

AX V Nissens ApS

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Interim financial report

First quarter 2020/21

1 May 2020 - 31 July 2020

The logo for Nissens, featuring the word "Nissens" in a blue, stylized, cursive font with a registered trademark symbol.

DELIVERING THE DIFFERENCE

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Statement by Management on the interim report

Today, the Board of Directors and the Executive Board have discussed and approved the interim report of AX V Nissens Aps for the period ending 31 July 2020.

The interim consolidated financial statement has not been subject to audit or review.

The interim consolidated financial statement of AX V Nissens ApS has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

It is our opinion that the interim consolidated financial statements give a true and fair view of the Group's financial position on 31 July 2020 and of the results of the Group's operations and cash flows for the financial year 1 May 2020 – 31 July 2020

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

Horsens, 21 August 2020

Executive Board

Mikkel Kroglund 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

Management's review

Financial highlights for the Group

Key figures

In DKK millions	Q1 2020/2021	Q1 2019/2020	Full year 2019/2020
Revenue	602.8	593.0	1,943.6
EBITDA before special items	89.5	101.6	199.1
Operating profit before special items	54.0	71.2	74.1
Operating profit/loss after special items	54.0	71.2	74.1
Profit before tax	37.4	54.8	6.4
Profit for the period	23.3	36.3	-6.1
Non-current assets	1,972.4	1,969.5	1,990.0
Current assets	1,182.0	1,205.7	1,165.5
Total assets	3,154.4	3,175.2	3,155.5
Equity	1,224.0	1,249.9	1,208.4
Non-current liabilities	1,359.4	1,307.7	1,359.0
Current liabilities	571.0	617.6	588.1
Cash flows from operating activities	29.3	97.2	153.2
Cash flow from investing activities	-18.3	-10.0	-68.0
Cash flows from financing activities	-18.3	-17.9	-69.3
Total cash flows	-7.3	69.3	15.8
Financial ratios			
EBITDA before special items margin	14.9%	17.1%	10.2%
Operating margin before special items	9.0%	12.0%	3.8%
Operating margin after special items	9.0%	12.0%	3.8%
Current ratio	207.0%	195.2%	198.2%
Equity ratio	38.8%	39.4%	38.3%
Return on equity	1.9%	2.9%	-0.5%
Average number of full-time employees	1,369	1,400	1,367

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

Management commentary

The consolidated financial statements for AX V Nissens ApS for Q1 2020/21 show Revenue of 602.8 DKKm compared to 593.0 DKKm in Q1 2019/20. The increased Revenue is due to growth in the Cooling solutions division's Wind business while the Automotive division has been impacted by lower driven car mileage during the annual high season due to Covid-19.

EBITDA before special items reached 89.5 DKKm compared to 101.6 DKKm in Q1 2019/20. While the Cooling Solutions division has experienced continued growth in the Wind business, the Automotive division is negatively impacted due to Covid-19. Furthermore the divisions is negatively impacted by internal market and product mix.

Net profit ended up at 23.3 DKKm, which is negatively impacted by depreciations and amortization from Purchase Price Allocations (PPA) of total 18.7 DKKm.

Given Covid-19 impacting the Automotive division and the Industrial business within the Cooling Solutions division management regards the result of Q1 2020/21 as satisfactory.

Outlook

The Nissens Group expects an improved result in the financial year 2020/21 compared to the financial year 2019/20 with growth in Revenue to above 2,000 DKKm and an EBITDA before special items above 200 DKKm, due to expected normalization of the Automotive market and continued topline growth in the Wind business.

The current unpredictable global financial environment and Covid-19 contains high elements of uncertainty which may the financial year 2020/21 negatively.

Covid-19 risks

Covid-19 is impacting the Automotive Division by lower car mileage and by customers balancing their inventories leading to lower sales out in Q1 2020/21 compared to Q1 2019/20.

In the Cooling Solutions division the Wind business has despite growth been impacted by supply chain disturbances during the global Covid-19 shut down and the Industrial business has been impacted by lower macro economic activity.

These risk may arise again if Covid-19 re-escalates and both divisions may be negatively impacted if Covid-19 will lead to further restrictions or lowering of general market activity.

