AX V Nissens ApS

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Annual report

1 May 2019 - 30 April 2020

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

Niels Jacobsen
Chairman

Contents

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 2019/2020 covering the period 1 May 2019 to 30 April 2020.

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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2019 – 30 April 2020

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 is to be approved at the Annual General Meeting.

Horsens, 25 June 2020
Executive Board:

Mikkel Krogslund 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 2019 – 30 April 2020, 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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2019 – 30 April 2020 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. We have been re-appointed annually by resolution of the general meeting for a total consecutive period of two years up to and including the financial year 2019/2020.

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 2019/20. 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.

Measurement of intangible assets

The Group has recognised intangible assets totalling DKK 1,554,118 thousand in the balance sheet at 30 April 2020. 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 1 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 expectations for the years 2020/2021 to 2023/24 and a terminal value. We examined procedures for the forecast preparation and compared expectations with the Group's strategic efforts in the individual areas. Further, we ensured that the forecasts account for the potential impact from Covid-19 in the future earnings. Additionally, we examined whether the information on goodwill disclosed in Note 15 is adequate relative to applicable accounting standards.

Measurement of inventories

At 30 April 2020, the Group recognised inventories totalling DKK 561,521 thousand. Inventories are measured at the lower of cost and net realisable value. The valuation of inventory is therefore consisting significant judgement by Management to assess the appropriate level of the provision for slow moving and/or obsolete inventory. As a result, we consider the provisioning the slow moving and obsolete inventories to be 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 2020. 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 including potential effect of Covid-19, 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.

Independent auditor's report

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 expectations 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.

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.

Independent auditor's report

- 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, 25 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid State Authorised Public Accountant mne31450	Morten Østergaard Koch State Authorised Public Accountant mne35420

Management's review

Company details

Name	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 Krogslund Andersen Carl Jakob Backs
Parent Company	AX V Nissens I ApS, cvr.no. 38 64 75 39
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
Bankers	Nordea Danmark, filial af Nordea Bank AB (publ) Sverige Nykredit A/S
Annual shareholders meeting	The Annual Shareholders meeting on 25 June 2020, at Ormhøjgårdvej 9, 8700 Horsens

Management's review

Financial highlights for the Group

In DKK millions, except for per share data	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019*	15 May 2017 – 30 April 2018** (10 months)
Key figures			
Revenue	1,943.6	1,982.8	1,319.9
EBITDA before special items	199.1	234.6	122.6
Operating profit before special items	74.1	127.3	35.4
Operating profit after special items	74.1	124.2	4.8
Net finance costs	-67.7	-67.8	-53.7
Result before tax	6.4	56.3	-48.9
Result for the year	-6.1	28.9	-55.1
Non-current assets	1,990.0	1,956.1	2,036.0
Current assets	1,165.5	1,152.8	856.1
Total assets	3,155.5	3,108.9	2,892.1
Equity	1,208.4	1,214.3	1,181.1
Non-current liabilities	1,359.0	1,292.6	1,301.6
Current liabilities	588.1	602.1	409.3
Cash flows from operating activities	153.2	173.3	40.6
Cash flow from investing activities	-68.0	-28.3	-2,124.3
Cash flow from investments in fixed assets	48.2	24.9	24.0
Cash flows from financing activities	-69.3	-41.9	2,160.0
Total cash flows	15.8	103.0	76.3
Financial ratios			
EBITDA before special items margin	10.2%	11.8%	9.3%
Operating margin before special items	3.8%	6.4%	2.7%
Operating margin after special items	3.8%	6.3%	0.4%
Current ratio	198.2%	191.5%	209.2%
Equity ratio	38.3%	39.1%	40.8%
Return on equity	-0.5%	2.4%	-4.6%
Earnings per share (in DKK)	-0.5	2.3	-4.6
Dividend distributed per share (in DKK)	0.0	0.0	0.0
Average number of full-time employees	1,367	1,365	1,333

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

*On 1 May 2019 IFRS 16 'Leases' was adopted. The comparative figures have not been restated, as IFRS 16 was implemented with the modified retrospective method.

** On May 2018 IFRS 9 and IFRS 15 were adopted. The comparative figures have not been restated.

Definition of Financial ratios

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

Management's review

Business review

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

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

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

History and recent developments

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

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

Automotive Business Unit

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

Cooling Solutions Business Unit

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

Management's review

Business review (continued)

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

Products

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

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

Research & development

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

Knowledge resources

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

Account of the gender composition of Management

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

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

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

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

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 2019 – 30 April 2020 show an EBITDA before special items of 199.1 MDKK (2018/2019: 234.7 MDKK) and net profit before tax of 6.3 MDKK (2018/2019: 56.3 MDKK).

EBITDA before special items is positively impacted by the adoption of IFRS 16 leasing with 18.4 MDKK and Net profit before tax is negatively impacted by the adoption of IFRS 16 leasing with - 1.4 MDKK. Both financial measures are negatively impacted by the transformation period into the new vacation pay scheme in Denmark with - 7.9 MDKK.

The consolidated balance sheet for the company includes intangible assets of 1,554 MDKK (2018/2019: 1,603 MDKK) of which 1,530 MDKK (2018/2019: 1,597 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 77 MDKK (2018/2019: 77 MDKK). Goodwill of 937 MDKK has been allocated with 61% to the Automotive business unit and 39% to the Cooling Solutions business unit. Both divisions of the company have been impairment tested. Cf. Note 15 the impairment test did not identify any need for impairment write-down.

With an equity of 1,209 MDKK (2018/2019: 1,214 MDKK), the Group has an equity ratio of 38.3% (2018/2019: 39.1%). The cash flow statement shows a positive cash flow of 16 MDKK (2018/2019: 103 MDKK) for the year. Cash flow from operations amounts to 153 MDKK (2018/2019: 173 MDKK) as a result of an extensive investment program carried out in 2019/2020 and the decrease in earnings.

The cash balance at the end of the year is 195 MDKK (2018/19: 179 MDKK) and with an undrafted credit facility of 125 MDKK, the company has until now not seen a requirement to establish further available liquidity.

Automotive

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

Cooling Solutions

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

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

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

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

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

Management's review

Financial review (continued)

Nissens Group

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

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

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

Outlook

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

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

K. Nissen International A/S

K. Nissen International A/S, the acquired company, realized according to Danish GAAP in 2019/2020 a consolidated Group Revenue of 1,943 MDKK (1,983 MDKK in 2018/2019), EBITDA of 182 MDKK (240 MDKK in 2018/2019), Profit before tax of 143 MDKK (205 MDKK in 2018/2019) and a Profit for the year of 109 MDKK (157 MDKK in 2018/2019). Cash flow from operating activities amounts to 126 MDKK (171 MDKK).

Bond

AX V Nissens ApS EUR 130,000,000 Senior Secured Floating Rate Bonds due 29 June 2022 are 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 2019 – 30 April 2020.

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

Corporate Social Responsibility

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

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 COP Report from Nissens can be found on the company's website.

