

# **AX V Nissens ApS**

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

## **Interim financial report**

First half year 2020/21

1 May 2020 - 31 October 2020

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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 financial report of AX V Nissens Aps for the period ending 31 October 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 October 2020 and of the results of the Group's operations and cash flows for the financial year 1 May 2020 – 31 October 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, 20 November 2020

Executive Board

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Mikkel Krogslund Andersen  
CEO

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Jakob Backs  
CFO

Board of Directors:

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Niels Jacobsen  
Chairman

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Lars Cordt  
Vice Chairman

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Alan Nissen  
Vice Chairman

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Søren Klarskov Vilby

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Povl Christian Lütken Frigast

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Marc de Jong

## Management's review

### Financial highlights for the Group

#### Key figures

In DKK millions	Q2 2020/2021	Q2 2019/2020	H1 2020/2021	H1 2019/2020	Full year 2019/2020
Revenue	562.7	473.2	1,165.5	1,066.3	1,943.6
EBITDA before special items	77.8	45.6	167.3	147.3	199.1
Operating profit before special items	42.9	15.1	96.9	86.5	74.1
Operating profit/loss after special items	42.9	15.1	96.9	86.5	74.1
Profit/loss before tax	24.4	-1.4	61.8	53.5	6.4
Profit/loss for the period	14.4	-4.6	37.7	31.7	-6.1

Non-current assets			1,959.6	1,956.4	1,990.0
Current assets			1,225.5	1,139.5	1,165.5
Total assets			3,185.1	3,095.9	3,155.5
Equity			1,244.6	1,245.2	1,208.4
Non-current liabilities			1,357.6	1,304.2	1,359.0
Current liabilities			582.9	546.5	588.1

Cash flows from operating activities	137.1	60.7	166.6	157.1	153.2
Cash flows from investing activities	-22.1	-16.4	-40.4	-26.3	-68.0
Cash flows from financing activities	-20.8	-16.3	-39.3	-33.4	-69.3
Total cash flows	94.2	28.0	86.9	97.3	15.8

#### Financial ratios

EBITDA before special items margin	13.8%	9.6%	14.4%	13.8%	10.2%
Operating margin before special items	7.6%	3.2%	8.3%	8.1%	3.8%
Operating margin after special items	7.6%	3.2%	8.3%	8.1%	3.8%
Current ratio			210.2%	208.5%	198.2%
Equity ratio			39.1%	40.2%	38.3%
Return on equity			3.1%	2.6%	-0.5%

Average number of full-time employees			1,356	1,391	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 H1 2020/21 shows Revenue of 1,165.5 DKKm compared to 1,066.3 DKKm in H1 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 and the Automotive division was impacted by lower driven car mileage during the annual high season due to close-downs related to Covid-19.

EBITDA before special items reached 167.3 DKKm compared to 147.3 DKKm in H1 2019/20. The growth in the Cooling Solutions division's Wind business and reductions in the overhead cost base in both Cooling Solutions and Automotive explains the development in the result.

Net profit ended up at 37.7 DKKm, which is negatively impacted by depreciations and amortization from Purchase Price Allocations (PPA) of total 37.9 DKKm.

Management regards the result of H1 as satisfactory, especially given Covid-19 affecting the Automotive division and the Industrial business within the Cooling Solutions division.

The Automotive division company NA International A/S has signed a conditional agreement on the acquisition of the shares of a majority of the companies within the AVA group in Europe. The acquisition covers 5 smaller companies within sales and distribution of automotive cooling and climate products and will further strengthen the market position of the Automotive division.

Completion of the acquisition is subject to certain conditions, including third party consents. Management expects completion of the transaction by the end of November 2020.

The acquisition is expected to impact this financial year by additional net Revenue in the Automotive division by 75 to 100 DKKm and EBITDA negatively by -20 to -30 DKKm due to integration and transformation costs. The acquisition will be fully financed by existing liquidity.

## 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 2,150 DKKm and an EBITDA before special items above 230 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 high 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 disturbances in H1 during the global Covid-19 shut down. However, 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, supply chain disturbances or lowering of general market activity.