Consolidated interim financial statements

Income statement

Note	DKKm	Q1 2020/21	Q1 2019/20
3	Revenue	602.8	593.0
	Cost of raw materials and consumables	-346.7	-313.2
	Other operating income	2.5	2.1
	Other external costs	-66.7	-70.2
	Staff costs	-102.4	-110.1
	EBITDA before special items	89.5	101.6
	Depreciation and amortisation	-35.5	-30.4
	Operating profit after special items	54.0	71.2
	Finance income	12.9	1.9
	Finance costs	-29.5	-18.3
	Profit before tax	37.4	54.8
	Tax	-14.1	-18.5
	Profit for the period	23.3	36.3
	Attributed to:		
	Equity holders of AX V Nissens ApS	23.3	36.3
		23.3	36.3

Consolidated interim financial statements

Statement of other comprehensive income

Note	DKKm	Q1 2020/21	Q1 2019/20
	Profit for the period	23.3	36.3
	Other comprehensive income		
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
	Exchange differences on translation of foreign operations	-8.5	-1.2
	Value adjustment of hedging instruments:		
	Value adjustment for the year	-0.1	-0.8
	Value adjustment transferred to financial costs	0.7	0.7
	Items that are or may subsequently be reclassified to the income statement	-7.9	-1.3
	Income tax effect	-0.1	0.0
	Other comprehensive loss for the period, net of tax	-8.0	-1.3
	Total comprehensive income	15.3	35.0
	Attributed to:		
	Equity holders of AX V Nissens ApS	15.3	35.0
		15.3	35.0

Consolidated interim financial statements

Balance sheet

Note	DKKm	31 July 2020	30 April 2020	31 July 2019
ASSETS				
Non-current assets				
	Intangible assets	1,538.9	1,554.1	1,586.6
	Property, plant and equipment	425.9	427.7	376.5
	Investments in associate	0.0	0.0	0.0
	Deferred tax assets	5.9	6.4	4.8
	Deposits	1.7	1.8	1.6
	Total non-current assets	1,972.4	1,990.0	1,969.5
Current assets				
	Inventory	492.9	561.5	505.8
	Trade and other receivables	498.4	408.8	451.3
	Income tax receivable	2.8	0.0	0.0
	Cash and cash equivalents	187.9	195.2	248.6
	Total current assets	1,182.0	1,165.5	1,205.7
	TOTAL ASSETS	3,154.4	3,155.5	3,175.2
EQUITY AND LIABILITIES				
Equity				
	Share capital	12.4	12.4	12.4
	Foreign currency translation reserve	-7.4	1.1	3.0
	Reserve for financial instruments	-2.6	-3.1	-4.7
	Retained earnings	1,221.6	1,198.0	1,239.2
	Total equity	1,224.0	1,208.4	1,249.9
Non-current liabilities				
	Borrowings	1,118.2	1,118.4	1,114.7
	Deferred tax liabilities	156.6	160.7	170.3
	Provisions	8.2	8.2	5.2
	Lease liabilities	54.9	55.9	17.5
	Other payables	21.5	15.8	0
	Total non-current liabilities	1,359.4	1,359.0	1,307.7
Current liabilities				
	Contract liabilities	2.7	3.2	43.2
	Trade and other payables	448.0	481.2	445.1
	Income tax payable	24.5	9.7	49.1
	Payable to group enterprises	69.6	69.6	63.1
	Provisions	3.7	3.7	3.4
	Lease liabilities	22.5	20.7	13.7
	Total current liabilities	571.0	588.1	617.6
	Total liabilities	1,930.4	1,947.1	1,925.3
	TOTAL EQUITY AND LIABILITIES	3,154.4	3,155.5	3,175.2

