sales agreements with customers are dependent partly on the underlying customer relationship and partly on the segment.

The Group terms of payments are between 30-120 days.

The Group receives prepayments for some sales agreements. The prepayments do not necessarily reflect the work performed and do not affect the time of the recognition of turnover.

The Group's revenue comprises sale of standard and customised cooling systems.

The Group's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales agreement comprises several performance obligations, the total selling price of the sales agreement is allocated proportionately to the individual performance obligations of the agreement.

Revenue is recognised when control over the individual identifiable performance obligation is transferred to the customer.

Bill and hold arrangements

In some cases, the customers request that the delivery be postponed. In addition to the usual recognition criteria, all of the following criteria are required to be met for the Group to recognise revenue upon the time of planned delivery:

- a) the reason for the bill and hold arrangement must be substantive (for example, the arrangement might be requested by the customer because of a lack of physical space to store the goods);
- b) The product must be identified separately as belonging to the customer (that is, it cannot be used by the Group to satisfy other orders);
- c) The product must currently be ready for physical transfer to the customer; and
- d) The Group cannot have the ability to use the product or to direct it to another customer.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Other external expenses

Other external expenses include expenses in regards to the company's principal activities arising during the year. This includes expenses for sales, advertisement, administration, office buildings, debit losses etc.

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions, as well as other expenses for social security, etc. for the Group's employees. In the staff costs, compensation received from public authorities has been subtracted.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognized in employee benefits expense together with a corresponding increase in equity (other capital reserves) over the year in which the service, and, where applicable, the performance conditions, are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a year represents the movement in cumulative expense recognized as the beginning and end of that year.

Special items

Special items include significant income and expenses of a special nature in terms of the Group's revenue-generating operating activities that cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses include transaction costs in a business combination.

Finance income and expenses

Finance income and expenses are recognized in the income statement for the amounts that correspond to the transactions of the current financial year. Finance income and expenses comprise interest income and expenses, exchange gains and losses on transactions denominated in foreign currencies etc., as well as surcharges, gain/loss on foreign exchange instruments and allowances under the on-account tax scheme, etc.

Income tax

Current income tax

AX V Nissens ApS is jointly taxed with all its Danish parent companies and subsidiaries. The subsidiaries are included in the joint taxation from the date which they are included in the consolidation and until the date which they are excluded from the consolidation.

The Company's ultimate parent company, AX V Nissens III ApS, is the administrative company for the joint taxation and settles the payments of the joint taxation with the taxation authorities.

Consolidated financial statements

Notes

1 Accounting policies (continued)

The actual corporation tax is distributed by settling joint taxation contributions between the jointly taxed companies relatively to their income. The companies with a tax deficit receive a joint tax contribution from the companies which have been able to apply the deficit for reducing their own taxable surplus.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Tax for the year, which comprises the year's current tax charge, the year's joint tax contribution and deferred tax adjustments – including the adjustment of the tax rate – is recognized in the income statement for the share which is attributable to the profit for the year, and in other comprehensive income, with the share attributable to entries recognized in other comprehensive income.

Income tax and deferred tax

Current tax payables and receivables are recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to assets and liabilities without affecting either the profit or loss for the year or the taxable income.

Adjustments are made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

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 assets are recognized 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 and jurisdiction.

Joint taxation contribution payable and receivable is recognized in the balance sheet as "Income tax receivable" or "Income tax payable".

Consolidated financial statements

Notes

1 Accounting policies (continued)

Balance sheet

Goodwill

Goodwill is measured in the balance sheet at cost in connection with initial recognition. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to the cash flow generating units as defined by Management. The determination of cash generating units complies with the managerial structure and the internal control and reporting in the Group.

Other intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives are recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 recognized 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 recognized 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 recognized in the income statement as they arise.

Rights and development expenses, which are recognized in the balance sheet, are initially measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

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1 Accounting policies (continued)

Following the completion of development work, development costs are amortized on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is:

Development projects	5 years
Brand	15 years
Acquired intangible assets	10 years

Gains and losses from sale of rights and development projects is calculated as the difference between the sales prices less sales expenses and the carrying amount at the date of sale. Gains and losses are recognized in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The cost for a total asset are split in separate components, which are depreciated separately, if the useful life of each of the components differ.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Buildings	20-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	2-7 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When the depreciation period or the residual value is changed, the effect on depreciation is recognized prospectively as a change in accounting estimates.

Gains and losses at sale of property, plant and equipment is calculated as the difference between the sales price less the sales expenses and the carrying amount at the date of sale. Gains or losses are recognized in the income statement as the item other operating income and other operating expenses, respectively.

Land is not depreciated.

Investments in associates

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

Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the

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1 Accounting policies (continued)

associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results from operations of the associate. Any change in OCI of those investees is presented as part of the OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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.

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.

Impairment of non-current assets

If there is an indication of impairment, the carrying amount of intangible assets and property, plant and equipment as well as investments in associates is tested for evidence of impairment.

When there is evidence that assets may be impaired, an impairment test is performed for each of the assets/group of assets. An impairment is recognized at the recoverable amount, if this is lower than the carrying amount.

The recoverable amount is the higher of the value in use or fair value less costs of disposal.

During the period of development, development costs are tested annually for impairment.

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Notes

1 Accounting policies (continued)

Inventory

Inventory is measured at cost according to the FIFO method. If the net realisable value is lower than the cost, then they are impaired to the lower value.

Cost of goods for resale as well as raw materials and consumables includes the purchase price plus the delivery cost, as well as indirect production expenses in terms of leaflets, packaging for goods for resale. Expenses in terms of external storage fees are added as well.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effectuate the sale, and taking into account marketability, obsolescence and developments in the expected selling price.

Trade receivables

Receivables, applicable from 1 May 2018

Receivables are measured at amortised cost. Write-down for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet based on the expected loss in the useful life of the receivable.

Trade receivables are monitored continuously according to the Group's risk management until realisation. Write-downs are calculated based on the expected loss ratio, which estimated based on historical data adjusted for estimates over the effect of expected changes in relevant parameters such as financial development, political risks, etc., in the relevant market.

Receivables, applicable before 1 May 2018

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less impairment. Any losses arising from write-down are recognised in the income statement as other external costs.

Prepayments, assets

Prepayments recognized under "Current assets" comprise expenses incurred concerning subsequent financial periods.

Equity

Dividend

Proposed dividends for the year are recognized as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividends expected to be distributed is disclosed as a separate item under equity.

Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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1 Accounting policies (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or a service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

In Automotive, the standard terms is a 12-month warranty period. In Cooling Solution, warranty conditions are in general negotiated on a customer level.

Trade and other payables

The Group's financial liabilities include trade and other payables. Trade payables are non-interest bearing and are settled on normal market terms. Other payables are non-interest bearing.

Contractual liabilities

Contractual liabilities includes prepayments from customers and other liabilities where the Group has a future commitment to deliver goods or service items. Contractual liabilities are reduced when the related goods or service items are invoiced, either full or partly.

Liabilities

Financial liabilities are recognized at the date of borrowing at fair value less directly attributable transaction costs paid. On subsequent recognition, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan. Non-financial liabilities are measured at net realisable value.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of forward currency contracts are taken directly to profit or loss (financial income and expense) as hedge accounting has not been applied for the period. Any gains or losses arising from changes in the fair value of interest rate swaps are recognized directly in other comprehensive income as hedge accounting has been applied.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Fair value

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1 Value in an active market for similar assets/liabilities

Level 2: Value based on recognized valuation methods on the basis of observable market information

Level 3: Value based on recognized valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognized up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, paid interest on interest-bearing debts, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Consolidated financial statements

Notes

2 Significant accounting judgements, estimates and assumptions

Impairment tests for goodwill

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired, for example due to a changed business climate. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. This is further described in Note 14. As can be deduced from this description, changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Receivables

Estimates are used in determining the level of receivables that cannot be collected according to Management. When evaluating the adequacy of the allowance for doubtful receivables, Management analyses trade receivables and examines changes in customer creditworthiness, reports from credit insurance companies, customer payment patterns and current economic trends.

