

# **AX V Nissens ApS**

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Interim financial report

Third quarter 2019/20

1 November 2019 - 31 January 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 January 2020.

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

In our opinion, the interim report gives a true and fair view of the financial position of the Company at 31 January 2020 and of the results of the Company's operations and cash flows for the period ending 31 January 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, 26 February 2019

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

## Management's review

### Financial highlights for the Group

#### Key figures

| In DKK millions                           | Q3 2019/20 | *Q3 2018/19 | YTD<br>2019/2020 | YTD<br>*2018/2019 | Full year<br>*2018/2019 |
|---|------------|-------------|------------------|-------------------|-------------------------|
| Revenue                                   | 394.9      | 406.2       | 1,461.1          | 1,472.4           | 1,982.8                 |
| EBITDA before special items               | 16.5       | 32.2        | 163.8            | 188.7             | 234.6                   |
| Operating profit before special items     | -14.3      | 5.5         | 72.1             | 108.4             | 127.3                   |
| Operating profit/loss after special items | -14.3      | 3.0         | 72.1             | 105.2             | 124.2                   |
| Profit before tax                         | -29.2      | -12.9       | 24.3             | 52.7              | 56.3                    |
| Profit for the period                     | -25.3      | -19.3       | 6.4              | 29.8              | 28.9                    |
| Non-current assets                        |            |             | 1,955.7          | 1,975.4           | 1,956.1                 |
| Current assets                            |            |             | 1,081.5          | 1,074.5           | 1,152.8                 |
| Total assets                              |            |             | 3,037.2          | 3,049.9           | 3,108.9                 |
| Equity                                    |            |             | 1,221.8          | 1,210.8           | 1,214.3                 |
| Non-current liabilities                   |            |             | 1,315.9          | 1,296.8           | 1,292.6                 |
| Current liabilities                       |            |             | 499.5            | 542.3             | 602.1                   |
| Cash flows from operating activities      | -42.5      | 50.3        | 114.6            | 223.7             | 170.7                   |
| Cash flow from investing activities       | -18.0      | -7.8        | -44.4            | -22.2             | -28.3                   |
| Cash flows from financing activities      | -20.5      | -14.7       | -54.0            | -30.6             | -39.4                   |
| Total cash flows                          | -81.0      | 27.8        | 16.2             | 170.9             | 103.0                   |
| <b>Financial ratios</b>                   |            |             |                  |                   |                         |
| EBITDA before special items margin        | 4.2%       | 7.9%        | 11.2%            | 12.8%             | 11.8%                   |
| Operating margin before special items     | -3.6%      | 1.4%        | 4.9%             | 7.4%              | 6.4%                    |
| Operating margin after special items      | -3.6%      | 0.7%        | 4.9%             | 7.1%              | 6.3%                    |
| Current ratio                             |            |             | 216.5%           | 198.1%            | 191.5%                  |
| Equity ratio                              |            |             | 40.2%            | 39.7%             | 39.1%                   |
| Return on equity                          |            |             | 0.5%             | 2.5%              | 2.4%                    |
| Average number of full-time employees     |            |             | 1,373            | 1,375             | 1,365                   |

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.

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 2019/20 show Revenue of 1,461.1 DKKm compared to 1,472.4 DKKm in YTD Q3 2018/19. The Automotive division continues growth over last year while Cooling Solutions is impacted by Wind Industry segment and Industrial segment slow-down.

More specifically the company has had changes in orders in the Wind segment due to US tariffs, turbine upgrades and incurred additional transformational costs in our supply chain.

EBITDA before special items reached 163.8 DKKm compared to 188.7 DKKm in YTD Q3 2018/19. IFRS 16 impacts EBITDA before special items positively by 12.5 DKKm in YTD Q3 2019/20.

Net profit ended up at 6.4 DKKm, which is impacted by depreciations and amortization from Purchase Price Allocations (PPA) of total 57.9 DKKm.

Except the factors the company is exposed to in the Cooling Solutions division, management regards the financial results in Q3 2019/20 as satisfactory.