Special risks

Market risks

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

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

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

Currency risks

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

Credit risks

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

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

Covid-19 risks

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

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

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 website 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, Founders A/S, Member of the board, Boston Holding A/S, Chairman, Vision RT Ltd. Deputy chairman, ABOUT YOU GmbH Chairman, Össur hf. Chairman, K. Nissen International A/S, Chairman, AX V Nissens I ApS, Chairman, 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, 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, AX V GUBI Holding II ApS and various subsidiaries, 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 Holding III ApS and various subsidiaries, Deputy Chairman, Steelseries ApS, Deputy Chairman, Steelseries Holdings ApS, Chairman, AX V ESB Holding III ApS, Deputy Chairman, AX V INV5 Holding II ApS and various subsidiaries, 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 Investment II A/S and various subsidiaries, Chairman, G&O Investment A/S and various subsidaries, Chairman, Mountain Top Group ApS, Chief Executive Officer, Vilby Capital ApS, Member of the board, University of Southern Denmark. 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, Deputy Chairman, PANDORA A/S, Chairman, Danmarks Skibskredit Holding A/S, Member of the board, Danmark Skibskredit A/S, Chairman, Eksport Kredit Finansiering A/S, Chairman, EKF Danmarks Eksportkredit, Member of the board, Frigast A/S, Chairman, MNGT2 ApS, Chairman, Danish Venture Capital and Private Equity Association (DVCA). Deputy Chairman, PostNord Chairman, Bestyrelsesforeningen (Board Leadership Society in Denmark) Member of board, AX V Nissens I ApS, Member of board, AX V Nissens II ApS.

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. Strategy advisor to the Board, BB High Performance Brake Pads Inc.

Board of Directors

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 Krogslund 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. Krogslund 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 Krogslund 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. Krogslund 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	2019/2020	2018/2019
3	Revenue	1,943,576	1,982,796
	Cost of raw materials and consumables	-1,072,017	-1,043,328
	Development costs and own manufactured assets	11,271	1,220
4	Other operating income	10,658	8,142
	Other external costs	-263,948	-309,005
5	Staff costs	-430,484	-405,169
	EBITDA before special items	**199,065**	**234,655**
7	Depreciation and amortisation	-124,936	-107,308
	Operating profit before special items	**74,119**	**127,347**
8	Special items	0	-3,192
	Operating profit after special items	**74,119**	**124,155**
10	Finance income	7,240	7,906
10	Finance costs	-74,998	-75,758
	Result before tax	**6,361**	**56,297**
11	Tax	-12,548	-27,348
	Result for the year	**-6,187**	**28,949**
	Attributed to:		
	Equity holders of AX V Nissens ApS	-6,187	28,949
		-6,187	**28,949**

Consolidated financial statements

Statement of other comprehensive income

For the year 1 May - 30 April

Note	DKK'000	2019/2020	2018/2019
	Result for the year	**-6,187**	**28,949**
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Exchange differences on translation of foreign operations	-3,137	3,880
	Value adjustment of hedging instruments:		
	Value adjustment for the year	-747	-7,031
	Value adjustment transferred to financial costs	2,733	2,718
	Items that are or may subsequently be reclassified to the income statement	-1,151	-433
11	Income tax effect	-437	949
	Other comprehensive income/(loss) for the year, net of tax	**-1,588**	**516**
	Total comprehensive income/(loss)	**-7,775**	**29,465**
	Attributed to:		
	Equity holders of AX V Nissens ApS	-7,775	29,465
		-7,775	**29,465**

Consolidated financial statements

Balance sheet

Note	DKK'000	30 April 2020	30 April 2019
	ASSETS		
	Non-current assets		
12	Intangible assets	1,554,118	1,603,459
14, 15	Property, plant and equipment	427,725	344,780
17	Investments in associates	8	13
11	Deferred tax assets	6,417	6,246
	Deposits	1,748	1,572
	Total non-current assets	**1,990,016**	**1,956,070**
	Current assets		
18	Inventory	561,521	534,255
19	Trade and other receivables	408,753	439,262
	Cash and cash equivalents	195,207	179,311
	Total current assets	**1,165,481**	**1,152,828**
	TOTAL ASSETS	**3,155,497**	**3,108,898**
	EQUITY AND LIABILITIES		
	Equity		
21	Share capital	12,357	12,357
	Foreign currency translation reserve	1,081	4,218
	Hedging reserve	-3,072	-4,621
	Retained earnings	1,198,011	1,202,331
	Total equity	**1,208,377**	**1,214,285**
	Non-current liabilities		
23	Borrowings	1,118,423	1,112,795
15	Lease liabilities	55,885	0
11	Deferred tax liabilities	160,703	174,500
22	Provisions	8,214	5,214
	Other payables	15,797	0
	Total non-current liabilities	**1,359,022**	**1,292,509**
	Current liabilities		
20	Contract liabilities	3,156	46,856
15	Lease liabilities	20,707	0
24	Trade and other payables	481,248	456,857
	Payable to shareholder companies	69,606	63,325
11	Income tax payable	9,714	31,624
22	Provisions	3,667	3,442
	Total current liabilities	**588,098**	**602,104**
	Total liabilities	**1,946,484**	**1,894,613**
	TOTAL EQUITY AND LIABILITIES	**3,155,497**	**3,108,898**

Consolidated financial statements

Cash flow statement

For the year 1 May - 30 April

Note	DKK'000	30 April 2020	30 April 2019
	Operating activities		
	Result before tax for the year	6,361	56,297
10	Finance income	-7,240	-7,906
10	Finance expenses	74,993	75,764
6	Share-based payment expense	1,867	3,723
25	Changes in working capital	709	-33,210
26	Non-cash operating items	124,747	113,108
		201,437	207,776
10	Finance income, received	1,193	1,195
11	Income tax paid	-49,421	-35,681
	Net cash flows from operating activities	**153,209**	**173,290**
	Investing activities		
12	Purchase of intangible assets	-7,527	-1,961
12	Development expenditures capitalized	-12,304	-1,578
14	Purchase of property, plant and equipment	-48,222	-24,933
14	Proceeds from sale of property, plant and equipment	229	248
	Change in deposits	-176	-77
	Net cash flows used in investing activities	**-68,000**	**-28,301**
	Financing activities		
23	Repayment of borrowings	-234	0
10	Net interest paid, borrowings	-56,942	-60,392
	Payment of principal portion of lease liabilities	-18,418	0
	Proceeds from loan with Group companies	6,282	18,445
	Net cash flows from financing activities	**-69,313**	**-41,947**
	Cash flow for the year	**15,896**	**103,042**
	Cash and cash equivalents at 1 May	179,311	76,269
	Cash and cash equivalents at 30 April	**195,207**	**179,311**

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	Hedging reserve	Retained earnings	Total equity
Equity 1 May 2019	**12,357**	**4,218**	**-4,621**	**1,202,331**	**1,214,285**
Total comprehensive income 30 April 2020					
Result for the year	0	0	0	-6,187	-6,187
Other comprehensive income					
Unrealized loss on interest rate swap	0	0	1,986	0	1,986
Exchange differences on translation of foreign operations	0	-3,137	0	0	-3,137
Tax on other comprehensive income	0	0	-437	0	-437
Total other comprehensive income	**0**	**-3,137**	**1,549**	**0**	**-1,588**
Total comprehensive income for the year	**0**	**-3,137**	**1,549**	**6,187**	**-7,775**
Transactions with owners					
Equity-settled share-based payments	0	0	0	1,867	1,867
Total transactions with owners	0	0	0	1,867	1,867
Equity 30 April 2020	**12,357**	**1,081**	**-3,072**	**1,198,011**	**1,208,377**

Consolidated financial statements

Statement of changes in equity

For the year 1 May - 30 April

DKK'000	Share capital	Foreign currency translation reserve	Hedging reserve	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

Overview of notes for the consolidated financial statements

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 2019 - 30 April 2020 comprises both the consolidated financial statements of AX V Nissens ApS and its subsidiaries (the Group) and the separate Parent Company financial statements.

The consolidated financial statements for AX V Nissens ApS for the year 1 May 2019 - 30 April 2020 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 25 June 2020 discussed and approved the Annual report for AX V Nissens ApS for the year 1 May 2019 - 30 April 2020.