Consolidated financial statements

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3 Segment information

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

- ▶ Nissens Automotive
- ▶ Nissens Cooling Solutions

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

The Management of AX V Nissens ApS monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Financial year ended 30 April 2019	Automotive	Cooling Solution	Total seg- ments	Unallocated	Consoli- dated
	MDKK	MDKK	MDKK	MDKK	MDKK
Revenue					
External customers	961.8	1,021.1	1,928.8	0	1,982.8
Operating profit after special items	94.3	29.8	124.2	0	124.2
Total assets	1,665.2	1,259.6	2,924.8	179.3	3,104.1
Total liabilities	-384.2	-291.2	-675.4	-1,214.4	-1,889.8
	<u>1,280.9</u>	<u>968.4</u>	<u>2,249.4</u>	<u>-1,035.1</u>	<u>1,214.3</u>

There has not been allocated any equity, borrowings, cash, deferred tax and tax payables to the two operating segments.

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3 Segment information (continued)

Financial year ended
30 April 2018

	Automotive	Cooling Solution	Total seg- ments	Unallocated	Consoli- dated
	MDKK	MDKK	MDKK	MDKK	MDKK
Revenue					
External customers	661.7	658.2	1,319.8	0	1,319.9
Operating profit after special items	23.6	-18.8	4.8	0	4.8
Total assets	1,644.7	1,166.3	2,811.0	83.1	2,894.1
Total liabilities	-325.6	-215.5	-541.1	-1,171.9	-1,713.0
	1,319.1	950.8	2,269.9	-1,088.8	1,181.1

Geographic information

DKK'000	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
Revenue from external customers		
Denmark	267,584	213,674
Germany	381,900	199,359
Other	1,333,312	906,833
Total	1,982,796	1,319,866

The revenue information above is based on the location of the customers. Denmark and Germany are the only countries with a sale of more than 10% of total revenue.

There is only one customer who has a sale of more than 10% of the total revenue. Revenue from this customer is in the range 10%-20% of the total revenue.

DKK'000	30 April 2019	30 April 2018
Non-current operating assets		
Denmark	1,842,977	1,914,371
Slovakia	91,805	102,616
China	11,028	10,591
Other	2,429	2,066
Total	1,948,238	2,029,644

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

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4 Staff costs

	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
DKK'000		
Wages and salaries	367,272	275,962
Pensions	18,656	14,887
Employee benefits/other remunerations	15,518	14,060
Share-based payments	3,723	5,445
Total employee benefit expense	405,169	310,354
Average number of full-time employee	1,365	1,333

Remuneration to the board of directors and executive board.

	Remuneration for year ended 30 April 2019		
DKK'000	Board of directors	Executive board	Total
Wages and salaries	1,197	8,708	9,905
Pensions	0	0	0
Share-based payments	717	777	1,494
	1,914	9,485	11,399

	Remuneration for year ended 30 April 2018		
DKK'000	Board of directors	Executive board	Total
Wages and salaries	364	7,348	7,712
Pensions	0	0	0
Share-based payments	795	1,445	2,240
	1,159	8,793	9,952

The warrant agreements entered into in the financial year, give the key personnel the possibility to obtain up to 495,000 shares of 0.01 DKK each in the company (2017/2018: 3,630,000 shares). The subscription price is 0.01 DKK per share corresponding to a market value of 549 DKK'00 (2017/2018: 4,249 DKK'000).

The remuneration of 9,485 DKK'000 (2017/2018: 8,793 DKK'000) includes provision for performance related pay-outs.

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5 Share-based payments

In the financial year 2018/19, the board of directors and other executive employees were granted warrants to purchase 1,369,500 shares in AX V Nissens II ApS at a given exercise price. The warrants will vest on 30 June 2022 or at an earlier date if the activities of the Group are disposed of in an Exit situation. The warrant programs are contingent on continued employment in the Group.

The fair value of the granted warrants is estimated using the Black-Scholes model. The value is calculated applying the following assumptions:

Estimated volatility (based on a selected peer-group)	30%
Risk free interest rate	-0.43%
Vesting period	3-4 years
Market value per share	DKK 10

Every warrant grants the right to buy one share in AX V Nissens II ApS at a nominal value of DKK 0.01 at a price of DKK 10 + 8% p.a.

The fair value per warrant at grant dates was estimated to be DKK 1.10.

Financial year 2017/18

In the financial year 2017/18, the executive board and other executive employees were granted warrants to purchase 8,799,450 shares in AX V Nissens II ApS at a given exercise price. The warrants under the 3 programs will vest on 30 June 2021 or at an earlier date if the activities of the Group are disposed of in an Exit situation. The warrant programs are contingent on continued employment in the Group.

The fair value of the granted warrants is estimated using the Black-Scholes model. The value is calculated applying the following assumptions:

Estimated volatility (based on a selected peer-group)	30%
Risk free interest rate	-0.43%
Vesting period	3-4 years
Market value per share	DKK 10

Every warrant grants the right to buy one share in AX V Nissens II ApS at a nominal value of DKK 0.01 at a price of DKK 10 + 8% p.a.

The fair value per warrant at grant dates was estimated to be DKK 1.10 - 1.19.

Estimating fair value for share-based payment transactions requires a determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires a determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

The fair values of awards granted were determined using the Black-Scholes Model that takes into account factors specific to the share incentive plans, such as the vesting period.

The inputs used for the valuation model include, among others, the exercise price of the award, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

Consolidated financial statements

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5 Share-based payments (continued)

Specification of outstanding share options

	Board of directors of the parent company	Executive board of the parent company	Other executive employees	Total number
Granted in 2017/18	1,320,000	2,310,000	5,169,450	8,799,450
Outstanding at 1 May 2018	1,320,000	2,310,000	5,169,450	8,799,450
Additions during the year	495,000	0	874,500	1,369,500
Outstanding at 30 April 2019	1,815,000	2,310,000	6,043,950	10,168,950

No warrants are exercised as at 30 April 2019.

In the financial year the expense in regard to share-based payments recognized in the income statement amounts to 3,727 DKK'000 (2017/2018: 5,445 DKK'000.)

6 Amortisation and depreciation

DKK'000	1 May 2018 - 31 April 2019	17 May 2017 - 30 April 2018 (10 months)
Amortisation, intangible assets	69,949	58,329
Depreciation, property, plant and equipment	37,359	28,918
	107,308	87,247

7 Special items

DKK'000	1 May 2018 - 30 April 2019	17 May 2017 - 30 April 2018 (10 months)
Transaction costs directly related to acquisition of K. Nissen International A/S.	3,192	29,230
Cost related to implementation of IFRS	0	1,335
	3,192	30,565

8 Fees paid to auditors appointed at the annual general meeting

DKK'000	1 May 2018 - 30 April 2019	17 May 2017 - 30 April 2018 (10 months)
Statutory audit	858	1,321
Other assurance services	470	840
Tax and VAT advisory services	140	165
Other services	234	29
	1,702	2,355

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9 Investments in subsidiaries