## Consolidated interim financial statements

### Income statement

Note	DKKm	Q2 2020/21	Q2 2019/20	H1 2020/21	H1 2019/20
3	Revenue	562.7	473.2	1,165.5	1,066.3
	Cost of raw materials and consumables	-322.3	-255.2	-669.1	-568.3
	Other operating income	2.3	2.1	4.8	4.2
	Other external costs	-64.4	-68.0	-131.0	-138.4
	Staff costs	-100.5	-106.5	-202.9	-216.5
	<b>EBITDA before special items</b>	<b>77.8</b>	<b>45.6</b>	<b>167.3</b>	<b>147.3</b>
	Depreciation and amortisation	-34.9	-30.5	-70.4	-60.8
	<b>Operating profit before special items</b>	<b>42.9</b>	<b>15.1</b>	<b>96.9</b>	<b>86.5</b>
5	Special items	0.0	0.0	0.0	0.0
	<b>Operating profit after special items</b>	<b>42.9</b>	<b>15.1</b>	<b>96.9</b>	<b>86.5</b>
	Finance income	-7.1	4.3	5.8	6.2
	Finance costs	-11.4	-20.8	-40.9	-39.2
	<b>Profit before tax</b>	<b>24.4</b>	<b>-1.4</b>	<b>61.8</b>	<b>53.5</b>
	Tax	-10.0	-3.2	-24.1	21.8
	<b>Profit for the period</b>	<b>14.4</b>	<b>-4.6</b>	<b>37.7</b>	<b>31.7</b>
Attributed to:					
	Equity holders of AX V Nissens ApS	14.4	-4.6	37.7	31.7
		<b>14.4</b>	<b>-4.6</b>	<b>37.7</b>	<b>31.7</b>

## Consolidated interim financial statements

### Statement of other comprehensive income

Note	Q2 2020/21	Q2 2019/20	H1 2020/21	H1 2019/20
DKKkm				
<b>Profit for the period</b>	<b>14.4</b>	<b>-4.6</b>	<b>37.7</b>	<b>31.7</b>
<b>Other comprehensive income</b>				
<i><b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b></i>				
Exchange differences on translation of foreign operations	5.5	-1.1	-3.0	-2.3
Value adjustment for the year	0.0	-0.1	-0.1	-0.9
Value adjustment transferred to financial costs	0.7	0.7	1.4	1.4
Items that are or may subsequently be reclassified to the income statement	6.2	-0.5	-1.7	-1.8
Income tax effect	-0.2	-0.1	-0.3	-0.1
<b>Other comprehensive income/loss for the period, net of tax</b>	<b>6.0</b>	<b>-0.6</b>	<b>-2.0</b>	<b>-1.9</b>
<b>Total comprehensive income/loss</b>	<b>20.4</b>	<b>-5.2</b>	<b>35.7</b>	<b>29.8</b>
Attributed to:				
Equity holders of AX V Nissens ApS	20.4	-5.2	35.7	29.8
	<b>20.4</b>	<b>-5.2</b>	<b>35.7</b>	<b>29.8</b>

## Consolidated interim financial statements

### Balance sheet

Note	DKKm	31 October 2020	30 April 2020	31 October 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
	Intangible assets	1,523.7	1,554.1	1,569.9
	Property, plant and equipment	428.5	427.7	380.6
	Deferred tax assets	5.5	6.4	4.0
	Deposits	1.9	1.8	1.9
	<b>Total non-current assets</b>	<b>1,959.6</b>	<b>1,990.0</b>	<b>1,956.4</b>
<b>Current assets</b>				
	Inventory	464.2	561.5	488.1
	Trade and other receivables	479.2	408.8	374.8
	Cash and cash equivalents	282.1	195.2	276.6
	<b>Total current assets</b>	<b>1,225.5</b>	<b>1,165.5</b>	<b>1,139.5</b>
	<b>TOTAL ASSETS</b>	<b>3,185.1</b>	<b>3,155.5</b>	<b>3,095.9</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
	Share capital	12.4	12.4	12.4
	Foreign currency translation reserve	-1.9	1.1	1.9
	Reserve for financial instruments	-2.1	-3.1	-4.2
	Retained earnings	1,236.2	1,198.0	1,235.1
	<b>Total equity</b>	<b>1,244.6</b>	<b>1,208.4</b>	<b>1,245.2</b>
<b>Non-current liabilities</b>				
	Borrowings	1,120.1	1,118.4	1,116.7
	Deferred tax liabilities	151.8	160.7	165.9
	Provisions	8.2	8.2	5.2
	Lease liabilities	54.2	55.9	16.4
	Other payables	23.3	15.8	0.0
	<b>Total non-current liabilities</b>	<b>1,357.6</b>	<b>1,359.0</b>	<b>1,304.2</b>
<b>Current liabilities</b>				
	Contract liabilities	5.0	3.2	16.8
	Trade and other payables	441.9	481.2	394.6
	Income tax payable	36.2	9.7	54.9
	Payable to group enterprises	71.3	69.6	63.1
	Provisions	4.2	3.7	4.0
	Lease liabilities	24.3	20.7	13.1
	<b>Total current liabilities</b>	<b>582.9</b>	<b>588.1</b>	<b>546.5</b>
	<b>Total liabilities</b>	<b>1,940.5</b>	<b>1,947.1</b>	<b>1,850.7</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,185.1</b>	<b>3,155.5</b>	<b>3,095.9</b>