Basis of preparation

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

The accounting policies have been applied consistently in the financial year and for the comparative figures except for the adoption of IFRS 16 'Lease'.

Impact of new accounting standards

With effect from 1 May 2019, the Group has implemented the following new or amended standards and interpretations:

• IFRS 16 Leases

• IFRIC 23 uncertainty over income tax treatment

• Amendments to IFRS 9 regarding prepayment features with negative compensation

• Amendments to IAS 19 regarding amendments, curtailment or settlement

• Amendments to IAS 28 regarding long-term interest in associates and joint ventures

• Parts of Annual Improvements to IFRSs 2015-2017

Only IFRS 16 has a significant effect on recognition and measurement in the annual report.

Effect of IFRS 16 Leases

On 1 May 2019, IFRS 16 'Leases' was implemented. IFRS 16 replaces IAS 17 and IFRIC 4.

The Group has implemented IFRS 16 'Leases' using the modified retrospective approach. Using this method, the cumulative effect of initially applying the standard is recognised at 1 May 2019, and therefore the comparative information has not been restated. Right-of-use assets and lease liabilities have been recognised for those leases previously classified as operating leases, except for short-term leases and leases of low value. The right-of-use assets have been recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 May 2019. The Group does not apply IFRS 16 to short-term leases, low-value leases and applies a single discount rate to portfolios of leases with similar characteristics. Lease costs are split into service components expensed as operation costs and rental costs booked as a payment on the lease liability.

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Notes

1 Accounting policies (continued)

Impact from IFRS 16 on balance sheet as of 1 May 2019:

DKK'000	1 May 2019	Effect of change in accounting policy	New accounting policy
ASSETS			
Non-current assets			
Right-of-use assets	0	34,777	34,827
Property, plant and equipment	**344,780**	**34,777**	**379,607**
Total non-current assets	**1,956,070**	**34,777**	**1,990,897**
Total current liabilities	**1,152,828**	**0**	**1,152,828**
TOTAL ASSETS	**3,108,898**	**34,777**	**3,143,725**
EQUITY AND LIABILITIES			
Total equity	**1,214,285**	**0**	**1,214,285**
Non-current liabilities			
Lease liabilities	0	20,176	20,176
Total non-current liabilities	**1,292,509**	**20,176**	**1,312,685**
Current liabilities			
Lease liabilities	0	14,601	14,601
Total current liabilities	**602,104**	**14,601**	**616,705**
Total liabilities	**1,894,613**	**34,777**	**1,929,440**
TOTAL EQUITY AND LIABILITIES	**3,108,898**	**34,777**	**3,143,725**

On transition to IFRS 16, the Group recognised an additional 34,777 DKK'000 of right-of-use assets and 34,777 DKK'000 of lease liabilities.

Impact from IFRS 16 on income statement as of 30 April 2020:

DKK'000	2019/2020 before	Effect IFRS 16	2019/2020 after
EBITDA before special items	**180,637**	**18,418**	**199,055**
Depreciation and amortisation	-106,119	-18,817	-124,936
Operating profit before special items	**74,518**	**-200**	**74,119**
Finance income	7,240	0	7,240
Finance costs	-73,766	-1,232	-74,998
Result before tax	**7,992**	**-1,432**	**6,361**

Consolidated financial statements

Notes

1 Accounting policies (continued)

Right-of-use-assets are depreciated on a straight-line basis over the expected lease period, which is:

Buildings	1-5 years
Plant and machinery	1-6 years
Other fixtures and fittings, tools and equipment	1-3 years

In measuring the lease obligation, the Group has used an incremental borrowing rate to discount future lease payments of 2.0% for buildings 3.5% for plant and machinery other fixtures and fittings. The Group has chosen not to recognize initial direct costs as part of the asset.

DKK'000	
Operating lease commitments at April 30, 2019	**28,360**
Discounted using the Group incremental borrowing rate as of May 1, 2019	-1,890
Lease payments for periods relating to extension options not included in operating lease commitments as at 30 April 2019, that with reasonable certainty will be exercised	5,168
Adjustments as a result of a different treatment of extension and termination options	2,554
Adjustments relating to changes in the index or rate affecting variable payments	585
Lease liabilities recognised at May 1, 2019	**34,777**

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 10 and 11.

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.

Business combinations and goodwill

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised 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 AX V 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 recognised.

Consolidated financial statements

Notes

1 Accounting policies (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised 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 recognised 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 recognised in profit or loss as financial income or financial expenses.

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

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

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

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 highly 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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

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 revenue.

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 to 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.

Other operating income

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

Government grant

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

Other external expenses

Other external expenses include 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.

Consolidated financial statements

Notes

1 Accounting policies (continued)

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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in other comprehensive income.

Income tax and deferred tax

Current tax payables and receivables are recognised 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 recognised 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 recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Joint taxation contribution payable and receivable is recognised 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 recognised 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 recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised under research and development costs in the income statement as incurred. Rights and development projects are measured at cost less accumulated amortisation and impairment.

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

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

Consolidated financial statements

Notes

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 are calculated as the difference between the sales prices less sales expenses and the carrying amount at the date of sale. Gains and losses are recognised 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 is 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
Right-of-use assets	Over the term of the lease contract

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 recognised 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 recognised in the income statement as the item other operating income and other operating expenses, respectively.

Land is not depreciated.

Leases – from 1 May 2019

The right-of-use asset and corresponding lease liability will be recognised at the commencement date, i.e. the date the underlying asset is ready for use and when the Group obtains the right to obtain the economic benefits for the its use. Right-of-use assets are measured at cost corresponding to the lease liability recognised.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred.

1 Accounting policies (continued)

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprises the following:

- Fixed payments from commencement date
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- The exercise price of a purchase option if it is reasonably certain to exercise the options
- Amount expected to be payable under residual value guarantees

The lease liabilities are subsequently measured at amortised cost using the effective interest method. The lease liabilities are adjusted when there is a change in future lease payments, typically due to a change in index or rate on property leases, or if there is a reassessment of whether an extension or termination option will be exercised.

When the lease liabilities are adjusted in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if carrying amount of the right-of-use assets has been reduced to zero.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of the lease term and useful life of the underlying asset.

Depreciation is provided on a straight-line basis over the expected lease period.

The Group has chosen not to recognize low value lease assets and short-term leasing contract in the balance sheet. Lease payments on short-term leases and low-value assets are recognised as expenses on a straight-line basis according to the lease contract.

The right-of-use assets are presented in property, plant and equipment and the lease liabilities in borrowings.

Leases – before 1 May 2019

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

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

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

Notes

1 Accounting policies (continued)

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

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

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 recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the 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 recognised 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.

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 recognised at the recoverable amount, if this is lower than the carrying amount.

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

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

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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

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.

Prepayments, assets

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

Equity

Dividend

Proposed dividends for the year are recognised 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 recognised 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 recognised 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.

Notes

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 recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised 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 Solutions, 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 include 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 recognised 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 recognised 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 recognised 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 recognised directly in other comprehensive income as hedge accounting has been applied.

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 recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised 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 recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised 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, interest received, 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.

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.

Especially the impairment test of the Nissens Cooling Solutions divisions are depending on the success of the current development projects with the global wind turbine OEM's and from a macro perspective that the current global outlook on installations rates are achieved.

This is further described in Note 15. 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.

Inventory

Inventories are measured at the lower of cost and net realisable value. Uncertainty estimates for the inventory relate to write-down to net realisable value.

The valuation of inventory is according to the Group principal including assessment of provision for slow moving and/or obsolete inventory.

For specification of inventory, see Note 18.