## Outlook

The Corona virus is expected to impact the Revenue of the Nissens group in Q4 2019/20 from direct manufacturing limitations, but also from expected supply and demand effects once the situation clears.

The expectations to the Revenue of the Nissens group in the financial year 2019/20 is lowered from a Revenue above 2,000 DKKm to Revenue in the range between 1,950 DKKm to 1,975 DKKm. The earnings forecast is also lowered to an EBITDA in the range of 205 DKKm – 215 DKKm from the last forecast with EBITDA of around 235 DKKm.

## Consolidated interim financial statements

### Income statement

| Note | DKKkm  | Q3<br>2019/20 | Q3<br>2018/19 | YTD<br>2019/20 | YTD<br>2018/19 |
|------|--|---------------|---------------|----------------|----------------|
| 3    | Revenue                                      | 394.9         | 406.2         | 1,461.1        | 1,472.4        |
|      | Cost of raw materials and consumables        | -212.0        | -199.1        | -780.3         | -751.3         |
|      | Other operating income                       | 2.2           | 1.9           | 6.3            | 6.2            |
|      | Other external costs                         | -66.8         | -79.1         | -205.1         | -242.3         |
|      | Staff costs                                  | -101.8        | -97.7         | -318.2         | -296.3         |
|      | <b>EBITDA before special items</b>           | 16.5          | 32.2          | 163.8          | 188.7          |
|      | Depreciation and amortisation                | -30.8         | -26.7         | -91.7          | -80.3          |
|      | <b>Operating profit before special items</b> | -14.3         | 5.5           | 72.1           | 108.4          |
| 5    | Special items                                | 0.0           | -2.5          | 0.0            | -3.2           |
|      | <b>Operating profit after special items</b>  | -14.3         | 3.0           | 72.1           | 105.2          |
|      | Finance income                               | 0.3           | 0.1           | 5.1            | 0.2            |
|      | Finance costs                                | -15.2         | -16.0         | -52.9          | -52.7          |
|      | <b>Profit before tax</b>                     | -29.2         | -12.9         | 24.3           | 52.7           |
|      | Tax  | 3.9           | -6.4          | -17.9          | -22.9          |
|      | <b>Profit for the period</b>                 | -25.3         | 19.3          | 6.4            | 29.8           |
|      | Attributed to:                               |               |               |                |                |
|      | Equity holders of AX V Nissens ApS           | -25.3         | -19.3         | 6.4            | 29.8           |
|      |  | -25.3         | -19.3         | 6.4            | 29.8           |

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.

## Consolidated interim financial statements

### Statement of other comprehensive income

| Note | DKKm  | Q3<br>2019/20 | Q3<br>2018/19* | YTD<br>2019/20 | YTD<br>2018/19 |
|------|---|---------------|----------------|----------------|----------------|
|      | <b>Profit for the period</b>  | <b>-25.3</b>  | <b>-19.1</b>   | <b>6.4</b>     | <b>29.8</b>    |
|      | <b>Other comprehensive income</b>   |               |                |                |                |
|      | <i>Other comprehensive income to be reclassified to<br/>profit or loss in subsequent periods:</i> |               |                |                |                |
|      | Exchange differences on translation of foreign operations   | 1.9           | 1.4            | -0.4           | 0.0            |
|      | Unrealized change in fair value on interest rate swap   | 0.7           | -2.1           | 1.2            | -3.9           |
|      |   | 2.6           | -0.7           | 0.8            | -3.9           |
|      | Income tax effect   | -0.2          | 0.3            | -0.3           | 1.0            |
|      | <b>Other comprehensive income/loss for the period,<br/>net of tax</b>                             | <b>2.4</b>    | <b>-0.4</b>    | <b>0.5</b>     | <b>-2.9</b>    |
|      | <b>Total comprehensive income/loss</b>  | <b>-22.9</b>  | <b>-19.5</b>   | <b>6.9</b>     | <b>26.9</b>    |
|      | Attributed to:  |               |                |                |                |
|      | Equity holders of AX V Nissens ApS  | -22.9         | -19.5          | 6.9            | 26.9           |
|      |   | -22.9         | -19.5          | 6.9            | 26.9           |

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.