## Consolidated interim financial statements

### Cash flow statement

Note	DKKm	H1 2020/21	Full year 2019/20	H1 2019/20
	<b>Operating activities</b>			
	Profit before tax for the period	61.8	6.4	53.4
	Finance income	-5.8	-7.2	-0.7
	Finance expenses	40.9	74.9	32.7
	Share-based payment expense	0.5	1.9	1.1
	Changes in working capital	0.3	0.7	20.6
	Non-cash operating items	78.8	124.7	59.5
		176.5	201.4	166.6
	Finance income, received	0.5	1.2	0.7
	Income tax paid	-10.4	-49.4	-9.2
	<b>Net cash flows from operating activities</b>	<b>166.6</b>	<b>153.2</b>	<b>158.2</b>
	<b>Investing activities</b>			
	Purchase of intangible assets	-1.2	-7.5	-0.4
	Development expenditures capitalised	-4.3	-12.3	-0.7
	Purchase of property, plant and equipment	-34.8	-48.2	-25.2
	Proceeds from sale of property, plant and equipment	0.0	0.2	0.0
	Change in deposits	-0.1	-0.2	0.0
	<b>Net cash flows used in investing activities</b>	<b>-40.4</b>	<b>-68.0</b>	<b>-26.3</b>
	<b>Financing activities</b>			
	Repayments of borrowings	0.0	-0.2	0.0
	Net interest paid, borrowings	-31.1	-57.0	-28.9
	Payment of principal portion of lease liabilities	-9.9	-18.4	-5.6
	Proceeds from loan with Group companies	1.7	6.3	0.0
	<b>Net cash flows from financing activities</b>	<b>-39.3</b>	<b>-69.3</b>	<b>-34.5</b>
	<b>Cash flow for the period</b>	<b>86.9</b>	<b>15.9</b>	<b>97.3</b>
	Cash and cash equivalents at 1 May	195.2	179.3	179.3
	<b>Cash and cash equivalents at 31 October</b>	<b>282.1</b>	<b>195.2</b>	<b>276.6</b>

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
<b>Equity 1 May 2020</b>	<b>12.4</b>	<b>1.1</b>	<b>-3.1</b>	<b>1,198.0</b>	<b>1,208.4</b>
<b>Total comprehensive income 31 October 2020</b>					
Profit for the period	0.0	0.0	0.0	37.7	37.7
<b>Other comprehensive income</b>					
Unrealized loss on interest rate swap	0.0	0.0	1.3	0.0	1.3
Exchange differences on translation of foreign operations	0.0	-3.0	0.0	0.0	-3.0
Tax on other comprehensive income	0.0	0.0	-0.3	0.0	-0.3
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-3.0</b>	<b>1.0</b>	<b>0.0</b>	<b>-2.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>-3.0</b>	<b>1.0</b>	<b>37.7</b>	<b>35.7</b>
<b>Transactions with owners</b>					
Equity-settled share-based payments	0.0	0.0	0.0	0.5	0.5
Total transactions with owners	0.0	0.0	0.0	0.5	0.5
<b>Equity 31 October 2020</b>	<b>12.4</b>	<b>-1.9</b>	<b>-2.1</b>	<b>1,236.2</b>	<b>1,244.6</b>

  

DKKm	Share capital	Foreign currency translation reserve	Reserve for financial instruments	Retained earnings	Total equity
<b>Equity 1 May 2019</b>	<b>12.4</b>	<b>4.2</b>	<b>-4.6</b>	<b>1,202.3</b>	<b>1,214.3</b>
<b>Total comprehensive income 31 October 2019</b>					
Profit for the period	0.0	0.0	0.0	31.7	31.7
<b>Other comprehensive income</b>					
Unrealized loss on interest rate swap	0.0	0.0	0.5	0.0	0.5
Exchange differences on translation of foreign operations	0.0	-2.3	0.0	0.0	-2.3
Tax on other comprehensive income	0.0	0.0	-0.1	0.0	-0.1
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-2.3</b>	<b>0.4</b>	<b>0.0</b>	<b>-1.9</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>-2.3</b>	<b>0.4</b>	<b>31.7</b>	<b>29.8</b>
<b>Transactions with owners</b>					
Equity-settled share-based payments	0.0	0.0	0.0	1.1	1.1
Total transactions with owners	0.0	0.0	0.0	1.1	1.1
<b>Equity 31 October 2019</b>	<b>12.4</b>	<b>1.9</b>	<b>-4.2</b>	<b>1,235.1</b>	<b>1,245.2</b>

## 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 October 2020. The consolidated interim financial statements for AX V Nissens ApS for the period 1 May - 31 October 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 23 - 38.

#### 3 Seasonality of operations

Due to the seasonal nature of the product range in both the Automotive and the Cooling Solution divisions H1 is historically the half of the year with the highest share of revenue and H2 is correspondingly historically the half of the year with the lowest share of revenue.