Estimating the incremental borrowing rate of leases

The Group cannot readily determine the interest rate implicit in the leases, therefore, the Group uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest the Group would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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2 Significant accounting judgements, estimates and assumptions (continued)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of right-of-use assets with shorter non-cancellable period. The renewal periods for leases of right-of-use assets with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. Refer to Note 17 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

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 2020	**Automotive**	**Cooling Solutions**	**Total segments**	**Unallocated**	**Consoli-dated**
	MDKK	**MDKK**	**MDKK**	**MDKK**	**MDKK**
Revenue					
External customers	983.2	960.4	1,943.6	0.0	1,943.6
Operating profit after special items	79.3	-5.2	74.1	0.0	74.1
Total assets	1,581.9	1,373.9	2,955.8	200.9	3,156.7
Total liabilities	-423.7	-327.9	-751.6	-1,194.6	-1,946.2
	1,158.2	**1,046.0**	**2,204.2**	**-993.7**	**1,210.5**

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 2019	Automotive	Cooling Solutions	Total segments	Unallocated	Consoli-dated
	MDKK	MDKK	MDKK	MDKK	MDKK
Revenue					
External customers	961.8	1,021.1	1,928.8	0.0	1,982.8
Operating profit after special items	94.3	29.8	124.2	0.0	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
	1,280.9	**968.4**	**2,249.4**	**-1,035.1**	**1,214.3**

Geographic information

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Revenue from external customers		
Denmark	197,049	267,584
Germany	400,315	381,900
Other	1,346,212	1,333,312
Total	**1,943,576**	**1,982,796**

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 2020	30 April 2019
Non-current operating assets		
Denmark	1,792,057	1,842,977
Slovakia	149,360	91,805
China	20,831	11,028
Other	19,595	2,429
Total	**1,981,843**	**1,948,238**

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

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4 Other operating income

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Government grants	2,218	0
Net gain on disposals of property, plant and equipment	229	183
Other operating income	8,211	7,959
Total	**10,658**	**8,142**

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

5 Staff costs

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Wages and salaries	392,804	367,272
Pensions	19,545	18,656
Employee benefits/other remunerations	16,269	15,518
Share-based payments	1,867	3,723
Total employee benefit expense	**430,484**	**405,169**
Average number of full-time employee	1,367	1,365

Remuneration to the board of directors and executive board.

	Remuneration for year ended 30 April 2020		
DKK'000	**Board of directors**	**Executive board**	**Total**
Wages and salaries	1,400	7,448	8,848
Pensions	0	0	0
Share-based payments	365	382	747
	1,765	**7,830**	**9,595**

	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**

There has not been granted any warrant agreements to the key personnel during the financial year.

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5 Staff cost (continued)

Financial year 2018/2019

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. The subscription price is 0.01 DKK per share corresponding to a market value of 549 DKK'00.

The remuneration of 7,830 DKK'000 (2018/2019: 9,485 DKK'000) includes provision for performance related pay-outs.

6 Share-based payments

In the financial year 2019/2020 there has not been granted any warrants.

Financial year 2018/2019

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.

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.

Notes

6 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**
Outstanding at 1 May 2019	1,815,000	2,310,000	6,043,950	10,168,950
Additions during the year	0	0	0	0
Outstanding at 30 April 2020	**1,815,000**	**2,310,000**	**6,043,950**	**10,168,950**

No warrants are exercised as at 30 April 2020.

In the financial year the expense in regard to share-based payments recognised in the income statement amounts to 1,867 DKK'000 (2018/2019: 3,727 DKK'000.)

7 Amortisation and depreciation

DKK'000	1 May 2019 - 30 April 2020	1 May 2018 - 30 April 2019
Amortisation, intangible assets	69,180	69,949
Depreciation, property, plant and equipment	55,756	37,359
	124,936	**107,308**

8 Special items

DKK'000	1 May 2019 - 30 April 2020	1 May 2018 - 30 April 2019
Transaction costs directly related to acquisition of K. Nissen International A/S.	0	3,192
	0	**3,192**

9 Fees paid to auditors appointed at the annual general meeting

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Statutory audit	964	858
Other assurance services	4	470
Tax and VAT advisory services	401	140
Other services	333	234
	1,702	**1,702**

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10 Net finance costs

Finance income DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Interests – bank deposits etc.	1,193	1,195
Foreign exchange gains	4,767	6,454
Change in fair value of foreign exchange contracts	1,280	257
Total finance income	**7,240**	**7,906**
Interest on financial assets measured at amortized cost	1,193	1,195

Finance costs DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Interests – borrowings	54,753	55,122
Interests – other	2,305	2,453
Interest expense, Group entities	3,226	2,503
Interest on lease liabilities	1,232	0
Foreign exchange losses	6,706	8,780
Amortisation borrowings	6,695	6,788
Other finance costs	76	112
Total finance costs	**74,993**	**75,758**
Interest on financial liabilities measured at amortized cost	58,290	66,866

11 Income tax

Income statement

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Tax for the current year can be specified as follows:		
Tax of the result of the year	12,548	27,348
Tax on other comprehensive income	437	-949
	12,985	**26,399**

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11 Income tax (continued)

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Tax for the current year can be specified as follows:		
Current income tax charge	28,631	44,912
Change in provision for deferred tax	-14,411	-17,759
Adjustments to prior year	-1,672	195
	12,548	**27,348**

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

	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Accounting profit before income tax		
Calculated 22 % tax on profit for the year	1,399	12,385
Difference in the tax rate in foreign subsidiaries relative to 22%	3,317	1,533
Tax effect of:		
Non-deductible acquisition costs	148	553
Interest limitation according to § 11 B in the Danish Corporate Tax Law	8,826	9,780
Other non-deductible expenses	530	2,903
Tax adjustments to prior year	-1,672	195
	12,548	**27,348**
Effective tax (%)	197.3%	48.6%

Tax on other comprehensive income

	1 May 2019 – 30 April 2020		
DKK'000	Before tax	Tax	After tax
Fair value adjustment of interest rate swap	1,986	-437	1,549
Exchange differences on translation of foreign operations	-2,458	0	0
	-472	**-437**	**-909**

	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
	-433	**949**	**516**

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11 Income tax (continued)

Deferred tax

DKK'000	30 April 2020	30 April 2019
Deferred tax 1 May	168,254	186,962
Deferred tax for the year recognised in profit for the year	-14,411	-17,759
Deferred tax currency adjustment	6	0
Deferred tax related to financial instruments	437	-949
Deferred tax 30 April	**154,286**	**168,254**
Reflected in the statement of financial position as follows:		
Deferred tax assets	6,417	6,246
Deferred tax liabilities	160,703	174,500
Deferred tax 30 April, net	**154,286**	**168,254**

DKK'000	30 April 2020	30 April 2019
Deferred tax relates to:		
Intangible assets	135,786	146,699
Property, plant and equipment	28,496	30,553
Trade and other receivables	1,620	1,230
Inventory	-5,380	-5,352
Borrowings	-3,919	-2,537
Provisions and other liabilities	-2,317	-2,339
	154,286	**168,254**

In addition to the tax loss recognised in the balance sheet, the Group has total unrecognised tax loss of 537 DKK'000 which, due to the uncertainty of the future utilization has not been recognised in balance sheet. The tax losses can be carried forward as follow:

Notes

11 Income tax (continued)

DKK'000	30 April 2020	30 April 2019
Financial year 2019/20	0	0
Unlimited	537	663
Unrecognised tax loss to be carried forward 30 April	**537**	**663**

The Group has two 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 2,901 – 5,803 DKK'000.