Name	Legal form	Registered office	Ownership 30 April 2019
Subsidiaries			
K. Nissen International A/S	A/S	Horsens, Denmark	100%
Subsidiaries of K. Nissen International A/S			
Nissens Slovakia S.R.O.	S.r.o	Slovakia	100%
Nissens Slovakia North S.R.O.	S.r.o	Slovakia	100%
Nissens (Shanghai) Auto Parts Trading Ltd.	Ltd.	China	100%
Nissens Cooling Systems (Tianjin) Co Ltd	Ltd.	China	100%
NCS International A/S	A/S	Denmark	100%
NA International A/S	A/S	Denmark	100%
Subsidiaries of NCS International A/S			
Nissens Cooling Solutions A/S	A/S	Horsens, Denmark	100%
Nissens Cooling Solutions Inc.	Inc.	USA	100%
Subsidiaries of NA International A/S			
Nissens Automotive A/S	A/S	Horsens, Denmark	100%
Nissens UK Ltd	Ltd	England	100%
Nissen France EURL	EURL	France	100%
Radiadores Nissen S.A.	S.A	Spain	100%
Nissens Sverige A.B.	A.B	Sweden	100%
Nissens Schweiz A.G.	A.G	Switzerland	100%
Nissens Portugal LDA	Lda.	Portugal	100%
Chlodnice Nissens Polska Sp.zo.o.	Sp. Zo.o	Poland	100%
Nissens Belgium S.A.	S.A	Belgium	100%
Nissens Hungaria Jarmuhuto Kft.	Ktf.	Hungary	100%
Nissens Italia S.R.L.	S.r.l	Italy	100%
Nissens Finland OY	OY	Finland	100%
Nissens North America Inc.	Inc.	USA	100%
Nissens Ukraine Ltd	Ltd.	Ukraine	100%
Nissens Deutschland GmbH	GmbH	Germany	100%

10 Investments in associates

	30 April 2019	30 April 2018 (10 months)
Nissens Japan	13	18
	13	18

The Group has a 20% interest in Nissens Japan, which is involved in the Automotive aftermarket in Japan. Nissens Japan is a private entity that is not listed on any public exchange. The Group's interest in Nissens Japan is accounted for using the equity method in the consolidated financial statements.

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11 Net finance costs

	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
Finance income		
DKK'000		
Interests – bank deposits etc.	1,195	67
Foreign exchange gains	6,454	1,114
Change in fair value of foreign exchange contracts	257	1,264
Total finance income	7,906	2,445
Interest on financial assets measured at amortized cost	1,195	67

	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
Finance costs		
DKK'000		
Interests – borrowings	55,122	45,011
Interests – other	2,453	2,816
Interest expense, Group entities	2,503	0
Foreign exchange losses	8,780	3,095
Amortisation borrowings	6,788	5,206
Other finance costs	112	52
Total finance costs	75,758	56,180
Interest on financial liabilities measured at amortized cost	57,574	47,827

12 Income tax

Income statement

	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
DKK'000		
Tax for the current year can be specified as follows:		
Tax of the result of the year	27,348	6,195
Tax on other comprehensive income	-949	-83
	26,399	6,112

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12 Income tax (continued)

DKK'000	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
Tax for the current year can be specified as follows:		
Current income tax charge	44,912	23,871
Change in provision for deferred tax	-17,759	-17,676
Adjustments to prior year	195	0
	<u>27,348</u>	<u>6,195</u>

Tax on profit for the year can be explained as follows:

	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018 (10 months)
Accounting profit before income tax		
Calculated 22 % tax on profit for the year	12,385	-10,765
Difference in the tax rate in foreign subsidiaries relative to 22%	1,533	1,820
<i>Tax effect of:</i>		
Non-deductible acquisition costs	553	6,431
Interest limitation according to § 11 B in the Danish Corporate Tax Law	9,780	7,491
Other non-deductible expenses	2,903	1,218
Tax adjustments to prior year	195	0
	<u>27,348</u>	<u>6,195</u>
Effective tax (%)	<u>48.6%</u>	<u>-12.6%</u>

Tax on other comprehensive income

	1 May 2018 – 30 April 2019		
DKK'000	Before tax	Tax	After tax
Fair value adjustment of interest rate swap	-4,313	949	-3,364
Exchange differences on translation of foreign operations	3,880	0	3,880
	<u>-433</u>	<u>949</u>	<u>516</u>

	17 May 2017 – 30 April 2018		
DKK'000	Before tax	Tax	After tax
Fair value adjustment of interest rate swap	-1,611	354	-1,257
Exchange differences on translation of foreign operations	1,570	-271	1,299
	<u>-41</u>	<u>83</u>	<u>42</u>

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12 Income tax (continued)

Deferred tax

DKK'000	30 April 2019	30 April 2018 (10 months)
Deferred tax 1 May	186,962	0
Deferred tax on acquisition balance	0	204,638
Deferred tax for the year recognized in profit for the year	-17,759	-17,676
Deferred tax related to financial instruments	-949	0
Deferred tax 30 April	168,254	186,962
Reflected in the statement of financial position as follows:		
Deferred tax assets	6,246	4,792
Deferred tax liabilities	174,500	191,754
Deferred tax 30 April, net	168,254	186,962

DKK'000	30 April 2019	30 April 2018 (10 months)
Deferred tax relates to:		
Intangible assets	146,699	161,278
Property, plant and equipment	30,553	34,335
Trade and other receivables	1,230	980
Inventory	-5,352	-3,810
Borrowings	-2,537	-1,996
Provisions and other liabilities	-2,339	-3,125
Tax losses	0	-700
	168,254	186,962

In addition to the tax loss recognized in the balance sheet, the Group has total unrecognized tax loss of 663 DKK'000 which, due to the uncertainty of the future utilization has not been recognized in balance sheet. The tax losses can be carried forward as follow:

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12 Income tax (continued)

	30 April 2019	30 April 2018 (10 months)
DKK'000		
Financial year 2018/19	0	230
Unlimited	663	640
Unrecognized tax loss to be carried forward 30 April	663	870

The Group has 2 subsidiaries in China for which future dividend payments will be charged a withholding tax in the range of 5 – 10%. The potential withholding tax amounts to 1,598 – 3,195 DKK'000.

The withholding tax has not been recognized in the balance sheet as there are no current plans for dividends payments from the subsidiaries in China.

Income tax payable

	30 April 2019	30 April 2018 (10 months)
DKK'000		
Income tax payable 1 May	22,266	0
Income tax from acquisition balance	0	35,742
Current tax for the year	44,912	23,871
Corporation tax paid during the year	-35,681	-37,347
Income tax payable 30 April	31,497	22,266

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13 Intangible assets

DKK'000	Goodwill	Brand	Acquired intangi- ble as- sets	Rights	Development in progress	Total
Cost 1 May 2018	936,577	331,721	452,969	5,839	1,090	1,728,196
Currency translation	0	0	0	3	0	3
Addition	0	0	0	1,961	1,579	3,539
Transfer	-76	0	76	0	0	0
Cost 30 April 2019	936,501	331,721	453,045	7,803	2,669	1,731,738
Amortisation and impair- ment 1 May 2018	0	18,429	37,754	2,146	0	58,329
Currency translation	0	0	0	2	0	2
Amortisation	0	22,115	45,305	2,530	0	69,949
Amortisation and impair- ment 30 April 2019	0	40,544	83,059	4,678	0	128,280
Carrying amount 30 April 2019	936,501	291,177	369,986	3,125	2,669	1,603,458

DKK'000	Goodwill	Brand	Acquired intangi- ble as- sets	Rights	Develop- ment in progress	Total
Cost 17 May 2017	0	0	0	0	0	0
Additions from acquisition	936,577	331,721	452,969	3,701	0	1,724,968
Addition	0	0	0	2,138	1,090	3,228
Cost 30 April 2018	936,577	331,721	452,969	5,839	1,090	1,728,196
Amortisation and impair- ment 17 May 2017	0	0	0	0	0	0
Amortisation	0	18,429	37,754	2,146	0	58,329
Amortisation and impair- ment 30 April 2018	0	18,429	37,754	2,146	0	58,329
Carrying amount 30 April 2018	936,577	313,292	415,215	3,693	1,090	1,669,867

Acquired intangible assets consists primarily of customers and technology/know-how with carrying amounts of 216.3 MDKK (April 30, 2018: 242.8 MDKK) and 153.7 MDKK (April 30, 2018: 172.4 MDKK) respectively and with remaining lives of 8 years.

