

AX V Nissens ApS

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Interim financial report

Third quarter 2020/21

1 May 2020 - 31 January 2021

Contents

Statement by Management on the interim report	1
Management's review	2
Financial highlights for the Group	2
Consolidated interim financial statements	4
Income statement	4
Statement of other comprehensive income	5
Balance sheet	6
Cash flow statement	7
Statement of changes in equity	8
Notes	9

Statement by Management on the interim report

Today, the Board of Directors and the Executive Board have discussed and approved the interim financial report of AX V Nissens Aps for the period ending 31 January 2021.

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 January 2021 and of the results of the Group's operations and cash flows for the financial year 1 May 2020 – 31 January 2021.

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

Horsens, 24 February 2021

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

Management's review

Financial highlights for the Group

Key figures

In DKK millions	Q3 2020/2021	Q3 2019/2020	YTD 2020/2021	YTD 2019/2020	Full year 2019/2020
Revenue	528.9	394.9	1,694.6	1,461.1	1,943.6
EBITDA before special items	48.7	16.5	216.1	163.8	199.1
Operating profit before special items	11.5	-14.3	108.4	72.1	74.1
Operating profit/loss after special items	6.1	-14.3	102.9	72.1	74.1
Profit/loss before tax	-8.4	-29.2	53.4	24.3	6.4
Profit/loss for the period	-17.8	-25.3	19.9	6.4	-6.1

Non-current assets	1,979.0	1,955.7	1,990.0
Current assets	1,343.5	1,081.5	1,165.5
Total assets	3,322.5	3,037.2	3,155.5
Equity	1,226.8	1,221.8	1,208.4
Non-current liabilities	1,364.9	1,325.9	1,359.0
Current liabilities	730.8	489.5	588.1

Cash flows from operating activities	69.8	-42.5	236.4	114.6	153.2
Cash flows from investing activities	-47.0	-18.0	-87.4	-44.4	-68.0
Cash flows from financing activities	-32.7	-20.5	-72.0	-54.0	-69.3
Total cash flows	-9.9	-81.0	77.0	16.2	15.8

Financial ratios

Financial Ratios					
EBITDA before special items margin	9.2%	4.2%	12.7%	11.2%	10.2%
Operating margin before special items	2.2%	-3.6%	6.4%	4.9%	3.8%
Operating margin after special items	1.2%	-3.6%	6.1%	4.9%	3.8%
Current ratio			183.8%	216.5%	198.2%
Equity ratio			36.9%	40.2%	38.3%
Return on equity			1.6%	0.5%	-0.5%

Average number of full-time employees	1,378	1,373	1,367
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Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios".

Management commentary

The consolidated financial statements for AX V Nissens ApS for YTD Q3 2020/21 shows Revenue of 1,694.6 DKKm compared to 1,461.1 DKKm in YTD Q3 2019/20. The increased Revenue is due to growth in the Cooling solutions division's Wind business, while the Industrial business was impacted by the current macroeconomic environment. The Automotive division growth in Revenue is due to the acquisition of AVA. Excluding the AVA acquisition the Automotive division was impacted by lower driven car mileage during the annual high season due to close-downs related to Covid-19 and is slightly below last year.

EBITDA before special items reached 216.1 DKKm compared to 163.8 DKKm in YTD Q3 2019/20. The growth in the Cooling Solutions division's Wind business, completion of the main part of a large transformation project in Cooling solutions as well as reductions in the overhead cost base in both Cooling Solutions and Automotive explains the development in the result.

Net profit ended up at 19.9 DKKm, which is negatively impacted by depreciations and amortization from Purchase Price Allocations (PPA) of total 43.0 DKKm.

Management regards the result of YTD Q3 as satisfactory, especially given Covid-19 affecting part of the business.