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

Income tax payable

DKK'000	30 April 2020	30 April 2019
Income tax payable 1 May	31,497	22,266
Current tax for the year	28,631	44,912
Corporation tax paid during the year	-48,742	-35,681
Adjustments to prior year	-1,672	0
Income tax payable 30 April	**9,714**	**31,497**

Notes

12 Intangible assets

DKK'000	Goodwill	Brand	Acquired intangible assets	Rights	Development projects	Development in progress	Total
Cost 1 May 2019	936,501	331,721	453,045	7,803	0	2,669	1,731,738
Currency translation	0	0	0	2	0	0	2
Addition	0	0	0	7,423	1,295	11,115	19,833
Transfer	0	0	0	0	2,669	-2,669	0
Cost 30 April 2020	936,501	331,721	453,045	15,228	3,964	11,115	1,751,573
Amortisation and impairment 1 May 2019	0	40,544	83,059	4,678	0	0	128,280
Currency translation	0	0	0	-5	0	0	-5
Amortisation	0	22,115	45,305	1,704	56	0	69,180
Amortisation and impairment 30 April 2020	0	62,659	128,364	6,377	56	0	197,455
Carrying amount 30 April 2020	**936,501**	**269,062**	**324,681**	**8,851**	**3,908**	**11,115**	**1,554,118**

DKK'000	Goodwill	Brand	Acquired intangible assets	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 impairment 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 impairment 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

Acquired intangible assets consists primarily of customers and technology with carrying amounts of 189.8 MDKK (April 30, 2019: 216.3 MDKK) and 134.9 MDKK (April 30, 2019: 153.7 MDKK) respectively and with remaining lives of 7 years.

Total costs related to R&D activities amount to 33.6 MDKK for the year 1 May 2019 – 30 April 2020 (2018/2019: 26.4 MDKK) of which 11 MDKK have been capitalized as development in progress (2018/2019: 1.6 MDKK), 1.3 MDKK have been capitalized as development projects and 1.1 MDKK have been capitalized as rights.

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13 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	2019/2020	2018/2019
Automotive	572,309	572,309
Cooling Solutions	364,192	364,192
Total	**936,501**	**936,501**

Goodwill is tested for impairment once a year and in the case of impairment indicators. Impairment test in 2019/2020 is made as of April 30, 2020

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 2020/2021 – 2024/25 (Cooling Solutions) and 2020/2021 – 2023/2024 (Automotive) agreed by the Executive Board.

The forecasts are based on the expected market developments including growth in market and expected price levels. The revenue forecasts for both divisions are adjusted for the expected short-term Covid-19 impact and a reduced long-term outlook has been incalculated. The length and depth of Covid-19 may impact the revenue and earnings outlook further.

No impairment has been recognised as the impairment test indicates a headroom in the range of +429 MDKK for Automotive and +47 MDKK for Cooling Solutions between calculated value used and the carrying amount of net assets in the Cooling Solutions 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 Solutions	
	Used	**Sensitivity**	**Used**	**Sensitivity**
Growth rates 2020/2021 – 2024/2025	-	-	10.1%	1.3%
Growth rates 2020/2021 – 2023/2024	5.8%	10.3%	-	-
Growth rate in terminal period	2.0%	3.7%	2.0%	0.6%
Discount rate (WACC)	8.9%	2.2%	10.0%	0.3%

2018/2019	Automotive		Cooling Solutions	
	Used	**Sensitivity**	**Used**	**Sensitivity**
Growth rates 2019/2020 – 2022/2023	-	-	7,4%	2.1%
Growth rates 2019/2020 – 2021/2022	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%

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

Notes

14 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings	Construction in progress	Right-of-use assets	Total
Cost 1 May 2019	282,671	101,027	11,354	9,463	0	404,516
Initial application of IFRS 16	0	0	0	0	34,777	34,777
Adjusted cost 1 May 2019	282,671	101,027	11,354	9,463	34,777	439,292
Currency translation	-94	-363	-108	0	-280	-845
Additions	0	1,226	5,967	41,029	56,798	105,020
Transferred	-2,234	31,231	0	-32,786	3,789	0
Disposals	0	-10,603	-1,746	0	-1,207	-13,556
Cost 30 April 2020	280,343	122,518	15,466	17,706	93,877	529,911
Depreciation and impairment 1 May 2019	27,843	27,651	4,241	0	0	59,735
Currency translation	-38	-351	-54	0	-74	-517
Depreciation	14,920	19,170	2,849	0	18,817	55,756
Disposal	0	-10,603	-1.145	0	-1,040	-12,788
Depreciation and impairment 30 April 2020	42,725	35,867	5,890	0	17,703	102,186
Carrying amount 30 April 2020	**237,618**	**86,651**	**9,576**	**17,706**	**76,174**	**427,725**

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

Notes

15 Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

DKK'000	30 April 2020
Buildings	58,746
Plant and machinery	11,369
Other fixtures and fittings	6,059
	76,174

Further specification of right-of-use assets is disclosed in Note 14.

Lease liabilities

DKK'000	30 April 2020
Current	20,707
Non-current	55,885
	76,592

Further information about maturity is disclosed in Note 29.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

DKK'000	30 April 2020
Buildings	12,292
Plant and machinery	2,488
Other fixtures and fittings	4,037
Total depreciation charge of right-of-use assets	**18,817**

Interest expense (included in finance cost)	1,232
Expense related to short-term leases (included in external expense)	1,061
Expense related to low-value leases (included in external expense)	192
The total cash outflow for leases in the year	19,415

Estimates and assumptions related to leases are described in Note 2.

15 Leases (continued)

The Group's leasing activities

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 6 years, but may have extension options as described in below.

Until the 2018/2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see Note 30 for details. From 1 May 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the leasee's incremental borrowing rate is used. The incremental borrowing rates used are 2% for buildings and 3.5% for plant and machinery other fixtures and fittings.

A not insignificant proportion of the Company's building leases contains options to extend the lease period between 1-3 years. To the extent the management have found it reasonably certain that these leases will be exercised, the period of the option are recognised as part of the lease. Extension options are recognised based on a specific contract-to-contract assessment. As of 30 April 2020, extension options are recognised with a value of 16.4 MDKK as they are reasonably certain exercised. No extension options extended are more than 5 years. As of 30 April 2020, extension options that are reasonably certain not exercised amount to 22.9 MDKK. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised see Note 2.

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16 Investments in subsidiaries

Name	Legal form	Registered office	Ownership 30 April 2020
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%
Nissens Cooling Solutions Czech S.R.O.	S.r.o	Czech Rebublic	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%

17 Investments in associates

	30 April 2020	30 April 2019
Nissens Japan	8	13
	8	**13**

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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18 Inventory

DKK'000	30 April 2020	30 April 2019
Raw materials and consumables	102,393	94,043
Work in progress	137,185	108,231
Finished goods	321,943	331,981
	561,521	**534,255**

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

DKK'000	30 April 2020	30 April 2019
1 May	7,364	0
Addition in year	9,719	7,364
Utilised	0	0
30 April	**17,083**	**7,364**

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.