Total costs related to R&D activities amount to 26.4 MDKK for the year 1 May 2018 – 30 April 2019 (2017/2018: 26.0 MDKK) of which 1.6 MDKK have been capitalized as development in progress (2017/2018: 1.1 MDKK).

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14 Impairment test

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill from the acquisition of K. Nissen International A/S is by the management monitored at segment level and therefore allocated to the two segments - Automotive and Cooling Solutions.

All individual assets or cash-generating units are tested for impairment in circumstances in which indicators of impairment are identified and therefore, the carrying amount may not be recoverable.

The carrying amount of goodwill is related to the two segments as follows:

DKK'000	2018/2019	2017/2018
Automotive	572,309	572,309
Cooling Solution	364,268	364,268
Total	936,577	936,577

Goodwill is tested for impairment once a year and in the case of impairment indicators. Impairment test in 2018/19 is made as of April 30, 2019

The recoverable amount is based on value in use, which is calculated by means of expected net cash-flows on the basis of forecasts for 2019/20 – 2022/23 (Cooling Solution) and 2019/20 – 2021/22 (Automotive) agreed by the Executive Board.

The forecasts are based on the expected market developments including growth in market and expected price levels. No impairment has been recognized as the impairment test indicates a headroom in the range of +280 MDKK for Automotive and + 75MDKK for Cooling Solution between calculated value used and the carrying amount of net assets in the Cooling Solution segment.

Amongst other things, the Automotive sales volume is driven by development in the car park in markets where Nissens is present. Cooling Solutions sales volume is driven by factors such as the performance of the global Wind industry and the general macro-economic trends.

The key assumptions underlying the calculation of recoverable amounts and the tolerable sensitivities hereon are:

	Automotive		Cooling Solution	
	Used	Sensitivity	Used	Sensitivity
Growth rates 2019/20 – 2022/23	-	-	7,4%	2.1%
Growth rates 2019/20 – 2021/22	5.6%	8.3%	-	-
Growth rate in terminal period	2.0%	2.2%	2.0%	0,9%
Discount rate (WACC)	8.9%	1.5%	10.0%	0.6%

2017/18

	Automotive		Cooling Solution	
	Used		Used	Sensitivity
Growth rates 2018/19 – 2022/23	8.0%		9.5%	0,3%
Growth rate in terminal period	2.0%		2.0%	0,1%
Discount rate (WACC)	8.9%		10.0%	0,1%

Going forward the discount rates applied are expected to be in the range of 7% - 10%.

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15 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings	Construction in progress	Total
Cost 1 May 2018	282,969	90,217	12,574	2,935	388,695
Currency translation	399	151	238	34	822
Additions	564	9,402	6,793	8,173	24,933
Transferred	0	1,679	0	-1,679	0
Disposals	-1,261	-423	-8,250	0	-9,934
Cost 30 April 2019	282,671	101,027	11,354	9,463	404,516
Depreciation and impairment 1 May 2018	12,524	9,073	7,321	0	28,918
Currency translation	67	103	46	0	215
Depreciation	15,453	18,839	3,067	0	37,359
Disposal	-200	-364	-6,192	0	-6,756
Depreciation and impairment 30 April 2019	27,843	27,651	4,241	0	59,736
Carrying amount 30 April 2019	254,828	73,375	7,113	9,463	344,780
Of which are finance lease assets	0	0	0	0	0

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings	Construction in progress	Total
Cost 17 May 2017	0	0	0	0	0
Additions from acquisition	273,978	80,607	4,977	5,301	364,863
Currency translation	164	36	74	0	274
Additions	8,846	6,369	7,660	1,124	23,999
Transferred	0	3,490	0	-3,490	0
Disposals	-19	-285	-137	0	-441
Cost 30 April 2018	282,969	90,217	12,574	2,935	388,695
Depreciation and impairment 17 May 2017	0	0	0	0	0
Depreciation	12,524	9,073	7,321	0	28,918
Impairment	0	0	0	0	0
Depreciation and impairment 30 April 2018	12,524	9,073	7,321	0	28,918
Carrying amount 30 April 2018	270,445	81,144	5,253	2,935	359,777
Of which are finance lease assets	0	0	0	0	0

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16 Inventory

DKK'000	30 April 2019	30 April 2018
Raw materials and consumables	94,043	88,933
Work in progress	108,231	105,253
Finished goods	331,981	247,373
	<u>534,255</u>	<u>441,559</u>

Inventory is reported net of allowances for obsolescence, analyses of which is as follows:

DKK'000	30 April 2019	30 April 2018
1 May	0	0
Additions from acquisition	0	0
Addition in year	7,364	0
Utilised	0	0
30 April	<u>7,364</u>	<u>0</u>

The net realisable value of inventories is calculated as selling price less costs of completion and costs necessary to make the sale. The Group and Management have a strong focus on inventory turnover and are continuously working with procedures to reduce risk of obsolescence. The Group has implemented fixed procedures to calculate obsolescence on stock.

17 Trade and other receivables

DKK'000	30 April 2019	30 April 2018
Receivables from sales	387,689	299,507
Market value of interest FX contracts	148	1,010
Other receivables	45,997	32,826
Prepayments	5,428	4,956
	<u>439,262</u>	<u>338,299</u>

DKK'000	30 April 2019	30 April 2018
Automotive	176,815	156,369
Cooling Solution	210,847	143,138
	<u>387,689</u>	<u>299,507</u>

Ageing of trade receivables are specified as following

DKK'000	30 April 2019	30 April 2018
Not due	355,485	275,408
Trade receivable overdue by 0 – 30 days	27,137	21,776
Trade receivable overdue by 31 - 90 days	5,067	2,323
	<u>387,689</u>	<u>299,507</u>

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17 Trade receivables (continued)

Provision for bad debts are specified as following

DKK'000	30 April 2019	30 April 2018 (10 months)
1 May	483	0
Addition in year	8,702	483
Utilised	-1,811	0
	<u>7,374</u>	<u>483</u>

The Group terms of payments are between 30 – 120 days, depending on customer and segment.

18 Contract assets and liabilities

DKK'000	30 April 2019	30 April 2018
Contractual assets:		
Receivables from sales according note 17	387,689	299,507
	<u>387,689</u>	<u>299,507</u>
DKK'000	30 April 2019	30 April 2018
Contractual liabilities:		
Return obligations	1,770	1,670
Prepayments	45,086	0
	<u>46,856</u>	<u>1,670</u>

Prepayments from customer amount as per 30 April 2019 to 45.1 MDKK (30 April 2018: 0.0 MDKK). Expected delivered of goods during Q2 – Q3 to 2019/2020. Revenue recognized of prepayment from customer in the income statements are in line with revenue recognition under accounting policies.

Return obligation relate to customer in the Automotive division. Return obligation are depending on customer's contract, but are in general within 12 months.

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19 Equity

Capital management

On a regular basis, the Executive Board assesses whether the Group has an adequate capital structure, just as the board of Directors regularly evaluates whether the Group's capital structure is in line with the best interests of the Group and its stakeholders.

The current capital structure was implemented to support the acquisition of K. Nissen International A/S in June 2017, and the Management's assessment is that the current capital structure is sufficient to support the Group's strategy plans. According to the current policy, the Group does not distribute dividend.

	Issued shares			
	Number	Number	Nominal value	Nominal value
	30 April 2019	30 April 2018	30 April 2019	30 April 2018
1 May	12,356,875	50,000	12,356,875	50,000
Additions	0	12,306,875	0	12,306,875
30 April – fully paid	12,356,875	12,356,875	12,356,875	12,356,875

The share capital consists of 12,356,875 shares with a nominal value of 1 DKK each. None of the shares are assigned with special rights.