Consolidated interim financial statements

Cash flow statement

Note	DKKm	Q1 2020/21	Full year 2019/20	Q1 2019/20
Operating activities				
	Profit before tax for the period	37.4	6.4	54.8
	Finance income	-12.9	-7.2	-1.9
	Finance expenses	29.5	74.9	16.2
	Share-based payment expense	0.3	1.9	0.6
	Changes in working capital	-48.4	0.7	-2.6
	Non-cash operating items	27.0	124.7	33.6
		32.9	201.4	100.7
	Finance income, received	0.3	1.2	0.4
	Income tax paid	-3.9	-49.4	-3.9
	Net cash flows from operating activities	29.3	153.2	97.2
Investing activities				
	Purchase of intangible assets	-0.2	-7.5	-0.4
	Development expenditures capitalised	-2.5	-12.3	-0.4
	Purchase of property, plant and equipment	-15.7	-48.2	-9.2
	Proceeds from sale of property, plant and equipment	0.0	0.2	0.0
	Change in deposits	0.1	-0.2	0.0
	Investments in subsidiaries	0.0	0.0	0.0
	Net cash flows used in investing activities	-18.3	-68.0	-10.0
Financing activities				
	Repayments of borrowings	0.0	-0.2	0.0
	Net interest paid, borrowings	-13.5	-57.0	-14.2
	Payment of principal portion of lease liabilities	-4.8	-18.4	-3.7
	Proceeds from loan with Group companies	0.0	6.3	0.0
	Net cash flows from financing activities	-18.3	-69.3	-17.9
	Cash flow for the period	-7.3	15.9	69.3
	Cash and cash equivalents at 1 May	195.2	179.3	179.3
	Cash and cash equivalents at 31 July	187.9	195.2	248.6

The Group has unused credit facilities amounting to 125.0 DKKm.

Consolidated interim financial statements

Statement of changes in equity

DKKm	Share capital	Foreign currency translation reserve	Reserve for financial instruments	Retained earnings	Total equity
Equity 1 May 2020	12.4	1.1	-3.1	1,198.0	1,208.4
Total comprehensive income 31 July 2020					
Profit for the period	0.0	0.0	0.0	23.3	23.3
Other comprehensive income					
Unrealized loss on interest rate swap	0.0	0.0	0.6	0.0	0.6
Exchange differences on translation of foreign operations	0.0	-8.5	0.0	0.0	-8.5
Tax on other comprehensive income	0.0	0.0	-0.1	0.0	-0.1
Total other comprehensive income	0.0	-8.5	0.5	0.0	-8.0
Total comprehensive income for the period	0.0	-8.5	0.5	23.3	15.3
Transactions with owners					
Equity-settled share-based payments	0.0	0.0	0.0	0.3	0.3
Total transactions with owners	0.0	0.0	0.0	0.3	0.3
Equity 31 July 2020	12.4	-7.4	-2.6	1,221.6	1,224.0
DKKm	Share capital	Foreign currency translation reserve	Reserve for financial instruments	Retained earnings	Total equity
Equity 1 May 2019	12.4	4.2	-4.6	1,202.3	1,214.3
Total comprehensive income 31 July 2019					
Profit for the period	0.0	0.0	0.0	36.3	36.3
Other comprehensive income					
Unrealized loss on interest rate swap	0.0	0.0	-0.1	0.0	-0.1
Exchange differences on translation of foreign operations	0.0	-1.2	0.0	0.0	-1.2
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total other comprehensive income	0.0	-1.2	-0.1	0	-1.3
Total comprehensive income for the period	0.0	-1.2	-4.7	36.3	35.0
Transactions with owners					
Equity-settled share-based payments	0.0	0.0	0.0	0.6	0.6
Total transactions with owners	0.0	0.0	0.0	0.6	0.6
Equity 31 July 2019	12.4	3.0	-4.7	1,239.2	1,249.9

Consolidated interim financial statements

Notes

1 Accounting policies

This unaudited interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

Accounting policies applied in preparing the interim financial report are consistent with those applied in preparing AX V Nissens ApS's consolidated interim report for the period 1 May - 31 July 2020. The consolidated interim financial statements for AX V Nissens ApS for the period 1 May - 31 July 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

2 Significant accounting judgements, estimates and assumptions

In preparing the interim financial report, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of AX V Nissens ApS's assets and liabilities. All significant accounting estimates and judgements are consistent with the description in the annual report for 1 May 2019 – 30 April 2020. Refer to descriptions in the individual notes to the consolidated financial statement in the annual report page 37-38.

3 Seasonality of operations

Due to the seasonal nature of the product range in both the Automotive and the Cooling Solution divisions Q1 is historically the quarter of the year with the highest share of revenue.