19 Trade and other receivables

DKK'000	30 April 2020	30 April 2019
Receivables from sales	365,498	387,689
Market value of FX contracts	1,428	148
Other receivables	32,602	45,997
Prepayments	9,225	5,428
	408,753	**439,262**

DKK'000	30 April 2020	30 April 2019
Automotive	138,460	176,815
Cooling Solutions	227,038	210,847
	365,498	**387,689**

Ageing of trade receivables are specified as following

DKK'000	30 April 2020	30 April 2019
Not due	328,523	355,485
Trade receivable overdue by 0 – 30 days	33,140	27,137
Trade receivable overdue by 31 - 90 days	1,918	5,067
Trade receivable overdue more than 90 days	1,917	0
	365,498	**387,689**

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19 Trade and other receivables (continued)

Provision for bad debts are specified as following

DKK'000	30 April 2020	30 April 2019
1 May	7,374	483
Exchange rate	-5	0
Addition in year	3,511	8,702
Reversed during the year	-1,018	0
Utilised	-686	-1,811
	9,176	**7,374**

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

20 Contract assets and liabilities

DKK'000	30 April 2020	30 April 2019
Contractual assets:		
Receivables from revenue according Note 19	365,498	387,689
	365,498	**387,689**

DKK'000	30 April 2020	30 April 2019
Contractual liabilities:		
Return obligations	2,690	1,770
Prepayments	449	45,086
	3,139	**46,856**

Prepayments from customers amount as per 30 April 2020 to 0.4 MDKK (30 April 2019: 45.1 MDKK). Delivered of goods related to prepayments are expected during Q2 to 2020/2021. Revenue recognised of prepayment from customer in the income statements are in line with revenue recognition under accounting policies.

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

Notes

21 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 2020	30 April 2019	30 April 2020	30 April 2019
1 May	12,356,875	12,356,875	12,356,875	12,356,875
Additions	0	0	0	0
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.

Notes

22 Provisions

DKK'000	Warranties and claims	Other
At 1 May 2019	3,442	5,214
Arising during the year	3,757	0
Utilised	-532	0
At 30 April 2020	**6,667**	**5,214**
Current	3,667	0
Non-current	3,000	5,214

DKK'000	Warranties	Other
At 1 May 2018	3,329	5,214
Arising during the year	597	0
Utilised	-484	0
At 30 April 2019	**3,442**	**5,214**
Current	3,442	0
Non-current	0	5,214

Provision

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

Notes

23 Borrowings

Long-term debt liabilities are due as follows:

DKK'000	30 April 2020	30 April 2019
0-1 years	20,972	0
1-3 years	1,003,692	0
3-5 years	54,332	979,692
>5 years	116,019	133,103
	1,195,015	**1,112,795**

Debt liabilities included in the balance sheet include borrowing expenses, amortized over the maturity of the loan by 15.9 MDKK (2018/2019: 22.6 MDKK). Total borrowing expenses capitalized during the financial year amounts to 0 DKK (2018/2019: 0 MDKK). The corporate bond loan will mature in June 2022.

30 April 2020

DKK'000	Average interest	Currency	Interest Period	Balance
Mortgage	1.7%	DKK	3 month	162,877
Bond loan	5.0%	EUR	3 month	955,546
Leasing debt	2.0%	Various	Depend on each contract	76,592

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

24 Trade and other payables

DKK'000	30 April 2020	30 April 2019
Trade payables	325,923	295,484
VAT payables	33,482	20,242
Holiday pay payable and other employee related costs	81,542	77,288
Market value of interest rate swap	3,938	5,924
Other payable expenses	52,160	57,919
	497,045	**456,857**
Current	481,248	456,857
Non-current	15,797	0

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24 Trade and other payables (continued)

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

DKK'000				Non-cash changes			
	1 May 2019	Initial application of IFRS 16	Cash flows	Additions	Foreign exchange movement	Fair value changes and amortisation	30 April 2020
Bond loan	949,896	0	0	0	-832	6,483	955,546
Mortgage debts	162,899	0	-234	0	0	213	162,877
Leasing debt	0	34,777	-18,418	59,207	-206	1,232	76,592
Loan with Group companies	63,325	0	6,281	0	0	0	69,606
Total liabilities from financing activities	**1,176,120**	**34,777**	**-12,371**	**59,207**	**-1,038**	**7,928**	**1,264,622**

DKK'000			Non-cash changes		
	1 May 2018	Cash flows	Foreign exchange movement	Fair value changes and amortisation	30 April 2019
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**

25 Change in working capital

DKK'000	30 April 2020	30 April 2019
Change in inventory	-27,266	-92,696
Change in receivables	30,511	-100,965
Change in trade payables, etc.	42,084	115,365
Change in contract liabilities	-44,620	45,086
	709	**-33,210**

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26 Non-cash operating items

DKK'000	30 April 2020	30 April 2019
Depreciation and amortisation	124,936	107,308
Net foreign exchange differences	-3,414	6,013
Movements in provisions	3,225	-213
	124,747	**113,108**

27 Business combinations

Financial year 2019/2020

Nissens Group has not acquired any subsidiaries or activities during 2019/2020.

Financial year 2018/2019

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

28 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 5.5 MDKK at 30 April 2020 (30 April 2019: 27.9 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.

The group has provided payment guarantees through a credit institution. The guarantees amounts to DKK 4,468 thousand at 30 April 2020.

Commitments

The Group has entered into leases agreements related to cars, plant and computers, with lease terms between 0 and 6 years. Detailed information related to operating lease agreements and other contractual commitments in Note 30 and leases in Note 15.

Collateral

Land and buildings with a carrying amount of 167.8 MDKK have been pledged as security for mortgage debt of 162.9 MDKK.

Shares in K. Nissen International A/S, carrying amount 674 MDKK and shares in the following subsidiaries of K. Nissen International A/S, Nissens Slovakia S.r.o, carrying amount 112 MDKK, Nissens Slovakia North S.r.o, carrying amount 2 MDKK, Nissens North America Inc. carrying amount 21 MDKK Nissens Cooling Solutions A/S , carrying amount 209 MDKK, Nissens Automotive A/S , carrying amount 232 MDKK, Nissens Deutschland GmbH, carrying amount DKK 7 MDKK and the subsidiary of Nissens A/S, Nissens UK ltd, carrying amount 4 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 included allocation of goodwill etc. if any.

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29 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.

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 recognised 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	2019/2020 P/L effect (MDKK)	2018/2019 P/L effect (MDKK)
EUR - bond loan	+0,1%	-1.0	-1.0
EUR – current receivables and current liabilities	+0,1%	0.2	0.2
PLN	+5,00%	1.2	1.8
GBP	+5,00%	0.3	0.4
USD	+5,00%	1.5	1.1
CNY	+5,00%	-1.6	-3.5

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29 Financial risk and financial instruments (continued)

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 -1.9 MDKK (2018/2019: -1.8 MDKK) and equity after tax by DKK -1.4 MDKK (2018/2019: -1.4 MDKK).

Financial instruments

To minimize the interest exposure 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 recognised in "other comprehensive income".

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. 5,000 ton. A change in the LME reference price of 1% will affect the Group's profit or loss by 0.5 MDKK (2018/2019: 0.7 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 195 MDKK (2018/2019: 179 MDKK), the Group has undrawn credit facilities of 125 MDKK (2018/2019: 125 MDKK) at 30 April 2020.

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)	1,077,485	48,426	1,029,059	0	0
Mortgage loan	202,079	3,292	20,574	42,463	135,750
Leasing debt	77,586	20,972	36,152	19,128	1,334
Trade payables	325,923	325,923	0	0	0
Non derivatives	**1,683,073**	**398,613**	**1,085,785**	**61,592**	**137,084**
Interest swap	3,938	177	3,761	0	0
Derivatives	**3,938**	**177**	**3,761**	**0**	**0**
30 April 2020	**1,687,011**	**398,790**	**1,089,546**	**61,592**	**137,084**

Notes

29 Financial risk and financial instruments (continued)

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
Non derivatives	**1,625,939**	**346,937**	**103,851**	**1,020,745**	**154,405**
Interest swap	5,924	254	510	5,160	0
Derivatives	**5,924**	**254**	**510**	**5,160**	**0**
30 April 2019	**1,631,863**	**347,192**	**104,361**	**1,025,905**	**154,405**

The corporate bond loan 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 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. The expected loss is included effect of Covid-19. In 2019/2020, credit losses recognised in income statement are less than 0.1% of total revenue corresponding historic level. In 2018/2019, credit losses recognised in the income statement counted for 0.6% of total revenue. The losses in 2018/2019 was primary related to a single customer and are considered of non-recurring nature.