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20 Provisions

DKK'000	Warranties and re- turns	Other
At 1 May 2018	3,329	5,214
Arising during the year	597	0
Utilised	-484	0
At 30 April 2019	<u>3,442</u>	<u>5,214</u>
Current	3,442	0
Non-current	0	5,214

DKK'000	Warranties and re- turns	Other
At 17 May 2017	0	0
Provisions from acquisition balance	5,652	5,214
Arising during the year	3,077	0
Utilised	-5,400	0
At 30 April 2018	<u>3,329</u>	<u>5,214</u>
Current	3,329	0
Non-current	0	5,214

Provision

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

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21 Borrowings

Long-term debt liabilities is due as follows:

DKK'000	30 April 2019	30 April 2018
0-1 years	0	0
1-3 years	0	0
3-5 years	979,692	965,663
>5 years	133,103	139,014
	<u>1,112,795</u>	<u>1,104,677</u>

Debt liabilities included in the balance sheet include borrowing expenses, amortized over the maturity of the loan by 22.6 MDKK (2017/2018: 27.3 MDKK). Total borrowing expenses capitalized during the financial year amounts to 0 DKK (2017/2018: 31.8 MDKK).

30 April 2019

DKK'000	Average interest	Currency	Interest Period	Balance
Mortgage	1.7%	DKK	3 month	162,899
Bond loan	5.0%	EUR	3 month	949,896

30 April 2018

DKK'000	Average interest	Currency	Interest Period	Balance
Mortgage	1.7%	DKK	3 month	162,700
Bond loan	5.0%	EUR	3 month	941,977

22 Trade and other payables

DKK'000	30 April 2019	30 April 2018
Trade payables	295,484	225,012
VAT payables	20,242	12,181
Holiday pay payable and other employee related costs	77,288	65,336
Market value of interest rate swap	5,924	1,611
Other payable expenses	57,919	33,039
	<u>456,857</u>	<u>337,179</u>

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22 Trade and other payables (continued)

Reconciliation of movements in cash flows to changes in financing liabilities:

DKK'000	1 May 2018	Cash flows	Non-cash changes		30 April 2019
			Foreign exchange movement	Fair value changes and amortisation	
Bond loan	941,977	0	1,898	6,021	949,896
Mortgage debts	162,700	0	0	199	162,899
Loan with Group companies	44,880	18,445	0	0	63,325
Total liabilities from financing activities	1,149,557	18,445	1,898	6,220	1,176,120

DKK'000	17 May 2017	Acquisition	Cash flows	Non-cash changes		30 April 2018
				Foreign exchange movement	Fair value changes and amortisation	
Bond loan	0	0	934,899	1,768	6,310	941,977
Mortgage debts	0	166,266	-2,693	0	-873	162,700
Loan with Group companies	0	0	44,880	0	0	44,880
Total liabilities from financing activities	0	166,266	977,086	1,768	4,437	1,149,557

23 Change in working capital

DKK'000	30 April 2019	30 April 2018
Change in inventory	-92,696	-53,345
Change in receivables	-100,965	80,796
Change in trade payables, etc.	115,365	-47,254
Change in contract liabilities	45,086	0
	-33,210	19,803

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24 Business combinations

Financial year 2018/2019

Nissens Group has not acquired any subsidiaries or activities during 2018/2019.

Financial year 2017/2018

Acquisition of K. Nissen International A/S

On 30 June 2017, AX V Nissens Aps acquired 100% of the shares of K. Nissen International A/S, an unlisted company based in Denmark.

The Group has incurred transaction costs of approximately DKK 29 MDKK in connection with the acquisition for legal, financial and commercial advisors. The costs have been recognized as special items, cf. note 7.

Nissens has been included in the consolidated financial statements from the date of acquisition, 1 July 2017.

The provisional fair values of the identifiable assets and liabilities of K. Nissen International A/S as at the date of acquisition were:

DKK'000	Fair value at acquisition
Assets	
Intangible assets cf. note 13	1,724,968
Plant, Property and Equipment cf. note 15	364,863
Financial assets	1,755
Inventory	388,215
Receivables from trade etc.	418,054
Cash	64,020
	2,961,875
Liabilities	
Provisions incl. deferred tax	-215,454
Mortgage	-166,266
Trade payables etc.	-382,822
Tax payable	-35,742
	-800,284
Total cost price	2,161,591
Cash	-64,020
Total cost price, net	2,097,571

Acquired receivables include trade receivables of a fair value of 418.1 MDKK. The contractually receivable gross amount is 421.8 MDKK and hence 3.7 MDKK has been assessed as irrecoverable at the date of acquisition. Goodwill relates to e.g. new customers, new technology, market development and work-force.

The total cost price has been settled in cash.

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25 Pledges, collateral, contingencies and commitments

Danish Group entities are jointly taxed with AX V III Nissens ApS, which acts as a management company, and is jointly and severally liable with several other jointly taxed Group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends. The liabilities have been estimated at 27.9 MDKK at 30 April 2019 (30 April 2018: 10.7 MDKK).

The Group 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 Group, neither individually nor in the aggregate.

Commitments

The Group has entered into operating leases related to cars, gas plant and computers, with lease terms between 0 and 4 years. Detailed information related to lease agreements is in note 27.

Collateral

Land and buildings with a carrying amount of 179.5 MDKK have been pledged as security for mortgage debt of 162.9 MDKK.

Shares in K. Nissen International A/S, carrying amount 684 MDKK and shares in the following subsidiaries of K. Nissen International A/S, Nissens Slovakia S.r.o, carrying amount 91 MDKK, Nissens Slovakia North S.r.o, carrying amount 1 MDKK, Nissens North America Inc. carrying amount 19 MDKK Nissens Cooling Solutions A/S , carrying amount 256 MDKK, Nissens Automotive A/S , carrying amount 238 MDKK, Nissens Deutschland GmbH, carrying amount DKK 4 MDKK and the subsidiary of Nissens A/S, Nissens UK Ltd, carrying amount 7 MDKK have been pledged as security for bond debts of 130 MEUR.

Goodwill and other purchase price allocations have not been allocated to legal unit. Therefore the listed carrying amounts for the shares is pledged is based on the booked equity and does not include allocation of goodwill etc. if any.

26 Financial risk and financial instruments

Risk management policy

The Group's principal financial liabilities, other than trade payables, are mortgage and bond-loans. The main purpose of these financial liabilities is to finance the Group's operations and acquisitions of assets. The Group's principal financial assets include account receivables. The Group also enters into derivative transactions. Financial instruments applied by the Group include forward contracts on exchange rate exposures and interest hedging.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees on policies for managing each of these risks, which are described below.

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26 Financial risk and financial instruments (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risks such as equity price risk and commodity price risk. The Group apply the following derivative financial instruments to mitigate market risks, interest rate swaps and forward contracts.

Currency risk

The majority of Nissens' activities implies currency risks in connection with purchase and sales of goods and services in foreign currencies. The largest exposure for purchase are CNY, EUR and USD whereas largest invoicing currencies are EUR, PLN, USD and GBP. Currency risks are handled within the limitations of the policy approved by the Board of Directors. The policy recommends the use of layered hedging, but it does not set a minimum share of the expected future cash-flow which should be secured by financial instruments.

All changes in financial instruments related to foreign currency risk are recognized as financial income or financial expenses in the income statement.

At the balance sheet date, the Group has the following exposures towards net-monetary positions on current receivables and total liabilities.

	Change in rate	2018/2019 P/L effect (MDKK)	2017/2018 P/L effect (MDKK)
EUR - bond loan	+0,1%	-1.0	-1.0
EUR – current receivables and current liabilities	+0,1%	0.2	-0,1
PLN	+5,00%	1.8	1.0
GBP	+5,00%	0.4	0,5
USD	+5,00%	1.1	1,3
CNY	+5,00%	-3.5	-2.5

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's mortgage and bond-loan. The interest applied to the loans are variable on 3-month terms.

An increase in the interest rate by 1 percentage in comparison to the interest rate at the balance sheet date would, all other things being equal, affect the Group's profit or loss by -1.8 MDKK (2017/2018: -1.8 MDKK) and equity after tax by DKK -1.4 MDKK (2017/2018: -1.4 MDKK).