## Consolidated interim financial statements

### Balance sheet

| Note | DKKm                                 | 31 January<br>2020 | 30 April<br>2019* | 31 January<br>2019* |
|------|--------------------------------------|--------------------|-------------------|---------------------|
|      | <b>ASSETS</b>                        |                    |                   |                     |
|      | <b>Non-current assets</b>            |                    |                   |                     |
|      | Intangible assets                    | 1,559.3            | 1,603.4           | 1,617.7             |
|      | Property, plant and equipment        | 389.6              | 344.7             | 351.4               |
|      | Investments in associate             | 0.0                | 0.0               | 0.1                 |
|      | Deferred tax assets                  | 5.0                | 6.2               | 4.7                 |
|      | Deposits                             | 1.8                | 1.6               | 1.5                 |
|      | <b>Total non-current assets</b>      | <b>1,955.7</b>     | <b>1,956.1</b>    | <b>1,975.4</b>      |
|      | <b>Current assets</b>                |                    |                   |                     |
|      | Inventory                            | 528.3              | 534.3             | 449.6               |
|      | Trade and other receivables          | 357.7              | 439.2             | 377.7               |
|      | Cash and cash equivalents            | 195.5              | 179.3             | 247.2               |
|      | <b>Total current assets</b>          | <b>1,081.5</b>     | <b>1,152.8</b>    | <b>1,074.5</b>      |
|      | <b>TOTAL ASSETS</b>                  | <b>3,037.2</b>     | <b>3,108.9</b>    | <b>3,049.9</b>      |
|      | <b>EQUITY AND LIABILITIES</b>        |                    |                   |                     |
|      | <b>Equity</b>                        |                    |                   |                     |
|      | Share capital                        | 12.4               | 12.4              | 12.4                |
|      | Foreign currency translation reserve | 0.3                | 4.2               | 1.1                 |
|      | Reserve for financial instruments    | -3.7               | -4.6              | -4.2                |
|      | Retained earnings                    | 1,212.8            | 1,202.3           | 1,201.5             |
|      | <b>Total equity</b>                  | <b>1,221.8</b>     | <b>1,214.3</b>    | <b>1,210.8</b>      |
|      | <b>Non-current liabilities</b>       |                    |                   |                     |
|      | Borrowings                           | 1,118.6            | 1,112.8           | 1,110.9             |
|      | Deferred tax liabilities             | 161.7              | 174.5             | 178.9               |
|      | Provisions                           | 15.2               | 5.2               | 7.0                 |
| 4    | Lease liabilities                    | 20.4               | 0.0               | 0.0                 |
|      | <b>Total non-current liabilities</b> | <b>1,315.9</b>     | <b>1,292.5</b>    | <b>1,296.8</b>      |
|      | <b>Current liabilities</b>           |                    |                   |                     |
|      | Contract liabilities                 | 1.8                | 46.9              | 45.1                |
|      | Trade and other payables             | 389.1              | 456.9             | 404.3               |
|      | Income tax payable                   | 23.6               | 31.6              | 31.2                |
|      | Payable to group enterprises         | 65.4               | 63.3              | 58.0                |
|      | Provisions                           | 4.0                | 3.4               | 3.7                 |
| 4    | Lease liabilities                    | 15.6               | 0.0               | 0.0                 |
|      | <b>Total current liabilities</b>     | <b>499.5</b>       | <b>602.1</b>      | <b>542.3</b>        |
|      | <b>Total liabilities</b>             | <b>1,815.4</b>     | <b>1,894.6</b>    | <b>1,839.1</b>      |
|      | <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>3,037.2</b>     | <b>3,108.9</b>    | <b>3,049.9</b>      |

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.