Selected customer offers supply chain financing programs, which the Group utilized to sell certain receivables. The Groups involvement in receivables sold under these programs are limited to administration and financial costs related to delayed payments. Thus, the Groups 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 sheets does not include any receivables or liabilities related receivables sold under these programs. At the balance sheet date, the nominal value of receivables sold amounts to 75.6 MDKK (2018/2019: 87.6 MDKK). Receivables sold are due with 4 months.

Consolidated financial statements

Notes

29 Financial risk and financial instruments (continued)

Categories of financial instruments

	Carrying amount	Fair value
DKK'000	**30 April 2020**	**30 April 2020**
Financial assets at amortized cost		
Trade receivables	365,498	365,498
Cash and cash equivalent	195,207	195,207
	560,705	**560,705**
Financial liabilities at amortized cost		
Borrowings	-1,134,368	-1,134,368
Payables to Group companies	-69,606	-69,606
Lease obligations	-74,016	-74,016
Trade payables	-325,923	-325,923
	-1,603,913	**-1,603,913**
Financial liabilities at fair value recognised through other comprehensive income (interest swap)	3,938	3,938
Financial asset at fair value recognised through profit and loss (hedging)	-1,428	-1,428
Derivative financial instruments, net	**-2,510**	**-2,510**
	-1,045,718	**-1,045,718**

Notes

29 Financial risk and financial instruments (continued)

DKK'000	Carrying amount 30 April 2019	Fair value 30 April 2019
Financial assets at amortized cost		
Trade receivables	387,689	387,689
Cash and cash equivalent	179,311	179,311
	567,000	**567,000**
Financial liabilities at amortized cost		
Borrowings	-1,135,435	-1,135,435
Payables to Group companies	-63,325	-63,324
Trade payables	-295,485	-295,485
	-1,494,245	**-1,494,245**
Financial liabilities at fair value recognised through other comprehensive income (interest swap)	5,924	5,924
Financial asset at fair value recognised through profit and loss (hedging)	148	148
Derivative financial instruments, net	**-5,776**	**-5,776**
	-933,021	**-933,021**

Fair value hierarchy of financial instruments measured at fair value

30 April 2020

DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Total
Forward contracts	0	-1,428	-1,428
Interest swap	0	3,938	3,938
Financial liabilities, net	**0**	**2,510**	**2,510**

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**

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.

Consolidated financial statements

Notes

30 Other contingent liabilities

Operational leases

The Group leases premises, cars, forklifts and 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 2020

DKK'000	Other contractual commitments
0-1 years	14,278
1-5 years	24,427
> 5 years	0
	38,705

30 April 2019

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

At 30 April 2019, there has been recognised 18.1 MDKK (30 April 2019: 11.4 MDKK) regarding other contractual commitments.

31 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%

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 69.6 MDKK (30 April 2019: 63.3 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 5. The Board of Directors has participated in a capital increase in AX V Nissens II ApS.

Consolidated financial statements

Notes

31 Related parties disclosures (continued)

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. 38 64 73 50. The consolidated financial statement of AX V Nissens III ApS can be received by contacting the company.

32 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 2019 – 30 April 2020.

33 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 2019/2020 consolidated financial statements.

- IFRS 17 Insurance Contracts
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3 - Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards
- IAS 1 Presentation of Financial Statements – Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- IAS 16 Property, Plant and Equipment – Amendments to IAS 16: Proceeds before Intended Use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- IFRS 3 Business Combinations – Amendments to IFRS 3: Reference to the Conceptual Framework
- IFRS 16 Leases – Amendments to IFRS 16: Covid-19-Releted Rent Concessions
- Annual Improvements to IFRSs 2018-2020.

Of the standard Amendments to IFRS 3, Amendments to IAS 1 and 8, Amendments to References to the Conceptual Framework in IFRS Standards and Interest Rate Benchmark Reform is endorsed by EU.

The adopted, not yet effective standards and interpretations will be implemented as they become mandatory for AX V Nissens ApS.

None of the new standards and interpretations are expected to have a significant impact on recognition and measurements for AX V Nissens ApS.

Parent financial statements

Income statement

For the year 1 May - 30 April

Note	DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
	Revenue	10,235	7,537
	Other external costs	-1,873	-1,469
3	Staff costs	-9,010	-9,389
	Operating loss before special items	**-648**	**-3,321**
5	Special items	0	0
	Operating loss after special items	**-648**	**-3,321**
	Dividend distributed from subsidiaries	100,000	80,000
7	Finance income	4,987	739
7	Finance cost	-61,886	-64,014
	Result before tax	**42,453**	**13,404**
8	Tax	4,607	3,883
	Result for the year	**47,060**	**17,287**

Statement of other comprehensive income

For the year 1 May - 30 April

Note	DKK'000	1 May 2019 – 30 April 2020	1 May 2018 - 30 April 2019
	Result for the year	**47,060**	**17,287**
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Other comprehensive income regarding fair value of interest rate swap	1,986	-4,313
	Exchange differences on translation of foreign operations	0	-2
8	Income tax effect	-437	949
	Other comprehensive income for the year, net of tax	**1,549**	**-3,366**
	Total comprehensive income	**48,609**	**13,921**

Parent financial statements

Balance sheet

Note	DKK'000	30 April 2020	30 April 2019
	ASSETS		
	Non-current assets		
9	Investments in subsidiaries and associates	2,193,335	2,193,335
	Deferred tax	3,919	2,537
	Total non-current assets	**2,197,254**	**2,195,872**
	Current assets		
	Income tax receivable	2,471	4,167
	Trade and other receivables	245	457
	Receivables from group entities	80,851	22,071
	Cash and cash equivalents	648	1,155
	Total current assets	**84,215**	**27,850**
	TOTAL ASSETS	**2,281,469**	**2,223,722**
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	12,357	12,357
	Hedging reserve	-3,072	-4,621
	Retained earnings	1,235,333	1,187,527
	Total equity	**1,245,618**	**1,195,263**
	Non-current liabilities		
11	Bond-loan	955,546	949,896
	Total non-current liabilities	**955,546**	**949,896**
	Current liabilities		
11	Loan from Group companies	69,698	63,406
	Other debt	11,607	15,157
	Total current liabilities	**81,305**	**78,563**
	Total liabilities	**1,036,851**	**1,028,459**
	TOTAL EQUITY AND LIABILITIES	**2,281,469**	**2,223,722**

Parent financial statements

Cash flow statement

For the year 1 May - 30 April

Note	DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
	Operating activities		
	Profit before tax	42,453	13,404
7	Finance income	-4,987	-739
7	Finance expenses	61,886	64,014
	Net foreign exchange differences	4,363	3,927
	Share-based payment expense	746	1,494
12	Changes in working capital	-1,353	-2,383
		103,108	79,717
8	Income tax paid/received	0	0
	Net cash flows from operating activities	**103,108**	**79,717**
	Investing activities		
9	Investments in subsidiaries	0	-2,513
	Change in receivables with related parties	-158,780	-102,071
	Dividend received during the year	100,000	80,000
	Net cash flows used in investing activities	**-58,780**	**-24,584**
	Financing activities		
	Capital injection and capital increases	0	0
11	Proceeds from borrowings	0	0
11	Change in borrowing with related parties	6,292	-13,992
	Interest paid	-51,127	-55,454
	Net cash flows from financing activities	**-44,835**	**-69,446**
	Cash flow for the year	-507	-14,313
	Cash and cash equivalent at 1 May	1,155	15,468
	Cash and cash equivalents at 30 April	**648**	**1,155**