Financial instruments

To minimize the interest expose on the bond loan, the Group has entered into a cap on the interest rate on the bond loan. The interest cap of 5.0% is a 4-year agreement with maturity date 29 September 2021 and covers the full interest position on the 130 MEUR bond loan.

The fair value adjustment has been recognized in "other comprehensive income".

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26 Financial risk and financial instruments (continued)

Pricing risk

The Group is affected by the volatility of primary aluminium prices. The outlook for aluminium prices are continuously monitored and decisions on securing expected consumption is based in accordance with policies hereon. The annual direct consumption of aluminium is approx. 6,000 ton. A change in the LME reference price of 1% will affect the Group's profit or loss by 0.7 MDKK (2017/2018: 0.8 MDKK).

Liquidity risk

The purpose of the Group's cash management procedures is to ensure that the Group at all times has sufficient and flexible financial resources at its disposal and is able to honour its obligations when due. The Group's liquidity reserves consist of credit balance and fixed overdraft facilities.

Loan facilities

Besides net cash of DKK 179 MDKK (2017/2018: 73 MDKK), the Group has undrawn credit facilities of 125 MDKK (2017/2018: 124 MDKK) at 30 April 2019.

In addition to the credit facilities, the Group has the following loans:

Maturity analysis

DKK'000	Contractual cash flow	< 1 year	1 - 3 years	3 to 5 years	>5 years
Bond loan (130 MEUR)	1,125,911	48,426	96,853	980,632	0
Mortgage loan	204,543	3,026	6,998	40,113	154,405
Trade payables	295,485	295,485	0	0	0
Interest swap	5,924	255	510	5,160	0
30 April 2019	1,631,863	347,170	104,361	1,025,905	154,405

DKK'000	Contractual cash flow	< 1 year	1 - 3 years	3 to 5 years	>5 years
Bond loan (130 MEUR)	1,174,337	48,426	96,853	1,029,058	0
Mortgage loan	211,020	2,700	6,780	25,473	176,067
Trade payables	225,012	225,012	0	0	0
Interest swap	1,611	66	133	1,412	0
30 April 2018	1,611,980	276,204	103,766	1,055,943	176,067

The corporate bond will mature in June 2022.

The contractual cash flows are based on the non-discounted cash flows including down-payments and calculated interests based on current interest rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables and from its financing activities, including deposits with banks and financial institutions (to the extent the balance is in surplus of the Group), foreign exchange transactions and other financial instruments. The credit risk incurred from trade receivables is generally managed by continuous credit evaluation of the customers and trading partners. In addition, credit risks on counterparties other than

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26 Financial risk and financial instruments (continued)

banks are minimized through the use of prepayments and credit insurance. From a historical perspective, losses on receivables are at a low level.

The maximum credit risk related to trade receivables equals the carrying amount of the trade receivables.

The allowance for expected credit losses for trade receivables are calculated at individual level when there is an indication of impairment. For receivables without any indication of impairment, the expected credit losses are based on the historical credit loss. In 2018/2019 credit losses recognised in the income statement count for 0.4% of total revenue. As the losses relate to a single customer and are of a non-recurring nature the expected credit losses for the future are considered less than the impairment in 2018.

Selected customer offers supply chain financing programs, which the group utilized to sell certain receivables. The group's involvement in receivables sold under these programs are limited to administration and financial costs related to delayed payments. Thus, the Group has only an immaterial risk on these receivables. The profit and loss impact from these programs are limited to an interest payment on the payments. The balance sheet does not include any receivables or liabilities related to receivables sold under these programs. At the balance sheet date, the nominal value of receivables sold amounts to 87.6 MDKK (2017/2018: 59.7 MDKK). Receivables sold are due within 4 months.

Categories of financial instruments

	Carrying amount	Fair value
DKK'000	30 April 2019	30 April 2019
Financial liabilities at amortized cost		
Trade receivables, cash and cash equivalents	567,000	567,000
Borrowings and trade payables	-1,494,245	-1,494,245
Financial liabilities at fair value recognized through other comprehensive income		
Derivative financial instruments, net	-5,776	-5,776
	<u>-933,021</u>	<u>-933,021</u>

	Carrying amount	Fair value
DKK'000	30 April 2018	30 April 2018
Financial liabilities at amortized cost		
Trade receivables, cash and cash equivalents	375,776	375,776
Borrowings and trade payables	-1,403,385	-1,403,385
Financial liabilities at fair value recognized through other comprehensive income		
Derivative financial instruments, net	-601	-601
	<u>-1,028,210</u>	<u>-1,028,210</u>

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26 Financial risk and financial instruments (continued)

Fair value hierarchy of financial instruments measured at fair value

30 April 2019

DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Total
Forward contracts	0	-148	-148
Interest swap	0	5,924	5,924
Financial liabilities, net	0	5,776	5,776

30 April 2018

DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Total
Forward contracts	0	-1,010	-1,010
Interest swap	0	1,611	1,611
Financial liabilities, net	0	601	601

Methods and assumptions for calculating fair value

The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

27 Leases

Operational leases

The Group leases premises, cars, forklifts and gas plant under operating leases. The leasing period is typically between one and five years with the possibility of extending the contracts.

Non-cancellable operating leases are as follows:

30 April 2019

DKK'000	Operational leases	Other con- tractual com- mitments
0-1 years	12,306	10,820
1-5 years	15,088	27,981
> 5 years	966	0
	28,360	38,801

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27 Leases (continued)

30 April 2018

DKK'000	Operational leases	Other contractual commitments
0-1 years	12,731	10,365
1-5 years	11,807	5,691
> 5 years	1,498	0
	<u>26,027</u>	<u>16,056</u>

At 30 April 2019 there has been recognized 15.6 MDKK (30 April 2018: 14.8 MDKK) in the income statement in regards to operating leases and 11.4 MDKK (30 April 2018: 7.0 MDKK) regarding other contractual commitments.

28 Related party disclosures

AX V Nissens ApS' related parties include the following:

Name	Registered office	Basis for controlling influence	Indirect ownership shares	Indirect share of votes
Axcel V K/S	Copenhagen	Participating interest	69.4%	73.0%
AFVJ Holding ApS	Horsens	Participating interest	25.4%	21.6%
AX V Nissens III ApS	Horsens	Participating interest	69.4%	69.4%
AX V Nissens II ApS	Horsens	Participating interest	100.0%	100.0%
AX V Nissens I ApS	Horsens	Immediate parent	100.0%	100.0%

On 30 June 2017, AX V Nissens ApS bought all shares in K. Nissen International A/S from Advanced Cooling A/S. AX V Nissens A/S holds a loan of 63.3 MDKK (30 April 2018: 44.9 MDKK) with AX V Nissens II ApS. Interest is charged at market terms. Except from this, there has not been any significant transactions between companies in the Group and above related parties in the year.

There has been paid wages and salaries to the Board of Directors and the Executive Board as listed in note 4. The Board of Directors has participated in a capital increase in AX V Nissens II ApS.

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

AX V Nissens ApS is included in the consolidated financial statement of AX V Nissens III ApS, CVR.nr. 38647350. The consolidated financial statement of AX V Nissens III ApS can be received by contacting the company.

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29 Events after the reporting period

After the balance sheet date, no events have occurred that may have influence on the assessment of the financial statement for the year 1 May 2018 – 30 April 2019.

30 Standards issued but not yet effective

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2018/19 consolidated financial statements.

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRS Prepayment Features with Negative Compensation – Amendments to IFRS 9
- IAS 1 and IAS 8 Definition and Material – Amendments to IAS 1 and IAS 8
- IAS 19 Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- IAS 28 Long-term Interests in Associates and Joint ventures – Amendments to IAS 28
- IFRS 3 Business Combinations – Amendments to IFRS 3
- IFRIC 23 Uncertainty over Income Tax Treatments
- Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards
- Annual Improvements to IFRSs 2015-2017 Cycle

The most significant of these are listed in the following, however, only IFRS 16 Leases is expected to have a significant impact on the consolidated financial statements.