Outlook

The Nissens Group expects an improved result in the financial year 2020/21 compared to the financial year 2019/20. Revenue in 2020/21 is expected within the range from 2,350 DKKm to 2,400 DKKm and EBITDA before special items in the range from 270 DKKm to 290 DKKm, due to expected positive development in Automotive sales and continued top-line growth in the Wind business. The acquisition of the AVA companies has been included in the financial outlook for the year.

The current unpredictable global financial environment and Covid-19 contains continued elements of uncertainty which may impact 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 not seen significant impact in Q3 YTD during the global Covid-19 shut down. There is however still a risk of supply chain disturbances in the value chain. The Industrial business has been impacted by lower macro economic activity in the first half of FY 2020/21 compared to the year before.

These risk may arise again if Covid-19 re-escalates. Both divisions will probably be negatively impacted if Covid-19 will lead to further restrictions, supply chain disturbances or lowering of general market activity.

Consolidated interim financial statements

Income statement

Note	DKKm	Q3 2020/21	Q3 2019/20	YTD 2020/21	YTD 2019/20
3	Revenue	528.9	394.9	1,694.6	1,461.1
	Cost of raw materials and consumables	-303.2	-212.0	-971.0	-780.3
	Other operating income	2.4	2.2	7.2	6.3
	Other external costs	-73.0	-66.8	-205.4	-205.1
	Staff costs	-106.4	-101.8	-309.3	-318.2
	EBITDA before special items	48.7	16.5	216.1	163.8
	Depreciation and amortisation	-37.2	-30.8	-107.7	-91.7
	Operating profit before special items	11.5	-14.3	108.4	72.1
4	Special items	-5.5	0.0	-5.5	0.0
	Operating profit after special items	6.0	-14.3	102.9	72.1
	Finance income	3.0	0.3	8.8	5.1
	Finance costs	-17.4	-15.2	-58.3	-52.9
	Profit before tax	-8.4	-29.2	53.4	24.3
	Tax	-9.4	3.9	-33.5	-17.9
	Profit for the period	-17.8	-25.3	19.9	6.4
Attributed to:					
	Equity holders of AX V Nissens ApS	-17.8	-25.3	19.9	6.4
		-17.8	-25.3	19.9	6.4

Consolidated interim financial statements

Statement of other comprehensive income

Note	Q3 2020/21	Q3 2019/20	YTD 2020/21	YTD 2019/20
DKKkm				
Profit for the period	-17.8	-25.3	19.9	6.4
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	-0.6	1.9	-3.6	-1.3
Value adjustment for the year	-0.1	0.0	-0.1	-0.9
Value adjustment transferred to financial costs	0.7	0.7	2.0	2.1
Items that are or may subsequently be reclassified to the income statement	0.0	2.6	-1.7	0.8
Income tax effect	-0.1	-0.2	-0.4	-0.3
Other comprehensive income/loss for the period, net of tax	-0.1	2.4	-2.1	-0.4
Total comprehensive income/loss	-17.9	-22.9	17.9	6.0
Attributed to:				
Equity holders of AX V Nissens ApS	-17.9	-22.9	31.9	6.0
	-17.9	-22.9	17.9	6.0