Parent financial statements

Statement of changes in equity

For the year ended 30 April 2020

DKK'000	Share capital	Hedging reserve	Retained earnings	Total
Equity 1 May 2019	**12,357**	**-4,621**	**1,187,527**	**1,195,263**
Total comprehensive income 30 April 2020				
Profit for the year	0	0	47,060	47,060
Other comprehensive income				
Fair value adjustment	0	1,986	0	1,986
Tax on other comprehensive income	0	-437	0	-437
Total other comprehensive income	0	1,549	0	1,549
Total comprehensive income for the year	**0**	**1,549**	**47,060**	**48,609**
Transactions with owners				
Equity-settled share-based payments	0	0	746	746
Total transactions with owners	0	0	746	746
Equity 30 April 2020	**12,357**	**-3,072**	**1,235,333**	**1,244,618**

Parent financial statements

Statement of changes in equity

For the year ended 30 April 2019

DKK'000	Share capital	Hedging reserve	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				
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

Overview of notes for the consolidated financial statements

Parent financial statements

Notes

1 Accounting policies

For the accounting policies, please refer to the consolidated financial statement's accounting policies on page 27.

Investments in subsidiaries

Dividends on investments in subsidiaries are recognised 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.

Receivables

For receivables from Group entities, the expected credit loss-model (ECLs) is used.

For the credit loss-model is based on expectation-based model, where the expected lifetime of an assets is less than 12 months, expected losses are measured at its expected lifetime (stage 1).

If a significant increase in credit risk has occurred compared to original expectations, expected loss related to the assets is presumed, lifetime expected losses (stage 2).

The assets are written of, when there is no reasonable expectation to recover outstanding amounts based on the expected loss of the assets, lifetime expected losses (stage 3). Interest income are recognised in the income statement based on effective interest method according to the remaining asset.

Expected loss is estimated based on considered on PD (probability of default), EAD (expansion value in default) and LGD (losses by default), incorporated with the management's expectation for the future development and information available.

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 2019 – 30 April 2020**	**1 May 2018 – 30 April 2019**
Wages and salaries	8,253	7,884
Employee benefits/other remunerations	11	11
Share-based payments	746	1,494
Total employee benefit expense	**9,010**	**9,389**
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 5.

4 Share-based payments

For information on share-based payments programme, please refer to the consolidated financial statement's Note 6.

Parent financial statements

Notes

5 Fees paid to auditors appointed at the annual general meeting

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Statutory audit	151	128
Other assurance services	0	0
Tax and VAT advisory services	0	5
Other services	100	67
	251	**200**

6 Net finance costs

Net finance income	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Interests receivables, group entities	4,071	739
Interests – bank deposits etc.	26	0
Foreign exchange gains – bond ect.	890	0
Total finance income	**4,987**	**739**

Net finance costs	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
DKK'000		
Interests – borrowings	52,154	51,882
Interests –other	3	41
Interests - intercompany	3,226	3,465
Foreign exchange losses – bond etc.	0	1,985
Amortisation borrowings	6,483	6,575
Other financial costs.	20	64
Total finance expenses	**61,886**	**64,014**
Interest on financial liabilities measured at amortized cost	56,899	61,963

Parent financial statements

Notes

8 Income tax

Income statement

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Current income tax		
Tax for the current year can be specified as follows:		
Tax of the result of the year	-4,607	-3,883
Tax on other comprehensive income	437	-949
	-4,171	**-4,832**

DKK'000	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Current income tax		
Tax for the current year can be specified as follows:		
Current income tax charge	-2,471	-4,168
Change in provision for deferred tax	-1,819	407
Change in tax related to prior year	-317	-122
	-4,607	**-3,883**

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

	1 May 2019 – 30 April 2020	1 May 2018 – 30 April 2019
Accounting profit before income tax		
Calculated 22 % tax on profit for the year	9,340	2,949
Tax effect of:		
Interest limitation according to § 11 B in the Danish Corporate Tax Law etc.	8,710	9,780
Non-taxable income	-22,000	-17,600
Other non-deductible expenses	-340	1,110
Adjustments to prior year	-317	-122
	-4,607	**-3,883**
Effective tax (%)	-10.9%	-28.9%

Notes

8 Income tax (continued)

Tax on other comprehensive income

	For the year ended 30 April 2020		
DKK'000	**Before tax**	**Tax**	**After tax**
Fair value adjustment interest swap	1,986	-437	1,549
	1,986	**-437**	**1,549**

	For the year ended 30 April 2019		
DKK'000	**Before tax**	**Tax**	**After tax**
Fair value adjustment interest swap	-4,313	949	-3,364
Exchange differences on translation of foreign operations	-2	0	-2
	-4,315	**949**	**-3,366**

DKK'000	**30 April 2020**	**30 April 2019**
Deferred tax 1 May	2,537	1,995
Deferred tax for the year recognised in profit for the year	1,819	-407
Deferred tax for the year recognised in other comprehensive income	-437	949
Deferred tax 30 April	**3,919**	**2,537**
Reflected in the statement of financial position as follows:		
Deferred tax assets	3,919	2,537
Deferred tax liabilities	0	0
Deferred tax 30 April, net	**3,919**	**2,537**

DKK'000	**30 April 2020**	**30 April 2019**
Deferred tax relates to:		
Borrowings	3,919	2,537
Tax losses from interest limitation	0	0
	3,919	**2,537**

Parent financial statements

Notes

8 Income tax (continued)

Income tax receivable

	30 April 2020	30 April 2019
Income tax payable 1 May	-4,167	-3,707
Tax on other comprehensive income	0	0
Joint taxation contribution	4,484	3,708
Current tax for the year	-2,471	-4,168
Adjustments to prior year	-317	0
Income tax receivable 30 April	**-2,471**	**-4,167**

9 Investments in subsidiaries

DKK'000	30 April 2020	30 April 2019
Cost 1 May	2,193,335	2,190,822
Additions	0	2,513
Cost 30 April	2,193,335	2,193,335
Carrying amount 30 April	**2,193,335**	**2,193,335**

Name	Legal form	Registered office	Ownership 30 April 2020	Equity DKK'000	Profit DKK'000
Subsidiaries					
K. Nissen International A/S	A/S	Horsens, Denmark	100%	70,334	109,093

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 2020	30 April 2019
0-1 year	0	0
1-3 years	955,546	0
3-5 years	0	949,896
>5 years	0	0
	955,546	**949,896**

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

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

DKK'000			Non-cash changes		
	1 May 2019	Cash flow	Foreign exchange movement	Fair value changes and amortisation	30 April 2020
Borrowings, bond	949,896	0	-832	6,482	955,546
Borrowing, related companies	63,406	6,292	0	0	69,698
Total liabilities from financing activities	**1,013,302**	**6,292**	**-832**	**6,482**	**1,025,244**

DKK'000			Non-cash changes		
	1 May 2018	Cash flow	Foreign exchange movement	Fair value changes and amortisation	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 activities	**1,019,375**	**-13,992**	**1,898**	**6,021**	**1,013,302**

Parent financial statements

Notes

11 Change in working capital

DKK'000	30 April 2020	30 April 2019
Change in other receivables	238	-457
Change in other debts	-1,565	-1,926
	-1,327	**-2,383**

12 Pledges, collateral, contingencies and commitments

For information on the pledges, collateral contingencies and commitments please refer to note 28 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 29 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 31 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 5. 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 32 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 33 in the consolidated financial statements.