IFRS 16 Leases

IFRS 16 will be implemented in the Group's consolidated financial statement for the financial year beginning on 1 May 2019.

IFRS 16 replaces IAS 17 and changes the accounting treatment of lease contracts that are currently treated as operating lease contracts. The change in lease accounting requires capitalization of operating lease contracts as an asset under property, plant and equipment with a related lease liability under liabilities. The income statement will be affected as the lease expenses will according to the new accounting regulation be split into two elements; depreciation on lease assets included in Operating profit and Interest expenses on lease liability included in Financial expenses, as opposed to all recognized as External expenses in 2018/2019. Nissens has entered into lease contracts, which primarily comprise leases regarding buildings, equipment and vehicles. Nissens has elected not to capitalize lease contracts with the lease term of 12 months or less and low value contracts.

The leasing period is assessed based on the period of contractual commitment. When no such period exists and the lease is not expected to be terminated, the period is assessed based on the period of the Group's current business plan, ending in 2020/21.

IFRS 16 will be implemented using the simplified transition method with no restatement of comparative information. The effect of applying IFRS 16 will have a zero impact on opening equity on 1 May 2019.

Consolidated financial statements

Notes

30 Standards issued but not yet effective (continued)

The transition impact and the impact to lease assets in property, plant and equipment represents approximated 31.6 MDKK ~ 1.0 percent of the total assets with the equivalent impact on related lease liability under liabilities. Financial ratios related to the balance sheet will be impacted as well. The impact on EBITDA before special items will next year be positively impacted with approx. 13.9 MDKK ~ 5.8 percent. Depreciation and amortization will be negatively impacted with approx. 13.3 MDKK ~ 12.4 percent corresponding a positive impact of Operating profit after special items of approx. 0.6 MDKK. Financial items will be negatively impacted with approx. 0.8 MDKK ~ 1.0 percent corresponding a negative impact of Result before tax of approx. 0.2 MDKK.

For calculation of the discounted lease commitment an interest rate of 2.0 % is applied for buildings and 3.5 % is applied for equipment and vehicles. The interest rates are estimated based on expected alternative loan rates of the specific asset.

Parent financial statements

Income statement

For the year 1 May - 30 April

Note	DKK'000	1 May 2018 - 30 April 2019	17 May 2017 - 30 April 2018
	Revenue	7,537	8,253
	Other external costs	-1,469	-3,494
3	Staff costs	-9,389	-8,488
	Operating loss before special items	-3,321	-3,729
5	Special items	0	-1,334
	Operating loss after special items	-3,321	-5,063
7	Finance income	739	0
7	Finance cost	-64,014	-52,157
	Dividend distributed from subsidiaries	80,000	0
	Result before tax	13,404	-57,220
8	Tax	3,883	5,347
	Result for the year	17,287	-51,873

Statement of other comprehensive income

For the year 1 May - 30 April

Note	DKK'000	1 May 2018 - 30 April 2019	17 May 2017 - 30 April 2018
	Result for the year	17,287	-51,873
	Other comprehensive income		
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
	Other comprehensive income regarding market value of interest rate swap	-4,313	-1,611
	Exchange differences on translation of foreign operations	-24	0
8	Income tax effect	949	355
	Other comprehensive income for the year, net of tax	-3,388	-1,256
	Total comprehensive income	13,899	-53,129

Parent financial statements

Balance sheet

Note	DKK'000	30 April 2019	30 April 2018
	ASSETS		
	Non-current assets		
9	Investments in subsidiaries and associates	2,193,335	2,190,822
	Deferred tax	2,537	1,995
	Total non-current assets	2,195,872	2,192,817
	Current assets		
	Income tax receivable	4,167	3,707
	Trade and other receivables	457	0
	Receivables from group entities	22,071	0
	Cash and cash equivalents	1,155	15,468
	Total current assets	27,850	19,175
	TOTAL ASSETS	2,223,722	2,211,992
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	12,357	12,357
	Reserve for financial instruments	-4,621	-1,257
	Retained earnings	1,187,527	1,168,748
	Total equity	1,195,263	1,179,848
	Non-current liabilities		
11	Bond-loan	949,896	941,977
	Total non-current liabilities	949,896	941,977
	Current liabilities		
11	Loan from Group companies	63,406	77,398
	Other debt	15,157	12,769
	Total current liabilities	78,563	90,167
	Total liabilities	1,028,459	1,032,144
	TOTAL EQUITY AND LIABILITIES	2,223,722	2,211,992

Parent financial statements

Cash flow statement

For the year 1 May - 30 April

Note	DKK'000	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018
	Operating activities		
	Profit before tax	13,404	-57,220
7	Finance income	-739	0
7	Finance expenses	64,014	52,157
	Net foreign exchange differences	3,927	-384
	Share-based payment expense	1,494	2,240
12	Changes in working capital	-2,383	11,159
		79,717	7,952
	Interest expenses, paid	-106	0
8	Income tax paid/received	0	0
	Net cash flows from operating activities	79,611	7,952
	Investing activities		
9	Investments in subsidiaries	-2,513	-2,190,822
	Net cash flows used in investing activities	-2,513	-2,190,822
	Financing activities		
	Capital injection and capital increases	0	1,230,738
	Dividend received during the year	80,000	0
11	Proceeds from borrowings	0	934,899
11	Change in borrowing with related parties	-116,063	77,398
	Interest paid	-55,349	-44,697
	Net cash flows from financing activities	-91,412	2,198,338
	Cash flow for the year	-14,313	15,468
	Cash and cash equivalent at 1 May	15,468	0
	Cash and cash equivalents at 30 April	1,155	15,468

Parent financial statements

Statement of changes in equity

For the year ended 30 April 2019

DKK'000	Share capital	Reserve for financial instruments	Retained earnings	Total
Equity 1 May 2018	12,357	-1,257	1,168,748	1,179,848
Total comprehensive income 30 April 2019				
Profit for the year	0	0	17,287	17,287
Other comprehensive income				
Fair value adjustment	0	-4,313	0	-4,313
Exchange differences on translation of foreign operations	0	0	-2	-2
Tax on other comprehensive income	0	949	0	949
Total other comprehensive income	0	-3,364	-2	-3,366
Total comprehensive income for the year	0	-3,364	17,285	13,921
Transactions with owners				
Capital injection	0	0	0	0
Capital increase	0	0	0	0
Transfer	0	0	0	0
Equity-settled share-based payments	0	0	1,494	1,494
Total transactions with owners	0	0	1,494	1,494
Equity 30 April 2019	12,357	-4,621	1,187,527	1,195,263

Parent financial statements

Statement of changes in equity

For the year ended 30 April 2018

DKK'000	Share capital	Share premium	Reserve for financial instruments	Retained earnings	Total
Equity 17 May 2017	0	0	0	0	0
Total comprehensive income 30 April 2018					
Profit for the year	0	0	0	-51,873	-51,873
Other comprehensive income					
Fair value adjustment	0	0	-1,611	0	-1,611
Tax on other comprehensive income	0	0	354	1	355
Total other comprehensive income	0	0	-1,257	1	-1,256
Total comprehensive income for the year	0	0	-1,257	-51,872	-53,129
Transactions with owners					
Capital injection	50	0	0	0	50
Capital increase	12,307	1,218,380	0	0	1,230,687
Transfer	0	-1,218,380	0	1,218,380	0
Equity-settled share-based payments	0	0	0	2,240	2,240
Total transactions with owners	12,357	0	0	1,220,620	1,232,977
Equity 30 April 2018	12,357	0	-1,257	1,168,748	1,179,848

Parent financial statements

Overview of notes for the consolidated financial statements

Note

- 1 Accounting policies
- 2 Significant accounting judgements, estimates and assumptions
- 3 Staff costs
- 4 Share-based payments
- 5 Special items
- 6 Fees paid to auditors appointed at the annual general meeting
- 7 Net finance costs
- 8 Income tax
- 9 Investments in subsidiaries and associates
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- 13 Pledges, collateral and contingencies etc.
- 14 Financial risk and financial instruments
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Parent financial statements

Notes

1 Accounting policies

For the accounting policies, please refer to the consolidated financial statement's accounting policies on page 14.