Consolidated interim financial statements

Balance sheet

Note	DKKm	31 January 2021	30 April 2020	31 January 2020
	ASSETS			
	Non-current assets			
	Intangible assets	1,512.7	1,554.1	1,559.3
	Property, plant and equipment	455.8	427.7	389.6
	Deferred tax assets	6.8	6.4	5.0
	Deposits	3.7	1.8	1.8
	Total non-current assets	1,979.0	1,990.0	1,955.7
	Current assets			
	Inventory	616.0	561.5	528.3
	Trade and other receivables	455.3	408.8	357.7
	Cash and cash equivalents	272.2	195.2	195.5
	Total current assets	1,343.5	1,165.5	1,081.5
	TOTAL ASSETS	3,322.5	3,155.5	3,037.2
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	12.4	12.4	12.4
	Foreign currency translation reserve	-2.5	1.1	0.3
	Reserve for financial instruments	-1.6	-3.1	-3.7
	Retained earnings	1,218.5	1,198.0	1,212.8
	Total equity	1,226.8	1,208.4	1,221.8
	Non-current liabilities			
	Borrowings	1,120.9	1,118.4	1,118.6
	Deferred tax liabilities	147.6	160.7	161.7
	Provisions	8.2	8.2	15.2
	Lease liabilities	64.8	55.9	20.4
	Other payables	23.4	15.8	10.0
	Total non-current liabilities	1,364.9	1,359.0	1,325.9
	Current liabilities			
	Contract liabilities	4.9	3.2	1.8
5	Contingent liabilities	14.1	0.0	0.0
	Trade and other payables	561.7	481.2	379.1
	Income tax payable	38.0	9.7	23.6
	Payable to group enterprises	71.3	69.6	65.4
	Provisions	7.5	3.7	4.0
	Lease liabilities	33.3	20.7	15.6
	Total current liabilities	730.8	588.1	489.5
	Total liabilities	2,095.7	1,947.1	1,815.4
	TOTAL EQUITY AND LIABILITIES	3,322.5	3,155.5	3,037.2

Consolidated interim financial statements

Cash flow statement

Note	DKKm	YTD Q3 2020/21	Full year 2019/20	YTD Q3 2019/20
	Operating activities			
	Profit before tax for the period	53.4	6.4	24.3
	Finance income	-8.8	-7.2	-1.0
	Finance expenses	58.3	74.9	49.0
	Share-based payment expense	0.6	1.9	1.5
	Changes in working capital	32.1	0.7	-16.9
	Non-cash operating items	122.8	124.7	100.5
		258.4	201.4	157.4
	Finance income, received	0.8	1.2	1.0
	Income tax paid	-22.8	-49.4	-43.8
	Net cash flows from operating activities	236.4	153.2	114.6
	Investing activities			
	Purchase of intangible assets	-7.4	-7.5	-1.5
	Development expenditures capitalised	-6.9	-12.3	-6.1
	Purchase of property, plant and equipment	-47.5	-48.2	-36.9
	Proceeds from sale of property, plant and equipment	1.4	0.2	0.1
	Change in deposits	-0.3	-0.2	0.0
	Investments in subsidiaries	-26.7	0.0	0.0
	Net cash flows used in investing activities	-87.4	-68.0	-44.4
	Financing activities			
	Repayments of borrowings	-9.1	-0.2	0.0
	Net interest paid, borrowings	-46.3	-57.0	-43.5
	Payment of principal portion of lease liabilities	-18.3	-18.4	-12.5
	Proceeds from loan with Group companies	1.7	6.3	2.0
	Net cash flows from financing activities	-72.0	-69.3	-54.0
	Cash flow for the period	77.0	15.9	16.2
	Cash and cash equivalents at 1 May	195.2	179.3	179.3
	Cash and cash equivalents at 31 January	272.2	195.2	195.5

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 January 2021					
Profit for the period	0.0	0.0	0.0	19.9	19.9
Other comprehensive income					
Unrealized loss on interest rate swap	0.0	0.0	1.9	0.0	1.9
Exchange differences on translation of foreign operations	0.0	-3.6	0.0	0.0	-3.6
Tax on other comprehensive income	0.0	0.0	-0.4	0.0	-0.4
Total other comprehensive income	0.0	-3.6	1.5	0.0	-2.1
Total comprehensive income for the period	0.0	-3.6	1.5	19.9	17.8
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 January 2021	12.4	-2.5	-1.6	1,218.5	1,226.8

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 January 2020					
Profit for the period	0.0	0.0	0.0	6.4	6.4
Other comprehensive income					
Unrealized loss on interest rate swap	0.0	0.0	1.2	0.0	1.2
Exchange differences on translation of foreign operations	0.0	-1.3	0.0	0.0	-1.3
Tax on other comprehensive income	0.0	0.0	-0.3	0.0	-0.3
Total other comprehensive income	0.0	-1.3	0.9	0.0	-0.4
Total comprehensive income for the period	0.0	-1.3	0.9	6.4	6.0
Transactions with owners					
Equity-settled share-based payments	0.0	0.0	0.0	1.5	1.5
Total transactions with owners	0.0	0.0	0.0	1.5	1.5
Equity 31 January 2020	12.4	2.9	-3.7	1,210.2	1,221.8

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 January 2021. The consolidated interim financial statements for AX V Nissens ApS for the period 1 May - 31 January 2021 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 23 - 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 and Q3 is historically the quarter of the year with the lowest share of revenue.