## Consolidated interim financial statements

### Cash flow statement

| Note | DKKm  | YTD 2019/20  | Full year<br>2018/2019 | YTD 2018/19  |
|------|---|--------------|------------------------|--------------|
|      | <b>Operating activities</b>                         |              |                        |              |
|      | Profit before tax for the period                    | 24.3         | 56.3                   | 52.7         |
|      | Depreciation and amortisation                       | 91.7         | 107.3                  | 80.3         |
|      | Net foreign exchange differences                    | -1.2         | 6.0                    | 2.6          |
|      | Movements in provisions                             | 10.0         | -0.2                   | 45.6         |
|      | Finance income                                      | -1.0         | -7.9                   | -0.2         |
|      | Finance expenses                                    | 49.0         | 75.8                   | 52.7         |
|      | Share-based payment expense                         | 1.5          | 3.7                    | 2.8          |
|      | Changes in working capital                          | -16.9        | -33.2                  | 19.6         |
|      |   | 157.4        | 207.8                  | 256.1        |
|      | Finance income, received                            | 1.0          | 1.2                    | 0.0          |
|      | Finance expenses, paid                              | 0.0          | -2.6                   | 0.0          |
|      | Income tax paid                                     | -43.8        | -35.7                  | -32.4        |
|      | <b>Net cash flows from operating activities</b>     | <b>114.6</b> | <b>170.7</b>           | <b>223.7</b> |
|      | <b>Investing activities</b>                         |              |                        |              |
|      | Purchase of intangible assets                       | -1.5         | -1.9                   | 0.0          |
|      | Development expenditures capitalised                | -6.1         | -1.6                   | -0.4         |
|      | Purchase of property, plant and equipment           | -36.9        | -24.9                  | -20.4        |
|      | Proceeds from sale of property, plant and equipment | 0.1          | 0.2                    | 0.0          |
|      | Change in deposits                                  | 0.0          | -0.1                   | -0.1         |
|      | Investments in subsidiaries                         | 0.0          | 0.0                    | -1.3         |
|      | <b>Net cash flows used in investing activities</b>  | <b>-44.4</b> | <b>-28.3</b>           | <b>-22.2</b> |
|      | <b>Financing activities</b>                         |              |                        |              |
|      | Repayment of lease liabilities                      | -12.5        | 0.0                    | 0.0          |
|      | Net interest paid, borrowings                       | -43.5        | -57.8                  | -43.7        |
|      | Proceeds from loan with Group companies             | 2.0          | 18.4                   | 13.1         |
|      | <b>Net cash flows from financing activities</b>     | <b>-54.0</b> | <b>-39.4</b>           | <b>-30.6</b> |
|      | <b>Cash flow for the period</b>                     | <b>16.2</b>  | <b>103.0</b>           | <b>170.9</b> |
|      | Cash and cash equivalents at 1 May                  | 179.3        | 76.3                   | 76.3         |
|      | <b>Cash and cash equivalents at 31 January</b>      | <b>195.5</b> | <b>179.3</b>           | <b>247.2</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 2018</b>                                  | <b>12.4</b>   | <b>0.3</b>                           | <b>-1.3</b>                       | <b>1,169.7</b>    | <b>1,181.1</b> |
| <b>Total comprehensive income 31 January 2019</b>         |               |                                      |                                   |                   |                |
| Profit for the period                                     |               |                                      |                                   | 29.8              | 29.8           |
| <b>Other comprehensive income</b>                         |               |                                      |                                   |                   |                |
| Unrealized loss on interest rate swap                     |               |                                      | -3.9                              |                   | -3.9           |
| Exchange differences on translation of foreign operations |               | 0.8                                  |                                   | -0.8              | 0.0            |
| Tax on other comprehensive income                         |               |                                      | 1.0                               |                   | 1.0            |
| <b>Total other comprehensive income</b>                   | <b>0.0</b>    | <b>0.8</b>                           | <b>-2.9</b>                       | <b>-0.8</b>       | <b>-2.9</b>    |
| <b>Total comprehensive income for the period</b>          | <b>0.0</b>    | <b>0.8</b>                           | <b>-2.9</b>                       | <b>29.0</b>       | <b>26.9</b>    |
| <b>Transactions with owners</b>                           |               |                                      |                                   |                   |                |
| Equity-settled share-based payments                       |               |                                      |                                   | 2.8               | 2.8            |
| Total transactions with owners                            | 0.0           | 0.0                                  | 0.0                               | 2.8               | 2.8            |
| <b>Equity 31 January 2019</b>                             | <b>12.4</b>   | <b>1.1</b>                           | <b>-4.2</b>                       | <b>1,201.5</b>    | <b>1,210.8</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 January 2020</b>         |               |                                      |                                   |                   |                |
| Profit for the period                                     |               |                                      |                                   | 6.4               | 6.4            |
| <b>Other comprehensive income</b>                         |               |                                      |                                   |                   |                |
| Unrealized loss on interest rate swap                     |               |                                      | 1.2                               |                   | 1.2            |
| Exchange differences on translation of foreign operations |               | -3.9                                 |                                   | 2.6               | -1.3           |
| Tax on other comprehensive income                         |               |                                      | -0.3                              |                   | -0.3           |
| <b>Total other comprehensive income</b>                   | <b>0.0</b>    | <b>-3.9</b>                          | <b>0.9</b>                        | <b>2.6</b>        | <b>-0.4</b>    |
| <b>Total comprehensive income for the period</b>          | <b>0.0</b>    | <b>-3.9</b>                          | <b>0.9</b>                        | <b>9.0</b>        | <b>6.0</b>     |
| <b>Transactions with owners</b>                           |               |                                      |                                   |                   |                |
| Equity-settled share-based payments                       |               |                                      |                                   | 1.5               | 1.5            |
| Total transactions with owners                            | 0.0           | 0.0                                  | 0.0                               | 1.5               | 1.5            |
| <b>Equity 31 January 2020</b>                             | <b>12.4</b>   | <b>0.3</b>                           | <b>-3.7</b>                       | <b>1,212.8</b>    | <b>1,221.8</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 January 2020. The consolidated interim financial statements for AX V Nissens ApS for the period 1 May - 31 January 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