Investments in subsidiaries

Dividends on investments in subsidiaries are recognized in the income statement of the Parent Company in the financial year in which the dividend is declared.

Investments in subsidiaries are measured at lower of cost and recoverable amount.

2 Significant accounting judgements, estimates and assumptions

For the significant accounting judgements, estimates and assumptions, please refer to the consolidated financial statement's accounting policies in note 2.

3 Staff costs

DKK'000	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018
Wages and salaries	7,884	6,246
Employee benefits/other remunerations	11	2
Share-based payments	1,494	2,240
Total employee benefit expense	9,389	8,488
Average number of full-time employee	2	2

Remuneration to the Board of Directors and Executive Board.

For information on remuneration of the Board of Directors and the Executive Board, please refer to the consolidated financial statement's note 4.

4 Share-based payments

For information on share-based payments programme, please refer to the consolidated financial statement's note 5.

Parent financial statements

Notes

5 Special items

DKK'000	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018
Costs related to implementation of IFRS.	0	1,334
	0	1,334

6 Fees paid to auditors appointed at the annual general meeting

DKK'000	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018
Statutory audit	128	348
Other assurance services	0	840
Tax and VAT advisory services	5	0
Other services	67	0
	200	1,188

7 Net finance costs

Net finance income	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018
DKK'000		
Interests receivables, group entities	739	0
Total finance expenses	739	0

Net finance costs	1 May 2018 – 30 April 2019	17 May 2017 – 30 April 2018
DKK'000		
Interests – borrowings	51,882	44,697
Interests –other	41	0
Interests - intercompany	3,465	0
Foreign exchange losses – bond etc.	1,985	2,151
Amortisation borrowings	6,575	5,310
Other financial costs.	64	0
Total finance expenses	64,014	52,158
Interest on financial liabilities measured at amortized cost	55,389	44,697

Parent financial statements

Notes

8 Income tax

Income statement

DKK'000

Current income tax

Tax for the current year can be specified as follows:

Tax of the result of the year

Tax on other comprehensive income

1 May 2018 –
30 April 2019

17 May 2017 –
30 April 2018

-3,883

-5,347

-949

-355

-4,832

-5,702

DKK'000

Current income tax

Tax for the current year can be specified as follows:

Current income tax charge

Change in provision for deferred tax

Change in tax related to prior year

1 May 2018 –
30 April 2019

17 May 2017 –
30 April 2018

-4,168

-3,352

407

-1,995

-122

0

-3,883

-5,347

Tax on profit for the year can be explained as follows:

1 May 2018 –
30 April 2019

17 May 2017 –
30 April 2018

Accounting profit before income tax

Calculated 22 % tax on profit for the year

2,949

-12,588

Tax effect of:

Interest limitation according to § 11 B in the Danish Corporate

Tax Law etc.

Non-taxable income

Other non-deductible expenses

Adjustments to prior year

9,780

6,748

-17,600

0

1,110

493

-122

0

-3,883

-5,347

Effective tax (%)

-28.9%

9.3%

Parent financial statements

Notes

8 Income tax (continued)

Tax on other comprehensive income

DKK'000	For the year ended 30 April 2019		
	Before tax	Tax	After tax
Fair value adjustment interest swap	-4,313	949	-3,364
Exchange differences on translation of foreign operations	-24	0	-24
	3,388	949	-3,388

DKK'000	For the year ended 30 April 2018		
	Before tax	Tax	After tax
Fair value adjustment interest swap	-1,611	355	-1,256
	-1,611	355	-1,256

DKK'000	30 April 2019	30 April 2018
Deferred tax 1 May	1,995	0
Deferred tax for the year recognized in profit for the year	-407	1,995
Deferred tax for the year recognized in other comprehensive income	949	0
Deferred tax 30 April	2,537	1,995

Reflected in the statement of financial position as follows:

Deferred tax assets	2,537	1,995
Deferred tax liabilities	0	0
Deferred tax 30 April, net	2,537	1,995

DKK'000	30 April 2019	30 April 2018 (10 months)
Deferred tax relates to:		
Borrowings	2,537	1,168
Tax losses from interest limitation	0	827
	2,537	1,995

Parent financial statements

Notes

8 Income tax (continued)

Income tax receivable

	30 April 2019	30 April 2018
Income tax payable 1 May	-3,707	0
Tax on other comprehensive income	0	-355
Joint taxation contribution	3,708	0
Current tax for the year	-4,168	-3,352
Income tax receivable 30 April	-4,167	-3,707

9 Investments in subsidiaries

DKK'000

	30 April 2019	30 April 2018
Cost 1 May	2,190,822	0
Additions	2,513	2,190,822
Cost 30 April	2,193,335	2,190,822
Carrying amount 30 April	2,193,335	2,190,822

Name	Legal form	Registered office	Owner-ship 30 April 2019	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
K. Nissen International A/S	A/S	Horsens, Denmark	100%	666,824	156,947

10 Equity

The share capital consists of 12,356,875 shares with a nominal value of 1 DKK each. None of the shares are assigned with special rights.

Parent financial statements

Notes

11 Bond loans

Long-term debt liabilities are due as follows:

DKK'000	30 April 2019	30 April 2018
0-1 year	0	0
1-3 years	0	0
3-5 years	949,896	941,977
>5 years	0	0
	<u>949,896</u>	<u>941,977</u>

The corporate bond is listed on NASDAQ OMX Copenhagen and will mature in June 2022.

Reconciliation of movements in cash flows to changes in financing liabilities.

DKK'000			Non-cash changes		
	1 May 2018	Cash flow	Foreign exchange move- ment	Fair value changes and amor- tisation	30 April 2019
Borrowings, bond	941,977	0	1,898	6,021	949,896
Borrowing, related companies	77,398	-13,992	0	0	63,406
Total liabilities from financing ac- tivities	1,019,375	-13,992	1,898	6,021	1,013,302

DKK'000			Non-cash changes		
	17 May 2017	Cash flow	Foreign exchange move- ment	Fair value changes and amor- tisation	30 April 2018
Borrowings, bond	0	934,899	1,768	5,310	941,977
Borrowing, related companies	0	77,398	0	0	77,398
Total liabilities from financing ac- tivities	0	1,012,297	1,768	5,310	1,019,375

Parent financial statements

Notes

11 Change in working capital DKK'000

	30 April 2019	30 April 2018
Change in other receivables	-457	0
Change in other debts	-1,926	11,159
	<u>-2,383</u>	<u>11,159</u>

12 Pledges, collateral, contingencies and commitments.

For information on the pledges, collateral contingencies and commitments please refer to note 24 in the consolidated financial statements.

13 Financial risks and financial instruments

The financial risks and financial instruments of AX V Nissens ApS relate to the bond loan of 130 MEUR and the related interest cap of 5% as described in note 25 in the consolidated financial statements. Please refer to this note for further information on financial risks and financial instruments.

14 Related party disclosures

Besides the information on related parties, cf. note 27 in the consolidated financial statements, there have been intercompany balances between the parent K. Nissen International A/S, Nissens Cooling Solutions A/S and Nissens Automotive A/S.

In addition, the parent charges management fees to K. Nissen International A/S. Management fee made on market terms.

There has been paid wages and salaries to Board of Directors and the Executive Board as given in note 4. The Board of Directors has participated in capital increase in AX V Nissens II ApS.

15 Events after the reporting period

For information on events after the reporting period, please refer to note 28 in the consolidated financial statements.

16 Standards issued, but not yet effective

For the note on standards issued, but not yet effective, please refer to note 29 in the consolidated financial statements.