4 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 includes transaction costs in a business combination.

DKKkm	1 May 2020 - 31 January 2021	1 May 2019 - 31 January 2020
Transaction costs directly related to acquisition of AVA group	5.5	0.0
	<u>5.5</u>	<u>0.0</u>

5 Business combinations

Acquisitions in 2020/21

Acquisition of AVA

As of 1st. December 2020 the Automotive division company NA International A/S has acquired 100% of the share capital in the following 3 companies AVA CEE S.P.Z.o.o., AVA Benelux B.V. and AVA Cooling UK Ltd. In addition there has been signed a conditional agreement on acquiring 100% of the share capital of AVA France.

The AVA companies' business activities are within sales and distribution of automotive cooling and climate products and will further strengthen the market position of the Automotive division. The AVA brand has a strong acknowledgement in the European market and together the combined companies will benefit from synergies in supply chain and other back-office functions.

The total acquisition price is agreed to 33.9 mDKK of which 26.4 mDKK has been paid cash in December 2020.

The remaining part of the agreed acquisition price is subject to the closing of AVA Cooling France transaction, which has been signed on February 23 2021. The fair value assessment in accordance with IFRS3 has not been completed as of this reporting date.

The Group has incurred transaction costs of approximately 5.5 mDKK in connection with the acquisition for legal, financial and commercial advisors. The costs have been recognized as special items.

Assets acquired and liabilities assumed

The preliminary fair values of the identifiable assets and liabilities as of the acquisition date has been presented jointly for the 3 companies as valuation of the AVA companies has been made on group level and not on the single legal unit.

As the agreed purchase price is based on all the acquired companies including AVA Cooling France, it has not been possible to make the full allocation of the purchase price yet. For other assets the accounts taken over the acquired assets and liabilities are still subjected to audits further assessment, which might impact the fair value assessment at the transaction date.

The final valuation is expected to be included in the Annual Report 2020/21. The preliminary fair values of the identifiable assets and liabilities as at the date of acquisition were:

	Fair value mDKK
Assets	
Intangible assets	47
Property, plant and equipment	12,725
Deferred tax assets	888
Deposits	1,627
Inventory	43,555
Trade and other receivables	42,494
Cash and cash equivalents	5,524
	<u>106,860</u>
Liabilities	
Borrowings	-9,686
Provisions	-105
Trade and other payables	-52,525
Contract liability	-126
Lease liability	-3,534
Income tax payable	-107
	<u>-66,083</u>
Total identifiable net assets at fair value	40,777
Preliminary negative goodwill	-14,108
Purchase consideration	<u>26,669</u>

The purchase price reflects that the acquired companies has not been profitable in their previous structure and ownership. To obtain the synergies from the business combination there will be substantial

transformation costs in both FY 2020/21 and FY 2021/22, which are reflected as a negative goodwill on the acquisition.

The preliminary negative goodwill has not be recognised in the profit and loss statement in Q3. The recognition in the profit is expected to be done in Q4 FY 2020/21 when the fair value assessment for the entire transaction including AVA France has been completed.

Acquired receivables include trade receivables of a fair value of 39.2 mDKK. The contractually receivable gross amount is 39.8 mDKK and hence 0.6 mDKK has been assessed as irrecoverable at the date of acquisition.

The Q3 revenue has been positive impacted by 33.0 mDKK from the acquired companies whereas EBITDA is impacted by -1.6 mDKK.