##### *Impact of implementation of IFRS 16, Leases*

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

Nissens has entered into lease contracts, which primarily comprise leases regarding buildings, equipment and vehicles. Nissens has elected not to capitalize lease contracts with the lease term of 12 months or less and low value contracts. The leasing period is assessed based on the period of contractual commitment. When no such period exists and the lease is not expected to be terminated, the period is assessed based on the period of the Group's current business plan, ending in 2020/21.

Lease assets is depreciated on straight-line basis based on period of contractual commitment or expected termination period. Right-of-use assets are presented as part of property, plant and equipment in the balance sheet.

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

Please refer to Note 4 for further details.

The Board of Directors and the Executive Board have on 21 November 2019 discussed and approved the interim report for AX V Nissens ApS for the period ending 31 January 2020.

#### 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 2018 – 30 April 2019. Refer to descriptions in the individual notes to the consolidated financial statement in the annual report page 28 - 40.

#### 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 IFRS 16, Leases

In YTD Q3 2019/20 the implementation of IFRS 16 has increased EBITDA with 12.5 DKKm, total assets with 35.7 DKKm and net interest-bearing debt with 35.9 DKKm.

| DKKm   | EBITDA<br>before special items | Total assets | Net interest<br>-bearing debt |
|--|--------------------------------|--------------|-------------------------------|
| Reported figures   | 163.8                          | 3,037.2      | 959.1                         |
| IFRS 16 impact   | 12.5                           | 35.7         | 35.9                          |
| Figures before IFRS 16 impact  | 151.3                          | 3,001.5      | 923.1                         |
| DKKm   |                                | Q3 2019      | YTD 2019                      |
| Depreciations for right-of-use assets recognised in income statement |                                | 4.3          | 12.5                          |
| Interest on lease liabilities recognised in income statement         |                                | 0.1          | 0.7                           |

## 5 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.

There has been no special items in Q3 2019/20.

| DKK <b>m</b>   | 1 May –<br>31 January 2020 | 1 May –<br>31 January 2019 |
|--|----------------------------|----------------------------|
| Transaction costs directly related to acquisition of K Nissen International A/S. | 0.0                        | 3.2                        |
|  | 0.0                        | 3.2                        |